

Celltrion, Inc. and Subsidiaries

**Consolidated Financial Statements
December 31, 2023 and 2022**



Celltrion, Inc. and Subsidiaries

Index

December 31, 2023 and 2022

	Page(s)
Independent Auditor's Report	1-5
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	6
Consolidated Income Statements	7
Consolidated Statements of Comprehensive Income.....	8
Consolidated Statements of Changes in Equity.....	9-10
Consolidated Statements of Cash Flows.....	11-12
Notes to the Consolidated Financial Statements	13-97
Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes	98-99
Management's Report on the Effectiveness of Internal Control over Financial Reporting..	100

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of

Celltrion, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Celltrion, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 18, 2024 expressed an unqualified opinion.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention the following matter.

Material changes in operating environment (merger)

Without modifying our opinion, we draw attention to Note 40 to the consolidated financial statements of the Group. As discussed in Note 40 to the consolidated financial statements, the Group merged with Celltrion Healthcare Co., Ltd. on December 28, 2023

Key Audit Matters

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

Recognition and impairment of development costs

Reason why the matter was determined to be a Key Audit Matter

As disclosed in Note 13 to the consolidated financial statements, the book amount of internal development costs of the Group was ₩ 1,358,387 million, which is significant amount in the consolidated financial statements. In accordance with Korean IFRS 1038 *Intangible Assets*, the Group recognizes internal development costs as assets when meeting certain conditions. The Group applies Korean IFRS 1036 *Impairment of Assets* to determine whether the assets are impaired. The Group engaged an independent external expert to test impairment on development costs.

We focused on this area due to the size of the internal costs capitalized, and the fact that there are management's estimates and judgements involved in assessing whether the criteria set out in the accounting standards for capitalization of such costs have been met.

How our audit addressed the Key Audit Matter

We performed audit procedures to respond to the key audit matter including the followings:

- Obtained an understanding and evaluated the accounting policy of the Group related to the recognition and impairment of the development costs
- Obtained an understanding and evaluated internal controls related to the recognition of development costs, and conducting internal control tests, including management's review, approval of significant assumptions, and others
- Verified the appropriateness on allocation of development costs by each project and the accuracy of the distribution
- Reconciled the total costs incurred from entire research and development department on general ledger for the current period with the sum of expensed research and development expenses and capitalized development costs. Reviewed appropriateness of expense details and capitalization by extracting samples of each research and development costs and capitalized development costs- Obtained an understanding and evaluated internal controls related to the review on indication of impairment and an impairment assessment of development costs and internal control testing, including management's review and approval on significant assumptions
- Evaluated the objectivity and competence of management's independent external expert.
- Reviewed the appropriateness of the evaluation methodology applied by management in estimating value in use and the reasonableness of key assumptions
- Evaluated the appropriateness of future estimated cash flows based on the business plans approved by management
- Reviewed the appropriateness of changes in significant assumptions used in the prior periods
- Evaluated the sensitivity analysis results for key assumptions to assess the impact of changes in key assumptions on development cost impairment assessments

Appropriateness of allocation of consideration transferred at business combination

Reason why the matter was determined to be a Key Audit Matter

As disclosed in Note 40 to the consolidated financial statements, the Group merged with Celltrion Healthcare Co., Ltd. on December 28, 2023 and the Group accounted for the acquisitions in accordance with Korean IFRS 1103 *Business Combinations*.

The purchase consideration was allocated to various assets acquired and liabilities assumed. The purchase price allocation relies on fair value estimates. The Group engaged an independent external expert to assist the Group in valuation of the inventories and intangible assets acquired.

We considered that the business combination is a key audit matter given the size of the purchase consideration and the significant level of management's judgment involved for the allocation of purchase consideration.

How our audit addressed the Key Audit Matter

We performed audit procedures to respond to the key audit matter including the followings:

- Identified the key terms and conditions of the merger agreement
- Obtained an understanding, evaluated, and tested on the internal controls related to management's review of the accounting treatment of the business combination.
- Evaluated the objectivity and competence of management's independent external expert.
- Evaluated the appropriateness of the methodology applied by the Group in determining the fair value of identifiable intangible assets, inventories, and other acquired by the Group.
- Evaluated the reasonableness of key valuation assumptions used in determining fair value and tested that the result of calculation of fair value was accurate.
- Evaluated the appropriateness of future estimated cash flows based on the business plan approved by management
- Evaluating the appropriateness of the Group's disclosure around the business combination included in the notes to the consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 20, 2023.

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.
- 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 Younghun Kim, Certified Public Accountant.

Samuel PricewaterhouseCoopers

Seoul, Korea

March 18, 2024

<p>This report is effective as of March 18, 2024, 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.</p>

Celltrion, Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022
(Korean won in millions)

	Notes	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	4,5,6,7	₩ 564,612	₩ 551,187
Short-term financial assets	4,5,6,8	193,825	43,277
Trade receivables, net	4,5,6,9,36,37	939,169	1,621,890
Other receivables, net	4,5,6,9,37	10,181	32,200
Inventories, net	10	3,041,453	616,352
Current tax assets		5,101	-
Other current assets	15, 28	126,549	64,886
Non-current assets held for sale	16	128,468	-
Total current assets		<u>5,009,358</u>	<u>2,929,792</u>
Non-current assets			
Long-term financial assets	4,5,6,8	30,385	29,274
Long-term trade receivables, net	4,5,6,9	-	62,888
Long-term other receivables	4,5,6,9	91,487	91,154
Investments in associates	11	104,713	88,535
Property, plant and equipment, net	12	1,214,588	1,007,038
Intangible assets, net	13	13,336,117	1,622,326
Investment property		276	-
Other non-current assets	15	67,142	28,461
Deferred tax assets	23	63,468	32,184
Total non-current assets		<u>14,908,176</u>	<u>2,961,860</u>
Total assets		<u>₩ 19,917,534</u>	<u>₩ 5,891,652</u>
Liabilities			
Current liabilities			
Short-term financial liabilities	4,5,6,12,18,35	₩ 1,783,369	₩ 665,012
Trade payables	4,5,6,17,22,37	50,853	50,270
Other payables	4,5,6,17,20,35,37	421,044	320,244
Current tax liabilities		57,041	88,705
Provisions	19	1,860	1,487
Other current liabilities	21,28,37	156,412	168,379
Total current liabilities		<u>2,470,579</u>	<u>1,294,097</u>
Non-current liabilities			
Long-term financial liabilities	4,5,6,12,18,35	107,116	154,468
Long-term other payables	4,5,6,17,22	5,872	7,576
Other non-current liabilities	21,28,37	88,626	160,202
Deferred tax liabilities	23	119,547	1,105
Total non-current liabilities		<u>321,161</u>	<u>323,351</u>
Total liabilities		<u>2,791,740</u>	<u>1,617,448</u>
Equity			
Equity attributable to owners of the parent			
Issued capital	1,24	220,291	140,805
Share premium	24	14,771,952	853,172
Retained earnings	25	3,963,574	3,485,110
Accumulated other comprehensive income	26	52,630	48,745
Elements of other stockholders equity	26	(2,027,764)	(388,472)
Non-controlling interests	38	145,111	134,844
Total equity		<u>17,125,794</u>	<u>4,274,204</u>
Total liabilities and equity		<u>₩ 19,917,534</u>	<u>₩ 5,891,652</u>

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

Celltrion, Inc. and Subsidiaries
Consolidated Income Statements
Years ended December 31, 2023 and 2022

(Korean won in millions, except per share amounts)

	Notes	2023	2022
Revenue	28,36,37	₩ 2,176,432	₩ 2,283,967
Cost of sales	28,36,37	(1,124,563)	(1,251,270)
Gross profit		1,051,869	1,032,697
Selling and administrative expenses	29,32,37	(400,388)	(385,499)
Operating income		651,481	647,198
Other income	30,37	54,185	47,524
Other expenses	30,37	(34,743)	(87,043)
Finance income	31,37	31,438	24,945
Finance costs	31	(19,950)	(13,507)
Profits (losses) on associates and joint ventures accounted for using the equity method	11	(11,315)	7,056
Profit before income tax		671,096	626,173
Income tax expenses	23	(131,389)	(94,827)
Continuing operations profit for the year		539,707	531,346
Discontinued operation profit for the year	40	-	11,220
Profit		₩ 539,707	₩ 542,566
Attributable to:			
Owners of the parent		₩ 535,648	₩ 537,836
Continuing operations profit		535,648	526,616
Discontinued operation profit	40	-	11,220
Non-controlling interests	38	4,059	4,731
Continuing operations profit		4,059	4,731
Earnings per share:			
Basic earnings per share	34		
Basic earnings per share from continuing operations		₩ 3,759	₩ 3,664
Basic earnings per share from discontinued operations		-	78
Diluted earnings per share	34		
Diluted earnings per share from continuing operations		3,753	3,658
Diluted earnings per share from discontinued operations		-	78

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

Celltrion, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2023 and 2022
 (Korean won in millions)

	Notes	2023	2022
Profit	₩	539,707	₩ 542,566
Other comprehensive income		3,802	23,839
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	26	6,065	22,797
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity adjustments in equity method	11	178	1,048
Exchange differences on translation of foreign operations		(82)	81
Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	23,26	(3,230)	171
Income tax effects relating to components of other comprehensive income (loss)	23,26	871	(258)
Total comprehensive income for the year, net of tax		₩ 543,509	₩ 566,405
Total comprehensive income attributable to:			
Owners of the parent	₩	539,533	₩ 561,594
Non-controlling interests		3,977	4,811

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

Celltrion, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2023 and 2022
(Korean won in millions)

	Notes	Issued capital	Share premium	Retained earnings	Accumulated other comprehensive income	Elements of other stockholders equity	Non-controlling interest	Total
As at January 1, 2022		₩ 137,948	₩ 840,337	₩ 3,052,474	₩ 24,987	₩ (138,508)	₩ 133,137	₩ 4,050,375
Comprehensive income								
Profit		-	-	537,836	-	-	4,731	542,567
Gain on valuation of financial assets measured at fair value								
through other comprehensive income	26	-	-	-	191	-	-	191
Exchange differences on translation of foreign operations	26	-	-	-	22,797	-	80	22,877
Equity adjustments in equity method	11,26	-	-	-	770	-	-	770
Total comprehensive income				₩ 537,836	₩ 23,758	-	₩ 4,811	₩ 566,405
Transactions with owners of the parent :								
Stock dividends	24, 25	2,732	-	(2,732)	-	-	-	-
Cash dividends	25	-	-	(102,468)	-	-	-	(102,468)
Exercise and forfeit of stock warrants	24, 27	125	12,835	-	-	(3,971)	854	9,843
Recognition of stock warrants	27	-	-	-	-	28,018	1,736	29,754
Acquisition of treasury stock	26	-	-	-	-	(275,973)	(4,576)	(280,549)
Other capital		-	-	-	-	-	844	844
Changes in percentage of ownership in subsidiaries, etc.		-	-	-	-	1,962	(1,962)	-
Total transactions with owners of the parent		₩ 2,857	₩ 12,835	₩ (105,200)	-	₩ (249,964)	₩ (3,104)	₩ (342,576)
As at December 31, 2022		₩ 140,805	₩ 853,172	₩ 3,485,110	₩ 48,745	₩ (388,472)	₩ 134,844	₩ 4,274,204

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Celltrion, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2023 and 2022 (cont'd)
(Korean won in millions)

	Notes	Issued capital	Share premium	Retained earnings	Accumulated other comprehensive income	Elements of other stockholders equity	Non-controlling interest	Total
		₩	₩	₩	₩	₩	₩	₩
As at January 1, 2023								
Comprehensive income								
Profit		140,805	853,172	3,485,110	48,745	(388,472)	134,844	4,274,204
Gain on valuation of financial assets measured at fair value		-	-	535,648	-	-	4,059	539,707
through other comprehensive income	26	-	-	-	(2,370)	-	-	(2,370)
Exchange differences on translation of foreign operations	26	-	-	-	6,065	-	(82)	5,983
Equity adjustments in equity method	11, 26	-	-	-	190	-	-	190
Total comprehensive income		-	-	535,648	3,885	-	3,977	543,509
Transactions with owners of the parent :								
Stock dividends	24, 25	5,512	-	(5,512)	-	-	-	-
Cash dividends	25	-	-	(51,672)	-	-	-	(51,672)
Exercise and forfeit of stock warrants	24, 27	86	9,651	-	-	(2,955)	-	6,782
Recognition of stock warrants	27	-	-	-	-	28,890	-	28,890
Acquisition of treasury stock	26	-	-	-	-	(941,605)	-	(941,605)
Other capital		-	-	-	-	-	(351)	(351)
Non-controlling interest recognition of stock warrants from subsidiaries		-	-	-	-	-	2,703	2,703
Non-controlling interest recognition of exercise of stock warrants from subsidiaries		-	-	-	-	-	554	554
Changes in percentage of ownership in subsidiaries, etc.		-	-	-	-	(7,936)	3,384	(4,552)
Changes due to business combination		73,888	13,909,129	-	-	(715,685)	-	13,267,332
Total transactions with owners of the parent		79,486	13,918,780	(57,184)	-	(1,639,291)	6,290	12,308,081
As at December 31, 2023		220,291	14,771,952	3,963,574	52,630	(2,027,764)	145,111	17,125,794

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

Celltrion, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022
(Korean won in millions)

	Notes	2023	2022
Operating activities			
Cash generated from operations	35 ₩	691,303	₩ 217,904
Income tax paid		(154,144)	(217,040)
Net cash flows provided by operating activities		537,159	864
Investing activities			
Cash inflow from investing activities			
Interest received		17,165	12,632
Dividend received		68	233
Decrease in short-term financial assets		66,099	35,283
Decrease in long-term financial assets		554	546
Decrease in other receivables		9,574	27,518
Decrease in long-term other receivables		1,405	8,019
Decrease in investments in associates		3,035	8,551
Proceeds from disposal of property, plant and equipment		12	3
Proceeds from disposal of intangible assets		2,680	10
Receipt of government grants		-	32
Changes in consolidation scope		-	17,488
Cash inflow from business combination		374,154	-
Cash outflows from investing activities			
Increase in short-term financial assets		(229,761)	(44,575)
Increase in other receivables		-	(676)
Increase in long-term financial assets		(2,997)	(6,295)
Increase in long-term other receivables		(841)	(7,468)
Increase in investments in associates		(22,460)	(32,879)
Acquisition of property, plant and equipment		(210,046)	(111,169)
Acquisition of intangible assets		(143,686)	(200,817)
Acquisition of other assets		(3,820)	-
Changes in consolidation scope		-	(3,487)
Net cash flows used in investing activities	₩	(138,865)	₩ (297,051)

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Celltrion, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022
(Korean won in millions)

	Notes	2023	2022
Financing activities			
Cash inflows from financing activities			
Increase in short-term financial liabilities	₩	707,794	₩ 118,163
Increase in long-term financial liabilities		119,914	62,626
Issuance of ordinary shares		7,359	9,862
Cash outflows from financing activities			
Interest paid		(41,769)	(22,667)
Dividend paid		(51,664)	(102,451)
Decrease in short-term financial liabilities		(116,035)	(77,524)
Decrease in current portion of long-term borrowings		(86,267)	(54,481)
Decrease in lease liabilities		(3,420)	(3,163)
Decrease in guarantee deposits		-	(17)
Stock issuance costs		(23)	(19)
Acquisition of treasury stock		(916,712)	(280,549)
Acquisition of treasury stocks by subsidiaries		(2,135)	-
Transaction with non-controlling interest		(2,157)	-
Net cash flows used in financing activities		(385,115)	(350,220)
Net increase (decrease) in cash and cash equivalents		13,179	(646,407)
Net foreign exchange difference		246	9,268
Cash and cash equivalents at the beginning of period		551,187	1,188,326
Cash and cash equivalents at the end of period	₩	564,612	₩ 551,187

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

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. General information

General information about Celltrion, Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is as follows:

The Company was incorporated on February 27, 1991 and listed its common stock on the KOSDAQ Market of the Korea Exchange (KRX) on July 19, 2005. The Company changed its name on August 19, 2008 from Orchem Co., Ltd. to Celltrion, Inc. after the merger with Celltrion, Inc., which was established on February 26, 2002. The Company’s stock, which was listed on the KOSDAQ Market, has been transferred to the KOSPI Market on February 9, 2018. The Company merged with Celltrion Healthcare Co., Ltd. on December 28, 2023.

The primary business objective of the Company is to engage in the development, production and sale of various therapeutic proteins including oncology treatment drugs through the Company’s bioengineering and mammalian cell-culture technology. The Company’s head office is located in the Incheon Free Economic Zone.

The Company’s shareholders and their shareholdings as at December 31, 2023 and 2022, are as follows:

	2023		2022	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Celltrion Holdings Co., Ltd.	47,588,470	21.60%	28,223,603	20.04%
Celltrion Skincare Co., Ltd.	4,095,118	1.86%	2,976,330	2.11%
National Pension Service	11,383,500	5.17%	10,706,253	7.60%
Ion Investment B.V.	7,841,161	3.56%	6,087,954	4.32%
Others	136,299,280	61.87%	89,798,567	63.79%
Treasury stock	13,082,991	5.94%	3,012,503	2.14%
	220,290,520	100.00%	140,805,210	100.00%

1.1 Consolidated Subsidiaries

Consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

Name of Subsidiaries	Nominal equity interest		Location	Closing month	Primary business activity
	2023	2022			
Celltrion Pharm, Inc.	54.81%	54.85%	Korea	December	Manufacturing and sales of medicine
Celltrion Europe Limited	100.00%	100.00%	United Kingdom	December	Biopharmaceuticals clinical trial
Celltrion Global Safety Data Center	99.99%	99.99%	Philippines	December	Global drug safety data management
Celltrion Biopharma	100.00%	100.00%	Ireland	December	Biopharmaceuticals clinical trial
Celltrion Group Hong Kong(*1)	-	70.00%	Hong Kong	December	Biopharmaceuticals business in China
Shanghai Vcell Biotech(*2)	100.00%	70.00%	China	December	Biopharmaceuticals R&D (including clinical trials)
Celltrion Asia Pacific PTE	100.00%	100.00%	Singapore	December	Sales and R&D of chemical drug
Celltrion Healthcare ILAC SANAYI TICARET LIMITED SIRKETI(*3)	100.00%	-	Türkiye	December	Manufacturing and wholesale/retail business of medicine
Celltrion Healthcare Hungary, Kft.(*3)	100.00%	-	Hungary	December	Manufacturing and wholesale/retail business of medicine
Celltrion Healthcare Philippines Inc.(*3)	99.99%	-	Philippines	December	Wholesale/retail business of medicine
Celltrion Healthcare Malaysia SDN BHD(*3)	100.00%	-	Malaysia	December	Wholesale/retail business of medicine

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Name of Subsidiaries	Nominal equity interest		Location	Closing month	Primary business activity
	2023	2022			
Celltrion Healthcare Hong Kong Limited(*3)	100.00%	-	Hong Kong	December	Wholesale/retail business of medicine
Celltrion Healthcare (Thailand) Co., Ltd.(*3)	100.00%	-	Thailand	December	Wholesale/retail business of medicine
Celltrion Healthcare Distribuicao de Produtos Farmaceuticos do Brasil LTDA(*3)	100.00%	-	Brazil	December	Wholesale/retail business of medicine
Celltrion Healthcare Singapore Private Limited(*3)	100.00%	-	Singapore	December	Wholesale/retail business of medicine
Celltrion Healthcare Japan K.K.(*3)	100.00%	-	Japan	December	Manufacturing and wholesale/retail business of medicine
Celltrion Healthcare Taiwan Limited(*3)	100.00%	-	Taiwan	December	Wholesale/retail business of medicine
Celltrion Healthcare Netherlands B.V.(*3)	100.00%	-	Netherlands	December	Wholesale/retail business of medicine
Celltrion Healthcare Australia Pty Ltd(*3)	100.00%	-	Australia	December	Wholesale/retail business of medicine
Celltrion Healthcare Colombia S.A.S.(*3)	100.00%	-	Colombia	December	Wholesale/retail business of medicine
Celltrion Healthcare Canada Ltd.(*3)	100.00%	-	Canada	December	Wholesale/retail business of medicine
Celltrion Healthcare United Kingdom Limited.(*3)(*4)	100.00%	-	United Kingdom	December	Wholesale/retail business of medicine
Celltrion Healthcare Ireland Limited(*3)(*4)	100.00%	-	Ireland	December	Wholesale/retail business of medicine
Celltrion Healthcare Denmark ApS(*3)(*4)	100.00%	-	Denmark	December	Wholesale/retail business of medicine
Celltrion Healthcare Austria GmbH(*3)(*4)	100.00%	-	Germany	December	Wholesale/retail business of medicine
Celltrion Healthcare Deutschland GmbH(*3)(*4)	100.00%	-	Italy	December	Wholesale/retail business of medicine
Celltrion Healthcare Italy S.r.l.(*3)(*4)	100.00%	-	Italy	December	Wholesale/retail business of medicine
Celltrion Healthcare Belgium Sprl.(*3)(*4)	100.00%	-	Belgium	December	Wholesale/retail business of medicine
Celltrion Healthcare Norway AS(*3)(*4)	100.00%	-	Norway	December	Wholesale/retail business of medicine
Celltrion Healthcare France SAS(*3)(*4)	100.00%	-	France	December	Wholesale/retail business of medicine
Celltrion Healthcare Finland Oy(*3)(*4)	100.00%	-	Finland	December	Wholesale/retail business of medicine
Celltrion Healthcare New Zealand Limited(*3)(*5)	100.00%	-	New Zealand	December	Wholesale/retail business of medicine
Celltrion Healthcare De Mexico S.A. de C.V.(*3)(*6)	100.00%	-	Mexico	December	Wholesale/retail business of medicine
Celltrion Healthcare Chile SpA(*3)(*6)	100.00%	-	Chile	December	Wholesale/retail business of medicine
Celltrion Healthcare Peru S.A.C.(*3)(*6)	99.99%	-	Peru	December	Wholesale/retail business of medicine
Celltrion Healthcare Argentina S.A.U.(*3)(*6)	100.00%	-	Argentina	December	Wholesale/retail business of medicine
Celltrion USA, Inc.(*3)	100.00%	-	USA	December	Wholesale/retail business of medicine
Celltrion Healthcare Czech Republic s.r.o.(*3)(*4)	100.00%	-	Czech	December	Wholesale/retail business of medicine

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Name of Subsidiaries	Nominal equity interest		Location	Closing month	Primary business activity
	2023	2022			
Celltrion Healthcare Romania S.R.L.(*3)(*4)	100.00%	-	Romania	December	Wholesale/retail business of medicine
Celltrion Healthcare Poland Republic s.r.o.(*3)(*4)	100.00%	-	Poland	December	Wholesale/retail business of medicine

(*1) It was liquidated and excluded from consolidated subsidiaries for the year ended December 31, 2023.

