

**KoMiCo Ltd. and Subsidiaries**  
**Consolidated Financial Statements**  
**December 31, 2022 and 2021**

# KoMiCo Ltd. and Subsidiaries

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December 31, 2022 and 2021

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## **Independent Auditor's Report**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
KoMiCo Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of KoMiCo Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

### **Basis for Opinion**

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

### **Key Audit Matter**

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.

*(a) Occurrence of revenue recognition*

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

As set out in Note 2 to the consolidated financial statements, the Group identifies performance obligations from contract with a customer that are distinct and recognizes revenue when the obligations are satisfied. We identified this area as a key audit matter because the revenue comprises a material portion of the Group's financial statements and, identifying performance obligations and determining when the obligation is satisfied involve significant judgement of management.

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

The audit procedures we performed in relation to the occurrence of revenue recognition are as follows:

- We obtained an understanding and assessed the revenue recognition process and the Company's accounting policies and related controls.
- We assessed the existence of the contract and the appropriateness of the identification of performance obligations through review on contract or PO.
- We assessed the appropriateness of occurrence, timing, and amount of revenue recognition through examining procedure for transaction evidence identified through the revenue recognition process.

### *(b) Fair value assessment of exchangeable bonds*

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

As set out in Note 6 to the consolidated financial statements, exchangeable bonds, among the financial instruments of the Group, are measured based on unobservable inputs and classified as fair value hierarchy Level 3. Financial instruments classified as Level 3 uses various valuation techniques and variables. We identified this area as a key audit matter because the results of measurement may significantly change depending on the management's determination on the valuation techniques and unobservable inputs.

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

The audit procedures we performed in relation to the fair value assessment of exchangeable bonds are as follows:

- We obtained an understanding of and evaluated the internal control related to fair value measurement process of the Group's management
- We verified the qualification and independence of experts engaged by management of the Group
- We evaluated the appropriateness of the valuation method and the reasonableness of input variable assumptions considering the contract conditions
- We verified whether there is a significant difference between the auditor's independent estimate and the management's estimate of the major input variables used in the fair value assessment

## **Other Matter**

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

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

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

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

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

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

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

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

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

underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

*Samuel PricewaterhouseCoopers*

Seoul, Korea  
March 15, 2023

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

**KoMiCo Ltd. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2022 and 2021**

(in Korean won)

	Notes	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,6,7	₩ 59,737,999,517	₩ 86,433,143,358
Short-term financial instruments	6,7	33,062,202,446	20,472,559,256
Trade receivables	6,7,8,35	31,432,065,117	29,514,623,556
Other receivables	6,7,8,35	6,852,140,203	1,354,018,960
Inventories	11	8,451,025,941	9,444,239,199
Other current financial assets	6,7,9	1,330,000,000	-
Other current assets	10	1,083,551,360	1,483,728,541
		<u>141,948,984,584</u>	<u>148,702,312,870</u>
<b>Non-current assets</b>			
Other non-current receivables	6,7,8,35	1,647,138,550	795,944,622
Property, plant and equipment	12	213,371,254,134	209,488,214,489
Investment properties	14	5,959,198,084	6,141,325,600
Intangible assets	15	4,259,817,989	4,467,807,936
Other non-current financial assets	6,7,9	19,472,620,934	5,488,725,456
Deferred tax assets	31	1,137,490,267	1,002,675,297
		<u>245,847,519,958</u>	<u>227,384,693,400</u>
<b>Total assets</b>		<u>₩ 387,796,504,542</u>	<u>₩ 376,087,006,270</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	6,7,17,35	₩ 6,872,914,832	₩ 10,309,357,771
Short-term borrowings	6,7,20	37,661,385,000	27,798,696,614
Other payables	6,7,17,22,35	16,240,480,859	11,450,624,453
Other current financial liabilities	6,7,18	1,570,891,772	13,868,673,178
Current portion of long-term borrowings	6,7	6,476,242,248	12,463,034,115
Current tax liabilities	31	5,393,948,430	2,887,200,120
Current lease liabilities	6,7,13	1,821,074,622	1,710,479,198
Other current liabilities	19	9,904,201,753	7,843,837,656
		<u>85,941,139,516</u>	<u>88,331,903,105</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6,7,20	19,009,500,000	45,689,034,115
Post-employment benefit liabilities	21	9,921,613,201	10,233,301,302
Other non-current liabilities	18	2,310,252,641	2,041,316,700
Non-current lease liabilities	6,7,13	4,493,275,668	5,672,626,365
Deferred tax liabilities	31	8,454,147,538	2,100,746,076
		<u>44,188,789,048</u>	<u>65,737,024,558</u>
<b>Total liabilities</b>		<u>130,129,928,564</u>	<u>154,068,927,663</u>
<b>Equity</b>			
Share capital	1,23	5,010,223,500	5,010,223,500
Reserves	23	71,525,988,470	71,525,988,470
Other capital adjustments	25	(2,914,979,317)	(911,210,365)
Accumulated other comprehensive income	24	8,246,363,359	7,759,490,337
Retained earnings	26	175,798,979,966	138,633,586,665
<b>Equity attributable to owners of the Parent Company</b>		<u>257,666,575,978</u>	<u>222,018,078,607</u>
<b>Non-controlling interest</b>		-	-
<b>Total equity</b>		<u>257,666,575,978</u>	<u>222,018,078,607</u>
<b>Total liabilities and equity</b>		<u>₩ 387,796,504,542</u>	<u>₩ 376,087,006,270</u>

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

**KoMiCo Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2022 and 2021**

<i>(in Korean won)</i>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>	35,36		
Finished goods		₩ 274,874,596,084	₩ 244,118,865,146
Merchandises		13,501,407,887	12,923,064,905
		<u>288,376,003,971</u>	<u>257,041,930,051</u>
<b>Cost of sales</b>	11,27,35		
Finished goods		153,463,985,835	129,875,348,957
Merchandises		8,401,198,134	9,099,901,646
		<u>161,865,183,969</u>	<u>138,975,250,603</u>
<b>Gross profit</b>		<u>126,510,820,002</u>	<u>118,066,679,448</u>
Selling and administrative expenses	27,28,35	71,191,086,503	61,834,744,254
Impairment loss on receivables	10,27,28	<u>(77,791,407)</u>	<u>(2,601,905,543)</u>
<b>Operating profit</b>		<u>55,397,524,906</u>	<u>58,833,840,737</u>
Other income	29	913,189,166	1,815,464,390
Other expenses	29	463,854,960	589,955,678
Finance income	30	3,582,013,804	3,490,515,092
Finance costs	30	<u>6,351,026,673</u>	<u>2,744,804,786</u>
Profit before income tax		53,077,846,243	60,805,059,755
Income tax expense	31	<u>11,111,065,895</u>	<u>13,655,042,334</u>
<b>Profit for the year</b>		<u>₩ 41,966,780,348</u>	<u>₩ 47,150,017,421</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liability		689,275,053	(992,302,487)
Loss on valuation of financial assets at fair value through other comprehensive income		(1,343,772,543)	(715,066,548)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>1,830,645,565</u>	<u>9,806,920,926</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>1,176,148,075</u>	<u>8,099,551,891</u>
<b>Total comprehensive income for the year</b>		<u>₩ 43,142,928,423</u>	<u>₩ 55,249,569,312</u>
<b>Profit is attributable to:</b>			
Owners of the Parent Company		₩ 41,966,780,348	₩ 47,150,017,421
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of the Parent Company		₩ 43,142,928,423	₩ 55,249,569,312
<b>Earnings per share</b>			
<b>attributable to the equity holders of the Parent Company</b>	32		
Basic earnings per share		₩ 4,213	₩ 4,725
Diluted earnings per share		4,213	4,725

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



**KoMiCo Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2022 and 2021**

(in Korean won)

Notes	Attributable to owners of the Parent Company						Non-controlling Interest	Total Equity
	Share capital	Reserves	Other Capital Adjustments	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Total		
<b>Balance at January 1, 2021</b>	₩ 4,993,860,500	₩ 70,675,472,514	₩ (911,210,365)	₩ (1,332,364,041)	₩ 95,958,475,331	₩ 169,384,233,939	₩ -	₩ 169,384,233,939
<b>Total comprehensive income</b>								
Profit for the year	-	-	-	-	47,150,017,421	47,150,017,421	-	47,150,017,421
Other comprehensive income								
Remeasurements of net defined benefit liability	21	-	-	-	(992,302,487)	(992,302,487)	-	(992,302,487)
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	(715,066,548)	-	(715,066,548)	-	(715,066,548)
Exchange differences on translation of foreign operations		-	-	9,806,920,926	-	9,806,920,926	-	9,806,920,926
Total other comprehensive income		-	-	9,091,854,378	(992,302,487)	8,099,551,891	-	8,099,551,891
<b>Total comprehensive income for the year</b>		-	-	9,091,854,378	46,157,714,934	55,249,569,312	-	55,249,569,312
<b>Transactions with owners</b>								
Exercise of conversion rights		16,363,000	850,515,956	-	-	866,878,956	-	866,878,956
Annual dividends paid		-	-	-	(3,482,603,600)	(3,482,603,600)	-	(3,482,603,600)
<b>Total transactions with owners</b>		16,363,000	850,515,956	-	(3,482,603,600)	(2,615,724,644)	-	(2,615,724,644)
<b>Balance at December 31, 2021</b>	₩ 5,010,223,500	₩ 71,525,988,470	₩ (911,210,365)	₩ 7,759,490,337	₩ 138,633,586,665	₩ 222,018,078,607	₩ -	₩ 222,018,078,607
<b>Balance at January 1, 2022</b>	₩ 5,010,223,500	₩ 71,525,988,470	₩ (911,210,365)	₩ 7,759,490,337	₩ 138,633,586,665	₩ 222,018,078,607	₩ -	₩ 222,018,078,607
<b>Total comprehensive income</b>								
Profit for the year		-	-	-	41,966,780,348	41,966,780,348	-	41,966,780,348
Other comprehensive income								
Remeasurements of net defined benefit liability	21	-	-	-	689,275,053	689,275,053	-	689,275,053
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	(1,343,772,543)	-	(1,343,772,543)	-	(1,343,772,543)
Exchange differences on translation of foreign operations		-	-	1,830,645,565	-	1,830,645,565	-	1,830,645,565
Total other comprehensive income		-	-	486,873,022	689,275,053	1,176,148,075	-	1,176,148,075
<b>Total comprehensive income for the year</b>		-	-	486,873,022	42,656,055,401	43,142,928,423	-	43,142,928,423
<b>Transactions with owners</b>								
Annual dividends paid		-	-	-	(5,490,662,100)	(5,490,662,100)	-	(5,490,662,100)
Transactions of treasury shares		-	-	(2,003,768,952)	-	(2,003,768,952)	-	(2,003,768,952)
<b>Total transactions with owners</b>		-	-	(2,003,768,952)	(5,490,662,100)	(7,494,431,052)	-	(7,494,431,052)
<b>Balance at December 31, 2022</b>	₩ 5,010,223,500	₩ 71,525,988,470	₩ (2,914,979,317)	₩ 8,246,363,359	₩ 175,798,979,966	₩ 257,666,575,978	₩ -	₩ 257,666,575,978

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

**KoMiCo Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

<i>(in Korean won)</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	33	₩ 84,005,766,832	₩ 81,806,152,968
Interest received		1,312,776,661	636,520,766
Interest paid		(3,028,799,369)	(2,249,317,707)
Income taxes paid		(3,715,452,279)	(14,903,896,531)
Dividends received		79,200,000	44,550,000
<b>Net cash inflow from operating activities</b>		<u>78,653,491,845</u>	<u>65,334,009,496</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of short-term financial instruments		35,873,550,000	17,195,793,882
Decrease in loans		239,246,500	238,704,400
Proceeds from disposal of property, plant and equipment		148,663,208	358,499,996
Proceeds from disposal of intangible asset		200,000,000	-
Decrease in leasehold deposits provided		203,112,574	376,448,664
Receipt of government grants		58,963,790	721,423,877
Payments for short-term financial instruments		(48,562,484,419)	(20,089,359,307)
Increase in loans		(695,000,000)	(351,053,600)
Payments for property, plant and equipment		(29,007,973,002)	(54,072,570,119)
Payments for intangible assets		(32,189,258)	(1,725,270,550)
Increase in leasehold deposits provided		(320,409,637)	(255,819,671)
Payments for exchangeable bonds		(15,000,000,000)	-
<b>Net cash outflow from investing activities</b>		<u>(56,894,520,244)</u>	<u>(57,603,202,428)</u>
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowings		31,099,600,000	1,882,889,495
Increase in leasehold deposits received		396,925,000	-
Repayments of short-term borrowings		(21,580,790,209)	(1,456,916,000)
Repayments of current portion of long-term borrowings		(6,432,634,216)	-
Repayments of long-term borrowings		(28,462,324,768)	-
Repayments of other financial liability		(14,264,048,753)	-
Dividends paid		(5,490,662,100)	(3,482,603,600)
Decrease in leasehold deposits received		(965,000,000)	-
Repayments of lease liabilities		(2,113,812,446)	(1,916,051,769)
Acquisition of treasury shares		(2,003,768,952)	-
<b>Net cash outflow from financing activities</b>		<u>(49,816,516,444)</u>	<u>(4,972,681,874)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		(28,057,544,843)	2,758,125,194
Cash and cash equivalents at the beginning of the financial year		86,433,143,358	78,020,526,323
Effects of exchange rate changes on cash and cash equivalents denominated in foreign currencies		1,362,401,002	5,654,491,841
<b>Cash and cash equivalents at the end of the year</b>		<u>₩ 59,737,999,517</u>	<u>₩ 86,433,143,358</u>

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

# KoMiCo Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2022 and 2021

#### 1. General Information

On August 13, 2013, KoMiCo (the “Company”) was established through split-off from MiCo Ltd., and the Company and its subsidiaries (collectively referred to as the “Group”) mainly engage in cleaning and coating of semiconductor equipment components and LCD related precision parts.

