

Samsung Biologics Co., Ltd. and Subsidiaries

**Condensed Interim Consolidated Financial Statements
March 31, 2024 and 2023**

Samsung Biologics Co., Ltd. and Subsidiaries
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March 31, 2024 and 2023

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Samsung Biologics Co., Ltd.

Reviewed Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of Samsung Biologics Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"). These condensed interim consolidated financial statements consist of the interim consolidated statement of financial position of the Group as at March 31, 2024, and the related interim consolidated statements of comprehensive income for the three-month periods ended March 31, 2024 and 2023, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to issue a report on these condensed interim consolidated financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to the following matters.

Administrative lawsuit against a ruling of the Securities and Futures Commissions to suspend sanctions, and the related indictment.

As described in Note 34 to the condensed interim consolidated financial statements, the Securities and Futures Commission (the “SFC”) made a decision to impose measures on the Company in relation to alleged errors in accounting for the Company’s investment in Samsung Bioepis from 2012 to the first half of 2018.

The Company submitted requests to the Seoul Administrative Court (the “Court”) to suspend the measures imposed by the SFC and the Court accepted the Company’s requests. In relation to this, the appeal and re-appeal made by SFC were rejected by the Seoul High Court and the Supreme Court, respectively. An administrative lawsuit against a ruling of the SFC is in progress, and it is not possible to predict the outcome.

An administrative lawsuit against a ruling of SFC is in progress, and it is not possible to predict the outcome. However, if the Group loses the administrative lawsuit, then the Group’s consolidated financial statements from 2012 to 2022 could be restated.

Other Matters

We have audited the consolidated statement of financial position of the Group as at December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated February 28, 2024. The consolidated statement of financial position as at December 31, 2023, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2023.

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

May 14, 2024
Seoul, Korea

This report is effective as of May 14, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung Biologics Co., Ltd. and Subsidiaries
Interim Consolidated Statements of Financial Position
March 31, 2024 and December 31, 2023

<i>(in Korean won)</i>	Notes	March 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	5,6,33	₩ 1,060,081,124,856	₩ 367,937,365,042
Short-term financial instruments	5,33	957,000,000,000	1,650,000,000,000
Trade and other receivables	5,8,31,33	687,725,303,709	679,354,410,912
Inventories	10,25	2,661,185,367,171	2,641,368,466,083
Contract assets	9,33	72,665,701,259	63,357,709,513
Other current financial assets	5,11,33	49,142,191,656	42,850,978,279
Other current assets	12	114,400,485,181	77,118,826,710
		<u>5,602,200,173,832</u>	<u>5,521,987,756,539</u>
Non-current assets			
Long-term financial instruments	5,7,33	354,040,978	7,339,455,211
Financial assets at fair value through profit or loss	5,33	3,111,460,015	1,239,609,674
Trade and other receivables	5,8,31,33	10,534,931,472	10,050,690,285
Investments in associates and joint ventures	13	39,143,202,900	38,856,411,599
Property, plant and equipment	14	4,330,871,461,597	3,880,092,158,066
Intangible assets	15	5,788,792,386,847	5,832,088,157,217
Right-of-use asset	19	463,510,013,349	462,331,461,205
Net defined benefit assets	21	12,718,671,227	20,587,959,706
Contract assets	9,33	252,257,063,628	244,391,580,173
Other non-current financial assets	5,11,33	18,085,380,248	25,197,311,225
Other non-current assets	12	1,613,637,725	2,034,658,296
		<u>10,920,992,249,986</u>	<u>10,524,209,452,657</u>
Total assets		<u>₩ 16,523,192,423,818</u>	<u>₩ 16,046,197,209,196</u>
Liabilities			
Current liabilities			
Trade and other payables	5,17,21,31,33	₩ 1,667,267,244,071	₩ 1,208,877,526,634
Emission liability	18	1,083,258,730	863,719,120
Debentures and borrowings	5,16,30,32,33	1,302,223,172,680	1,387,905,014,266
Contract liabilities	9,31	194,656,748,799	129,125,735,524
Lease liabilities	5,19,32,33	139,841,472,960	144,030,778,806
Current tax liabilities		235,609,239,048	191,211,779,336
Other current liabilities	9,20,31	1,105,397,284,792	1,095,846,263,732
		<u>4,646,078,421,080</u>	<u>4,157,860,817,418</u>

Samsung Biologics Co., Ltd. and Subsidiaries
Interim Consolidated Statements of Financial Position
March 31, 2024 and December 31, 2023

<i>(in Korean won)</i>	Notes	March 31, 2024	December 31, 2023
Non-current liabilities			
Trade and other payables	5,17,21,31,33	19,959,362,414	25,833,805,303
Debentures and borrowings	5,16,30,32,33	194,801,453,730	239,782,549,508
Derivative liabilities	5	26,442,869,734	24,643,703,711
Net defined benefit liabilities	21	7,196,088,346	5,117,416,381
Contract liabilities	9,31	305,551,452,301	373,442,403,096
Lease liabilities	5,19,32,33	72,914,882,223	137,614,234,432
Deferred tax liabilities, net	28	1,181,504,928,143	1,184,420,207,379
Other non-current liabilities	9,20,31	58,505,333,020	66,989,659,623
		<u>1,866,876,369,911</u>	<u>2,057,843,979,433</u>
Total liabilities		<u>6,512,954,790,991</u>	<u>6,215,704,796,851</u>
Equity			
Share capital	1,22	177,935,000,000	177,935,000,000
Share premium	22	5,663,111,352,594	5,663,111,352,594
Accumulated other comprehensive income (loss)	13,21,22	(13,463,242,769)	(13,846,674,460)
Retained earnings		<u>4,182,654,523,002</u>	<u>4,003,292,734,211</u>
Total equity		<u>10,010,237,632,827</u>	<u>9,830,492,412,345</u>
Total liabilities and equity		<u>₩ 16,523,192,423,818</u>	<u>₩ 16,046,197,209,196</u>

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

Samsung Biologics Co., Ltd. and Subsidiaries
Interim Consolidated Statements of Comprehensive Income
Three-Month periods Ended March 31, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024		2023	
Revenue	4,23,31	₩	946,903,318,921	₩	720,922,039,328
Cost of revenue	9,10,23,25,31		<u>(526,749,350,806)</u>		<u>(378,382,021,404)</u>
Gross profit			<u>420,153,968,115</u>		<u>342,540,017,924</u>
Selling, general and administrative expenses	24,25,31		<u>(198,854,711,975)</u>		<u>(150,798,311,332)</u>
Operating profit			<u>221,299,256,140</u>		<u>191,741,706,592</u>
Other income	26,31		301,765,393		1,029,381,442
Other expenses	26		(54,586,295)		(236,345,907)
Finance income	5,27		79,642,947,096		121,234,627,162
Finance costs	5,27		(60,992,239,545)		(116,776,875,709)
Share of profit or loss of associates and joint ventures	13		<u>(120,098,699)</u>		<u>(344,100,052)</u>
Profit before income tax			<u>240,077,044,090</u>		<u>196,648,393,528</u>
Income tax expense	28		<u>(60,715,255,299)</u>		<u>(54,893,020,029)</u>
Profit for the period		₩	<u>179,361,788,791</u>	₩	<u>141,755,373,499</u>
Profit attributable to:					
Owners of the Parent Company		₩	179,361,788,791	₩	141,755,373,499
Non-controlling interests			-		-
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	21,22	₩	(361,614,439)	₩	(452,997,253)
Share of other comprehensive income (loss) of associates and joint ventures	13,22		-		-
<i>Items that may be subsequently reclassified to profit or loss</i>					
Foreign currency translation gain	22		745,046,130		590,091,131
Share of other comprehensive income of associates and joint ventures	13,22		<u>-</u>		<u>45,177,276</u>
Other comprehensive income (loss) for the period, net of tax			<u>383,431,691</u>		<u>182,271,154</u>
Total comprehensive income for the period		₩	<u>179,745,220,482</u>	₩	<u>141,937,644,653</u>
Total comprehensive income for the period is attributed to:					
Owners of the Parent Company		₩	179,745,220,482	₩	141,937,644,653
Non-controlling interests			-		-
Earnings per share					
Basic earnings per share	29	₩	2,520	₩	1,992
Diluted earnings per share	29		2,520		1,992

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

Samsung Biologics Co., Ltd. and Subsidiaries
Interim Consolidated Statements of Changes in Equity
Nine-Month Periods Ended March 31, 2024 and 2023

(in Korean won)

	Notes	Share capital	Share premium	Accumulated other comprehensive Income (loss)	Retained earnings	Non-controlling interests	Total
Balance at January 1, 2023		₩ 177,935,000,000	₩ 5,663,111,352,594	₩ (2,173,393,264)	₩ 3,145,601,435,827	₩ -	₩ 8,984,474,395,157
Total comprehensive income							
Profit for the period		-	-	-	141,755,373,499	-	141,755,373,499
Other comprehensive income (loss)							
Remeasurements of net defined benefit liabilities	21,22	-	-	(452,997,253)	-	-	(452,997,253)
Foreign currency translation gain	22	-	-	590,091,131	-	-	590,091,131
Share of other comprehensive income of associates and joint ventures	13,22	-	-	45,177,276	-	-	45,177,276
Total comprehensive income for the period		-	-	182,271,154	141,755,373,499	-	141,937,644,653
Balance at March 31, 2023		₩ 177,935,000,000	₩ 5,663,111,352,594	₩ (1,991,122,110)	₩ 3,287,356,809,326	₩ -	₩ 9,126,412,039,810
Balance at January 1, 2024		₩ 177,935,000,000	₩ 5,663,111,352,594	₩ (13,846,674,460)	₩ 4,003,292,734,211	₩ -	₩ 9,830,492,412,345
Total comprehensive income							
Profit for the period		-	-	-	179,361,788,791	-	179,361,788,791
Other comprehensive income (loss)							
Remeasurements of net defined benefit liabilities	21,22	-	-	(361,614,439)	-	-	(361,614,439)
Foreign currency translation gain	22	-	-	745,046,130	-	-	745,046,130
Total comprehensive income (loss) for the period		-	-	383,431,691	179,361,788,791	-	179,745,220,482
Balance at March 31, 2024		₩ 177,935,000,000	₩ 5,663,111,352,594	₩ (13,463,242,769)	₩ 4,182,654,523,002	₩ -	₩ 10,010,237,632,827

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

Samsung Biologics Co., Ltd. and Subsidiaries
Interim Consolidated Statements of Cash Flows
Nine-Month Periods Ended March 31, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024	2023
Cash flows from operating activities			
Cash flow generate from operating activities	32	285,256,644,110	419,414,044,259
Interest received		22,612,031,626	17,660,802,682
Interest paid		(14,355,186,922)	(14,026,864,169)
Income tax paid		(3,670,389,364)	(106,317,220,380)
Net cash inflow from operating activities		289,843,261,947	316,730,762,392
Cash flows from investing activities			
Decrease in short-term financial instruments		1,750,000,000,000	4,053,389,000,000
Decrease in financial assets at fair value through profit or loss		-	98,505,711,790
Disposal of property, plant and equipment	14	6,013,000	8,540,000
Increase in short-term financial instruments		(1,050,000,000,000)	(3,283,818,000,000)
Increase in long-term financial instruments		(5,087)	(1,504)
Increase in financial assets at fair value through profit or loss		(1,871,850,341)	-
Acquisition of property, plant and equipment	14	(78,447,268,471)	(429,179,319,719)
Acquisition of intangible assets	15	34,363,183,735	48,443,896,624
Acquisition of investments in associates and joint ventures	13	406,890,000	-
Net cash outflow from investing activities		584,916,815,366	390,462,033,943
Cash flows from financing activities			
Proceeds from short-term borrowings	16,32	30,000,000,000	63,000,000,000
Proceeds from long-term borrowings	16,32	-	45,000,000,000
Capital increase	22	-	120,000,000
Repayment of short-term borrowings	16,32	(112,500,000,000)	(66,350,524,246)
Repayment of current portion of long-term borrowings	16,32	(50,000,000,000)	(50,000,000,000)
Repayment of lease liabilities	19,32	(69,789,169,126)	(77,572,378,869)
Net cash inflow (outflow) from financing activities		(202,289,169,126)	(85,802,903,115)
Net increase (decrease) in cash and cash equivalents		672,470,908,187	621,389,893,220
Cash and cash equivalents at the beginning of the period		367,937,365,042	890,819,570,657
Effects of exchange rate changes on cash and cash equivalents		19,672,851,627	9,983,498,734
Cash and cash equivalents at the end of the period		₩ 1,060,081,124,856	₩ 1,522,192,962,611

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

Samsung Biologics Co., Ltd. and Subsidiaries

Notes to the Interim Consolidated Financial Statements

March 31, 2024 and 2023 and December 31, 2023

1. General Information

Samsung Biologics Co., Ltd. (the "Company" or the "Parent Company") was established on April 22, 2011 under the commercial law of the Republic of Korea and is engaged in Biosimilar manufacturing. The Company's head office is located in 300, Songdobio-daero, Yeonsu-gu, Incheon-si, Republic of Korea. The Company was listed on securities market on November 10, 2016. As at March 31, 2024, the Company's share capital is ₩ 177,935 million.

The shareholders of the Company as at March 31, 2024, are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
Samsung C&T Corporation	30,646,705	43.06
Samsung Electronics Co., Ltd.	22,217,309	31.22
Others	18,309,986	25.72
	<u>71,174,000</u>	<u>100.00</u>

Samsung Biologics Co., Ltd. (the "Company", a controlling company in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") 1110 *Consolidated Financial Statements*) and subsidiaries (collectively referred to as the "Group") prepared the consolidated financial statements accounting for the investments in associates and joint ventures using the equity method.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at March 31, 2024, are as follows:

	Location	Percentage ownership (%)		Main business	Closing month
		March 31, 2024	December 31, 2023		
Samsung Biologics America, Inc.	USA	100.00	100.00	Other services	December
SAMSUNG BIOEPIS Co., Ltd.	Republic of Korea	100.00	100.00	Biopharmaceutical development and commercialization	December
SAMSUNG BIOEPIS UK LIMITED	UK	100.00	100.00	Other services	December
SAMSUNG BIOEPIS CH GMBH	Swiss	100.00	100.00	Other services	December
SAMSUNG BIOEPIS AU PTY LTD	Australia	100.00	100.00	Other services	December
SAMSUNG BIOEPIS BR PHARMACEUTICAL LTDA	Brazil	100.00	100.00	Other services	December
SAMSUNG BIOEPIS NZ LIMITED	New Zealand	100.00	100.00	Other services	December
SAMSUNG BIOEPIS IL LTD	Israel	100.00	100.00	Other services	December
SAMSUNG BIOEPIS NL B.V.	Netherlands	100.00	100.00	Other services	December
SAMSUNG BIOEPIS TW Limited	Taiwan	100.00	100.00	Other services	December

Samsung Biologics Co., Ltd. and Subsidiaries

Notes to the Interim Consolidated Financial Statements

March 31, 2024 and 2023 and December 31, 2023

	Location	Percentage ownership (%)		Main business	Closing month
		March 31, 2024	December 31, 2023		
SAMSUNG BIOEPIS PL Sp z o.o	Poland	100.00	100.00	Other services	December
SAMSUNG BIOEPIS HK Limited	Hong Kong	100.00	100.00	Other services	December
SAMSUNG BIOEPIS United States Inc.	USA	100.00	100.00	Other services	December
SVIC No.63 New Technology Business Investment L.L.P.	Republic of Korea	99.00	99.00	Investment association	December

Summarized financial information for consolidated subsidiaries as at and for the three-month period ended March 31, 2024, is as follows:

(in Korean won)	March 31, 2024											
	Assets		Liabilities		Equity		Sales		Profit for the period	Total comprehensive income		
Samsung Biologics America, Inc.	₩	19,181,577,665	₩	4,749,466,430	₩	14,432,111,235	₩	3,754,184,250	₩	(214,529,625)	₩	406,832,460
SAMSUNG BIOEPIS Co., Ltd. ¹		2,787,799,992,623		1,389,353,493,003		1,398,446,499,620		280,147,241,670		45,507,312,262		45,734,152,220

¹ Consolidated financial information of SAMSUNG BIOEPIS Co., Ltd., and its subsidiaries.