(*2) The Group newly acquired the shares held by Celltrion Group Hongkong for the year ended December 31, 2023.

(*3) It was included due to the merger with Celltrion Healthcare Co., Ltd for the year ended December 31, 2023.

(*4) These are subsidiaries of Celltrion Healthcare Hungary, Kft.

(*5) These are subsidiaries of Celltrion Healthcare Australia Pty Ltd.

(*6) These are subsidiaries of Celltrion Healthcare Colombia S.A.S.

1.2 Financial information of subsidiaries (before elimination of intercompany transactions)

The condensed statements of financial position of subsidiaries as at December 31, 2023 and 2022, and the related condensed statements of other comprehensive income of subsidiaries for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Name of subsidiaries	2023		
	Assets	Liabilities	Equity
Celltrion Pharm, Inc.	₩ 641,643,568	₩ 264,977,832	₩ 376,665,736
Celltrion Europe Limited	2	-	2
Celltrion Global Safety Data Center	3,286,670	1,482,432	1,804,238
Celltrion Group Hongkong(*1)	-	-	-
Shanghai Vcell Biotech	1,446,835	36	1,446,799
Celltrion Asia Pacific PTE	364,606,829	10,872,362	353,734,467
Celltrion Healthcare ILAC SANAYI TICARET LIMITED SIRKETI(*2)	56,221,910	51,970,918	4,250,992
Celltrion Healthcare Hungary, Kft. and its subsidiaries(*2)(*3)	1,290,432,441	1,176,371,992	114,060,449
Celltrion Healthcare Philippines Inc.(*2)	4,421,890	3,778,979	642,911
Celltrion Healthcare Malaysia SDN BHD(*2)	611,615	398,218	213,397
Celltrion Healthcare Hong Kong Limited(*2)	15,723,664	14,178,054	1,545,610
Celltrion Healthcare (Thailand) Co., Ltd.(*2)	50,979,399	48,811,501	2,167,898
Celltrion Healthcare Distribuicao de Produtos Farmaceuticos do Brasil LTDA(*2)	124,823,810	50,631,777	74,192,033
Celltrion Healthcare Singapore Private Limited(*2)	8,302,376	7,602,562	699,814
Celltrion Healthcare Japan K.K.(*2)	39,868,290	38,750,973	1,117,317
Celltrion Healthcare Taiwan Limited(*2)	13,580,326	11,175,349	2,404,977
Celltrion Healthcare Netherlands B.V.(*2)	63,027,907	60,291,652	2,736,255
Celltrion Healthcare Australia Pty Ltd and its subsidiaries(*2)(*4)	20,575,439	30,203,085	(9,627,646)
Celltrion Healthcare Colombia S.A.S. and its subsidiaries(*2)(*5)	47,063,709	37,062,788	10,000,921

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Name of subsidiaries	2023		
	Assets	Liabilities	Equity
Celltrion Healthcare Canada Ltd.(*2)	10,787,611	14,741,363	(3,953,752)
Celltrion USA, Inc.(*2)	95,133,591	74,746,589	20,387,002

Name of subsidiaries	2023		
	Revenue	Profit (loss)	Comprehensive income (loss)
Celltrion Pharm, Inc.	₩ 388,794,335	₩ 21,264,989	₩ 21,264,989
Celltrion Europe Limited	-	-	-
Celltrion Global Safety Data Center	5,143,344	35,264	72,230
Celltrion Group Hongkong(*1)	-	(668,850)	(374,600)
Shanghai Vcell Biotech	-	(5,393)	(26,049)
Celltrion Asia Pacific PTE	111,982,592	(7,208,344)	(968,381)
Celltrion Healthcare ILAC SANAYI TICARET LIMITED SIRKETI(*2)	-	-	-
Celltrion Healthcare Hungary, Kft. and its subsidiaries (*2)(*3)	-	-	-
Celltrion Healthcare Philippines Inc.(*2)	-	-	-
Celltrion Healthcare Malaysia SDN BHD(*2)	-	-	-
Celltrion Healthcare Hong Kong Limited(*2)	-	-	-
Celltrion Healthcare (Thailand) Co., Ltd.(*2)	-	-	-
Celltrion Healthcare Distribuicao de Produtos Farmaceuticos do Brasil LTDA(*2)	-	-	-
Celltrion Healthcare Singapore Private Limited(*2)	-	-	-
Celltrion Healthcare Japan K.K.(*2)	-	-	-
Celltrion Healthcare Taiwan Limited(*2)	-	-	-
Celltrion Healthcare Netherlands B.V.(*2)	-	-	-
Celltrion Healthcare Australia Pty Ltd and its subsidiaries (*2)(*4)	-	-	-
Celltrion Healthcare Colombia S.A.S. and its subsidiaries (*2)(*5)	-	-	-
Celltrion Healthcare Canada Ltd.(*2)	-	-	-
Celltrion USA, Inc.(*2)	-	-	-

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

1.2 Financial information of subsidiaries (before elimination of intercompany transactions) (cont'd)

Name of subsidiaries	2022		
	Assets	Liabilities	Equity
Celltrion Pharm, Inc.	₩ 599,724,549	₩ 242,938,002	₩ 356,786,547
Celltrion Europe Limited	2	-	2
Celltrion Global Safety Data Center	2,304,604	572,596	1,732,008
Celltrion USA, Inc (*6)	-	-	-
Celltrion Group Hong Kong	38,840,497	33,654,707	5,185,790
Shanghai Vcell Biotech	1,466,019	9,108	1,456,911
Celltrion Asia Pacific PTE	391,659,625	36,956,777	354,702,848

Name of subsidiaries	2022		
	Revenue	Profit (loss)	Comprehensive income (loss)
Celltrion Pharm, Inc.	₩ 386,039,613	₩ 25,959,948	₩ 25,959,948
Celltrion Europe Limited	-	-	-
Celltrion Global Safety Data Center	3,877,132	314,077	267,540
Celltrion USA, Inc (*6)	150,405,453	1,562,220	1,614,631
Celltrion Group Hong Kong	-	(2,507,160)	(1,965,857)
Shanghai Vcell Biotech	-	89,340	39,236
Celltrion Asia Pacific PTE	136,045,910	1,207,329	23,961,203

(*1) It was liquidated and excluded from consolidated subsidiaries for the year ended December 31, 2023.

(*2) It was included in consolidated subsidiaries due to the merger with Celltrion Healthcare Co., Ltd on December 28, 2023, and sales, profit and loss, and total comprehensive income are financial information after consolidation.

(*3) Consolidated financial information of an intermediate controlling company that includes Celltrion Healthcare Hungary, Kft. and its subsidiaries.

(*4) Consolidated financial information of an intermediate controlling company that includes Celltrion Healthcare Australia Pty Ltd and its subsidiaries.

(*5) Consolidated financial information of an intermediate controlling company that includes Celltrion Healthcare Colombia S.A.S. and its subsidiaries.

(*6) It is excluded from the subsidiaries due to disposal of shares for the year ended December 31, 2022, and the amount before disposal is included and classified as discontinued operations.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2. Material 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 consolidated 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 consolidated financial statements.

Certain information attached to the Korean language consolidated 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 consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value.
- Non-current assets held for sale – measured at fair value less costs to sell, and
- defined benefit plans – plan assets measured at fair value.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 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, 2023.

(a) 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 policy information (being information that, when considered together with other information included in an entity's consolidated financial statements, can reasonably be expected to influence decisions that the primary users of consolidated financial statements make on the basis of those consolidated financial statements). The amendments do not have a significant impact on the consolidated financial statements.

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

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contracts

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. These 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 does not have a significant impact on the consolidated financial statements.

(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The impact of the Pillar Two income taxes is described in Note 23.

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 as at the date of approval of consolidated financial statements and have not been early adopted by the Group.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

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. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of consolidated financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(c) Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(e) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

2.3 Consolidation

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

(a) Subsidiaries

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

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

If the 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 are greater than the fair value of the net identifiable assets acquired, the excess is recorded as goodwill. If those amounts are less than the fair value of

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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.

(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 there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its carrying amount as impairment loss.

(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 Segment reporting

Management performs the allocation of resources and assessment of performance by each operating segment. The operating segment of the Group is recognized based on the method of organizing and generating income. As at December 31, 2023, the Group's segment consists of biopharmaceutical medicines, chemical medicines and others.

Business objective of biopharmaceutical medicines segment is to develop, manufacture and sell various therapeutic proteins including oncology treatment drugs by bioengineering and mammalian cell-culture technology. Business objective of chemical medicines segment is to develop, manufacture and sell chemical medicines.

The Group assesses the performance of each operating segment based on operating income, and there is no difference with the amounts reported on the consolidated income statement, except for intergroup transactions.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(a) Segment information

The following table summarizes the results of financial performance of the Group by operating segments for the years ended December 31, 2023 and 2022:

	2023					
	Biopharma- ceutical medicines	Chemical medicines	Others	Total	Adjustment of intergroup transactions	Amount after adjustment
Revenue	₩ 1,873,430,064	₩ 500,776,927	₩ 5,143,344	₩ 2,379,350,335	₩ (202,918,804)	₩ 2,176,431,531
Depreciation	45,872,695	19,473,089	240,255	65,586,039	(1,955,450)	63,630,589
Amortization	148,848,872	34,341,682	-	183,190,554	(1,140,730)	182,049,824
Operating income	638,366,358	27,863,904	453,750	666,684,012	(15,202,590)	651,481,422
Non-current assets (*1)	14,201,329,665	370,674,818	1,031,581	14,573,036,064	(22,055,758)	14,550,980,306
(In thousands of Korean won)						
	2022					
	Biopharma- ceutical medicines	Chemical medicines (*2)	Others	Total	Adjustment of intergroup transactions	Amount after adjustment
Revenue	₩ 1,937,469,297	₩ 653,518,949	₩ 3,877,132	₩ 2,594,865,378	₩ (310,897,898)	₩ 2,283,967,480
Depreciation	47,724,855	16,822,780	296,696	64,844,331	(120,744)	64,723,587
Amortization	127,569,580	34,279,638	-	161,849,218	(182,782)	161,666,436
Operating income	617,590,372	34,612,735	294,312	652,497,419	(5,299,244)	647,198,175
Non-current assets (*1)	2,126,217,248	513,984,729	265,790	2,640,467,767	(11,103,868)	2,629,363,899
(In thousands of Korean won)						

(*1) The amount is the sum of property, plant and equipment, investment property and intangible assets.

(*2) Celltrion USA, Inc. classified as profit or loss from discontinued operation during the year ended December 31, 2022, does not include operating performance (Note 39).

(b) Regional sales (based on location)

The following table summarizes the results of regional sales by location for the years ended December 31, 2023 and 2022:

	2023			
	Domestic	Asia	Consolidation Adjustment	Total
Sales total	₩ 2,262,224,399	₩ 117,125,936	₩ (202,918,804)	₩ 2,176,431,531
Internal sales	(149,067,972)	(53,850,832)	202,918,804	-
Net Sales	2,113,156,427	63,275,104	-	2,176,431,531
(In thousands of Korean won)				
	2022			
	Domestic	Americas (*)	Asia	Consolidation Adjustment
Sales total	₩ 2,323,508,910	₩ 131,433,427	₩ 139,923,041	₩ (310,897,898)
Internal sales	(233,044,271)	-	(77,853,627)	310,897,898
Net Sales	2,090,464,639	131,433,427	62,069,414	-
(In thousands of Korean won)				

(*) Celltrion USA, Inc. classified as profit or loss from discontinued operation during the year ended December 31, 2022, does not include operating performance (Note 39).

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(c) Regional non-current assets ()*

The following table summarizes the results of regional sales by location for the years ended December 31, 2023 and 2022:

<i>(In thousands of Korean won)</i>	2023		2022	
Domestic sales	₩	14,257,904,558	₩	2,340,894,667
Asia		116,971,692		299,573,100
Europe		185,056,003		-
South America		3,477,883		-
Oceania		1,717,439		-
North America		7,908,489		-
Consolidation adjustment		(22,055,758)		(11,103,868)
Total	₩	14,550,980,306	₩	2,629,363,899

(*) The amount is the sum of property, plant and equipment, investment property and intangible assets.

Sales revenue of external customers, Celltrion healthcare who contribute more than 10% of the Group's revenue for the year ended December 31, 2023, amount to ₩ 1,699,478 million (2022: ₩ 1,565,063 million) (Note 37(2)).

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group 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.

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.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(c) Translation to the presentation currency

The results and financial position of each of the Group's entities 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 income statement 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.

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.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

A. Debt instruments

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

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

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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 statement of financial position.

(e) Offsetting of financial instruments

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

2.7 Derivatives

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other income (expenses)' or 'finance income (costs)' based on the nature of transactions.

2.8 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 allowance for credit losses. See Note 9 for further information about the Group's accounting for trade receivables and Note 3.7 for a description of the Group's accounting policy for impairment.

2.9 Inventories

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

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:

	Estimated Useful Lives
Buildings	30 - 40 years
Facilities	16 years
Structures	20 - 30 years
Machinery	5 - 15 years
Vehicles	5 years
Furniture	5 years
Right-of-use assets	1 - 5 Years

The assets' depreciation method, residual values and useful lives are reviewed at the end of each reporting period and accounted as changes in estimates if appropriate.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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 prepare the asset for its intended use. 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 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.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. If the modification of the amortization method is required due to changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, then they are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The Group assess matters which may have material impact such as adoption of regulation on decreasing greenhouse gas emissions resulting in manufacturing cost increase. Such climate-related risks are included in key assumptions with material impact on measuring recoverable amount. Such assumptions are included in cash flow estimates in value in use. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives are as follows:

	Estimated Useful Lives
Sales rights	0.5 years
Customer relationship	9 years
Software	5 years
Development costs	10 - 15 years
Industrial property rights	4 - 5 years
Patents	4 - 5 years
Others	1 - 12 years
License	4 - 10 Years

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Research costs are recognized as an expense when it is incurred. Development costs which are individually identifiable and directly related to a new technology or to new products which carry probable future benefits are capitalized as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible assets so that it will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible assets;
- it can be demonstrated how the intangible assets will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and
- the expenditure attributable to the intangible assets during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Group's judgments on the recognition of intangible assets are as follows.

1) Internally generated

Development for new drugs is processed in a series of different phases; Discovery of compounds as potential candidates & identification of a promising compound, Preclinical research, Clinical research Phase I to III, Regulatory review & approval and Product launch & post-market monitoring. The Group generally recognizes as intangible assets the costs incurred after asset recognition criteria including technical feasibility and future economic benefit etc. has been satisfied during clinical research Phase III while research and development costs incurred prior to this phase are all expensed.

Development project for biopharmaceuticals is processed in a series of different phases; Process development, Preclinical research, Clinical research Phase I and III, Regulatory review & approval and Product launch & post-market monitoring. The Group generally recognizes as intangible assets the cost incurred after approval to commence with Phase I is obtained, including technical feasibility and future economic benefits, while research and development costs incurred prior to this phase are all expensed.

Development project for chemical drugs is processed in a series of different phases; Process development, Test for bioequivalence, Regulatory review & approval and Product launch & post-market monitoring. The Group generally recognizes as intangible assets the costs incurred after test for bioequivalence including technical feasibility and future economic benefits, while research and development costs incurred prior to this phase are all expensed.

2) Externally acquired

The Group recognizes as intangible assets payments for a license agreement which the Group entered into with a third-party in relation to development of a new drug and transferring technology.

2.14 Cryptocurrency

The Group recognizes the cryptocurrency as intangible assets as it is satisfied in the definition and recognition criteria of the asset (sources currently controlled by the Company as a result of past transactions or events and expected to generate future economic benefits) and meets the definition of an intangible assets, which is an identifiable non-monetary asset that has no physical substance. The Group currently holds cryptocurrency, however, recognizes it as non-perishable amount since no asset acquisition costs have been incurred. The Group applies cost method to subsequent measurement of cryptocurrency in accordance with Korean IFRS 1038.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.15 Investment properties

Properties owned by the Group for rental profit or return on investment are classified as investment properties. Investment properties are measured initially at cost and subsequent to initial recognition, they are carried at cost less accumulated depreciation and accumulated impairment loss. Investment properties, except land, are depreciated based on the straight-line method depending on the estimated useful life (5 - 40 years).

2.16 Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives and under development are not subject to amortization and are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's Book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.17 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.

2.18 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', and 'borrowings' 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.

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the income statement as 'finance costs', together with interest expenses recognized from other financial liabilities. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(b) Derecognition

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

2.19 Financial guarantee contract

Financial guarantees are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below and recognized as other financial liabilities.

- 1) amount calculated in accordance with Korean IFRS 1109 *Financial Instruments*; or
- 2) the initial amount, less accumulated amortization recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*.

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the present value of the amount to be paid for financial guarantees.

The related liability is recognized as 'financial liabilities' in the statement of financial position.

2.20 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

The Group receives free emission rights as a result of emission trading schemes. The rights are received on an annual basis, and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. Therefore, a provision is recognized only when actual emissions exceed the emission rights granted and still held. The emission costs are recognized as expenses.

2.21 Current and deferred tax

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the year in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. 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 tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their Book values as expected tax consequences at the recovery or settlement of the Book values of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise 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 nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, 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, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable that 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 against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) Post-employment benefits

The Group has a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expenses when an employee has rendered service.

(b) Share-based payments

Equity-settled share-based payments granted to employees are estimated at fair value of equity instruments on the grant date and recognized as employee benefit expenses over the vesting period. The number of equity instruments expected to vest is remeasured with consideration to non-market vesting conditions at the end of the reporting period, with any changes from the original measurement recognized in the profit for the year and equity.

The net inflow, transaction costs directly related to issuance of new shares at the time of exercise of the stock options, is recognized as issued capital (nominal value) and share premium.

(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.

2.23 Revenue from contracts with customers

(a) The primary business of the Group is to develop, produce, and sell antibody drugs used to treat tumors and autoimmune diseases based on biotechnology and mammalian cell-culture technology. In addition to the antibody drug business, the Group is also pursuing the development and sales of chemical drugs. Revenue from the sale of products and merchandise has a fixed unit price set in accordance with the product supply contract concluded with the customer, and based on this, revenue is measured based on the price specified in the contract with the customer, excluding consideration received on behalf of a third party. The Group recognizes revenue when control of the product or product is transferred to the customer.

The sales methods and conditions of the Group's biopharmaceuticals are determined through negotiations with customers. In general, delivery is made from the Group's factory to the transportation company designated by the customer, and an invoice is issued after the product is delivered, and the delivery price is collected according to the contract terms for each customer.

Sales discounts, rebates, incentives, and price settlements that occur in connection with the sale of goods are adjusted from sales.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

The Group provides services in accordance with the service contract concluded with the customer. During this process, the products produced by the Group have no alternative use and revenue is recognized over the period during which control of the service is transferred to the customer. In addition, the Group did not disclose the total transaction price allocated to performance obligations that were not fulfilled at the end of the reporting period in accordance with the practical expedient method of Korean IFRS 1115.

Among the agreements for exclusive sales rights with customers, the consideration for transfer is recognized as revenue in accordance with the five-step revenue recognition model, and the consideration for granting is judged to be a single performance obligation that is not differentiated from product sales activities, so the revenue recognition requirements are met. From the point of satisfaction, the revenue is recognized by reasonably deferring it over the contract period.

When calculating the transaction price, the Group adjusts the revenue and calculates profit by reflecting the impact of the time value of money when the financial benefits are significant to the customer or the Group while transferring goods or services to the customer due to the payment timing agreed upon between the contracting parties.