On March 23, 2017, the Group listed its ordinary shares on the Korea Securities Dealers Automated Quotations (“KOSDAQ”) market, and its headquarters is located in Mosan-ro, Anseong-si, Gyeonggi-do.

After several capital increases, the share capital of the Group as at December 31, 2022, amounted to ₩ 5,010 million, which was ₩ 3,500 million upon establishment. MiCo Ltd., the Parent Company, holds 38.51% of the Company’s issued shares.

The Company’s major shareholders are as follows:

	2022		2021	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
MiCo Ltd.	3,859,089	38.51	3,859,089	38.51
Treasury shares	79,878	0.80	37,425	0.37
Others	6,081,480	60.69	6,123,933	61.12
	<u>10,020,447</u>	<u>100.00</u>	<u>10,020,447</u>	<u>100.00</u>

#### 1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2022 and 2021, are as follows:

	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2022	2021		
KoMiCo Technology Inc	US	100	100	December	Precision cleaning of semiconductor equipment components
KoMiCo Technology Taiwan Ltd.	Taiwan	100	100	December	Precision cleaning of semiconductor equipment components
KoMiCo Technology (Wuxi) Limited.	China	100 <sup>1</sup>	100 <sup>1</sup>	December	Precision cleaning of semiconductor equipment components
KoMiCo Technology Singapore Pte. Ltd.	Singapore	100	100	December	Precision cleaning of semiconductor equipment components
KoMiCo Equipment Parts Shenzhen Co., Ltd <sup>2</sup>	China	100	100	December	Manufacturing and services of display components
KoMiCo Technology Hefei Limited. <sup>4</sup>	China	-	100	-	Cleaning, coating and manufacturing of semiconductor processing equipment components
KOMICO HILLSBORO LLC <sup>3</sup>	US	100	100	December	Precision cleaning of semiconductor equipment components
KOMICO PHOENIX LLC <sup>3,5</sup>	US	100	-	December	Precision cleaning of semiconductor equipment components

# KoMiCo Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2022 and 2021

<sup>1</sup> As at December 31, 2021, although the nominal ownership is 80%, it is presented as 100% considering the ratio exposed to actual variable returns. Also, as at December 31, 2022, the nominal ownership is 100% due to capital reduction with consideration in 2022 (Note 34).

<sup>2</sup> The Group indirectly controls through KoMiCo Technology (Wuxi) Limited.

<sup>3</sup> The Group indirectly controls through KoMiCo Technology Inc.

<sup>4</sup> The liquidation was completed on May 27, 2022.

<sup>5</sup> It was established on March 8, 2022, and the share payments were completed on July 18, 2022.

### 1.2 Changes in Scope for Consolidation

Subsidiary newly included in the consolidation for the year ended December 31, 2022:

	Remarks
KOMICO PHOENIX LLC	Newly established

Subsidiary excluded from the consolidation for the year ended December 31, 2022:

	Remarks
KoMiCo Technology Hefei Limited.	Liquidation

### 1.3 Summarized Financial Information

Summarized financial information (before derecognition of intergroup transactions) for consolidated subsidiaries as at and for the years ended December 31, 2022 and 2021, is as follows:

(in thousands of Korean won)		2022															
		KoMiCo Technology Inc		KoMiCo Technology Taiwan Ltd.		KoMiCo Technology (Wuxi) Ltd.		KoMiCo Technology Singapore Pte. Ltd.		KoMiCo Equipment Parts Shenzhen Co., Ltd		KoMiCo Technology Hefei Limited.		KOMICO HILLSBORO LLC		KOMICO PHOENIX LLC	
Financial position																	
Total assets	₩	89,952,876	₩	33,327,396	₩	52,721,314	₩	6,475,724	₩	13,609,698	₩	-	₩	55,854,476	₩	631,873	
Total liabilities		8,946,262		10,355,544		14,542,180		12,642,695		2,364,779		-		33,181,881		-	
Comprehensive income																	
Sales		52,804,650		25,869,710		46,084,992		7,966,860		19,919,693		-		161,597		-	
Profit or loss		13,895,400		5,237,277		4,744,996		(509,650)		2,792,157		155		(6,755,741)		(1,812)	

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Total comprehensive income (loss)	16,431,448	4,319,077	3,714,593	(865,715)	2,416,039	8,124	(4,760,162)	(29,977)
<b>Cash flows</b>								
Operating activities	17,585,676	6,981,290	8,308,359	311,098	6,219,467	(1,429)	(5,390,721)	(1,812)
Investing activities	(18,893,667)	(5,778,066)	3,421,086	(582,272)	(2,697,757)	-	(6,871,027)	-
Financing activities	(1,298,836)	(2,320,375)	(24,414,580)	511,148	(5,825,460)	(233,458)	12,905,555	645,975
Increase (decrease) in cash and cash equivalents	(2,606,827)	(1,117,151)	(12,685,135)	239,974	(2,303,750)	(234,887)	643,807	644,163

(in thousands of Korean won)

(in thousands of Korean won)	2021													
	KoMiCo Technology Inc		KoMiCo Technology Taiwan Ltd.		KoMiCo Technology (Wuxi) Ltd.		KoMiCo Technology Singapore Pte. Ltd.		KoMiCo Equipment Parts Shenzhen Co., Ltd		KoMiCo Technology Hefei Limited.		KOMICO HILLSBORO LLC	
Financial position														
Total assets	₩	70,985,036	₩	31,207,075	₩	71,992,990	₩	5,983,922	₩	18,666,336	₩	230,215	₩	44,592,557
Total liabilities		4,993,964		11,981,260		37,528,449		11,285,179		9,837,456		1,552		23,111,800
Comprehen- sive income														
Sales		45,295,395		21,084,948		40,681,236		9,162,101		27,204,981		-		-
Profit or loss		12,189,444		4,888,632		7,425,142		456,437		5,122,242		(353,428)		(1,869,441)
Total comprehen- sive income (loss)		15,753,968		6,516,956		10,252,014		178,690		5,734,819		(308,879)		(461,619)
Cash flows														
Operating activities		12,802,153		7,921,604		12,605,658		1,709,619		5,463,726		(316,977)		(4,228,262)
Investing activities		(12,040,787)		(3,604,392)		1,085,091		(335,515)		(1,839,999)		324,833		(17,237,361)
Financing activities		(1,735,537)		(995,549)		(27,637)		(2,356,704)		(794,492)		-		11,437,569
Increase (decrease) in cash and cash equivalents		(974,171)		3,321,663		13,663,112		(982,600)		2,829,235		7,856		(10,028,054)

# **KoMiCo Ltd. and Subsidiaries**

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## **2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of Preparation**

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

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

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

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

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### **2.2 Changes in Accounting Policies and Disclosures**

#### *2.2.1 New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022.

##### *(a) Amendment to Korean IFRS 1116 Leases - Covid-19 - Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar

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

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

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

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

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment does not have a significant impact on the financial statements.

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the financial statements.

*(e) Annual improvements to Korean IFRS 2018-2020*

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

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

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#### *2.2.2 New standards and interpretations not yet adopted by the Group*

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

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

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

##### *(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

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

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

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

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

##### *(e) New Standard: Korean IFRS 1117 Insurance Contract*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity



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recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 *Financial Instruments*. The Group does not expect that these amendments have a significant impact on the financial statements.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of Korean IFRS 1117. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of Korean IFRS 1117. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of Korean IFRS 1109. The classification can be applied on an instrument-by-instrument basis.

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

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

## **2.3 Foreign Currency Translation**

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in 'finance income' or 'finance costs' in the

# KoMiCo Ltd. and Subsidiaries

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statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

#### 2.4 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.

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

##### *A. Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for

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managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

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

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The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. (Note 5.2 provides more detail of how the Group determines there has been a significant increase in credit risk.)

#### *(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.

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

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

### **2.5 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

### **2.6 Inventories**

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

# **KoMiCo Ltd. and Subsidiaries**

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#### **2.7 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

	<b>Useful lives</b>
Buildings	30 years
Structures	15
Machinery	8
Vehicles, Tools and equipment, Supplies, Facilities	5

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

#### **2.8 Borrowing Costs**

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

#### **2.9 Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### **2.10 Intangible Assets**

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Expenditures incurred from research (or research stage of internal project) are recognized as expenses when they are incurred. Intangible assets incurred from development activities (or development stage of internal project) are recognized only when it is technically feasible to complete the intangible asset so that it will be available for use; management intends to complete the intangible asset and use or sell it; there is the ability to use or sell the intangible asset; it can

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be demonstrated how the intangible asset will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and the expenditure attributable to the intangible asset during its development can be reliably measured.

Costs of internally generated intangible assets are the aggregate costs recognized after meeting the asset recognition criteria, including any costs directly attributable to preparing the asset for its creation, manufacturing and intended use by management. Internally generated goodwill is not recognized as an asset.

Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<b>Useful lives</b>
Software	5 years
Development costs	5 years
Membership rights	Indefinite

#### **2.11 Investment Property**

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

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

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

#### **2.13 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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#### **2.14 Financial Liabilities**

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

The Group's financial liabilities at fair value through profit or loss are embedded derivatives that are separated from compound financial instruments issued by the Group.

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.

##### *(b) Derecognition*

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

#### **2.15 Provisions**

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

#### **2.16 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

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

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

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

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

#### **2.17 Employee Benefits**

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit pension plans.

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

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or



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curtailments are recognized immediately in profit or loss as past service costs.

#### *(b) Share-based payments*

Under cash-settled share-based payment plan, the Group compensates the difference of the fair value and exercise price of option as the consideration for employee services received. Total expense that will be recognized over the vesting period is determined by reference to the fair value of the option granted. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

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

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

## **2.18 Revenue Recognition**

The Group recognizes revenue by applying the following five-step revenue recognition model to all contracts with customers that are included in the scope of Korean IFRS 1115 *Revenue from contracts with customers*.

A new five-step process must be applied before revenue from contract with customers can be recognized:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

#### *(a) Identify performance obligation*

The Group is engaged in the business of precision cleaning and regeneration of semiconductor and LCD-related precision parts and selling them to customers. The Group identifies separate performance obligation (a) if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer, and (b) if the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. For each performance obligation, the Group determines the time of revenue recognition whether it satisfies the performance obligation at a point in time or over time.

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*(b) A performance obligation is satisfied at a point in time*

Revenue from sales of goods is recognized when assets are transferred and then performance obligations are fulfilled. The performance obligation satisfied at a point in time is satisfied at the time of transferring control of the goods or services to the customer. The Group considers following indicators of the transfer of control to determine the point in time at which the entity satisfies a performance obligation.

- The entity has a present right to payment for the asset.
- The customer has legal title to the asset.
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

*(c) Sales-based or usage-based royalties*

The Group has entered into a royalty agreement and others with subsidiaries. In accordance with Korean IFRS 1115, the Group recognizes revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied.

*(d) Variable consideration*

If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if the Group's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

*(e) Significant financing component*

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

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As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised goods or services to a customer and when the customer pays for that goods or services will be one year or less.

#### *(f) Allocating the transaction price*

The Group allocates the transaction price to various performance obligations identified in one contract based on their relative stand-alone selling prices.