Summarized financial information for consolidated subsidiaries as at December 31, 2023 and for the three-month period ended March 31, 2023, is as follows:

(in Korean won)	December 31, 2023						March 31, 2023					
	Assets		Liabilities		Equity		Sales		Profit for the period		Total comprehensive income	
Samsung Biologics America, Inc.	₩	19,788,379,209	₩	5,763,100,434	₩	14,025,278,775	₩	1,782,884,137	₩	100,764,573	₩	492,988,949
SAMSUNG BIOEPIS Co., Ltd. ¹		2,897,925,421,689		1,545,284,608,574		1,352,640,813,115		213,444,021,328		27,439,181,280		27,508,022,007

¹ Consolidated financial information of SAMSUNG BIOEPIS Co., Ltd., and its subsidiaries.

1.2 Changes in Scope for Consolidation

There are no subsidiaries newly included in the consolidation during the three-month period ended March 31, 2024

Samsung Biologics Co., Ltd. and Subsidiaries

Notes to the Interim Consolidated Financial Statements

March 31, 2024 and 2023 and December 31, 2023

2. Basis of Preparation

2.1 Adoption of the Korean IFRS

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying condensed interim consolidated financial statements have been restructured and translated into English from the Korean language financial statements.

The Group's condensed interim financial statements for the three-month period ended March 31, 2024, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information presented in the annual financial statements. Therefore, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2023.

These condensed interim consolidated financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at March 31, 2024. 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 condensed financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), and
- defined benefit pension plans – plan assets measured at fair value.

2.2 Use of Estimates and Judgements

The preparation of the interim consolidated financial statements in conformity with Korean IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the condensed annual financial statements as at and for the year ended December 31, 2023, except for the estimation used to determine income tax expense.

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3. Material Accounting Policies

The important accounting policies and calculation methods applied in the preparation of the condensed interim consolidated financial statements are the same as those applied in the preparation of the previous summarized financial statements, except for changes due to the application of the enacted and revised standards and the matters explained in 3.3.

3.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2024.

(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 do not have a significant impact on the interim consolidated financial statements.

(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 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. There is no impact on the interim consolidated financial statements in accordance with the transitional provision that does not require to disclose the relevant information during the interim reporting period within the fiscal year in which these amendments are first applied.

(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

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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 amendments do not have a significant impact on the interim 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 amendments do not have a significant impact on the interim consolidated financial statements.

3.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations had been issued but were not mandatory for annual reporting periods ending on December 31, 2024 reporting periods and have not been early adopted by the Group.

a) 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 interim consolidated financial statements.

3.3 Income taxes

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

The Group is within the scope of the Pillar Two model rules. The Group recognized an additional income tax expenses in relation to the rules and applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes.

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4. Operating Segments

The Group has disclosed operating segments in the condensed interim consolidated financial statements in accordance with Korean IFRS 1108, and the operating segments of the Group is consisted of the CDMO (Contract Development and Manufacturing Organization) segment, and the biopharmaceutical development and commercialization segment. The management, who makes strategic decisions for the Group, determines the operating segments of the Group. The Group's management makes decisions on resources to be allocated to each division and reviews the performance of each division based on the operating profit of each division.

Information by segment as at and for the three-month periods ended March 31, 2024 and 2023, are prepared after eliminating intercompany transactions, and assets and liabilities by segments are not included as it is not regularly provided to the top management.

Information for each business for the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024			2023		
	CDMO	Biopharmaceutical development and commercialization ¹	Total	CDMO	Biopharmaceutical development and commercialization ¹	Total
Total sales	₩ 673,255,672,698	₩ 280,147,241,670	₩ 953,402,914,368	₩ 592,771,802,805	₩ 213,444,021,328	₩ 806,215,824,133
Intercompany sales	(6,499,595,447)	-	(6,499,595,447)	(85,293,784,805)	-	(85,293,784,805)
Net sales	666,756,077,251	280,147,241,670	946,903,318,921	507,478,018,000	213,444,021,328	720,922,039,328
Depreciations ²	66,855,654,586	3,561,144,453	70,416,799,039	49,782,697,386	3,053,371,603	52,836,068,989
Amortization of intangible assets ²	2,971,382,557	67,105,494,159	70,076,876,716	1,957,421,886	42,747,627,570	44,705,049,456
Operating profit ²	239,983,509,895	(18,684,253,755)	221,299,256,140	189,597,668,498	2,144,038,094	191,741,706,592

¹ The Group acquired an additional 50%-1 share of Samsung Bioepis Co., Ltd. to secure a 100% stake in the investee company and gain control on April 20, 2022. As a result, biopharmaceutical development and commercialization of Samsung Bioepis Co., Ltd. was added as a separate business segment.

² The impact of amortization on the fair value of identifiable assets due to business combinations is reflected in the biopharmaceutical development and commercialization segment.

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Details of customers, who take over 10% of the Group's total revenue for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Client A	₩ 163,883,810,414	₩ 13,819,778,533
Client B	111,988,609,832	-
Client C	64,831,409,869	75,473,209,628
Client D	26,498,218,697	208,597,614,325
	<u>₩ 367,202,048,812</u>	<u>₩ 297,890,602,486</u>

Geographic revenue for the three-month periods ended March 31, 2024 and 2023, is as follows:

<i>(in Korean won)</i>	2024	2023
Domestic	₩ 33,373,741,103	₩ 20,175,295,615
Europe	608,099,483,598	543,675,635,602
USA	251,806,356,500	118,644,367,111
Other	53,623,737,720	38,426,741,000
	<u>₩ 946,903,318,921</u>	<u>₩ 720,922,039,328</u>

The amount of non-current assets by region as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Domestic ¹	₩ 10,830,766,081,305	₩ 10,414,282,500,744
Overseas ¹	6,278,481,841	6,655,514,213
	<u>₩ 10,837,044,563,146</u>	<u>₩ 10,420,938,014,957</u>

¹ The amount excludes financial instruments and investment in associates and joint ventures and others.

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5. Financial Instruments

(a) Financial assets

Categories of financial assets as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)

		March 31, 2024	
	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Current assets			
Cash and cash equivalents	₩ -	₩ 1,060,081,124,856	₩ 1,060,081,124,856
Short-term financial instruments	-	957,000,000,000	957,000,000,000
Trade and other receivables	-	618,424,283,209	618,424,283,209
Deposits provided	-	43,073,378,402	43,073,378,402
Derivative assets ¹	6,068,813,254	-	6,068,813,254
	<u>6,068,813,254</u>	<u>2,678,578,786,467</u>	<u>2,684,647,599,721</u>
Non-current assets			
Long-term financial instruments	-	354,040,978	354,040,978
Financial assets at fair value through profit or loss	3,111,460,015	-	3,111,460,015
Trade and other receivables	-	10,534,931,472	10,534,931,472
Loan	-	27,474,720	27,474,720
Deposits provided	-	18,057,905,528	18,057,905,528
	<u>3,111,460,015</u>	<u>28,974,352,698</u>	<u>32,085,812,713</u>
	<u>₩ 9,180,273,269</u>	<u>₩ 2,707,553,139,165</u>	<u>₩ 2,716,733,412,434</u>

(in Korean won)

		December 31, 2023	
	Financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Total
Current assets			
Cash and cash equivalents	₩ -	₩ 367,937,365,042	₩ 367,937,365,042
Short-term financial instruments	-	1,650,000,000,000	1,650,000,000,000
Trade and other receivables	-	634,496,257,019	634,496,257,019
Deposits provided	-	38,338,324,252	38,338,324,252
Derivative assets ¹	4,512,654,027	-	4,512,654,027
	<u>4,512,654,027</u>	<u>2,690,771,946,313</u>	<u>2,695,284,600,340</u>
Non-current assets			
Long-term financial instruments	-	7,339,455,211	7,339,455,211
Financial assets at fair value through profit or loss	1,239,609,674	-	1,239,609,674
Trade and other receivables	-	10,050,690,285	10,050,690,285
Loan	-	26,303,760	26,303,760
Deposits provided	-	25,171,007,465	25,171,007,465
	<u>1,239,609,674</u>	<u>42,587,456,721</u>	<u>43,827,066,395</u>
	<u>₩ 5,752,263,701</u>	<u>₩ 2,733,359,403,034</u>	<u>₩ 2,739,111,666,735</u>

¹ Details of the derivative from currency interest swap and interest swap into which the Group entered for foreign currency borrowings as at March 31, 2024, are as follows:

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Classification	Category	Financial institution	Contracted amount	Contract date	Maturity date	Currency		Contracted exchange rate	Interest rate (%)	
						Sell	Buy		Receiving	Paying
Trading	Currency interest swap	Woori Bank	USD 30,000,000	2021-08-30	2024-08-30	USD	KRW	1,164	Compounded Sofr(3M)+1.20	2.15

(b) Financial liabilities

Categories of financial liabilities as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)

		March 31, 2024			
		Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Other liabilities	Total
Current liabilities					
Trade and other payables ¹	₩	-	₩ 1,566,940,112,249	₩ -	₩ 1,566,940,112,249
Debentures		-	379,819,172,680	-	379,819,172,680
Short-term borrowings		-	572,000,000,000	-	572,000,000,000
Current portion of long-term borrowings		-	350,404,000,000	-	350,404,000,000
Lease liabilities		-	-	139,841,472,960	139,841,472,960
		-	2,869,163,284,929	139,841,472,960	3,009,004,757,889
Non-current liabilities					
Trade and other payables ¹		-	2,692,929,649	-	2,692,929,649
Debentures		-	119,801,453,730	-	119,801,453,730
Long-term borrowings		-	75,000,000,000	-	75,000,000,000
Derivative liabilities	₩ 26,442,869,734	-	-	-	₩ 26,442,869,734
Lease liabilities		-	-	72,914,882,223	72,914,882,223
		₩ 26,442,869,734	197,494,383,379	72,914,882,223	296,852,135,336
		₩ 26,442,869,734	₩ 3,066,657,668,308	₩ 212,756,355,183	₩ 3,305,856,893,225

(in Korean won)

		December 31, 2023			
		Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Other liabilities	Total
Current liabilities					
Trade and other payables ¹	₩	-	₩ 1,042,396,334,165	₩ -	₩ 1,042,396,334,165
Debentures		-	379,723,014,266	-	379,723,014,266
Short-term borrowings		-	654,500,000,000	-	654,500,000,000
Current portion of long-term borrowings		-	353,682,000,000	-	353,682,000,000
Lease liabilities		-	-	144,030,778,806	144,030,778,806
		-	2,430,301,348,431	144,030,778,806	2,574,332,127,237
Non-current liabilities					
Trade and other payables ¹		-	2,965,590,171	-	2,965,590,171
Debentures		-	119,782,549,508	-	119,782,549,508
Long-term borrowings		-	120,000,000,000	-	120,000,000,000

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Derivative liabilities	24,643,703,711	-	-	24,643,703,711
Lease liabilities	-	-	137,614,234,432	137,614,234,432
	<u>24,643,703,711</u>	<u>242,748,139,679</u>	<u>137,614,234,432</u>	<u>405,006,077,822</u>
	<u>₩ 24,643,703,711</u>	<u>₩ 2,673,049,488,110</u>	<u>₩ 281,645,013,238</u>	<u>₩ 2,979,338,205,059</u>

¹ The amounts exclude the accrued compensation for annual leaves, performance bonuses, and others payable to employees.

(c) The fair values of financial instruments

The fair values of financial instruments, together with the carrying amounts shown in the statement of financial position as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		December 31, 2023	
	Carrying amount ¹	Fair value	Carrying amount ¹	Fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss	₩ 3,111,460,015	₩ 3,111,460,015	₩ 1,239,609,674	₩ 1,239,609,674
Derivative assets	<u>6,068,813,254</u>	<u>6,068,813,254</u>	<u>4,512,654,027</u>	<u>4,512,654,027</u>
	<u>9,180,273,269</u>	<u>9,180,273,269</u>	<u>5,752,263,701</u>	<u>5,752,263,701</u>
Assets measured at amortized cost				
Cash and cash equivalents	1,060,081,124,856	1,060,081,124,856	367,937,365,042	367,937,365,042
Short-term financial instruments	957,000,000,000	957,000,000,000	1,650,000,000,000	1,650,000,000,000
Long-term financial instruments	354,040,978	354,040,978	7,339,455,211	7,339,455,211
Trade and other receivables	628,959,214,681	628,959,214,681	644,546,947,304	644,546,947,304
Loan	27,474,720	27,474,720	26,303,760	26,303,760
Deposits provided	<u>61,131,283,931</u>	<u>61,131,283,931</u>	<u>63,509,331,717</u>	<u>63,509,331,717</u>
	<u>2,707,553,139,166</u>	<u>2,707,553,139,166</u>	<u>2,733,359,403,034</u>	<u>2,733,359,403,034</u>
	<u>₩ 2,716,733,412,435</u>	<u>₩ 2,716,733,412,435</u>	<u>₩ 2,739,111,666,735</u>	<u>₩ 2,739,111,666,735</u>
Liabilities carried at fair value				
Derivative liabilities	₩ 26,442,869,734	₩ 26,442,869,734	₩ 24,643,703,711	₩ 24,643,703,711
Liabilities carried at amortized cost				
Trade and other payables	1,569,633,041,898	1,569,633,041,898	1,045,361,924,336	1,045,361,924,336
Debentures	499,620,626,410	499,620,626,410	499,505,563,774	499,505,563,774
Borrowings	<u>997,404,000,000</u>	<u>997,404,000,000</u>	<u>1,128,182,000,000</u>	<u>1,128,182,000,000</u>
	<u>3,066,657,668,308</u>	<u>3,066,657,668,308</u>	<u>2,673,049,488,110</u>	<u>2,673,049,488,110</u>
	<u>₩ 3,093,100,538,042</u>	<u>₩ 3,093,100,538,042</u>	<u>₩ 2,697,693,191,821</u>	<u>₩ 2,697,693,191,821</u>

¹ The Group used the carrying amount as a proxy for fair value because it is a reasonable approximation of fair value.