(b) Remaining balance of contracts

(1) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

(2) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in the Note 2.6.

(3) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

2.24 Approval of consolidated financial statements

The consolidated financial statements for the year ended December 31, 2023 were approved at the Board of Directors' meeting on February 29, 2024 and final approval at the Group's annual shareholders' meeting held on March 26, 2024.

2.25 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved at the annual meeting of shareholders.

Celltrion, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

3. Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are addressed below.

3.1 Income taxes

The Group is subject to income taxes based on tax laws and interpretations of tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain.

In addition, the Group shall pay an additional surtax where the use of corporate earnings on qualifying investments, wage increase and dividend payments fall below a certain portion of its taxable income. As the Group considers the surtax on its undistributed earnings when computing its corporate income tax, the Group's income tax may change depending on changes in investment, wage growth, or dividend payouts.

3.2 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

3.3 Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 27.

3.4 Impairment of development costs

In order to determine whether an impairment has arisen, the development costs is reviewed based on the accounting policy of the Group to determine whether there are external indications and internal indications that the asset is impaired. The Group are expected to make a best estimate of the future recoverable amount based on important market conditions at the end of the reporting period.

3.5 Estimating variable consideration for transaction prices

The Group estimates variable consideration at the post-sale transaction price related to the contract with the customer. The Group revises the estimate of variable consideration for the expected selling price every quarter, and the contract assets are also adjusted. The expected unit price is sensitive to the Group's past unit price trend and changes in the environment and may not reflect the customer's actual selling price and settlement amount in the future. As at December 31, 2023, the unclaimed asset related to unit price settlement is ₩ 21,358 million (2022: ₩ 28,819 million), and the unclaimed liability is ₩ 124,334 million (2022: ₩ 67,216 million).

3.6 Allowance for Inventories

Inventories are valued at lower of cost or net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to be realized for. The Group periodically assesses future demand that could potentially give rise to material fluctuations to the allowance and recognizes an allowance for excess and obsolete inventories and decreases in market value. The valuation loss of inventories is recognized in cost of sales.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

3.7 Allowance for Doubtful Debts

For trade receivable and contract assets, the Group recognizes allowance for doubtful debts by using a simplified approach. For individual receivables, where indications of impairment exist, allowance for doubtful debts are recognized after taking into consideration reasonable estimates.

3.8 Goodwill

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

3.9 Business Combination

At business combination, the Group assumes estimates of uncertain future business performance. Therefore, the fair value of identifiable net assets and the amount of goodwill can fluctuate depending on the future performance of the acquired company, the level of interest rates of financial institutions, market conditions, and changes in domestic and overseas economic environments.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, (foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The Group's risk management policies focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management is controlled under policies approved by the Board of Directors and financial risk management policies are established and financial risks are measured, evaluated, and hedged.

4.1.1 Market risk

4.1.1.1 Foreign exchange risk

The Group is exposed to foreign exchange risks arising from the usual transactions. Most of this risk arises from purchases traded in currencies other than the functional currency. Major currencies which the Group is exposed to foreign exchange risk are the US dollar, Euro and GBP.

The Group manages foreign exchange risk in advance to minimize currency risk. Basic strategy for foreign exchange management is to reduce volatility of gain (loss). Since the risk mostly arises from payments denominated in foreign currency for imports, finance and accounting department reduces currency risk by Lead and Lag method of monitoring foreign exchange market with reference to foreign exchange market trends issued by authorities.

As at December 31, 2023, if the foreign exchange rate of the Korean won fluctuated by 4% (December 31, 2022: 12%) while other variables were fixed, the effects on income before tax would be as follows (Korean won in thousands):

	2023		2022	
	4% increase	4% decrease	12% increase	12% decrease
USD	₩ 22,338,007	₩ (22,338,007)	₩ 11,129,513	₩ (11,129,513)
EUR	(4,140)	4,140	(1,875,324)	1,875,324
GBP	1,999,418	(1,999,418)	(106,932)	106,932
JPY	(2,696)	2,696	(99,211)	99,211
CHF	10,523	(10,523)	(118,529)	118,529
	₩ 24,341,112	₩ (24,341,112)	₩ 8,929,517	₩ (8,929,517)

4.1.1.2 Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The portfolio is diversified in accordance with the policies set by the Group.

Stocks owned by the Group entity are traded in the Korea Exchange, and stock price is included in KOSDAQ index.

The effect on the equity and after-tax profit by price fluctuations of listed equities index and unlisted stock as at December 31, 2023 and 2022, are as follows (Korean won in thousands). The analysis is based on the assumption that the price of listed stock held by the Group had increased/decreased by 17% (2022: 23%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index, but the unlisted equity instruments that have significantly deviating estimated cash

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

flows, and various estimates' occurrence probability cannot be reliably evaluated. Thus, the unlisted equity instruments are excluded from the analysis (Korean won in thousands).

		Impact on post-tax profit			
		2023		2022	
		17% increase	17% decrease	23% increase	23% decrease
KOSDAQ	₩	-	₩ -	₩ -	₩ -

		Effect on the equity			
		2023		2022	
		17% increase	17% decrease	23% increase	23% decrease
KOSDAQ	₩	1,375,329	₩ (1,375,329)	₩ 2,758,682	₩ (2,758,682)

4.1.1.3 Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

Based on the simulations performed, the impact on the profit of 20 bp (2022: 120 bps) shift would be as follows(Effect of capitalization of costs is not considered) (Korean won in thousands):

		Impact on post-tax profit			
		2023		2022	
		20bp increase	20bp decrease	120bp increase	120bp decrease
Interest expenses	₩	(1,892,719)	₩ 1,892,719	₩ (6,347,275)	₩ 6,347,275

		Effect on the equity			
		2023		2022	
		20bp increase	20bp decrease	120bp increase	120bp decrease
Interest expenses	₩	(1,892,719)	₩ 1,892,719	₩ (6,347,275)	₩ 6,347,275

4.1.2 Credit risk

Credit risk arises when the customer or counter party to the transaction fails to perform contractual obligations in transactions and investment. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has deposited its cash and cash equivalents in several financial institutions such as Korea Development Bank and Shinhan Bank. The Group maintains business relationship with those financial institutions with high credit ratings evaluated by independent credit rating institutions and accordingly, credit risks associated with these financial institutions are limited. Customers with high credit that are expected to have stable and long-term relationship are selected and entered into exclusive distributorship rights.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The maximum exposure to credit risk as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Cash and cash equivalents (*1)	₩ 564,606,715	₩ 551,181,714
Short-term financial assets(*2)	192,885,349	43,277,100
Trade receivables	939,169,491	1,684,778,016
Other receivables	101,668,526	123,353,856
Financial guarantee contracts	-	77,588,474
Contract assets	21,357,866	28,819,000
Long-term financial assets(*3)	3,740,469	3,740,469

(*1) The difference between cash and cash equivalents on statements of financial position is cash on hand.

(*2) The amount of short-term financial assets, including short-term financial instruments such as time deposits.

(*3) The amount of long-term financial assets, including long-term financial instruments such as time deposits and convertible notes.

4.1.3 Liquidity risk

Maintaining optimal liquidity is very important due to the characteristic of the business which requires significant investment on product development. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and currency, if applicable external regulatory or legal requirements.

The Group invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

The Group secures credit lines for trade finance and bank overdraft. In case of significant facility investments, liquidity risk is reduced as maturities are matched by using internally held funds and long-term borrowings.

The analysis of the Group's liquidity risk as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023				
	6 months and less	Over 6 months ~ 1 year	Over 1 ~ 5 years	Over 5 years	Total
Borrowings	₩ 897,104,635	₩ 1,045,090,049	₩ 100,786,163	₩ -	₩ 2,042,980,847
Trade payables	50,853,304	-	-	-	50,853,304
Other payables	299,710,812	-	294,735	-	300,005,547
Lease Liabilities	3,775,598	3,734,374	10,136,173	-	17,646,145
Financial guarantee contracts	-	-	-	-	-
Derivative instruments					
Gross settled foreign exchange forwards	(939,639)	65,021	-	-	(874,618)
(Inflow)	(49,687,933)	(22,969,600)	-	-	(72,657,533)
Outflow	48,748,294	23,034,621	-	-	71,782,915

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	2022				
	6 months and less	Over 6 months ~ 1 year	Over 1 ~ 5 years	Over 5 years	Total
Borrowings	₩ 305,649,024	₩ 353,402,800	₩ 156,775,727	₩ -	₩ 815,827,551
Trade payables	50,270,474	-	-	-	50,270,474
Other payables	320,244,362	-	3,405,141	4,170,696	327,820,199
Lease Liabilities	1,469,381	1,302,647	3,014,174	-	5,786,202
Financial guarantee contracts	77,588,474	-	-	-	77,588,474
Financial liabilities at fair value through profit or loss	21,991,604	5,156,594	-	-	27,148,198

4.2 Capital risk management

The Group's capital objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, make borrowings, issue new shares or sell assets to increase and reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

Gearing ratios as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Total borrowings (a)	₩ 1,874,266,981	₩ 786,715,771
Less: cash and cash equivalents (b)	(564,611,720)	(551,186,670)
Net debt (c)=(a) + (b)	1,309,655,261	235,529,101
Total liabilities (d)	2,791,739,990	1,617,448,041
Total equity(e)	17,125,794,307	4,274,204,270
Total capital (f)=(c) + (e)	18,435,449,568	4,509,733,371
Gearing rate(c)/(f)	7.10%	5.22%
Debt to equity rate(d)/(e)	16.30%	37.84%

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

5. Fair value

5.1 Fair value of financial instruments by category

Book value and fair value of financial instruments by category as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	₩ 564,611,720	₩ (*1)	₩ 551,186,670	₩ (*1)
Short-term financial instruments	192,885,349	(*1)	43,277,100	(*1)
Long-term financial instruments	1,371,669	(*1)	-	(*1)
Financial assets at fair value through other comprehensive income	18,221,648	18,221,648	20,451,288	20,451,288
Financial assets at fair value through profit or loss	11,731,798	11,731,798	8,822,815	8,822,815
Trade receivables	939,169,491	(*1)	1,684,778,016	(*1)
Other receivables	101,574,107	(*1)	123,353,856	(*1)
	₩ 1,829,565,782	₩	₩ 2,431,869,745	₩
Financial liabilities				
Trade payables	₩ 50,853,304	₩ (*1)	₩ 50,270,474	₩ (*1)
Borrowings	1,874,266,981	(*1)	786,715,771	(*1)
Lease liabilities	16,153,222	(*2)	5,616,153	(*2)
Financial liabilities at fair value through profit or loss	65,021	65,021	27,148,198	27,148,198
Other payables	300,005,547	(*1)	327,820,199	(*1)
	₩ 2,241,344,075	₩	₩ 1,197,570,795	₩

(*1) Since the book value is a reasonable approximation of fair value, it was excluded from disclosure of the fair value hierarchy and measurement method.

(*2) Lease liabilities were excluded from fair value disclosure in accordance with *Korean IFRS 1107 Financial Instruments: Disclosures*.

5.2 Fair value hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value:				
Financial assets at fair value through other comprehensive income	₩ 10,047,785	₩ -	₩ 8,173,863	₩ 18,221,648
Financial assets at fair value through profit or loss	-	939,639	10,792,159	11,731,798
Financial liabilities at fair value through profit or loss	-	65,021	-	65,021

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value:				
Financial assets at fair value through other comprehensive income	₩ 13,277,431	₩ -	₩ 7,173,857	₩ 20,451,288
Financial assets at fair value through profit or loss	-	-	8,822,815	8,822,815
Financial liabilities at fair value through profit or loss	-	27,148,198	-	27,148,198

5.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	Fair value		Level	Valuation techniques	Inputs
	2023	2022			
Financial assets at fair value through profit or loss- derivatives	₩ 939,639	₩ -	2	Discounted cash flow model	Currency forward exchange rate, discount rate
Financial liabilities at fair value through profit or loss-derivatives	65,021	27,148,198	2	Discounted cash flow model	Currency forward exchange rate, discount rate

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Valuation techniques and the input variables of 'Level 3' fair value hierarchy

As at December 31, 2023, among the assets and liabilities measured at fair value, those classified as 'Level 3' of the fair value hierarchy consist of debt securities and equity securities without marketability, and are measured using the net asset value method and other methods.

5.4 Derivative assets and derivative liabilities

Details of derivative financial assets and derivative financial liabilities as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		2022	
	Derivative assets (*)	Derivative liabilities (*)	Derivative liabilities	
Foreign exchange forwards	₩ 939,639	₩ 65,021	₩ 27,148,198	
	₩ 939,639	₩ 65,021	₩ 27,148,198	

(*) For the year ended December 31, 2023, due to the merged with Celltrion Healthcare, derivative assets of ₩ 18 million and derivative liabilities of ₩ 65 million were additionally recognized (Note 37).

The gains and losses on valuation recognized in relation to derivative assets and liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		2022	
	Gains and losses on valuation		Gains and losses on valuation	
	Profit or loss	Total	Profit or loss	Total
Foreign exchange forwards	₩ 921,528	₩ 921,528	₩ (27,148)	₩ (27,148)
	₩ 921,528	₩ 921,528	₩ (27,148)	₩ (27,148)

The details of the derivatives contract are as follows (In thousands of won, and thousands of USD, EUR and BRL) :

Type	Counterparty	Contract amounts	Contract start date	Contract maturity date	Book value	
					Derivative assets	Derivative liabilities
Foreign exchange forwards- buy	Shinhan Bank	USD 50,000	2023-06-15 ~ 2023-07-20	2024-01-12 ~2024-03-28	₩ 921,528	₩ -
		EUR 2,400	2023-03-10	2024-03-12	6,678	-
		BRL 1,800	2023-06-16	2024-06-14	2,126	-
Foreign exchange forwards-sell	Citi Bank	USD 5,600	2023-06-29	2024-06-28	9,307	-
		USD 12,000	2023-07-18 ~2023-07-21	2024-07-18 ~2024-07-19	-	45,188
	SC Bank	USD 9,600	2023-07-27	2024-07-31	-	19,833
					₩ 939,639	₩ 65,021

(*) For the year ended December 31, 2023, derivative assets of ₩ 18 million and derivative liabilities of ₩ 65 million were additionally recognized due to the merged with Celltrion Healthcare (Note 40).

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

6. Financial instruments by category

6.1 Book values of financial instruments by category

Categorizations of financial instruments as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Current assets				
Cash and cash equivalents	₩ -	₩ -	₩ 564,611,720	₩ 564,611,720
Short-term financial instruments	939,639	-	192,885,349	193,824,988
Trade receivables	-	-	939,169,491	939,169,491
Other receivables	-	-	10,086,802	10,086,802
	₩ 939,639	₩ -	₩ 1,706,753,362	₩ 1,707,693,001
Non-current assets				
Long-term financial instruments	₩ 10,792,159	₩ 18,221,648	₩ 1,371,669	₩ 30,385,476
Other receivables	-	-	91,487,305	91,487,305
	₩ 10,792,159	₩ 18,221,648	₩ 92,858,974	₩ 121,872,781
	₩ 11,731,798	₩ 18,221,648	₩ 1,799,612,336	₩ 1,829,565,782
2023				
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Other	Total
Current liabilities				
Short-term financial liabilities	₩ 65,021	₩ 1,775,133,665	₩ -	₩ 1,775,198,686
Lease liabilities	-	-	8,170,609	8,170,609
Trade payables	-	50,853,304	-	50,853,304
Other payables	-	299,710,812	-	299,710,812
	₩ 65,021	₩ 2,125,697,781	₩ 8,170,609	₩ 2,133,933,411
Non-current liabilities				
Long-term financial liabilities	₩ -	₩ 99,133,315	₩ -	₩ 99,133,315
Lease liabilities	-	-	7,982,613	7,982,613
Other payables	-	294,735	-	294,735
	₩ -	₩ 99,428,050	₩ 7,982,613	₩ 107,410,663
	₩ 65,021	₩ 2,225,125,831	₩ 16,153,222	₩ 2,241,344,074

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

2022				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Current assets				
Cash and cash equivalents	₩ -	₩ -	₩ 551,186,670	₩ 551,186,670
Short-term financial instruments	-	-	43,277,100	43,277,100
Trade receivables	-	-	1,621,890,148	1,621,890,148
Other receivables	-	-	32,200,135	32,200,135
	₩ -	₩ -	₩ 2,248,554,053	₩ 2,248,554,053
Non-current assets				
Long-term financial instruments	₩ 8,822,815	₩ 20,451,288	₩ -	₩ 29,274,103
Trade receivables	-	-	62,887,868	62,887,868
Other receivables	-	-	91,153,721	91,153,721
	₩ 8,822,815	₩ 20,451,288	₩ 154,041,589	₩ 183,315,692
	₩ 8,822,815	₩ 20,451,288	₩ 2,402,595,642	₩ 2,431,869,745
2022				
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Other	Total
Current liabilities				
Short-term financial liabilities	₩ 27,148,198	₩ 635,135,845	₩ -	₩ 662,284,043
Lease liabilities	-	-	2,728,230	2,728,230
Trade payables	-	50,270,474	-	50,270,474
Other payables	-	320,244,362	-	320,244,362
	₩ 27,148,198	₩ 1,005,650,681	₩ 2,728,230	₩ 1,035,527,109
Non-current liabilities				
Long-term financial liabilities	₩ -	₩ 151,579,926	₩ -	₩ 151,579,926
Lease liabilities	-	-	2,887,923	2,887,923
Other payables	-	7,575,837	-	7,575,837
	₩ -	₩ 159,155,763	₩ 2,887,923	₩ 162,043,686
	₩ 27,148,198	₩ 1,164,806,444	₩ 5,616,153	₩ 1,197,570,795

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

6.2 Gain or loss by category of financial instruments

Gain or loss of financial instruments by category for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

		2023		
		Gain (loss) on valuation	Gain (loss) on valuation of other comprehensive income (loss)	Interest income (expenses)
Financial assets				
Financial assets at fair value through profit or loss	₩	1,447,619	₩ -	₩ 78,502
Financial assets at fair value through other comprehensive income		-	(2,370,306)	-
Financial assets at amortized cost		-	-	18,985,232
	₩	1,447,619	₩ (2,370,306)	₩ 19,063,734
Financial liabilities				
Financial liabilities at amortized cost		-	-	(9,665,286)
	₩	-	₩ -	₩ (9,665,286)
	₩	1,447,619	₩ (2,370,306)	₩ 9,398,448

		2023			
		Dividends income	Gain (loss) on disposal	Reversal of allowance for doubtful account	Bad debt expenses
Financial assets					
Financial assets at fair value through profit or loss	₩	65,046	₩ 11,384,898	₩ -	₩ -
Financial assets at fair value through other comprehensive income		3,229	-	-	-
Financial assets at amortized cost		-	-	7,426,765	(2,393,788)
	₩	68,275	₩ 11,384,898	₩ 7,426,765	₩ (2,393,788)
Financial liabilities					
Financial liabilities at amortized cost		-	-	-	-
	₩	-	₩ -	₩ -	₩ -
	₩	68,275	₩ 11,384,898	₩ 7,426,765	₩ (2,393,788)

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	2022		
	Gain (loss) on valuation	Gain (loss) on valuation of other comprehensive income (loss)	Interest income (expenses) (*)
Financial assets			
Financial assets at fair value through profit or loss	₩ (870,272)	₩ -	₩ 80,005
Financial assets at fair value through other comprehensive income	-	191,451	-
Financial assets at amortized cost	-	-	14,138,300
	₩ (870,272)	₩ 191,451	₩ 14,218,305
Financial liabilities			
Financial liabilities at fair value through profit or loss	(27,148,198)	-	-
Financial liabilities at amortized cost	-	-	(7,507,535)
	₩ (27,148,198)	₩ -	₩ (7,507,535)
	₩ (28,018,470)	₩ 191,451	₩ 6,710,770

	2022		
	Dividends income	Gain (loss) on disposal	Bad debt expenses
Financial assets			
Financial assets at fair value through profit or loss	₩ 227,506	₩ 1,707,930	₩ -
Financial assets at fair value through other comprehensive income	5,141	-	-
Financial assets at amortized cost	-	-	(7,511,291)
	₩ 232,647	₩ 1,707,930	₩ (7,511,291)
Financial liabilities			
Financial liabilities at amortized cost	-	-	-
	₩ -	₩ -	₩ -
	₩ 232,647	₩ 1,707,930	₩ (7,511,291)

(*) Celltrion USA, Inc. classified as profit or loss from discontinued operation interest income and expense not included (Note 39).

7. Cash and cash equivalents

Details of cash and cash equivalents as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Cash on hand	₩ 5,005	₩ 4,956
Bank deposits and others(*)	564,606,715	551,181,714
	₩ 564,611,720	₩ 551,186,670

(*)The Group additionally recognized ₩ 374,154 million due to the merger with Celltrion Healthcare Co., Ltd. for the year ended December 31, 2023 (Note 40).

