

# **SAMSUNG SDI CO., LTD. and Subsidiaries**

**Consolidated Financial Statements  
December 31, 2024 and 2023**

# SAMSUNG SDI CO., LTD. and Subsidiaries

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December 31, 2024 and 2023

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
SAMSUNG SDI CO., LTD.

### Opinion

We have audited the consolidated financial statements of SAMSUNG SDI CO., LTD. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated February 21, 2025 expressed an unqualified opinion.

### Basis for Opinion

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

### Key Audit Matters

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

## **(1) The occurrence of the revenue from automotive batteries**

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

As described in Note 4.23 to the consolidated financial statements, the Group recognizes automotive battery revenue when it transfers the control of the goods to the customer. The revenue from automotive batteries constitutes a significant portion of the consolidated financial statements and is one of the key performance indicators that the key management of the Group focuses on. From the perspective of users of the consolidated financial statements, the revenue from automotive batteries is also the key indicator of the Group's operating performance or future operations forecast. Therefore, there is an inherent risk of misstatements of revenue recognition distortion, as sales figures may be adjusted to meet targets or expectations. We have determined that there is a significant risk related to the occurrence of the revenue from automotive batteries and have designated it as a key audit matter.

### *How our audit addressed the Key Audit Matter*

We have performed the following audit procedures to address the occurrence of the revenue from automotive batteries.

- Obtained an understanding of the Group's accounting policy and internal controls and processes related to the revenue from the automotive batteries.
- Evaluated the design and operating effectiveness of corresponding internal control procedures related to the revenue from the automotive batteries.
- Inspected the automotive battery contracts with customers on a sample basis and verified the appropriateness of the timing of control transfer and corresponding revenue recognition in accordance with Korean IFRS.
- Performed substantive audit procedures to verify the occurrence, timing, and appropriateness of the amounts of revenue recognition related to the revenue from the automotive batteries on a sample basis.

## **(2) The estimation of allowance for inventory valuation**

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

As described in Note 9 to the consolidated financial statements, the Group's inventories and allowance for inventory valuation constitutes a significant portion of the consolidated financial statements. Inventory is initially measured at cost, and write down or loss is recognized when it is impaired, becomes obsolete, or if the estimated net realizable value falls below the cost. Therefore, we have determined this matter as a key audit matter as the calculation of inventory valuation allowance includes significant accounting estimates and judgments and the impact of inventory valuation allowances and loss on inventory valuation is significant on the consolidated financial statements.

### *How our audit addressed the Key Audit Matter*

We have performed the following audit procedures to address the appropriateness of estimation of allowance for inventory valuation.

- Obtained an understanding of the Group's processes and accounting policy related to inventory valuation
- Verified the design and operating effectiveness of corresponding internal control procedures related to inventory valuation.
- Verified the completeness of inventory list presented by the Group and assessed the accuracy of inventory aging data on a sample basis.
- Verified that the estimated sales price used in calculation of net realizable value of the inventory is consistent with the latest on a sample basis.
- Performed recalculation of allowance for inventory valuation by inventory item and verified the appropriateness of accounting treatments.

### **Other Matters**

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by KPMG Samjong Accounting Corp. who expressed an unqualified opinion on those statements on February 23, 2024.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jae-Kook Jung, Certified Public Accountant.

February 21, 2025  
Seoul, Korea

This report is effective as of February 21, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2024 and 2023**

| <i>(in Korean won)</i>                                     | Notes      | 2024                        | 2023                      |
|--|------------|-----------------------------|---------------------------|
| <b>Assets</b>  |            |                             |                           |
| <b>Current assets</b>                                      |            |                             |                           |
| Cash and cash equivalents                                  | 5,7        | ₩ 1,885,068,694,001         | ₩ 1,524,461,361,452       |
| Trade and other receivables, net                           | 5,8,32     | 4,042,229,664,106           | 3,402,869,054,756         |
| Inventories, net   | 9          | 2,879,441,809,212           | 3,297,368,930,324         |
| Other investments  | 5,10       | 159,615,476,074             | 602,098,500,787           |
| Other current assets                                       | 11         | 325,079,862,652             | 353,200,051,577           |
| Current derivative assets                                  | 5,20       | -                           | 7,031,294,369             |
| Assets held for sale                                       | 35         | 1,042,877,420,436           | -                         |
|  |            | <u>10,334,312,926,481</u>   | <u>9,187,029,193,265</u>  |
| <b>Non-current assets</b>                                  |            |                             |                           |
| Long-term trade and other receivables, net                 | 5,8,32     | 19,839,665,624              | 33,739,219,162            |
| Investments in associates and joint venture                | 12         | 10,186,550,232,177          | 9,996,233,432,914         |
| Property, plant and equipment, net                         | 6,13,31    | 17,706,530,246,443          | 11,893,348,076,900        |
| Intangible assets, net                                     | 6,14       | 667,985,188,325             | 858,929,747,025           |
| Investment property  | 6,15       | 128,236,338,852             | 147,320,485,846           |
| Deferred tax assets  | 29         | 292,460,756,753             | 211,071,363,902           |
| Other non-current investments                              | 5,10       | 981,102,541,708             | 1,364,181,992,958         |
| Other non-current assets                                   | 11         | 152,458,477,217             | 93,180,478,798            |
| Employee benefit assets                                    | 19         | 127,868,162,777             | 253,826,202,197           |
|  |            | <u>30,263,031,609,876</u>   | <u>24,851,830,999,702</u> |
| <b>Total assets</b>  |            | <u>₩ 40,597,344,536,357</u> | <u>34,038,860,192,967</u> |
| <b>Liabilities</b>   |            |                             |                           |
| <b>Current liabilities</b>                                 |            |                             |                           |
| Trade and other payables                                   | 5,16,31,32 | ₩ 3,402,471,287,258         | 4,538,845,024,180         |
| Income tax payable   | 29         | 30,967,352,406              | 101,894,652,720           |
| Advance received   | 6          | 576,856,502,758             | 607,331,856,215           |
| Unearned revenue   | 6          | 32,593,554,465              | 18,823,553,350            |
| Short-term borrowings                                      | 5,17       | 6,514,149,732,576           | 2,868,274,951,532         |
| Provisions   | 18,20      | 105,934,720,182             | 383,763,099,073           |
| Liabilities held for sale                                  | 35         | 192,720,997,715             | -                         |
|  |            | <u>10,855,694,147,360</u>   | <u>8,518,933,137,070</u>  |
| <b>Non-current liabilities</b>                             |            |                             |                           |
| Non-current trade and other payables                       | 5,16,31,32 | 327,519,685,974             | 541,922,916,698           |
| Long-term advance received                                 | 6          | 210,431,903,280             | 61,184,781,788            |
| Long-term borrowings                                       | 5,17       | 5,063,743,785,691           | 2,849,524,920,000         |
| Net employee benefit liabilities                           | 19         | 2,828,164,751               | 2,276,046,885             |
| Long-term provisions                                       | 18,20      | 549,393,491,312             | 93,140,664,663            |
| Deferred tax liabilities                                   | 29         | 2,020,496,245,462           | 2,064,627,748,341         |
|  |            | <u>8,174,413,276,470</u>    | <u>5,612,677,078,375</u>  |
| <b>Total liabilities</b>                                   |            | <u>19,030,107,423,830</u>   | <u>14,131,610,215,445</u> |
| <b>Equity</b>  |            |                             |                           |
| <b>Equity attributable to owners of the Parent Company</b> |            |                             |                           |
| Share capital  | 1,21       | 356,712,130,000             | 356,712,130,000           |
| Share premium  | 21         | 5,001,974,693,202           | 5,001,974,693,202         |
| Other components of equity                                 | 22         | (345,131,583,767)           | (345,131,583,767)         |



**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2024 and 2023**

| <i>(in Korean won)</i>                 | <b>Notes</b> | <b>2024</b>                 | <b>2023</b>                 |
|--|--------------|-----------------------------|-----------------------------|
| Accumulated other comprehensive income | 10,23,29     | 1,972,921,761,241           | 1,162,152,892,848           |
| Retained earnings                      | 24           | <u>12,779,917,889,808</u>   | <u>12,335,665,245,892</u>   |
|  |              | <u>19,766,394,890,484</u>   | <u>18,511,373,378,175</u>   |
| <b>Non-controlling interests</b>       | 33           | <u>1,800,842,222,043</u>    | <u>1,395,876,599,347</u>    |
| <b>Total equity</b>                    |              | <u>21,567,237,112,527</u>   | <u>19,907,249,977,522</u>   |
| <b>Total liabilities and equity</b>    |              | <u>₩ 40,597,344,536,357</u> | <u>₩ 34,038,860,192,967</u> |

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

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024 and 2023**

| <i>(in Korean won)</i>  | Notes   | 2024                        | 2023                        |
|---|---------|-----------------------------|-----------------------------|
| Revenue   | 6,32    | ₩ 16,592,248,884,388        | ₩ 21,436,788,407,451        |
| Cost of sales   | 9,26,32 | <u>(13,498,684,888,608)</u> | <u>(17,654,581,105,996)</u> |
| <b>Gross profit</b>   |         | <u>3,093,563,995,780</u>    | <u>3,782,207,301,455</u>    |
| Other operating income  | 6       | 89,856,873,442              | -                           |
| Selling, general and administrative expenses  | 25,26   | <u>(2,820,116,405,959)</u>  | <u>(2,236,718,587,883)</u>  |
| <b>Operating profit</b>   | 6       | <u>363,304,463,263</u>      | <u>1,545,488,713,572</u>    |
| Other non-operating income  | 27,32   | 46,717,133,867              | 65,023,686,846              |
| Other non-operating expenses  | 27,32   | (209,979,777,975)           | (47,420,340,307)            |
| Finance income  | 28      | 1,128,675,848,530           | 958,483,127,560             |
| Finance costs   | 28      | (1,602,581,639,814)         | (1,157,005,332,204)         |
| Share of income of associates and joint venture   | 12      | <u>801,185,893,693</u>      | <u>1,017,238,435,301</u>    |
| <b>Profit before income tax</b>   |         | <u>527,321,921,564</u>      | <u>2,381,808,290,768</u>    |
| Income tax expense  | 29      | <u>(6,860,315,248)</u>      | <u>(403,148,715,526)</u>    |
| <b>Profit from continuing operations</b>  |         | 520,461,606,316             | 1,978,659,575,242           |
| <b>Profit from discontinued operations</b>  | 35      | 55,050,809,663              | 87,386,986,959              |
| <b>Profit</b>   | 30      | <u>₩ 575,512,415,979</u>    | <u>₩ 2,066,046,562,201</u>  |
| <b>Other comprehensive income</b>   |         |                             |                             |
| Items that will not be reclassified to profit or loss:  |         |                             |                             |
| Remeasurement of net defined benefit liabilities  | 19      | ₩ (119,691,017,789)         | ₩ (99,099,458,346)          |
| Gain (loss) on valuation of financial assets at fair value through other comprehensive income | 10,23   | (304,920,277,029)           | 88,659,820,165              |
| Share of other comprehensive income of associates and joint ventures                          | 12      | 277,424,976,310             | (34,683,341,003)            |
| Related tax   | 29      | 38,858,052,918              | 24,707,296,029              |
| Items that are or may be reclassified to profit or loss:                                      |         |                             |                             |
| Loss on valuation of derivatives instruments for cash flow hedge                              |         | (7,031,294,370)             | (23,111,865,796)            |
| Share of other comprehensive income of associates and joint ventures                          | 12      | 125,568,760,283             | 17,995,584,942              |
| Foreign operations – foreign currency translation differences                                 | 23      | 932,365,506,573             | 90,240,991,087              |
| Related tax   | 29      | <u>(37,647,215,754)</u>     | <u>1,307,006,765</u>        |
| <b>Other comprehensive income, net of tax</b>   |         | <u>904,927,491,142</u>      | <u>66,016,033,843</u>       |
| <b>Total comprehensive income</b>   |         | <u>₩ 1,480,439,907,121</u>  | <u>₩ 2,132,062,596,044</u>  |
| <b>Profit from continuing operations attributable to:</b>                                     |         |                             |                             |
| Owners of the Parent Company  |         | ₩ 544,239,033,146           | ₩ 1,921,820,139,341         |
| Non-controlling interests   |         | (23,777,426,830)            | 56,839,435,901              |
| <b>Profit (loss) attributable to:</b>   |         |                             |                             |
| Owners of the Parent Company  |         | ₩ 599,289,842,809           | ₩ 2,009,207,126,300         |
| Non-controlling interests   |         | (23,777,426,830)            | 56,839,435,901              |
| <b>Total comprehensive income attributable to:</b>  |         |                             |                             |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024 and 2023**

| <i>(in Korean won)</i>  | Notes | 2024              | 2023                |
|---|-------|-------------------|---------------------|
| Owners of the Parent Company                                      | ₩     | 1,321,966,122,109 | ₩ 2,094,600,653,447 |
| Non-controlling interests   |       | 158,473,785,012   | 37,461,942,597      |
| <b>Earnings per share</b>   | 30    |                   |                     |
| <b>Basic and diluted earnings per share -</b>                     |       |                   |                     |
| <b>Ordinary share</b>   | ₩     | 8,961             | ₩ 30,044            |
| Basic and diluted earnings per share from continuing operations   |       | 8,138             | 28,737              |
| Basic and diluted earnings per share from discontinued operations |       | 823               | 1,307               |
| <b>Basic and diluted earnings per share -</b>                     |       |                   |                     |
| <b>Preferred share</b>  |       | 9,011             | 30,094              |
| Basic and diluted earnings per share from continuing operations   |       | 8,188             | 28,787              |
| Basic and diluted earnings per share from discontinued operations |       | 823               | 1,307               |

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

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2024 and 2023**

(in Korean won)

|   | Attributable to owners of the Parent Company |                            |                                  |  |                             |                             | Non-controlling interests  | Total equity                |
|---|--|----------------------------|----------------------------------|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|
|   | Share capital                                | Share premium              | Other components of other equity | Accumulated other comprehensive income | Retained earnings           | Subtotal                    |                            |                             |
| <b>Balance at January 1, 2023</b>   | ₩ 356,712,130,000                            | ₩ 5,001,974,693,202        | ₩ (345,131,583,767)              | ₩ 1,003,816,893,169                    | ₩ 10,468,351,380,974        | ₩ 16,485,723,513,578        | ₩ 731,778,642,550          | ₩ 17,217,502,156,128        |
| <b>Comprehensive income</b>   |  |                            |                                  |  |                             |                             |                            |                             |
| Profit  | -  | -                          | -                                | -                                      | 2,009,207,126,300           | 2,009,207,126,300           | 56,839,435,901             | 2,066,046,562,201           |
| Remeasurements of the defined benefit plan  | -  | -                          | -                                | -                                      | (72,942,472,532)            | (72,942,472,532)            | -                          | (72,942,472,532)            |
| Changes in fair values of financial assets at fair value through other comprehensive income | -  | -                          | -                                | 78,010,036,974                         | -                           | 78,010,036,974              | -                          | 78,010,036,974              |
| Loss on valuation of derivatives instruments for cash flow hedge                            | -  | -                          | -                                | (17,010,333,225)                       | -                           | (17,010,333,225)            | -                          | (17,010,333,225)            |
| Share of other comprehensive income of associates and joint ventures                        | -  | -                          | -                                | (12,282,188,461)                       | -                           | (12,282,188,461)            | -                          | (12,282,188,461)            |
| Foreign operations – foreign currency translation differences                               | -  | -                          | -                                | 109,618,484,391                        | -                           | 109,618,484,391             | (19,377,493,304)           | 90,240,991,087              |
| <b>Total comprehensive income</b>   | -  | -                          | -                                | 158,335,999,679                        | 1,936,264,653,768           | 2,094,600,653,447           | 37,461,942,597             | 2,132,062,596,044           |
| <b>Transactions with shareholders directly recognized in equity</b>                         |  |                            |                                  |  |                             |                             |                            |                             |
| Dividends to owners of the company  | -  | -                          | -                                | -                                      | (68,950,788,850)            | (68,950,788,850)            | (2,605,625,800)            | (71,556,414,650)            |
| Capital contribution from non-controlling interest  | -  | -                          | -                                | -                                      | -                           | -                           | 629,241,640,000            | 629,241,640,000             |
| <b>Balance at December 31, 2023</b>   | <u>₩ 356,712,130,000</u>                     | <u>₩ 5,001,974,693,202</u> | <u>₩ (345,131,583,767)</u>       | <u>₩ 1,162,152,892,848</u>             | <u>₩ 12,335,665,245,892</u> | <u>₩ 18,511,373,378,175</u> | <u>₩ 1,395,876,599,347</u> | <u>₩ 19,907,249,977,522</u> |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2024 and 2023**

(in Korean won)

|   | Attributable to owners of the Parent Company |                     |                                  |  |                      |                      | Non-controlling interests | Total equity         |
|---|--|---------------------|----------------------------------|--|----------------------|----------------------|---------------------------|----------------------|
|   | Share capital                                | Share premium       | Other components of other equity | Accumulated other comprehensive income | Retained earnings    | Subtotal             |                           |                      |
| <b>Balance at January 1, 2024</b>   | ₩ 356,712,130,000                            | ₩ 5,001,974,693,202 | ₩ (345,131,583,767)              | ₩ 1,162,152,892,848                    | ₩ 12,335,665,245,892 | ₩ 18,511,373,378,175 | ₩ 1,395,876,599,347       | ₩ 19,907,249,977,522 |
| <b>Comprehensive income</b>   |  |                     |                                  |  |                      |                      |                           |                      |
| Profit (loss)   | -  | -                   | -                                | -                                      | 599,289,842,809      | 599,289,842,809      | (23,777,426,830)          | 575,512,415,979      |
| Remeasurements of the defined benefit plan  | -  | -                   | -                                | -                                      | (88,092,589,093)     | (88,092,589,093)     | -                         | (88,092,589,093)     |
| Changes in fair values of financial assets at fair value through other comprehensive income | -  | -                   | -                                | (224,420,459,098)                      | -                    | (224,420,459,098)    | -                         | (224,420,459,098)    |
| Loss on valuation of derivatives instruments for cash flow hedge                            | -  | -                   | -                                | (5,175,032,656)                        | -                    | (5,175,032,656)      | -                         | (5,175,032,656)      |
| Share of other comprehensive income of associates and joint ventures                        | -  | -                   | -                                | 296,603,390,169                        | -                    | 296,603,390,169      | -                         | 296,603,390,169      |
| Foreign operations – foreign currency translation differences                               | -  | -                   | -                                | 743,760,969,978                        | -                    | 743,760,969,978      | 182,251,211,842           | 926,012,181,820      |
| <b>Total comprehensive income</b>   | -  | -                   | -                                | 810,768,868,393                        | 511,197,253,716      | 1,321,966,122,109    | 158,473,785,012           | 1,480,439,907,121    |
| <b>Transactions with shareholders directly recognized in equity</b>                         |  |                     |                                  |  |                      |                      |                           |                      |
| Dividends to owners of the company  | -  | -                   | -                                | -                                      | (66,944,609,800)     | (66,944,609,800)     | (2,742,162,316)           | (69,686,772,116)     |
| Capital contribution from non-controlling interest  | -  | -                   | -                                | -                                      | -                    | -                    | 249,234,000,000           | 249,234,000,000      |
| <b>Balance at December 31, 2024</b>   | ₩ 356,712,130,000                            | ₩ 5,001,974,693,202 | ₩ (345,131,583,767)              | ₩ 1,972,921,761,241                    | ₩ 12,779,917,889,808 | ₩ 19,766,394,890,484 | ₩ 1,800,842,222,043       | ₩ 21,567,237,112,527 |

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

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

| <i>(in Korean won)</i>   | Notes | 2024                       | 2023                       |
|--|-------|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                            |       |                            |                            |
| Profit   |       | ₩ 575,512,415,979          | 2,066,046,562,201          |
| Adjustments  | 34    | 2,396,716,292,647          | 1,497,883,703,941          |
| Changes in operating assets and liabilities                            | 34    | (2,622,222,414,093)        | (938,384,206,214)          |
| Interest received  |       | 59,030,355,477             | 80,023,126,973             |
| Interest paid  |       | (324,630,847,248)          | (221,312,631,962)          |
| Dividends received   |       | 14,253,753,562             | 17,095,213,933             |
| Income taxes paid  |       | (236,272,934,100)          | (397,830,254,913)          |
| <b>Net cash from (used in) operating activities</b>                    |       | <u>(137,613,377,776)</u>   | <u>2,103,521,513,959</u>   |
| <b>Cash flows from investing activities</b>                            |       |                            |                            |
| Decrease in other investments  |       | 766,568,471,466            | 2,889,653,377,843          |
| Proceeds from disposal of property, plant and equipment                |       | 8,190,788,399              | 11,714,680,490             |
| Proceeds from disposal of intangible assets                            |       | 902,594,844                | -                          |
| Disposal of associates and joint ventures                              |       | 1,015,202,831,022          | 2,000,000,000              |
| Increase in government grants  |       | 12,565,574,960             | 99,099,063,172             |
| Acquisition of other investments                                       |       | (364,184,313,060)          | (3,003,927,026,044)        |
| Acquisition of property, plant and equipment                           |       | (6,271,319,040,013)        | (4,048,246,715,878)        |
| Acquisition of intangible assets                                       |       | (86,246,908,763)           | (12,458,762,222)           |
| Acquisition of associates and joint ventures                           |       | (1,340,000,000)            | (42,680,000,000)           |
| <b>Net cash used in investing activities</b>                           |       | <u>(4,919,660,001,145)</u> | <u>(4,104,845,382,639)</u> |
| <b>Cash flows from financing activities</b>                            |       |                            |                            |
| Proceeds from short-term borrowings                                    |       | 6,523,146,517,718          | 4,049,049,428,878          |
| Proceeds from long-term borrowings                                     |       | 3,963,171,091,228          | 1,005,861,108,120          |
| Capital contribution from non-controlling interest                     |       | 249,234,000,000            | 629,241,640,000            |
| Dividends paid   |       | (69,680,692,046)           | (71,550,149,150)           |
| Repayment of debentures  |       | -                          | (220,000,000,000)          |
| Repayment of short-term borrowings                                     |       | (4,448,626,266,818)        | (3,990,031,779,534)        |
| Repayment of long-term borrowings                                      |       | (636,337,953,400)          | (463,850,373,092)          |
| Repayment of lease liabilities   |       | (36,516,685,088)           | (36,058,840,842)           |
| <b>Net cash from financing activities</b>                              |       | <u>5,544,390,011,594</u>   | <u>902,661,034,380</u>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>            |       |                            |                            |
|  |       | <u>487,116,632,673</u>     | <u>(1,098,662,834,300)</u> |
| Cash and cash equivalents at the beginning of the period               |       | 1,524,461,361,452          | 2,614,271,849,898          |
| Effect of fluctuations in exchange rate on cash held                   |       | 126,770,006,875            | 8,852,345,854              |
| <b>Cash and cash equivalents at the end of the period</b>              |       | <u>₩ 2,138,348,001,000</u> | <u>₩ 1,524,461,361,452</u> |
| Cash and cash equivalents included in statements of financial position |       | 1,885,068,694,001          | 1,524,461,361,452          |
| Cash and cash equivalents included in assets held for sale             | 35    | <u>253,279,306,999</u>     | <u>-</u>                   |

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

# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 1. Reporting Entity

Samsung SDI Co., Ltd. (the “Parent Company” or the “Company”) was incorporated on January 20, 1970 under the laws of the Republic of Korea with paid-in capital of ₩ 200 million, and its head office is located in Gi-heung, Gyeong-gi Do.