## **2.19 Leases**

### *(a) Lessor*

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

### *(b) Lessee*

The Group leases various properties and vehicles. Lease contracts are typically made for fixed periods of 1 to 2 years, but may have extension options as described in (c) below.

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

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- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

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

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets mainly comprise office furnitures.

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#### *(c) Extension and termination options*

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

#### **2.20 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 36). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

#### **2.21 Approval of Issuance of the Financial Statements**

The consolidated financial statements 2022 were approved for issue by the Board of Directors on February 28, 2023 and are subject to change with the approval of shareholders at their Annual General Meeting.

### **3. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

#### *(a) Income taxes*

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 31).

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

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on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### *(b) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 6).

#### *(c) Impairment of financial assets*

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 5.2).

#### *(d) Net defined benefit liability*

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 21).

## 4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2022 and 2021, consist of:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cash on hand	₩ 7,003	₩ 10,637
Cash in bank and others	59,730,997	69,732,399
Other cash equivalents	-	16,690,107
	<u>₩ 59,738,000</u>	<u>₩ 86,433,143</u>

## 5. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Group.

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**5.1 Market Risk**

*(a) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies that are not the Group entities' functional currencies. Monetary assets and liabilities denominated in foreign currencies other than functional currencies as at December 31, 2022 and 2021, are as follows:

*(in thousands of  
Korean won)*

in thousands of  
Korean won)

	2022				2021			
	Foreign amount		Korean won equivalent		Foreign amount		Korean won equivalent	
Assets								
Cash and cash equivalents	USD	5,284,862	₩	6,697,505	USD	6,325,669	₩	7,499,080
	JPY	90,952,474		866,941	JPY	42,220,244		434,970
Trade receivables	USD	464,453		588,601	USD	239,176		283,543
	JPY	5,929,000		56,514	JPY	5,619,137		57,891
			₩	8,209,561			₩	8,275,484
Liabilities								
Trade payables	USD	614,214	₩	778,393	USD	1,772,735	₩	2,101,577
		-		-	JPY	5,884,000		60,619
Other payables	USD	5,601,011		6,917,159	USD	29,091,647		34,488,147
			₩	7,695,552			₩	36,650,343

As at December 31, 2022 and 2021, if the currency, Korean won, had increased/decreased by 10% with all other variables held constant against the foreign currency, the impact on pre-tax profit would be as follows:

*(in thousands of  
Korean won)*

	2022				2021			
	Increase 10%		Decrease 10%		Increase 10%		Decrease 10%	
USD/Korea won	₩	(40,945)	₩	40,945	₩	(2,880,710)	₩	2,880,710
JPY/Korea won		92,345		(92,345)		43,224		(43,224)

The sensitivity analysis shown above is for monetary assets and liabilities denominated in foreign currency other than the Parent Company and each subsidiary's functional currency as at December 31, 2022 and 2021.

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*(b) Interest rate risk*

Interest rate risk of the Group is defined as the risk that the interest expenses arising from borrowings will fluctuate due to changes in future market interest rate. The interest rate risk mainly arises through floating rate short-term borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates and net interest expenses.

The Group adequately minimizes risks from interest rate fluctuations through various policies, such as sharing excess cash within the Group (internal cash sharing) to minimize external borrowings, avoiding high rate borrowings, reforming capital structure, managing an appropriate ratio of fixed rate borrowings and floating rate borrowings, monitoring a fluctuation of domestic and foreign interest rates daily, weekly and monthly, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

The exposure of the Group's borrowing to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

*(in thousands of Korean won)*

	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
Borrowings with floating rate	₩ 16,981,027	27%	₩ 50,195,140	58%
Borrowings with fixed rate – maturity dates:				
Less than 1 year	27,156,600	43%	17,973,125	21%
1 to 5 years	11,405,700	18%	17,782,500	21%
Over 5 years	7,603,800	12%	-	-
	<u>₩ 63,147,127</u>	<u>100%</u>	<u>₩ 85,950,765</u>	<u>100%</u>

If interest rates had changed by 1% with all other variables held constant, the effects on pre-tax profit arising from interest expenses related to borrowings with variable interest rates are as follows:

*(in thousands of Korean won)*

	<b>2022</b>		<b>2021</b>	
	<b>Increase 1%</b>	<b>Decrease 1%</b>	<b>Increase 1%</b>	<b>Decrease 1%</b>
Interest expenses	₩ (169,810)	₩ 169,810	₩ (501,951)	₩ 501,951



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*(c) Price risk*

The Group is exposed to price risk of equity securities held by the Group classified as financial assets at fair value through other comprehensive income.

The Group's investments in equity securities are included in KOSDAQ equity index. The table below summarizes the impact of increases/decreases by 10% of price with all other variables held constant on the Group's equity.

<i>(in thousands of Korean won)</i>	<b>2022</b>					
	<b>Outstanding balance</b>		<b>Increase 10%</b>		<b>Decrease 10%</b>	
Financial assets at fair value through other comprehensive income	₩	2,436,547	₩	192,487	₩	(192,487)

**5.2 Credit Risk**

The Group is exposed to credit risk which arises during the investing activities where other parties fail to discharge an obligation. Credit risk usually arises from outstanding trade and other receivables, debt securities, financial institution deposits and others.

To manage the credit risk, the Group implements and operates policies and procedures for credit enhancements of the financial assets. Also, the Group has been provided collateral and payment guarantees from customer before sales commence and analysis of financial assets past due has been reported, and appropriate measures have been taken to secure the Group's assets.

*(a) Risk management*

To manage credit risk, the Group establishes and operates policies and procedures for security of financial assets. If corporate customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by corporate customers is regularly monitored by line management. Sales to individual customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

*(b) Security*

Upon the contracts with new customers, the Group has been provided with collateral or payment guarantees from the customers. For delayed collection of financial assets, current state and collection measures are reported, and appropriate actions are taken in accordance with the reason for any delays.

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#### *(c) Impairment of financial assets*

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of goods and provision of services, and
- other financial assets carried at amortized cost

While cash equivalents are also subject to the impairment requirement, the identified impairment loss was immaterial.

#### *A. Trade receivables*

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before the end of reporting period, and the corresponding historical credit losses experienced within this period.

On that basis, the loss allowance as at December 31, 2022 and 2021 was determined as follows for trade receivables:

<i>(in thousands of Korean won)</i>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 120 days past due</b>	<b>Total</b>
<b>December 31, 2022</b>					
Expected loss rate	0.01%	0.08%	0.15%	31.33%	
Gross carrying amount – trade receivables	₩ 27,911,963	₩ 2,115,373	₩ 809,813	₩ 873,884	₩ 31,711,033
Loss allowance provision	2,182	1,793	1,188	273,805	278,968
<b>December 31, 2021</b>					
Expected loss rate	0.02%	0.06%	0.39%	41.21%	
Gross carrying amount – trade receivables	₩ 24,610,329	₩ 4,040,198	₩ 442,463	₩ 731,813	₩ 29,824,803
Loss allowance provision	4,626	2,237	1,720	301,596	310,179

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

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
<b>Beginning balance</b>	₩	310,179	₩	2,717,327
Decrease in loss allowance recognized in profit or loss during the year		(4,525)		(2,532,071)
Others (effects of exchange rate changes and others)		(26,686)		124,923
<b>Ending balance</b>	₩	<u>278,968</u>	₩	<u>310,179</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within impairment loss in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

*B. Other financial assets amortized cost*

Other financial assets at amortized cost include short-term and long-term loans, non-trade receivables, deposits provided and others.

There is no loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2022 and 2021.

*(d) Impairment loss*

Following losses are recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
Reversal of impairment loss on trade receivables	₩	4,525	₩	2,532,071

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*(e) Maximum exposure of credit risk*

The maximum exposure of credit risk to financial assets held by the Group as at December 31, 2022 and 2021, is as follows. However, the value of acquired collaterals and the effects from other security are not considered.

<i>(in thousands of Korean won)</i>		<b>2022</b>		<b>2021</b>
Cash and cash equivalents	₩	59,730,996	₩	86,422,514
Financial assets at fair value through profit or loss		17,036,074		-
Short-term financial instruments		33,062,202		20,472,559
Trade receivables		31,432,065		29,514,624
Other receivables		8,499,279		2,149,964
	₩	<u>149,760,616</u>	₩	<u>138,559,661</u>

**5.3 Liquidity Risk**

The Group monitors the rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the financial reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest:

<i>(in thousands of Korean won)</i>		<b>2022</b>			
		<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Total</b>
Trade payables	₩	6,872,915	₩ -	₩ -	₩ 6,872,915
Derivative liabilities		1,570,892	-	-	1,570,892
Short-term borrowings		38,512,372	-	-	38,512,372
Other payables		16,240,481	-	-	16,240,481
Current portion of long-term borrowings		6,799,573	-	-	6,799,573
Current lease liabilities		1,831,333	-	-	1,831,333
Long-term borrowings		989,628	685,073	21,047,500	22,722,201
Long-term lease liabilities		-	1,299,515	3,219,382	4,518,897
	₩	<u>72,817,194</u>	₩ <u>1,984,588</u>	₩ <u>24,266,882</u>	₩ <u>99,068,664</u>

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	2021			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Trade payables	₩ 10,309,358	₩ -	₩ -	₩ 10,309,358
Short-term borrowings	28,171,694	-	-	28,171,694
Other payables	11,450,624	-	-	11,450,624
Current portion of long-term borrowings	12,854,975	-	-	12,854,975
Current lease liabilities	1,720,871	-	-	1,720,871
Short-term other financial liabilities	13,868,673	-	-	13,868,673
Long-term borrowings	1,009,604	10,040,989	39,462,431	50,513,024
Non-current lease liabilities	-	1,996,009	3,691,365	5,687,374
	<u>₩ 79,385,799</u>	<u>₩ 12,036,998</u>	<u>₩ 43,153,796</u>	<u>₩ 134,576,593</u>

#### 5.4 Capital Risk Management

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

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

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

The gearing ratios as at December 31, 2022 and 2021, were as follows:

(in thousands of Korean won)

	2022	2021
Total borrowings	₩ 63,147,127	₩ 85,950,765
Less: cash and cash equivalents and short-term financial instruments	<u>92,800,202</u>	<u>106,905,703</u>
Net debt	(29,653,075)	(20,954,938)
Total equity	<u>257,666,576</u>	<u>222,018,079</u>
Total capital	<u>₩ 228,013,501</u>	<u>₩ 201,063,141</u>
Gearing ratio	-13.00%	-10.42%

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**6. Fair Value**

**6.1 Fair Value of Financial Instruments by Category**

Carrying amount and fair value of financial instruments by category as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Financial assets measured at fair value:				
Other financial assets				
Financial assets at fair value through other comprehensive income	₩ 3,766,547	₩ 3,766,547	₩ 5,488,725	₩ 5,488,725
Financial assets at fair value through profit or loss	17,036,074	17,036,074	-	-
	<u>₩ 20,802,621</u>	<u>₩ 20,802,621</u>	<u>₩ 5,488,725</u>	<u>₩ 5,488,725</u>
Financial assets not measured at fair value <sup>1</sup> :				
Cash and cash equivalents	₩ 59,738,000	₩ 59,738,000	₩ 86,433,143	₩ 86,433,143
Short-term financial instruments	33,062,202	33,062,202	20,472,559	20,472,559
Trade receivables	31,432,065	31,432,065	29,514,624	29,514,624
Other receivables	8,499,279	8,499,279	2,149,964	2,149,964
	<u>₩ 153,534,167</u>	<u>₩ 153,534,167</u>	<u>₩ 144,059,015</u>	<u>₩ 144,059,015</u>
<b>Liabilities</b>				
Financial liabilities measured at fair value:				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 1,570,892	₩ 1,570,892	-	-
	<u>₩ 1,570,892</u>	<u>₩ 1,570,892</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value <sup>1</sup> :				
Trade payables	₩ 6,872,915	₩ 6,872,915	₩ 10,309,358	₩ 10,309,358
Other payables	16,240,481	16,240,481	11,450,624	11,450,624
Borrowings	63,147,127	63,147,127	85,950,765	85,950,765
Other financial liabilities	-	-	13,868,673	13,868,673
	<u>₩ 87,831,415</u>	<u>₩ 87,831,415</u>	<u>₩ 121,579,420</u>	<u>₩ 121,579,420</u>
Lease liabilities <sup>1</sup> :				
Lease liabilities	₩ 6,314,350	₩ 6,314,350	₩ 7,383,106	₩ 7,383,106
	<u>₩ 6,314,350</u>	<u>₩ 6,314,350</u>	<u>₩ 7,383,106</u>	<u>₩ 7,383,106</u>

<sup>1</sup> Financial assets and liabilities not measured at fair value and lease liabilities use their carrying amount as fair value as it is determined that the carrying amount is a reasonable approximation of fair value.