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(d) Fair value hierarchy

The following presents financial instruments measured and recognized at fair value as at March 31, 2024 and December 31, 2023:

<i>(in Korean won)</i>	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 3,111,460,015	₩ 3,111,460,015
Derivative assets	-	6,068,813,254	-	6,068,813,254
Financial liabilities				
Derivative liabilities	-	-	26,442,869,734	26,442,869,734

<i>(in Korean won)</i>	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 1,239,609,674	₩ 1,239,609,674
Derivative assets	-	4,512,654,027	-	4,512,654,027
Financial liabilities				
Derivative liabilities	-	-	24,643,703,711	24,643,703,711

(e) Valuation techniques and inputs

Valuation techniques and significant inputs used in measuring the fair value of financial instruments classified as level 2 and 3 as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	Fair value			Level	Valuation techniques	Inputs
	March 31, 2024	December 31, 2023				
Financial assets at fair value through profit or loss ¹	₩ 3,111,460,015	₩ 1,239,609,674	3	-	-	
Derivative assets (currency interest swap)	6,068,813,254	4,512,654,027	2	Discount cash flow model	Currency forward rate, interest rate, discount rate, and others	
Derivative liabilities (contingent considerations in the stock purchase)	26,442,869,734	24,643,703,711	3	Option model	Discount rate and others	

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¹ The Group measures certain non-listed shares among financial assets at fair value at cost, of which the fair value cannot be measured reliably, and believes that these amortized cost or acquisition cost is similar to fair value.

(f) Valuation Processes for Fair Value Measurements Categorized as Level 3

The Group's finance department operates a separate team that performs the fair value measurements required for financial reporting purposes, including level 3 fair values. Discussions of valuation process and result are held at reporting date, in line with the Group's end of each reporting periods.

(g) Net gains or losses by category of financial instruments

Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	Interest income (expenses)		Gain (loss) on valuation		Other income (expenses) ¹		Net income (loss)	
	2024	2023	2024	2023	2024	2023	2024	2023
Financial assets at								
amortized cost	₩ 22,394,285,662	₩ 32,063,588,888	₩ -	₩ -	₩ 38,180,132,776	₩ 51,227,279,677	₩ 60,574,418,438	₩ 83,290,868,565
Derivative assets	-	-	1,556,159,227	2,017,930,492	-	-	1,556,159,227	2,017,930,492
Financial liabilities at								
amortized cost	(14,823,216,643)	(20,514,270,855)	-	-	(25,593,319,514)	(56,609,386,510)	(40,416,536,157)	(77,123,657,365)
Derivative liabilities	-	-	(1,799,166,023)	(2,530,219,410)	-	-	(1,799,166,023)	(2,530,219,410)
Other liabilities	(1,264,167,934)	(1,197,170,829)	-	-	-	-	(1,264,167,934)	(1,197,170,829)
	₩ 6,306,901,085	₩ 10,352,147,204	₩ (243,006,796)	₩ (512,288,918)	₩ 12,586,813,262	₩ (5,382,106,833)	₩ 18,650,707,551	₩ 4,457,751,453

¹ Other income and expenses include gain (loss) on foreign currency translations and transactions and gain (loss) on disposal of financial assets at fair value through profit or loss.

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6. Cash and Cash Equivalents

Cash and cash equivalents as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Demand deposits	₩ 1,060,079,224,856	₩ 367,937,365,042
Cash on hand	1,900,000	-
	<u>₩ 1,060,081,124,856</u>	<u>₩ 367,937,365,042</u>

7. Restricted Financial Instruments

Restriction of financial instruments as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023	Note
Short-term financial instruments	₩ 7,000,000,000	₩ -	Establishment of a pledge right
	146,695,650	140,951,785	Deposits on checking accounts
Long-term financial instruments	207,345,328	7,198,503,426	Establishment of a pledge right
	<u>₩ 7,354,040,978</u>	<u>₩ 7,339,455,211</u>	

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8. Trade and Other Receivables

Details of trade and other receivables as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024		
	Gross amount	Bad debt allowances¹	Net amount
Trade receivables	₩ 617,434,583,532	₩ (41,789,760,170)	₩ 575,644,823,362
Other receivables	104,609,634,208	(385,082,316)	104,224,551,892
Accrued income	18,390,859,927	-	18,390,859,927
Total ²	<u>₩ 740,435,077,667</u>	<u>₩ (42,174,842,486)</u>	<u>₩ 698,260,235,181</u>

<i>(in Korean won)</i>	December 31, 2023		
	Gross amount	Bad debt allowances¹	Net amount
Trade receivables	₩ 534,763,280,915	₩ (44,996,121,608)	₩ 489,767,159,307
Other receivables	178,809,487,025	(386,697,750)	178,422,789,275
Accrued income	21,215,152,615	-	21,215,152,615
Total ²	<u>₩ 734,787,920,555</u>	<u>₩ (45,382,819,358)</u>	<u>₩ 689,405,101,197</u>

¹ The Group recognized bad debt allowances by calculating the expected credit loss for lifetime expected collection period from the initial recognition of receivables (Note 33).

² Trade and other receivables for related parties as at March 31, 2024 and December 31, 2023, are ₩ 82 million and ₩ 75 million, respectively (Note 31).

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9. Contract Assets and Liabilities

Changes in contract assets and liabilities arising from contracts with customers for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Contract assets - costs to fulfil a contract	₩ 282,957,591,652	₩ 33,618,966,746	₩ (18,389,229,490)	₩ 298,187,328,908
Contract assets - unbilled ¹	24,791,698,034	2,084,059,781	(140,321,836)	26,735,435,979
Contract liabilities	502,568,138,619	94,367,617,434	(96,727,554,954)	500,208,201,099

¹ The amount of increase or decrease includes bad debt expense (reversal) (Note 33).

(in Korean won)	2023			
	Beginning balance	Increase	Decrease	Ending balance
Contract assets - costs to fulfil a contract	₩ 217,608,235,517	₩ 20,990,055,326	₩ (5,515,842,063)	₩ 233,082,448,780
Contract assets - unbilled ¹	47,334,764,538	2,151,060,223	(15,697,084,495)	33,788,740,266
Contract liabilities	386,890,751,450	33,510,203,734	(23,010,250,576)	397,390,704,608

¹ The amount of increase or decrease includes bad debt expense (reversal) (Note 33).

Costs incurred in fulfilling a contract include costs for technology transfer and production of trial batches in order to manufacture products that customers request. Such activities do not include transferring goods or services to a customer but are prerequisite for the production of goods ordered. Accordingly, they do not consist as part of the performance obligation but are recognized as contract assets. Unbilled contract assets were recognized due to a difference between the extent of the Group's satisfaction of its performance obligation satisfied over time and the consideration billed to the customer. The Group recognizes Upfront and Milestone fees received from customers through the development of biosimilar products as well as advance receipt from customers as contract liabilities, as the performance obligation is fulfilled over a period of time.

During the three-month periods ended March 31, 2024 and 2023, there are no impairment loss on costs to fulfil a contract recognized.

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Besides the above contract liabilities recognized, the Group classifies the amount received for the consideration of raw material prior to transferring goods or services to the customer as 'advance receipts'. Changes in advance receipts for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Advance receipts	₩ 752,420,126,325	₩ 216,612,541,239	₩ (172,146,707,508)	₩ 796,885,960,056

(in Korean won)	2023			
	Beginning balance	Increase	Decrease	Ending balance
Advance receipts	₩ 480,710,156,255	₩ 118,352,718,349	₩ (86,368,462,310)	₩ 512,694,412,294

10. Inventories

Details of inventories as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		
	Acquisition cost	Provision for loss on valuation	Book amount
Finished goods	₩ 771,117,055,058	₩ (2,691,269,251)	₩ 768,425,785,807
Work-in-process	782,000,514,820	(28,267,818,609)	753,732,696,211
Raw materials	895,292,897,051	(9,020,154,772)	886,272,742,279
Supplies	262,729,257,037	(9,975,114,163)	252,754,142,874
	<u>₩ 2,711,139,723,966</u>	<u>₩ (49,954,356,795)</u>	<u>₩ 2,661,185,367,171</u>

(in Korean won)	December 31, 2023		
	Acquisition cost	Provision for loss on valuation	Book amount
Finished goods	₩ 730,941,993,203	₩ (2,706,340,110)	₩ 728,235,653,093
Work-in-process	811,066,332,167	(8,412,309,183)	802,654,022,984
Raw materials	857,877,089,493	(7,054,237,639)	850,822,851,854
Supplies	267,745,299,351	(8,089,361,199)	259,655,938,152
	<u>₩ 2,667,630,714,214</u>	<u>₩ (26,262,248,131)</u>	<u>₩ 2,641,368,466,083</u>

During the three-month period ended March 31, 2024, the Group recognized ₩ 493,783 million (2023: ₩ 350,870 million) of inventories as an expense, and the amount includes loss on valuation of inventory of ₩ 22,872 million (2023: ₩ 2,611 million)

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11. Other Financial Assets

Details of other financial assets as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Deposits provided	₩ 43,073,378,402	₩ 18,057,905,528	₩ 38,338,324,252	₩ 25,171,007,465
Loan	-	27,474,720	-	26,303,760
Derivative assets	6,068,813,254	-	4,512,654,027	-
	<u>₩ 49,142,191,656</u>	<u>₩ 18,085,380,248</u>	<u>₩ 42,850,978,279</u>	<u>₩ 25,197,311,225</u>

12. Other Assets

Details of other assets as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Advance payments	₩ 86,786,853,157	₩ -	₩ 50,288,447,224	₩ -
Prepaid expenses	27,613,632,024	1,613,637,725	26,830,379,486	2,034,658,296
	<u>₩ 114,400,485,181</u>	<u>₩ 1,613,637,725</u>	<u>₩ 77,118,826,710</u>	<u>₩ 2,034,658,296</u>

13. Investments in Associates and Joint Ventures

Investments in associates and joint ventures as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	Major business location	Primary business	Fiscal date	March 31, 2024		December 31, 2023	
				Book amount	Percentage of ownership	Book amount	Percentage of ownership
SVIC No.54 New Technology Business Investment L.L.P.	Republic of Korea	Equity investment in the bio industry start-ups	2024.03.31	38,578,693,441	33.00%	38,658,461,546	33.00%
SVIC No.64 New Technology Business Investment L.L.P.	Republic of Korea	Equity investment in the bio industry start-ups	2024.03.31	564,509,459	29.70%	197,950,053	29.70%
				<u>₩ 39,143,202,900</u>		<u>₩ 38,856,411,599</u>	

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Changes in investments in associates and joint ventures for the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024				
	Beginning balance	Acquisition	Share of profit (loss)	Other changes ¹	Ending balance
SVIC No.54 New Technology Business Investment L.L.P.	₩ 38,658,461,546	₩ -	₩ (79,768,105)	₩ -	₩ 38,578,693,441-
SVIC No.64 New Technology Business Investment L.L.P.	197,950,053	406,890,000	(40,330,594)	-	564,509,459
	₩ 38,856,411,599	₩ 406,890,000	₩ (120,098,699)	₩ -	₩ 39,143,202,900

¹ Other changes include changes in equity of investee and changes in exchange rate.

	2023				
	Beginning balance	Acquisition	Share of profit (loss)	Other changes ¹	Ending balance
Archigen Biotech Limited ³	₩ 4,087,594,668	₩ -	₩ (113,781,522)	₩ 60,803,871	₩ 4,034,617,017
SVIC No.54 New Technology Business Investment L.L.P.	26,687,011,034	-	(230,318,530)	-	26,456,692,504
	₩ 30,774,605,702	₩ -	₩ (344,100,052)	₩ 60,803,871	₩ 30,491,309,521

¹ Other changes include changes in equity of investee and changes in exchange rate.

Financial information of investees as at March 31, 2024 and December 31, 2023 and for the three-month periods ended March 31, 2024 and 2023, are summarized as follows:

	March 31, 2024						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities
SVIC No.54 New Technology Business Investment L.L.P.	₩ 51,112,843,314	₩ 66,727,585,694	₩ 935,297,371	₩ -	₩ 51,112,843,314	₩ 932,376,991	₩ -
SVIC No.64 New Technology Business Investment L.L.P.	656,163,034	1,338,800,000	94,257,786	-	656,163,034	89,508,146	-

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(in Korean won)		March 31, 2024									
		Revenue	Loss for the period	Total comprehensive income (loss)	Depreciation	Amortization	Interest income	Interest expense	Income tax expense		
SVIC No.54 New Technology Business Investment L.L.P.		₩ 723,879,691	₩ (241,721,530)	₩ (241,721,530)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	-
SVIC No.64 New Technology Business Investment L.L.P.		5,960,947	(135,793,247)	(135,793,247)	-	-	-	-	-	-	-

(in Korean won)		December 31, 2023						
		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities
SVIC No.54 New Technology Business Investment L.L.P.		₩ 59,927,291,204	₩ 58,171,865,737	₩ 952,303,774	₩ -	₩ 59,775,445,792	₩ 948,934,424	₩ -
SVIC No.64 New Technology Business Investment L.L.P.		722,446,448	-	55,947,953	-	722,446,448	55,947,953	-

(in Korean won)		December 31, 2023							
		Revenue	Loss for the period	Total comprehensive income (loss)	Depreciation	Amortization	Interest income	Interest expense	Income tax expense
Archigen Biotech Limited		₩ -	₩ -	₩ 121,607,742	₩ -	₩ -	₩ -	₩ -	₩ -
SVIC No.54 New Technology Business Investment L.L.P.		226,722,542	(697,934,938)	(697,934,938)	-	-	-	-	-

Reconciliation of the investees' financial information to the carrying value of the Company's interest in associates and joint ventures as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)		March 31, 2024						
		Net assets	Percentage of ownership	The Group's share of net assets	Investment difference	Unrealized intercompany transactions	Others	Book amount
SVIC No.54 New Technology Business Investment L.L.P.		₩ 116,905,131,637	33.00%	₩ 38,578,693,441	₩ -	₩ -	₩ -	₩ 38,578,693,441
SVIC No.64 New Technology Business Investment L.L.P.		1,900,705,248	29.70%	564,509,459	-	-	-	564,509,459

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¹ The amount was deducted from the carrying amount of the investments due to the completion of the liquidation during the three-month period ended March 31, 2024.