The consolidated financial statements comprise the Company, its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associates. In 1979, the Parent Company was listed on the Korean stock exchange market, and its shares are listed as depositary receipts on the Luxembourg Stock Exchange.

The major business segments and locations of domestic production facilities of the Parent Company are as follows.

| <b>Business</b>      | <b>Major product lines</b>  | <b>Domestic Locations</b> |
|----------------------|---|---------------------------|
| Energy solutions     | Automotive battery, ESS (Energy Storage System), Small-sized li-ion battery | Ulsan, Cheon-an           |
| Electronic materials | Semi-conductor and display materials  | Cheong-ju, Gumi           |

In addition to these local business locations, the Parent Company also has 21 subsidiaries operating in the United States, China, Germany, Hungary, and so on.

Under its Articles of Incorporation, the Parent Company is authorized to issue 200,000 thousand shares with par value of ₩5,000. As at December 31, 2024, 70,382,426 shares of stock (including 1,617,896 shares of preferred stock) have been issued and are outstanding, and the Parent Company’s paid-in-capital amounts to ₩356,712 million. The largest shareholder of the Parent Company is Samsung Electronics Co., Ltd. (ownership: 19.13%). The Parent Company is allowed to retire its stocks through a board resolution within its profit available for dividends to its shareholders. Pursuant to the resolution made by the board of directors on October 18, 2004, the Parent Company retired 930,000 shares of ordinary stock and 30,000 shares of preferred stock, which were acquired at ₩99,333 million on December 8, 2004 by appropriating retained earnings. The par value of outstanding shares is ₩351,912 million (₩343,823 million for ordinary stock and ₩8,089 million for preferred stock, excluding the retired shares) and it differs from the Group’s paid-in-capital due to the share retirement.

Under its Articles of Incorporation, the Parent Company is authorized to issue 30,000 thousand shares of non-voting preferred stock. Holders of preferred shares issued before February 28, 1997 are entitled to receiving additional dividends of 1% of its par value per annum. As at December 31, 2024 1,617,896 shares of non-cumulative and non-voting preferred stocks are eligible for these additional dividends.

# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (Korean IFRS), as prescribed in the Act on External Audits of Corporations in the Republic of Korea. The consolidated financial statements were authorized for issue by the Board of Directors on January 24, 2025 and will be submitted for approval to general shareholders meeting to be held on March 19, 2025.

##### *(a) Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Financial instruments measured at fair value.
- Liabilities for defined benefit plans recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets.
- Non-current assets held for sale – measured at fair value less costs to sell

##### *(b) Functional and presentation currency*

These consolidated financial statements are presented in Korean won, which is the Parent Company's functional currency and the currency of the primary economic environment in which the Group operates.

##### *(c) Use of estimates and judgments*

The preparation of the consolidated financial statements in conformity with Korean IFRS requires management to use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses based on the management's best judgment. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Change in accounting estimates is recognized during the period in which the change is made and during any future periods it may affect.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 4: Consolidation: whether the Group has de facto control over an investee; and
- Note 12: Investments in associates: whether the Group has significant influence over an investee



# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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Information about uncertainties of assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 4: Inventory Allowance for valuation - Key assumptions of net realizable value measurement
- Note 4: Deferred Tax Assets – Recoverability of deferred tax assets
- Note 14: Intangible Assets- key assumptions underlying recoverable amounts
- Note 18: Provisions - key assumptions about likelihood and magnitude of an outflow of resources; and
- Note 19: measurement of defined benefit obligations: key actuarial assumptions

#### *(d) Fair value measurement*

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and the results are reported directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team measures the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Korean IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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Further information about the assumptions made in measuring fair values is included in following note:

- Note 5: Financial Risk Management

### 3. Changes in Accounting Policies

The Group has applied the following standards and amendments 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 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 Group has provided new disclosures for liabilities under supplier finance arrangements, as well as the associated cash flows, in Notes 5 and 20.

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

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not have a significant impact on the financial statements.

# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### *(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 do not have a significant impact on the financial statements.

The following new accounting standards and interpretations have been published that are not mandatory for 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 financial statements.

#### *(b) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures*

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

# SAMSUNG SDI CO., LTD. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### *(c) Annual Improvements to Korean IFRS -Volume 11*

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

#### **4. Material Accounting Policies**

Material accounting policies applied by the Group in preparing its consolidated financial statements in accordance with Korean IFRS are described below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements except for the changes in accounting policies explained in Note 3.

##### **4.1 Basis of consolidation**

###### *(a) Subsidiaries*

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

The list of subsidiaries as at December 31, 2024 and 2023, are as follows. All subsidiaries' fiscal year end is December 31.

| Subsidiaries   | Location  | Primary business  | Percentage of ownership <sup>1</sup> |        |
|--|-----------|---|--------------------------------------|--------|
|  |           |   | 2024                                 | 2023   |
| Samsung SDI Japan Co., Ltd. ("SDIJ")                         | Japan     | Supporting sales and purchase in Japan  | 100.0%                               | 100.0% |
| Samsung SDI America, Inc. ("SDIA")                           | U.S.A.    | Manufacturing and sales of automotive batteries<br>Supporting sales of rechargeable battery | 91.7%                                | 91.7%  |
| StarPlus Energy LLC. ("STARPLUS")                            | U.S.A.    | Manufacturing and sales of automotive battery   | 51.0%                                | 51.0%  |
| Samsung SDI Hungary Zrt. ("SDIHU")                           | Hungary   | Manufacturing and sales of automotive battery   | 100.0%                               | 100.0% |
| Samsung SDI Europe GmbH ("SDIEU")                            | Germany   | Supporting sales and purchase in Europe   | 100.0%                               | 100.0% |
| Samsung SDI Battery Systems GmbH ("SDIBS")                   | Austria   | Manufacturing and sales of automotive battery   | 100.0%                               | 100.0% |
| Samsung SDI Vietnam Co., Ltd. ("SDIV")                       | Vietnam   | Manufacturing and sales of rechargeable battery   | 100.0%                               | 100.0% |
| Samsung SDI Energy Malaysia Sdn, Bhd. ("SDIEM")              | Malaysia  | Manufacturing and sales of rechargeable battery   | 100.0%                               | 100.0% |
| Samsung SDI India Pvt. ("SDII")                              | India     | Sales of rechargeable battery   | 100.0%                               | 100.0% |
| Samsung SDI Southeast Asia PTE. LTD. ("SDISEA") <sup>2</sup> | Singapore | Supporting sales of rechargeable battery  | 100.0%                               | -      |
| Samsung SDI (Hong Kong) Ltd. ("SDIHK")                       | Hong Kong | Supporting purchase of rechargeable battery   | 97.6%                                | 97.6%  |
| <b>Subsidiary of SDIHK</b>                                   |           |   |                                      |        |
| Tianjin Samsung SDI Co., Ltd. ("TSDI")                       | China     | Manufacturing and sales of rechargeable battery   | 78.0%                                | 78.0%  |
| Samsung SDI China Co., Ltd. ("SDIC")                         | China     | Supporting sales and purchase in China  | 100.0%                               | 100.0% |
| Samsung SDI-ARN (Xi'An) Power Battery Co., Ltd. ("SAPB")     | China     | Manufacturing and sales of automotive battery   | 65.0%                                | 65.0%  |
| Samsung SDI (Tianjin) Battery Co., Ltd. ("SDITB")            | China     | Manufacturing and sales of rechargeable battery   | 80.0%                                | 80.0%  |
| STM Co., Ltd. ("STM")  | Korea     | Manufacturing and sales of cathode active material for rechargeable battery                 | 100.0%                               | 100.0% |
| Samsung SDI Wuxi Co., Ltd. ("SDIW") <sup>3</sup>             | China     | Manufacturing and sales of electronic materials products                                    | 100.0%                               | 100.0% |
| Novald GmbH ("NOVALED")                                      | Germany   | Manufacturing and sales of electronic materials products                                    | 50.1%                                | 50.1%  |
| SVIC 15 Fund ("SVIC 15")                                     | Korea     | Investments in new technology venture business  | 99.0%                                | 99.0%  |
| SVIC 24 Fund ("SVIC24")                                      | Korea     | Investments in new technology venture business  | 99.0%                                | 99.0%  |
| SVIC 49 Fund ("SVIC49")                                      | Korea     | Investments in new technology venture business  | 99.0%                                | 99.0%  |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

<sup>1</sup> Effective ownership interest has been measured based on ownership of the Parent Company and its subsidiaries considering the control structure. The ownership interests of subsidiaries that do not issue shares in accordance with the relevant local laws and regulations are calculated based on the investment amounts.

<sup>2</sup> Newly established during the year ended December 31, 2024.

<sup>3</sup> Sale of the polarizer film business including shares in Samsung SDI Wuxi Co., Ltd. is in process and the related assets are classified as assets held for sale as at December 31, 2024 (Note 35).

Summarized financial information of subsidiaries as at and for the year ended December 31, 2024, are as follows:

*(in thousands of Korean won)*

| <b>Subsidiaries</b> | <b>Assets</b> | <b>Liabilities</b> | <b>Equity</b> | <b>Revenue</b> | <b>Net profit (loss)</b> |
|---------------------|---------------|--------------------|---------------|----------------|--------------------------|
| STM                 | ₩ 615,666,570 | ₩ 148,251,830      | ₩ 467,414,740 | ₩ 627,366,051  | ₩ 27,635,467             |
| SVIC24              | 11,074,087    | 12,331,492         | (1,257,405)   | -              | (7,519,195)              |
| SVIC15              | 20,917,685    | 3,212              | 20,914,473    | -              | (1,906,946)              |
| SVIC49              | 20,262,618    | 172,881            | 20,089,737    | -              | (39,156,772)             |
| SDIJ                | 6,573,459     | 1,106,411          | 5,467,048     | 8,801,322      | 536,293                  |
| SDIA                | 563,700,766   | 378,890,752        | 184,810,014   | 1,344,971,674  | 65,946,777               |
| STARPLUS            | 7,607,800,799 | 5,242,435,499      | 2,365,365,300 | 56,290,323     | (33,691,968)             |
| NOVALED             | 702,636,728   | 8,947,033          | 693,689,695   | 88,464,806     | 36,004,735               |
| SDIHU               | 7,321,708,227 | 5,671,533,039      | 1,650,175,188 | 6,570,923,391  | (81,630,865)             |
| SDIEU               | 34,419,035    | 23,796,283         | 10,622,752    | 68,752,703     | 7,404,514                |
| SDIBS               | 354,660,489   | 159,157,151        | 195,503,338   | 185,214,261    | 22,405,016               |
| SDIV                | 420,945,085   | 138,489,469        | 282,455,616   | 1,100,495,278  | 30,214,899               |
| SDIEM               | 2,564,187,768 | 1,242,447,169      | 1,321,740,599 | 942,108,322    | 12,826,498               |
| SDII                | 22,952,011    | 6,307,244          | 16,644,767    | 3,209,281      | 1,309,803                |
| SDISEA              | 2,070,245     | 793,845            | 1,276,400     | 1,363,873      | 163,824                  |
| SDIW                | 616,718,303   | 204,802,627        | 411,915,676   | 1,089,057,382  | 34,977,397               |
| TSDI                | 740,608,002   | 319,319,178        | 421,288,824   | 485,835,079    | 9,552,492                |
| SDIHK               | 922,771,220   | 95,826,505         | 826,944,715   | 1,559,032      | 35,622,543               |
| SDIC                | 141,819,082   | 130,546,076        | 11,273,006    | 29,063,654     | 3,381,811                |
| SAPB                | 609,137,076   | 117,773,506        | 491,363,570   | 414,262,564    | (102,127,734)            |
| SDITB               | 1,019,979,007 | 411,662,801        | 608,316,206   | 1,229,300,142  | 30,805,772               |

# **SAMSUNG SDI CO., LTD. and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2024 and 2023**

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#### *(b) Transactions eliminated on consolidation*

Intra-group balances, including income and expenses and any unrealized income and expenses arising from intra-group transactions, are eliminated. Meanwhile, unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### *(c) Business combination under common control*

Business combination of entities under common control measures the assets acquired and liabilities assumed at the carrying amounts on the consolidated financial statements of the ultimate parent company. The Group recognizes the difference between the carrying amounts of the assets and liabilities transferred and consideration paid in capital surplus.

## **4.2 Foreign currency**

#### *(a) Foreign currency Transactions*

Exchange differences arising on the settlement of monetary items or on translating monetary items, except for translation differences from net investment in foreign operation and from financial liabilities designated to cash flow hedges, are recognized in profit or loss in the period in which they arise. If profit or loss from non-monetary items is regarded as other comprehensive income then the exchange rate change effects are treated as other comprehensive income, where regarded as current profit or loss then treated as current profit or loss.

#### *(b) Foreign Operations*

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at average exchange rates during the year. Foreign currency differences are recognized in other comprehensive income.

## **4.3 Cash and cash equivalents**

The Group classifies investment assets with a maturity of within 3 months from the acquisition date as cash and cash equivalents.

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#### 4.4 Financial Assets

##### *(a) Classification*

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

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

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

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

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

##### *(b) Measurement*

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

##### *A. Debt instruments*

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.



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

#### *B. Equity instruments*

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

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income or costs' in the income statement as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are *not reported separately from other changes in fair value*.

#### *(c) Impairment*

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;

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The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

#### *A. Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial restructuring; or
- the disappearance of an active market for a security because of financial difficulties.

#### *B. Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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#### *C. Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### *(d) Recognition and Derecognition*

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

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the statement of financial position.

#### *(e) Offsetting of financial instruments*

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

## **4.5 Financial Liabilities**

#### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

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

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

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the income statement as 'finance costs', together with interest expenses recognized from other financial liabilities.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current.

Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

#### *(b) Derecognition*

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

#### **4.6 Derivatives**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in 'profit or loss'.

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When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

#### **4.7 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. See Note 8 for further information about the Group's accounting for trade receivables and Note 4.4.(c) for a description of the Group's accounting policy for impairment.

#### **4.8 Inventories**

The cost of inventories is based on specific method for materials in transit, moving average method for raw materials and sub-materials and gross average method for all the other inventories, and includes expenditures for acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Inventories is measured at the lower of net realizable value and cost. The net realizable value is determined based on the estimates including the expected selling price and incidental selling expenses. In addition, the Group measures the obsolete inventory by estimating its net realizable value. These estimates are made based on market conditions and past experiences.

#### **4.9 Non-current Assets (or Disposal Group) Held for sale**

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

#### **4.10 Property, plant and equipment**

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

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The estimated useful lives of the Group's property, plant and equipment are as follows:

|                                | <b>Useful lives</b> |
|--------------------------------|---------------------|
| Buildings                      | 10 ~ 60 years       |
| Structures                     | 10 ~ 40             |
| Machineries                    | 5 ~ 10              |
| Vehicles                       | 4 ~ 5               |
| Tools, furniture, and fixtures | 1 ~ 5               |

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

Subsequent costs are recognized in the carrying amount of property, plant and equipment if it is probable that future economic benefits associated with the item will flow to the Group.

#### **4.11 Borrowing Costs**

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

#### **4.12 Government grants**

Government grants which are intended to compensate the Group for expenses incurred are recognized as other income (government grants) in profit or loss over the periods in which the Group recognizes the related costs as expenses. If the Group has received government grants whose primary condition is that the Group purchase, construct or otherwise acquire long-term assets, the amounts are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduction to depreciation expense.

#### **4.13 Intangible asset**

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero.

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The estimated useful lives of the group's assets are as follows:

|                            | <b>Useful lives</b> |
|----------------------------|---------------------|
| Industrial property rights | 5 ~10 years         |
| Others intangible assets   | 4 ~20               |

#### **4.14 Investment property**

Investment property is measured initially at its cost and transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Investment property, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

#### **4.15 Impairment of Non-financial Assets**

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

#### **4.16 Trade and Other Payables**

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

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#### **4.17 Financial Guarantee Contracts**

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

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

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

#### **4.18 Employee benefits**

##### *(a) Other long-term employee benefits*

The present value of the liability related to other long-term employee benefits is determined by discounting the expected future cash flows using the interest rate of high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

##### *(b) Defined benefit and defined contribution plans*

- The Group's net obligation is calculated annually by an independent actuary using the projected unit credit method.

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

#### **4.19 Provisions**

Warranty provision (quality assurance) and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.



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#### **4.20 Current and Deferred Tax**

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. The carrying amount of deferred tax assets is reassessed for recoverability at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to recover all or part of the amounts.

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

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

Under Pillar Two legislation, the global minimum tax is considered corporate income tax under Korean IFRS 1012 *Income Taxes*. The Group applies temporary relief for deferred tax accounting related to the impact of the minimum tax and recognizes Pillar Two taxes as current income tax when they arise.

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#### **4.21 Emissions Rights**

The Group accounts for greenhouse gases emission right and the relevant liability as below pursuant to the Act on Allocation and Trading of Greenhouse Gas Emission.

##### *(a) Greenhouse Gases Emission Right*

Greenhouse Gases Emission Right consists of emission allowances which are allocated from the government free of charge or purchased from the market. Free allocation allowances are measured and recognized at zero and purchased emission permits are recognized at acquisition cost by adding other costs directly related to the acquisition and normally incurred.

Emission rights held for the purpose of performing the obligation is classified as intangible asset and is initially measured at cost and after initial recognition, are carried at cost less accumulated impairment losses. Parts to be submitted to the government within one year from the end of the reporting period are classified as current assets.

Emission rights held for short-swing profits are classified as current asset and are measured at fair value with any changes in fair value recognized as profit or loss in the respective reporting period.

The Group derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government in which the future economic benefits are no longer expected to be probable.

##### *(b) Emission liability*

Emission liabilities are present obligations to submit emission permits to the government and are measured by adding up the carrying amount of the emission permits and the estimated expenditure required to meet the obligations for excess emission. Emission liabilities are derecognized when submitted to the government.

#### **4.22 Lease**

##### *(a) As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in trade and other payables' in the statement of financial position.

*(b) As a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

**4.23 Revenue from contracts with customers**

The main sources of the Group's revenues are generated from the energy solution business unit, which manufactures and sells small batteries, medium and large batteries, and the electronic materials business unit, which manufactures and sells semiconductor and display materials.

The Group's accounting policies for revenue stream are as follows:

| <b>Type of product / service</b> | <b>Nature, timing of satisfaction of performance obligation, significant payment terms</b>  |
|----------------------------------|---|
| Sales of Goods                   | <p>The group recognizes revenue when control is transferred which is at the point in time that the goods are delivered to and accepted by the customer. Invoices are issued at the same time.</p> <p>Under Korean IFRS 1115, revenue is recognized only to the extent that it is highly probable that no significant reversal in cumulative revenue will occur. Since certain customers are eligible for discounts such as sales incentives based on their purchase volume, revenue is recognized as the amount reflecting those estimated price discounts in accordance with contract terms.</p> |
| Royalty                          | <p>The Group provides customers with licenses, including patented technology, and receives royalties monthly or quarterly based on the volume of production (or sales) of products using the technology.</p> <p>Under Korean IFRS 1115, royalty based on sales volume or production is recognized when subsequent sales or production activities occur.</p>   |
| Development Service              | <p>The Group provides services to develop products in accordance with the customer's requirements. Tangible and intangible outputs generated from such</p>  |

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development services are identified as separate performance obligations, and control is transferred to the customer at the time of final approval by the customer. Therefore, revenues and costs associated with the contracts are recognized when the control of the deliverables promised to the customer is transferred.

#### **4.24 Finance income and costs**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), the Group's finance income and finance costs include:

- interest income, interest expense;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortized cost or FVOCI;
- the net gain or loss on the disposal of financial assets measured at amortized cost;
- hedge ineffectiveness recognized in profit or loss; and
- payment guarantee fee; and

Interest income or expense is recognized using the effective interest method.

#### **4.25 Operating segment**

The Group consists of energy solution segment and electronic materials segment, each being the strategic sales unit of the Group. Strategic sales units are operated separately because each segment is manufacturing different products respectively and requires different technologies and marketing strategies.

The performance of the operating segment is assessed based on profit attributable to owners of the Parent Company of each segment, which is considered to be useful for the management to compare the Group's performance in a specific segment with other companies in the same industry.

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**5. Financial Risk Management**

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

**5.1 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. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Most customers have been transacting with the Group for many years and impairment loss has not occurred very often. In addition, the Group reviews credit rating of new customers prior to the determination of payment terms and also re-examines the credit rating of existing customers on a regular basis.

The Group sets allowances for estimated losses from accounts receivable and financial assets. In addition, the Group reports present conditions and countermeasures of delayed recovery for the financial assets and takes reasonable steps depending on the reasons for delay in order to manage the credit risk. In addition, the Group hedges credit risks by entering into insurance contracts for some financial assets.