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#### 6.2 Fair Value Hierarchy

Items that are measured at fair value or of which fair values are disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value or of which fair values are disclosed as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022			
	Level 1 <sup>1</sup>	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	₩ 2,436,547	₩ 1,330,000	₩ -	₩ 3,766,547
Financial assets at fair value through profit or loss	-	-	17,036,074	17,036,074
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	1,570,892	1,570,892

(in thousands of Korean won)

	2021			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	₩ 4,619,287	₩ -	₩ 869,438	₩ 5,488,725

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**6.3 Transfers Between Fair Value Hierarchy Levels**

Changes in financial instruments classified as level 3 for the years ended December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022		2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Beginning balance	₩ 869,438	₩ -	₩ 694,820	₩ 115,242
Amount recognized in profit or loss (valuation)	69,413	(395,769)	-	-
Amount recognized in other comprehensive income (valuation)	-	-	174,618	-
Acquisition	16,966,660	1,966,660	-	-
Conversion (equity)	-	-	-	(115,242)
Transfer to level 2 <sup>1</sup>	(869,438)	-	-	-
Ending balance	₩ 17,036,074	₩ 1,570,892	₩ 869,438	₩ -

<sup>1</sup> The financial instruments have been transferred to Level 2 as the Group entered into a share purchase agreement in December 2022, and the purchasing price of shares was carried at fair value (Note 9).

**6.4 Valuation Techniques and the Inputs**

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

(in thousands of Korean won)

Korean won)		2022				
		Fair value	Level	Valuation techniques	Inputs	Range of inputs
Assets						
Financial assets at fair value through other comprehensive income	₩	1,330,000	2	Transaction price <sup>1</sup>	-	-
Financial assets at fair value through profit or loss	17,036,074	3	Discounted cash flow model	Volatility	44.25%	
			Binomial model approach and others	Discount rate	14.91%	
				Weighted average discount rate	13.90%	
				Perpetual growth rate	0.00%	
Liabilities						
Financial liabilities at fair value through profit or loss		1,570,892	3	Binomial model approach	Volatility	44.25%
					Discount rate	14.91%



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<sup>1</sup> As the Group entered into a share purchase agreement in December 2022, the purchasing price of shares was carried at fair value (Note 9).

**6.5 Valuation Processes for Fair Value Measurements Categorized as Level 3**

The Group's finance department performs the fair value measurements required for financial reporting purposes, including level 3 fair values. The finance department reports directly to the chief financial officer (CFO) and the internal auditor. Discussions of valuation process and result are held between the CFO, internal auditor and the valuation team at quarterly basis, in line with the Group's quarterly reporting periods.

**6.6 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 pre-tax equity from changes in inputs for each financial instrument for the years ended December 31, 2022 and 2021, are as follows:

*(in thousands of Korean won)*

		<b>2022</b>	
		<b>Favorable changes</b>	<b>Unfavorable changes</b>
Financial assets			
Financial assets at fair value through other comprehensive income <sup>1</sup>	₩	-	₩ -
Financial assets at fair value through profit or loss <sup>2</sup>		1,172,289	(910,752)
Financial liabilities			
Financial liabilities at fair value through profit or loss <sup>2</sup>	₩	367,073	₩ (396,996)

*(in thousands of Korean won)*

		<b>2021</b>	
		<b>Favorable changes</b>	<b>Unfavorable changes</b>
Financial assets			
Financial assets at fair value through other comprehensive income <sup>1</sup>	₩	130,327	₩ (69,417)
Financial assets at fair value through profit or loss <sup>2</sup>		-	-
Financial liabilities			
Financial liabilities at fair value through profit or loss <sup>2</sup>	₩	-	₩ -

<sup>1</sup> For unlisted shares, changes in their fair value are calculated by increasing or decreasing discount rate and perpetual growth rate, which are key unobservable inputs.

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<sup>2</sup> For exchangeable bonds, changes in their fair value are calculated by increasing or decreasing share value of underlying assets which are key unobservable inputs by 10%.

**7. Financial Instruments by Category**

**7.1 Carrying Amounts of Financial Instruments by Category**

Carrying amounts of financial assets and liabilities, and lease liabilities by category as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

		<b>2022</b>			
		<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and cash equivalents	₩	59,738,000	₩	-	₩ 59,738,000
Short-term financial instruments		33,062,202	-	-	33,062,202
Trade receivables		31,432,065	-	-	31,432,065
Other receivables		8,499,279	-	-	8,499,279
Other current financial asset		-	1,330,000	-	1,330,000
Other non-current receivables		-	2,436,547	17,036,074	19,472,621
	₩	132,731,546	₩ 3,766,547	₩ 17,036,074	₩ 153,534,167

(in thousands of Korean won)

		<b>2021</b>			
		<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>		<b>Total</b>
<b>Financial assets</b>					
Cash and cash equivalents	₩	86,433,143	₩	-	₩ 86,433,143
Short-term financial instruments		20,472,559	-	-	20,472,559
Trade receivables		29,514,624	-	-	29,514,624
Other receivables		2,149,964	-	-	2,149,964
Other non-current receivables		-	5,488,725	-	5,488,725
	₩	138,570,290	₩ 5,488,725	₩	144,059,015

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(in thousands of Korean won)

	<b>2022</b>			
	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Lease liabilities</b>	<b>Total</b>
<b>Financial liabilities</b>				
Trade payables	₩ 6,872,915	₩ -	₩ -	₩ 6,872,915
Short-term borrowings	37,661,385	-	-	37,661,385
Other payables	16,240,481	-	-	16,240,481
Current portion of long-term borrowings	6,476,242	-	-	6,476,242
Long-term borrowings	19,009,500	-	-	19,009,500
Other current financial liabilities	-	1,570,892	-	1,570,892
Lease liabilities	-	-	6,314,350	6,314,350
	<u>₩ 86,260,523</u>	<u>₩ 1,570,892</u>	<u>₩ 6,314,350</u>	<u>₩ 94,145,765</u>

(in thousands of Korean won)

	<b>2021</b>		
	<b>Financial liabilities at amortized cost</b>	<b>Lease liabilities</b>	<b>Total</b>
<b>Financial liabilities</b>			
Trade payables	₩ 10,309,358	₩ -	₩ 10,309,358
Short-term borrowings	27,798,697	-	27,798,697
Other payables	11,450,624	-	11,450,624
Short-term other financial liabilities	13,868,673	-	13,868,673
Current portion of long-term borrowings	12,463,034	-	12,463,034
Long-term borrowings	45,689,034	-	45,689,034
Lease liabilities	-	7,383,106	7,383,106
	<u>₩ 121,579,420</u>	<u>₩ 7,383,106</u>	<u>₩ 128,962,526</u>

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**7.2 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, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Financial assets at fair value through profit or loss		
Gain on valuation	₩ 69,413	₩ -
Financial assets at amortized cost		
Interest income	1,624,323	628,456
Dividend income	79,200	44,550
Foreign exchange gain	926,827	468,327
Gain on foreign currency translation	84,639	2,349,182
Financial assets at fair value through other comprehensive income		
Loss on valuation	1,722,178	916,752
Financial liabilities at fair value through profit or loss		
Gain on valuation	395,769	-
Financial liabilities at amortized cost		
Interest expenses	3,259,659	1,911,093
Foreign exchange loss	1,196,745	147,654
Loss on foreign currency translation	1,309,917	515,197
Lease liabilities		
Interest expenses	182,863	170,861

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**8. Trade Receivables and Other Receivables**

Trade and other receivables and their provisions for impairment as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>			<b>2021</b>		
	<b>Trade and other receivables</b>	<b>Provision for impairment</b>	<b>Trade and other receivables, net</b>	<b>Trade and other receivables</b>	<b>Provision for impairment</b>	<b>Trade and other receivables, net</b>
<b>Current assets</b>						
Trade receivables	₩ 31,711,033	₩ (278,968)	₩ 31,432,065	₩ 29,824,803	₩ (310,179)	₩ 29,514,624
Other receivables						
Short-term loans	174,917	-	174,917	244,467	-	244,467
Non-trade receivables	6,206,449	-	6,206,449	645,215	-	645,215
Accrued income	251,724	-	251,724	55,918	-	55,918
Deposits provided	219,050	-	219,050	408,419	-	408,419
	<u>6,852,140</u>	<u>-</u>	<u>6,852,140</u>	<u>1,354,019</u>	<u>-</u>	<u>1,354,019</u>
<b>Non-current assets</b>						
Other receivables						
Long-term loans	786,955	-	786,955	255,107	-	255,107
Deposits provided	860,184	-	860,184	540,838	-	540,838
	<u>1,647,139</u>	<u>-</u>	<u>1,647,139</u>	<u>795,945</u>	<u>-</u>	<u>795,945</u>
	<u>₩ 40,210,312</u>	<u>₩ (278,968)</u>	<u>₩ 39,931,344</u>	<u>₩ 31,974,767</u>	<u>₩ (310,179)</u>	<u>₩ 31,664,588</u>

Movements in the provision for impairment of trade receivables and other receivables for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Beginning balance	₩ 310,179	₩ 2,717,327
Impairment loss (reversal)	(4,525)	(2,532,071)
Exchange differences	(26,686)	124,923
Ending balance	<u>₩ 278,968</u>	<u>₩ 310,179</u>

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**9. Other Financial Assets**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
Other current financial assets				
Financial assets at fair value through other comprehensive income	₩	1,330,000	₩	-
Other non-current financial assets				
Financial assets at fair value through other comprehensive income		2,436,547		5,488,725
Financial assets at fair value through profit or loss		17,036,074		-
	₩	<u>20,802,621</u>	₩	<u>5,488,725</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
Financial assets at fair value through other comprehensive income				
Non-marketable equity securities	₩	1,330,000	₩	869,438
Marketable equity securities		2,436,547		4,619,287
	₩	<u>3,766,547</u>	₩	<u>5,488,725</u>

Financial assets at fair value through other comprehensive income as at December 31, 2022 and 2021, consist of:

<i>(in thousands of Korean won)</i>		<b>2022</b>				
	<b>Number of shares</b>	<b>Percentage of ownership (%)</b>	<b>Acquisition cost</b>	<b>Fair value<sup>1</sup></b>	<b>Carrying amount</b>	<b>Unrealized gains and losses</b>
MiCo BioMed Co., Ltd.	507,614	2.77	₩ 2,999,999	₩ 2,436,547	₩ 2,436,547	₩ (563,452)
Pavilion Asset Management Co., Ltd.	100,000	9.90	1,003,300	1,330,000	1,330,000	326,700
			<u>₩ 4,003,299</u>	<u>₩ 3,766,547</u>	<u>₩ 3,766,547</u>	<u>₩ (236,752)</u>

<sup>1</sup> As at December 31, 2022, MiCo BioMed Co., Ltd. is measured at fair value based on KOSDAQ market closing price and Pavilion Asset Management is evaluated the payment of the share purchase agreement in December 2022, at fair value (Note 6).

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(in thousands of Korean won)	2021					
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value <sup>1</sup>	Carrying amount	Unrealized gains and losses
MiCo BioMed Co., Ltd.	507,614	2.77	₩ 2,999,999	₩ 4,619,287	₩ 4,619,287	₩ 1,619,289
Pavilion Asset Management Co., Ltd.	100,000	9.90	1,003,300	869,438	869,438	(133,862)
			₩ 4,003,299	₩ 5,488,725	₩ 5,488,725	₩ 1,485,427

<sup>1</sup> As at December 31, 2021, MiCo BioMed Co., Ltd. is measured at fair value based on KOSDAQ market closing price and Pavilion Asset Management is recorded at fair value determined by an independent external institution calculated using reasonable model and appropriate estimation (Note 6).

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

(in thousands of Korean won)	2022	2021
Financial assets at fair value through profit or loss		
Exchangeable bonds <sup>1</sup>	₩ 17,036,074	₩ -

<sup>1</sup> For the year ended December 31, 2022, the Group acquired exchangeable bonds issued by MiCo Ltd., the Parent Company, which can be exchanged with registered ordinary shares of MiCo Ceramics Ltd. Exchangeable bonds held by the Group are measured at fair value as at December 31, 2022 (Note 6). Meanwhile, the option held by the issuer of the exchangeable bonds was separately recognized as derivative liabilities (Note 18).

## 10. Other Assets

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

(in thousands of Korean won)	2022	2021
Other current assets		
Advance payments <sup>1</sup>	₩ 605,150	₩ 1,133,520
Prepaid expenses	478,401	350,209
	₩ 1,083,551	₩ 1,483,729

<sup>1</sup> As at December 31, 2022, ₩ 385,363 thousand (2021: ₩ 458,629 thousand) of provision for impairment are included.