(in Korean won)

		December 31, 2023						
		Net assets	Percentage of ownership	The Group's share of net assets	Investment difference	Unrealized intercompany transactions	Others	Book amount
SVIC No.54 New Technology Business Investment L.L.P.		₩ 117,146,853,167	33.00%	₩ 38,658,461,546	₩ -	₩ -	₩ -	₩ 38,658,461,546
SVIC No.64 New Technology Business Investment L.L.P.		666,498,495	29.70%	197,950,053	-	-	-	197,950,053

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14. Property, Plant and Equipment

Property, plant, and equipment as at March 31, 2024 and December 31, 2023, consist of:

(in Korean won)

	March 31, 2024			
	Acquisition cost	Accumulated depreciation	Government grants	Book amount
Land	₩ 141,064,558,410	₩ -	₩ -	₩ 141,064,558,410
Buildings	1,933,012,895,761	(185,326,372,737)	-	1,747,686,523,024
Structures	14,910,229,970	(2,431,140,407)	(172,567,575)	12,306,521,988
Machinery	2,543,966,498,908	(874,233,254,881)	-	1,669,733,244,027
Vehicles	1,503,411,384	(1,213,571,361)	-	289,840,023
Others	127,307,499,263	(61,669,705,243)	-	65,637,794,020
Construction-in-progress	694,152,980,105	-	-	694,152,980,105
	<u>₩ 5,455,918,073,801</u>	<u>₩ (1,124,874,044,629)</u>	<u>₩ (172,567,575)</u>	<u>₩ 4,330,871,461,597</u>

(in Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Government grants	Book amount
Land	₩ 141,064,558,410	₩ -	₩ -	₩ 141,064,558,410
Buildings	1,928,956,996,761	(173,202,389,625)	-	1,755,754,606,136
Structures	14,910,229,970	(2,337,660,807)	(173,683,314)	12,398,885,849
Machinery	2,523,974,688,574	(821,898,021,312)	-	1,702,076,667,262
Vehicles	1,368,911,384	(1,183,675,178)	-	185,236,206
Others	124,933,176,065	(58,731,820,856)	-	66,201,355,209
Construction-in-progress	202,410,848,994	-	-	202,410,848,994
	<u>₩ 4,937,619,409,158</u>	<u>₩ (1,057,353,567,778)</u>	<u>₩ (173,683,314)</u>	<u>₩ 3,880,092,158,066</u>

Changes in property, plant and equipment for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)

	March 31, 2024						
	Beginning balance	Acquisition	Disposal and others	Depreciation	Depreciation of government grants	Others	Ending balance
Land	₩ 141,064,558,410	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 141,064,558,410
Buildings	1,775,754,606,136	-	-	(12,123,983,112)	-	4,055,900,000	1,747,686,523,024
Structures	12,398,885,849	-	-	(93,479,600)	1,115,739	-	12,306,521,988
Machinery	1,702,076,667,262	-	(14,051,167)	(52,748,240,237)	-	20,418,868,169	1,669,733,244,027
Vehicles	185,236,206	6,045,455	-	(29,896,183)	-	128,454,545	289,840,023
Others	66,201,335,209	179,813,540	(7,564,812)	(5,422,315,646)	-	4,686,505,729	65,637,794,020
Construction-in-progress	202,410,848,994	520,877,723,833	-	-	-	(29,135,592,722)	694,152,980,105
	<u>₩ 3,880,092,158,066</u>	<u>₩ 521,063,582,828</u>	<u>₩ (21,615,979)</u>	<u>₩ (70,417,914,778)</u>	<u>₩ 1,115,739</u>	<u>₩ 154,135,721</u>	<u>₩ 4,330,871,461,597</u>

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(in Korean won)

March 31, 2023

	Beginning balance	Acquisition	Disposal and others	Depreciation	Depreciation of government grants	Others	Ending balance
Land	₩ 141,064,558,410	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 141,064,558,410
Buildings	1,233,773,920,256	-	-	(9,269,658,351)	-	337,108,457,926	1,561,612,719,831
Structures	11,596,300,204	-	-	(84,946,485)	1,115,739	-	11,512,469,458
Machinery	1,172,712,600,135	-	(124,753,430)	(40,743,519,025)	-	37,159,028,995	1,169,003,356,675
Vehicles	283,357,214	-	-	(25,957,488)	-	-	257,399,726
Others	31,899,334,486	1,954,766,000	(20,000)	(2,711,987,640)	-	1,453,212,059	32,595,304,905
Construction-in-progress	825,198,766,235	203,106,278,967	-	-	-	(375,596,437,689)	652,708,607,513
	<u>₩ 3,416,528,836,940</u>	<u>₩ 205,061,044,967</u>	<u>₩ (124,773,430)</u>	<u>₩ (52,836,068,989)</u>	<u>₩ 1,115,739</u>	<u>₩ 124,261,291</u>	<u>₩ 3,568,754,416,518</u>

Classification of depreciation for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)

2024

2023

Cost of revenue	₩ 63,497,582,227	₩ 47,323,725,699
Selling, general and administrative expenses	<u>6,919,216,812</u>	<u>5,511,227,551</u>
	<u>₩ 70,416,799,039</u>	<u>₩ 52,834,953,250</u>

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During the three-month period ended March 31, 2024, the Group has capitalized borrowing costs amounting to ₩ 1,205 million (2023: ₩ 8 million) on property, plant and equipment that are qualifying assets. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 3.28~3.53% (2022: 3.43%~3.51%).

15. Intangible Assets

Intangible assets as at March 31, 2024 and December 31, 2023, consist of:

(in Korean won)

		March 31, 2024			
	Acquisition cost	Accumulated amortization and impairment	Government grants	Book amount	
Software	₩ 91,827,134,369	₩ (53,705,060,940)	₩ -	₩ 38,122,073,429	
Others	16,906,133,083	(7,101,345,702)	-	9,804,787,381	
Memberships	15,565,029,319	(521,756,000)	-	15,043,273,319	
Trademarks	143,104,879	(26,644,749)	-	116,460,130	
Patents	8,983,000	(1,060,925)	-	7,922,075	
Land use rights	69,525,088,429	(17,960,647,851)	(51,564,440,578)	-	
Construction-in-progress	10,580,017,732	-	-	10,580,017,732	
Development cost ¹	2,961,926,552,235	(395,683,027,447)	-	2,566,243,524,788	
In-process R&D ¹	1,471,266,360,871	-	-	1,471,266,360,871	
Goodwill	1,677,607,967,122	-	-	1,677,607,967,122	
	<u>₩ 6,315,356,371,039</u>	<u>₩ (474,999,543,614)</u>	<u>₩ (51,564,440,578)</u>	<u>₩ 5,788,792,386,847</u>	

¹ The carrying amount of development costs of the Group includes increases due to business combinations.

(in Korean won)

		December 31, 2023			
	Acquisition cost	Accumulated amortization and impairment	Government grants	Book amount	
Software	₩ 88,356,258,428	₩ (50,733,782,811)	₩ -	₩ 37,622,475,617	
Others	16,906,129,559	(6,374,041,853)	-	10,532,087,706	
Memberships	12,687,699,329	(521,756,000)	-	12,165,943,329	
Trademarks	137,585,457	(22,792,646)	-	114,792,811	
Patents	8,983,000	(836,350)	-	8,146,650	
Land use rights	69,525,088,429	(17,613,022,407)	(51,912,066,022)	-	
Construction-in-progress	9,521,430,897	(360,000,000)	-	9,161,430,897	
Development cost ¹	2,903,364,715,193	(329,307,799,826)	-	2,574,056,915,367	
In-process R&D ¹	1,510,818,397,718	-	-	1,510,818,397,718	
Goodwill	1,677,607,967,122	-	-	1,677,607,967,122	
	<u>₩ 6,288,934,255,132</u>	<u>₩ (404,934,031,893)</u>	<u>₩ (51,912,066,022)</u>	<u>₩ 5,832,088,157,217</u>	

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¹ The carrying amount of development costs of the Group includes increases due to business combinations.

Changes in intangible assets for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)

(in Korean won)		March 31, 2024											
			Acquisition		Acquisition through		Amortization of						
	Beginning balance		through external		internal		Amortization		government	Others	Ending balance		
			purchase		development				grants				
Software	₩	37,622,475,617	₩	264,383,283	₩	-	₩ (2,970,268,568)	₩	-	₩	3,205,483,097	₩	38,122,073,429
Others		10,532,087,706		-		-	(727,303,849)		-		3,524		9,804,787,381
Memberships		12,165,943,329		2,877,329,990		-	-		-		-		15,043,273,319
Trademarks		114,792,811		183,852		-	(3,852,103)		-		5,335,570		116,460,130
Patents		8,146,650		-		-	(224,575)		-		-		7,922,075
Land use rights		-		-		-	(347,625,444)		347,625,444		-		-
Construction-in-progress		9,161,430,897		4,619,025,003		-	-		-		(3,200,438,168)		10,580,017,732
Development cost		2,574,056,915,367		-		-	(66,375,227,621)		-		58,561,837,042		2,566,243,524,788
In-process R&D		1,510,818,397,718		-		19,009,800,195	-		-		(58,561,837,042)		1,471,266,360,871
Goodwill		1,677,607,967,122		-		-	-		-		-		1,677,607,967,122
	₩	5,832,088,157,217	₩	7,760,922,128	₩	19,009,800,195	₩ (70,424,502,160)	₩	347,625,444	₩	10,384,023	₩	5,788,792,386,847

(in Korean won)

(in Korean won)

March 31, 2023														
	Beginning balance		Acquisition through external purchase		Acquisition through internal development		Amortization		Amortization of government grants		Others		Ending balance	
Software	₩	21,681,857,786	₩	83,280,000	₩	-	₩	(1,941,835,733)	₩	-	₩	3,360,238,054	₩	23,183,540,107
Others		6,450,888,954		25,000,000		-		(535,222,194)		-		11,336		5,940,678,096
Memberships		11,938,108,749		-		-		-		-		-		11,938,108,749
Trademarks		62,402,016		-		-		(2,445,662)		-		11,947,471		71,903,825
Patents		-		-		-		(162,625)		-		8,983,000		8,820,375
Land use rights		-		-		-		(347,625,444)		347,625,444		-		-
Construction-in-progress		10,918,457,504		4,120,825,341		-		-		-		(3,369,526,282)		11,669,756,563
Development cost		2,741,848,254,581		-		-		(42,225,383,242)		-		-		2,699,622,871,339
In-process R&D		1,490,798,747,879		-		12,267,470,527		-		-		-		1,503,066,218,406
Goodwill		1,677,607,967,122		-		-		-		-		-		1,677,607,967,122
	₩	5,961,306,684,591	₩	4,229,105,341	₩	12,267,470,527	₩	(45,052,674,900)	₩	347,625,444	₩	11,653,579	₩	5,933,109,864,582

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Classification of amortization for the three-month ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Cost of revenue	₩ 66,906,132,814	₩ 42,650,451,063
Selling, general and administrative expenses	3,170,743,902	2,054,598,393
	<u>₩ 70,076,876,716</u>	<u>₩ 44,705,049,456</u>

During the three-month period ended March 31, 2024, total research and development expenses recognized as expense are as follows:

<i>(in Korean won)</i>	2024		2023	
	Cost of revenue	Selling, general and administrative expenses	Cost of revenue	Selling, general and administrative expenses
Research and development expenses	₩ -	₩ 24,574,552,355	₩ -	₩ 16,726,120,721
	<u>₩ -</u>	<u>₩ 24,574,552,355</u>	<u>₩ -</u>	<u>₩ 16,726,120,721</u>

During the three-month period ended March 31, 2024, the Group has capitalized borrowing costs amounting to ₩ 3,324 million on intangible assets that are qualifying assets (2023: ₩ 4,180 million). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 5.06% (2023: 5.08%).

Details of significant individual intangible assets as at March 31, 2024, are as follows:

(a) Project overview and sales approval time

Name of Project	Referencing Biologic	INN	Purpose	Approval date¹
SB2	Remicade®	Infliximab	Treatments for Rheumatoid Arthritis and others	December, 2015
SB3	Herceptin®	Trastuzumab	Treatments for Breast Cancer	November, 2017
SB4	Enbrel®	Etanercept	Treatments for Rheumatoid Arthritis and others	September, 2015
SB5	Humira®	Adalimumab	Treatments for Rheumatoid Arthritis	August, 2017
SB8	Avastin®	Bevacizumab	Treatments for Colorectal Cancer	August, 2020
SB11	Lucentis®	Ranibizumab	Treatments for Ophthalmologic disease	August, 2021
SB12	Soliris®	Eculizumab	Treatments for Paroxysmal Nocturnal Hemoglobinuria, etc.	May, 2023
SB15	Eylia®	Aflibercept	Treatments for Macular Degeneration	February, 2024
SB16	Prolia®	Denosumab	Treatments for Osteoporosis	-
SB17	Stelara®	Ustekinumab	Treatments for Psoriasis	-

¹ The initial sales approval time among the approval time of each country's regulatory authorities

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(b) Products under development and completed development and remaining useful life

(in Korean won)

(in Korean won)		Development cost													
Stage	Pre-clinical		1st/3rd trial¹		After government approval		Total		Accumulated impairment loss		Accumulated amortization		Book amount	Remaining useful life	
Biosimilar															
Developing	₩	-	₩	1,471,266,360,871	₩	-	₩	1,471,266,360,871	₩	-	₩	-	₩	1,471,266,360,871	-
Completed development		-		2,961,926,552,235		-		2,961,926,552,235		-		395,683,027,447		2,566,243,524,788	5 years– 11 years 1 month
	₩	-	₩	4,433,192,913,106	₩	-	₩	4,433,192,913,106	₩	-	₩	395,683,027,447	₩	4,037,509,885,659	-

¹ Due to the nature of biosimilars, phase 2 clinical trials are not proceeding. Since the Group is conducting phase 1 and 3 clinical trials simultaneously, the development cost is aggregated.

Details of goodwill by reportable segment as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)

	March 31, 2024		December 31, 2023	
	Cash generating unit book amount	Goodwill	Cash generating unit book amount	Goodwill
Biopharmaceutical development and commercialization ¹	₩ 5,902,967,807,569	₩ 1,677,607,967,122	₩ 5,902,967,807,569	₩ 1,677,607,967,122
	₩ 5,902,967,807,569	₩ 1,677,607,967,122	₩ 5,902,967,807,569	₩ 1,677,607,967,122

¹ On April 20, 2022, the Company acquired 10,341,852 shares of Samsung Bioepis Co., Ltd. and reclassified from a joint venture to a subsidiary by holding 100% of the shares in 2022. The amount of goodwill includes deferred tax effect of ₩ 987,923,843 thousand on the adjusted fair value of identifiable tangible and intangible assets.

The carrying amount of ₩ 5,715,118 million as at March 31, 2024, including development costs, in-process R&D and goodwill are related to biosimilars being developed by the Group (December 31, 2023: ₩ 5,762,483 million).