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

8. Financial assets

Details of financial assets as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Current assets		
Short-term financial instruments (*)	₩ 192,885,349	₩ 43,277,100
Financial assets at fair value through profit or loss	939,639	-
Non-current assets		
Long-term financial instruments	1,371,669	-
Financial assets at fair value through other comprehensive income	18,221,648	20,451,288
Financial assets at fair value through profit or loss	10,792,159	8,822,815
	<u>₩ 224,210,464</u>	<u>₩ 72,551,203</u>

(*) As at December 31, 2023, the Group has provided Korea Securities Finance Corporation a deposit of ₩26,623 million (2022: ₩20,575 million) as collateral related to the Employee Stock Ownership Association. In addition, the Group is receiving a payment guarantee of ₩120,609 million from Shinhan Bank for creditor protection procedures in the merger, and for this purpose, ₩ 40,000 million and USD 80,000 thousand (2022: nil) were provided as collateral. Also, the Group has provided a foreign currency time deposit of EUR 427 thousand (2022: nil) to KDB BANK EUROPE as collateral for the Group's debts and guarantees. The use of such deposit is restricted (Notes 36(2) and 36(3)).

Financial assets at fair value through other comprehensive income as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Marketable securities	₩ 10,047,785	₩ 13,277,431
Non-marketable securities	8,173,863	7,173,857
	<u>₩ 18,221,648</u>	<u>₩ 20,451,288</u>

Financial assets at fair value through profit or loss as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Non-marketable securities	₩ 1,050,000	-
Investment association shares	7,373,359	6,454,015
Convertible note	2,368,800	2,368,800
Derivatives	939,639	-
	<u>₩ 11,731,798</u>	<u>₩ 8,822,815</u>

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

9. Trade and other receivables

Details of trade receivables as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		
	Trade receivables	Allowance for doubtful accounts (*)	Book value
Current trade receivables	₩ 939,482,202	₩ (312,711)	₩ 939,169,491
Non-current trade receivables	298,261	(298,261)	-
	<u>₩ 939,780,463</u>	<u>₩ (610,972)</u>	<u>₩ 939,169,491</u>

	2022		
	Trade receivables	Allowance for doubtful accounts (*)	Book value
Current trade receivables	₩ 1,623,423,656	₩ (1,533,508)	₩ 1,621,890,148
Non-current trade receivables	70,526,442	(7,638,574)	62,887,868
	<u>₩ 1,693,950,098</u>	<u>₩ (9,172,082)</u>	<u>₩ 1,684,778,016</u>

(*) The Group recognized allowance for doubtful accounts by calculating the expected credit loss for lifetime expected collection period from the initial recognition of receivables.

Details of other receivables as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	Current				
	Account receivables	Loans	Deposits	Accrued income	Total
2023					
Receivable in gross	₩ 6,709,781	₩ 5,821,590	₩ 114,235	₩ 2,691,360	₩ 15,336,966
Allowance for doubtful accounts	(584,129)	(4,571,616)	-	-	(5,155,745)
Book value	<u>₩ 6,125,652</u>	<u>₩ 1,249,974</u>	<u>₩ 114,235</u>	<u>₩ 2,691,360</u>	<u>₩ 10,181,221</u>

	Non-current				
	Account receivables	Loans	Deposits	Accrued income	Total
2023					
Receivable in gross	₩ 80,435,882	₩ 535,815	₩ 13,930,921	₩ 158,507	₩ 95,061,125
Present value discount	-	-	(674,633)	-	(674,633)
Allowance for doubtful accounts	(2,346,521)	(405,142)	(147,524)	-	(2,899,187)
Book value	<u>₩ 78,089,361</u>	<u>₩ 130,673</u>	<u>₩ 13,108,764</u>	<u>₩ 158,507</u>	<u>₩ 91,487,305</u>

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	Current				
	Account receivables	Loans	Deposits	Accrued income	Total
2022					
Receivable in gross	₩ 10,043,891	₩ 23,622,803	₩ -	₩ 3,641,918	₩ 37,308,612
Allowance for doubtful accounts	(536,861)	(4,571,616)	-	-	(5,108,477)
Book value	<u>₩ 9,507,030</u>	<u>₩ 19,051,187</u>	<u>₩ -</u>	<u>₩ 3,641,918</u>	<u>₩ 32,200,135</u>

	Non-current				
	Account receivables	Loans	Deposits	Accrued income	Total
2022					
Receivable in gross	₩ 79,535,906	535,816	12,393,015	80,005	92,544,742
Present value discount	-	-	(838,355)	-	(838,355)
Allowance for doubtful accounts	-	(405,142)	(147,524)	-	(552,666)
Book value	<u>₩ 79,535,906</u>	<u>130,674</u>	<u>11,407,136</u>	<u>80,005</u>	<u>91,153,721</u>

The aging analysis of trade receivables as of December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		
	Expected loss rates	Trade receivables	Allowance for doubtful accounts
Receivables within due date	0.06%	₩ 529,665,062	₩ (312,711)
Receivables past due			
1 month and less	-	354,385,776	-
Over 1 month ~ 3 months	-	26,560,773	-
Over 3 months ~ 6 months	-	8,641,092	-
Over 6 months ~ 12 months	-	11,757,840	-
Over 12 months	3%	8,769,920	(298,261)
		<u>₩ 939,780,463</u>	<u>₩ (610,972)</u>

	2022		
	Expected loss rates	Trade receivables	Allowance for doubtful accounts
Receivables within due date	0.5%	₩ 1,655,394,907	₩ (7,536,739)
Receivables past due			
1 month and less	-	9,873,827	-
Over 1 month ~ 3 months	-	12,753,957	-
Over 3 months ~ 6 months	-	3,331,815	-
Over 6 months ~ 12 months	-	10,960,249	-
Over 12 months	100%	1,635,343	(1,635,343)
		<u>₩ 1,693,950,098</u>	<u>₩ (9,172,082)</u>

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The Group does not hold any collateral for trade and other receivables as of December 31, 2023.

Changes in the allowance for doubtful accounts of trade and other receivables for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023		2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ 9,172,082	₩ 5,661,143	₩ 1,659,106	₩ 5,662,837
Increase (reversal)	(7,426,765)	2,393,789	7,512,976	-
Decrease	(1,134,345)	-	-	(1,694)
Ending	₩ 610,972	₩ 8,054,932	₩ 9,172,082	₩ 5,661,143

10. Inventories

Details of inventories as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			2022		
	Acquisition costs	Allowance for valuation losses	Book value	Acquisition costs	Allowance for valuation losses	Book value
Finished product	₩ 2,720,482,114	₩ (41,886,274)	₩ 2,678,595,840	₩ 319,692,142	₩ (70,890,381)	₩ 248,801,761
Work in process	78,626,211	(4,980,915)	73,645,296	48,307,518	(4,041,468)	44,266,050
Raw materials	239,306,563	(1,525,064)	237,781,499	258,803,021	(3,183,128)	255,619,893
Sub-materials	15,392,332	(465,790)	14,926,542	17,146,958	(1,518,618)	15,628,340
Merchandise	6,984,806	(3,302,543)	3,682,263	45,414,463	(22,671,572)	22,742,891
Supplies	23,904,619	(1,279,661)	22,624,958	19,418,720	(1,636,207)	17,782,513
Others	10,196,522	-	10,196,522	11,510,904	-	11,510,904
	₩ 3,094,893,167	₩ (53,440,247)	₩ 3,041,452,920	₩ 720,293,726	₩ (103,941,374)	₩ 616,352,352

The cost of inventories recognized as expense and included in cost of sales amounted to ₩ 841,828 million (2022: ₩ 1,106,742 million). Reversal of loss on valuation of inventories amounting to ₩ (-) 21,196million (2022: ₩ 67,330 million) were recognized during the year ended December 31, 2023.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

11. Investments in associates and joint ventures

Details of investments in associates and joint ventures of the Group as at December 31, 2023 are as follows:

Entities	Nominal equity interest		Location	Closing month
	2023	2022		
2014 Growth Ladder-IMM Venture Fund (*1)	-	20.00%	Republic of Korea	December, 31
Mirae Asset Celltrion New Growth Investment Association No.1 (*2)	50.00%	50.00%	Republic of Korea	December, 31
CTB-Biomedics	50.00%	50.00%	Republic of Korea	December, 31
Iksuda Therapeutics Limited (*3)	22.38%	16.33%	United Kingdom	December, 31
Mirae Asset Celltrion Bio Ecosystem Growth Fund (*4)	38.46%	38.46%	Republic of Korea	December, 31
Aju-Solasta Life Science 4.0 Fund (*5)	44.25%	44.25%	United States	December, 31
CYRON THERAPEUTICS CO.,LTD. (*6)	22.15%	-	Republic of Korea	December, 31

(*1) It liquidated and excluded from associates for the year ended December 31, 2023.

(*2) It was partially recovered for the year ended December 31, 2023 (Note 36(6)).

(*3) It was additional invested for the year ended December 31, 2023 (Notes 36(8) and 37(6)).

(*4) It was additional invested for the year ended December 31, 2023 (Note 36(6)).

(*5) It was newly acquired and included in associates for the year ended December 31, 2022 and additional equity investments were made for the year ended December 31, 2023 (Note 36(6)).

(*6) It was newly acquired for the year ended December 31, 2023 and included in associates as the Group may exert significant influence upon acquisition.

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Details of changes of investments in associates and joint ventures under the equity method for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

2023						
Entities	January 1	Acquisitions	Disposals	Share of profit or loss	Changes of capital in equity method	December 31
2014 Growth Ladder-IMM Venture Fund	₩ 668,167	₩ -	₩ (800,644)	₩ 132,477	₩ -	₩ -
Mirae Asset Celltrion New Growth Investment Association No.1	59,355,972	-	(3,000,000)	(3,718,409)	-	52,637,563
CTB-Biomedics	64,012	-	-	(4,705)	-	59,307
Iksuda Therapeutics Limited	4,700,351	8,879,530	-	(5,840,108)	(45,161)	7,694,612
Mirae Asset Celltrion Bio Ecosystem Growth Fund	12,002,870	7,500,000	-	(463,948)	-	19,038,922
Aju-Solasta Life Science 4.0 Fund	11,743,757	12,500,000	-	(1,295,390)	-	22,948,367
CYRON THERAPEUTICS CO.,LTD.	-	2,460,221	-	(125,692)	-	2,334,529
	<u>₩ 88,535,129</u>	<u>₩ 31,339,751</u>	<u>₩ (3,800,644)</u>	<u>₩ (11,315,775)</u>	<u>₩ (45,161)</u>	<u>₩ 104,713,300</u>

2022						
Entities	January 1	Acquisitions	Disposals	Share of profit or loss	Changes of capital in equity method	December 31
2014 Growth Ladder-IMM Venture Fund	₩ 801,213	₩ -	₩ (51,200)	₩ (81,846)	₩ -	₩ 668,167
Mirae Asset Celltrion New Growth Investment Association No.1	52,299,740	4,000,000	(8,500,000)	11,556,232	-	59,355,972
CTB-Biomedics	70,185	-	-	(6,173)	-	64,012
Iksuda Therapeutics Limited	6,673,615	-	140,849	(3,162,081)	1,047,968	4,700,351
Mirae Asset Celltrion Bio Ecosystem Growth Fund	4,996,708	7,500,000	-	(493,838)	-	12,002,870
Aju-Solasta Life Science 4.0 Fund	-	12,500,000	-	(756,243)	-	11,743,757
	<u>₩ 64,841,461</u>	<u>₩ 24,000,000</u>	<u>₩ (8,410,351)</u>	<u>₩ 7,056,051</u>	<u>₩ 1,047,968</u>	<u>₩ 88,535,129</u>

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Summarized financial information of associates and joint ventures as at December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Entities	2023			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
2014 Growth Ladder-IMM Venture Fund	₩ -	₩ -	₩ -	₩ -
Mirae Asset Celltrion New Growth Investment Association No.1	1,999,434	103,516,968	241,276	-
CTB-Biomedics	118,066	547	-	-
Iksuda Therapeutics Limited	19,395,372	12,406,183	2,084,305	50,900,734
Mirae Asset Celltrion Bio Ecosystem Growth Fund	22,095,708	27,799,092	393,602	-
Aju-Solasta Life Science 4.0 Fund	34,075,503	19,594,749	1,806,943	-
CYRON THERAPEUTICS CO.,LTD.	1,426,218	668,183	87,315	-
	₩ 79,110,301	₩ 163,985,722	₩ 4,613,441	₩ 50,900,734

Entities	2023		
	Revenue	Profit (loss) for the year	Total comprehensive income (loss) for the year
2014 Growth Ladder-IMM Venture Fund	₩ 914	₩ (2,796,786)	₩ (2,796,786)
Mirae Asset Celltrion New Growth Investment Association No.1	31,742,553	(7,436,819)	(7,436,819)
CTB-Biomedics	-	(9,410)	(9,410)
Iksuda Therapeutics Limited	-	(26,097,710)	(26,097,710)
Mirae Asset Celltrion Bio Ecosystem Growth Fund	406,526	(1,206,265)	(1,206,265)
Aju-Solasta Life Science 4.0 Fund	300,331	(2,927,582)	(2,927,582)
CYRON THERAPEUTICS CO.,LTD.	305,807	(742,257)	(742,257)
	₩ 32,756,131	₩ (41,216,829)	₩ (41,216,829)

Entities	2022			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
2014 Growth Ladder-IMM Venture Fund	₩ 7,926	₩ 3,333,123	₩ 214	₩ -
Mirae Asset Celltrion New Growth Investment Association No.1	6,208,993	112,751,110	248,158	-
CTB-Biomedics	127,139	1,132	248	-
Iksuda Therapeutics Limited	16,083,741	2,377,505	3,531,836	22,697,542
Mirae Asset Celltrion Bio Ecosystem Growth Fund	17,281,612	14,318,386	392,536	-
Aju-Solasta Life Science 4.0 Fund	22,692,289	5,069,199	1,220,596	-
	₩ 62,401,700	₩ 137,850,455	₩ 5,393,588	₩ 22,697,542

Entities	2022		
	Revenue	Profit (loss) for the year	Total comprehensive income (loss) for the year
2014 Growth Ladder-IMM Venture Fund	₩ 360	₩ (409,229)	₩ (409,229)
Mirae Asset Celltrion New Growth Investment Association No.1	36,343,536	23,112,464	23,112,464
CTB-Biomedics	-	(12,345)	(12,345)
Iksuda Therapeutics Limited	-	(18,154,608)	(17,853,196)
Mirae Asset Celltrion Bio Ecosystem Growth Fund	284,849	(1,283,978)	(1,283,978)
Aju-Solasta Life Science 4.0 Fund	107,262	(1,709,108)	(1,709,108)
	₩ 36,736,007	₩ 1,543,196	₩ 1,844,608

Celltrion, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Details of adjustments from financial information of associates to the book value of investments in associates for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Entities	2023			
	Net assets	Share of net assets	Goodwill	Carrying Amount
Mirae Asset Celltrion New Growth Investment Association No.1	₩ 105,275,126	₩ 52,637,563	₩ -	₩ 52,637,563
CTB-Biomedics	118,613	59,307	-	59,307
Iksuda Therapeutics Limited	(21,183,484)	(4,740,409)	12,435,021	7,694,612
Mirae Asset Celltrion Bio Ecosystem Growth Fund	49,501,198	19,038,922	-	19,038,922
Aju-Solasta Life Science 4.0 Fund	51,863,310	22,948,367	-	22,948,367
CYRON THERAPEUTICS CO.,LTD.	2,007,086	444,500	1,890,029	2,334,529
			14,325,050	104,713,300
	₩ 187,581,849	₩ 90,388,250	₩ 0	₩ 0

Entities	2022			
	Net assets	Share of net assets	Goodwill	Carrying Amount
2014 Growth Ladder-IMM Venture Fund	₩ 3,340,835	₩ 668,167	₩ -	₩ 668,167
Mirae Asset Celltrion New Growth Investment Association No.1	118,711,945	59,355,972	-	59,355,972
CTB-Biomedics	128,023	64,012	-	64,012
Iksuda Therapeutics Limited	(7,768,132)	(1,268,220)	5,968,571	4,700,351
Mirae Asset Celltrion Bio Ecosystem Growth Fund	31,207,462	12,002,870	-	12,002,870
Aju-Solasta Life Science 4.0 Fund	26,540,892	11,743,757	-	11,743,757
	₩ 172,161,025	₩ 82,566,558	₩ 5,968,571	₩ 88,535,129

Celltrion, Inc. and its Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

12. Property, plant and equipment

Changes in the book values of property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023									
	January 1	Business combination ⁽¹⁾	Acquisitions	Transfers	Disposals	Depreciation	Impairment	Others	December 31	Accumulated depreciation
Land	₩ 301,819,130	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 301,756,246	₩ -
Buildings	257,026,486	-	90,877,580	136,363,574	363,930	13,310,947	-	-	470,592,763	(114,012,689)
Buildings-Right-of-use Assets ⁽²⁾	4,124,727	6,686,551	2,999,158	-	-	2,590,521	-	4,769	11,224,684	(6,873,158)
Facilities	133,641,710	-	-	-	-	19,680,790	-	-	113,960,920	(292,804,325)
Structures	8,302,060	-	549,547	5,340	-	811,245	-	761	8,046,463	(8,202,628)
Machinery	131,680,640	-	10,858,780	3,289,708	7,703	24,867,876	1,143,917	-	119,809,632	(148,583,688)
Vehicles	226,059	-	108,680	-	-	94,992	-	-	239,747	(672,054)
Vehicles-Right-of-use assets ⁽²⁾	1,239,473	3,086,800	1,200,626	-	118,261	738,174	-	-	4,670,464	(1,521,533)
Furniture	11,480,017	2,427,044	8,808,051	518,222	25,457	4,711,408	11,684	3,322	18,488,107	(28,863,588)
Furniture-Right-of-use assets ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Construction-in-progress	157,497,353	6,115	149,576,838	(141,267,886)	-	13,371	-	-	165,799,049	-
	₩ 1,007,037,655	₩ 12,206,510	₩ 264,979,260	₩ (1,153,926)	₩ 515,351	₩ 66,819,324	₩ 1,155,601	₩ 8,852	₩ 1,214,588,075	₩ (601,533,673)
										₩ (1,155,601)

Celltrion, Inc. and its Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

	2022							
	January 1	Acquisitions	Transfers	Disposals	Depreciation	Others	December 31	Accumulated depreciation
Land	₩ 301,819,130	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 301,819,130	₩ -
Buildings	267,882,414	342,000	99,000	861,813	10,435,115	-	257,026,486	(100,421,478)
Buildings- Right-of-use Assets (*2)	5,639,448	964,901	-	151,564	2,336,296	8,238	4,124,727	(5,072,250)
Facilities	158,324,815	435,381	-	330	25,118,156	-	133,641,710	(273,158,829)
Structures	8,492,738	579,110	-	-	769,058	(730)	8,302,060	(7,391,404)
Machinery	142,892,032	10,593,224	2,253,537	3,705	24,054,448	-	131,680,640	(124,322,777)
Vehicles	286,529	38,399	-	4	98,865	-	226,059	(577,063)
Vehicles- Right-of-use assets(*2)	1,462,368	629,330	-	205,527	648,560	1,862	1,239,473	(1,336,748)
Furniture	12,344,516	2,856,204	231,285	47,287	3,903,823	(878)	11,480,017	(24,509,433)
Furniture- Right-of-use assets(*2)	2,126	-	-	1,105	1,106	85	-	-
Construction-in-progress	51,265,648	109,006,310	(2,774,605)	-	-	-	157,497,353	-
	₩ 950,411,764	₩ 125,444,859	₩ (2,774,605)	₩ 1,271,335	₩ 67,385,427	₩ 8,577	₩ 1,007,037,655	₩ (536,789,982)

(*1) It was additionally recognized as the Group merged Celltrion Healthcare Co., Ltd. for the year ended December 31, 2023 (Note 40).

(*2) The Group applied the recognition exemption for short-term leases and low-value asset leases. For the years ended December 31, 2023, lease payment of ₩ 817 million (2022: ₩ 705 million) from short-term lease, and lease payment of ₩ 301 million (2022: ₩ 285 million) from low-value asset leases were recognized as expenses. For the year ended December 31, 2023, cash expenditure related to short-term leases is ₩ 4,737 million (2022: ₩ 4,304 million), and regarding sublease of right-of-use asset of the above lessee, the lease revenue recognized in the current year is ₩ 5 million (2022: ₩ 11 million). In addition, interest expense related to lease liabilities for the year ended December 31, 2023 is ₩ 196 million (2022: ₩ 157 million).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Depreciation of property, plant and equipment for the years ended December 31, 2023 and 2022 are allocated as follows (Korean won in thousands):

	2023	2022
Cost of sales	₩ 53,215,645	₩ 57,025,928
Selling and administrative expenses (*)	10,414,944	7,697,661
Development costs	3,188,735	2,641,838
	<u>₩ 66,819,324</u>	<u>₩ 67,365,427</u>

(*) Includes ₩ 64 million related to profit from discontinued operation as at December 31, 2022 (Note 39).

The book values of property, plant and equipment that are provided as collateral as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

Collateral (*)	2023	2022
Land	₩ 294,401,553	₩ 294,401,553
Buildings	459,299,926	245,940,506
Facilities	104,145,644	123,007,695
Machinery	61,536,233	72,100,207
	<u>₩ 919,383,356</u>	<u>₩ 735,449,961</u>

(*) Property, plant and equipment are provided as collateral for borrowings and payment guarantees. Investment properties are included in the land and buildings provided as collaterals (Note 14).