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**11. Inventories**

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

(in thousands of  
Korean won)

	2022			2021		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	₩ 603,979	₩ (53,867)	₩ 550,112	₩ 815,245	₩ (73,765)	₩ 741,480
Work in process	532,257	-	532,257	1,060,235	-	1,060,235
Merchandises	3,171,249	(553,602)	2,617,647	3,987,114	(754,862)	3,232,252
Raw materials	5,236,457	(525,828)	4,710,629	5,203,339	(807,306)	4,396,033
Materials-in-transit	40,381	-	40,381	14,239	-	14,239
	<u>₩ 9,584,323</u>	<u>₩ (1,133,297)</u>	<u>₩ 8,451,026</u>	<u>₩ 11,080,172</u>	<u>₩ (1,635,933)</u>	<u>₩ 9,444,239</u>

Reversal of loss on valuation of inventories to net realizable value amounted to ₩ 502,637 thousand (2021: loss on valuation of inventories of ₩ 279,507 thousand). These were recognized as an expense during the year ended December 31, 2022 and included in 'cost of sales' in profit or loss.

Inventories recognized as an expense during the year ended December 31, 2022, amounted to ₩ 161,865,184 thousand (2021: ₩ 138,975,251 thousand). These were included in 'cost of sales'.

**12. Property, Plant and Equipment**

Details of property, plant and equipment as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022			
	Cost	Accumulated depreciation	Government grants	Book amount
Land	₩ 27,199,977	₩ -	₩ -	₩ 27,199,977
Buildings	76,848,386	(17,944,022)	-	58,904,364
Structure	15,260,569	(2,901,571)	-	12,358,998
Machinery	90,611,157	(44,684,934)	(22,007)	45,904,216
Vehicles	4,851,158	(2,806,859)	(16,667)	2,027,632
Tools and equipment	2,193,834	(1,223,586)	-	970,248
Supplies	6,738,844	(3,620,916)	(58,765)	3,059,163
Facilities	90,136,799	(38,213,533)	(627,653)	51,295,613
Construction-in-progress	3,647,515	-	-	3,647,515
Right-of-use assets	13,726,240	(5,722,712)	-	8,003,528
	<u>₩ 331,214,479</u>	<u>₩ (117,118,133)</u>	<u>₩ (725,092)</u>	<u>₩ 213,371,254</u>



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	2021			
	Cost	Accumulated depreciation	Government grants	Book amount
Land	₩ 22,688,557	₩ -	₩ -	₩ 22,688,557
Buildings	62,303,495	(15,351,746)	-	46,951,749
Structure	10,429,557	(2,090,942)	-	8,338,615
Machinery	77,650,397	(36,647,313)	-	41,003,084
Vehicles	3,887,757	(2,384,175)	(21,667)	1,481,915
Tools and equipment	1,886,935	(917,401)	-	969,534
Supplies	5,250,711	(2,616,839)	(75,165)	2,558,707
Facilities	56,222,295	(25,691,953)	(690,621)	29,839,721
Construction-in-progress	46,530,825	-	(84,000)	46,446,825
Right-of-use assets	13,723,183	(4,513,676)	-	9,209,507
	<u>₩ 300,573,712</u>	<u>₩ (90,214,045)</u>	<u>₩ (871,453)</u>	<u>₩ 209,488,214</u>

Changes in property, plant and equipment for the years ended December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022									
	Beginning balance	Acquisition	Disposal	Depreciation	Transfer <sup>1</sup>	Government grants	Translation difference adjustments	Ending balance		
Land	₩ 22,688,557	₩ 1,546,126	₩ -	₩ -	₩ 2,912,330	₩ -	₩ 52,964	₩ 27,199,977		
Buildings	46,951,749	1,568,875	-	(2,261,157)	12,462,484	-	182,413	58,904,364		
Structure	8,338,615	2,994,385	-	(922,460)	2,394,369	-	(445,911)	12,358,998		
Machinery	41,003,084	7,578,917	(21,472)	(7,970,466)	5,901,265	(22,964)	(564,148)	45,904,216		
Vehicles	1,481,915	1,189,562	(74,639)	(659,714)	110,512	-	(20,004)	2,027,632		
Tools and equipment	969,534	405,869	(2,647)	(373,222)	-	-	(29,286)	970,248		
Supplies	2,558,707	611,698	(512)	(979,773)	874,033	-	(4,990)	3,059,163		
Facilities	29,839,721	9,632,515	(267,801)	(12,672,528)	25,441,053	(120,000)	(557,347)	51,295,613		
Construction-in-progress	46,446,825	3,553,110	-	-	(50,285,370)	84,000	3,848,950	3,647,515		
Right-of-use assets	9,209,507	906,267	(11,859)	(2,012,972)	-	-	(87,415)	8,003,528		
	<u>₩ 209,488,214</u>	<u>₩ 29,987,324</u>	<u>₩ (378,930)</u>	<u>₩ (27,852,292)</u>	<u>₩ (189,324)</u>	<u>₩ (58,964)</u>	<u>₩ 2,375,226</u>	<u>₩ 213,371,254</u>		

<sup>1</sup> Includes transfer to intangible assets of ₩ 189,324 thousand.

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	Beginning balance	Acquisition	Disposal	Depreciation	Transfer <sup>1</sup>	Government grants	Others	Translation difference adjustments	Ending balance
Land	₩ 16,993,953	₩ 5,566,432	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 128,172	₩ 22,688,557
Buildings	42,744,963	2,225,197	-	(1,847,806)	1,091,017	-	-	2,738,378	46,951,749
Structure	7,871,504	384,885	-	(685,723)	-	-	-	767,949	8,338,615
Machinery	33,506,211	9,283,970	(14,733)	(6,912,894)	2,879,237	-	-	2,261,293	41,003,084
Vehicles	1,344,446	646,504	(11,967)	(548,499)	-	(25,000)	-	76,431	1,481,915
Tools and equipment	1,049,164	105,053	-	(302,352)	-	-	-	117,669	969,534
Supplies	2,220,209	1,140,251	(1,034)	(794,611)	4,990	(81,998)	-	70,900	2,558,707
Facilities	23,992,538	14,309,539	(351,558)	(8,061,366)	314,344	(492,861)	-	129,085	29,839,721
Construction-in- progress	26,684,624	21,237,119	-	-	(4,296,338)	(84,000)	(39,035)	2,944,455	46,446,825
Right-of-use assets	8,246,879	2,447,943	(411,774)	(1,903,927)	-	-	-	830,386	9,209,507
	₩ 164,654,491	₩ 57,346,893	₩ (791,066)	₩ (21,057,178)	₩ (6,750)	₩ (683,859)	₩ (39,035)	₩ 10,064,718	₩ 209,488,214

<sup>1</sup> Includes transfer to intangible assets of ₩ 6,750 thousand.

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

2022

2021

Cost of sales	₩ 21,517,549	₩ 15,509,320
Selling and administrative expenses	4,737,897	4,482,621
Research and development	1,596,846	1,065,237
	₩ 27,852,292	₩ 21,057,178

Certain property, plant and equipment of the Group are provided as collateral in relation to borrowings at the end of reporting period (Note 16).

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Details of insured assets at the end of reporting period are as follows:

<i>(in thousands of Korean won)</i>	<b>Insured assets</b>	<b>Insured amount</b>	<b>Financial institution</b>
Comprehensive property insurance <sup>1</sup>	Property, plant and equipment and investment properties Inventories	₩ 184,325,904	Samsung Fire & Marine Insurance
Fire insurance	Property, plant and equipment	22,328,838	The Charter Oak Fire Insurance Company
Comprehensive property insurance	Property, plant and equipment	2,534,600	The Travelers Indemnity Company
Comprehensive property insurance	Property, plant and equipment	31,682,500	Travelers Insurance Company
Fire insurance	Property, plant and equipment and inventories	8,016,435	AIG ASIA PACIFIC INSURANCE PTE LTD
Fire insurance	Property, plant and equipment and inventories	18,640,514	Nan Shan General Insurance Company

The above insurance has been pledged as collateral by Kookmin Bank up to a maximum of ₩ 12,202 million. In addition to the above insurance, the Group carries group accident and car insurance for its employees.

### **13. Leases**

Right-of-use assets by category of underlying assets as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Properties	₩ 7,163,101	₩ 8,339,780
Vehicles	836,625	865,356
Others	3,802	4,371
	<u>₩ 8,003,528</u>	<u>₩ 9,209,507</u>

Additions to the right-of-use assets during the 2022 financial year were ₩ 906,267 thousand.

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Depreciation of right-of-use assets		
Properties	₩ 1,479,126	₩ 1,324,308
Vehicles	524,262	578,022
Others	9,584	1,597
	<u>2,012,972</u>	<u>1,903,927</u>
Interest expense relating to lease liabilities	182,863	170,861
Expense relating to short-term leases	237,938	133,246
Expense relating to leases of low-value assets that are not short-term leases	221,943	252,913
	<u>₩ 2,655,716</u>	<u>₩ 2,460,947</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Beginning	₩ 7,383,106	₩ 6,162,714
Acquisition	906,267	2,447,943
Interest expenses	182,863	170,861
Payments	(2,113,812)	(2,008,422)
Translation difference adjustments and others	(44,074)	610,010
Ending	<u>₩ 6,314,350</u>	<u>₩ 7,383,106</u>

Maturity analysis of the lease liabilities as at December 31, 2022 and 2021, is as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Within one year	₩ 1,821,075	₩ 1,710,479
Later than one year but not later than two years	1,278,479	1,985,224
Later than two years but not later than five years	3,214,796	3,687,403
	<u>₩ 6,314,350</u>	<u>₩ 7,383,106</u>

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**14. Investment Properties**

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

(in thousands of Korean won)	2022			2021		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Land	₩ 2,031,727	₩ -	₩ 2,031,727	₩ 2,031,727	₩ -	₩ 2,031,727
Buildings	4,959,826	(1,032,356)	3,927,470	4,959,826	(850,228)	4,109,598
	<u>₩ 6,991,553</u>	<u>₩ (1,032,356)</u>	<u>₩ 5,959,197</u>	<u>₩ 6,991,553</u>	<u>₩ (850,228)</u>	<u>₩ 6,141,325</u>

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

(in thousands of Korean won)	2022				
	Beginning balance	Acquisition	Depreciation	Transfer	Ending balance
Land	₩ 2,031,727	₩ -	₩ -	₩ -	₩ 2,031,727
Buildings	4,109,598	-	(182,128)	-	3,927,470
	<u>₩ 6,141,325</u>	<u>₩ -</u>	<u>₩ (182,128)</u>	<u>₩ -</u>	<u>₩ 5,959,197</u>

(in thousands of Korean won)	2021				
	Beginning balance	Acquisition	Depreciation	Transfer	Ending balance
Land	₩ 2,031,727	₩ -	₩ -	₩ -	₩ 2,031,727
Buildings	4,291,726	-	(182,128)	-	4,109,598
	<u>₩ 6,323,453</u>	<u>₩ -</u>	<u>₩ (182,128)</u>	<u>₩ -</u>	<u>₩ 6,141,325</u>

The depreciation expense of ₩ 182,128 thousand (2021: ₩ 182,128 thousand) has been included in 'selling and administrative expenses' in the statement of comprehensive income for the year ended December 31, 2022.

Fair value of land is ₩ 6,486,940 thousand at the end of reporting period. The fair value of land is classified in Level 3 based on inputs used in valuation techniques and measured by considering relative valuation model.

During the years ended December 31, 2022 and 2021, rental income earned from investment property is ₩ 379,500 thousand (2021: ₩ 56,016 thousand), and operating expenses from property that generated rental income are ₩ 182,128 thousand (2021: ₩ 182,128 thousand).

Certain investment properties are provided as collateral in relation to borrowings at the end of reporting period (Note 16).