*(a) Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The Group limits its exposure to credit risk by depositing cash and cash equivalents in financial institutions that have a high credit rate. The maximum exposure to credit risk at the reporting date as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>  | <b>2024</b>            | <b>2023</b>            |
|--------------------------------------|------------------------|------------------------|
| Cash and cash equivalents            | ₩ 1,884,990,633        | ₩ 1,523,001,371        |
| Trade and other receivables, net     | 3,282,074,209          | 3,300,525,044          |
| Government bonds                     | 345,050                | 329,030                |
| Non-derivative financial instruments | 100,193,606            | 550,107,808            |
| Guarantee deposits                   | 134,953,882            | 108,433,754            |
|                                      | <u>₩ 5,402,557,380</u> | <u>₩ 5,482,397,007</u> |

Other than the above financial assets, the Group provides payment guarantees for borrowings of subsidiaries as described in Note 20, and is exposed to credit risk up to guaranteed amount.

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(b) Impairment loss

The aging of trade and other receivables and respective impaired amounts as at December 31, 2024 and 2023, are as follows:

| (in thousands of<br>Korean won) | 2024                   |                        |            | 2023                   |                        |            |
|---------------------------------|------------------------|------------------------|------------|------------------------|------------------------|------------|
|                                 | Gross                  | Not-impaired           | Impairment | Gross                  | Not-impaired           | Impairment |
| Not past due                    | ₩ 3,123,983,361        | 3,123,983,361          | ₩ -        | ₩ 3,150,695,296        | ₩ 3,150,695,296        | ₩ -        |
| Past due 1-30 days              | 49,262,252             | 49,262,252             | -          | 93,111,042             | 93,111,042             | -          |
| Past due 31-60 days             | 39,917,640             | 39,917,640             | -          | 54,187,841             | 54,187,841             | -          |
| Past due over 61 days           | 68,910,956             | 68,910,956             | -          | 2,530,865              | 2,530,865              | -          |
|                                 | <u>₩ 3,282,074,209</u> | <u>₩ 3,282,074,209</u> | <u>₩ -</u> | <u>₩ 3,300,525,044</u> | <u>₩ 3,300,525,044</u> | <u>₩ -</u> |

**5.2 Liquidity risk**

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

The Group monitors its cash flows through long-term and short-term management strategies and ensures it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group establishes short-term and long-term cash management plans to manage liquidity risk. The Group matches maturity structures of financial assets and liabilities through analyzing and reviewing cash flow budget and actual cash flow. Management believes that the Group can redeem its financial liabilities through operating cash flows and cash inflows of financial assets.

Maturity analysis of financial liabilities as at December 31, 2024, is as follows:

| (in thousands of<br>Korean won)      | 2024                    |                         |                        |  |                        |
|--------------------------------------|-------------------------|-------------------------|------------------------|--|------------------------|
|                                      | Carrying amount         | Contractual Cash flow   | 1 year or less         | More than 1 year and less than 5 years | More than 5 years      |
| Trade and other payable <sup>1</sup> | ₩ 3,436,050,276         | ₩ 3,462,444,624         | ₩ 3,108,530,590        | ₩ 190,727,297                          | ₩ 163,186,737          |
| Short-term borrowings <sup>2</sup>   | 6,514,149,733           | 6,557,325,610           | 6,557,325,610          | -                                      | -                      |
| Long-term borrowings                 | 5,063,743,786           | 6,109,014,487           | 86,029,181             | 4,542,443,171                          | 1,480,542,135          |
|                                      | <u>₩ 15,013,943,795</u> | <u>₩ 16,128,784,721</u> | <u>₩ 9,751,885,381</u> | <u>₩ 4,733,170,468</u>                 | <u>₩ 1,643,728,872</u> |

<sup>1</sup> Trade and other payable includes cash flows related to lease liabilities. Details are included in Note 31. Trade payables include cash flows related to supplier finance arrangements amounting to

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₩ 144,551 million. Details are included in Note 20.

<sup>2</sup> Short-term borrowings include cash flows related to supplier finance arrangements amounting to ₩ 80,563 million. Details are included in Note 20.

**5.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the value of its holdings of financial instruments or risk of fluctuations in cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

*(a) Exchange rate risk*

The Group has exposure to the exchange rate risk for the sale, purchase, and borrowing of currencies not denominated in functional currency. Main currencies used for these transactions are USD, EUR and etc. The Group continuously monitors changes in future exchange rates and manages them to minimize the impact of foreign exchange risk on the Group.

Carrying amounts of monetary assets and liabilities expressed as other than functional currency as at December 31, 2024 and 2023, are as follows:

|                              | Financial assets |                 | Financial liabilities |                 |
|------------------------------|------------------|-----------------|-----------------------|-----------------|
|                              | 2024             | 2023            | 2024                  | 2023            |
| (in thousands of Korean won) |                  |                 |                       |                 |
| USD                          | ₩ 5,978,888,164  | ₩ 4,463,088,496 | ₩ 5,543,550,685       | ₩ 4,431,197,780 |
| EUR                          | 43,808,696       | 77,228,589      | 19,315,879            | 64,824,267      |
| Others                       | 270,158,569      | 368,801,920     | 269,695,355           | 521,102,756     |

<sup>1</sup> The amounts of assets and liabilities by currency are the figures before internal transactions are eliminated.

The following exchange rates were applied for the years ended December 31, 2024 and 2023:

|                 | Average rate |            | Reporting date spot rate |            |
|-----------------|--------------|------------|--------------------------|------------|
|                 | 2024         | 2023       | 2024                     | 2023       |
| (in Korean won) |              |            |                          |            |
| USD             | ₩ 1,363.09   | ₩ 1,306.12 | ₩ 1,470.00               | ₩ 1,289.40 |
| EUR             | 1,474.76     | 1,412.67   | 1,528.73                 | 1,426.59   |

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Effects on income (loss) before income taxes as a result of change in exchange rate as at December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b>        |                    | <b>2023</b>        |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | <b>5% increase</b> | <b>5% decrease</b> | <b>5% increase</b> | <b>5% decrease</b> |
| USD                                 | ₩ 21,766,874       | ₩ (21,766,874)     | ₩ 1,594,536        | ₩ (1,594,536)      |
| EUR                                 | 1,224,641          | (1,224,641)        | 620,216            | (620,216)          |
| Others                              | 23,161             | (23,161)           | (7,615,042)        | 7,615,042          |

*(b) Interest rate risk*

(i) The interest rate profile of the Group's interest-bearing financial instruments as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>       | <b>2024</b> |               | <b>2023</b> |               |
|---|-------------|---------------|-------------|---------------|
| <b>Fixed interest rate:</b>               |             |               |             |               |
| <b>Assets</b>                             |             |               |             |               |
| Short-term and long-term financial assets | ₩           | 100,193,606   | ₩           | 550,107,808   |
|   | ₩           | 100,193,606   | ₩           | 550,107,808   |
| <b>Liabilities</b>                        |             |               |             |               |
| Short-term borrowings                     | ₩           | 3,405,142,470 | ₩           | 1,183,024,326 |
| Long-term borrowings                      |             | 2,810,142,746 |             | 213,988,500   |
|   | ₩           | 6,215,285,216 | ₩           | 1,397,012,826 |
| <b>Variable interest rate:</b>            |             |               |             |               |
| <b>Liabilities</b>                        |             |               |             |               |
| Short-term borrowings                     | ₩           | 3,109,007,263 | ₩           | 1,685,250,626 |
| Long-term borrowings                      |             | 2,253,601,040 |             | 2,635,536,420 |
|   | ₩           | 5,362,608,303 | ₩           | 4,320,787,046 |

(ii) Cash flow sensitivity analysis for variable rate instruments

The Group's main interest rate risk arises from loans and borrowings with variable rates, which expose the Group to cash flow interest rate risk. The loans and borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.



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Under assumption that all other variables remain constant, change of one percent point in interest rate would have increased (decreased) income after income taxes by the amounts shown below as at December 31, 2024 and 2023.

| <i>(in thousands of Korean won)</i> | <b>2024</b>        |                    | <b>2023</b>        |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | <b>1% increase</b> | <b>1% decrease</b> | <b>1% increase</b> | <b>1% decrease</b> |
| Variable rate instruments           | ₩ (53,626,083)     | ₩ 53,626,083       | ₩ (43,207,870)     | ₩ 43,207,870       |

*(c) Other market price risk*

Market price risk arises from the equity instruments at fair value that the Group possesses. Major investments within the portfolio are managed separately and the approval of the Board of Directors is necessary for significant acquisition or disposal decisions.

The effect on net assets when the price of listed equity financial assets that the Group possesses changed by five percent points as at December 31, 2024, is as follows:

| <i>(in thousands of Korean won)</i> | <b>5% increase</b> | <b>5% decrease</b> |
|-------------------------------------|--------------------|--------------------|
| Impact on net assets                | ₩ 39,820,868       | ₩ (39,820,868)     |

**5.4 Capital management**

The Group's capital management is to maintain a sound capital structure and to maximize shareholders' profit. The Group uses financial ratios such as debt ratio and net borrowings ratio as a capital management indicator to achieve the optimum capital structure. Debt to equity ratio is calculated as total debt divided by total equity and net borrowings to equity ratio is calculated as net borrowings divided by total equity.

| <i>(in thousands of Korean won)</i>    | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
| <b>Debt to equity ratio:</b>           |                  |                  |
| Total liabilities                      | ₩ 19,030,107,424 | ₩ 14,131,610,215 |
| Total equity                           | 21,567,237,113   | 19,907,249,978   |
| Debt to equity ratio                   | 88.24%           | 70.99%           |
| <b>Net borrowings to equity ratio:</b> |                  |                  |
| Borrowings                             | ₩ 11,577,893,519 | ₩ 5,717,799,872  |
| Less: Cash and cash equivalents        | (1,885,068,694)  | (1,524,461,361)  |
| Less: Short-term financial instruments | (100,000,000)    | (550,068,407)    |
| Net borrowings                         | ₩ 9,592,824,825  | ₩ 3,643,270,104  |
| Net borrowings to equity ratio         | 44.48%           | 18.30%           |

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**5.5 Fair values**

*(a) Fair value versus carrying amounts*

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

| <i>(in thousands of Korean won)</i>                               | <b>2024</b>             |                     | <b>2023</b>             |                      |
|---|-------------------------|---------------------|-------------------------|----------------------|
|   | <b>Carrying amount</b>  | <b>Fair value</b>   | <b>Carrying amount</b>  | <b>Fair value</b>    |
| <b>Financial assets:</b>  |                         |                     |                         |                      |
| Financial assets at amortized cost                                |                         |                     |                         |                      |
| Cash and cash equivalents   | ₩ 1,885,068,694         | 1                   | ₩ 1,524,461,361         | 1                    |
| Trade receivables and other receivables                           | 3,282,074,209           | 1                   | 3,300,525,044           | 1                    |
| Government bonds  | 345,050                 | 1                   | 329,030                 | 1                    |
| Financial instruments   | 100,193,606             | 1                   | 550,107,808             | 1                    |
| Guarantee deposits  | <u>134,953,882</u>      | 1                   | <u>108,433,754</u>      | 1                    |
|   | <u>5,402,635,441</u>    |                     | <u>5,483,856,997</u>    |                      |
| Financial assets at fair value through profit or loss             |                         |                     |                         |                      |
| Equity instruments  | <u>87,664,038</u>       | <u>₩ 87,664,038</u> | <u>209,642,973</u>      | <u>₩ 209,642,973</u> |
|   | <u>87,664,038</u>       | <u>87,664,038</u>   | <u>209,642,973</u>      | <u>209,642,973</u>   |
| Financial assets at fair value through other comprehensive income |                         |                     |                         |                      |
| Equity instruments  | <u>817,561,442</u>      | <u>817,561,442</u>  | <u>1,097,766,929</u>    | <u>1,097,766,929</u> |
|   | <u>817,561,442</u>      | <u>817,561,442</u>  | <u>1,097,766,929</u>    | <u>1,097,766,929</u> |
| Other financial assets  |                         |                     |                         |                      |
| Derivative assets   | <u>-</u>                | <u>-</u>            | <u>7,031,294</u>        | <u>7,031,294</u>     |
|   | <u>-</u>                | <u>-</u>            | <u>7,031,294</u>        | <u>7,031,294</u>     |
| Total financial assets  | <u>₩ 6,307,860,921</u>  |                     | <u>₩ 6,798,298,193</u>  |                      |
| <b>Financial liabilities:</b>                                     |                         |                     |                         |                      |
| Financial liabilities at amortized cost                           |                         |                     |                         |                      |
| Borrowings  | ₩ 9,965,169,543         | 1                   | ₩ 4,534,775,546         | 1                    |
| Trade and other payables  | <u>3,274,324,370</u>    | 1                   | <u>4,558,593,332</u>    | 1                    |
|   | <u>13,239,493,913</u>   |                     | <u>9,093,368,878</u>    |                      |
| <b>Other financial liabilities</b>                                |                         |                     |                         |                      |
| Disposal on trade receivables (borrowings)                        | 1,612,723,976           | 1                   | 1,183,024,326           | 1                    |
| Lease liabilities   | <u>161,725,905</u>      | 2                   | <u>81,052,698</u>       | 2                    |
|   | <u>1,774,449,881</u>    |                     | <u>1,264,077,024</u>    |                      |
| Total financial liabilities                                       | <u>₩ 15,013,943,794</u> |                     | <u>₩ 10,357,445,902</u> |                      |

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<sup>1</sup> Carrying amount is a reasonable approximation of fair value, so it has been excluded from the fair value disclosure.

<sup>2</sup> Lease liabilities are excluded from the fair value disclosure in accordance with Korean IFRS 1107 *Financial Instruments: Disclosure*.

*(b) Net Gains or Losses by Category of Financial Instruments*

Net gains or losses on each category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

|   |   | <b>2024</b>                                   |  |  |                 |
|---|---|---|--|--|-----------------|
|   |   | <b>Financial assets<br/>at amortized cost</b> | <b>Financial assets<br/>at fair value<br/>through other<br/>comprehensive<br/>income</b> | <b>Financial assets<br/>at fair value<br/>through profit or<br/>loss</b> | <b>Total</b>    |
| Loss on valuation (other comprehensive income) <sup>1</sup> | ₩ | -   | ₩ (304,920,277)  | ₩  | ₩ (304,920,277) |
| Loss on valuation and disposal (profit or loss)             |   | -   |  | (125,978,535)  | (125,978,535)   |
| Interest income (finance income)                            |   | 54,976,064                                    |  | -  | 54,976,064      |
| Foreign exchange gains (profit or loss)                     |   | 325,873,875                                   |  | -  | 325,873,875     |
| Dividend income   |   | -   | 14,253,754   | -  | 14,253,754      |

<sup>1</sup> This is the amount before income tax effect.

*(in thousands of Korean won)*

|  |   | <b>2024</b>  |  |              |               |
|--|---|--|--|--------------|---------------|
|  |   | <b>Financial liabilities<br/>at amortized cost</b> | <b>Other financial<br/>liabilities</b> | <b>Total</b> |               |
| Interest expense                         | ₩ | (231,767,459)                                      | ₩ (103,877,998)                        | ₩            | (335,645,457) |
| Foreign exchange losses (profit or loss) |   | (248,721,683)                                      | (90,569,733)                           |              | (339,291,416) |

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|   | 2023                                  |   |  |              |
|---|---------------------------------------|---|--|--------------|
|   | Financial assets<br>at amortized cost | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial assets<br>at fair value<br>through profit or<br>loss | Total        |
| Gain on valuation (other comprehensive income) <sup>1</sup> | ₩ -                                   | ₩ 88,663,096  | ₩ -  | ₩ 88,663,096 |
| Gain on valuation and disposal (profit or loss)             | -                                     | -   | 11,397,414   | 11,397,414   |
| Interest income (finance income)                            | 79,750,375                            | -   | -  | 79,750,375   |
| Foreign exchange gains (profit or loss)                     | 83,467,064                            | -   | -  | 83,467,064   |
| Dividend income   | -                                     | 17,095,214  | -  | 17,095,214   |

<sup>1</sup> This is the amount before income tax effect.

(in thousands of Korean won)

|  | 2023                                       |                                |                 |
|--|--|--------------------------------|-----------------|
|  | Financial liabilities<br>at amortized cost | Other financial<br>liabilities | Total           |
| Interest expense                         | ₩ (195,151,603)                            | ₩ (78,386,970)                 | ₩ (273,538,573) |
| Foreign exchange losses (profit or loss) | (35,382,108)                               | (37,681,322)                   | (73,063,430)    |

*(c) Fair value hierarchy*

The Group classifies consolidated financial instruments carried at fair value in the statement of financial position according to fair value hierarchy which reflects significance of input variables used. The different levels of fair value hierarchy have been defined as follows:

“Level 1” indicates quoted prices in active markets for identical assets or liabilities. Instruments included in “Level 1” are mostly composed of listed equity securities that are classified as FVOCI financial assets.

The Group uses a valuation technique to estimate fair values of financial instruments which are not traded in an active market. If the significant inputs which are required for a fair value measurement are observable directly or indirectly in a market, the fair value input is classed as “Level 2”.

On the other hand, if the significant inputs are not based on observable market data, the fair value input for that instrument is classed as “Level 3”.

Among unlisted equity securities, the fair values of Samsung Venture Investment Corporation, iMarket Asia, and the Korea Economic Daily Co., Ltd are calculated using discounted cash flow

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model within the income approach method. These unlisted equity securities are classed as “Level 3”.

The valuation techniques used in measuring Level 3 fair value, as well as the significant unobservable inputs used are as follows:

|                          | <b>Valuation techniques</b>                   | <b>Significant unobservable inputs</b>          | <b>Inter-relationship between key unobservable inputs and fair value measurement</b>  |
|--------------------------|---|---|---|
| Financial assets at FVPL | Discounted cash flow method, Net asset method | Discount rate, Perpetual growth rate, Net asset | The estimated fair value would increase(decrease) if the discount rates were lower(higher), perpetual rates were higher(lower), and net asset value were higher(lower). |

The fair values of financial instruments based on the fair value hierarchy as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>                               | <b>2024</b>    |                |                |               |
|---|----------------|----------------|----------------|---------------|
|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
| <b>Financial assets</b>   |                |                |                |               |
| Financial assets at fair value through profit or loss             | ₩ 50,062,116   | ₩ 37,601,922   | ₩ -            | ₩ 87,664,038  |
| Financial assets at fair value through other comprehensive income | 746,355,251    | -              | 71,206,191     | 817,561,442   |
|   |                |                |                |               |
| <i>(in thousands of Korean won)</i>                               | <b>2023</b>    |                |                |               |
|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
| <b>Financial assets</b>   |                |                |                |               |
| Financial assets at fair value through profit or loss             | ₩ 165,920,246  | ₩ -            | ₩ 43,722,727   | ₩ 209,642,973 |
| Financial assets at fair value through other comprehensive income | 1,027,914,301  | -              | 69,852,628     | 1,097,766,929 |
| Derivative assets   | -              | 7,031,294      | -              | 7,031,294     |

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*(d) Changes in financial instruments categorized as Level 3*

Changes in level for financial instruments categorized as Level 3 for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i>      | <b>2024</b> |                   | <b>2023</b> |                    |
|--|-------------|-------------------|-------------|--------------------|
| Beginning balance                        | ₩           | 113,575,355       | ₩           | 111,221,516        |
| Purchases                                |             | -                 |             | 3,000,000          |
| Sales                                    |             | -                 |             | (5,001)            |
| Others                                   |             | (43,722,727)      |             | -                  |
| Recognized in other comprehensive income |             | 1,353,563         |             | (641,160)          |
| Ending balance                           | ₩           | <u>71,206,191</u> | ₩           | <u>113,575,355</u> |

*(e) Sensitivity analysis for Recurring Fair Value Measurements Categorized as Level 3*

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

The results of the sensitivity analysis for the effect on profit or loss (for equity component, before income tax effect) from changes in inputs for major financial instruments that categorized as level 3 and subject to sensitivity analysis as at December 31, 2024, are as follows:

| <i>(in thousands of Korean won)</i>  | <b>Favorable changes</b> |           | <b>Unfavorable changes</b> |             |
|--|--------------------------|-----------|----------------------------|-------------|
| Financial assets at fair value through other comprehensive income <sup>1</sup> | ₩                        | 3,662,376 | ₩                          | (3,177,239) |

<sup>1</sup> Changes in their fair value are calculated by increasing or decreasing 1% of perpetual growth rates and weighted average cost of capital, which are significant unobservable inputs.

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**5.6 Transfer of financial assets and others**

The Group received cash and transferred trade receivables to financial institutions. As the Group continues to retain substantially all the risks and rewards of ownership, the trade receivables have not been derecognized from the statement of financial position. The amount received at the time of transfer was recognized as short-term borrowings. Financial assets transferred but not derecognized as at December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i>       | <b>Trade receivables</b> |                 |
|---|--------------------------|-----------------|
|   | <b>2024</b>              | <b>2023</b>     |
| Carrying amount of assets                 | ₩ 1,612,723,976          | ₩ 1,183,024,326 |
| Carrying amount of associated liabilities | 1,612,723,976            | 1,183,024,326   |

**6. Segment Information**

*(a) Operating segments*

The main businesses by segment are as follows:

| <b>Segment</b>                   | <b>Main business</b>  |
|----------------------------------|---|
| Energy solutions                 | Manufacturing and sales of secondary batteries such as automotive batteries |
| Electronic material <sup>1</sup> | Manufacturing and sales of semi-conductor and display materials             |

<sup>1</sup> Management has approved the sale of the polarizer film business, and the related profit and loss, which is presented as discontinued operations upon entering into the business transfer agreement, is presented in Note 35.

The operating segments of the consolidated group are decided by management, which is established for strategic decision making. Management reviews the operating income for each operating segment in order to allocate resources to each segment and assess the segments' performance. Sales consist mostly of sales of goods. The following table provides information for each reportable segment for the years ended December 31, 2024 and 2023.