Details of borrowings and payment guarantees for which property, plant and equipment is provided as collateral as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

		2023
Creditor	Borrowing amount	Collateral value
Shinhan Bank	₩ 243,937,266	₩ 215,848,000
Woori Bank	20,000,000	47,300,000
Korea Development Bank	207,030,000	247,030,000
Korea EXIM Bank	64,666,667	89,300,000
	<u>535,633,933</u>	<u>599,478,000</u>

		2022
Creditor	Borrowing amount	Collateral value
Shinhan Bank	₩ 230,096,521	₩ 279,784,000
Woori Bank	20,000,000	47,300,000
Korea Development Bank	227,000,000	277,000,000
Korea EXIM Bank	48,575,710	89,300,000
	<u>₩ 525,672,231</u>	<u>₩ 693,384,000</u>

As at December 31, 2023, the Group carries comprehensive property insurance at Hyundai Marine & Fire Insurance Group for tangible assets. Insurance benefits of tangible assets provided as collateral for borrowings and others include ₩ 198,284 million in Shinhan Bank (2022: ₩ 103,484 million), ₩284,000 million in Korea Development Bank (2022: ₩ 200,000 million), ₩ 70,000 million in the Export-Import Bank of Korea (2022: nil) and ₩12,000 million in Woori Bank (2022: nil) as the establishment of the right of pledge.

The Group entered into purchase agreements related to buildings and manufacturing facilities (Note 36(10)).

Celltrion, Inc. and its Subsidiaries **Notes to the Consolidated Financial Statements** **December 31, 2023 and 2022**

13. Intangible assets

Changes in the book values of intangible assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023										
	January 1	Business combination (*)	Internally generated	Acquisitions	Transfers	Disposals	Impairment	Amortization	Others	December 31	Accumulated amortization
Goodwill	₩ 35,158,659	₩ 11,457,776,344	₩ -	₩ -	₩ (18,130,816)	₩ -	₩ -	₩ -	₩ 580,321	₩ 11,475,384,508	₩ -
Sales rights	-	₩ 113,894,943	-	-	-	-	-	-	-	₩ 113,894,943	₩ -
Customer relationship	-	-	-	-	-	-	-	-	-	-	-
Software	₩ 8,546,339	₩ 257,692,301	-	-	-	-	-	-	-	₩ 257,692,301	₩ -
Intellectual property	-	₩ 1,325,772	-	₩ 1,482,872	₩ 25,000	-	-	₩ 4,653,265	-	₩ 6,726,718	₩ -
Development costs	₩ 1,322,203,223	-	₩ 181,624,107	-	-	-	-	-	-	-	₩ (25,787,616)
Other intangible assets	₩ 245,014,940	₩ 1,080,586	-	₩ 5,653	₩ (109,356,756)	₩ 688,000	₩ 2,620,534	₩ 142,345,896	₩ 183,644	₩ 1,358,386,544	₩ (855,257,332)
Facility usage rights	₩ 11,403,082	₩ 4,659,340	-	₩ 2,338,305	-	₩ 63,932	₩ 46,667	₩ 35,297,676	₩ 4,487,129	₩ 105,833,477	₩ (89,059,408)
	₩ 1,622,326,244	₩ 11,636,229,286	₩ 181,624,107	₩ 3,825,030	₩ (127,462,572)	₩ 721,932	₩ 2,667,201	₩ 182,266,838	₩ 5,251,094	₩ 18,398,727	₩ -
										₩ 13,336,117,218	₩ (64,316,427)

	2022										
	January 1	Internally generated	Acquisitions	Transfers	Disposals	Impairment	Amortization	Others	December 31	Accumulated amortization	Accumulated impairment losses
Goodwill	₩ 33,010,683	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 35,158,659	₩ -	₩ -
Software	₩ 12,179,146	-	₩ 732,817	₩ 190,783	-	-	₩ 4,556,407	₩ 2,147,976	₩ 8,546,339	₩ (21,114,351)	₩ (2,013,066)
Intellectual property	-	-	-	-	-	-	-	-	-	-	-
Development	₩ 2,082,827	-	-	-	-	-	-	-	₩ 1	₩ (38,999,899)	-
Other intangible assets	₩ 1,172,041,130	₩ 270,708,283	-	-	-	₩ 2,633,876	₩ 119,773,054	₩ 1,860,740	₩ 1,322,203,223	₩ (715,066,121)	₩ (82,424,070)
Facility usage rights	₩ 261,290,466	-	₩ 8,604,920	₩ 779,148	₩ 2,541	₩ 7,988,162	₩ 35,486,608	₩ 17,817,717	₩ 245,014,940	₩ (86,088,058)	₩ (13,909,586)
	₩ 10,968,722	-	₩ 436,360	-	-	-	-	-	₩ 11,403,082	₩ -	₩ -
	₩ 1,491,570,974	₩ 270,708,283	₩ 9,774,097	₩ 969,931	₩ -	₩ 10,622,038	₩ 161,898,895	₩ 21,826,433	₩ 1,622,326,244	₩ (86,127,829)	₩ (78,346,722)

(*) It was additionally recognized as the Group merged Celltrion Healthcare Co., Ltd. for the year ended December 31, 2023 (Note 40).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The details of major intangible assets as at December 31, 2023 are as follows:

Details of intangible assets other than development costs as at December 31, 2023 are as follows:

	Description	Residual useful lives
Goodwill	Goodwill identified by business combination	Indefinite
Sales rights	Rights identified by business combination	0.5 years
Customer relationship	Customer relationship identified by business combination	9 years
Software	ERP and other operating support software	1 ~ 5 years
Intellectual property	Rights to manufacture biomedicine and antigen and usage of mass production technology	Finished
Other intangible assets	Patents, industrial property rights, licenses	1 ~ 11 years
Facility usage rights	Condominium, golf club membership	Indefinite

Details of development costs as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

Classification	Purpose	Status	Phase I (*5)	Phase III	Regulatory approval	Book value before impairment loss	Accumulated impairment losses	Book value	Remaining useful lives (*6)
Bio-Pharmaceuticals medicines	Treatment for immune diseases (*1)	Under development	₩ 64,136,538	₩ 176,047,736	₩ 34,076,460	₩ 274,260,734	₩ -	₩ 274,260,734	-
		Under amortization	128,490,034	423,428,504	74,281,076	626,199,614	-	626,199,614	11 years
	Cancer treatment (*2)	Under amortization	50,718,039	254,040,888	57,430,835	362,189,772	-	362,189,772	8 years
		Under development	-	77,084,419	21,016,163	98,100,582	(6,471,307)	91,629,275	-
	Treatment for other diseases (*3)	Under amortization	-	34,333,490	2,416,776	36,750,266	(36,750,266)	-	-
Chemical medicines (*4)		Under development	1,863,198	2,364,179	1,310,497	5,537,874	(3,086,347)	2,451,527	-
		Under amortization	4,403,339	-	5,210,490	9,613,829	(7,958,207)	1,655,622	8 years
			₩ 249,611,148	₩ 967,299,226	₩ 196,742,297	₩ 1,412,652,671	₩ (54,266,127)	₩ 1,358,386,544	

Classification	Purpose	Status	Phase I (*5)	Phase III	Regulatory approval	Book value before impairment loss	Accumulated impairment losses	Book value	Remaining useful lives (*6)
Bio-Pharmaceuticals medicines	Treatment for immune diseases (*1)	Under development	₩ 96,993,303	₩ 408,745,671	₩ 38,952,913	₩ 544,691,887	₩ -	₩ 544,691,887	-
		Under amortization	86,960,020	121,435,392	41,563,808	249,959,220	-	249,959,220	10 years
	Cancer treatment (*2)	Under amortization	63,725,839	324,205,673	72,833,883	460,765,395	-	460,765,395	9 years
		Under development	-	63,201,243	3,240,417	66,441,660	(6,471,307)	59,970,353	-
	Treatment for other diseases (*3)	Under amortization	-	34,333,490	2,416,776	36,750,266	(36,750,266)	-	-
Chemical medicines (*4)		Under development	3,015,953	4,831,339	1,223,149	9,070,441	(3,086,348)	5,984,093	-
		Under amortization	6,700,835	-	10,247,589	16,948,424	(16,116,149)	832,275	6 years
			₩ 257,395,960	₩ 956,752,808	₩ 170,478,535	₩ 1,384,627,293	₩ (62,424,070)	₩ 1,322,203,223	

(*1) Remsima and Yuflyma etc. are monoclonal antibody (mAb) biopharmaceuticals, which is a treatment for immune diseases.

(*2) Herzuma, Truxima and Vegzelma etc. are monoclonal antibody (mAb) biopharmaceuticals, which is a treatment for cancer.

(*3) a biopharmaceutical related to other diseases such as infectious diseases and ophthalmic diseases

(*4) Chemical medicines for cardiovascular diseases, nervous system diseases, HIV, etc.

(*5) Chemical medicine includes bioequivalence test.

(*6) As the amortization period differs for each project, the remaining useful lives of the development costs are weighted average at the end of the reporting period.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Material expenditures that are not recognized as assets because the Group does not exercise control, but from which future economic benefits are expected, for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Advertisement costs	₩ 17,354,628	₩ 14,557,581
Training costs	1,014,524	800,108

Amortization of intangible assets for the years ended December 31, 2023 and 2022 are allocated as follows (Korean won in thousands):

	2023	2022
Cost of sales	₩ 145,878,128	₩ 123,863,072
Selling and administrative expenses	36,171,696	37,803,364
Development costs (*)	209,548	215,430
Construction in progress (*)	27,466	17,029
	<u>₩ 182,286,838</u>	<u>₩ 161,898,895</u>

(*) The amount only includes amortization of software.

Capitalized borrowing costs which is included in the acquisition of intangible assets and property, plant and equipment for the year ended December 31, 2023 are ₩ 27,155 million (2022: ₩ 14,280 million) and ₩ 5,460 million (2022: ₩ 2,105 million), respectively. Borrowing costs were capitalized using the weighted average interest rate of its general borrowings of 4.51 % in 2023 (2022: 3.00%).

Research and development expenses recognized as expenses for the year ended December 31, 2023 are ₩ 161,112 million (2022: ₩ 139,714 million).

The Group participated as a member of the Klaytn Governance Council and received Klay Coin, a utility token, as compensation. Since the acquisition of the relevant asset did not require significant acquisition costs, it is not recognized as an asset in the consolidated financial statements. The Group holds 9,622,731 KLAY coins and it is traded at 309 per KLAY coin at the active market as at December 31, 2023. In 2023, the highest price was ₩ 425, lowest was ₩ 147 and average closing price was ₩ 246.

The Group conducted an impairment test on development cost and other intangible assets. As a reliable valuation of fair value of the development cost and other intangible assets is impossible, the recoverable amount was measured based on value in use. The future cash flow for the value in use measurement was estimated based on future business plan of the Group and reliable data source from outside of the Group. The discount rate for measuring the value in use was estimated at 10.21% ~ 12.95% (weighted average cost of capital adjusted to reflect the inherent risk of the asset), and no permanent growth rate was applied. As a result of carrying out impairment tests on development expenses and other intangible assets for the year ended December 31, 2023, the total impairment loss recognized by the Group was ₩ 2,667 million (2022: ₩ 10,622 million).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Impairment loss recognized on development costs and other intangible assets for the years ended December 31, 2023 and 2022, are as follows. (Korean won in thousands):

	Book value before recognition of impairment loss	2023	
		Impairment loss	Accumulated impairment loss
Chemical medicines (*1)	₩ 15,151,703	₩ (2,620,534)	₩ (11,044,554)
Other intangible assets (*2)	105,880,144	(46,667)	(8,037,234)

	Book value before recognition of impairment loss	2022	
		Impairment loss	Accumulated impairment loss
Chemical medicines (*1)	₩ 26,018,865	₩ (2,633,876)	₩ (19,202,497)
Other intangible assets (*2)	253,003,101	(7,988,162)	(13,909,586)

(*1) Treatments for circulatory and nervous system, and anti-HIV. As a result of performing an impairment test due to changes in the competitive environment and business feasibility of the development project, the related book value was reduced.

(*2) As a result of performing an impairment test, changing business feasibility in the market for sales of marketing rights of chemical drugs, including psychotic disorder drugs, reduced their book value.

As at December 31, 2023 and 2022, when all other variables are held constant and the discount rate changes by 1% point, there is no impact on the impairment loss amount of development expenses.

Impairment Assessment for Goodwill

As a result of the impairment assessment, there is no amount of impairment loss recognized by the Group as the recoverable amount of the cash-generating unit exceeds its carrying amount. The goodwill arising from the current business combination is a provisional amount and may change in accordance with the determination of the fair value of net assets, etc., and no impairment assessment was performed as there was no impairment in indicator identified after the business combination. As at December 31, 2023 and 2022, when all other variables are held constant and the discount rate changes by 1% point, there is no impact on the impairment loss amount of goodwill.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

14. Investment properties

Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023				
	January 1	Transfers	Depreciation	December 31	Accumulated depreciation
Land	₩ -	₩ 62,883	₩ -	₩ 62,883	₩ -
Buildings	-	359,049	146,919	212,130	(90,543)
	₩ -	₩ 421,932	₩ 146,919	₩ 275,013	₩ (90,543)

Some land and buildings of investment properties are provided as joint collateral for borrowings (Note 12).

The amounts recognized in the income statement related to investment properties are rental income of ₩ 35 million (2022: nil) and rental expenses of ₩ 147 million (2022: nil).

As at December 31, 2023, the fair value of investment properties is ₩ 97 million for land and ₩ 767 million for buildings.

15. Other assets

Details of other assets as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Current		
Advanced payments	₩ 49,374,492	₩ 22,641,071
Prepaid expenses	17,768,799	13,425,988
Contract assets (*)	21,357,866	28,819,000
Others	38,048,026	-
Sub total	₩ 126,549,183	₩ 64,886,059
Non-current		
Advanced payments	₩ 47,270,816	₩ 18,211,401
Prepaid expenses	19,871,030	10,249,824
Sub total	₩ 67,141,846	₩ 28,461,225
Total	₩ 193,691,029	₩ 93,347,284

(*) Consists of estimated amount of variable consideration after the current year related to the contract with the customer (Notes 28(3), 36(1) and 37(2)(3)).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

16. Non-current Assets Held for Sale

Details of non-current assets held for sale as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023 (*1)	2022
Goodwill	₩ 18,130,816	₩ -
Patents	1,362,075	-
Industrial property rights	108,974,936	-
	<u>₩ 128,467,827</u>	<u>₩ -</u>

(*1) It has been reclassified in accordance with the planned sale of prescription drug (ETC) and over-the-counter (OTC) business rights in the Asia-Pacific region.

17. Trade and other payables

Details of trade payables as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Trade payables	₩ 50,853,304	₩ 50,270,474

Details of other payables as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Current		
Non-trade payables	₩ 215,284,413	₩ 140,598,883
Accrued expenses	187,338,886	157,223,944
Value added tax withheld	18,389,098	22,398,829
Dividends payable	31,390	22,706
Sub total	<u>₩ 421,043,787</u>	<u>₩ 320,244,362</u>
Non-current		
Non-trade payables	₩ 1,348,429	₩ 4,221,323
Long-term accrued expenses	4,523,300	3,354,514
Sub total	<u>5,871,729</u>	<u>7,575,837</u>
Total	<u>₩ 426,915,516</u>	<u>₩ 327,820,199</u>

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

18. Financial liabilities

Details of financial liabilities as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Current		
Short-term borrowings	₩ 1,607,610,329	₩ 553,706,634
Current portion of long-term borrowings	167,523,336	81,429,211
Current portion of lease liabilities	8,170,609	2,728,230
Financial liabilities at fair value	65,021	27,148,198
Subtotal	₩ 1,783,369,295	₩ 665,012,273
Non-current		
Long-term borrowings	₩ 99,133,316	₩ 151,579,926
Lease liabilities	7,982,613	2,887,923
Sub total	107,115,929	154,467,849
Total	₩ 1,890,485,224	₩ 819,480,122

Details of borrowings as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	Creditor	Latest maturity date	Annual interest rate (%)	Book value	
				2023	2022
Current liabilities					
Short-term borrowings					
General term loans	Shinhan Bank	August 02, 2024	CD (3 Months)+0.48%	₩ 20,000,000	₩ 20,000,000
	Shinhan Bank	November 30, 2024	CD (3 Months_3.84%)+1.25%	2,000,000	2,000,000
	Shinhan Bank	July 07, 2024	CD (3 Months_3.83%)+1.27%	15,000,000	15,000,000
	Shinhan Bank	March 22, 2024	CD (3 Months_3.82%)+1.40%	6,000,000	-
	Shinhan Bank	April 12, 2024	Financial Bond (1 Year)+1.24%	64,000,000	64,000,000
	Shinhan Bank	March 07, 2024	Financial Bond (1 Year)+1.16%	25,000,000	25,000,000
	Woori Bank	April 01, 2024	CD (3 Months)+1.36%	20,000,000	20,000,000
	Woori Bank	February 27, 2024	Financial Bond (6 Months_3.81%)+2.02%	10,000,000	10,000,000
	Korea Development Bank	September 25, 2024	CD (3 Months)+0.89%	30,000,000	30,000,000
	Korea Development Bank	-	-	-	40,000,000
	Korea Development Bank	October 16, 2024	Industrial Financial Debentures (1 Year)+0.75%	25,000,000	25,000,000
	Korea Development Bank	March 08, 2024	Industrial Financial Debentures (1 Year_3.81%)+1.04%	10,000,000	10,000,000
	Korea Development Bank	June 29, 2024	Industrial Financial Debentures (1 Year_3.81%)+1.00%	20,000,000	20,000,000
	Korea Development Bank	November 07, 2024	Industrial Financial Debentures (1 Year_3.83%)+1.06%	34,000,000	40,000,000
	Korea Development Bank	June 21, 2024	Industrial Financial Debentures (1 Year_3.80%)+1.00%	20,000,000	20,000,000
	Korea Development Bank	August 29, 2024	Industrial Financial Debentures (1 Year_3.84%)+0.89%	8,000,000	-

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	Creditor	Latest maturity date	Annual interest rate (%)	Book value	
			2023	2023	2022
	Korea Development Bank	-	-	-	30,000,000
	Korea Development Bank	May 17, 2024	Industrial Financial Debentures (1 Year)+0.98%	70,000,000	-
	Korea Development Bank	June 15, 2024	Industrial Financial Debentures (1 Year)+0.93%	20,000,000	-
	Korea Development Bank	October 20, 2024	Industrial Financial Debentures (1 Year)+0.75%	10,000,000	-
	Nonghyup Bank	April 15, 2024	MOR (1 Year)+1.24%	20,000,000	20,000,000
	Nonghyup Bank	October 20, 2024	MOR (6M)+0.9%	50,000,000	-
	Kookmin Bank	July 29, 2024	MOR (1 Year_3.82%)+0.89%	4,000,000	4,000,000
	Kookmin Bank	August 29, 2024	MOR (1 Year_3.88%)+0.89%	7,000,000	-
	Kookmin Bank	October 20, 2024	MOR(3M)+1.03%	25,000,000	-
	MUFG	November 22, 2024	CD(3 Months)+1.38%	210,000,000	-
	MUFG	December 13, 2024	CD(3 Months)+1.38%	100,000,000	-
	Citi bank-Singapore branch	-	-	-	10,138,400
	KDB BANK EUROPE	March 28, 2024	3M EURIBOR+1.50%	52,719,386	-
	Citibank Japan	June 19, 2024	3M TORF+1.00%	9,126,600	-
	Wooribank UK	June 27, 2024	3M EURIBOR+1.50%	14,265,900	-
	HSBC	December 13, 2024	3M EURIBOR+1.45%	21,398,850	-
	HSBC	December 13, 2024	3M EURIBOR+1.45%	14,265,900	-
	HSBC Continental Europe	March 24, 2024	3M Euribor+1.50%	14,265,900	-
	Citibank Australia	September 18, 2024	3M BBSW+1.55%	7,920,720	-
	Citibank Hungary	June 26, 2024	1M EURIBOR+1.30%	25,678,620	-
	Citibank Hungary	November 22, 2024	1M EUR STR+1.30%	23,880,702	-
	Citibank Hungary	December 06, 2024	1M EURIBOR+1.00%	14,265,900	-
	Citibank UK	June 30, 2024	3M Euribor+1.55%	11,412,720	-
	Citibank Thailand	July 26, 2024	3.18%	5,567,760	-
	HSBC Taiwan	August 13, 2024	1M Internal rate+1.05%	4,114,040	-
	Korea EXIM Bank	October 16, 2024	3M EURIBOR+1.29%	99,861,300	-
	ING Bank N.V., Seoul Branch	May 18, 2024	3M EURIBOR+1.4%	42,797,700	-
Facility loans	Shinhan Bank	November 20, 2024	CD (3 Months)+1.05%	30,000,000	30,000,000
	Woori Bank	October 16, 2024	CD (3 Months)+0.9%	30,000,000	30,000,000
	Korea Development Bank	November 20, 2024	CD (3 Months)+0.91%	24,000,000	-
Loans for export financing	Korea EXIM Bank	July 03, 2024	EXIM financial bond (1 Year)+0.72%	80,000,000	80,000,000
DA/DP	Shinhan Bank	October 20, 2024	Term SOFR (6 Months) +0.95%	482,475	238,454
Usance	Shinhan Bank	May 07, 2024	5.91986 ~ 6.18439%	6,585,856	8,329,780
CP	Shinhan Securities Co., Ltd.	January 26, 2024	CD (3M)+0.9%	110,000,000	-