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16. Debenture and Borrowings

Debentures and borrowings as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Debentures	₩ 379,819,172,680	₩ 119,801,453,730	₩ 379,723,014,266	₩ 119,782,549,508
Short-term borrowings	572,000,000,000	-	654,500,000,000	-
Long-term borrowings	350,404,000,000	75,000,000,000	353,682,000,000	120,000,000,000
	<u>₩ 1,302,223,172,680</u>	<u>₩ 194,801,453,730</u>	<u>₩ 1,387,905,014,266</u>	<u>₩ 239,782,549,508</u>

Details of debentures as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	Issuance date	Maturity date	Interest rate (%)	March 31, 2024	December 31, 2023
The 7-1st public offering of debenture(non-guaranteed)	2021-09-03	2024-09-03	1.89	380,000,000,000	380,000,000,000
The 7-2nd public offering of debenture(non-guaranteed)	2021-09-03	2026-09-03	2.19	120,000,000,000	120,000,000,000
Discount on debentures				<u>(379,373,590)</u>	<u>(494,436,226)</u>
				499,620,626,410	499,505,563,774
Current portion				<u>(379,819,172,680)</u>	<u>(379,723,014,266)</u>
				<u>₩ 119,801,453,730</u>	<u>₩ 119,782,549,508</u>

Details of short-term borrowings as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	Interest rate (%)	March 31, 2024	December 31, 2023
Kookmin Bank and 6 others	4.66~5.38	<u>₩ 572,000,000,000</u>	<u>₩ 654,500,000,000</u>
		<u>₩ 572,000,000,000</u>	<u>₩ 654,500,000,000</u>

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Details of long-term borrowings as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	Interest rate (%)	March 31, 2024	December 31, 2023
Long-term borrowings in Korean won			
Hana Bank and 5 others	1.55~5.32	₩ 385,000,000,000	₩ 435,000,000,000
Current portion		<u>(310,000,000,000)</u>	<u>(315,000,000,000)</u>
		<u>75,000,000,000</u>	<u>120,000,000,000</u>
Long-term borrowings in foreign currency			
Woori Bank	6.52	40,404,000,000	38,682,000,000
Current portion		<u>(40,404,000,000)</u>	<u>(38,682,000,000)</u>
		<u>-</u>	<u>-</u>
		<u>₩ 75,000,000,000</u>	<u>120,000,000,000</u>

The repayment schedule of debentures and borrowings as at March 31, 2024, are as follows:

<i>(in Korean won)</i>	Debentures	Short-term borrowings	Long-term borrowings	Total
2024.04.01 ~ 2025.03.31	₩ 380,000,000,000	₩ 572,000,000	₩ 350,404,000,000	₩ 1,302,404,000,000
2025.04.01 ~ 2026.03.31	-	-	75,000,000,000	75,000,000,000
2026.04.01 ~ 2027.03.31	<u>120,000,000,000</u>	<u>-</u>	<u>-</u>	<u>120,000,000,000</u>
	<u>₩ 500,000,000,000</u>	<u>₩ 572,000,000,000</u>	<u>₩ 425,404,000,000</u>	<u>₩ 1,497,404,000,000</u>

17. Trade and Other Payables

Details of trade and other payables as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Trade payables	₩ 187,286,162,882	₩ -	₩ 208,277,666,269	₩ -
Other payables	1,252,660,803,700	-	719,283,065,866	-
Accrued expenses	<u>227,320,277,489</u>	<u>19,959,362,414</u>	<u>281,316,794,499</u>	<u>25,833,805,303</u>
Total ¹	<u>₩ 1,667,267,244,071</u>	<u>₩ 19,959,362,414</u>	<u>₩ 1,208,877,526,634</u>	<u>₩ 25,833,805,303</u>

¹ Trade and other payables to related parties as at March 31, 2024 and December 31, 2023, are ₩ 545,388 million and ₩ 52,292 million, respectively (Note 31).

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18. Emission Liability

(a) Emissions rights

The Group has been participating in Emission Trading Scheme in accordance with the Act on Allocation and Trading of Greenhouse Gas Emission since 2017. The quantity of emission rights for the 3rd planning periods (2021 ~ 2025) granted free of charge is as follows:

<i>(In tCO2-eq)</i>	2021	2022 ¹	2023	2024	2025	Total
Allocation with nil consideration	123,815	157,435	122,393	121,247	121,247	646,137

¹ In 2022, 35,042 units of emission rights of 2022 were additionally allocated for the Plant 4 site.

There are no emission rights provided as collateral as at March 31, 2024.

Changes in emission permits quantities and the carrying amounts for the three-month period ended March 31, 2024 and the year ended December 31, 2023, are as follows:

*(in Korean won
and in tCO2-eq)*

	March 31, 2024					
	2023		2024		2025	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
At January 1/Allocation with nil consideration	122,393	₩ -	121,247	₩ -	121,247	₩ -
Purchase/Disposal	-	-	-	-	-	-
Borrowing/Carrying forward	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	-	-
At December 31	122,393	₩ -	121,247	₩ -	121,247	₩ -

¹ The quantities of emission permits of emission permits at the end of 2023 will be submitted to the government after certification in 2023.

*(in Korean won
and in tCO2-eq)*

	December 31, 2023					
	2022		2023		2024~2025	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
At January 1/Allocation with nil consideration	157,435	₩ -	122,393	₩ -	242,494	₩ -
Purchase/Disposal	6,558	83,164,600	-	-	-	-
Borrowing/Carrying forward	-	-	-	-	-	-
Surrendered to the government	(163,993)	(83,164,600)	-	-	-	-
At December 31	-	₩ -	122,393	₩ -	242,494	₩ -

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¹ The quantities of emission permits for 2022 have been submitted to the government.

(b) Emission liability

Changes in emission liability for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024			
	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 863,719,120	₩ 219,539,610	₩ -	₩ 1,083,258,730

<i>(in Korean won)</i>	2023			
	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 538,848,000	₩ 178,902,400	₩ -	₩ 717,750,400

The Group estimated that it emitted 51,923 tons of carbon dioxide during the three-month period ended March 31, 2024.

19. Lease

The amounts relating to leases recognized as at March 31, 2024 and December 31, 2023 on the consolidated statement of financial position, are as follows:

<i>(in Korean won)</i>	March 31, 2024		December 31, 2023	
Right-of-use assets¹				
Land	₩	442,883,537,748	₩	439,712,796,813
Buildings		19,674,278,395		21,859,980,712
Machinery		14,238,732		21,291,373
Vehicles		937,958,474		737,392,307
	₩	463,510,013,349	₩	462,331,461,205
Lease liabilities				
Current	₩	139,841,472,960	₩	144,030,778,806
Non-current		72,914,882,223		137,614,234,432
	₩	212,756,355,183	₩	281,645,013,238

¹ Additions to the right-of-use assets during the three-month periods ended March 31, 2024 and 2023, were ₩ 4,003 million and ₩ 12,575 million, respectively.

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The amounts relating to leases recognized for the three-month and three-month periods ended March 31, 2024 and 2023, on the interim consolidated statement of comprehensive income, are as follows:

<i>(in Korean won)</i>	2024	2023
Statement of comprehensive income:		
Depreciation of right-of-use assets		
Land	₩ 34,778,770	₩ 370,210,293
Buildings	2,520,556,265	2,285,536,804
Machinery	16,124,789	20,319,838
Vehicle	351,134,131	461,119,197
	<u>2,922,593,955</u>	<u>3,137,186,132</u>
Interest expenses	1,264,167,934	1,197,170,828
Expense relating to short-term leases	1,060,000	10,560,000
Expense relating to variable lease payments not included in lease liabilities	1,826,622,857	1,279,765,511
Expense relating to leases of low-value assets	198,914,393	329,168,560
	<u>₩ 6,213,359,139</u>	<u>₩ 5,953,851,031</u>

Classification of depreciation of right-of-use assets for the three-month periods ended March 31, 2024 and 2023, is as follows:

<i>(in Korean won)</i>	2024	2023
Cost of revenue	₩ 1,956,301,227	₩ 1,870,516,258
Selling, general and administrative expenses	966,292,728	1,266,669,874
	<u>₩ 2,922,593,955</u>	<u>₩ 3,137,186,132</u>

The total cash outflow from leases in relation to lease liabilities, low-value assets and variable lease payments during the three-month periods ended March 31, 2024 and 2023, were ₩ 71,993 million and ₩ 79,389 million, respectively.

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20. Other Liabilities

Details of other liabilities as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Advance receipts	₩ 738,580,510,660	₩ 58,305,449,396	₩ 685,630,533,518	₩ 66,789,592,807
Withholdings	9,875,648,358	-	10,397,675,228	-
Unearned revenue	356,941,125,774	-	399,818,054,986	-
Non-controlling interests- liabilities	-	199,883,624	-	200,066,816
	<u>₩ 1,105,397,284,792</u>	<u>₩ 58,505,333,020</u>	<u>₩ 1,095,846,263,732</u>	<u>₩ 66,989,659,623</u>

21. Employee Benefit

Recognized assets and liabilities for employee benefits as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)		March 31, 2024	December 31, 2023
Net defined benefit liabilities (assets)	Present value of defined benefit obligations	₩ 195,793,884,301	₩ 186,056,816,875
	Fair value of plan assets	<u>(201,316,467,182)</u>	<u>(201,527,360,200)</u>
		<u>(5,522,582,881)</u>	<u>(15,470,543,325)</u>
Trade and other payables	Accrued expenses ¹	77,618,854,144	165,041,735,274
	Long-term accrued expenses ¹	<u>17,266,432,765</u>	<u>22,868,215,132</u>
		<u>94,885,286,909</u>	<u>187,909,950,406</u>
		<u>₩ 89,362,704,028</u>	<u>₩ 172,439,407,081</u>

¹ The amounts include the accrued compensation for annual leaves, performance bonuses, and others payable to employees.

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Changes in defined benefit liabilities (asset) for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	Defined benefit obligations		Plan assets		Net defined benefit liabilities (asset)	
	2024	2023	2024	2023	2024	2023
Beginning balance	₩ 186,056,816,875	₩ 146,731,850,417	₩ (201,527,360,200)	₩ (176,378,081,179)	₩ (15,470,543,325)	₩ (29,646,230,762)
Included in profit or loss:						
- Current service cost	8,581,125,912	7,713,184,352	-	-	8,581,125,912	7,713,184,352
- Interest expense (income)	<u>2,197,374,204</u>	<u>2,047,803,730</u>	<u>(2,423,462,379)</u>	<u>(2,501,126,153)</u>	<u>(226,088,175)</u>	<u>(453,322,423)</u>
	<u>10,778,500,116</u>	<u>9,760,988,082</u>	<u>(2,423,462,379)</u>	<u>(2,501,126,153)</u>	<u>8,355,037,737</u>	<u>7,529,861,929</u>
Included in other comprehensive income or loss:						
- Remeasurement loss (gain)						
Actuarial loss (gain)						
arising from	-	-	-	-	-	-
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	-	-	-	-	-	-
Experience adjustment	-	-	-	-	-	-
- Loss on plan assets excluding interest income	<u>-</u>	<u>-</u>	<u>515,277,687</u>	<u>611,364,785</u>	<u>515,277,687</u>	<u>611,364,785</u>
	<u>-</u>	<u>-</u>	<u>515,277,687</u>	<u>611,364,785</u>	<u>515,277,687</u>	<u>611,364,785</u>
Others:						
- Benefit payments	(1,896,799,929)	(1,822,270,150)	2,076,294,950	2,557,940,330	179,495,020	735,670,180
- Transfer from affiliated companies	898,150,000	-	-	-	898,150,000	-
- Other payments	<u>(42,782,760)</u>	<u>(159,917,130)</u>	<u>42,782,760</u>	<u>159,917,130</u>	<u>-</u>	<u>-</u>
	<u>(1,041,432,689)</u>	<u>(1,982,187,280)</u>	<u>2,119,077,710</u>	<u>2,717,857,460</u>	<u>1,077,645,020</u>	<u>735,670,180</u>
Ending balance	<u>₩ 195,793,884,301</u>	<u>₩154,510,651,219</u>	<u>₩ (201,316,467,182)</u>	<u>₩ (175,549,985,087)</u>	<u>₩ (5,522,582,881)</u>	<u>₩ (21,039,333,868)</u>

Details of plan assets as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)	March 31, 2024	December 31, 2023
Cash and cash equivalents	₩ 201,313,659,682	₩ 201,524,552,700
Others (national pension fund payment)	<u>2,807,500</u>	<u>2,807,500</u>
	<u>₩ 201,316,467,182</u>	<u>₩ 201,527,360,200</u>

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The allocations of total expenses related to defined benefit obligation for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Cost of sales	₩ 5,323,220,341	₩ 4,383,796,754
Selling, general and administrative expenses	2,903,263,355	2,546,538,427
Construction-in-progress	128,554,041	329,526,748
	<u>₩ 8,355,037,737</u>	<u>₩ 7,259,861,929</u>

The expense recognized in the current period in relation to defined contribution plan was ₩ 137 million (2023: ₩ 49 million).

22. Share Capital and Reserves

Details of share capital as at March 31, 2024 and December 31, 2023, are summarized as follows:

<i>(in Korean won, in shares)</i>	March 31, 2024	December 31, 2023
Number of shares authorized	500,000,000	500,000,000
Par value	₩ 2,500	₩ 2,500
Number of shares issued	71,174,000	71,174,000
Share capital	₩ 177,935,000,000	₩ 177,935,000,000

Change in the number of shares issued and outstanding shares for the three-month periods ended March 31, 2024 and 2023, are as follows:

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Details of share premium as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Additional paid-in capital	₩ 6,523,003,969,121	₩ 6,523,003,969,121
Other share premium	<u>(859,892,616,527)</u>	<u>(859,892,616,527)</u>
	<u>₩ 5,663,111,352,594</u>	<u>₩ 5,663,111,352,594</u>

Details of accumulated other comprehensive loss as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Remeasurements of net defined benefit liabilities	₩ (15,354,708,853)	₩ (14,993,094,414)
Foreign currency translation	<u>1,891,466,084</u>	<u>1,146,419,954</u>
	<u>₩ (13,463,242,769)</u>	<u>₩ (13,846,674,460)</u>

Change in the retained earnings for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Beginning balance	₩ 4,003,292,734,211	₩ 3,145,601,435,827
Profit for the period	<u>179,361,788,791</u>	<u>141,755,373,499</u>
Ending balance	<u>₩ 4,182,654,523,002</u>	<u>₩ 3,287,356,809,326</u>

23. Revenue and Cost of Revenue

Details of revenue and cost of revenue for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Revenue:		
Product sales	₩ 918,195,320,303	₩ 672,959,102,486
Other sales	<u>28,707,998,618</u>	<u>47,962,936,842</u>
	<u>₩ 946,903,318,921</u>	<u>₩ 720,922,039,328</u>
Cost of revenue:		
Cost of product sales	₩ 381,577,591,434	₩ 294,616,183,014
Cost of other sales ¹	<u>145,171,759,372</u>	<u>83,765,838,390</u>
	<u>₩ 526,749,350,806</u>	<u>₩ 378,382,021,404</u>

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¹ Cost of other sales includes loss on abnormal capacity and (reversal of) loss on valuation of inventories.

24. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>		2024		2023
Salaries	₩	33,445,532,638	₩	27,622,673,708
Bonuses		21,980,587,031		12,290,952,671
Retirement benefits		2,867,838,928		2,475,016,853
Employee welfare		9,482,190,855		10,850,221,511
Depreciation		6,518,367,016		5,021,704,496
Amortization of intangible assets		3,167,479,833		2,052,352,936
Repairs and maintenance		1,808,079,175		1,624,527,588
Supplies expenses		576,772,758		2,540,671,913
Utility expenses		1,130,084,886		814,324,628
Service fees		47,310,135,820		31,806,802,506
Training expenses		3,449,126,209		2,727,659,500
Electronic processing expenses		5,451,088,697		5,306,349,388
Taxes and dues		1,712,621,263		1,450,791,642
Insurance premium		3,277,739,553		2,406,448,148
Advertising expenses		2,525,074,183		2,310,655,822
Bad debt expenses (reversal)		143,260,843		(805,076,560)
Outsourcing cost		653,975,209		388,722,042
Marketing expenses ¹		20,475,422,851		15,286,638,924
Research and development expenses		24,574,552,355		16,726,120,721
Others		8,304,781,872		7,860,752,895
	₩	<u>198,854,711,975</u>	₩	<u>150,798,311,332</u>

¹ It is the expense the Group incurred or will incur among the marketing expenses paid by the collaborating parties under the development and commercial agreement.

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25. Expenses by Nature

Details of expenses classified by nature for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Changes in work-in-process and finished goods	₩ (36,900,079,186)	₩ (42,470,028,035)
Changes in costs to fulfill a contract	(15,229,37,256)	(15,474,213,263)
Raw materials and supplies used	217,058,008,602	144,828,164,632
Employee benefits	186,625,201,355	156,106,381,619
Depreciation and amortization	140,493,675,755	97,540,002,706
Supplies expenses	28,569,793,169	31,269,620,760
Utility expenses	22,836,313,791	19,060,880,316
Marketing expenses	20,475,422,851	15,286,638,924
Service fees	77,061,631,628	67,586,270,713
Others	84,613,832,072	55,446,614,364
Total cost of sales, and selling, general and administrative expenses	<u>₩ 725,604,062,781</u>	<u>₩ 529,180,332,736</u>

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26. Other Income and Expenses

Details of other income for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Rental incomes	₩ 154,710,498	₩ 53,614,437
Fees incomes	2,531,984	636,162
Gain on disposal of property, plant and equipment	4,819,438	8,502,000
Gain on lease cancellation	-	246,966
Miscellaneous gains	139,703,473	966,381,877
	<u>₩ 301,765,393</u>	<u>₩ 1,029,381,442</u>

Details of other expenses for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Donations	₩ 30,000,000	₩ 104,000,000
Loss on disposal of property, plant and equipment	-	3,165,000
Loss on retirement of property, plant and equipment	20,422,417	121,570,430
Miscellaneous losses	4,163,878	7,610,477
	<u>₩ 54,586,295</u>	<u>₩ 236,345,907</u>

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27. Finance Income and Costs

Details of finance income for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Interest income	₩ 22,394,285,662	₩ 32,063,588,888
Gain on valuation of derivative assets	1,556,159,227	2,017,930,492
Gain on foreign currency translations	32,957,029,107	33,488,744,698
Gain on foreign currency transactions	22,735,473,100	53,664,363,084
	<u>₩ 79,642,947,096</u>	<u>₩ 121,234,627,162</u>

Details of finance costs for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Interest expenses	₩ 16,087,384,576	₩ 21,711,441,684
Loss on valuation of derivative liabilities	1,799,166,023	2,530,219,410
Loss on foreign currency translations	33,500,717,125	57,961,822,868
Loss on foreign currency transactions	9,604,971,820	34,573,391,747
	<u>₩ 60,992,239,544</u>	<u>₩ 116,776,875,709</u>

28. Income Tax Expense

Income tax expense is recognized based on the best estimate of weighted average annual income tax rate expected for the full financial year. Income tax expense estimated during the three-month periods ended March 31, 2024 and 2023, is ₩ 60,715 million and ₩ 54,893 million, respectively. The estimated average annual income tax rate used for the year ending December 31, 2024, is 25.29% (2023 : 27.91%).

29. Earnings per Share

(a) Basic earnings per share

Basic earnings per share for the three-month periods ended March 31, 2024 and 2023, is calculated as follows:

<i>(in Korean won and in shares)</i>	2024	2023
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Profit for the period	₩	179,361,788,791	₩	141,755,373,499
Weighted-average number of ordinary shares outstanding ¹		71,174,000		71,174,000
Basic earnings per share	₩	2,520	₩	1,992

(b) Weighted-average number of ordinary shares outstanding

Details of change in the weighted-average number of ordinary shares outstanding for the three-month periods ended March 31, 2024 and 2023, is as follows:

<i>(in share)</i>	2024	2023
Beginning number of ordinary shares issued	71,174,000	71,174,000
Weighted-average number of ordinary shares outstanding	71,174,000	71,174,000

(c) Diluted earnings per share

As at March 31, 2024, diluted earnings per share is identical to basic earnings per share because there are no dilutive shares.

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30. Commitments and Contingencies

As at March 31, 2024, details of the Group's borrowings commitment with financial institutions are summarized as follows:

(in Korean won and in USD)

Financial Institution	Type	Currency	Limit	Currency	Outstanding balance
Woori Bank	Bank overdraft	KRW	10,000,000,000	KRW	-
	B2B PLUS	KRW	5,760,000,000	KRW	-
	Loans for equipment	KRW	70,000,000,000	KRW	70,000,000,000
	Loans for equipment	KRW	50,000,000,000	KRW	50,000,000,000
	Loans for equipment in foreign currency	USD	30,000,000	USD	30,000,000
	General loan in corporate operation	KRW	59,900,000,000	KRW	-
	B2B PLUS main contract	KRW	50,000,000	KRW	-
	General loan in corporate operation	KRW	100,000,000,000	KRW	100,000,000,000
Hana Bank	Bank overdraft	KRW	10,000,000,000	KRW	-
	Loans for equipment	KRW	50,000,000,000	KRW	50,000,000,000
	Loans for equipment	KRW	100,000,000,000	KRW	30,000,000,000
	Comprehensive limit	KRW	40,000,000,000	KRW	-
	General loan in corporate operation	KRW	75,000,000,000	KRW	75,000,000,000
	General loan in corporate operation	KRW	30,000,000,000	KRW	30,000,000,000
	General loan in corporate operation	KRW	10,000,000,000	KRW	10,000,000,000
	General loan in corporate operation	KRW	10,000,000,000	KRW	10,000,000,000
Shinhan Bank	General loan	KRW	17,000,000,000	KRW	-
	Bank overdraft	KRW	10,000,000,000	KRW	-
	Loans for equipment	KRW	100,000,000,000	KRW	10,000,000,000
	General loan	KRW	55,000,000,000	KRW	55,000,000,000
	General loan	KRW	45,000,000,000	KRW	45,000,000,000
Kookmin Bank	Loans for equipment	KRW	100,000,000,000	KRW	50,000,000,000

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Financial Institution	Type	Currency	Limit	Currency	Outstanding balance
	General loan in corporate operation	KRW	10,000,000,000	KRW	10,000,000,000
Nonghyup Bank	Loans for equipment	KRW	100,000,000,000	KRW	20,000,000,000
	General loan	KRW	50,000,000,000	KRW	50,000,000,000
Export-Import Bank of Korea	Loans for export growth	KRW	110,000,000,000	KRW	110,000,000,000
	Loans for overseas business	KRW	50,000,000,000	KRW	50,000,000,000
	Loans for overseas business	KRW	45,000,000,000	KRW	45,000,000,000
Mizuho Bank	General loan in corporate operation	USD	50,000,000	USD	-
Sumitomo Mitsui Bank	General loan	KRW	30,000,000,000	KRW	-
	Shore-term loans for foreign currency	USD	150,000,000	USD	-
	General loan			KRW	27,000,000,000
Australia and New Zealand Banking Group Limited	General limit loan	KRW	120,000,000,000	KRW	-
Credit Agricole Bank	Loans for equipment	KRW	100,000,000,000	KRW	-
BNP Paribas Bank	General loan in corporate operation	KRW	45,000,000,000	KRW	-
Standard Chartered Bank Korea Ltd	General loan	KRW	130,000,000,000	KRW	15,000,000,000
China Construction Bank	General loan	KRW	45,000,000,000	KRW	45,000,000,000

As at March 31, 2024, details of guarantees provided by financial institutions are summarized as follows:

(in Korean won)

	Remarks	Limit		Payment guarantee	
		Currency	Amount	Currency	Amount
Woori Bank	Payment guarantees	KRW	39,500,000,000	KRW	2,446,634,010
Kookmin Bank	Foreign currency payment guarantee	KRW	30,000,000,000	KRW	-

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If the Group does not comply with the commitments below, financial institutions may require an early redemption of long-term borrowings. Details of debt covenants related to long-term borrowings with financial institutions as at March 31, 2024, are as follows:

Financial institution	Remarks	Details of covenants
Sumitomo Mitsui Bank	Shareholder composition ratio	The ownership of the Samsung Group shall be over 50%, and Samsung C&T Corporation shall maintain its ownership in the Company in excess of 30%.
Sumitomo Mitsui Bank	Shareholder composition ratio	The Group shall maintain ownership in Samsung Bioepis Co., Ltd. over 50%
Kookmin Bank	Shareholder composition ratio	The Group shall maintain to be affiliates of Samsung Group and Samsung Group shall maintain its ownership in Samsung Bioepis Co., Ltd. in excess of 50%.
BNP Paribas Bank	Shareholder composition ratio	The Group shall maintain to be affiliates of Samsung Group and Samsung Group shall maintain its ownership in Samsung Bioepis Co., Ltd. in excess of 50%.
Mizuho Bank	Financial ratio	Samsung Bioepis Co., Ltd. shall maintain the ratio of interest-bearing debt to equity capital less than 180%

In connection with a lease agreement with Incheon Metropolitan city ("Incheon") related to the use of land, the Group is exempt from the full amount of rent because the Group meets the requirements for exemption of rent in accordance with the *Common Property Management Ordinance of Incheon*. The Group recognized an intangible asset at the fair value of the rent that is exempt from Incheon and government grant as a reduction of assets at the same value. The period of land use without payment and exemption requirement of the full amount of rent are as follows:

(i) Period

Lease terms are for a total of 50 years. The initial lease period is for 20 years from the land lease contract date of April 28, 2011, and the Group can extend the contract by 10 years.

(ii) Exemption requirement

The company whose foreign investment amounts to more than USD 20 million for 5 years since the land lease contract date is subject to the exemption from Article 32 of *Common Property Management Ordinance of Incheon*. Afterwards, the foreign invested enterprises that meet the average daily employee count of above 300, is subject to exemption.

As at March 31, 2024, there are a total of five pending lawsuits of stock transaction damages related to the Group's accounting and disclosure (Note 34) and the total amount of litigation is ₩ 9,329 million. Additionally, there are 35 lawsuits and the total amount of litigations is ₩ 1,379 million.

Contractual obligation to purchase property, plant and equipment and intangible assets are as at March 31, 2024 are ₩ 1,569,194 million, of which the amount committed to related parties including Samsung E&A Co., Ltd. is ₩ 1,175,233 million.

In August 2021, the Group entered into an investment agreement with a limit of total ₩ 49,500

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million for SVIC No.54 New Technology Business Investment L.L.P. until August 2024.

In November 2023, the Group entered into an investment agreement with a limit of total ₩ 21,384 million for SVIC No.64 New Technology Business Investment L.L.P. until November 2033.

The Group entered into the land purchase agreement with Incheon Free Economic Zone(IFEZ) for the second Bio Campus on July 18, 2022, and the purchase price is ₩ 4.26 billion. The Group must carry out all procedures, such as facility construction plans and approval for use, within a certain period from the enforcement date of the purchase agreement. When the Company fails to fulfil the procedures, the purchase agreement may be cancelled.

The Group has provided deposits of ₩ 7,000 million to Korea Securities Finance Corporation as collateral for the loan for the acquisition of shares through employee stock ownership association (Note 7).

The Group entered into a stock purchase agreement after the resolution of the Board of Directors on January 28, 2022 to acquire 10,341,852 shares of Samsung Bioepis Co., Ltd. held by Biogen Therapeutics Inc., and conditional consideration related with the agreement will be paid to Biogen Therapeutics Inc. After determining whether contractual requirements are met depending on the sales performance through the seller of the invested company after acquisition on an annual basis, whether the contingent consideration payment will be made or not and its amount will be determined in 2027 after the end of the relevant period. The range of the pre-discounted amount that the Group is likely to pay in the future under the above arrangement is USD 0 ~ 50,000,000.

Samsung Biologics Co., Ltd. and Subsidiaries **Notes to the Interim Consolidated Financial Statements** **March 31, 2024 and 2023 and December 31, 2023** ---

31. Related Parties

As at March 31, 2024, Samsung C&T Corporation is a controlling company, and the percentage of ownership it has over the Group is 43.06%.

Details of related parties as at March 31, 2024, are as follows:

Relationship	Companies
Parent company	Samsung C&T Corporation
Entity with significant influence over the Company	Samsung Electronics Co., Ltd.
Associates and Joint ventures	SVIC No.64 New Technology Business Investment L.L.P., Aimed Bio, Inc., BrickBio, Inc.
Others	Samsung Welstory Inc., Samsung C&T Deutschland GmbH, Samsung Research America, Inc., Samsung Electronics Sales Co., Ltd., Samoo Architects & Engineers.
The Enterprise Group ¹	Samsung Card Co., Ltd., Samsung E&A, Co., Ltd(former Samsung Engineering Co., Ltd.), S-1 Corporation, Samsung SDS Co., Ltd., Samsung Global Research, Multicampus Corporation, Samsung Fire & Marine Insurance Co., Ltd., Samsung Life Insurance Co., Ltd., Hotel Shilla Co., Ltd., Cheil Worldwide Inc., Samsung Securities Co.,Ltd, SBTM Corporation, SECUi Corp., SHP Corporation, Miracom Inc., Samsung SDS America, Samsung Hospitality America Inc., and others

¹ Although the entities are not the related party of the Group in accordance with Korean IFRS 1024, the entities belong to the Business Group designated as a conglomerate to which the Group also belongs in accordance with the Monopoly Regulation and Fair-Trade Act.