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|                                     | <b>2024</b>             |                            |                  |
|-------------------------------------|-------------------------|----------------------------|------------------|
|                                     | <b>Energy solutions</b> | <b>Electronic material</b> | <b>Total</b>     |
| Revenue                             | ₩ 15,691,243,040        | ₩ 901,005,845              | ₩ 16,592,248,885 |
| Other operating income <sup>1</sup> | 89,856,873              | -                          | 89,856,873       |
| Depreciation                        | 1,723,084,847           | 49,754,592                 | 1,772,839,439    |
| Amortization                        | 72,338,224              | 4,692,517                  | 77,030,741       |
| Operating profit                    | 217,676,126             | 145,628,337                | 363,304,463      |

(in thousands of Korean won)

|                                     | <b>2023</b>             |                            |                  |
|-------------------------------------|-------------------------|----------------------------|------------------|
|                                     | <b>Energy solutions</b> | <b>Electronic material</b> | <b>Total</b>     |
| Revenue                             | ₩ 20,406,099,943        | ₩ 1,030,688,465            | ₩ 21,436,788,408 |
| Other operating income <sup>1</sup> | -                       | -                          | -                |
| Depreciation                        | 1,584,571,667           | 51,903,056                 | 1,636,474,723    |
| Amortization                        | 61,601,714              | 4,356,472                  | 65,958,186       |
| Operating profit                    | 1,342,418,303           | 203,070,411                | 1,545,488,714    |

<sup>1</sup> According to Advanced Manufacturing Production Credit (AMPC) of Inflation Reduction in USA implemented since January 1, 2023, and related Regulations, the batteries manufactured and sold in USA are determined to be applied for tax credit. Therefore, the Group recognized the amounts expected to be received as other operating income.

Total assets and total liabilities of each segment are not presented separately since the information is not provided to the management on a regular basis.

As at December 31, 2024, contract liabilities resulting from contracts with customers amounted to ₩ 646,451 million, and among the contract liabilities for the year ended December 31, 2023, the amount recognized as revenue in the year ended December 31, 2024 was ₩ 126,147 million.



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*(b) Geographical information*

The Group operates in global markets such as Republic of Korea (the Parent Company's domicile), North America, Europe, China, Southeast Asia, and so on. The following table provides revenue and major non-current assets for each geographical region as at and for years ended December 31, 2024 and 2023.

*(in thousands of Korean won)*

|                             | 2024                    |                                 | 2023                    |                                 |
|-----------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
|                             | Revenue <sup>1</sup>    | Non-current assets <sup>2</sup> | Revenue <sup>1</sup>    | Non-current assets <sup>2</sup> |
| Korea                       | ₩ 893,972,418           | ₩ 3,290,848,553                 | ₩ 1,096,498,560         | ₩ 3,378,634,700                 |
| North America               | 5,700,406,502           | 6,812,570,630                   | 5,503,157,438           | 1,566,015,880                   |
| Europe                      | 6,913,856,222           | 5,388,981,324                   | 10,760,536,569          | 5,472,522,711                   |
| China                       | 964,136,502             | 1,416,384,388                   | 1,268,725,654           | 1,575,870,569                   |
| South-eastern Asia and etc. | 2,119,877,241           | 2,220,474,070                   | 2,807,870,186           | 1,458,681,301                   |
| Consolidation adjustments   | -                       | (626,507,191)                   | -                       | (552,126,852)                   |
|                             | <u>₩ 16,592,248,885</u> | <u>₩ 18,502,751,774</u>         | <u>₩ 21,436,788,407</u> | <u>₩ 12,899,598,309</u>         |

<sup>1</sup> The sales from the external customer accounting for more than 10% of the Group's sales during the year ended December 31, 2024, are ₩ 2,983,222 million (2023: ₩ 3,775,185 million) and ₩ 2,602,538 million (2023: ₩ 2,539,736 million), respectively.

<sup>2</sup> Non-current assets consist of carrying amount of property, plant and equipment, intangible assets and investment property.

**7. Cash and Cash Equivalents**

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

*(in thousands of Korean won)*

|                        | 2024                   | 2023                   |
|------------------------|------------------------|------------------------|
| Cash on hand           | ₩ 1,947,277            | ₩ 1,459,990            |
| Demand deposits        | 1,422,835,834          | 1,334,800,678          |
| Short-term investments | 460,285,583            | 188,200,693            |
|                        | <u>₩ 1,885,068,694</u> | <u>₩ 1,524,461,361</u> |

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**8. Trade and Other Receivables**

Trade and other receivables as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>             | <b>2024</b>            |                     | <b>2023</b>            |                     |
|---|------------------------|---------------------|------------------------|---------------------|
|   | <b>Current</b>         | <b>Non-current</b>  | <b>Current</b>         | <b>Non-current</b>  |
| Trade receivable (receivables)                  | ₩ 2,728,612,552        | ₩ -                 | ₩ 2,874,926,035        | ₩ -                 |
| Trade receivable (contract assets) <sup>1</sup> | 633,965,667            | -                   | 121,329,239            | -                   |
| Allowance                                       | -                      | -                   | -                      | -                   |
| Loans   | 16,059,554             | 22,180,230          | 133,876                | 37,359,064          |
| Present value discount                          | -                      | (2,340,565)         | -                      | (3,639,227)         |
| Non-trade receivables                           | 154,704,339            | -                   | 172,920,677            | 19,382              |
| Accrued income                                  | 426,414,758            | -                   | 97,475,998             | -                   |
| VAT receivables                                 | 82,472,794             | -                   | 136,083,230            | -                   |
|   | <u>₩ 4,042,229,664</u> | <u>₩ 19,839,665</u> | <u>₩ 3,402,869,055</u> | <u>₩ 33,739,219</u> |

<sup>1</sup> The amounts of contract assets have increased as there was an increase in contracts in fixed price where the supply of goods has been completed, but the billing date is not due until the future date.

Changes in allowance for trade and other receivables for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b> | <b>2023</b> |
|-------------------------------------|-------------|-------------|
| Beginning balance                   | ₩ -         | ₩ 37,127    |
| Reversal of bad debt expense        | -           | (38,377)    |
| Exchange rate fluctuation           | -           | 1,250       |
| Ending balance                      | <u>₩ -</u>  | <u>₩ -</u>  |

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**9. Inventories**

Inventories as at December 31, 2024 and 2023, are summarized as follows:

*(in thousands of Korean won)*

|                      | <b>2024</b>             |  |                        |
|----------------------|-------------------------|--|------------------------|
|                      | <b>Acquisition cost</b> | <b>Allowance for valuation<sup>1</sup></b> | <b>Carrying amount</b> |
| Finished goods       | ₩ 703,058,014           | ₩ (128,981,360)                            | ₩ 574,076,654          |
| Semi-finished goods  | 1,161,410,703           | (112,229,020)                              | 1,049,181,683          |
| Raw materials        | 930,087,999             | (76,787,334)                               | 853,300,665            |
| Supplies             | 62,916,454              | -  | 62,916,454             |
| Materials-in-transit | 339,966,353             | -  | 339,966,353            |
|                      | <u>₩ 3,197,439,523</u>  | <u>₩ (317,997,714)</u>                     | <u>₩ 2,879,441,809</u> |

*(in thousands of Korean won)*

|                      | <b>2023</b>             |                                |                        |
|----------------------|-------------------------|--------------------------------|------------------------|
|                      | <b>Acquisition cost</b> | <b>Allowance for valuation</b> | <b>Carrying amount</b> |
| Finished goods       | ₩ 451,997,208           | ₩ (15,931,923)                 | ₩ 436,065,285          |
| Semi-finished goods  | 1,320,012,128           | (24,372,043)                   | 1,295,640,085          |
| Raw materials        | 918,929,489             | (16,774,947)                   | 902,154,542            |
| Supplies             | 55,460,505              | -                              | 55,460,505             |
| Materials-in-transit | 608,048,513             | -                              | 608,048,513            |
|                      | <u>₩ 3,354,447,843</u>  | <u>₩ (57,078,913)</u>          | <u>₩ 3,297,368,930</u> |

<sup>1</sup> Inventories for which the Group has discontinued the manufacturing and sales are measured at the net realizable value and the valuation allowance is recognized for the difference from the cost.

The amount of inventories expensed as cost of sales and loss on valuation of inventories for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

|   | <b>2024</b>             | <b>2023</b>             |
|---|-------------------------|-------------------------|
| Inventories recognized as cost of sales     | ₩ 13,153,846,365        | ₩ 17,612,170,192        |
| Loss on valuation of inventories (reversal) | 252,877,493             | (15,105,489)            |
|   | <u>₩ 13,406,723,858</u> | <u>₩ 17,597,064,703</u> |

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**10. Other Investments**

Other investments as at December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

|                       | 2024                 |                      | 2023                 |                        |
|-----------------------|----------------------|----------------------|----------------------|------------------------|
|                       | Current              | Non-current          | Current              | Non-current            |
| Government bonds      | ₩ 19,685             | ₩ 325,365            | ₩ 59,450             | ₩ 269,580              |
| Equity instruments    | -                    | 905,225,480          | -                    | 1,307,409,902          |
| Financial instruments | 100,000,000          | 193,606              | 550,068,407          | 39,401                 |
| Guarantee deposits    | 59,595,791           | 75,358,091           | 51,970,644           | 56,463,110             |
|                       | <u>₩ 159,615,476</u> | <u>₩ 981,102,542</u> | <u>₩ 602,098,501</u> | <u>₩ 1,364,181,993</u> |

Equity instruments as at December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

|   | Acquisition cost <sup>1</sup> | Unrealized gain (loss) <sup>2</sup> |                                    | Ending balance       | Carrying amount        |
|---|-------------------------------|-------------------------------------|------------------------------------|----------------------|------------------------|
|   |                               | Beginning balance                   | Changes in unrealized gain or loss |                      |                        |
| <b>December 31, 2024</b>  |                               |                                     |                                    |                      |                        |
| Financial assets at fair value through profit or loss             |                               |                                     |                                    |                      |                        |
| Listed equity instruments   | ₩ 39,799,977                  | ₩ 126,120,269                       | ₩ (115,858,130)                    | ₩ 10,262,139         | ₩ 50,062,116           |
| Unlisted equity instruments                                       | 20,219,844                    | 27,502,483                          | (10,120,405)                       | 17,382,078           | 37,601,922             |
|   | <u>60,019,821</u>             | <u>153,622,752</u>                  | <u>(125,978,535)</u>               | <u>27,644,217</u>    | <u>87,664,038</u>      |
| Financial assets at fair value through other comprehensive income |                               |                                     |                                    |                      |                        |
| Listed equity instruments   | 728,468,973                   | 324,160,118                         | (306,273,840)                      | 17,886,278           | 746,355,251            |
| Unlisted equity instruments                                       | 18,653,588                    | 51,199,040                          | 1,353,563                          | 52,552,603           | 71,206,191             |
|   | <u>747,122,561</u>            | <u>375,359,158</u>                  | <u>(304,920,277)</u>               | <u>70,438,881</u>    | <u>817,561,442</u>     |
|   | <u>₩ 807,142,382</u>          | <u>₩ 528,981,910</u>                | <u>₩ (430,898,812)</u>             | <u>₩ 98,083,098</u>  | <u>₩ 905,225,480</u>   |
| <b>December 31, 2023</b>  |                               |                                     |                                    |                      |                        |
| Financial assets at fair value through profit or loss             |                               |                                     |                                    |                      |                        |
| Listed equity instruments   | ₩ 39,799,977                  | ₩ 113,555,422                       | ₩ 12,564,847                       | ₩ 126,120,269        | ₩ 165,920,246          |
| Unlisted equity instruments                                       | 16,220,244                    | 28,669,916                          | (1,167,433)                        | 27,502,483           | 43,722,727             |
|   | <u>56,020,221</u>             | <u>142,225,338</u>                  | <u>11,397,414</u>                  | <u>153,622,752</u>   | <u>209,642,973</u>     |
| Financial assets at fair value through other comprehensive income |                               |                                     |                                    |                      |                        |
| Listed equity instruments   | 703,754,183                   | 236,023,295                         | 88,136,823                         | 324,160,118          | 1,027,914,301          |
| Unlisted equity instruments                                       | 18,653,588                    | 50,672,767                          | 526,273                            | 51,199,040           | 69,852,628             |
|   | <u>722,407,771</u>            | <u>286,696,062</u>                  | <u>88,663,096</u>                  | <u>375,359,158</u>   | <u>1,097,766,929</u>   |
|   | <u>₩ 778,427,992</u>          | <u>₩ 428,921,400</u>                | <u>₩ 100,060,510</u>               | <u>₩ 528,981,910</u> | <u>₩ 1,307,409,902</u> |

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<sup>1</sup> Acquisition of financial assets at fair value through profit or loss amount to ₩ 4,000 million and no disposal occurred for the year ended December 31, 2024. Acquisition of financial assets at fair value through other comprehensive income amount to ₩ 24,715 million and no disposal occurred for the year ended December 31, 2024.

<sup>2</sup> The corporate tax effect deducted from equity due to cumulative valuation gain (loss) arising from financial assets at fair value through other comprehensive income amounted to ₩ 18,597 million and ₩ 99,095 million as at December 31, 2024 and 2023, respectively.

**11. Other Current Assets and Other Non-current Assets**

Other current assets and other non-current assets as at December 31, 2024 and 2023, are summarized as follows:

*(in thousands of Korean won)*

|                    | <b>2024</b>          |                      | <b>2023</b>          |                     |
|--------------------|----------------------|----------------------|----------------------|---------------------|
|                    | <b>Current</b>       | <b>Non-current</b>   | <b>Current</b>       | <b>Non-current</b>  |
| Advance payments   | ₩ 142,355,955        | ₩ 42,577,515         | ₩ 177,169,254        | ₩ 14,574,430        |
| Prepaid expenses   | 151,926,214          | 109,880,962          | 154,742,623          | 78,606,049          |
| Prepaid income tax | 30,797,694           | -                    | 21,288,175           | -                   |
|                    | <u>₩ 325,079,863</u> | <u>₩ 152,458,477</u> | <u>₩ 353,200,052</u> | <u>₩ 93,180,479</u> |

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**12. Investments in Associates and Joint Ventures**

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

(in thousands of Korean won)

| Company                                    | Location | Date of financial statements | Primary business                    | 2024                    |                  | 2023                    |                 |  |
|--|----------|------------------------------|-------------------------------------|-------------------------|------------------|-------------------------|-----------------|--|
|  |          |                              |                                     | Percentage of ownership | Carrying amount  | Percentage of ownership | Carrying amount |  |
| <b>Associates and joint ventures</b>       |          |                              |                                     |                         |                  |                         |                 |  |
| Samsung Display Ltd. ("SDC") <sup>1</sup>  | Korea    | December 31                  | Manufacturing and sale of AMOLED    | 15.2%                   | ₩ 9,871,675,619  | 15.2%                   | ₩ 9,707,290,928 |  |
| Samsung Global Research Co., Ltd. ("SERI") | Korea    | December 31                  | Management advisory consulting      | 29.6%                   | 23,150,450       | 29.6%                   | 23,826,882      |  |
| Intellectual Keystone Technology ("IKT")   | USA      | December 31                  | Investing in new technology         | 41.0%                   | 9,790,562        | 41.0%                   | 8,681,627       |  |
| SD Flex Co., Ltd.                          | Korea    | December 31                  | Manufacturing printed-circuit board | 50.0%                   | 10,352,675       | 50.0%                   | 10,274,181      |  |
| ECOPRO EM Co., Ltd.                        | Korea    | December 31                  | Anode material manufacturing        | 40.0%                   | 249,410,592      | 40.0%                   | 223,696,155     |  |
| Philenergy Co., Ltd. <sup>2</sup>          | Korea    | December 31                  | Manufacturing stack equipment       | 14.1%                   | 17,683,706       | 14.1%                   | 17,114,008      |  |
| Secondary Battery Growth Fund              | Korea    | December 31                  | Investing in secondary battery R&D  | 33.3%                   | 4,486,628        | 33.3%                   | 5,349,652       |  |
|  |          |                              |                                     |                         | ₩ 10,186,550,232 | ₩ 9,996,233,433         |                 |  |

<sup>1</sup> Although the Group owns less than 20% of its shares and voting rights, the Group has classified the shares as investments in associates due to the fact that the Group has representations in the board of directors of SDC.

<sup>2</sup> Although the Group owns less than 20% of its shares and voting rights, the Group has classified the shares as investments in associates due to the fact that the Group has representations in the board of directors of Philenergy Co., Ltd.

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The summarized financial information and dividends received from associates and joint ventures as at and for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of<br/>Korean won)</i> | 2024             |               |              |              |                 |               |                                   |            |
|---|------------------|---------------|--------------|--------------|-----------------|---------------|-----------------------------------|------------|
|   | SDC              | SERI          | IKT          | SDFLEX       | ECOPROEM        | Philenergy    | Secondary Battery<br>Growth Fund. |            |
| Current assets                          | ₩ 22,421,642,777 | ₩ 154,084,270 | ₩ 23,862,724 | ₩ 17,121,088 | ₩ 618,950,881   | ₩ 145,999,768 | ₩                                 | 90,958     |
| Non-current assets                      | 50,635,008,069   | 68,967,296    | 66,550       | 4,720,004    | 701,787,044     | 67,848,252    |                                   | 13,371,631 |
| Current liabilities                     | 6,667,091,931    | 128,896,368   | 49,854       | 1,051,611    | 575,058,323     | 63,728,100    |                                   | 2,706      |
| Non-current liabilities                 | 1,501,348,709    | 15,944,218    | -            | 84,132       | 81,454,756      | 7,908,201     |                                   | -          |
| Revenue                                 | 29,135,660,332   | 250,271,043   | -            | 15,669,555   | 2,114,265,817   | 283,324,938   |                                   | 83,786     |
| Operating profit (loss)                 | 3,680,086,187    | 2,500,788     | (242,129)    | (431,494)    | 120,370,262     | 15,661,179    |                                   | 1,922,386  |
| Net income (loss)                       | 5,087,437,515    | 654,412       | (242,129)    | 135,055      | 96,305,786      | 13,382,006    |                                   | 1,922,386  |
| Other comprehensive<br>income (loss)    | 2,652,335,530    | (2,984,595)   | -            | -            | -               | -             |                                   | -          |
| Total comprehensive<br>income (loss)    | 7,739,773,045    | (2,330,183)   | (242,129)    | 135,055      | 96,305,786      | 13,382,006    |                                   | 1,922,386  |
| Dividends received from<br>associates   | 1,012,359,012    | -             | -            | -            | -               | -             |                                   | 594,079    |
|   | 2023             |               |              |              |                 |               |                                   |            |
| <i>(in thousands of<br/>Korean won)</i> | SDC              | SERI          | IKT          | SDFLEX       | ECOPROEM        | Philenergy    | Secondary Battery<br>Growth Fund. |            |
| Current assets                          | ₩ 24,721,410,294 | ₩ 118,952,880 | ₩ 21,087,063 | ₩ 13,505,167 | ₩ 1,304,244,823 | ₩ 198,630,575 | ₩                                 | 608,297    |
| Non-current assets                      | 46,413,723,496   | 66,501,823    | 88,896       | 8,474,099    | 574,964,988     | 56,071,659    |                                   | 15,443,401 |
| Current liabilities                     | 5,821,884,881    | 87,546,036    | 1,258        | 1,421,722    | 1,183,597,858   | 115,001,826   |                                   | 2,743      |
| Non-current liabilities                 | 1,485,249,760    | 17,412,446    | -            | 9,183        | 126,345,610     | 10,125,509    |                                   | -          |
| Revenue                                 | 30,950,579,238   | 219,537,369   | -            | 13,843,866   | 3,771,340,006   | 196,717,748   |                                   | 39,730     |
| Operating profit (loss)                 | 5,501,751,056    | (219,077)     | (1,519,265)  | (1,739,215)  | 225,225,576     | 15,594,145    |                                   | 599        |
| Net income (loss)                       | 6,331,238,839    | 157,998       | (1,519,265)  | (1,396,025)  | 159,477,241     | (4,672,387)   |                                   | 599        |
| Other comprehensive<br>loss             | (108,690,007)    | (852,741)     | -            | -            | -               | -             |                                   | -          |
| Total comprehensive<br>income (loss)    | 6,222,548,832    | (694,743)     | (1,519,265)  | (1,396,025)  | 159,477,241     | (4,672,387)   |                                   | 599        |
| Dividends received<br>from associates   | -                | -             | -            | 2,000,000    | -               | -             |                                   | -          |

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The comparison between carrying amounts of investments in associates and joint ventures and the investees' net assets based on the Group's percentage of ownership as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | 2024             |              |              |              |               |               |                                |  |
|-------------------------------------|------------------|--------------|--------------|--------------|---------------|---------------|--------------------------------|--|
|                                     | SDC              | SERI         | IKT          | SDFLEX       | ECOPROEM      | Philenergy    | Secondary Battery Growth Fund. |  |
| Net assets(a) <sup>1</sup>          | ₩ 64,849,565,669 | ₩ 78,210,980 | ₩ 23,879,420 | ₩ 20,705,350 | ₩ 664,224,845 | ₩ 140,256,637 | ₩ 13,459,883                   |  |
| Percentage of ownership(b)          | 15.2%            | 29.6%        | 41.0%        | 50.0%        | 40.0%         | 14.1%         | 33.3%                          |  |
| Equity to net assets (axb)          | 9,871,792,282    | 23,150,450   | 9,790,562    | 10,352,675   | 265,689,938   | 19,767,558    | 4,486,628                      |  |
| Difference of Investments           | (116,663)        | -            | -            | -            | (16,279,346)  | (2,083,852)   | -                              |  |
| Carrying amount                     | ₩ 9,871,675,619  | ₩ 23,150,450 | ₩ 9,790,562  | ₩ 10,352,675 | ₩ 249,410,592 | ₩ 17,683,706  | ₩ 4,486,628                    |  |

<sup>1</sup> Net assets are the net assets of associates minus non-controlling interests.

| <i>(in thousands of Korean won)</i> | 2023             |              |              |              |               |               |                                |  |
|-------------------------------------|------------------|--------------|--------------|--------------|---------------|---------------|--------------------------------|--|
|                                     | SDC              | SERI         | IKT          | SDFLEX       | ECOPROEM      | Philenergy    | Secondary Battery Growth Fund. |  |
| Net assets(a) <sup>1</sup>          | ₩ 63,863,756,108 | ₩ 80,496,221 | ₩ 21,174,701 | ₩ 20,548,361 | ₩ 559,240,388 | ₩ 112,212,599 | ₩ 16,065,020                   |  |
| Percentage of ownership(b)          | 15.2%            | 29.6%        | 41.0%        | 50.0%        | 40.0%         | 14.1%         | 33.3%                          |  |
| Equity to net assets (axb)          | 9,707,290,928    | 23,826,882   | 8,681,627    | 10,274,181   | 223,696,155   | 15,821,977    | 5,349,652                      |  |
| Difference of Investments           | -                | -            | -            | -            | -             | 1,292,031     | -                              |  |
| Carrying amount                     | ₩ 9,707,290,928  | ₩ 23,826,882 | ₩ 8,681,627  | ₩ 10,274,181 | ₩ 223,696,155 | ₩ 17,114,008  | ₩ 5,349,652                    |  |

<sup>1</sup> Net assets are the net assets of associates minus non-controlling interests.