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**15. Intangible Assets**

Intangible assets as at December 31, 2022 and 2021, consist of:

<i>(in thousands of Korean won)</i>	<b>2022</b>				
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Government grants</b>	<b>Book amount</b>
Software	₩ 1,541,626	₩ (1,062,323)	₩ -	₩ (50,980)	₩ 428,323
Facility use rights	3,879,810	-	(48,315)	-	3,831,495
	<u>₩ 5,421,436</u>	<u>₩ (1,062,323)</u>	<u>₩ (48,315)</u>	<u>₩ (50,980)</u>	<u>₩ 4,259,818</u>

<i>(in thousands of Korean won)</i>	<b>2021</b>				
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Government grants</b>	<b>Book amount</b>
Software	₩ 1,325,713	₩ (834,845)	₩ -	₩ (68,188)	₩ 422,680
Facility use rights	4,093,443	-	(48,315)	-	4,045,128
	<u>₩ 5,419,156</u>	<u>₩ (834,845)</u>	<u>₩ (48,315)</u>	<u>₩ (68,188)</u>	<u>₩ 4,467,808</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>						
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Amortization</b>	<b>Transfer<sup>1</sup></b>	<b>Exchange difference adjustments</b>	<b>Ending balance</b>
Software	₩ 422,680	₩ 32,189	₩ -	₩ (211,203)	₩ 189,324	₩ (4,667)	₩ 428,323
Facility use rights	4,045,128	-	(200,330)	-	-	(13,303)	3,831,495
	<u>₩ 4,467,808</u>	<u>₩ 32,189</u>	<u>₩ (200,330)</u>	<u>₩ (211,203)</u>	<u>₩ 189,324</u>	<u>₩ (17,970)</u>	<u>₩ 4,259,818</u>

<sup>1</sup> Transferred from construction-in-progress to software

<i>(in thousands of Korean won)</i>	<b>2021</b>						
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Amortization</b>	<b>Government grants</b>	<b>Transfer<sup>1</sup></b>	<b>Exchange difference adjustments</b>	<b>Ending balance</b>
Software	₩ 509,024	₩ 131,150	₩ (188,408)	₩ (37,565)	₩ 6,750	₩ 1,729	₩ 422,680
Facility use rights	2,414,282	1,594,120	-	-	-	36,726	4,045,128
	<u>₩ 2,923,306</u>	<u>₩ 1,725,270</u>	<u>₩ (188,408)</u>	<u>₩ (37,565)</u>	<u>₩ 6,750</u>	<u>₩ 38,455</u>	<u>₩ 4,467,808</u>

<sup>1</sup> Transferred from construction-in-progress to software

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Line items in the statement of comprehensive income including amortization for the years ended December 31, 2022 and 2021, are as follows

<i>(in thousands of Korean won)</i>		<b>2022</b>		<b>2021</b>
Cost of sales	₩	93,783	₩	84,116
Selling and administration expenses		86,857		77,928
Research and development costs		30,563		26,364
	₩	<u>211,203</u>	₩	<u>188,408</u>

The Group recognized total research and development costs of ₩ 12,646,892 thousand (2021: ₩ 9,472,418 thousand) as selling and administrative expenses.

**16. Assets Provided as Collateral**

Details of assets provided as collateral for the Group's obligation at the end of reporting period are as follows:

*(in thousands of Korean won)*

Line item	Secured assets	Provided to	Carrying amount	Secured amount	
Property, plant and equipment and investment properties	Land, Building	Kookmin Bank	₩ 34,219,857	₩ 32,035,200	Assets provided as collateral in relation to borrowings

**17. Trade Payables and Other Payables**

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

<i>(in thousands of Korean won)</i>		<b>2022</b>		<b>2021</b>
Current liabilities				
Trade payables	₩	6,872,915	₩	10,309,358
Other payables				
Non-trade payables		14,231,981		7,538,666
Accrued expenses		1,669,575		3,004,958
Leasehold deposits received		338,925		907,000
	₩	<u>23,113,396</u>	₩	<u>21,759,982</u>

# KoMiCo Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2022 and 2021

#### 18. Other Financial Liabilities

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

<i>(in thousands of Korean won)</i>	2022	2021
Other current financial liabilities		
Other borrowings <sup>1</sup>	₩ -	₩ 13,868,673
Derivative liabilities <sup>2</sup>	1,570,892	-
	<u>₩ 1,570,892</u>	<u>₩ 13,868,673</u>

<sup>1</sup> As KoMiCo Technology (Wuxi) Ltd., a subsidiary, fails to list or obtain permission for listing in China within the agreed period, the Group should redeem USD 10,000,000 of investments at an annual interest rate of 4% in accordance with repurchase request of Shenzhen China-Korea Industrial Investment Fund, an investor. KoMiCo Technology (Wuxi) Ltd. repaid all of its investment through capital reduction during the year ended December 31, 2022 (Note 34).

<sup>2</sup> For the exchangeable bonds acquired by the Group, 'the issuer and the person designated by the issuer' have the right to request the sales of a portion of exchangeable bonds on the date of each month after 12 months from the issuance date to 30 months. Bond holders are required to sell the bonds they hold according to the issuer's claim. The put options held by the exchangeable bonds issuer are separately recognized as derivative liabilities (Note 9).

#### 19. Other Liabilities

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

<i>(in thousands of Korean won)</i>	2022	2021
Other current liabilities		
Advances from customers	₩ 874,331	₩ 934,592
Unearned revenues	-	7,133
Withholdings	2,176,820	1,205,818
Liabilities included in salaries and others	6,853,051	5,696,295
	<u>₩ 9,904,202</u>	<u>₩ 7,843,838</u>
Other non-current liabilities		
Long-term employee benefits	₩ 1,522,019	₩ 1,303,961
Make good provision	788,234	737,356
	<u>₩ 2,310,253</u>	<u>₩ 2,041,317</u>



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**20. Borrowings**

Details of short-term borrowings as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)		2022	2021
Kookmin Bank	Facility loans	2023-05-10	5.55	₩	10,000,000	₩ -
Kookmin Bank	Loans for operating funds	2023-09-26	3.05		7,600,000	7,600,000
Shinhan Bank	Loans for operating funds	2023-06-27	4.97		5,000,000	5,000,000
Citibank Korea Inc.	Loans for operating funds	2023-01-10 ~2023-10-27	2.21 ~ 6.24		11,029,210	13,124,072
The Export-Import Bank of Korea	Loans for operating funds	2023-05-12	5.43		2,217,775	2,074,625
Industrial and Commercial Bank of China	Loans for operating funds	2023-06-01 ~2023-07-04	3.70		1,814,400	-
				₩	<u>37,661,385</u>	<u>₩ 27,798,697</u>

Certain land and buildings of the Group are pledged as collateral for the above short-term borrowings from Kookmin Bank (Note 16).

Details of long-term borrowings as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)		2022	2021
KDB	Facility loans	2023-10-31 ~2029-11-27	3.59 ~ 5.97	₩	25,485,742	₩ 39,152,068
Kookmin Bank	Facility loans	-	-		-	19,000,000
					25,485,742	58,152,068
Less: reclassification of current portion					(6,476,242)	(12,463,034)
				₩	<u>19,009,500</u>	<u>₩ 45,689,034</u>

Details of annual repayment schedule of long-term borrowings as at December 31, 2022, are as follows:

(in thousands of Korean won)

	Amount
January 1, 2023 ~December 31, 2023	₩ 6,476,242
January 1, 2024 ~December 31, 2025	3,801,900
January 1, 2026 ~December 31, 2026	3,801,900
January 1, 2027 ~	11,405,700
	<u>₩ 25,485,742</u>

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**21. Post-employment Benefit Obligation**

Details of post-employment benefit obligation in the statements of financial position as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligations	₩ 14,000,640	₩ 13,239,230
Fair value of plan assets	(4,079,027)	(3,005,929)
Net defined benefit liabilities	<u>₩ 9,921,613</u>	<u>₩ 10,233,301</u>

Movements in the defined benefit obligations for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Beginning balance	₩ 13,239,230	₩ 10,361,830
Current service cost	2,903,958	2,068,895
Interest expense	370,730	235,906
Remeasurements:		
Actuarial loss from change in demographic assumptions	-	96,380
Actuarial loss (gain) from change in financial assumptions	(531,188)	171,387
Actuarial loss (gain) from experience adjustments	(406,726)	960,562
Benefit payments	(1,705,140)	(757,868)
Transfer from / to affiliates	129,776	102,138
Ending balance	<u>₩ 14,000,640</u>	<u>₩ 13,239,230</u>

Movements in the fair value of plan assets for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Beginning balance	₩ 3,005,929	₩ 2,420,792
Interest income	85,152	56,537
Remeasurements	(43,574)	(43,854)
Contribution paid by user	1,100,000	800,000
Benefit payments	(77,184)	(143,083)
Transfer from / to affiliates	8,704	(84,463)
Ending balance	<u>₩ 4,079,027</u>	<u>₩ 3,005,929</u>

There are no contributions expected to be paid with respect to the defined benefit plan during for the next reporting period.

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Plan assets as at December 31, 2022 and 2021, consist of:

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>Ratio (%)</b>	<b>Amount</b>	<b>Ratio (%)</b>
Deposit and installments and others	₩ 4,079,027	100.00	₩ 3,005,929	100.00
	₩ 4,079,027	100.00	₩ 3,005,929	100.00

Actual gain on plan assets is as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Plan assets	₩ 41,578	₩ 12,683

Details of total expenses recognized in profit or loss are as follows.

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Current service cost	₩ 2,903,958	₩ 2,068,895
Interest expense, net	285,578	179,369
Total expenses included in employee benefits	₩ 3,189,536	₩ 2,248,264

Total expenses by each line items recognized as profit or loss are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cost of sales	₩ 1,460,196	₩ 993,640
Selling and administrative expenses	1,351,377	921,961
Research and development	377,963	332,663
	₩ 3,189,536	₩ 2,248,264

Actuarial gain (loss) recognized in other comprehensive income are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Actuarial gain (loss) before income tax	₩ (894,339)	₩ 1,272,183
Tax effects	205,064	(279,880)
Actuarial gain (loss), net of tax	₩ (689,275)	₩ 992,303

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

<i>(in percentage)</i>	<b>2022</b>	<b>2021</b>
Discount rate (%)	5.35	2.96
Expected salary growth rate (%)	7.80	5.80
Estimated retirement rates (%)	13.21	13.18
Estimated mortality rate (%)	0.04	0.04

Effects on the defined benefit obligation to changes in the principal assumptions is:

<i>(in thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Increase 1%</b>	<b>Decrease 1%</b>	<b>Increase 1%</b>	<b>Decrease 1%</b>
Discount rate	₩ (1,056,666)	₩ 1,221,757	₩ (1,080,452)	₩ 1,257,450
Expected salary growth rate	1,182,542	(1,045,123)	1,258,792	(1,101,241)

The weighted average duration of the defined benefit obligation is 8.5339 years. The expected maturity analysis of discounted pension benefits as at December 31, 2022, is as follows:

<i>(in thousands of Korean won)</i>	<b>Less than 2 years</b>	<b>Between 2-5 years</b>	<b>Between 5-10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Benefit payments	₩ 1,339,945	₩ 3,499,208	₩ 3,455,042	₩ 5,706,445	₩ 14,000,640

## **22. Share Options**

The share-based payment of the Group is the share options with stock appreciation rights granted to directors on November 16, 2016, with an exercise price of ₩ 12,000. Right to exercise share options is granted if the employees have been completed service for two years after the grant date.

Changes in the number of share options outstanding and their related weighted average exercise prices for the years ended December 31, 2022 and 2021, are as follows:

	<b>Number of options (in shares)</b>		<b>Average exercise price per share option (in Korean won)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Beginning	51,300	139,000	₩ 67,100	₩ 49,950
Granted	-	-	-	-
Exercised	(7,200)	(77,700)	51,444	69,498
Expired	-	(10,000)	-	49,978
Ending	<u>44,100</u>	<u>51,300</u>	<u>₩ 43,100</u>	<u>₩ 67,100</u>

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The Group measured the cost of the share options granted during the year ended December 31, 2021, by fair value using the binomial model approach. The related assumptions and variables to measure the cost of the share options granted are as follows:

<i>(in Korean won)</i>	<b>2022</b>	<b>2021</b>
Fair value per option	₩ 31,111	₩ 55,100
Share price at the end of the reporting period	43,100	67,100
Expected price volatility (%)	49.16	37.56
Risk-free interest rate (%)	3.75	1.63
Dividend yield (%)	1.25	0.91
Expected option life	0.88 years	1.88 years

Book amount of liabilities and intrinsic value recognized in relation to share-based payments are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Book amount of liabilities	₩ 1,371,995	₩ 2,826,630
Intrinsic value	1,371,510	2,826,630

## **23. Share Capital and Reserves**

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

<i>(in thousands of Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Total number of authorized shares to be issue	100,000,000	100,000,000
Par value per share <i>(in Korean won)</i>	₩ 500	₩ 500
Total number of shares issued	10,020,447	10,020,447
Share capital	₩ 5,010,224	₩ 5,010,224

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

<i>(in thousands of Korean won and in number of shares)</i>	<b>Number of shares</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Total</b>
January 1, 2021	9,987,721	₩ 4,993,861	₩ 60,514,865	₩ 65,508,726
Issuance due to exercise of conversion right	32,726	16,363	987,298	1,003,661
December 31, 2021	<u>10,020,447</u>	<u>₩ 5,010,224</u>	<u>₩ 61,502,163</u>	<u>₩ 66,512,387</u>
January 1, 2022	10,020,447	₩ 5,010,224	₩ 61,502,163	₩ 66,512,387
December 31, 2022	<u>10,020,447</u>	<u>₩ 5,010,224</u>	<u>₩ 61,502,163</u>	<u>₩ 66,512,387</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Share premium	₩ 61,502,163	₩ 61,502,163
Other reserves	10,023,826	10,023,826
	<u>₩ 71,525,989</u>	<u>₩ 71,525,989</u>

## **24. Accumulated Other Comprehensive Income**

Details of accumulated other comprehensive income as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Equity instruments at fair value through other comprehensive income	₩ (185,140)	₩ 1,158,633
Exchange differences on translation of foreign operations	8,431,503	6,600,857
	<u>₩ 8,246,363</u>	<u>₩ 7,759,490</u>

## **25. Other Components of Equity**

As at December 31, 2022 and 2021, other components of equity are treasury shares held by the Group to stabilize share prices and enhance the value of shareholders.