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	Creditor	Latest maturity date	Annual interest rate (%)	Book value	
				2023	2022
	NH INVESTMENT & SECURITIES CO.,LTD.	January 26, 2024	CD (3M)+0.9%	140,000,000	-
				₩ 1,607,610,329	₩ 553,706,634
Current portion of long-term borrowings					
Facility loans	Korea Development Bank	October 15, 2024	Industrial Financial Debentures (6 Months)+1.04%	14,000,000	14,000,000
	Korea Development Bank	-	-	-	30,000,000
	Shinhan Bank	December 31, 2024	Financial Bond 3 Year (2.52%)+1.05%	17,333,259	17,333,259
Financing for overseas Investment	Shinhan Bank	September 07, 2024	Financial Bond (6 Months)+1.04%	98,323,410	-
	Korea EXIM Bank	October 30, 2024	EXIM financial bond (3 Months)+1.12%	12,000,000	12,000,000
Financing for export promotion	Korea EXIM Bank	December 16, 2024	1.53%	25,866,667	8,095,952
				₩ 167,523,336	₩ 81,429,211
Non-current liabilities					
Long-term borrowings					
Facility loans	Korea Development Bank	October 15, 2025	Industrial Financial Debentures (6 Months)+1.04%	14,000,000	28,000,000
	Shinhan Bank	March 14, 2025	Financial Bond 3 Year (2.52%)+1.05%	4,333,315	21,666,574
	Shinhan Bank	-	-	-	37,433,593
Financing For overseas Investment	Nonghyup Bank	April 14, 2025	MOR (2 Year)+0.62%	30,000,000	-
	Korea EXIM Bank	October 30, 2025	EXIM financial bond (3 Months)+1.12%	12,000,000	24,000,000
	Korea EXIM Bank	June 15, 2026	1.53%	38,800,001	40,479,759
Financing for export promotion				₩ 99,133,316	₩ 151,579,926
				₩ 1,874,266,981	₩ 786,715,771

Some of the Group's property, plant and equipment, investment properties and investments in subsidiaries are provided as collateral in relation to long-and short-term borrowings from Korea Development Bank and five other financial institutions (Notes 12 and 14).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

19. Provisions

The Group recognizes provisions for sales returns, and changes in provisions for sales returns for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

		2023			
		January 1	Increase	Decrease	December 31
Provisions for sales returns	₩	1,486,969	₩ 373,338	₩ -	₩ 1,860,307

		2022			
		January 1	Increase	Decrease	December 31
Provisions for sales returns	₩	3,849,364	₩ -	₩ (2,362,395)	₩ 1,486,969

20. Greenhouse gas emission liabilities

(1) Emission Permits

As at December 31 2023, the number of free allocations per years in the 3rd planning period (2022-2025) is as follows (Unit: metric ton (tCO₂-eq)):

	2022	2023	2024	2025	Total
Free Allocation	₩ 50,235	₩ 50,235	₩ 49,765	₩ 49,765	₩ 200,000

(2) The Group's estimated greenhouse gas emissions for the year ended December 31, 2023 was 64,769 tons (tCO₂-eq) (2022: 56,517 tons (tCO₂-eq)).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(3) Changes in the amount of emission permits for the years ended December 31, 2023 and 2022, are as follows:

① December 31, 2023

	(Unit: metric ton (tCO ₂ -eq))				
	2022	2023	2024	2025	Total
Basic&Free Allocation	₩ 50,235	₩ 50,235	₩ 49,765	₩ 49,765	₩ 200,000
Additional Allocation	-	-	-	-	-
Carry-over	-	-	-	-	-
Purchase (Sale)	6,282	-	-	-	6,282
Govt.Submission	(56,517)	-	-	-	(56,517)
Total	₩ -	₩ 50,235	₩ 49,765	₩ 49,765	₩ 149,765

② December 31, 2022

December 31, 2022

	(Unit: metric ton (tCO ₂ -eq))					
	2021	2022	2023	2024	2025	Total
Basic&Free Allocation	₩ 50,235	₩ 50,235	₩ 50,235	₩ 49,765	₩ 49,765	₩ 250,235
Additional Allocation	-	-	-	-	-	-
Carry-over	-	-	-	-	-	-
Purchase (Sale)	4,380	-	-	-	-	4,380
Govt.Submission	(54,615)	-	-	-	-	(54,615)
Total	₩ -	₩ 50,235	₩ 50,235	₩ 49,765	₩ 49,765	₩ 200,000

(4) The book value of free allocation is nil.

(5) There were currently no emission permits provided as collateral for the year ended December 31, 2023 and 2022.

(6) Increase and decrease of the emission liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands)

	January 1, 2023	Accrual	Reversal	December 31, 2023
Emission liability	₩ 106,656	₩ 131,097	₩ (106,656)	₩ 131,097

	January 1, 2022	Accrual	Reversal	December 31, 2022
Emission liability	₩ 180,212	₩ 106,656	₩ (180,212)	₩ 106,656

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

21. Other liabilities

Details of other liabilities as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

			2023		2022
Current	Advance received (*)	₩	5,559,923	₩	94,181,671
	Unearned revenue (*)		18,713,917		3,768,859
	Government grants		3,000,000		3,000,000
	Deposit received		4,803,243		212,657
	Liabilities related to variable consideration		124,334,470		67,215,819
		₩	<u>156,411,553</u>	₩	<u>168,379,006</u>
Non-current	Long-term advance received (*)	₩	11,225,350	₩	137,192,610
	Long-term unearned revenue (*)		77,400,642		23,008,979
		₩	<u>88,625,992</u>	₩	<u>160,201,589</u>
		₩	<u>245,037,545</u>	₩	<u>328,580,595</u>

(*) Includes details of consideration received before transferring goods or services to customers for the fiscal years ended December 31, 2023 and 2022 (Note 28).

22. Government grants

There are no details of receipt of government subsidies projects for the year ended December 31, 2023. Details of on-going projects among government grants received projects for the year ended December 31, 2022 is as follows (Korean won in thousands):

	2022		
	Received	Refundable(*)	Non-Refundable
Development of monoclonal antibodies for COVID-19 variant virus treatment	78,622	31,449	47,173
	₩ 78,622	₩ 31,449	₩ 47,173

(*)Government grants with repayment obligation are the amounts that is expected to be repaid and presented as other long-term payables among total government grants of the projects that the Group is selected as a main research institution to (Note 17).

Changes in government grants with repayment obligation for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			
	January 1	Increase	Decrease	December 31
Project of trans-governmental enterprise for pandemic influenza in Korea	₩ 900,000	₩ -	₩ -	₩ 900,000
Therapeutic antibody development for MERS corona virus	160,048	-	-	160,048
Development of automatic pre-filled pen type device for bio pharmaceuticals	34,716	-	-	34,716
Development of monoclonal antibodies for COVID-19 variant virus treatment	99,971	-	-	99,971
	₩ 1,194,735	₩ -	₩ -	₩ 1,194,735

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	2022			
	January 1	Increase	Decrease	December 31
Project of trans-governmental enterprise for pandemic influenza in Korea	₩ 900,000	₩ -	₩ -	₩ 900,000
Therapeutic antibody development for MERS corona virus	160,048	-	-	160,048
Development of complex compound with organic and inorganic material and functional cosmetics technology	51,366	-	51,366	-
Development of monoclonal antibodies for COVID-19 treatment	8,963,089	-	8,963,089	-
Development of automatic pre-filled pen type device for bio pharmaceuticals	34,853	-	137	34,716
Development of monoclonal antibodies for COVID-19 variant virus treatment	68,522	31,449	-	99,971
	<u>₩ 10,177,878</u>	<u>₩ 31,449</u>	<u>₩ 9,014,592</u>	<u>₩ 1,194,735</u>

The amounts that are expected to be repaid and presented as other payables and other long-term payables among total government grants of the projects that the Group is selected as a main research institution(Note 17).

Changes in government grants without repayment obligation for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			
	January 1	Increase	Decrease	December 31
Investment attraction subsidy from Chung-ju City	₩ 3,000,000	₩ -	₩ -	₩ 3,000,000
	<u>₩ 3,000,000</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 3,000,000</u>

	2022			
	January 1	Increase	Decrease	December 31
Investment attraction subsidy from Chung-ju City	₩ 3,000,000	₩ -	₩ -	₩ 3,000,000
Development of monoclonal antibodies for COVID-19 variant virus treatment	-	47,173	47,173	-
	<u>₩ 3,000,000</u>	<u>₩ 47,173</u>	<u>₩ 47,173</u>	<u>₩ 3,000,000</u>

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

23. Income tax expense and deferred tax

Income tax expense for the years ended December 31, 2023 and 2022 consists of the following (Korean won in thousands):

	2023	2022(*)
Current tax:		
Current income tax	₩ 115,958,780	₩ 148,307,249
Adjustments in respect of prior years	(1,443,966)	(22,238,681)
Deferred tax:		
Temporary differences	28,623,891	(29,850,499)
Changes due to request for correction and others	(11,402,110)	2,277,758
Others	(347,315)	586,529
Income tax expense	₩ 131,389,280	₩ 99,082,356

(*) Includes ₩4,255 million of income tax expense, classified as discontinued operation due to the sale of Celltrion USA, Inc.

The reconciliation between income tax expense and profit before income tax for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Profit before income tax	₩ 671,095,785	₩ 641,648,590
Tax calculated based on applicable tax rate	176,182,857	166,091,362
Adjustments for:		
Expenses (income) not deductible (subject) for tax purposes	25,512,567	(106,716)
Recognized deferred tax for tax credit	(46,247,870)	(39,143,253)
Effect of unrecognized deferred tax	(18,038,940)	6,162,708
Stock options	(10,818,416)	(22,265,638)
Adjustments in respect of prior years	(1,443,966)	(22,238,684)
Others	6,243,048	10,582,577
Income tax expense	₩ 131,389,280	₩ 99,082,356
Effective tax rate (Income tax expense / profit before income tax)	19.58%	15.44%

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after 12 months	₩ 235,646,157	₩ 104,658,205
Deferred tax asset to be recovered within 12 months	24,013,975	52,146,595
Subtotal	₩ 259,660,132	₩ 156,804,800
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	₩ (314,487,607)	₩ (122,860,866)
Deferred tax liability to be settled within 12 months	(1,251,398)	(2,865,063)
Subtotal	₩ (315,739,005)	₩ (125,725,929)
Net deferred tax assets (liabilities)	₩ (56,078,873)	₩ 31,078,871

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Changes in the book value of deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Beginning balance	₩ 31,078,871	₩ 7,047,904
Charged (credited) to the income statement	12,858,593	23,444,438
Charged (credited) to other comprehensive income	520,452	(257,736)
Charged (credited) to qualified merger and others	(100,536,789)	844,265
Ending balance	₩ (56,078,873)	₩ 31,078,871

Changes in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023				
	Beginning balance	Business combination	Charged (credited) to the income statement	Charged (credited) to other comprehensiv e income and others	Ending balance
Effect of changes in temporary differences					
Accrued expenses	₩ 5,911,732	₩ -	₩ 1,135,945	₩ -	₩ 7,047,677
Inventory valuation loss	27,270,605	-	(14,123,879)	-	13,146,726
Valuation of fair value	(1,235,278)	-	(287,945)	859,340	(663,883)
Development costs	35,238,506	-	(1,055,327)	-	34,183,179
Land					
(Revaluation gain)	(54,385,330)	-	205,228	-	(54,180,102)
Property, plant and equipment	(4,759,155)	-	(498,841)	-	(5,257,996)
Depreciation	(18,797,158)	-	3,562,862	-	(15,234,296)
Stock options	9,756,862	6,688,788	10,537,787	(350,811)	26,632,626
Treasury stock	-	(40,522,017)	-	-	(40,522,017)
Sales rights	-	(30,015,465)	-	-	(30,015,465)
Customer relationship	-	(68,030,768)	-	-	(68,030,768)
Reserved succession due to qualified merger and others (*)	-	28,093,467	29,460,544	-	57,554,011
Others	28,450,069	-	(22,385,127)	11,923	6,076,865
Subtotal	₩ 27,450,853	₩ (103,785,995)	₩ 6,551,247	₩ 520,452	₩ (69,263,443)
Tax credit carryforwards	3,628,018	3,249,206	6,307,346	-	13,184,570
Total	₩ 31,078,871	₩ (100,536,789)	₩ 12,858,593	₩ 520,452	₩ (56,078,873)

(*) The reserved amount related to contract assets and inventories through the merger.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	2022			
	Beginning balance	Charged (credited) to the income statement	Charged (credited) to other comprehensive income and others	Ending balance
Effect of changes in temporary differences				
Accrued expenses	₩ 4,107,642	₩ 1,804,090	₩ -	₩ 5,911,732
Inventory valuation loss	18,023,093	9,247,512	-	27,270,605
Valuation of fair value	(1,268,417)	13,163	19,976	(1,235,278)
Development costs	40,708,102	(5,469,596)	-	35,238,506
Land (Revaluation gain)	(56,437,607)	2,052,277	-	(54,385,330)
Property, plant and equipment	(4,771,683)	12,528	-	(4,759,155)
Depreciation	(23,645,743)	4,848,585	-	(18,797,158)
Stock options	-	8,912,597	844,265	9,756,862
Others	24,426,741	4,301,040	(277,712)	28,450,069
Subtotal	₩ 1,142,128	₩ 25,722,196	₩ 586,529	₩ 27,450,853
Tax credit carryforwards	5,905,776	(2,277,758)	-	3,628,018
Total	₩ 7,047,904	₩ 23,444,438	₩ 586,529	₩ 31,078,871

The realizability of deferred tax assets depends on the various factors such as ability of the Group to generate taxable profit during the period the temporary difference can be utilized, the economic environment and the prospect of the industry. The Group considers those factors periodically. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, excluding deductible temporary differences related to merger succession amounting to ₩ 2,822 million (2022: ₩ 25,932 million). In addition, deferred tax liabilities for temporary differences of goodwill amounting to ₩11,457,776 million (2022: ₩1,881 million) are not recognized.

The income tax charged (credited) directly to equity for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Change in value of financial assets at fair value through other comprehensive income	₩ (3,229,646)	₩ 859,340	₩ (2,370,306)	₩ 171,475	₩ 19,976	₩ 191,451
Equity adjustment in equity method investments	(45,161)	11,922	(33,239)	1,047,968	(277,712)	770,256
Stock options	844,265	(350,811)	493,454	-	844,265	844,265
	₩ (2,430,542)	₩ 520,451	₩ (1,910,091)	₩ 1,219,443	₩ 586,529	₩ 1,805,972

The expiry of tax credit carryforwards is as follows (Korean won in thousands):

	2023	2022
Within 1 year	₩ 8,393,942	₩ -
Within 2 years	812,301	-
Within 3 years	812,301	584,328
Over 3 years	3,166,026	3,043,690
	₩ 13,184,570	₩ 3,628,018

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The global minimum tax applies when the effective tax rate of each entity within consolidation (subsidiaries included in the consolidated financial statements) of a multinational group with sales of more than EUR 750 million in the consolidated financial statements for two or more of the four immediately preceding years of the Group is less than 15%. This is a system in which the equivalent amount is paid to the tax office of the country where the Parent Company that meets certain requirements belongs. Korea introduced the global minimum tax in 2022, and it should be applied from fiscal years beginning on or after January 1, 2024. The Group has sales of more than EUR 750 million according to the consolidated financial statements for 2021 and 2022, and among the entities within consolidation, Celltrion Healthcare Hungary is located in Hungary and pays income tax. Since Hungary's nominal corporate tax rate is less than 15%, an additional burden of income tax can be expected due to the global minimum tax. However, when comprehensively considering Hungary's global minimum tax introduction status and transitional exemption regulations (Safe Harbour), etc., it is not possible to estimate the specific monetary impact due to insufficient information at present.

24. Issued capital

The Company is authorized to issue 400,000,000 shares (₩1,000 per share), of which 220,290,520 ordinary shares have been issued as at December 31, 2023.

Changes in issued capital and share premium for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands, except number of shares):

	Number of shares	Issued capital	Share premium	Total
As at January 1, 2022	137,947,128	₩ 137,947,128	₩ 840,337,214	₩ 978,284,342
Stock dividends	2,732,479	2,732,479	-	2,732,479
Exercise of stock options	125,603	125,603	12,834,579	12,960,182
As at December 31, 2022	140,805,210	₩ 140,805,210	₩ 853,171,793	₩ 993,977,003
As at January 1, 2023	140,805,210	₩ 140,805,210	₩ 853,171,793	₩ 993,977,003
Stock dividends	5,511,708	5,511,708	-	5,511,708
Exercise of stock options	85,852	85,852	9,651,222	9,737,074
Issuance of new shares due to business combination	73,887,750	73,887,750	13,909,129,316	13,983,017,066
As at December 31, 2023	220,290,520	₩ 220,290,520	₩ 14,771,952,331	₩ 14,992,242,851

25. Retained earnings

Retained earnings as at December 31, 2023 and 2022 consist of the following (Korean won in thousands):

	2023	2022
Legal reserves		
Legal appropriated retained earnings (*1)	₩ 17,695,423	₩ 12,528,196
Voluntary reserves (*2)		
Reserve for R&D	3,313,384,653	2,837,555,883
Reserve for facilities	160,117,928	160,117,928
Reserve for surtax on income tax	-	50,000,000
Unappropriated retained earnings	472,375,525	424,907,531
	₩ 3,963,573,529	₩ 3,485,109,538

(*1) The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends but may be transferred to capital stock or used to reduce accumulated deficit, if any, with the ratification of the Company's majority shareholders. When

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

the total amount of capital reserves and profit reserves exceeds 1.5 times the capital stock, the excess amount can be reduced within the range of capital reserves and profit reserves by resolution of the shareholders' meeting.

(*2) Voluntary reserves are available to be distributed by the shareholders' approval.

The cash dividend, amounting ₩51,672 million and the stock dividend, amounting ₩5,512 million (number of outstanding common stocks: 5,511,708), proposed in the year ended December 31, 2022 was transferred to issued capital on March 28, 2023.

The cash dividend, amounting ₩103,603 million proposed in the year ended December 31, 2023 is expected to be proposed at the Company's annual shareholders' meeting on March 26, 2024. The dividend payable is not included in the consolidated financial statements of the Group.

26. Accumulated other comprehensive income and element of other stockholders equity

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	Beginning balance	2023 Increase (decrease)	Ending balance
Financial assets at fair value through other comprehensive income - equity instruments	₩ 5,219,911	₩ (2,370,306)	₩ 2,849,605
Equity adjustment in equity method investments	658,332	190,097	848,429
Exchange differences on translation of foreign operations	42,867,630	6,064,956	₩ 48,932,586
	<u>₩ 48,745,873</u>	<u>₩ 3,884,747</u>	<u>₩ 52,630,620</u>

	Beginning balance	2022 Increase (decrease)	Ending balance
Financial assets at fair value through other comprehensive income - equity instruments	₩ 5,028,460	₩ 191,451	₩ 5,219,911
Equity adjustment in equity method investments	(111,925)	770,257	658,332
Exchange differences on translation of foreign operations	20,070,589	22,797,041	42,867,630
	<u>₩ 24,987,124</u>	<u>₩ 23,758,749</u>	<u>₩ 48,745,873</u>

Changes in accumulated other comprehensive income represent net of tax effect amounts.

Element of other stockholders' equity as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Treasury stock	₩ (2,204,264,186)	₩ (501,689,374)
Stock options (*)	166,505,455	95,285,939
Other capital surplus	18,208,118	17,931,021
Other capital	(8,212,980)	-
	<u>₩ (2,027,763,593)</u>	<u>₩ (388,472,414)</u>

(*) Includes ₩ 45,284 million newly recognized due to business combination.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Changes in treasury stock for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands, except shares):

	Number of shares	Amount
January 1, 2022	1,323,130	₩ 225,716,732
Acquisition of treasury stock	1,689,373	275,972,642
December 31, 2022	3,012,503	₩ 501,689,374
January 1, 2023	3,012,503	₩ 501,689,374
Acquisition of treasury stock	6,061,165	941,605,306
Acquisition due to business combination	4,009,323	760,969,506
December 31, 2023	13,082,991	₩ 2,204,264,186

27. Share-based payment

Stock options are granted to the Company's directors and employees as follows:

Stocks issued through stock options: registered common stock.

Grant method: new shares of common stock, issuance of treasury stock and cash settlement

Vesting period: options are conditional on the Company's director and employee completing a three-year service after the grant date. The options have a contractual option term of five years at the rate of 20% per annum.

Changes in the number of stock options outstanding and their weighted average exercise prices for the year ended December 31, 2023 are as follows (Korean won, except number of shares):

	Number of options (unit: share) (*)	Weighted average exercise price per share option (*)
Beginning	2,716,091	185,494
Grant	470,288	151,200
Exercise	(85,852)	78,575
Forfeited	(55,011)	-
Grant due to business combination	1,093,280	-
Ending	4,138,796	₩ 183,159

(*) It is adjusted to reflect the effects of stock dividends for the year ended December 31, 2023.