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Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i> | 2024                   |                    |                        |                         |                      |                          |                         |
|-------------------------------------|------------------------|--------------------|------------------------|-------------------------|----------------------|--------------------------|-------------------------|
|                                     | Beginning balance      | Acquisition        | Share of profits(loss) | Other capital movements | Disposal             | Removal of Dividends     | Ending balance          |
| SDC                                 | ₩ 9,707,290,928        | ₩ -                | ₩ 773,265,023          | ₩ 403,478,680           | ₩ -                  | ₩ (1,012,359,012)        | ₩ 9,871,675,619         |
| SERI                                | 23,826,882             | -                  | 207,008                | (883,440)               | -                    | -                        | 23,150,450              |
| IKT                                 | 8,681,627              | -                  | (99,273)               | 1,208,208               | -                    | -                        | 9,790,562               |
| SDFLEX                              | 10,274,181             | -                  | 78,494                 | -                       | -                    | -                        | 10,352,675              |
| ECOPROEM                            | 223,696,155            | -                  | 26,522,591             | (808,154)               | -                    | -                        | 249,410,592             |
| Philenergy                          | 17,114,008             | -                  | 571,255                | (1,557)                 | -                    | -                        | 17,683,706              |
| Secondary Battery Growth Fund       | 5,349,652              | 1,340,000          | 640,795                | -                       | (2,249,740)          | (594,079)                | 4,486,628               |
|                                     | <u>₩ 9,996,233,433</u> | <u>₩ 1,340,000</u> | <u>₩ 801,185,893</u>   | <u>₩ 402,993,737</u>    | <u>₩ (2,249,740)</u> | <u>₩ (1,012,953,091)</u> | <u>₩ 10,186,550,232</u> |

| <i>(in thousands of Korean won)</i> | 2023                   |                     |                        |                         |  |                      |                        |
|-------------------------------------|------------------------|---------------------|------------------------|-------------------------|--|----------------------|------------------------|
|                                     | Beginning balance      | Acquisition         | Share of profits(loss) | Other capital movements | Gain on disposal of equity method investment | Removal of Dividends | Ending balance         |
| SDC                                 | ₩ 8,760,865,210        | ₩ -                 | ₩ 962,805,669          | ₩ (16,379,951)          | ₩ -  | ₩ -                  | ₩ 9,707,290,928        |
| SERI                                | 23,964,873             | -                   | 60,328                 | (198,319)               | -  | -                    | 23,826,882             |
| IKT                                 | 9,137,212              | -                   | (622,899)              | 167,314                 | -  | -                    | 8,681,627              |
| SDFLEX                              | 12,982,344             | -                   | (708,163)              | -                       | -  | (2,000,000)          | 10,274,181             |
| ECOPROEM                            | 125,156,333            | 40,000,000          | 58,716,930             | (177,108)               | -  | -                    | 223,696,155            |
| Philenergy                          | 5,506,831              | -                   | (3,013,630)            | (99,692)                | 14,720,499                                   | -                    | 17,114,008             |
| Secondary Battery Growth Fund       | 2,669,452              | 2,680,000           | 200                    | -                       | -  | -                    | 5,349,652              |
|                                     | <u>₩ 8,940,282,255</u> | <u>₩ 42,680,000</u> | <u>₩ 1,017,238,435</u> | <u>₩ (16,687,756)</u>   | <u>₩ 14,720,499</u>                          | <u>₩ (2,000,000)</u> | <u>₩ 9,996,233,433</u> |

Marketable investments in associates as at December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won, in shares)</i> | 2024             |              | 2023         |  |
|--|------------------|--------------|--------------|--|
|  | Number of shares | Market value | Market value |  |
| Philenergy Co., Ltd.                           | 3,000,000        | ₩ 39,150,000 | ₩ 55,050,000 |  |

No significant restriction exists on associates and joint ventures' ability to transfer money in the form of cash dividends or to repay or return borrowings or advances to the Group. In addition, no contingent liabilities related to interests in associates and joint ventures has been identified.

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**13. Property, Plant and Equipment**

Changes in property, plant and equipment for the years ended December 31, 2024 and 2023, are summarized as follows:

| (in thousands of<br>Korean won)   | 2024                 |                             |                        |                                  |                        |   |                         |
|---|----------------------|-----------------------------|------------------------|----------------------------------|------------------------|---|-------------------------|
|   | Land                 | Buildings and<br>structures | Machinery              | Tools, furniture<br>and fixtures | Right of use<br>assets | Construction in<br>progress and<br>others | Total                   |
| Beginning balance   | ₩ 364,297,855        | ₩ 3,775,637,897             | ₩ 3,779,410,110        | ₩ 295,559,140                    | ₩ 76,875,415           | ₩ 3,601,567,660                           | ₩ 11,893,348,077        |
| Acquisition cost  | 364,297,855          | 6,172,415,609               | 9,685,199,157          | 1,050,142,683                    | 130,130,696            | 3,601,567,660                             | 21,003,753,660          |
| Accumulated depreciation<br>(including impairment<br>and government grants) | -                    | (2,396,777,712)             | (5,905,789,047)        | (754,583,543)                    | (53,255,281)           | -   | (9,110,405,583)         |
| Acquisitions and capital<br>expenditure                                     | 1,041,744            | 5,138,216                   | 342,606,470            | 39,825,353                       | 113,951,807            | 6,145,667,813                             | 6,648,231,403           |
| Transfer to assets held for<br>sale   | (35,412,207)         | (116,492,441)               | (46,819,304)           | (8,938,492)                      | (3,704,736)            | (4,114,798)                               | (215,481,978)           |
| Depreciation  | -                    | (290,405,149)               | (1,287,055,044)        | (184,079,856)                    | (33,542,077)           | -   | (1,795,082,126)         |
| Disposals   | (103,954)            | (182,471)                   | (57,883,011)           | (2,120,974)                      | (780,255)              | (732,075)                                 | (61,802,740)            |
| Impairment losses <sup>1</sup>  | -                    | (110,402)                   | (108,747,200)          | (2,859,861)                      | -                      | (14,221,818)                              | (125,939,281)           |
| Others <sup>2</sup>   | 37,569,377           | 2,297,196,580               | 1,233,516,064          | 291,050,908                      | 4,082,917              | (2,500,158,955)                           | 1,363,256,891           |
| Ending balance  | <u>₩ 367,392,815</u> | <u>₩ 5,670,782,230</u>      | <u>₩ 3,855,028,085</u> | <u>₩ 428,436,218</u>             | <u>₩ 156,883,071</u>   | <u>₩ 7,228,007,827</u>                    | <u>₩ 17,706,530,246</u> |
| Acquisition cost  | ₩ 367,392,815        | ₩ 8,418,837,461             | ₩ 10,973,602,213       | ₩ 1,321,540,207                  | ₩ 212,484,733          | ₩ 7,228,007,827                           | ₩ 28,521,865,256        |
| Accumulated depreciation<br>(including impairment<br>and government grants) | -                    | (2,748,055,231)             | (7,118,574,128)        | (893,103,989)                    | (55,601,662)           | -   | (10,815,335,010)        |

<sup>1</sup> The Group recognized an impairment loss on idle facilities arising from the renovation of certain production lines which amounts to ₩ 125,939 million and was recognized as other expenses.

<sup>2</sup> Others include reclassification of construction-in-progress to appropriate accounts, such as intangible assets, investment property and exchange rate fluctuation.

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Korean won)

|   | 2023                 |                          |                        |                               |                     |                                     |                         |
|---|----------------------|--------------------------|------------------------|-------------------------------|---------------------|-------------------------------------|-------------------------|
|   | Land                 | Buildings and structures | Machinery              | Tools, furniture and fixtures | Right of use assets | Construction in progress and others | Total                   |
| Beginning balance   | ₩ 352,595,992        | ₩ 2,517,208,381          | ₩ 3,175,710,345        | ₩ 238,451,007                 | ₩ 69,188,026        | ₩ 2,612,316,048                     | ₩ 8,965,469,799         |
| Acquisition cost  | 352,595,992          | 4,621,115,978            | 7,830,524,099          | 884,204,089                   | 99,237,957          | 2,612,316,048                       | 16,399,994,163          |
| Accumulated depreciation (including impairment and government grants) | -                    | (2,103,907,597)          | (4,654,813,754)        | (645,753,082)                 | (30,049,931)        | -                                   | (7,434,524,364)         |
| Acquisitions and capital expenditure                                  | 86,732               | 11,301,494               | 12,839,358             | 59,645,675                    | 40,728,597          | 4,038,623,128                       | 4,163,224,984           |
| Depreciation  | -                    | (242,572,234)            | (1,231,728,364)        | (155,705,556)                 | (29,465,937)        | -                                   | (1,659,472,091)         |
| Disposals   | (416,511)            | (244,883)                | (21,898,489)           | (1,411,091)                   | (1,229,200)         | (5,031,542)                         | (30,231,716)            |
| Impairment losses   | -                    | -                        | (1,129,678)            | (583,765)                     | -                   | -                                   | (1,713,443)             |
| Others <sup>1</sup>   | 12,031,642           | 1,489,945,139            | 1,845,616,938          | 155,162,870                   | (2,346,071)         | (3,044,339,974)                     | 456,070,544             |
| Ending balance  | <u>₩ 364,297,855</u> | <u>₩ 3,775,637,897</u>   | <u>₩ 3,779,410,110</u> | <u>₩ 295,559,140</u>          | <u>₩ 76,875,415</u> | <u>₩ 3,601,567,660</u>              | <u>₩ 11,893,348,077</u> |
| Acquisition cost  | ₩ 364,297,855        | ₩ 6,172,415,609          | ₩ 9,685,199,157        | ₩ 1,050,142,683               | ₩ 130,130,696       | ₩ 3,601,567,660                     | ₩ 21,003,753,660        |
| Accumulated depreciation (including impairment and government grants) | -                    | (2,396,777,712)          | (5,905,789,047)        | (754,583,543)                 | (53,255,281)        | -                                   | (9,110,405,583)         |

<sup>1</sup> Others include reclassification of construction-in-progress to appropriate accounts, such as intangible assets, investment property and exchange rate fluctuation.

During the year, the Group has capitalized borrowing costs amounting to ₩ 72,725 million (2023: nil) on property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 4.19%~6.52%.

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**14. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of<br/>Korean won)</i>          | 2024                          |                 |               |                             |                 |
|--|-------------------------------|-----------------|---------------|-----------------------------|-----------------|
|  | Industrial<br>property rights | Others          | Goodwill      | Construction in<br>progress | Total           |
| Beginning balance                                | ₩ 62,800,626                  | ₩ 179,975,716   | ₩ 616,153,405 | ₩ -                         | ₩ 858,929,747   |
| Acquisition cost                                 | 183,222,567                   | 1,067,868,779   | 645,476,386   | -                           | 1,896,567,732   |
| Accumulated<br>amortization and<br>impairment    | (120,421,941)                 | (887,893,063)   | (29,322,981)  | -                           | (1,037,637,985) |
| Acquisitions                                     | 2,011,400                     | 16,838,315      | -             | 67,420,232                  | 86,269,947      |
| Transfer to assets held<br>for sale <sup>1</sup> | (2,566,650)                   | (2,036,904)     | (235,450,963) | -                           | (240,054,517)   |
| Amortization                                     | (11,947,484)                  | (67,649,071)    | -             | -                           | (79,596,555)    |
| Disposals  | (131,739)                     | (889,982)       | -             | -                           | (1,021,721)     |
| Impairment losses                                | -                             | (349,543)       | -             | -                           | (349,543)       |
| Others <sup>2</sup>                              | 8,692,147                     | 80,082,940      | 8,289,005     | (53,256,262)                | 43,807,830      |
| Ending balance                                   | ₩ 58,858,300                  | ₩ 205,971,471   | ₩ 388,991,447 | ₩ 14,163,970                | ₩ 667,985,188   |
| Acquisition cost                                 | ₩ 189,053,511                 | ₩ 1,157,679,732 | ₩ 418,314,429 | ₩ 14,163,970                | ₩ 1,779,211,642 |
| Accumulated<br>amortization and<br>impairment    | (130,195,211)                 | (951,708,261)   | (29,322,982)  | -                           | (1,111,226,454) |

<sup>1</sup> Following the decision to sell the polarizer film segment, the goodwill allocated to the cash-generating unit, which includes the polarizer film business of the electronic materials, has been allocated between the portion that remains within the cash-generating unit and the portion related to the business held for sale based on the relative value. This goodwill allocated to polarizer film segment has been classified as assets held for sale.

<sup>2</sup> Others include reclassification of long-term prepaid expenses to industrial property rights and of construction-in-progress to appropriate accounts (property, plant and equipment and intangible assets). Also, the amounts include the changes incurred due to changes in exchange rate.

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| <i>(in thousands of<br/>Korean won)</i>       | 2023                   |                      |                 |               |                 |
|---|------------------------|----------------------|-----------------|---------------|-----------------|
|   | Industrial<br>property | Development<br>costs | Others          | Goodwill      | Total           |
| Beginning balance                             | ₩ 62,068,072           | ₩ -                  | ₩ 142,827,839   | ₩ 610,035,252 | ₩ 814,931,163   |
| Acquisition cost                              | 171,556,792            | 6,331,931            | 971,294,760     | 639,358,233   | 1,788,541,716   |
| Accumulated<br>amortization and<br>impairment | (109,488,720)          | (6,331,931)          | (828,466,921)   | (29,322,981)  | (973,610,553)   |
| Acquisitions                                  | 2,361,356              | -                    | 10,170,519      | -             | 12,531,875      |
| Amortization                                  | (10,933,221)           | -                    | (57,380,839)    | -             | (68,314,060)    |
| Disposals                                     | (1,223,341)            | -                    | (19,438)        | -             | (1,242,779)     |
| Impairment losses                             | -                      | -                    | (2,045,303)     | -             | (2,045,303)     |
| Others <sup>1</sup>                           | 10,527,760             | -                    | 86,422,938      | 6,118,153     | 103,068,851     |
| Ending balance                                | ₩ 62,800,626           | ₩ -                  | ₩ 179,975,716   | ₩ 616,153,405 | ₩ 858,929,747   |
| Acquisition cost                              | ₩ 183,222,567          | ₩ -                  | ₩ 1,067,868,779 | ₩ 645,476,386 | ₩ 1,896,567,732 |
| Accumulated<br>amortization and<br>impairment | (120,421,941)          | -                    | (887,893,063)   | (29,322,981)  | (1,037,637,985) |

<sup>1</sup> Others include reclassification of long-term prepaid expenses to industrial property rights and of construction-in-progress to other intangible assets. Also, they include the changes incurred due to exchange rate fluctuation.

*(a) Amortization expenses*

Amortization expenses are classified as manufacturing cost and selling, general and administrative expenses.

*(b) Research and development expenses*

Research and development expenses recognized as selling, general and administrative expenses for the years ended December 31, 2024 and 2023 are ₩ 1,297,537 million and ₩ 1,098,470 million, respectively.

*(c) Impairment of CGU including goodwill*

The Group performed impairment test on the goodwill allocated to electronic material business, and NOVALED, a cash generating unit ("CGU") respectively.

The key assumptions used to estimate the value in use for the cash-generating units to which significant goodwill is allocated as at December 31, 2024, are as follows. The recoverable amount of the cash-generating units was determined based on the value in use calculation, which utilized pre-tax cash flows estimated based on the five-year budget approved by management. The cash flows beyond the forecast period were estimated using a long-term growth rate, which does not exceed the expected long-term average growth rate in the relevant industry reports. The weighted average cost of capital is a discount rate that reflects the specific risks associated with the

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segment and country to which the cash-generating unit belongs. The long-term growth rates and discount rates used in the calculation of the value in use for cash-generating units with significant goodwill allocated are as follows.

| Key assumptions       | Electronic materials | NOVALED |
|-----------------------|----------------------|---------|
| Long-term growth rate | 1.00%                | 1.00%   |
| Discount rate         | 10.78%               | 9.56%   |

As the result of impairment test on goodwill, the Group did not recognize impairment losses as the recoverable amount exceeded its carrying amount of the cash-generating unit. As at December 31, 2024, the Group has allocated ₩ 262,824 million of its goodwill to its electronic material business, and ₩ 124,062 million to NOVALED.

**15. Investment Property**

Changes in investment property for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>      | 2024          |             |               | 2023          |             |               |
|--|---------------|-------------|---------------|---------------|-------------|---------------|
|  | Land          | Buildings   | Total         | Land          | Buildings   | Total         |
| Beginning balance                        | ₩ 144,721,618 | ₩ 2,598,868 | ₩ 147,320,486 | ₩ 144,721,618 | ₩ 2,837,248 | ₩ 147,558,866 |
| Reclassification and others <sup>1</sup> | (18,898,522)  | -           | (18,898,522)  | -             | (52,755)    | (52,755)      |
| Depreciation                             | -             | (185,625)   | (185,625)     | -             | (185,625)   | (185,625)     |
| Ending balance                           | ₩ 125,823,096 | ₩ 2,413,243 | ₩ 128,236,339 | ₩ 144,721,618 | ₩ 2,598,868 | ₩ 147,320,486 |

<sup>1</sup> Reclassification to property, plant and equipment in accordance with self-uses are included.

As at December 31, 2024 and 2023, investment property consists of land and buildings that are leased to Samsung Electronics Co., Ltd. and others. The rental income from investment property for the years ended December 31, 2024 and 2023 are ₩ 4,596 million and ₩ 4,591 million, respectively.

The fair value of the investment property is determined based on the value measured by an independent appraiser with experience and professional qualifications that has recently evaluated similar properties in the region in which the investment property to be assessed is located. The fair value of investment real estate of ₩ 374,056 million was classified as Level 3 fair value based on the inputs used in the valuation technique.

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The undiscounted future minimum lease payments expected to be received in relation to the above operating lease agreement for investment property as at December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i>               |   | <b>2024</b> |   | <b>2023</b> |
|---|---|-------------|---|-------------|
| Not later than one year                           | ₩ | 4,324,501   | ₩ | 4,480,461   |
| Later than one year and not later than five years |   | 12,960,783  |   | 8,955,630   |

**16. Trade and Other Payables**

Trade and other payables as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b>            |                      | <b>2023</b>            |                      |
|-------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                     | <b>Current</b>         | <b>Non-current</b>   | <b>Current</b>         | <b>Non-current</b>   |
| Trade payables                      | ₩ 905,551,583          | ₩ -                  | ₩ 2,118,657,669        | ₩ -                  |
| Non-trade payables                  | 1,286,824,705          | 37,053               | 1,361,191,515          | 35,779               |
| Dividends payable                   | 30,654                 | -                    | 30,719                 | -                    |
| Accrued expenses                    | 671,994,093            | -                    | 766,088,163            | -                    |
| Lease liabilities                   | 35,549,753             | 126,176,152          | 26,046,759             | 55,005,940           |
| Others <sup>1</sup>                 | 502,520,499            | 201,306,481          | 266,830,199            | 486,881,198          |
|                                     | <u>₩ 3,402,471,287</u> | <u>₩ 327,519,686</u> | <u>₩ 4,538,845,024</u> | <u>₩ 541,922,917</u> |

<sup>1</sup> Other liabilities include withholdings, guarantee deposits received, etc.

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**17. Borrowings**

Borrowings of the Group as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>         | <b>2024</b>             | <b>2023</b>            |
|---|-------------------------|------------------------|
| <b>Short-term borrowings</b>                |                         |                        |
| Current portion of long-term borrowings     | ₩ 1,120,559,090         | ₩ 570,636,000          |
| Disposals of trade receivables <sup>1</sup> | 1,612,723,976           | 1,183,024,326          |
| Short-term borrowings <sup>2</sup>          | 3,780,866,667           | 1,114,614,626          |
|   | <u>6,514,149,733</u>    | <u>2,868,274,952</u>   |
| <b>Long-term borrowings</b>                 |                         |                        |
| Long-term borrowings                        | 5,063,743,786           | 2,849,524,920          |
|   | <u>5,063,743,786</u>    | <u>2,849,524,920</u>   |
|   | <u>₩ 11,577,893,519</u> | <u>₩ 5,717,799,872</u> |

<sup>1</sup> The Group entered into factoring agreements with recourse for its trade receivables with Woori Bank and others. Factored receivables not overdue as at December 31, 2024 are accounted for as short-term borrowings.

<sup>2</sup> The amount includes liabilities under supplier finance arrangements classified as borrowings.



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Short-term borrowings in foreign currency as at December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

| Borrower | Financial institution         | Description    | Way of Redemption         | Maturity <sup>1</sup> | Annual interest rate (%) |   | 2024            | 2023            |
|----------|-------------------------------|----------------|---------------------------|-----------------------|--------------------------|---|-----------------|-----------------|
| SDI      | Shinhan Bank                  | Operation fund | Redeemed on maturity date | 2025.01.09            | CD91 days+1.29           | ₩ | 100,000,000     | ₩ -             |
| SDI      | MUFG                          | Operation fund | Redeemed on maturity date | 2025.03.14            | SOFR 3M+0.001            |   | 440,722,539     | -               |
| SDI      | DBS                           | Operation fund | Redeemed on maturity date | 2025.02.11            | SOFR 3M+0.49             |   | 421,145,955     | -               |
| SDI      | ANZ                           | Facility fund  | Redeemed on maturity date | 2025.01.21            | SOFR 1M+0.55             |   | 441,000,000     | -               |
| SDI      | UOB                           | Facility fund  | Redeemed on maturity date | 2025.02.05            | SOFR 3M+0.50             |   | 147,000,000     | -               |
| SDI      | Credit Agricole               | Facility fund  | Redeemed on maturity date | 2025.03.05            | SOFR 3M+0.55             |   | 242,550,000     | -               |
| SDIHU    | CITI and others               | Operation fund | Redeemed on maturity date | 2025.08.08            | EURIBOR 3M+0.50-0.55     |   | 938,010,852     | 858,574,456     |
| TSDI     | BoComm and others             | Operation fund | Redeemed on maturity date | 2025.10.31            | LPR-1.05-0.60            |   | 145,093,086     | 137,367,575     |
| SDITB    | BoComm and others             | Operation fund | Redeemed on maturity date | 2025.12.20            | LPR-0.70                 |   | 20,129,835      | 118,672,595     |
| STARPLUS | FCA US, LLC                   | Facility fund  | Redeemed on maturity date | 2025.01.31            | SOFR 3M+1.20             |   | 767,614,400     | -               |
| SDIEM    | Standard Chartered and others | Operation fund | Redeemed on maturity date | 2025.02.19            | SOFR 3M+0.50             |   | 117,600,000     | -               |
|          |                               |                |                           |                       |                          |   | ₩ 3,780,866,667 | ₩ 1,114,614,626 |

<sup>1</sup> The maturity date is the furthest date of the borrowings of the borrower.