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Treasury shares	₩ (2,914,979)	₩ (911,210)
	<u>₩ (2,914,979)</u>	<u>₩ (911,210)</u>

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**26. Retained Earnings**

Retained earnings as at December 31, 2022 and 2021, consist of:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Earned profit reserves <sup>1</sup>	₩ 2,502,102	₩ 1,953,035
Other reserves	2,744,449	2,744,449
Retained earnings before appropriation	170,552,429	133,936,103
	<u>₩ 175,798,980</u>	<u>₩ 138,633,587</u>

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

**27. Breakdown of Expenses by Nature**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Changes in inventories of finished goods and work in process	₩ 719,347	₩ (553,854)
Raw materials used	32,386,183	29,878,394
Sales of goods	8,401,198	9,099,902
Employee benefits expenses	78,307,230	65,529,265
Employee benefits	5,083,239	4,357,410
Travel expenses	1,181,551	919,718
Depreciation and amortization	28,245,623	21,427,714
Commission expenses	7,718,616	6,157,626
Rental expenses	1,295,880	1,078,975
Insurance premium	6,688,981	5,148,028
Supplies expenses	15,426,159	12,722,451
Vehicles maintenance expenses	1,074,709	742,348
Utility expenses	10,778,105	8,579,471
Outsourcing expenses	11,577,664	7,840,639
Repairs expenses	10,124,676	11,989,155
Taxes and dues	4,780,476	4,111,264
Freight expenses	3,973,065	3,364,284
Share-based payment expenses	(1,170,635)	2,015,318
Other expenses	6,386,412	3,799,981
	<u>₩ 232,978,479</u>	<u>₩ 198,208,089</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Salaries	₩ 74,655,911	₩ 62,804,393
Post-employment benefits	3,651,319	2,724,872
	<u>₩ 78,307,230</u>	<u>₩ 65,529,265</u>

**28. Selling and Administrative Expenses**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Salaries	₩ 28,124,021	₩ 23,486,222
Post-employment benefits	1,452,583	1,018,273
Employee benefits	2,360,529	1,992,246
Travel expenses	1,031,935	797,964
Vehicles maintenance expenses	1,006,875	697,268
Communication expenses	263,014	225,140
Taxes and dues	2,543,983	2,229,977
Commission expenses	5,204,669	4,549,158
Rental expenses	449,091	321,186
Depreciation	4,920,024	4,664,748
Amortization	86,857	77,928
Repairs expenses	1,280,729	1,286,759
Insurance premium	2,467,689	1,850,107
Entertainment expenses	1,404,487	1,180,858
Advertising expense	199,540	111,502
Supplies expenses	1,501,620	1,196,567
Utility expenses	350,740	161,404
Training expenses	348,472	346,957
Freight expenses	2,509,915	2,554,391
Research and development	12,646,892	9,472,418
Outsourcing expenses	1,052,419	933,757
Share-based payment expenses	(1,170,635)	2,015,318
Others	1,155,638	664,596
	<u>₩ 71,191,087</u>	<u>₩ 61,834,744</u>



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**29. Other Income and Expenses**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Rental income	₩ 459,057	₩ 115,138
Commissions received	5,350	-
Gain on disposal of property, plant and equipment	87,887	30,880
Miscellaneous revenues	360,895	1,669,446
	<u>₩ 913,189</u>	<u>₩ 1,815,464</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Loss on disposal of property, plant and equipment	₩ 306,295	₩ 371,550
Loss on disposal of intangible assets	330	-
Donations	31,680	50,240
Miscellaneous expenses	53,586	168,166
Loss on disposal of investments	71,964	-
	<u>₩ 463,855</u>	<u>₩ 589,956</u>

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**30. Finance Income and Finance Costs**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Interest income	₩ 1,624,323	₩ 628,456
Dividend income	79,200	44,550
Gain on foreign currency transaction	926,827	468,327
Gain on foreign currency translation	486,482	2,349,182
Gain on valuation of derivatives	395,769	-
Gain on valuation of financial assets at fair value through profit or loss	69,413	-
	<u>₩ 3,582,014</u>	<u>₩ 3,490,515</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Interest expense	₩ 3,442,521	₩ 2,081,954
Loss on foreign currency transaction	1,196,746	147,654
Loss on foreign currency translation	1,711,760	515,197
	<u>₩ 6,351,027</u>	<u>₩ 2,744,805</u>

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**31. Tax Expense**

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Current tax on profits for the year	₩ 7,961,739	₩ 11,421,518
Adjustments in respect of prior years	(3,405,328)	(167,562)
Impact of changes in Korean tax rate	2,108,562	-
Deferred tax due to temporary differences	4,446,093	2,401,086
Income tax expense	<u>₩ 11,111,066</u>	<u>₩ 13,655,042</u>

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2022 and 2021, is as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Deferred tax</b>		
Remeasurements of net defined benefit liability	₩ (205,064)	₩ 279,881
Conversion rights adjustment (convertible notes)	-	38,580
Equity instruments at fair value through other comprehensive income	378,406	201,685
	<u>₩ 173,342</u>	<u>₩ 520,146</u>

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Profit before income tax expense	₩ 53,077,846	₩ 60,805,060
Income tax based on statutory tax rate <sup>1</sup>	16,792,588	20,730,592
Adjustments:		
Non-taxable income	(5,799)	(95,774)
Non-deductible expense	316,283	669,403
Impact of changes in Korean tax rate	2,108,562	-
Effects of deferred tax not recognized arising from temporary differences	(2,060,517)	(3,743,489)
Tax credits carried forward	1,025,717	171,095
Adjustments in respect of prior years	(3,405,328)	67,407
Tax credit	(3,727,131)	(4,475,641)
Others	66,691	331,449
Income tax expense	<u>₩ 11,111,066</u>	<u>₩ 13,655,042</u>
Effective tax rate	20.93%	22.46%

<sup>1</sup> This is the amount calculated by applying the statutory tax rate of respective countries to the

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profit before income tax expense.

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

(in thousands of Korean won)	2022									
	Increase (decrease)						Ending balance			
	Beginning balance	Profit or loss	Other comprehen- sive income		Exchange difference					
Accrued revenues	₩	179,020	₩	(54,466)	₩	-	₩	(3,301)	₩	121,253
Equity method investments		(7,598,802)		(4,007,538)		-		(2,497)		(11,608,837)
Plan assets		(661,308)		(237,314)		9,390		-		(889,232)
Property, plant and equipment		1,751,345		(2,324,977)		-		35,573		(538,059)
Inventories		122,636		16,165		-		416		139,217
Intangible assets		10,629		(97)		-		-		10,532
Annual leave payable		339,243		28,043		-		6,892		374,178
Defined benefit obligations		2,912,629		353,963		(214,454)		-		3,052,138
Long-term employee benefits		286,871		44,929		-		-		331,800
Provision for impairment		149,093		(27,178)		-		(1,401)		120,514
Share-based payment expenses		621,858		(322,764)		-		-		299,094
Derivatives		-		(86,278)		-		-		(86,278)
Measured at fair value through profit or loss		-		(15,132)		-		-		(15,132)
Measured at fair value through other comprehensive income		(326,795)		-		378,406		-		51,611
Right-of-use assets		(137,127)		2,474		-		-		(134,653)
Lease liabilities		139,704		(2,922)		-		-		136,782
Others		87,215		498,620		-		(7,455)		578,380
Loss carryforwards		-		754,429		-		(14,394)		740,035
Tax credits		1,025,718		(1,025,718)		-		-		-
	₩	(1,098,071)	₩	(6,405,761)	₩	173,342	₩	13,833	₩	(7,316,657)

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(in thousands of  
Korean won)

	2021						
	Increase (decrease)						Ending balance
	Beginning balance	Profit or loss	Other comprehen- sive income	Equity	Exchange difference		
Accrued revenues	₩ (10,944)	₩ 181,082	₩ -	₩ -	₩ 8,882	₩	179,020
Equity method investments	(5,354,616)	(2,248,760)	-	-	4,574		(7,598,802)
Convertible notes	(42,116)	3,536	-	38,580	-		-
Plan assets	(532,578)	(138,378)	9,648	-	-		(661,308)
Property, plant and equipment	1,067,931	689,467	-	-	(6,053)		1,751,345
Inventories	78,567	41,302	-	-	2,767		122,636
Intangible assets	10,629	-	-	-	-		10,629
Annual leave payable	210,003	125,814	-	-	3,426		339,243
Defined benefit obligations	2,279,601	362,795	270,233	-	-		2,912,629
Long-term employee benefits	269,318	17,553	-	-	-		286,871
Provision for impairment	746,276	(639,523)	-	-	42,340		149,093
Share-based payment expenses	1,161,367	(539,509)	-	-	-		621,858
Measured at fair value through profit or loss	(10,365)	11,016	-	-	(651)		-
Measured at fair value through other comprehensive income	(528,480)	-	201,685	-	-		(326,795)
Right-of-use assets	(140,653)	3,526	-	-	-		(137,127)
Lease liabilities	143,252	(3,548)	-	-	-		139,704
Others	179,286	(96,364)	-	-	4,293		87,215
Tax credits	1,196,813	(171,095)	-	-	-		1,025,718
	₩ 723,291	₩ (2,401,086)	₩ 481,566	₩ 38,580	₩ 59,578	₩	(1,098,071)

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Details of unrecognized deductible temporary differences as deferred tax assets as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>	<b>Remarks</b>
Interests in subsidiary <sup>1</sup>	₩ 34,263,186	₩ 34,867,374	No plan for disposal
Unused losses <sup>2</sup>	10,226,864	9,107,822	Uncertainty of future taxable profit

<sup>1</sup> The Group did not recognize deferred tax assets for temporary differences associated with investments in subsidiaries, which would not be reversed in the foreseeable future through disposal of the investments.

<sup>2</sup> The maturity of unused losses is as follows:

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
After 5 years	₩ 10,226,864	₩ 9,107,822

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

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 8,770,074	₩ 6,137,864
Deferred tax asset to be recovered within 12 months	796,824	2,243,871
	<u>9,566,898</u>	<u>8,381,735</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(16,257,289)	(9,077,914)
Deferred tax liability to be recovered within 12 months	(626,266)	(401,892)
	<u>(16,883,555)</u>	<u>(9,479,806)</u>
Deferred tax liabilities, net	<u>₩ (7,316,657)</u>	<u>₩ (1,098,071)</u>

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**32. Earnings per Shares**

*(a) Basic earnings per share*

Details of the calculation of basic earnings per shares for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Profit attributable to ordinary shares of the Parent Company	₩ 41,966,780,348	₩ 47,150,017,421
Weighted average number of ordinary shares outstanding	9,962,286	9,979,725
Basic earnings per share	₩ 4,213	₩ 4,725

Basic earnings per share is identical to diluted earnings per share as there is no dilutive effect for the years ended December 31, 2022 and 2021.