Out of the 4,138,796 outstanding options (2022: 2,716,091 options), 1,067,840 options (2022: 397,152 options) were exercisable as at December 31, 2023. Options exercised in 2023 resulted in 85,852 shares (2022: 125,603 shares) being issued at a weighted average exercise price of ₩ 78,999 (2022: ₩ 71,525). The related weighted average share price at the time of exercise was ₩ 162,554 (2022: ₩ 167,835) per share.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The weighted average fair value of options granted during the period using binomial model as at December 31, 2023 and 2022 were determined as follows (Korean won, except per shares):

	23th (2023)	22th (2022)
Share price at the grant date	₩ 151,200	₩ 165,500
Exercise price (*)	₩ 151,200	₩ 159,303
Number of shares (*)	470,288	530,000
Risk-free interest rate	3.29%	2.84 ~ 2.86%
Expected volatility	31.50%	38.00%
Grant date	2023-03-28	2022-03-25
Assessment date	2023-03-28	2022-03-25
Maturity	2033-03-27	2032-03-24

(*) It is adjusted to reflect the effects of stock dividends for the year ended December 31, 2023.

The weighted average fair value of options granted in a business combination during the period using binomial model as at December 31, 2023 and 2022 were determined as follows (Korean won, except per shares):

	3th	4th	5th	6th	8th	9th
Share price at the grant date	₩ 189,900	₩ 189,800	₩ 189,800	₩ 189,800	₩ 189,800	₩ 189,800
Exercise price	45,764	49,499	134,308	140,017	137,807	134,666
Number of shares	5,877	33,776	362,350	160,017	88,647	442,613
Risk-free interest rate	3.52%	3.37%~ 3.52%	3.24%~ 3.39%	3.15%~ 3.43%	3.13%~ 3.19%	3.15%~ 3.18%
Expected volatility	30.80%	30.80%	30.80%	30.80%	30.80%	30.80%
Grant date	2015-03-27	2016-03-29	2019-03-26	2020-03-27	2022-03-25	2023-03-28
Assessment date	2023-12-28	2023-12-28	2023-12-28	2023-12-28	2023-12-28	2023-12-28
Maturity	2024-03-26	2025-03-29	2028-03-25	2030-03-26	2032-03-24	2033-03-27

Changes in stock options for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Beginning	₩ 95,285,939	₩ 71,239,165
Expense	28,890,256	28,017,493
Exercised and forfeited	(2,954,846)	(3,970,719)
Increase due to business combination	45,284,106	-
Ending	₩ 166,505,455	₩ 95,285,939

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

28. Revenue and cost of sales

Details of revenue for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022(*3)
Timing of transfer of goods or services:		
Recognition at a point in time (*1)	₩ 1,779,940,064	₩ 2,143,425,571
Recognition over time (*2)	396,491,467	140,541,909
	<u>₩ 2,176,431,531</u>	<u>₩ 2,283,967,480</u>
Geographical market:		
Domestic market	₩ 1,799,750,283	₩ 1,688,643,208
Overseas market	376,681,248	595,324,272
	<u>₩ 2,176,431,531</u>	<u>₩ 2,283,967,480</u>

(*1) Revenue from the sale of goods and etc.

(*2) Revenue from the services and etc.

(*3) The amount excludes sales generated from Celltrion USA, Inc., classified as profit or loss from discontinued operation for the year ended December 31, 2022 (Note 39).

Details of cost of sales for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Recognition at a point in time	₩ 841,827,595	₩ 1,106,741,511
Recognition over time	282,734,885	144,528,664
	<u>₩ 1,124,562,480</u>	<u>₩ 1,251,270,175</u>

Details of contract assets and contract liabilities from contracts with customers for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

2023						
	Beginning balance	Business combination	Increase (*2)	Decrease (*2)	Variable consideration estimate (*3)	Ending balance
Contract asset	₩ 28,819,000	₩ 21,357,866	₩ -	₩ -	₩ (28,819,000)	₩ 21,357,866
Contract liability(*1)	326,114,408	(86,389,226)	108,672,624	(169,401,096)	(67,215,819)	111,780,891

2022						
	Beginning balance	Increase (*2)	Decrease (*2)	Variable consideration estimate (*3)	Ending balance	
Contract asset	₩ -	₩ -	₩ -	₩ 28,819,000	₩ 28,819,000	
Contract liability(*1)	351,757,935	61,662,288	(126,569,505)	39,263,690	326,114,408	

(*1) It consists of advance received and unearned revenue related to the consideration received before the transfer of goods or services to the customer, the estimated price settlement under the contract with the customer, and provisions for returns for the years ended December 31, 2023 and 2022 (Notes 19 and 21).

(*2) Reductions in contract liabilities not related to estimates of variable consideration and the amount recognized as revenue for the year ended December 31, 2023 are ₩ 169,401 million (2022: ₩ 126,570 million).

(*3) Contract assets in the current year consist of ₩ (-)28,819 million replaced with trade receivable and accounts payable confirmed in the current year out of recognized amount of the previous period. Contract liabilities in the current year consist of ₩ (-)67,216 million replaced with trade receivable and accounts payable confirmed in the current year out of recognized amount of the previous period. Contract liabilities of the previous period are estimates of the estimated price settlement after the current year based on an agreement with the customer and are recognized as revenue in the previous period. Contract liabilities of the previous period are estimates of the estimated price settlement after the current year based on an agreement with the customer

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

and are recognized as reduction of revenue in the previous period (Notes 36(1) and 37(2)(3)).

29. Selling and administrative expenses

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022(*)
Wages, salaries and severance benefits	₩ 72,522,054	₩ 66,281,812
Welfare expense	7,650,916	6,970,210
Depreciation	5,351,668	3,460,212
Amortization	35,614,594	37,351,734
Rents	369,707	345,381
Travel	3,300,874	2,560,550
Commission	59,591,052	44,574,626
Service fees	7,021,170	3,101,688
Entertainment	2,261,342	2,035,213
Advertising	17,331,654	15,092,917
Share-based payment	11,978,812	11,233,321
Research and development expense	161,112,164	139,714,341
Training	213,298	201,741
Bad debt expenses (reversal)	(5,080,244)	7,512,978
Others	21,148,568	45,062,407
	<u>₩ 400,387,629</u>	<u>₩ 385,499,131</u>

(*) The amount excludes selling and administrative expenses generated from Celltrion USA, Inc., classified as profit or loss from discontinued operation for the year ended December 31, 2022 (Note 39).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

30. Other income and expenses

Details of other income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022(*)
Other income		
Rental income	₩ 690,999	₩ 666,203
Gain on disposal of plant, property and equipment	10,892	12,459
Gain on disposal of intangible assets	2,346,374	9,591
Gain on foreign exchange translation	2,807,941	10,411,345
Gain on foreign currency transactions	26,484,247	27,203,874
Dividend income	68,275	232,647
Gain on valuation of financial assets at fair value through profit or loss	1,508,764	-
Gain on disposal of financial assets at fair value through profit or loss	12,756,751	5,497,430
Reversal of other allowance for doubtful accounts	-	1,694
Gain on disposal of investments in related parties	-	291,356
Miscellaneous gain	7,511,055	3,197,223
	<u>₩ 54,185,298</u>	<u>₩ 47,523,822</u>
Other expenses		
Donations	₩ 2,911,163	₩ 2,431,907
Loss on disposal of property, plant and equipment	23,221	735
Loss on disposal of property, plant and equipment retirement	372,897	899,450
Impairment loss of property, plant and equipment	1,155,601	-
Impairment loss of intangible assets	2,667,201	10,622,037
Loss on disposal of intangible assets	-	1,916
Other bad debt expenses	47,267	8
Depreciation of investment property	146,919	-
Loss on foreign exchange translation	3,347,883	1,644,512
Loss on foreign currency transactions	16,415,776	23,704,271
Loss on valuation of financial assets at fair value through profit or loss	61,145	870,272
Loss on valuation of financial liabilities at fair value through profit or loss	-	27,148,198
Loss on disposal of financial assets at fair value through profit or loss	1,371,853	3,789,500
Loss on disposal of investment in subsidiaries and associates	1,365,133	-
Miscellaneous loss	4,857,357	15,930,604
	<u>₩ 34,743,416</u>	<u>₩ 87,043,410</u>
Net other income (expenses)	<u>₩ 19,441,882</u>	<u>₩ (39,519,588)</u>

(*) The amount excludes other profit or loss generated from Celltrion USA, Inc., classified as profit or loss from discontinued operation for the year ended December 31, 2022 (Note 39).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

31. Finance income and costs

Details of finance income and costs for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022 (*1)
Finance income		
Interest income (*2)	₩ 19,063,734	₩ 14,218,305
Gain on foreign exchange translation	3,325,590	9,763,140
Gain on foreign currency transactions	9,049,103	963,983
	<u>₩ 31,438,427</u>	<u>₩ 24,945,428</u>
Finance costs		
Interest expenses (*3)	₩ 9,665,286	₩ 7,507,535
Loss on foreign exchange translation	2,871,445	736,847
Loss on foreign currency transactions	7,413,441	5,262,307
	<u>₩ 19,950,172</u>	<u>13,506,689</u>
Net finance income (costs)	<u>₩ 11,488,255</u>	<u>₩ 11,438,739</u>

(*1) The amount excludes finance income or loss generated from Celltrion USA, Inc., classified as profit or loss from discontinued operation for the year ended December 31, 2022 (Note 39).

(*2) Details of interest income included in finance income are as follows (Korean won in thousands):

	2023	2022
Financial assets at fair value through profit or loss	₩ 78,502	₩ -
Financial assets at amortized cost	18,985,232	14,218,305
	<u>₩ 19,063,734</u>	<u>₩ 14,218,305</u>

(*3) Details of interest expenses included in finance costs are as follows (Korean won in thousands):

	2023	2022
Interest on bank overdraft and borrowings	₩ 42,280,845	₩ 23,892,297
Capitalized interest for qualifying assets	(32,615,559)	(16,384,762)
	<u>₩ 9,665,286</u>	<u>₩ 7,507,535</u>

32. Expenses by nature

Details of expenses by nature for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022 (*2)
Changes in inventories	₩ (68,743,737)	₩ 170,062,582
Cost of raw materials	266,345,310	238,575,485
Employee benefit expense	304,339,571	276,427,543
Purchase of reagent and supplies	50,673,642	48,788,556
Service fees	451,299,403	430,615,667
Bad debt expense	(5,080,244)	7,512,978
Commission expenses	64,240,302	58,965,252
Taxes and dues	7,919,809	7,223,417
Depreciation	63,630,589	64,723,587
Amortization	182,049,824	161,666,436
Other expenses	208,275,640	182,742,934
Total (*1)	<u>₩ 1,524,950,109</u>	<u>₩ 1,647,304,437</u>

(*1) The amount is the sum of cost of sales, and selling and administrative expenses on the consolidated

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

statements of profit or loss.

(*2) Includes the amount related to discontinued operation for the year ended December 31, 2022 (Note 39).

33. Employee benefit expense

Details of employee benefit expense for the years ended December 31, 2023 and 2022, are as follows
(Korean won in thousands):

	2023		2022
Wages and salaries	₩ 255,916,723	₩	231,369,567
Post-employment benefit	16,363,995		15,295,369
Share based payment expense	31,527,940		29,453,822
Welfare expenses	38,661,340		36,657,485
Reclassification of development costs	(32,677,230)		(33,305,381)
Reclassification of construction in progress	(5,453,197)		(3,043,319)
	<u>₩ 304,339,571</u>	₩	<u>276,427,543</u>

34. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares issued during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Basic earnings per share for the years ended December 31, 2023 and 2022, are as follows (Korean won, except number of shares):

	2023		2022(*)
Profit attributable to ordinary shares (The ownership of the Company)	₩ 535,647,963,959	₩	537,835,568,483
Profit from continuing operations	535,647,963,959		526,616,038,967
Profit from discontinued operations	-		11,219,529,516
Weighted average number of ordinary shares outstanding (*)	142,487,097		143,732,062
Basic earnings per share	₩ 3,759	₩	3,742
Earnings per share for continuing operations	3,759		3,664
Earnings per share for discontinued operations	-		78

(*) It is adjusted to reflect the effects of stock dividends for the year ended December 31, 2023.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The basis for calculating the weighted average number of common shares outstanding for calculating earnings per share is as follows.

	2023	
	Number of ordinary shares	Weighted average number of ordinary shares outstanding
Beginning	140,805,210	140,805,210
Stock dividend	5,511,708	5,511,708
Treasury stock at beginning	(3,012,503)	(3,012,503)
Treasury stock acquisition	(10,070,488)	(1,686,435)
Stock options	85,852	59,388
Issuance of new shares due to merger	73,887,750	809,729
Ending	207,207,529	142,487,097

	2022	
	Number of ordinary shares	Weighted average number of ordinary shares outstanding
Beginning	143,465,013	143,465,013
Stock dividend	2,841,778	2,841,778
Treasury stock at beginning	(1,323,130)	(1,323,130)
Treasury stock acquisition	(1,689,373)	(1,329,811)
Stock options	130,627	78,212
Ending	143,424,915	143,732,062

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares: stock options. For stock options, a calculation is done to determine the number of shares that could owned at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

Diluted earnings per share for the years ended December 31, 2023 and 2022, are as follows (Korean won, except number of shares):

	2023	2022(*)
Dilutive profit attributable to ordinary shares (The ownership of the Company)	₩ 535,647,963,959	₩ 537,835,568,483
Profit from continuing operations	535,647,963,959	526,616,038,967
Profit from discontinued operations	-	11,219,529,516
Weighted average number of ordinary shares issued (shares)	142,487,097	143,732,062
Adjustment for:		
Stock options	237,867	225,666
Weighted average number of ordinary shares for diluted earnings per share	142,724,964	143,957,728
Dilutive Basic earnings per share	₩ 3,753	₩ 3,736
Earnings per share for continuing operations	3,753	3,658
Earnings per share for discontinued operations	-	78

(*) It is adjusted to reflect the effects of stock dividends for the year ended December 31, 2023.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

35. Supplementary cash flow information

Details of adjustments for cash generated from operations and changes in net working capital for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Profit for the year	₩ 539,706,505	₩ 542,566,233
Adjustments for:		
Income tax expenses	131,389,280	99,082,356
Loss on valuation of inventories	2,526,280	67,330,193
Reversal of loss on valuation of inventories	(48,885,812)	-
Loss on disposal of valuation of inventories retirement	25,163,510	-
Share-based payment	27,767,121	25,725,970
Depreciation	63,630,589	64,723,587
Amortization	182,049,824	161,666,436
Depreciation of investment property	146,919	-
Bad debt expenses	2,346,521	7,511,283
Reversal of bad debt expenses	(7,426,765)	-
Other bad debt expenses	47,267	8
Loss on relation of foreign currency	6,855,604	2,381,359
Gain on relation of foreign currency	(8,895,252)	(20,174,485)
Gain on valuation of financial assets at fair value through profit or loss	(1,508,764)	-
Loss on valuation of financial assets at fair value through profit or loss	61,145	870,272
Loss on valuation of financial liabilities at fair value through profit or loss	-	27,148,198
Gain on disposal of financial assets at fair value through profit or loss	(12,756,751)	(5,497,430)
Loss on disposal of financial assets at fair value through profit or loss	1,371,853	3,789,500
Gain on disposal of investments in associates	-	(8,625,927)
Loss on disposal of investments in associates	1,365,133	-
Profits (losses) of associates, net	11,315,775	(7,056,051)
Interest expenses	9,665,286	7,509,860
Interest income	(19,063,734)	(14,218,309)
Dividend income	(68,275)	(232,647)
Gain on disposal of property, plant and equipment	(10,892)	(12,459)
Loss on disposal of property, plant and equipment	23,221	735
Loss on disposal of valuation of property, plant and equipment retirement	372,897	899,450
Impairment loss on property, plant and equipment	1,155,601	-
Gains on disposal of intangible assets	(2,346,374)	(9,591)
Loss on disposal of intangible assets	-	1,916
Impairment loss on intangible assets	2,667,201	10,622,037
Miscellaneous losses	(655)	(31,460)
Miscellaneous gains	4,054,952	-
Post-employment benefits	-	71,890
Total adjustments	₩ 373,012,705	₩ 423,476,691

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	2023	2022
Change in net working capital		
Trade receivables	₩ (296,002,413)	₩ (682,925,801)
Other receivables	66,261,830	40,789,228
Inventories	57,251,834	(214,975,863)
Other current assets	37,053,555	(6,327,587)
Other non-current assets	(22,815,592)	(9,399,998)
Trade payables	(2,192,530)	53,568,933
Other payables	4,523,478	67,460,683
Long-term other payables	1,137,822	(9,014,455)
Other current liabilities	(62,493,469)	10,626,259
Other non-current liabilities	(4,500,329)	1,667,101
Provisions	359,357	392,719
Total change in net working capital	(221,416,457)	(748,138,781)
Cash generated from operations	₩ 691,302,753	₩ 217,904,143

The significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023	2022
Transfer of construction-in-progress to property, plant and equipment	₩ 141,267,886	₩ 2,774,605
Reclassification of current portion of long-term borrowings	172,360,717	81,429,211
Reclassification of current portion of long-term advance received	80,207,749	91,664,786
Acquisition of development costs	44,551,355	50,251,327
Acquisition of property, plant and equipment	50,733,286	-
Transfer of non-current assets held for sale	128,467,827	-
Transfer of equity of stock dividends	5,511,708	2,732,479
Consideration transferred due to business combination	14,689,603,676	-
Acquisition of associates	8,879,530	-

Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Non-cash flow									
	January 1, 2023	Cash flow	Exchange rate fluctuation	Interest expenses	Borrowings	Others	Business combination	December 31, 2023	
Accrued expenses (*)	₩ 2,043,674	₩ (38,826,942)	₩ (11,258)	₩ 40,038,038	₩ -	₩ -	₩ -	₩ 3,243,512	
Short-term borrowings	553,706,634	591,758,687	603,011	-	-	-	461,541,998	1,607,610,330	
Current portion of long-term borrowings	81,429,211	(86,266,593)	-	-	-	172,360,716	-	167,523,334	
Long-term borrowings	151,579,926	119,914,106	-	-	-	(172,360,716)	-	99,133,316	
Lease liabilities	5,616,153	(3,420,133)	4,795	196,409	2,677,045	1,305,599	9,773,352	16,153,220	
Dividends payable	22,706	(51,663,582)	-	-	-	51,672,266	-	31,390	
	₩ 794,398,304	₩ 531,495,543	₩ 596,548	₩ 40,234,447	₩ 2,677,045	₩ 52,977,865	₩ 471,315,350	₩ 1,893,695,102	

(*) It includes prepaid interest expenses in 2023 amounted to ₩ 2,942 million.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

		Non-cash flow					
	January 1, 2022	Cash flow	Exchange rate fluctuation	Interest expenses	Borrowings	Others	December 31, 2022
Accrued expenses (*)	₩ 946,998	₩ (22,667,490)	₩ -	₩ 23,764,166	₩ -	₩ -	₩ 2,043,674
Short-term borrowings	512,107,570	40,639,499	959,565	-	-	-	553,706,634
Current portion of long-term borrowings	54,480,805	(54,480,805)	-	-	-	81,429,211	81,429,211
Long-term borrowings	170,383,137	62,626,000	-	-	-	(81,429,211)	151,579,926
Lease liabilities	7,255,846	(3,162,872)	(5,994)	156,814	878,759	493,600	5,616,153
Dividends payable	5,674	(102,450,966)	-	-	-	102,467,998	22,706
	<u>₩ 745,180,030</u>	<u>₩ (79,496,634)</u>	<u>₩ 953,571</u>	<u>₩ 23,920,980</u>	<u>₩ 878,759</u>	<u>₩ 102,961,598</u>	<u>₩ 794,398,304</u>

(*) There were no prepaid interest expenses.

36. Contingencies and commitments

(1) The Group has entered into contracts granting sales and distribution rights and product supply contracts with overseas pharmaceutical companies. Among these contracts, there are agreements to support business activities such as incentives, purchase discounts, and price settlement with distributors, and profits and related assets and liabilities may change accordingly (Note 21).

(2) The Group has entered into commitments to provide additional collateral to Korea Securities Finance Corporation in case of shortage of collateral for borrowings from the Employee Stock Ownership Association and Employee Stock Ownership members Korea Securities Finance Corporation which have employees' stockholding as collateral, and the related joint and several surety of ₩ 4,700 million are provided to Korea Securities Finance Corporation (2022: ₩ 34,849 million). Also, the Group has provided Korea Securities Finance Corporation a deposit of ₩ 26,623 million (2022: ₩ 20,575 million) as collateral related to the Employee Stock Ownership Association and has provided KDB BANK EUROPE a foreign currency time deposit of EUR 427 thousand (2022: nil) as collateral for the Group's debt and guarantee (Note 8).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(3) The payment guarantees details provided to us as at December 31, 2023 is as follows (Korean won in thousands, USD, JPY and EUR):

2023			
Financial institutions	Currency	Amounts	Descriptions of commitments
Seoul guarantee insurance company	KRW	51,449,946	Contract, warranty and others
Shinhan Bank	KRW	120,609,365	Debt performance guarantee(*)
	JPY	1,050,500,000	Foreign currency payment guarantee
	USD	1,100,000	Foreign currency payment guarantee
Citi Bank	EUR	128,920	Contract fulfillment guarantee
	USD	82,797	Contract fulfillment guarantee
	EUR	38,400	Contract fulfillment guarantee
HSBC	USD	31,250	Contract fulfillment guarantee

(*) For creditor protection procedures in the merger, the Group has received a payment guarantee of ₩ 120,609 million from Shinhan Bank, and for this purpose, ₩ 40,000 million and USD 80,000 thousand (2022: nil) have been provided as collateral (Note 8).