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Long-term borrowings in foreign currency as at December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

| Borrower              | Financial institution      | Description   | Way of Redemption         | Maturity <sup>1</sup> | Annual interest rate (%)           | 2024            | 2023            |
|-----------------------|----------------------------|---------------|---------------------------|-----------------------|------------------------------------|-----------------|-----------------|
| SAPB                  | HSBC                       | Facility fund | Redeemed on maturity date | -                     | -                                  | ₩ -             | ₩ 70,527,600    |
| SDIHU                 | Korea Exim Bank and others | Facility fund | Redeemed on maturity date | 2027.05.28            | EURIBOR 3M+0.53-1.04               | 3,334,160,130   | 3,135,644,820   |
| SDIHU                 | Kookmin Bank               | Facility fund | Redeemed on maturity date | 2026.09.16            | 0.63                               | 229,309,500     | 213,988,500     |
| STARPLUS              | Department of Energy       | Facility fund | Redeemed on instalments   | 2033.12.15            | 4.52                               | 2,580,833,246   | -               |
| STM                   | KDB                        | Facility fund | Redeemed on maturity date | 2027.10.14            | Industrial financial bonds 6M+0.83 | 40,000,000      | -               |
|                       |                            |               |                           |                       |                                    | 6,184,302,876   | 3,420,160,920   |
| Less: current portion |                            |               |                           |                       |                                    | (1,120,559,090) | (570,636,000)   |
|                       |                            |               |                           |                       |                                    | ₩ 5,063,743,786 | ₩ 2,849,524,920 |

<sup>1</sup> The maturity date is the furthest date of the borrowings of the borrower.

## 18. Provisions

Changes in provisions for the years ended December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

|                        | 2024              |                 |                 |                |               |               |
|------------------------|-------------------|-----------------|-----------------|----------------|---------------|---------------|
|                        | Beginning balance | Provisions made | Provisions used | Ending balance | Current       | Non-current   |
| Quality assurance      | ₩ 350,296,585     | ₩ 323,958,363   | ₩ (179,063,586) | ₩ 495,191,362  | ₩ 70,313,082  | ₩ 424,878,280 |
| Long-term incentives   | 37,109,331        | 18,244,278      | (13,918,282)    | 41,435,327     | 13,829,050    | 27,606,277    |
| Greenhouse gas         | 8,671,331         | 9,590,412       | (8,964,154)     | 9,297,589      | 9,297,589     | -             |
| Provision for recovery | 2,926,164         | 504,799         | -               | 3,430,963      | -             | 3,430,963     |
| Others                 | 77,900,353        | 37,077,235      | (9,004,617)     | 105,972,971    | 12,495,000    | 93,477,971    |
|                        | ₩ 476,903,764     | ₩ 389,375,087   | ₩ (210,950,639) | ₩ 655,328,212  | ₩ 105,934,721 | ₩ 549,393,491 |

(in thousands of Korean won)

|                      | 2023              |                 |                 |                |               |             |
|----------------------|-------------------|-----------------|-----------------|----------------|---------------|-------------|
|                      | Beginning balance | Provisions made | Provisions used | Ending balance | Current       | Non-current |
| Quality assurance    | ₩ 320,736,926     | ₩ 92,524,367    | ₩ (62,964,708)  | ₩ 350,296,585  | ₩ 350,296,585 | ₩ -         |
| Long-term incentives | 40,595,202        | 24,184,662      | (27,670,533)    | 37,109,331     | 13,835,283    | 23,274,048  |
| Greenhouse gas       | -                 | 17,637,110      | (8,965,779)     | 8,671,331      | 8,671,331     | -           |

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|                        |                      |                      |                        |                      |                      |                     |
|------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|---------------------|
| Provision for recovery | 32,180               | 2,926,304            | (32,320)               | 2,926,164            | -                    | 2,926,164           |
| Others                 | 62,022,974           | 21,779,947           | (5,902,568)            | 77,900,353           | 10,959,900           | 66,940,453          |
|                        | <u>₩ 423,387,282</u> | <u>₩ 159,052,390</u> | <u>₩ (105,535,908)</u> | <u>₩ 476,903,764</u> | <u>₩ 383,763,099</u> | <u>₩ 93,140,665</u> |

The Group recognizes a warranty provision (quality assurance) for the estimated costs of future repairs and recalls as accrued expenses, based on the past experienced rate. The Group also recognizes estimated costs in case of its customers' product recall from its end-users.

The Group has long-term incentive plans for its executives based on three-year performance criteria and made a provision for the estimated incentive.

The Group recognized provision for litigations. However, as stated in Note 20, details of provisions for litigations are not disclosed as it may affect the result or the progress of pending litigations.

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As at December 31, 2024, the Group recognizes the expected expenditure required to settle the obligation for the greenhouse gas emissions that exceed the number of free allocation allowances as emission liabilities. The quantities of emission rights which are allocated free of charge for the 3rd planning period (2021~2025) are as follows.

*(in tCO2-eq)*

| <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> |
|-------------|-------------|-------------|-------------|-------------|
| 592,852     | 589,613     | 692,391     | 659,608     | 644,797     |

**19. Employee Benefits**

Changes in employee benefit liabilities (assets) for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

|  | <b>2024</b>     | <b>2023</b>     |
|--|-----------------|-----------------|
| Present value of defined benefit obligations:                                  |                 |                 |
| Beginning balance  | ₩ 808,139,665   | ₩ 672,626,239   |
| Current service cost   | 84,085,444      | 63,508,936      |
| Interest expenses  | 46,943,579      | 37,796,106      |
| Obligations transferred from (to) related parties                              | 538,757         | (3,716,823)     |
| Gross benefit payments   | (19,706,854)    | (27,652,301)    |
| Actuarial gain arising from assumptions  | 102,218,555     | 93,358,260      |
| Contribution to the defined contribution plan                                  | (42,410,344)    | (27,853,301)    |
| Exchange rate fluctuations   | 3,148           | 72,549          |
| Ending balance   | 979,811,950     | 808,139,665     |
| Plan assets  | (1,104,851,948) | (1,059,689,820) |
| Net defined benefit assets on the consolidated statement of financial position | ₩ (125,039,998) | ₩ (251,550,155) |

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| <i>(in thousands of Korean won)</i>           | <b>2024</b> |                      | <b>2023</b> |                      |
|---|-------------|----------------------|-------------|----------------------|
| Beginning balance                             | ₩           | 1,059,689,820        | ₩           | 842,739,921          |
| Contributions paid into plan                  |             | 57,691,504           |             | 217,011,208          |
| Obligations paid by the plan                  |             | (16,124,450)         |             | (18,245,611)         |
| Contribution to the defined contribution plan |             | (42,410,344)         |             | (27,853,301)         |
| Interest income                               |             | 62,935,345           |             | 48,840,140           |
| Actuarial gain arising from assumptions       |             | (17,472,463)         |             | (5,931,296)          |
| Plan assets transferred to related parties    |             | 512,844              |             | 3,167,249            |
| Exchange rate fluctuations                    |             | 29,692               |             | (38,490)             |
| Ending balance                                | ₩           | <u>1,104,851,948</u> | ₩           | <u>1,059,689,820</u> |

Other liabilities for employee benefits as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b> |                    | <b>2023</b> |                    |
|-------------------------------------|-------------|--------------------|-------------|--------------------|
| Liabilities for paid absence        | ₩           | 96,961,734         | ₩           | 84,409,269         |
| Long-term incentive provisions      |             | 41,435,327         |             | 37,109,331         |
| Other long-term employee benefits   |             | 89,731,459         |             | 66,467,677         |
|                                     | ₩           | <u>228,128,520</u> | ₩           | <u>187,986,277</u> |

Expenses for employee benefits for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>   | <b>2024</b> |                   | <b>2023</b> |                   |
|---------------------------------------|-------------|-------------------|-------------|-------------------|
| Current service costs                 | ₩           | 84,085,444        | ₩           | 63,508,936        |
| Interest expenses                     |             | 46,943,579        |             | 37,796,106        |
| Interest income                       |             | (62,935,345)      |             | (48,840,140)      |
| Payment on defined contribution plans |             | 12,296,529        |             | 10,485,854        |
|                                       | ₩           | <u>80,390,207</u> | ₩           | <u>62,950,756</u> |

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Fair value of plan assets as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b> |                      | <b>2023</b> |                      |
|-------------------------------------|-------------|----------------------|-------------|----------------------|
| Severance insurance bonds           | ₩           | 1,104,615,282        | ₩           | 1,059,442,891        |
| National pension fund               |             | 236,665              |             | 246,929              |
|                                     | ₩           | <u>1,104,851,948</u> | ₩           | <u>1,059,689,820</u> |

The Group determined the discount rate based on market returns of high-quality corporate bonds consistent with currencies and estimated payment terms of defined benefit obligations as at the reporting date in order to calculate present value of the defined benefit obligations. Principal actuarial assumptions for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in %)</i>                                 | <b>2024</b> |           | <b>2023</b> |           |
|---|-------------|-----------|-------------|-----------|
| Expected rate of salary increase              |             | 4.54~5.96 |             | 3.87~5.72 |
| Discount rate for defined benefit obligations |             | 5.06~5.13 |             | 6.08~6.12 |

Future mortality has been based on published statistics and mortality tables from Korea Insurance Development Institute. The weighted duration of expenses for employee benefits for the years ended December 31, 2024 and 2023 are 9.54 to 9.82 years and 9.30 to 9.42 years, respectively.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions as at December 31, 2024, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| <i>(in thousands of Korean won)</i>          | <b>Defined benefit obligations</b> |                 |   |                 |
|--|------------------------------------|-----------------|---|-----------------|
|  |                                    | <b>Increase</b> |   | <b>Decrease</b> |
| Expected rate of salary increase (1% change) | ₩                                  | 100,713,649     | ₩ | (88,234,135)    |
| Discount rate (1% change)                    |                                    | (84,874,041)    |   | 98,329,366      |

## **20. Commitment and Contingencies**

(a) As at December 31, 2024, the Group has been provided with a guarantee of ₩ 13,783 million by Seoul Guarantee Insurance Co., Ltd. in relation to a court deposit, various licensing procedures and the performance guarantees and others.

(b) The Group is a defendant in civil claims filed for collusion of CRTs in Europe and others. The Group has estimated and recognized its potential loss related to the claims, but the actual compensation may differ significantly from the Group's estimation. The Group has not disclosed the details of on-going litigations as the disclosure of the subject matter may affect the outcomes

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of pending litigations.

(c) Other than the cases described in (b) above, the Group is defendant of 44 pending litigations in local and foreign jurisdictions as at December 31, 2024. The Group does not disclose details of the on-going litigations, as the disclosure may affect the result of the pending litigations. Effect of pending litigations on the Group's consolidated financial statements cannot be estimated reliably, as timing and amounts of compensations are uncertain.

(d) The Group has following borrowing commitments as at December 31, 2024.

| <i>(in thousands of USD, CNY, EUR and<br/>hundred millions of Korean won)</i> | <b>Currency</b> | <b>Limit</b> | <b>Name of financial<br/>institution</b> |
|---|-----------------|--------------|--|
| Bank overdrafts   | KRW             | 55           | Woori Bank and one other bank            |
| General purpose loans   | KRW             | 10,500       | Hana Bank and four other banks           |
|   | USD             | 1,324,729    | ANZ and eight other banks                |
|   | CNY             | 3,350,000    | Bank of China and three other banks      |
|   | EUR             | 830,000      | Citi Bank and three other banks          |
| A/S, Usance   | USD             | 15,000       | Shinhan Bank                             |
| Loans for import trade  | USD             | 600,000      | MUFG Bank and one other bank             |
| Guarantee payments for foreign currency                                       | USD             | 1,729,000    | BNP Paribas and four other banks         |
| D/A, D/P, O/A   | USD             | 1,784,851    | Woori Bank and nine other banks          |
|   | KRW             | 10,555       |  |
|   | USD             | 5,453,580    |  |
|   | CNY             | 3,350,000    |  |
|   | EUR             | 830,000      |  |

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(e) Until December 31, 2024, the Group has invested ₩ 128,000 million and acquired 40% ownership of ECOPRO EM Co., Ltd. Also, in case the joint venture agreement is terminated due to a fault of one party, the Group and ECOPRO BM Co., LTD respectively holds put option and call option on all of the shares of ECOPRO EM Co., Ltd. held by the Group and ECOPRO BM CO., LTD. During the specified period, in the agreement neither the Group nor ECOPRO BM Co., Ltd. shall transfer their shares to a third party without the approval by a special resolution at the Board of Directors of ECOPRO EM Co., Ltd. and the consent of the other party.

(f) According to the joint venture agreement with PHILOPTICS CO., LTD., within 20 years starting from the date after 5 years of the agreement date, the Group has the right to sell all or part of the shares of Philenergy Co., Ltd. held by the Group to Philenergy Co., Ltd. or PHILOPTICS CO., LTD. Also, if the agreement is terminated due to a fault of one party, the Group and PHILOPTICS CO., LTD. respectively holds put option and call option on all the shares of Philenergy Co., Ltd. held by the Group. During the specified period in the agreement, neither the Group nor PHILOPTICS CO., LTD., shall transfer their shares to a third party without the approval by a special resolution at the Board of Directors Philenergy Co., Ltd and the consent of the other party.

(g) According to the joint venture agreement with FCA US LLC., the Group can agree on the expiration date of the agreement period, and has the right to exercise a call option on the shares in StarPlus Energy LLC. held by FCA US LLC. at the expiration of the agreement. In addition, if the agreement is terminated due to a fault of one party, the Group has a call option and FCA US LLC. has a put option for the StarPlus Energy LLC. shares owned by FCA US LLC. During the specified period in the agreement, except for the exceptional cases specified in the joint venture agreement, neither the Group nor FCA US LLC. shall transfer their shares to a third party without prior written consent of the other party.

(h) Liabilities under supplier finance arrangements

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts that the Group owes its suppliers and the Group agreeing to pay finance providers according to the terms and conditions of the arrangements at a date later than, when suppliers are paid. These arrangements provide the Group with extended payment terms, or the Group's suppliers with early payment terms. The Group entered into a supplier finance arrangement with Woori Bank and seven other banks ending on December 31, 2024. The credit limit from the agreement amount to ₩ 308.2 billion and the amount executed for borrowings and trade payables amount to ₩ 80.6 billion and ₩ 144.6 billion, respectively, as at December 31, 2024.

(i) As at December 31, 2024, the outstanding contract amount for the acquisition of property, plant and equipment and intangible assets is ₩ 1,919,908 million.



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**21. Share Capital and Share Premium**

Ordinary shares and preferred shares issued and outstanding as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in shares)</i> | 2024              |                    |                    | 2023              |                    |                    |
|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|                    | Shares issued     | Treasury shares    | Shares outstanding | Shares issued     | Treasury shares    | Shares outstanding |
| Ordinary shares    | 68,764,530        | (3,331,391)        | 65,433,139         | 68,764,530        | (3,331,391)        | 65,433,139         |
| Preferred shares   | 1,617,896         | (178,400)          | 1,439,496          | 1,617,896         | (178,400)          | 1,439,496          |
|                    | <u>70,382,426</u> | <u>(3,509,791)</u> | <u>66,872,635</u>  | <u>70,382,426</u> | <u>(3,509,791)</u> | <u>66,872,635</u>  |

Share premium as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | 2024 |                      | 2023 |                      |
|-------------------------------------|------|----------------------|------|----------------------|
| Additional paid-in-capital          | ₩    | 4,838,555,882        | ₩    | 4,838,555,882        |
| Other share premium                 |      | <u>163,418,811</u>   |      | <u>163,418,811</u>   |
|                                     | ₩    | <u>5,001,974,693</u> | ₩    | <u>5,001,974,693</u> |

Dividends by the Parent Company for the years ended December 31, 2024 and 2023, are summarized as follows. The dividends for the year ended December 31, 2024 will be presented as an agenda at the regular shareholders' meeting of the Parent Company.

| <i>(in Korean won and in shares)</i>                                      | 2024 |                       | 2023 |                       |
|---|------|-----------------------|------|-----------------------|
| <b>Number of shares</b>   |      |                       |      |                       |
| Ordinary shares   |      | 65,433,139            |      | 65,433,139            |
| Preferred shares  |      | 1,439,496             |      | 1,439,496             |
| <b>Dividends</b>  |      |                       |      |                       |
| Ordinary shares<br>(2024: ₩ 1,000 per share,<br>2023: ₩ 1,000 per share)  | ₩    | 65,433,139,000        | ₩    | 65,433,139,000        |
| Preferred shares<br>(2024: ₩ 1,050 per share,<br>2023: ₩ 1,050 per share) |      | <u>1,511,470,800</u>  |      | <u>1,511,470,800</u>  |
|   | ₩    | <u>66,944,609,800</u> | ₩    | <u>66,944,609,800</u> |

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**22. Other Components of Equity**

Other capital comprises treasury shares of the Parent Company. Number of treasury shares and its carrying amount as at December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won and in shares)</i> | 2024            |                  |               | 2023            |                  |               |
|---|-----------------|------------------|---------------|-----------------|------------------|---------------|
|   | Ordinary shares | Preferred shares | Total         | Ordinary shares | Preferred shares | Total         |
| Number of shares                                  | 3,331,391       | 178,400          | 3,509,791     | 3,331,391       | 178,400          | 3,509,791     |
| Carrying amount                                   | ₩ 336,813,481   | ₩ 8,318,103      | ₩ 345,131,584 | ₩ 336,813,481   | ₩ 8,318,103      | ₩ 345,131,584 |

**23. Accumulated Other Comprehensive Income**

Accumulated other comprehensive income, net of tax, as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>   | 2024                   | 2023                   |
|---|------------------------|------------------------|
| Gains on valuation of financial assets at fair value through other comprehensive income | ₩ 163,600,825          | ₩ 388,021,284          |
| Gains on valuation of derivatives   | -                      | 5,175,033              |
| Share of other comprehensive income of associates and joint ventures                    | 777,502,644            | 480,899,254            |
| Gains on translation of foreign operations  | 1,031,818,292          | 288,057,322            |
|   | <u>₩ 1,972,921,761</u> | <u>₩ 1,162,152,893</u> |

**24. Retained Earnings**

Retained earnings as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | 2024                    | 2023                    |
|-------------------------------------|-------------------------|-------------------------|
| Legal reserves <sup>1</sup>         | ₩ 183,235,277           | ₩ 183,235,277           |
| Discretionary reserves              | 7,738,628,000           | 7,056,478,000           |
| Unappropriated retained earnings    | 4,858,054,612           | 5,095,951,969           |
|                                     | <u>₩ 12,779,917,889</u> | <u>₩ 12,335,665,246</u> |

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Parent Company to appropriate, as an earned surplus reserve, an amount equal to a minimum of 10% of dividends paid, until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

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**25. Selling, General and Administrative Expenses**

Details of selling, general and administrative expenses for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> |   | <b>2024</b>          |   | <b>2023</b>          |
|-------------------------------------|---|----------------------|---|----------------------|
| Salaries and wages                  | ₩ | 352,404,489          | ₩ | 351,546,769          |
| Post-employment benefits            |   | 20,464,515           |   | 18,736,395           |
| Employee benefits                   |   | 140,136,026          |   | 109,681,393          |
| Depreciation                        |   | 54,619,269           |   | 48,805,527           |
| Amortization                        |   | 16,058,838           |   | 20,554,026           |
| Research and development expenses   |   | 1,297,537,040        |   | 1,098,470,166        |
| Transportation expenses             |   | 203,803,165          |   | 132,816,146          |
| Fees and commissions                |   | 171,389,813          |   | 133,023,041          |
| (Reversal of) Bad debt expenses     |   | 4,769                |   | (38,377)             |
| Others                              |   | 563,698,482          |   | 323,123,502          |
|                                     | ₩ | <u>2,820,116,406</u> | ₩ | <u>2,236,718,588</u> |

**26. Expenses by Nature**

Expenses by nature for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>    |   | <b>2024</b>           |   | <b>2023</b>           |
|--|---|-----------------------|---|-----------------------|
| Changes in inventories                 | ₩ | 108,447,033           | ₩ | (220,475,251)         |
| Raw materials used and goods purchased |   | 8,827,560,696         |   | 13,242,148,070        |
| Salaries and wages                     |   | 1,731,019,670         |   | 1,791,866,526         |
| Post-employment benefits               |   | 101,860,869           |   | 78,532,244            |
| Employee benefits                      |   | 631,176,467           |   | 534,520,300           |
| Depreciation                           |   | 1,772,839,439         |   | 1,636,474,723         |
| Amortization                           |   | 77,030,742            |   | 65,958,186            |
| Others                                 |   | 3,068,866,379         |   | 2,762,274,896         |
|  | ₩ | <u>16,318,801,295</u> | ₩ | <u>19,891,299,694</u> |

**27. Other Non-Operating Income and Expenses**

Other income for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> |   | <b>2024</b> |   | <b>2023</b> |
|-------------------------------------|---|-------------|---|-------------|
| Gain on sale of investment property | ₩ | -           | ₩ | 14,720,499  |