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Outstanding balances with related parties as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)

(in Korean won)

	March 31, 2024											
	Receivables					Payables						
	Trade receivables		Other receivables		Accrued income		Other payables and others		Advance receipts		Contract liabilities	
Parent company												
Samsung C&T Corporation	₩	-	₩	-	₩	-	₩ 1,352,338,603	₩	-	₩	-	
Entity with significant influence over the Company		-										
Samsung Electronics Co., Ltd.		-		-		-	5,404,996,861		-		-	
Associates and Joint ventures												
Aimed Bio, Inc. ¹		-		558,999,717			-		-		210,799,993	
BrickBio, Inc. ¹		-		1,871,850,431			-		-		-	
Others		-										
Samsung Welstory Inc.		-		1,233,320		-	1,704,581,538		-		-	
Samsung Electronics Sales Co., Ltd.		-		-			5,546,000					
Samoo Architects & Engineers		-		-			120,000,000		-			
Samsung C&T Deutschland GmbH		-		-			29,572,066		-			
The Enterprise Group		-		-								
Samsung Card Co., Ltd.		-		79,932,637		-	6,232,622,629		-		-	
Samsung E&A, Co., Ltd		-		-			510,420,853,152		-			
S-1 Corporation		-		-			10,106,700,170		-			
Samsung SDS Co., Ltd.		-		-			7,997,336,439		-			
Samsung Global Research Co., Ltd.		-		-		-	348,324,300		-		-	
Samsung Fire & Marine Insurance Co., Ltd.		-		371,030			225,630,170					
Cheil Worldwide Inc.		-		-			1,038,104,469		-			
SHP Corporation		-		-			98,133,934		-			
Miracom Inc.		-		-		-	209,704,000		-		-	
Samsung SDS America		-		-		-	13,019,516		-		-	
Others ²		-		-		-	50,311,602		-		-	
	₩	-	₩	2,512,387,045	₩	-	₩ 545,337,775,449	₩	-	₩	210,799,993	

¹ Investments in financial instrument issued by affiliated companies were included.

² Transactions with SBTM Corporation, Multicampus Corporation and SECUI Corporation were included.

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(in Korean won)

(in Korean won)		December 31, 2023										
		Receivables					Payables					
	Trade receivables		Other receivables		Accrued income		Other payables and others		Advance receipts		Contract liabilities	
Parent company												
Samsung C&T Corporation	₩	-	₩	-	₩	-	₩	1,198,567,680	₩	-	₩	-
Entity with significant influence over the Company												
Samsung Electronics Co., Ltd.		-				-		17,479,395,377		-		-
Associates and Joint ventures												
Aimed Bio, Inc. ²				558,999,717				392,377,918				
Others												
Samsung Welstory Inc.		-		1,435,045		-		2,243,362,765		-		-
Samsung Electronics America, Inc.		-		-		-		92,669,178		-		-
The Enterprise Group												
Samsung Card Co., Ltd.		-		73,580,081		-		1,850,648,747		-		-
Samsung E&A, Co., Ltd		-		-		-		1,314,861,766		-		-
S-1 Corporation		-		-		-		17,343,866,150		-		-
Samsung SDS Co., Ltd.		-		-		-		8,545,320,724		-		-
Samsung Global Research Co., Ltd.		-		-		-		145,921,700		-		-
Samsung Fire & Marine Insurance Co., Ltd.		-		-		-		3,133,780		-		-
Cheil Germany GmbH		-		-		-		14,749,357		-		-
Cheil Worldwide Inc.		-		-		-		1,044,619,219		-		-
SHP Corporation		-		-		-		113,148,244		-		-
Miracom Inc.		-		-		-		314,556,000		-		-
Samsung SDS America		-		-		-		12,464,630		-		-
Samsung Hospitality America Inc.		-		-		-		644,700		-		-
Others ²		-		-		-		1,048,606,835		-		-
	₩	-	₩	634,014,843	₩	-	₩	52,292,430,961	₩	-	₩	

¹ Investments in financial instrument issued by affiliated companies were included.

² Transactions with Multicampus Corporation and SBTM Corporation were included.

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Significant transactions which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)

(in Korean won)

	2024								
	Revenue				Expenses				Asset
	Revenue		Others		Service fees		Others		acquisition
Parent Company									
Samsung C&T Corporation	₩	-	₩	-	₩	394,743,638	₩	359,945,454	₩ -
Entity with significant influence over the Company									
Samsung Electronics Co., Ltd.			-	-		4,231,396,878		1,657,372	122,272,727
Associates and Joint ventures									
Aimed Bio, Inc.		96,568,475		-		-		-	-
Others									
Samsung Welstory Inc.		-		9,031,455		-		4,669,222,340	-
Samsung Electronics Sales Co., Ltd.		-		5,775,000		-		35,366,546	-
Samsung C&T Deutschland GmbH		-		-		-		322,752,752	-
Samsung Research America, Inc.		-		-		-		11,352,248	-
The Enterprise Group									
Samsung Card Co., Ltd.		-		12,713,131		-		342,812,600	-
Samsung E&A, Co., Ltd		-		-		-		-	464,022,000,000
S-1 Corporation		-		-		10,376,527,200		1,176,997,000	-
Samsung SDS Co., Ltd.		-		1,179,307		2,374,155,613		6,491,477,585	1,029,700,000
Samsung Global Research Co., Ltd.		-		-		8,000,000		1,507,233,300	-
Samsung Fire & Marine Insurance Co., Ltd. ¹		-		291,983,884		-		820,520,510	-
Samsung Life Insurance Co., Ltd. ¹		-		849,131,252		6,185,742		2,013,484	-
Samsung Securities Co., Ltd. ¹		-		336,909,141		-		-	-
Multicampus Corporation,		-		-		22,000,000		249,130,181	-
SHP Corporation,		-		-		61,861,758		199,564,629	24,420,000
Miracom Inc.		-		-		-		142,980,000	-
Samsung SDS America		-		-		-		38,520,084	-
Samsung Hospitality America Inc.		-		-		8,983,092		-	-
Others ²		-		-		40,096,361		88,212,540	-
	₩	96,568,475	₩	1,506,723,170	₩	17,523,950,282	₩	16,489,758,625	₩ 465,198,392,727

¹ Other revenue includes actual return on plan assets recognized as deduction of retirement benefits. As at March 31, 2024, the Group deposited ₩ 32,140 million (December 31, 2023: ₩ 33,229 million) in Samsung Fire & Marine Insurance Co., Ltd., ₩ 82,761 million (December 31, 2023: ₩ 82,660 million) in Samsung Life Insurance Co., Ltd., and ₩ 35,489 million (December 31, 2023: ₩ 35,152 million) in Samsung Securities Co., Ltd., as plan assets.

² Transactions with Hotel Shilla Co., Ltd., SECUi Corp., SBTM Corporation and Cheil Worldwide Inc. were included.

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(in Korean won)

	2023							
	Revenue				Expenses			
	Revenue		Others		Service fees		Others	
Asset acquisition								
Parent Company								
Samsung C&T Corporation	₩	-	₩	-	₩	169,056,000	₩	306,682,777
Entity with significant influence over the Company								
Samsung Electronics Co., Ltd.		-		-		3,796,113,215		12,505,710
Others								
Samsung Welstory Inc.		-		6,908,645		-		4,941,512,385
Samsung Electronics Sales Co., Ltd.		-		900,000		-		12,214,000
Samoo Architects & Engineers		-		-		78,000,000		-
Samsung C&T Deutschland GmbH		-		-		-		6,150,232
Samsung Research America, Inc.		-		-		-		10,739,949
The Enterprise Group								
Samsung Card Co., Ltd.		-		6,796,062		-		441,845,100
Samsung E&A, Co., Ltd		-		-		-		69,666,865,354
S-1 Corporation		-		-		8,300,686,426		804,168,600
Samsung SDS Co., Ltd.		-		846,091		706,719,687		4,639,152,177
Samsung Global Research Co.,Ltd.		-		-		4,000,000		791,792,000
Samsung Fire & Marine Insurance Co., Ltd. ¹		-		405,022,030		-		1,772,087,360
Samsung Life Insurance Co., Ltd. ¹		-		762,770,760		3,600,000		255,075,418
Samsung Securities Co., Ltd. ²		-		395,387,806		-		-
Multicampus Corporation.						21,120,500		239,521,480
SHP Corporation		-		-		64,056,309		68,152,688
Samsung SDS America		-		-		-		27,514,824
Samsung Hospitality America Inc.		-		-		1,241,917		-
Others ³		-		-		7,449,414		82,127,117
	₩	-	₩	1,578,631,394	₩	13,152,043,468	₩	14,411,241,817
							₩	72,029,998,924

¹ Other revenue includes actual return on plan assets recognized as deduction of retirement benefits.

² Transactions with Hotel Shilla Co., Ltd., SECUi Corp., Cheil Worldwide Inc. and SBTM Corporation were included.

The compensation paid or payable to key management for employee services for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	2024	2023
Short-term employee benefits	₩ 1,411,922,070	₩ 1,257,973,450
Long-term employee benefits ¹	578,672,146	703,148,510
Retirement benefits	139,683,866	100,427,040
	₩ 2,130,278,082	₩ 2,061,549,000

¹ Key management refers to the registered directors (including non-executives). Compensation of

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the Group's key management personnel includes salaries, non-cash benefits, and contributions to a post-employment defined benefit plan. In addition, the Group has granted long-term incentives to the Group's key management personnel based on its three-year management performance. The estimated amount of liabilities arising from such incentives are recognized as accrued expenses and long-term accrued expenses.

Financing transactions with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)

	Companies	2024	2023	Description
Associates and joint ventures	SVIC No.64 New Technology Business Investment L.L.P.	406,890,000	-	Equity contribution in cash
	BrickBio, Inc. ¹	1,872,000,000	-	Equity contribution in cash

¹ The group is judged to have significant influence but is unable to substantially access the profits linked to its ownership stake in associates. It is classified as FVPL financial asset in accordance with IFRS 1109.

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32. Interim Statements of Cash Flows

The consolidated company has prepared the cash flows from operating activities using the indirect method. The adjustments related to cash flows from operating activities and the changes in assets and liabilities due to operating activities for the current and previous quarters are as follows.

<i>(in Korean won)</i>	Notes	2024	2023
Cash flows from operating activities			
Profit for the period		₩ 179,361,788,791	₩ 141,755,373,499
Adjustments for:			
Retirement benefits	21	8,355,037,737	7,259,861,929
Depreciation	14,24,25	70,416,799,039	52,834,953,250
Amortization of intangible assets	15,24,25	70,076,876,716	44,705,049,456
Depreciation of right-of-use asset	19	2,922,593,955	3,137,186,132
Loss on valuation of inventories (reversal)	10	22,871,894,932	2,610,655,051
Loss on retirement of property, plant and equipment	26	20,422,417	121,570,430
Gain on disposal of property, plant and equipment	26	(4,819,438)	(8,502,000)
Loss on disposal of property, plant and equipment	26	-	3,165,000
Gain on foreign currency translations	27	(32,957,029,107)	(33,488,744,698)
Loss on foreign currency translations	27	33,500,717,125	57,961,822,868
Gain on valuation of derivatives	5,27	(1,556,159,227)	(2,017,930,492)
Loss on valuation of derivatives	5,27	1,799,166,023	2,530,219,410
Cost of emissions	18	219,539,610	178,902,400
Interest income	5,27	(22,394,285,662)	(32,063,588,888)
Interest expenses	5,27	16,083,820,357	21,711,441,683
Bad debt expense	33	143,260,843	(805,076,560)
Share of profit or loss of associates and joint ventures	13	120,098,699	344,100,052
Income tax expense	28	60,715,255,300	54,893,020,030
Miscellaneous profit		(246,988)	-
Others		(32,521,553)	(1,020,705,384)
		<u>230,300,420,778</u>	<u>178,887,399,669</u>
Change in operating assets and liabilities:			
Trade and other receivables		7,178,022,559	196,629,383,283
Inventories		(42,657,697,467)	(63,787,465,193)
Deposits provided		2,820,834,456	(3,850,319,000)
Contract assets		(16,412,816,492)	(829,185,909)
Other assets		(36,937,207,464)	755,847,075
Trade and other payables		(37,634,142,083)	36,510,503,675
Contract liabilities		(2,359,937,520)	10,499,953,158
Advance receipts		44,465,833,731	31,984,256,039
Other liabilities		(42,876,929,212)	(107,778,001,731)
Retirement benefits paid	21	(409,094,787)	109,586,374
Acquisition of defined benefit liabilities in associates and joint ventures		(480,581,220)	(1,473,286,680)
Change in plan assets		<u>898,150,000</u>	<u>-</u>
		(124,405,565,459)	98,771,271,091

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Significant transactions not involving cash flows of investing and financing activities for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024	2023
Increase in other payables due to acquisition of property, plant and equipment and intangible assets	508,380,670,895	89,790,827,136
Transfer of construction-in-progress to property, plant and equipment and intangible assets	90,916,988,468	378,984,275,493
Increase in right-of-use assets and lease liabilities	771,906,497	15,244,989,198

Changes in liabilities arising from financial activities for the three-month periods ended March 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	2024						
	Current portion of debentures	Debentures	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1, 2024	₩ 379,723,014,266	₩ 119,782,549,508	₩ 654,500,000,000	₩ 353,682,000,000	₩ 120,000,000,000	₩ 281,645,013,238	₩ 1,909,332,577,012
Changes arising from financial activities:							
Proceeds from borrowing liabilities	-	-	30,000,000,000	-	-	-	30,000,000,000
Repayment of borrowing liabilities	-	-	(112,500,000,000)	(50,000,000,000)	-	-	(162,500,000,000)
Payment of lease	-	-	-	-	-	(69,789,169,126)	(69,789,169,126)
Others:							
Reclassification to current portion	-	-	-	45,000,000,000	(45,000,000,000)	-	-
Effects of exchange rate changes on cash and cash equivalents	-	-	-	1,722,000,000	-	128,851,562	1,850,851,562
Amortization of discount on debentures	96,158,414	18,904,222	-	-	-	-	115,062,636
Changes in lease	-	-	-	-	-	771,906,497	771,906,497
Loss on lease cancellation	-	-	-	-	-	(246,988)	(246,988)
At March 31, 2024	₩ 379,819,172,680	₩ 119,801,453,730	₩ 572,000,000,000	₩ 350,404,000,000	₩ 75,000,000,000	₩ 212,756,355,183	₩ 1,709,780,981,593

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	2023						
	Current portion of debentures	Debentures	Short-term borrowings	Current portion of long-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1, 2023	₩ 39,978,721,221	₩ 499,052,332,157	₩ 582,783,298,125	₩ 516,038,000,000	₩ 466,038,000,000	₩ 410,142,587,964	₩ 2,514,032,939,467
Changes arising from financial activities:							
Proceeds from borrowing liabilities	-	-	63,000,000,000	-	45,000,000,000	-	108,000,000,000
Repayment of borrowing liabilities	-	-	(66,350,524,246)	(50,000,000,000)	-	-	(116,350,524,246)
Payment of lease	-	-	-	-	-	(77,572,378,869)	(77,572,378,869)
Others:							
Reclassification to current portion	-	-	-	50,000,000,000	(50,000,000,000)	-	-
Effects of exchange rate changes on cash and cash equivalents	-	-	559,690,875	2,190,000,000	2,190,000,000	73,083,245	5,012,774,120
Amortization of discount on debentures	8,693,859	130,886,900	-	-	-	-	139,580,759
Changes in lease	-	-	-	-	-	15,153,174,701	15,153,174,701
Gain on lease cancellation	-	-	-	-	-	(246,966)	(246,966)
At March 31, 2023	₩ 39,987,415,080	₩ 499,183,219,057	₩ 579,992,464,754	₩ 518,228,000,000	₩ 463,228,000,000	₩ 347,796,220,075	₩ 2,448,415,318,966

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33. Financial Risk Management

The Group is exposed to credit risk, liquidity risk, and market risk in connection with its financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Financial risk management

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposures to credit risk as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Cash and cash equivalents ¹	₩ 1,060,079,224,856	₩ 367,937,365,042
Short-term financial instruments	957,000,000,000	1,650,000,000,000
Financial assets at fair value through profit or loss	3,111,460,015	1,239,609,674
Long-term financial instruments	354,040,978	7,339,455,211
Trade and other receivables	628,959,214,681	644,546,947,304
Loan	27,474,720	26,303,760
Derivative assets	6,068,813,254	4,512,654,027
Deposits provided	61,131,283,930	63,509,331,717
Contract assets - unbilled	26,735,435,979	24,791,698,034
	<u>₩ 2,743,466,948,413</u>	<u>₩ 2,763,903,364,769</u>

¹ Cash on hands held by the Group is excluded.