(4) As at December 31, 2023, the Group provides a performance guarantee of USD 83 thousand (2022: nil) for pharmaceutical bidding and award to the United Nations Development Program.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(5) As at December 31, 2023, the Group has entered into loan commitments with Shinhan Bank and others and was provided with a guarantee from financial institutions related to the issuance of letter of credit and letter of guarantee from financial institutions. Commitments for which unused amounts are outstanding as at December 31, 2023 are as follows (Korean won in thousands, USD and EUR):

2023				
Financial institutions	Descriptions of commitments	Currency	Limited amounts	Amount used
Shinhan Bank	L/C Usance	USD	30,000,000	5,107,691
	Bank overdraft	KRW	20,000,000	-
	Facility loan	KRW	152,000,000	119,989,983
	D/A	USD	1,000,000	374,186
	Discounting notes	KRW	10,000,000	-
	Limit loan	KRW	10,000,000	6,000,000
Citi Bank	General working capital loan	USD	18,000,000	-
Citibank Europe plc Hungarian Branch Office	Bank overdraft	EUR	24,000,000	16,739,709
2022				
Financial institutions	Descriptions of commitments	Currency	Limited amounts	Amount used
Shinhan Bank	L/C Usance	USD	30,000,000	6,572,856
	Bank overdraft	KRW	20,000,000	-
	Facility loan	KRW	100,000,000	37,433,593
	D/A	USD	1,000,000	188,159
	Discounting notes	KRW	10,000,000	-
	Facility loan	KRW	52,000,000	38,999,833
Korea EXIM Bank	Export financing	KRW	77,600,000	48,575,710
Korea Development Bank	L/C USANCE	USD	10,000,000	-
	Bank overdraft	USD	10,000,000	-
Citi Bank	General working capital loan	USD	18,000,000	8,000,000

(6) The Group has entered into an investment commitment of ₩75,000 million with its associate, Mirae Asset Celltrion New Growth Investment Association 1. The uninvested amount as at December 31, 2023 is ₩2,250 million (2022: ₩ 2,250 million). Also, the Group has entered into an investment commitment of ₩50,000 million with its associate, Mirae Asset Celltrion Bio Ecosystem Growth Fund. The uninvested amount as at December 31, 2023 is ₩ 30,000 million (2022: ₩ 37,500 million). Also, the Group has entered into an investment commitment of ₩50,000 million with its associate, Aju-Solasta Life Science 4.0 Fund. The uninvested amount as at December 31, 2023 is ₩ 25,000 million (2022: ₩37,500). In addition, the Group has entered into an investment commitment of ₩5,000 million with, Premier Global Innovation Investment Association No.2. The uninvested amount as at December 31, 2023 is ₩ 500 million (2022: ₩ 1,300 million) (Note 11(1)).

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(7) New litigation cases pending for the Group as a defendant for the year ended December 31, 2023 is as follows (Korean won in thousand):

Pending court	Plaintiff	Defendant	Details	Amount	Progress
Suwon District Court Anyang Branch	HUMASIS CO., LTD.	Celltrion, Inc.	Price for goods and others	₩ 120,609,365	1st trial in progress
Seoul Central District Court	Novartis AG	Celltrion, Inc.	Infringement of patent and prevention claims	200,000	1st trial in progress
Seoul High Court (Incheon) 1st Civil Division	Cho Young-bae, Lee Jae-beom	Celltrion, Inc.	Labor-Related Litigation	100,000	2nd trial in progress
U.S. District Court for the Northern District of West Virginia	Regeneron	Celltrion, Inc.	Infringement of patent	-	1st trial in progress

As at December 31, 2023, the Group is a defendant in two lawsuits involving claims for infringement of patent and others. As at the reporting date, the outcome of the pending litigations cannot be reasonably estimated.

(8) As contractual conditions were met, the Group additionally invested USD 7,000 thousand in Iksuda Therapeutics Limited for the year ended December 31, 2023 (Notes 11(1) and 37(6)).

(9) The Group has binding contract of minimum purchase amount regarding services including fill and finish service. If the Group's order amount is below the minimum level, the Group must reimburse order shortage amount.

(10) Acquisition of property, plant and equipment and capital expenditure commitments

Capital expenditure contracted but not recognized as liabilities as at December 31, 2023 is as follows (Note 12(5)) (Korean won in thousands):

	2023	2022
Property, plant and equipment	₩ 28,791,641	₩ 170,480,070
	₩ 28,791,641	₩ 170,480,070

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

37.Related parties

Details of the Group and its related parties as at December 31, 2023 and 2022, are as follows:

Category	2023	2022
Chief Executive Officers	Woo Sung Kee, Hyoungh-Ki Kim, Jin-Seok Seo	Woo Sung Kee
Entity with significant influence on the Group	Celltrion Holdings Co., Ltd. Mirae Asset Celltrion New Growth Investment Association 1 CTB Biomedics Inc.	Celltrion Holdings Co., Ltd. 2014 growth-ladder-IMM venture fund(*1) Mirae Asset Celltrion New Growth Investment Association 1 CTB Biomedics Inc.
Associates	Iksuda Therapeutics Limited Mirae Asset Celltrion Bio Ecosystem Growth Fund Aju-Solasta Life Science 4.0 Fund(*2) CYRON THERAPEUTICS CO.,LTD.(*3) Celltrion Skincare Co., Ltd.(*6) Others	Iksuda Therapeutics Limited Mirae Asset Celltrion Bio Ecosystem Growth Fund(*1) Aju-Solasta Life Science 4.0 Fund(*2) Celltrion Healthcare Co., Ltd.(*4) Celltrion USA Inc(*5) Celltrion Healthcare Hungary(*5) Celltrion Skincare Co., Ltd.(*6) Others
Other related parties		

(*1) The entity liquidated for the year ended December 31, 2023 and was excluded from associates.

(*2) The entity was acquired and added to the Group's associates in 2022.

(*3) The entity was newly acquired and added to the Group's associates in the current year.

(*4) Due to a merger for the year ended December 31, 2023, the entity was excluded from other related parties of the Group.

(*5) Due to the merger with Celltrion Healthcare Co., Ltd. for the year ended December 31, 2023, the entity was excluded from other related parties of the Group.

(*6) As at December 31, 2023, the Group is a large-size enterprise as defined under the Monopolistic Regulation and Fair-Trade Act. Accordingly, the entity belonging to Large Enterprise Group other than the Parent Company, subsidiaries, and affiliates is included in the scope of related parties.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Significant transactions, which occurred in the normal course of business with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

		2023					
		Sales	Other income	Interest	Purchase	Other expense	Acquisition / Disposal
Entity which exercises significant influence on the Group							
Celltrion Holdings Co., Ltd.	₩	-	₩ 118,174	₩ -	₩ 5,758,280	₩ -	₩ -
Other related parties							
Celltrion Healthcare Co., Ltd. and subsidiaries					-		
(*)		1,731,856,566	1,941,552	904,898	4,187,332	-	-
Others		89,307	116,076	-	11,458,092	1,700,000	6,700
Associates							
CYRON THERAPEUTICS CO.,LTD.		-	-	-	451,682	-	-
	₩	1,731,945,873	₩ 2,175,802	₩ 904,898	₩ 21,855,386	₩ 1,700,000	₩ 6,700

(*) Includes transaction details up to the time of merger.

		2022				
		Sales	Other income	Interest	Purchase	Other expense
Entity which exercises significant influence on the Group						
Celltrion Holdings Co., Ltd.	₩	-	₩ 166,509	₩ -	₩ 3,933,693	₩ -
Other related parties						
Celltrion Healthcare Co., Ltd. and subsidiaries		1,864,475,982	2,317,958	1,076,584	4,185,427	-
Others		652,396	129,928	-	10,538,494	1,200,000
	₩	1,865,128,378	₩ 2,614,395	₩ 1,076,584	₩ 18,657,614	₩ 1,200,000

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Balances of receivables from and payables to related parties as at December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023			
	Trade receivables	Other receivables	Other payables	
Entity which exercises significant influence on the Group				
Celltrion Holdings Co., Ltd.	₩ -	₩ 19,352	₩ 1,314,011	
Other related parties				
Others	53,290	474,613	99,289	
	<u>₩ 53,290</u>	<u>₩ 493,965</u>	<u>₩ 1,413,300</u>	
	2022			
	Trade receivables	Loan assets (*2)	Other receivables	Other payables
Entity which exercises significant influence on the Group				
Celltrion Holdings Co., Ltd.	₩ -	₩ -	₩ 4,889	₩ 2,563,688
Other related parties				
Celltrion Healthcare Co., Ltd. and others (*1)	1,503,787,282	17,917,087	33,597,945	340,860,425
Others	17,651	-	71,250	50,490
Associate				
Iksuda Therapeutics Limited	-	-	8,879,530	-
	<u>₩ 1,503,804,933</u>	<u>₩ 17,917,087</u>	<u>₩ 42,553,614</u>	<u>₩ 343,474,603</u>

(*1) As at December 31, 2022, contract assets of ₩ 28,819 million on other receivables with Celltrion Healthcare Co., Ltd., existed and as at December 31, 2023, contract liabilities (performance deposit) of ₩ 288,584 million arising from the basic contract of sales rights are included.

(*2) Specific details of loan assets are described in Note 37(5).

As at December 31, 2023, the Group is receiving ₩ 72,000 million (2022: ₩ 72,000 million) as collateral for a certain borrowing from an entity that exercises significant impact on the Group.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Changes in loans with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands);: There is no allowance for loan losses established for loans to related parties.

	2023				
	January 1	Loans	Change of foreign exchange rate	Changes in scope of consolidation	December 31
Celltrion Healthcare Taiwan Ltd(*)	₩ 1,546,106	₩ (1,573,068)	₩ 26,962	₩ -	₩ -
Celltrion Healthcare (Thailand) Co., Ltd.(*)	16,226,509	(7,736,400)	282,969	(8,773,078)	-
Celltrion Healthcare Malaysia Sdn Bhd(*)	144,472	(146,992)	2,520	-	-
	₩ 17,917,087	₩ (9,456,460)	₩ 312,451	₩ (8,773,078)	₩ -

	2022				
	January 1	Loans	Change of Foreign exchange rate		December 31
Celltrion Healthcare Taiwan Ltd(*)	₩ 11,641,610	₩ (10,725,170)	₩ 629,666	₩ 1,546,106	
Celltrion Healthcare (Thailand) Co., Ltd.(*)	24,663,142	(9,951,200)	1,514,567	16,226,509	
Celltrion Healthcare Australia Pty Ltd(*)	143,807	(144,402)	595	-	
Celltrion Healthcare Hong Kong Limited(*)	4,156,559	(4,266,793)	110,234	-	
Celltrion Healthcare Malaysia Sdn Bhd(*)	135,147	-	9,325	144,472	
Celltrion Healthcare Philippines, Inc. (*)	523,806	(582,770)	58,964	-	
Celltrion Healthcare Singapore Private Limited(*)	747,354	(819,914)	72,560	-	
	₩ 42,011,425	₩ (26,490,249)	₩ 2,395,911	₩ 17,917,087	

(*) As at December 31, 2023, it was included as a subsidiary of the Group through a business combination.

As at December 31, 2023, the Group invested ₩ 8,880 million (2022: nil) in Iksuda Therapeutics Limited, an associate (Note 11(1)).

Payment guarantees and agreements to related parties are described in Note 36.

In March 2023, the Group declared ₩ 11,839 million of dividends (2022: ₩ 23,188million) to related parties. As at December 31, 2023, there are no unpaid dividends to related parties.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The compensations paid or payable to key management personnel for employee services for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Key management personnel include directors (standing and non-standing) and audit committee members who have significant controls and responsibilities on the Group's operation and business.

	2023		2022
Salaries and other short-term employee benefits	₩ 25,061,074	₩	27,835,725
Post-employment benefit	2,211,714		2,226,318
Share-based payment	6,298,726		5,946,866
Total	₩ 33,571,514	₩	36,008,909

38. Non-controlling interests

Changes in non-controlling interests for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

Accumulated amount as at January 1, 2023	₩ 134,844,269
Profit for the year distributed to non-controlling interests	4,058,541
Other comprehensive income distributed to non-controlling interests	(81,993)
Others (*)	6,290,083
Accumulated amount as at December 31, 2023	₩ 145,110,900
Accumulated amount as at January 1, 2022	₩ 133,136,893
Profit for the year distributed to non-controlling interests	4,730,665
Other comprehensive income distributed to non-controlling interests	80,485
Others (*)	(3,103,774)
Accumulated amount as at December 31, 2022	₩ 134,844,269

(*) Others represent the change in amount of shares owned due to the exercise of stock options granted by Celltrion Pharm, Inc., a subsidiary of the Group, and also represent the change in amount of net assets in accordance with the recognition of stock options and acquisition of treasury stocks.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

39. Discontinued operation

The Group sold the entire shares of Celltrion USA, Inc. owned by the parent company for ₩17,488 million to Celltrion Healthcare upon the Board of Directors resolution on August 5, 2022 and recognized ₩8,335 million of gain on disposal from discontinued operation for the year ended December 31, 2022. The Group reflected operating performance, directly attributable to Celltrion USA, Inc., out of the performance until the sale in discontinued operation, as it maintains transaction relationships even after the disposal. The statement of comprehensive income of the prior year presented for comparative purposes were restated in order to separately disclose discontinued operations from continuing operations.

Profit or loss from discontinued operation are as follows (Korean won in thousands):

	2022
Revenue	₩ 18,972,026
Operating profit	8,436,895
Profit or loss before income tax	7,140,642
Income tax expense	(1,963,677)
Profit or loss after income tax	5,176,965
Gain on disposal of discontinued operation	8,334,571
Income tax expense for gain on disposal of discontinued operation	(2,292,006)
Net profit in the current year	11,219,530

Cash flows before elimination of intercompany transactions, generated from discontinued operations (Korean won in thousands):

	2022
Net cash flow from operating activities	(7,595,097)
Net cash flow from investing activities	(3,488,803)
Net cash flow from financing activities	(82,472)
Net cash flow from discontinued operation	(11,166,372)

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

40. Business combination

The Group merged with Celltrion Healthcare Co., Ltd. on December 28, 2023 in accordance with the resolution at the Board of Directors meeting on August 17, 2023 and shareholders meeting on October 23, 2023.

(a) General information

Classification	Details
Merged company	Celltrion Healthcare Co., Ltd.
Purpose	Securing product quality and cost competitiveness through large-scale investment of integrated resources, unification of development-production-sales, and enhancement of investor trust through increased transparency.
Ratio	0.4492620 ordinary shares of surviving company per one share of merged company
Date of shareholders meeting for approval	October 23, 2023
Date of merger	December 28, 2023
Replaced date of Board of Directors meeting for closing report on merger at shareholders meeting	December 28, 2023
Registered date for merger	December 28, 2023
Listed date of merged shares	January 12, 2024

(b) Considerations transferred (Korean won in thousands)

Classification	Details
Fair value of ordinary shares issued (*1)	₩ 13,262,925,445
Settlement of existing transactions (*2)	1,381,394,125
Share options (replaced compensation)	45,284,106
	₩ 14,689,603,676

(*1) The fair value of 69,878,427 shares (₩ 13,262,925 million) excluding the 4,009,323 shares granted to treasury stocks from the total number of issued ordinary shares as part of the transfer consideration is based on the announced closing price on the day before the merger date.

(*2) Before the merger, the claims and liabilities of the merged company arising from the merger and separate transactions, including the supply contract with the merged company, were settled, and there was no significant difference in the amount of claims and liabilities between the two companies.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(c) Identifiable acquired assets and assumed liabilities

The fair value of the assets acquired and liabilities assumed due to business combination from mergers at the merger date, are as follows:

<i>(In thousands of Korean won)</i>	Amount
Current assets	
Cash and cash equivalents	₩ 374,154,445
Short-term financial assets	1,728,497
Trade receivables (*)	676,083,886
Other receivables	41,971,318
Inventories	2,506,136,084
Current income tax	5,100,458
Other current assets	48,431,309
	<u>3,653,605,997</u>
Non-current assets	
Long-term financial assets	1,371,669
Long-term other receivables	2,095,149
Property, plant and equipment	12,206,511
Intangible assets	378,452,941
Deferred tax assets	41,557,599
Other non-current assets	33,685,061
	<u>469,368,930</u>
Current liabilities	
Short-term financial liabilities	465,446,837
Trade payables	2,288,089
Other payables	120,625,550
Current tax liabilities	7,966,300
Other current liabilities	147,777,430
	<u>744,104,206</u>
Non-current liabilities	
Long-term financial liabilities	5,933,533
Long-term other payables	317,073
Other non-current liabilities	68,731,341
Deferred tax liabilities	72,061,442
	<u>147,043,389</u>
Fair value of identifiable net assets	<u>₩ 3,231,827,332</u>

(*) The fair value of trade receivables is ₩ 676,084 million, and the total contractual amount of trade receivables at the date of acquisition is ₩ 704,494 million, of which ₩ 28,410 million is not expected to be recoverable.

Celltrion, Inc. and its Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Fair value measurement

Valuation methods used for measuring fair value of acquired material assets and liabilities are as follows:

Assets acquired	Valuation method
Intangible assets	Multi-period Excess Earning Method: The decision to use multi-period excess earning method was made by considering the present value of net cash flow expected to be generated from sales rights and customer relationships.
Inventories	Fair value was determined based on the estimated selling price in the normal course of business, less additional costs of completion and selling expenses, and a reasonable profit based on the effort required to complete or sell the inventory.
Borrowings	Fair value was determined by discounting the future cash flows at an effective interest rate that takes into account the credit rating as of the evaluation base date and the additional interest rate applied at the time of recent issuance.

(d) Goodwill

Goodwill arising from the merger are as follows:

<i>(In thousands of Korean won)</i>	Amount
Total consideration transferred	₩ 14,689,603,676
Less: fair value of net identifiable assets	(3,231,827,332)
Goodwill (*)	<u>₩ 11,457,776,344</u>

(*) Goodwill recognized due to business combination during the year ended December 31, 2023 is not recognized as a tax loss. The goodwill of ₩ 11,457,776 million arising from the acquisition is due to the securing of product power and cost competitiveness through unification of development, production, and sales resulting from combining the operations of our company and Celltrion Healthcare Co., Ltd., and the large-scale investment of integrated resources.

Had the business combination be from January 1, 2023, the consolidated statement of comprehensive income would have shown a revenue of ₩ 2,453,980 million for the year ended December 31, 2023. Meanwhile, assuming profit for the year ended December 31, 2023 considering business combination on January 1, 2023, it is practically impossible to reproduce information on the fair value and cost of sales of identifiable acquired assets and liabilities acquired through the business combination, and other miscellaneous. Therefore, the impact of these items on net profit could not be determined and not presented.

The fair value of identifiable intangible assets, net assets and goodwill are tentatively determined values and may change depending on the final valuation results.

41. Events after the reporting period

The Group resolved ₩ 75,000 million of treasury shares at Board of Directors meeting on March 5, 2024.

**Independent Auditor's Report on
Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Celltrion, Inc.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Internal Control over Financial Reporting (ICFR) of Celltrion, Inc. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 18, 2024 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* 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 ICFR for consolidation purposes 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.

Other Matter

We concluded that it is appropriate for management to limit the assessment based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting by excluding Celltrion Healthcare, Inc. and subsidiaries which was acquired on December 28, 2023 because management has insufficient time to assess the control for the recently acquired business. Therefore, we limit the audit in the same manner and accordingly, we do not express an opinion or provide any assurance on it.

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

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

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

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

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

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

The engagement partner on the audit resulting in this independent auditor's report is Younghun Kim, Certified Public Accountant.

The logo for Samuel PricewaterhouseCoopers, featuring the name in a stylized, cursive script.

Seoul, Korea

March 18, 2024

<p>This report is effective as at March 18, 2024, 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 Group's ICFR for consolidation purposes 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.</p>
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Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
Celltrion, Inc.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of Celltrion, Inc. (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes.

We assessed the design and operating effectiveness of ICFR (for consolidation purposes) in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements.

We designed and operated ICFR for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And we conducted an evaluation of ICFR for consolidation purposes based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

The Company excluded the division of Celltrion Healthcare Co., Ltd, the merged division (At the merger date, the assets of the division amounting KRW 4,133,551,317,736 accounted for 21% of the total assets of the consolidated financial statement), from the assessment, because it is impracticable to assess the effectiveness of the division's ICFR.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

February 29, 2024

Seo Jin-seok,

Chief Executive Officer

Shin Min-cheol,

Internal Control over Financial Reporting Officer