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|   |                     |                     |
|---|---------------------|---------------------|
| Dividends income                              | 14,253,754          | 17,095,214          |
| Rental income                                 | 121,756             | 120,483             |
| Gain on sale of property, plant and equipment | 634,823             | 2,861,220           |
| Gain on sale of intangible assets             | 12,613              | 14,100              |
| Gain on lease termination                     | 12,486              | 6,888               |
| Miscellaneous income                          | 31,681,702          | 30,205,283          |
|   | <u>₩ 46,717,134</u> | <u>₩ 65,023,687</u> |

Other expenses for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>                 | <b>2024</b>          | <b>2023</b>         |
|---|----------------------|---------------------|
| Donations   | ₩ 7,441,093          | ₩ 6,178,156         |
| Loss on sale of property, plant and equipment       | 53,754,225           | 19,847,575          |
| Loss on impairment of property, plant and equipment | 125,939,280          | 1,713,443           |
| Loss on sale of intangible assets                   | 131,739              | 13,771              |
| Loss on impairment of intangible assets             | 349,543              | 2,045,303           |
| Loss on lease termination                           | 2,191                | 19,191              |
| Miscellaneous expenses                              | 22,361,707           | 17,602,901          |
|   | <u>₩ 209,979,778</u> | <u>₩ 47,420,340</u> |

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**28. Finance Income and Cost**

Finance income and cost for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>  | <b>2024</b>            | <b>2023</b>            |
|--|------------------------|------------------------|
| <b>Finance income</b>  |                        |                        |
| Interest income  | ₩ 54,976,064           | ₩ 79,750,375           |
| Gain on foreign currency transaction                                       | 768,044,143            | 756,671,714            |
| Gain on foreign currency translation                                       | 305,245,242            | 89,604,646             |
| Gain on valuation of derivatives   | -                      | 967,840                |
| Gain on transaction of derivatives   | -                      | 18,148,101             |
| Gain on valuation of financial assets at fair value through profit or loss | 410,400                | 13,333,981             |
| Gain on disposal of financial assets at fair value through profit or loss  | -                      | 6,471                  |
|  | <u>1,128,675,849</u>   | <u>958,483,128</u>     |
| <b>Finance costs</b>   |                        |                        |
| Interest expenses  | 335,645,457            | 273,538,572            |
| Loss on foreign currency transaction                                       | 829,456,701            | 723,013,708            |
| Loss on foreign currency translation                                       | 283,485,936            | 111,390,891            |
| Loss on valuation of derivatives   | -                      | 5,000,529              |
| Loss on transaction of derivatives   | -                      | 82,604                 |
| Loss on disposal of trade receivables                                      | 24,426,804             | 38,990,126             |
| Loss on valuation of financial assets at fair value through profit or loss | 126,388,935            | 1,769,425              |
| Loss on disposal of financial assets at fair value through profit or loss  | -                      | 377                    |
| Loss on guarantee fee  | 3,177,807              | 3,219,100              |
|  | <u>1,602,581,640</u>   | <u>1,157,005,332</u>   |
|  | <u>₩ (473,905,791)</u> | <u>₩ (198,522,204)</u> |

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**29. Income Tax Expense**

Income tax expenses for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>                              | <b>2024</b>          | <b>2023</b>          |
|--|----------------------|----------------------|
| Current tax:   |                      |                      |
| Current income taxes   | ₩ 158,428,469        | ₩ 265,729,020        |
| Adjustments in respect of current year and others                | (8,380,418)          | 135,787              |
| Deferred tax:  |                      |                      |
| Deferred income taxes from changes in temporary differences      | 106,416,158          | 301,266,537          |
| Changes in deferred income taxes due to tax credit carry forward | <u>(215,888,858)</u> | <u>(147,033,889)</u> |
| Income tax expense   | <u>₩ 40,575,351</u>  | <u>₩ 420,097,455</u> |
| Profit from continuing operations                                | ₩ 6,860,316          | ₩ 403,148,716        |
| Profit from discontinued operations                              | 33,715,035           | 16,948,739           |

Deferred tax assets and liabilities recognized at stockholders' equity as at December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>   | <b>2024</b>            |  |                        | <b>2023</b>            |  |                        |
|---|------------------------|--|------------------------|------------------------|--|------------------------|
|   | <b>Before tax</b>      | <b>Deferred tax assets<br/>(liabilities)</b> | <b>After tax</b>       | <b>Before tax</b>      | <b>Deferred tax assets<br/>(liabilities)</b> | <b>After tax</b>       |
| Remeasurements of net defined benefit liabilities   | ₩ (257,313,431)        | ₩ 66,904,076                                 | ₩ (190,409,355)        | ₩ (137,622,413)        | ₩ 35,305,647                                 | ₩ (102,316,766)        |
| Gain (loss) on translation of foreign operations and change in equity of equity-accounted investees | 2,097,697,467          | (288,376,530)                                | 1,809,320,937          | 944,589,436            | (175,632,860)                                | 768,956,576            |
| Gain (loss) on valuation of derivatives   | -                      | -  | -                      | 7,031,294              | (1,856,262)                                  | 5,175,032              |
| Equity instruments at FVOCI – net change in fair value  | <u>222,283,729</u>     | <u>(58,682,904)</u>                          | <u>163,600,825</u>     | <u>527,204,006</u>     | <u>(139,182,722)</u>                         | <u>388,021,284</u>     |
|   | <u>₩ 2,062,667,765</u> | <u>₩ (280,155,358)</u>                       | <u>₩ 1,782,512,407</u> | <u>₩ 1,341,202,323</u> | <u>₩ (281,366,197)</u>                       | <u>₩ 1,059,836,126</u> |

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The relationship between income tax expense and accounting income for the years ended December 31, 2024 and 2023, is as follows:

| <i>(in thousands of Korean won)</i>                  | <b>2024</b>         | <b>2023</b>          |
|--|---------------------|----------------------|
| Profit from continuing operations before income tax  | ₩ 527,321,922       | ₩ 2,381,808,291      |
| Profit from discontinued operation before income tax | 88,765,845          | 104,335,726          |
| Income tax using the Group's statutory tax rate      | 22,355,612          | 350,338,334          |
| Adjustments  |                     |                      |
| Foreign withholding tax, etc                         | 23,920,570          | 18,085,881           |
| Permanent differences                                | (17,251,644)        | (58,386,262)         |
| Unrecognized deferred income taxes                   | 29,546,593          | -                    |
| Tax credits  | (234,133,327)       | (188,508,350)        |
| Tax effects on subsidiary profit or loss             | 235,426,646         | 288,518,193          |
| Consolidation adjustments, and others                | (19,289,099)        | 10,049,659           |
| Income tax expense                                   | <u>₩ 40,575,351</u> | <u>₩ 420,097,455</u> |
| Income tax expense from continuing operations        | ₩ 6,860,316         | ₩ 403,148,716        |
| Income tax expense discontinued operation            | 33,715,035          | 16,948,739           |
| Average effective tax rate                           | 6.6%                | 16.9%                |

Change in deferred tax assets (liabilities) for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>                 | <b>2024</b>              |                       |   |                                    |                            |                          |
|---|--------------------------|-----------------------|---|------------------------------------|----------------------------|--------------------------|
|   | <b>Beginning balance</b> | <b>Profit or loss</b> | <b>Charged or credited directly to equity</b> | <b>Classified as held for sale</b> | <b>Exchange difference</b> | <b>Ending balance</b>    |
| Property, plant and equipment/<br>Intangible assets | ₩ 269,029,122            | ₩ 34,889,284          | ₩ -   | ₩ (2,468,121)                      | ₩ 19,488,446               | ₩ 320,938,731            |
| Investment in subsidiaries and associates           | (2,364,306,151)          | (235,426,645)         | (112,743,671)                                 | -                                  | -                          | (2,712,476,467)          |
| Inventories   | 6,560,728                | 20,995,666            | -   | (660,043)                          | 1,359,071                  | 28,255,422               |
| Accrued expenses                                    | 146,838,344              | 70,414,550            | -   | -                                  | 764,252                    | 218,017,146              |
| FVOCI   | (182,811,544)            | -                     | 80,499,818                                    | -                                  | -                          | (102,311,726)            |
| Others  | (76,487,445)             | 2,710,988             | 33,454,690                                    | (6,692,162)                        | 1,933,889                  | (45,080,040)             |
| Tax credit  | 347,620,561              | 215,888,857           | -   | -                                  | 1,112,027                  | 564,621,445              |
|   | <u>₩ (1,853,556,385)</u> | <u>₩ 109,472,700</u>  | <u>₩ 1,210,837</u>                            | <u>₩ (9,820,326)</u>               | <u>₩ 24,657,685</u>        | <u>₩ (1,728,035,489)</u> |

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| <i>(in thousands of Korean won)</i>              | <b>2023</b>              |                        |                          |
|--|--------------------------|------------------------|--------------------------|
|  | <b>Beginning balance</b> | <b>Changes</b>         | <b>Ending balance</b>    |
| Property, plant and equipment /Intangible assets | ₩ 116,016,250            | ₩ (2,022,616)          | ₩ 113,993,634            |
| Investment in subsidiaries and associates        | (1,915,001,100)          | (292,923,762)          | (2,207,924,862)          |
| Inventories                                      | 6,342,914                | (2,078,420)            | 4,264,494                |
| Accrued expenses                                 | 141,976,893              | 3,827,695              | 145,804,588              |
| FVOCI  | (75,226,801)             | 33,790,769             | (41,436,032)             |
| Others   | (77,556,009)             | (64,018,260)           | (141,574,269)            |
|  | <u>(1,803,447,853)</u>   | <u>(323,424,594)</u>   | <u>(2,126,872,447)</u>   |
| Deferred tax added to capital                    | (284,625,425)            | 8,681,049              | (275,944,376)            |
| Tax credit                                       | 200,586,672              | 147,033,889            | 347,620,561              |
| Temporary differences of subsidiaries            | 162,476,697              | 39,163,180             | 201,639,877              |
|  | <u>₩ (1,725,009,909)</u> | <u>₩ (128,546,476)</u> | <u>₩ (1,853,556,385)</u> |

Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2024, are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b>            | <b>Remarks</b>   |
|-------------------------------------|------------------------|--|
| Investment in subsidiaries          | ₩ 417,205,757          | It is probable that the temporary difference will not reverse in the foreseeable future.   |
| Investment in subsidiaries          | (1,202,523,829)        | The Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. |
|                                     | <u>₩ (785,318,072)</u> |  |



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The analysis of deferred tax assets and liabilities as at December 31, 2024, is summarized as follows:

| <i>(in thousands of Korean won)</i>                              | <b>2024</b>              |
|--|--------------------------|
| Deferred tax assets  |                          |
| Deferred tax asset to be recovered after more than 12 months     | ₩ 1,508,895,501          |
| Deferred tax asset to be recovered within 12 months              | <u>184,810,873</u>       |
|  | <u>1,693,706,374</u>     |
| Deferred tax liabilities   |                          |
| Deferred tax liability to be recovered after more than 12 months | (3,401,093,419)          |
| Deferred tax liability to be recovered within 12 months          | <u>(20,648,444)</u>      |
|  | <u>(3,421,741,863)</u>   |
| Deferred tax liabilities, net                                    | <u>₩ (1,728,035,489)</u> |

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

*Global Minimum Tax*

Under the Pillar Two legislation, the Parent Company of the Group, the Ultimate Parent Company of a multinational enterprise, is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. As Vietnam's GloBE effective tax rate is less than 15%, Qualified Domestic Minimum Top-up Tax (QDMTT) has been introduced, and the Group recognized Pillar Two income tax amounting to ₩ 2,838 million as current income tax expense. Other entities in the Group have effective tax rates that exceed 15% or are not liable to pay top-up tax. The Group 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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**30. Earnings per Share**

*(a) Basic earnings per share*

Basic earnings per share for years ended December 31, 2024 and 2023, are calculated as follows:

i) Ordinary shares

| <i>(in Korean won)</i>   |   | <b>2024</b>     |   | <b>2023</b>       |
|--|---|-----------------|---|-------------------|
| Profit attributable to the owners of the Parent Company                              | ₩ | 599,289,842,809 | ₩ | 2,009,207,126,300 |
| Profit from continuing operations attributable to the owners of the Parent Company   |   | 544,239,033,146 |   | 1,921,820,139,342 |
| Profit from discontinued operations attributable to the owners of the Parent Company |   | 55,050,809,663  |   | 87,386,986,958    |
| Profit attributable to ordinary shares   |   | 586,319,143,080 |   | 1,965,886,638,651 |
| Profit from continuing operations attributable to ordinary shares                    |   | 532,453,353,572 |   | 1,880,380,738,301 |
| Profit from discontinued operations attributable to ordinary shares                  |   | 53,865,789,508  |   | 85,505,900,350    |
| Weighted average number of ordinary shares (in shares)                               |   | 65,433,139      |   | 65,433,139        |
| Basic earnings per share   | ₩ | 8,961           | ₩ | 30,044            |
| Basic earnings per share from continuing operations                                  |   | 8,138           |   | 28,737            |
| Basic earnings per share from discontinued operations                                |   | 823             |   | 1,307             |

ii) Preferred shares

| <i>(in Korean won)</i>   |   | <b>2024</b>     |   | <b>2023</b>       |
|--|---|-----------------|---|-------------------|
| Profit attributable to the owners of the Parent Company                              | ₩ | 599,289,842,809 | ₩ | 2,009,207,126,300 |
| Profit from continuing operations attributable to the owners of the Parent Company   |   | 544,239,033,146 |   | 1,921,820,139,342 |
| Profit from discontinued operations attributable to the owners of the Parent Company |   | 55,050,809,663  |   | 87,386,986,958    |
| Profit attributable to preferred shares  |   | 12,970,699,729  |   | 43,320,487,649    |
| Profit from continuing operations attributable to preferred shares                   |   | 11,785,679,574  |   | 41,439,401,041    |
| Profit from discontinued operations attributable to preferred shares                 |   | 1,185,020,155   |   | 1,881,086,608     |
| Weighted average number of preferred shares (in shares)                              |   | 1,439,496       |   | 1,439,496         |
| Basic earnings per share   | ₩ | 9,011           | ₩ | 30,094            |
| Basic earnings per share from continuing operations                                  |   | 8,188           |   | 28,787            |
| Basic earnings per share from discontinued operations                                |   | 823             |   | 1,307             |

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Weighted average number of shares for the years ended December 31, 2024 and 2023, are calculated as follows:

i) Ordinary shares

| <i>(in shares)</i>   | <b>2024</b>        | <b>2023</b>        |
|--|--------------------|--------------------|
| Issued ordinary shares at the beginning of the period          | 68,764,530         | 68,764,530         |
| Treasury shares  | <u>(3,331,391)</u> | <u>(3,331,391)</u> |
| Weighted-average number of ordinary shares outstanding (basic) | <u>65,433,139</u>  | <u>65,433,139</u>  |

ii) Preferred shares

| <i>(in shares)</i>  | <b>2024</b>      | <b>2023</b>      |
|---|------------------|------------------|
| Issued preferred shares at the beginning of the period          | 1,617,896        | 1,617,896        |
| Treasury shares   | <u>(178,400)</u> | <u>(178,400)</u> |
| Weighted-average number of preferred shares outstanding (basic) | <u>1,439,496</u> | <u>1,439,496</u> |

The preferred shares are not entitled for priority rights other than additional dividend of 1% per annum, compared to ordinary shares, the Group considers the preferred shares as ordinary shares with different dividend ratio.

*(b) Diluted earnings per share*

Diluted earnings per share are same as basic earnings per share as there are no dilutive securities issued by the Group for years ended December 31, 2024 and 2023.

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**31. Leases**

Information related to leases for which the Group is a lessee is as follows:

The details of the right-of-use assets for the years ended December 31, 2024 and 2023, are as follows:

*(in thousands of Korean won)*

|                                      | <b>2024</b>         |                                 |                                       |                      |
|--------------------------------------|---------------------|---------------------------------|---------------------------------------|----------------------|
|                                      | <b>Land</b>         | <b>Buildings and structures</b> | <b>Tools, furniture, and fixtures</b> | <b>Total</b>         |
| Beginning balance                    | ₩ 3,124,422         | ₩ 65,956,921                    | ₩ 7,794,072                           | ₩ 76,875,415         |
| Acquisition cost                     | 12,620,161          | 103,089,339                     | 14,421,196                            | 130,130,696          |
| Accumulated depreciation             | (9,495,739)         | (37,132,418)                    | (6,627,124)                           | (53,255,281)         |
| Acquisitions and capital expenditure | 28,396,620          | 75,804,116                      | 9,751,071                             | 113,951,807          |
| Classified as held for sale          | -                   | (2,303,140)                     | (1,401,596)                           | (3,704,736)          |
| Depreciation                         | (6,910,092)         | (21,274,206)                    | (5,357,779)                           | (33,542,077)         |
| Disposals                            | (54,623)            | (103,424)                       | (622,208)                             | (780,255)            |
| Exchange differences                 | 69,845              | 3,465,500                       | 547,572                               | 4,082,917            |
| Ending balance                       | <u>₩ 24,626,172</u> | <u>₩ 121,545,767</u>            | <u>₩ 10,711,132</u>                   | <u>₩ 156,883,071</u> |
| Acquisition cost                     | ₩ 29,414,486        | ₩ 163,912,514                   | ₩ 19,157,733                          | ₩ 212,484,733        |
| Accumulated depreciation             | <u>(4,788,314)</u>  | <u>(42,366,747)</u>             | <u>(8,446,601)</u>                    | <u>(55,601,662)</u>  |

*(in thousands of Korean won)*

|                                      | <b>2023</b>        |                                 |                                       |                     |
|--------------------------------------|--------------------|---------------------------------|---------------------------------------|---------------------|
|                                      | <b>Land</b>        | <b>Buildings and structures</b> | <b>Tools, furniture, and fixtures</b> | <b>Total</b>        |
| Beginning balance                    | ₩ 8,589,272        | ₩ 55,583,386                    | ₩ 5,015,368                           | ₩ 69,188,026        |
| Acquisition cost                     | 13,762,617         | 74,265,664                      | 11,209,676                            | 99,237,957          |
| Accumulated depreciation             | (5,173,345)        | (18,682,278)                    | (6,194,308)                           | (30,049,931)        |
| Acquisitions and capital expenditure | 1,721,610          | 31,978,245                      | 7,028,742                             | 40,728,597          |
| Depreciation                         | (7,158,638)        | (18,683,916)                    | (3,623,383)                           | (29,465,937)        |
| Disposals                            | -                  | (965,432)                       | (263,768)                             | (1,229,200)         |
| Exchange differences                 | (27,822)           | (1,955,362)                     | (362,887)                             | (2,346,071)         |
| Ending balance                       | <u>₩ 3,124,422</u> | <u>₩ 65,956,921</u>             | <u>₩ 7,794,072</u>                    | <u>₩ 76,875,415</u> |
| Acquisition cost                     | ₩ 12,620,161       | ₩ 103,089,339                   | ₩ 14,421,196                          | ₩ 130,130,696       |
| Accumulated depreciation             | <u>(9,495,739)</u> | <u>(37,132,418)</u>             | <u>(6,627,124)</u>                    | <u>(53,255,281)</u> |

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Amounts recognized in expenses related to lease for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean Won)</i>  | <b>2024</b>         | <b>2023</b>         |
|--|---------------------|---------------------|
| Interest on lease liabilities  | ₩ 5,514,085         | ₩ 3,434,943         |
| Expenses relating to short-term leases   | 11,862,181          | 7,355,684           |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 2,062,493           | 777,715             |
|  | <u>₩ 19,438,759</u> | <u>₩ 11,568,342</u> |

Maturities of lease liabilities for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean Won)</i>   | <b>2024</b>          | <b>2023</b>         |
|---|----------------------|---------------------|
| Less than one year  | ₩ 44,565,603         | ₩ 26,631,906        |
| One to five years   | 107,952,708          | 48,260,719          |
| More than five years  | 27,818,407           | 19,512,069          |
| Total undiscounted lease liabilities as at December 31                                | <u>₩ 180,336,718</u> | <u>₩ 94,404,694</u> |
| Lease liabilities recognized in the statement of financial position as at December 31 |                      |                     |
| Current lease liabilities   | ₩ 35,549,754         | ₩ 26,046,759        |
| Non-current lease liabilities   | 126,176,152          | 55,005,940          |
|   | <u>₩ 161,725,906</u> | <u>₩ 81,052,699</u> |

Amounts recognized in statement of cash flow for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean Won)</i>        | <b>2024</b>  | <b>2023</b>  |
|--|--------------|--------------|
| Total cash outflow for leases <sup>1</sup> | ₩ 50,441,360 | ₩ 52,224,103 |

<sup>1</sup> Total cash outflow for leases for the year ended December 31, 2024, includes cash flow from the lease liabilities classified as liabilities held for sale.

*Extension option*

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group seeks to include extension options in new leases to provide operational flexibility. The Group estimates the lease period by assessing at the lease commencement date whether it is reasonably certain to exercise the extension option.