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The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets.

The Group applies expected credit loss rates considering the forward looking estimates and probability of default in prior periods for customers with objective evidence of impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

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

On that basis, the loss allowance as at March 31, 2024 and December 31, 2023 was determined as follows for both trade and other receivables and contract assets:

(in Korean won)

		Past due							
	Current	Less than 1 months	1 - 3 months	3 - 6 months	6 - 12 months	More than 12 months		Total	
March 31, 2024									
Expected loss rate	0.91%	0.12%	0.31%	4.90%	72.77%	95.49%		5.96%	
Gross carrying amount – trade receivables	₩ 482,008,917,741	₩ 84,414,123,445	₩ 6,971,376,837	₩ 1,415,710,367	₩ 7,621,338,637	₩ 35,003,116,505	₩	617,434,583,532	
Gross carrying amount – other receivables	120,261,453,366	188,509,538	1,327,347,127	163,661,981	23,983,966	1,035,538,157		123,000,494,135	
Gross carrying amount – contract assets	30,505,675,288	-	-	-	-	-		30,505,675,288	
Loss allowance provision	(5,763,349,195)	(101,884,494)	(25,535,293)	(77,434,896)	(5,563,718,914)	(34,413,159,003)		(45,945,081,795)	
December 31, 2023									
Expected loss rate	0.84%	0.15%	0.68%	77.30%	40.75%	95.39%		6.41%	
Gross carrying amount – trade receivables	₩ 445,769,355,739	₩ 24,260,353,474	₩ 14,959,519,490	₩ 9,217,982,047	₩ 6,697,941,422	₩ 33,858,128,742	₩	534,763,280,914	
Gross carrying amount – other receivables	198,765,112,011	52,767,203	142,382,761	4,844,666	53,082,475	1,006,450,524		200,024,639,640	
Gross carrying amount – contract assets	28,335,146,629	-	-	-	-	-		28,335,146,629	
Loss allowance provision	(5,647,693,646)	(36,450,509)	(103,039,442)	(7,129,453,040)	(2,750,796,238)	(33,258,835,076)		(48,926,267,951)	

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Movements in the loss allowance provision for trade and other receivables and contract assets for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	Trade receivables		Other receivables		Contract assets	
	2024	2023	2024	2023	2024	2023
Beginning balance	₩ 44,996,121,608	₩ 26,564,727,170	₩ 386,697,749	₩ 56,249,076	₩ 3,543,448,595	₩ 643,284,452
Increase	194,035,824	532,853,482	3,331,633	142,753	233,588,087	217,202,429
Reversal	(275,950,262)	(1,109,089,115)	(4,947,066)	(3,135,489)	(6,797,373)	(443,050,620)
Write-off	(3,124,447,000)	-	-	-	-	-
Ending balance	<u>₩ 41,789,760,170</u>	<u>₩ 25,988,491,537</u>	<u>₩ 385,082,316</u>	<u>₩ 53,256,340</u>	<u>₩ 3,770,239,309</u>	<u>₩ 417,436,261</u>

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(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The ultimate responsibility for liquidity risk management remains with the Board of Directors, who establishes fundamental policies to adequately manage short-term, medium-and long-term financing and liquidity management regulations. To maintain adequate liquidity, the Group manages liquidity risk by periodically forecasting and adjusting its capital balance.

The following are the contractual maturities of financial liabilities as at March 31, 2024 and December 31, 2023, including estimated interest payments and excluding the impact of netting agreements. The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

(in Korean won)

		March 31, 2024					
		Book amount	Contractual cash flows	Less than		2-3 year	More than 3 years
				1 year	1-2 year		
Trade and other payables	₩	1,569,633,041,898	₩ 1,591,998,518,516	₩ 1,588,588,807,392	₩ 356,647,500	₩ 356,647,500	₩ 2,696,416,124
Lease liabilities		212,756,355,183	210,642,524,651	138,871,247,044	67,172,164,164	3,919,272,236	679,841,207
Debentures		499,620,626,410	509,465,290,959	385,707,239,452	2,632,800,000	121,125,251,507	-
Short-term borrowings		572,000,000,000	585,256,356,320	585,256,356,320	-	-	-
Long-term borrowings		425,404,000,000	437,649,548,173	360,643,646,535	77,005,901,638	-	-
	₩	3,279,414,023,491	₩ 3,335,012,238,619	₩ 3,059,067,296,743	₩ 147,167,513,302	₩ 125,401,171,243	₩ 3,376,257,331

(in Korean won)

		December 31, 2023					
		Book amount	Contractual cash flows	Less than		2-3 year	More than 3 years
				1 year	1-2 year		
Trade and other payables	₩	1,045,361,924,336	₩ 1,050,272,575,679	₩ 1,046,506,033,863	₩ 356,647,500	₩ 356,647,500	₩ 3,053,246,816
Lease liabilities		281,645,013,238	282,390,979,719	144,246,849,927	131,541,047,725	5,592,483,383	1,010,598,684
Debentures		499,505,563,774	511,915,110,684	387,507,875,616	2,632,800,000	121,774,435,068	-
Short-term borrowings		654,500,000,000	677,073,684,048	677,073,684,048	-	-	-
Long-term borrowings		473,682,000,000	490,875,933,705	367,227,173,869	123,648,659,836	-	-
	₩	2,954,694,501,348	₩ 3,012,528,183,835	₩ 2,622,561,617,323	₩ 258,179,155,061	₩ 127,723,565,951	₩ 4,063,845,500

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(d) *Currency risk*

The Group is exposed to currency risk on sales, purchases, and borrowings. The currencies in which these transactions primarily are denominated are USD and so forth. The Group establishes a plan to manage currency risk through currency forwards and so forth, if considered necessary.

(i) *Exposure to currency risk*

The Group's exposure to foreign currency risk as at March 31, 2024 and December 31, 2023, are as follows:

(in Korean won)

		March 31, 2024					
		USD	EUR	CHF	JPY	GBP	Others
Assets:							
Cash equivalents	₩ 705,681,054,337	₩	352,259,383	₩	-	₩ 3,717,189,785	₩ 186,497,983
Short-term financial instruments	-		-		-	-	-
Long-term financial instruments	2,552,460,298		-		-	-	-
Trade and other receivables	575,369,935,732		4,033,984,040	40,367,978		691,041,420	319,941,863
Contract assets	29,693,182,752		-	-		-	-
	1,313,296,119		4,386,243,423	40,367,978		4,408,231,205	506,439,846
Liabilities:							
Borrowings	40,404,000,000		-	-		-	-
Trade and other payables	695,715,870,451		31,879,393,079	40,367,978	4,406,781,850	1,660,327,577	1,093,078,926
	736,119,870,451		31,879,393,079	40,367,978	4,406,781,850	1,660,327,577	1,093,078,926
	₩ 577,176,762,668	₩	(27,493,149,656)	₩	(4,406,781,850)	₩ 2,747,903,628	₩ (586,639,080)

(in Korean won)

		December 31, 2023					
		USD	EUR	CHF	JPY	GBP	Others
Assets:							
Cash equivalents	₩ 279,983,560,457	₩	4,522,117,991	₩	-	₩ 3,533,333,210	₩ 190,571,169
Long-term financial instruments	680,609,957		-		-	-	-
Trade and other receivables	695,970,238,631		5,727,461,857	9,575,575		879,009,986	473,296,793
Contract assets	27,794,178,772		-	-		-	-
	914,428,587,817		10,249,579,848	9,575,575		4,412,343,196	663,867,962
Liabilities:							
Borrowings	38,682,000,000		-	-		-	-
Trade and other payables	617,663,145,498		27,006,709,672	9,575,575	1,088,773,381	1,034,764,397	297,680,312
	656,345,145,498		27,006,709,672	9,575,575	1,088,773,381	1,034,764,397	297,680,312
	₩ 258,083,442,319	₩	(16,757,129,824)	₩	(1,088,773,381)	₩ 3,377,578,799	₩ 366,187,650

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(ii) The significant exchange rates applied for the three-month period ended March 31, 2024 and the year ended December 31, 2023, are as follows:

(in Korean won)	2024				2023			
	Average rate		March 31, 2024		Average rate		December 31, 2023	
USD	₩	1,328.23	₩	1,346.80	₩	1,307.90	₩	1,289.40
EUR		1,442.83		1,452.93		1,415.38		1,426.59
CHF		1,520.86		1,493.79		1,457.07		1,526.82
JPY(100 ¥)		895.92		889.48		933.14		912.66
GBP		1,685.14		1,700.34		1,627.42		1,641.79

(iii) Sensitivity analysis

The Group internally assesses the currency risk against changes in exchange rate fluctuations regularly. The table below summarizes the impact of weakened/strengthened functional currency on the Group's income before tax for the year. The analysis is based on the assumption that functional currency has weakened/strengthened by 10% with all other variables held constant.

(in Korean won)	March 31, 2024				December 31, 2023			
	10% increase		10% decrease		10% increase		10% decrease	
USD	₩	57,717,676,267	(57,717,676,267)		₩	25,808,344,232	₩	(25,808,344,232)
EUR		(2,749,314,966)	2,749,314,966			(1,675,712,982)		1,675,712,982
JPY		(440,678,185)	440,678,185			(108,877,338)		108,877,338
GBP		274,790,363	(274,790,363)			337,757,880		(337,757,880)
Others		(58,663,908)	58,663,908			36,618,765		(36,618,765)
	₩	<u>54,743,809,571</u>	<u>(54,743,809,571)</u>		₩	<u>24,398,130,557</u>	₩	<u>(24,398,130,557)</u>

(e) Interest rate risk

The Group is exposed to interest rate risk because they raised funds with interests paid at variable rate. The effect of changes in interest rates by 0.5% applied to the profit and loss (before tax) for the three-month periods ended March 31, 2024 and 2023, are as follows:

(in Korean won)	2024				2023			
	0.5% increase		0.5% decrease		0.5% increase		0.5% decrease	
Increase (decrease)								
in profit before								
income tax	₩	(1,018,262,409)	₩	1,018,262,409	₩	(1,349,393,635)	₩	1,349,393,635

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(f) Capital management

The Group's capital management is for the purpose of maximizing the shareholders' interest by maintaining an optimal capital structure. To achieve optimal capital structure, the Group may improve financial structure monitoring financial ratios, such as debt-to-equity ratio.

The debt-to-equity ratio as at March 31, 2024 and December 31, 2023, are as follows:

<i>(in Korean won)</i>	March 31, 2024	December 31, 2023
Total liabilities (A)	₩ 6,512,954,790,991	₩ 6,215,704,796,851
Total equity (B)	10,010,237,632,827	9,830,492,412,345
Debt-to-equity ratio (A/B)	65.06%	63.23%

34. Ruling of the Securities and Futures Commission in relation to the accounting for investment in Samsung Bioepis Co., Ltd., the related administrative lawsuit and the indictment

On July 12, 2018, the Securities & Futures Commission ("SFC") imposed the first administrative measures in accordance with the Act on External Audit of Stock Companies against the Company for alleged failure to disclose sufficient information in the Company's Financial Statements from 2012 to 2015 regarding the Company's joint venture agreement with Biogen Therapeutics Inc. The measures ("First measures") included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of the Company's executives in charge; and iii) prosecution against the Company and its representative director (CEO). On November 14, 2018, the SFC imposed the second administrative measures in accordance with the Act on External Audit of Stock Companies against the Company for violation of accounting standards by inappropriately applying separate method regarding investments in Samsung Bioepis from 2012 to the first half of 2018. The measures ("Second measures") included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of the Company's representative director (CEO) and executives in charge; iii) referral of the case against the Company and its representative director (CEO) to the Prosecutors Office; iv) retrospective restatement of financial statements; and v) imposition of administrative fine of 8 billion on November 21, 2018.

In order to demonstrate the legitimacy of the Company's accounting, the Company submitted requests for cancellation of the First measures on October 8, 2018 and the Second measures on November 27, 2018 to the Seoul Administrative Court (the "Court"). As at the reporting date, the lawsuits seeking the cancellation of the First and Second measures are in progress. On September 24, 2020, the Court ruled to cancel the First measures imposed to the Company by SFC and decided to suspend the First measures until the decision of the appeal trial is made. The SFC appealed the Court's first trial on October 16, 2020 and the litigation is currently in progress at the Seoul High Court.

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In addition, the Company submitted requests for suspension of measures by SFC on November 27, 2018 and December 18, 2018, to the Court. The Supreme Court affirmed the suspension of the Second and First measures, on September 6, 2019 and October 11, 2019, respectively.

Administrative lawsuits are in progress relating to the SFC's measures, and it is not possible to predict the outcome of the administrative lawsuits. However, if the Company loses the administrative lawsuits, the consolidated financial statements from 2012 to 2022 could potentially be restated.

With respect to this matter, the investigation by the prosecutor against the Company's former CEO, CFO and others for alleged violation of the Act on External Audit of Stock Companies, the Financial Investment Services and Capital Market Act, the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and the allegations of evidence destruction under Criminal Act was carried out. In 2021, the Company's former CEO and CFO were indicted for alleged violation of the Act on External Audit of Stock Companies, alleged violation of the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and the allegations of document destruction under Criminal Act. On February 5, 2024, the Seoul Central District Court acquitted to the Company's former CEO and CFO on charges of violation of the Act on External Audit of Stock Companies, and the prosecutor appealed the Court's acquittal on February 8, 2024.

In addition, on February 14, 2024, the Seoul Central District Court acquitted to the Company's former CEO and CFO for alleged violation of the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and the allegations of evidence destruction under Criminal Act. With respect to the allegations of evidence destruction, the former CEO was acquitted, and the CFO received suspended sentence. The prosecutor appealed the Court's first trial on February 20, 2024, and the CFO who received suspended sentence appealed the Court's first trial on February 21, 2024.

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

If the Company's consolidated financial statements are restated in accordance with the SFC's measures, there is no effect on the Group's interim consolidated financial statements in 2024 mainly due to the elimination of fair value valuation for Samsung Bioepis in 2015.