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**32. Related Party**

Details of related parties of the Group as at December 31, 2024, are summarized as follows:

| Type  | Name of entity  |
|---|---|
| Entities that have significant influence over the Group | Samsung Electronics Co., Ltd. ("SEC") and its subsidiaries  |
| Associates and joint ventures                           | Samsung Display Co., Ltd. ("SDC") and its subsidiaries<br>Samsung Global Research Co., Ltd.<br>SD FLEX CO., LTD. ("SDFLEX")<br>Intellectual Keystone Technology LLC ("IKT")<br>Philenergy Co., Ltd. ("Philenergy")<br>ECOPRO EM Co., Ltd. ("ECOPROEM")<br>Secondary Battery Growth Fund |
| Other related party                                     | ECOPRO BM Co., Ltd. ("ECOPROBM")  |
| Large Enterprise Group <sup>1</sup>                     | Samsung C&T Corporation and others  |

<sup>1</sup> Although these entities are not related parties of the Company in accordance with Korean IFRS 1024, they belong to the same large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

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Significant transactions with related parties for the years ended December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

|  | 2024                   |                     |                        |   |                      |
|--|------------------------|---------------------|------------------------|---|----------------------|
|  | Revenue                | Other income        | Purchase of inventory  | Purchase of property, plant and equipment | Other expenses       |
| <b>Entities that have significant influence over the Group</b> |                        |                     |                        |   |                      |
| SEC and its subsidiaries                                       | ₩ 1,230,974,964        | ₩ 3,294,646         | ₩ 606,633              | ₩ 22,113,380                              | ₩ 79,435,898         |
| <b>Associates and joint ventures</b>                           |                        |                     |                        |   |                      |
| SDC and its subsidiaries                                       | 313,115,901            | 32,520,218          | 1,997,173              | -   | 1,830,943            |
| Samsung Global Research Co., Ltd.                              | -                      | -                   | -                      | -   | 15,457,681           |
| SDFLEX   | 140,664                | 1,173,294           | 8,014,814              | -   | 46,829               |
| ECOPROEM   | -                      | 964,953             | 2,076,983,409          | -   | 22,620,920           |
| Philenergy   | -                      | -                   | -                      | 236,542,809                               | 434,524              |
| <b>Other related party</b>                                     |                        |                     |                        |   |                      |
| ECOPROBM   | -                      | 33,217,811          | 117,013,961            | -   | 4,738,715            |
| <b>Large Enterprise Group</b>                                  |                        |                     |                        |   |                      |
| Samsung C&T Corporation and others                             | 231,474                | 16,253,851          | 5,773,271              | 211,156,393                               | 259,737,842          |
|  | <u>₩ 1,544,463,003</u> | <u>₩ 87,424,773</u> | <u>₩ 2,210,389,261</u> | <u>₩ 469,812,582</u>                      | <u>₩ 384,303,352</u> |

(in thousands of Korean won)

|  | 2023                   |   |                      |                        |   |                      |
|--|------------------------|---|----------------------|------------------------|---|----------------------|
|  | Revenue                | Disposal of property, plant and equipment | Other income         | Purchase of inventory  | Purchase of property, plant and equipment | Other expenses       |
| <b>Entities that have significant influence over the Group</b> |                        |   |                      |                        |   |                      |
| SEC and its subsidiaries                                       | ₩ 1,334,410,603        | ₩ -                                       | ₩ 3,641,266          | ₩ 1,683,821            | ₩ 18,542,020                              | ₩ 74,821,263         |
| <b>Associates and joint ventures</b>                           |                        |   |                      |                        |   |                      |
| SDC and its subsidiaries                                       | 384,860,592            | 81,418                                    | 30,880,023           | 2,370,470              | 4,259,653                                 | 1,807,036            |
| Samsung Global Research Co., Ltd.                              | -                      | -   | -                    | -                      | -   | 13,648,023           |
| SDFLEX   | 140,664                | -   | 1,216,478            | 7,949,929              | -   | 44,106               |
| ECOPROEM   | -                      | -   | 586,823              | 3,723,367,644          | -   | 20,576,724           |
| Philenergy   | -                      | -   | -                    | -                      | 251,233,594                               | 2,845,755            |
| <b>Other related party</b>                                     |                        |   |                      |                        |   |                      |
| ECOPROBM   | -                      | -   | 21,019,789           | 452,711,903            | -   | 1,107,889            |
| <b>Large Enterprise Group</b>                                  |                        |   |                      |                        |   |                      |
| Samsung C&T Corporation and others                             | 167,325                | -   | 47,863,736           | 7,206,317              | 107,324,882                               | 227,177,140          |
|  | <u>₩ 1,719,579,184</u> | <u>₩ 81,418</u>                           | <u>₩ 105,208,115</u> | <u>₩ 4,195,290,084</u> | <u>₩ 381,360,149</u>                      | <u>₩ 342,027,936</u> |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
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Outstanding balances arising from sales/purchases of goods and services as at December 31, 2024 and 2023, are summarized as follows:

(in thousands of Korean won)

|  | <b>2024</b>                  |   |                           |  |
|--|------------------------------|---|---------------------------|--|
|  | <b>Trade<br/>receivables</b> | <b>Non-trade<br/>receivables<br/>and others</b> | <b>Trade<br/>payables</b> | <b>Non-trade<br/>payables and<br/>others<sup>1</sup></b> |
| <b>Entities that have significant influence over the Group</b> |                              |   |                           |  |
| SEC and its subsidiaries                                       | ₩ 102,061,160                | ₩ 9,319,607                                     | ₩ -                       | ₩ 183,139,034  |
| <b>Associates and joint ventures</b>                           |                              |   |                           |  |
| SDC and its subsidiaries                                       | 12,425,009                   | 1,116,500                                       | 95,588                    | 32,417   |
| Samsung Global Research Co., Ltd.                              | -                            | -   | -                         | 1,021,164  |
| SDFLEX   | 12,894                       | 108,774   | 450,707                   | 3,054  |
| ECOPROEM   | -                            | -   | 49,060,521                | 1,142,226  |
| Philenergy   | -                            | -   | -                         | 52,751   |
| <b>Other related party</b>                                     |                              |   |                           |  |
| ECOPROBM   | -                            | -   | 7,161,194                 | 493,806  |
| <b>Large Enterprise Group</b>                                  |                              |   |                           |  |
| Samsung C&T Corporation and others                             | 296,997                      | 26,316,126                                      | 438,208                   | 129,771,171  |
|  | <u>₩ 114,796,060</u>         | <u>₩ 36,861,007</u>                             | <u>₩ 57,206,218</u>       | <u>₩ 315,655,623</u>                                     |

<sup>1</sup> Non-trade payables and others include lease liabilities and leasehold deposits received.

(in thousands of Korean won)

|  | <b>2023</b>                  |   |                           |  |
|--|------------------------------|---|---------------------------|--|
|  | <b>Trade<br/>receivables</b> | <b>Non-trade<br/>receivables<br/>and others</b> | <b>Trade<br/>payables</b> | <b>Non-trade<br/>payables and<br/>others<sup>1</sup></b> |
| <b>Entities that have significant influence over the Group</b> |                              |   |                           |  |
| SEC and its subsidiaries                                       | ₩ 118,918,487                | ₩ 9,410,211                                     | ₩ -                       | ₩ 118,902,279  |
| <b>Associates and joint ventures</b>                           |                              |   |                           |  |
| SDC and its subsidiaries                                       | 53,910,666                   | 23,250  | 505,331                   | 28,676   |
| Samsung Global Research Co., Ltd.                              | -                            | -   | -                         | 6,414,944  |
| SDFLEX   | 12,894                       | 94,799  | 515,957                   | 7,950  |
| ECOPROEM   | -                            | -   | 598,535,811               | 1,616,974  |
| Philenergy   | -                            | -   | -                         | 653,749  |
| <b>Other related party</b>                                     |                              |   |                           |  |
| ECOPROBM   | -                            | 20,815,867                                      | 31,229,940                | 400,367  |
| <b>Large Enterprise Group</b>                                  |                              |   |                           |  |
| Samsung C&T Corporation and others                             | 2,329                        | 26,518,106                                      | 600,186                   | 110,386,009  |
|  | <u>₩ 172,844,376</u>         | <u>₩ 56,862,233</u>                             | <u>₩ 631,387,225</u>      | <u>₩ 238,410,948</u>                                     |



**SAMSUNG SDI CO., LTD. and Subsidiaries**  
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<sup>1</sup> Non-trade payables and others include leasehold deposits received.

Right-of-use assets and lease liabilities recognized in accordance with the lease contracts entered into with related parties for the year ended December 31, 2024, amount to ₩ 66,525 million (2023: ₩ 1,694 million). Redemption of lease liabilities and interests paid to related parties for the year ended December 31, 2024, amount to ₩ 16,371 million (2023: ₩ 16,382 million) and ₩ 1,738 million (2023: ₩ 473 million), respectively.

As at December 31, 2024, the Group is covered by defined benefit plan of Samsung Fire & Marine Insurance Co., Ltd., a related party. Fair value of right-of-use assets as at December 31, 2024, amount to ₩ 1,103,309 million (2023: ₩ 1,058,166 million), and interest income for the year ended December 31, 2024, amount to ₩ 62,935 million (2023: ₩ 48,840 million).

Contribution to and dividend income from the related parties for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of<br/>Korean won)</i> | 2024               |                           |                        | 2023                |                     |
|---|--------------------|---------------------------|------------------------|---------------------|---------------------|
|   | Contribution       | Collection of investments | Dividend income        | Contribution        | Dividend income     |
| <b>Associates and joint ventures</b>    |                    |                           |                        |                     |                     |
| SDC and its subsidiaries                | ₩ -                | ₩ -                       | ₩ 1,012,359,012        | ₩ -                 | ₩ -                 |
| SDFLEX                                  | -                  | -                         | -                      | -                   | 2,000,000           |
| ECOPROEM                                | -                  | -                         | -                      | 40,000,000          | -                   |
| Secondary Battery Growth Fund           | 1,340,000          | 2,249,740                 | 594,079                | 2,680,000           | -                   |
| <b>Large Enterprise Group</b>           | -                  | -                         | 11,320,702             | -                   | 10,482,566          |
|   | <u>₩ 1,340,000</u> | <u>₩ 2,249,740</u>        | <u>₩ 1,024,273,793</u> | <u>₩ 42,680,000</u> | <u>₩ 12,482,566</u> |

The compensation paid or payable to key management (executive directors) for their services for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i> | 2024        | 2023        |
|-------------------------------------|-------------|-------------|
| Short-term employee benefits        | ₩ 3,246,209 | ₩ 4,836,335 |
| Post-employment benefits            | 1,109,150   | 1,322,060   |
| Other long-term employee benefits   | 2,577,244   | 1,235,407   |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
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**33. Non-controlling Interest**

Information related to non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2024 and 2023, are as follows:

*Percentage of non-controlling interests and accumulated non-controlling interests*

*(in thousands of Korean won)*

|   | <b>STARPLUS</b> |               |
|---|-----------------|---------------|
|   | <b>2024</b>     | <b>2023</b>   |
| Percentage of non-controlling interests | 49.0%           | 49.0%         |
| Accumulated non-controlling interests   | ₩ 1,158,923,157 | ₩ 791,611,106 |

The summarized financial information for each subsidiary with non-controlling interests that are material to the Group before the intercompany eliminations for the years ended December 31, 2024 and 2023, are as follows:

*Summarized statements of financial position*

*(in thousands of Korean won)*

|                         | <b>STARPLUS</b> |               |
|-------------------------|-----------------|---------------|
|                         | <b>2024</b>     | <b>2023</b>   |
| Current assets          | ₩ 847,821,449   | ₩ 211,202,327 |
| Non-current assets      | 6,759,979,350   | 1,587,528,900 |
| Current liabilities     | 2,503,868,762   | 182,728,871   |
| Non-current liabilities | 2,738,566,737   | 253,487       |
| Equity                  | 2,365,365,300   | 1,615,748,869 |

The summarized financial information for each subsidiary with non-controlling interests that are material to the Group before the intercompany eliminations for the years ended December 31, 2024 and 2023, are as follows:

*Summarized statements of comprehensive income*

*(in thousands of Korean won)*

|      | <b>STARPLUS</b> |                |
|------|-----------------|----------------|
|      | <b>2024</b>     | <b>2023</b>    |
| Loss | ₩ (33,691,968)  | ₩ (30,189,536) |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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*Summarized statements of cash flows*

*(in thousands of Korean won)*

|  | <b>STARPLUS</b> |                 |
|--|-----------------|-----------------|
|  | <b>2024</b>     | <b>2023</b>     |
| Cash flows from operating activities                         | ₩ (126,549,596) | ₩ (5,353,266)   |
| Cash flows from investing activities                         | (4,035,475,774) | (1,216,560,274) |
| Cash flows from financing activities                         | 4,533,262,158   | 1,266,340,676   |
| Effect of exchange rate changes on cash and cash equivalents | 58,478,564      | 2,272,674       |
| Increase in cash and cash equivalents                        | 429,715,352     | 46,699,810      |
| Cash and cash equivalents at beginning of the year           | 209,636,589     | 162,936,779     |
| Cash and cash equivalents at end of year                     | 639,351,941     | 209,636,589     |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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**34. Statement of Cash Flows**

Adjustment and changes in assets and liabilities for cash flows from operating activities for the years ended December 31, 2024 and 2023, are summarized as follows:

| <i>(in thousands of Korean won)</i>   | <b>2024</b>            | <b>2023</b>            |
|---|------------------------|------------------------|
| <b>Adjustments:</b>   |                        |                        |
| Post-employment benefits  | ₩ 68,093,677           | ₩ 52,464,902           |
| (Reversal of) Loss on valuation of inventories                                    | 256,005,510            | (17,131,010)           |
| Loss on disposal of trade receivables   | 24,426,804             | 38,990,126             |
| Depreciation  | 1,795,267,751          | 1,659,657,716          |
| Amortization  | 79,596,555             | 68,314,060             |
| (Reversal of) Bad debt expenses   | 4,769                  | (38,377)               |
| Share of income of associates and joint ventures                                  | (801,185,894)          | (1,017,238,435)        |
| Gain on sale of investment property   | -                      | (14,720,499)           |
| Loss (gain) on foreign currency translation                                       | (23,696,770)           | 27,485,627             |
| Loss on valuation of derivatives  | -                      | 4,032,689              |
| Gain on transaction of derivatives  | -                      | (18,065,496)           |
| Loss on sale of property, plant and equipment                                     | 52,831,696             | 17,287,152             |
| Loss on impairment of property, plant and equipment                               | 125,939,280            | 1,713,443              |
| Loss (gain) on sale of intangible assets  | 119,127                | (330)                  |
| Loss on impairment of intangible assets   | 349,543                | 2,045,303              |
| Loss (gain) on valuation of financial assets at fair value through profit or loss | 125,978,536            | (11,564,556)           |
| Gain on disposal of financial assets at fair value through profit or loss         | -                      | (6,093)                |
| Transfer of provisions  | 389,375,087            | 110,897,699            |
| Gain on lease termination   | (10,295)               | (8,912)                |
| Income tax expenses   | 40,575,351             | 420,097,455            |
| Interest expenses   | 335,695,308            | 273,624,156            |
| Interest income   | (58,362,508)           | (82,954,221)           |
| Dividend income   | (14,253,754)           | (17,095,214)           |
| Others  | (33,480)               | 96,520                 |
|   | <u>₩ 2,396,716,293</u> | <u>₩ 1,497,883,705</u> |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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| <i>(in thousands of Korean won)</i>                  | <b>2024</b>              | <b>2023</b>            |
|--|--------------------------|------------------------|
| <b>Change in operating assets and liabilities:</b>   |                          |                        |
| Increase in trade receivables                        | ₩ (271,624,798)          | ₩ (483,631,437)        |
| Decrease (increase) in other receivables             | (184,686,489)            | 71,886,339             |
| Decrease (increase) in other current assets          | 22,691,073               | (10,014,320)           |
| Decrease (increase) in inventories                   | 252,002,435              | (134,096,583)          |
| Decrease (increase) in non-current other receivables | 85,329                   | (509,372)              |
| Increase in other non-current assets                 | (75,536,937)             | (40,732,495)           |
| Decrease in trade payables                           | (1,277,946,805)          | (119,589,044)          |
| Decrease in other payables                           | (835,130,091)            | (126,041,592)          |
| Increase (decrease) in advance received              | (9,381,389)              | 357,352,075            |
| Increase (decrease) in unearned revenue              | 13,809,787               | (18,707,687)           |
| Decrease in non-current other payables               | (194,959,430)            | (219,383,712)          |
| Settlement of derivative financial instruments       | -                        | 18,065,495             |
| Payment of post-employment benefits                  | (62,545,525)             | (59,439,418)           |
| Decrease (increase) in plan assets                   | 1,000,425                | (173,542,455)          |
|  | <u>₩ (2,622,222,415)</u> | <u>₩ (938,384,206)</u> |

Significant non-cash transactions for the years ended December 31, 2024 and 2023, are as follows:

| <i>(in thousands of Korean won)</i>   | <b>2024</b> | <b>2023</b>  |
|---|-------------|--------------|
| Decrease of receivables related to disposal of plant, property, and equipment | ₩ -         | ₩ 684        |
| Increase of payables related to acquisition of plant, property, and equipment | 262,960,555 | ₩ 71,906,910 |
| Acquisition of right-of-use assets (new lease contracts)                      | 123,465,887 | 40,728,597   |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

(in thousands of Korean won)

|   | <b>2024</b>              |  |                            |                           |                         |
|---|--------------------------|--|----------------------------|---------------------------|-------------------------|
|   | <b>Beginning balance</b> | <b>Cash flow from financing activities</b> | <b>Non-cash changes</b>    |                           | <b>Ending balance</b>   |
|   |                          |  | <b>New lease contracts</b> | <b>Others<sup>1</sup></b> |                         |
| Short-term borrowings                                       | ₩ 2,868,274,952          | ₩ 2,074,520,251                            | ₩ -                        | ₩ 1,571,354,530           | ₩ 6,514,149,733         |
| Long-term borrowings  | 2,849,524,920            | 3,326,833,138                              | -                          | (1,112,614,272)           | 5,063,743,786           |
| Lease liabilities   | 81,052,698               | (36,516,685)                               | 122,196,753                | (5,006,860)               | 161,725,906             |
| Current portion of guarantee deposits received <sup>2</sup> | -                        | -  | -                          | 135,345,000               | 135,345,000             |
| Long-term guarantee deposits received <sup>2</sup>          | 132,469,157              | -  | -                          | (132,469,157)             | -                       |
|   | <u>₩ 5,931,321,727</u>   | <u>₩ 5,364,836,704</u>                     | <u>₩ 122,196,753</u>       | <u>₩ 456,609,241</u>      | <u>₩ 11,874,964,425</u> |

<sup>1</sup> It includes amortization, effects of changes in foreign currency exchange rates and transfer to assets held for sale.

<sup>2</sup> The deposits only include leasehold deposits for investment properties related to Samsung Electronics Co., Ltd., etc.

(in thousands of Korean won)

|  | <b>2023</b>              |  |                            |                           |                        |
|--|--------------------------|--|----------------------------|---------------------------|------------------------|
|  | <b>Beginning balance</b> | <b>Cash flow from financing activities</b> | <b>Non-cash changes</b>    |                           | <b>Ending balance</b>  |
|  |                          |  | <b>New lease contracts</b> | <b>Others<sup>1</sup></b> |                        |
| Debentures   | ₩ 219,901,411            | ₩ (220,000,000)                            | ₩ -                        | ₩ 98,589                  | ₩ -                    |
| Short-term borrowings                              | 2,631,281,803            | 59,017,649                                 | -                          | 177,975,500               | 2,868,274,952          |
| Long-term borrowings                               | 2,297,040,000            | 542,010,735                                | -                          | 10,474,185                | 2,849,524,920          |
| Lease liabilities                                  | 72,105,093               | (36,058,841)                               | 40,728,597                 | 4,277,849                 | 81,052,698             |
| Long-term guarantee deposits received <sup>2</sup> | 129,263,424              | -  | -                          | 3,205,733                 | 132,469,157            |
|  | <u>₩ 5,349,591,731</u>   | <u>₩ 344,969,543</u>                       | <u>₩ 40,728,597</u>        | <u>₩ 196,031,856</u>      | <u>₩ 5,931,321,727</u> |

<sup>1</sup> It includes amortization, effects of changes in foreign currency exchange rates and transfer to assets held for sale.

<sup>2</sup> The deposits only include leasehold deposits for investment properties related to Samsung Electronics Co., Ltd., etc.

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
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**35. Assets Held for Sale and Related Liabilities and Discontinued Operations**

In accordance with the decision to enhance the competitiveness of the electronic materials division, the Group decided to transfer the polarizer film business as determined by the Board of Directors on September 10, 2024. Therefore, the assets and liabilities of this business division are presented as held for sale, and the profit and loss from the related operations are presented as discontinued operations. The comparative consolidated statements of comprehensive income have been restated to present discontinued operations separately from continuing operations. The details are as follows.

Details of assets and liabilities classified as held for sale are summarized as follows:

| <i>(in thousands of Korean won)</i> | <b>2024</b>            |
|-------------------------------------|------------------------|
| <b>Assets held for sale</b>         |                        |
| Cash and cash equivalents           | ₩ 253,279,307          |
| Trade and other receivables         | 152,954,449            |
| Inventories                         | 158,725,193            |
| Property, plant and equipment       | 215,481,978            |
| Intangible assets                   | 240,054,517            |
| Others                              | 22,381,976             |
|                                     | <u>₩ 1,042,877,420</u> |
| <b>Liabilities held for sale</b>    |                        |
| Trade and other payables            | ₩ 158,543,874          |
| Others                              | 34,177,124             |
|                                     | <u>₩ 192,720,998</u>   |

Cumulative income directly recognized in other comprehensive income that relates to the disposal group classified as held for sale as at December 31, 2024, is ₩ 49,258 million.

*Statement of comprehensive income from discontinued operation*

| <i>(in thousands of Korean won)</i>                            | <b>2024</b>     | <b>2023</b>     |
|--|-----------------|-----------------|
| Revenue  | ₩ 1,409,829,855 | ₩ 1,379,738,348 |
| Expense  | (1,321,064,010) | (1,275,402,622) |
| Profit before income tax of discontinued operation             | 88,765,845      | 104,335,726     |
| Income tax expense   | (33,715,035)    | (16,948,739)    |
| Profit from discontinued operations                            | 55,050,810      | 87,386,987      |
| Other comprehensive income:                                    |                 |                 |
| Exchange differences on translation of discontinued operations | 36,666,617      | (161,265)       |

**SAMSUNG SDI CO., LTD. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024 and 2023**

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Cash flows from the discontinued operation

*(in thousands of Korean won)*

|  |   | <b>2024</b> |   | <b>2023</b> |
|--|---|-------------|---|-------------|
| Net cash flows from operating activities             | ₩ | 127,598,143 | ₩ | 166,088,491 |
| Net cash flows used in investing activities          |   | 75,094,541  |   | (7,524,691) |
| Net cash flows used in financing activities          |   | (1,418,679) |   | (1,697,799) |
| Effect of fluctuations in exchange rate on cash held |   | 19,996,595  |   | (2,012,086) |
| Net cash flows from discontinued operations          |   | 221,270,600 |   | 154,853,915 |





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

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
SAMSUNG SDI CO., LTD.

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

We have audited Internal Control over Financial Reporting (ICFR) of SAMSUNG SDI CO., LTD. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated February 21, 2025 expressed an unqualified opinion.

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

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jae-Kook Jung, Certified Public Accountant.

Seoul, Korea  
February 21, 2025

This report is effective as at February 21, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.