**33. Cash Flows**

*(a) Cash generated from operations*

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Profit for the year	₩ 41,966,780	₩ 47,150,017
Adjustments for:		
Interest expense	3,442,521	2,081,954
Loss on foreign currency translation	1,711,760	515,197
Post-employment benefits (defined benefit plan)	3,189,536	2,248,264
Depreciation	28,034,419	21,239,305
Loss on disposal of property, plant and equipment	306,295	371,550
Loss on disposal of intangible assets	330	-
Amortization	211,203	188,408
Share-based payment expenses	(1,170,635)	2,015,318
Impairment loss (reversal)	(77,791)	(2,601,906)
Income tax expense	11,111,066	13,655,042
Interest income	(1,624,323)	(628,456)
Gain on foreign currency translation	(486,482)	(2,349,182)
Loss on valuation of inventories (reversal)	(502,637)	279,507
Gain on disposal of property, plant and equipment	(87,887)	(30,880)
Gain on valuation of financial assets at fair value through profit or loss	(69,413)	-
Gain on valuation of derivatives	(395,769)	-
Dividend income	(79,200)	-
Loss on disposal of investments	71,964	-

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Others	303,458	133,417
Changes in assets and liabilities due to operating activities:		
Trade receivables	(4,029,851)	2,497,199
Other receivables	(782,184)	(684,728)
Other current assets	301,219	(214,749)
Inventories	1,569,799	2,397,003
Trade payables	(1,536,089)	(2,345,608)
Other payables	6,343,147	(4,569,890)
Other liabilities	(1,117,289)	1,687,554
Benefit payments	(1,627,956)	(614,784)
Transfer to affiliates	129,776	186,601
Contribution to plan assets	(1,100,000)	(800,000)
Cash generated from operations	₩ 84,005,767	₩ 81,806,153

*(b) Significant transactions not affecting cash flows*

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Reclassification of financial assets at fair value through other comprehensive income	₩ (1,722,178)	₩ (916,752)
Transfer of construction-in-process to property, plant and equipment	50,285,370	4,296,338
Reclassification of current portion of long-term loans	25,290	26,455
Reclassification of non-trade payables related to acquisition of property, plant and equipment and intangible assets	78,296	826,382
Acquisition of right-of-use assets	906,267	2,447,943
Exercise of conversion rights	-	967,740
Receipt of government grants	58,964	-



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*(c) Changes in liabilities arising from financing activities*

Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

*(in thousands of  
Korean won)*

	<b>2022</b>				
	<b>Beginning balance</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>Ending balance</b>
			<b>Transfer and others</b>	<b>Changes in foreign exchange rates</b>	
Short-term borrowings	₩ 27,798,697	₩ 9,518,810	₩ -	₩ 343,879	₩ 37,661,386
Long-term borrowings	45,689,034	(28,462,325)	-	1,782,791	19,009,500
Current portion of long-term borrowings	12,463,034	(6,432,634)	-	445,842	6,476,242
Other current financial liabilities	13,868,673	(14,264,049)	-	395,376	-
Lease liabilities	7,383,106	(2,113,812)	1,089,130	(44,073)	6,314,351
Leasehold deposits received	907,000	(568,075)	-	-	338,925
	<u>₩ 108,109,544</u>	<u>₩ (42,322,085)</u>	<u>₩ 1,089,130</u>	<u>₩ 2,923,815</u>	<u>₩ 69,800,404</u>

*(in thousands of  
Korean won)*

	<b>2021</b>				
	<b>Beginning balance</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>Ending balance</b>
			<b>Transfer and others</b>	<b>Changes in foreign exchange rates</b>	
Short-term borrowings	₩ 26,053,282	₩ 425,973	₩ -	₩ 1,319,442	₩ 27,798,697
Long-term borrowings	54,924,960	-	(12,046,178)	2,810,252	45,689,034
Current portion of long-term liabilities	-	-	12,046,178	416,856	12,463,034
Current portion of convertible notes	708,566	-	(708,566)	-	-
Lease liabilities	6,162,714	(1,916,052)	2,526,434	610,010	7,383,106
	<u>₩ 87,849,522</u>	<u>₩ (1,490,079)</u>	<u>₩ 1,817,868</u>	<u>₩ 5,156,560</u>	<u>₩ 93,333,871</u>

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**34. Contingent Liabilities and Commitments**

*Payment guarantees provided by others*

Details of payment guarantees provided by others as at December 31, 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>Guaranteed amount</b>	<b>Guaranteed by</b>	<b>Remarks</b>
Seoul guarantee insurance company	₩ 200,000	Pyeongtaek Customs Co.	Guarantees for payments of customs
Seoul guarantee insurance company	35,000	Samchully Co., Ltd	Guarantees for payments of city gas usage and others
Seoul guarantee insurance company	4,620	LG ELECTRONICS INC.	Warranties guarantees for delivery contract
Seoul guarantee insurance company	3,383	Korea Employment Agency for Persons with Disabilities	Payment guarantee for the return of auxiliary engineering device subsidies for the disabled
Seoul guarantee insurance company	50,000	KOREA TECHNOLOGY AND INFORMATION PROMOTION AGENCY	Payment guarantee for the return of agreement of subsidy for national support business
Seoul guarantee insurance company	194,645	KOREA TECHNOLOGY AND INFORMATION PROMOTION AGENCY	Payment guarantee for the return of agreement of subsidy for national support business

Significant agreements which the Group has entered into with financial institution and others as at December 31, 2022, are as follows:

*(in thousands of Korean won and  
in US dollars, Taiwan dollar and  
Chinese yuan)*

	<b>Commitments</b>		<b>Limit amount</b>		<b>Amount used</b>
Kookmin Bank	Loans for operating funds	₩	7,600,000	₩	7,600,000
Kookmin Bank	Loans for facility funds	₩	10,000,000	₩	10,000,000
Shinhan Bank	Loans for operating funds	₩	5,000,000	₩	5,000,000
The Export-Import Bank of Korea	Loans for operating funds	USD	1,750,000	USD	1,750,000
Citibank Korea Inc.	Loans for operating funds	USD	4,000,000	USD	4,000,000
Citibank Korea Inc.	Loans for operating funds	USD	2,000,000	USD	2,000,000
Citibank Korea Inc.	Loans for operating funds	USD	9,000,000	TWD	83,000,000
KDB	Loans for facility funds	USD	15,000,000	USD	15,000,000
Citibank Korea Inc.	Loans for operating funds	USD	8,000,000	-	-
KDB	Loans for facility funds	USD	5,125,000	CNY	35,693,575
Industrial and Commercial Bank of China	Loans for operating funds	CNY	5,000,000	CNY	5,000,000
Industrial and Commercial Bank of China	Loans for operating funds	CNY	5,000,000	CNY	5,000,000
Citibank Korea Inc.	Loans for operating funds	USD	25,000,000	-	-

# KoMiCo Ltd. and Subsidiaries

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KoMiCo Technology (Wuxi) Ltd., a subsidiary, conducted capital increase of USD 10,000,000 through allocation to a third party (Shenzhen China-Korea Industrial Investment Fund) for local investment in China during 2018. If KoMiCo Technology (Wuxi) Ltd. fails to list within the agreed period due to the agreement between the Group and the investor, the investor may request the Group to purchase ordinary shares of KoMiCo Technology (Wuxi) Ltd. In this regards, the Group recognized financial guarantee liabilities. However, KoMiCo Technology (Wuxi) Ltd. failed to list within the agreed period and repaid all of its investment through capital reduction during the year ended December 31, 2022.

### 35. Related Party Transaction

Details of the companies that have a controlling or subsidiary relationship with the Group as at December 31, 2022 and 2021, are as follows.

Type	2022	2021	Remark
Parent Company	MiCo Ltd.	MiCo Ltd.	
Other related parties	MiCoCeramics Ltd.	MiCoCeramics Ltd.	Established by split-off of the Parent Company
	MiCoPower Ltd.	MiCoPower Ltd.	Established by split-off of the Parent Company
	MiCo BioMed Co., Ltd.	MiCo BioMed Co., Ltd.	An associate of the Parent Company
	COMA Technology Co., Ltd.	COMA Technology Co., Ltd.	An associate of the Parent Company
	SPECLIPSE, INC.	SPECLIPSE, INC.	An associate of the Parent Company
	Speclipse Inc.	Speclipse Inc.	An associate of the Parent Company
	Speclipse Aus.	Speclipse Aus.	An associate of the Parent Company
	Speclipse Europe GmbH	-	An associate of the Parent Company
	MiCo Networks Co., Ltd.	MiCo Networks Co., Ltd.	An entity controlled by key executives of the parent company
	ELEECHIJEILHOSAMO INVESTMENT LIMITED PARTNERSHIP	ELEECHIJEILHOSAMO INVESTMENT LIMITED PARTNERSHIP	An associate of the Parent Company
	H No. 1 Investment Purpose Co., Ltd.	H No. 1 Investment Purpose Co., Ltd.	An associate of the Parent Company
	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO., LTD.	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO., LTD.	An associate of the Parent Company
	YANTAI HYUNDAI HEAVY INDUSTRIES CO., LTD.	YANTAI HYUNDAI HEAVY INDUSTRIES CO., LTD.	An associate of the Parent Company
	MICOBIO MED USA, Inc	MICOBIO MED USA, Inc	An associate of the Parent Company

**KoMiCo Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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Type	2022	2021	Remark
	MICO INTERNATIONAL BRAZIL LTDA	MICO INTERNATIONAL BRAZIL LTDA	An associate of the Parent Company
	PT. MICO BIOMED INDONESIA	PT. MICO BIOMED INDONESIA	An associate of the Parent Company
	MICOBIO INDIAPRIVATE LIMITED.	-	An associate of the Parent Company
	Call medical	-	An associate of the Parent Company
	MICO IVD HOLDINGS, LLC (USA)	-	A subsidiary of the Parent Company
	Trinty Biotech, PLC.	-	A subsidiary of the Parent Company
	MICo NTH Investment LLC	-	A subsidiary of the Parent Company
	New Target Health, Inc.	-	A subsidiary of the Parent Company
	Target Health LLC	-	A subsidiary of the Parent Company

# KoMiCo Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2022 and 2021

Sales and purchases with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

		2022						
Type	Name of entity	Sales	Purchase	Disposal of assets	Other income	Other expense	Acquisition of right-of-use asset	
Parent Company	MiCo Ltd.	₩ 139,963	₩ 20,778,348	₩ 4,000	₩ 128,751	₩ 1,842,235	₩ 21,371	
Other related parties	MiCo BioMed Co., Ltd.	-	-	-	-	6,204	-	
	MiCoCeramics Ltd.	2,109,866	6,139,148	-	1,287,646	33,129	-	
	COMA Technology Co., Ltd.,	1,000	3,310	-	-	-	-	
	MiCoPower Ltd.	-	-	-	1,003,393	3,232	-	
		₩ 2,250,829	₩ 26,920,806	₩ 4,000	₩ 2,419,790	₩ 1,884,800	₩ 21,371	

(in thousands of Korean won)

		2021					
Type	Name of entity	Sales	Purchase	Acquisition of assets	Other income	Other expense	
Parent Company	MiCo Ltd.	₩ -	₩ 17,001,715	₩ 6,109,622	₩ 646,346	₩ 1,452,908	
Other related parties	MiCo BioMed Co., Ltd.	-	-	-	-	20,848	
	MiCoCeramics Ltd.	2,360,847	5,999,397	-	1,127,751	-	
	MiCoPower Ltd.	-	-	6,000,000	578,910	25,070	
		₩ 2,360,847	₩ 23,001,112	₩ 12,109,622	₩ 2,353,007	₩ 1,498,826	

**KoMiCo Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2022 and 2021, are as follows:

*(in thousands of Korean won)*

Type	Name of entity	2022			
		Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Parent company	MiCo Ltd.	₩ -	₩ 19,346	₩ 1,972,409	₩ 245,471
Other related parties	MiCoCeramics Ltd.	117,789	133,199	682,262	80,035
	COMA Technology Co., Ltd.,	-	-	825	-
	MiCoPower Ltd.	-	97,028	-	252,290
		₩ 117,789	₩ 249,573	₩ 2,655,496	₩ 577,796

*(in thousands of Korean won)*

Type	Name of entity	2021			
		Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Parent company	MiCo Ltd.	₩ -	₩ 24,109	₩ 3,372,732	₩ 197,001
Other related parties	MiCoCeramics Ltd.	176,979	111,404	889,828	864,000
	MiCoPower Ltd.	-	54,537	-	-
		₩ 176,979	₩ 190,050	₩ 4,262,560	₩ 1,061,001

**KoMiCo Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

Significant fund transactions with related parties for the year ended December 31, 2022, are as follows:

(in thousands of Korean won)

(in thousands of Korean won)			2022									
Type	Name of entity	Line item	Loan (borrowing) transactions									
			Beginning		Acquisition and others		Collection/ Repayment		Valuation/ Amortization		Ending	
Parent company	MiCo Ltd.	Cash in bank <sup>1</sup>	₩	-	₩	6,208,500	₩	6,208,500	₩	-	₩	-
		Financial assets at fair value through profit or loss <sup>2</sup>										
	MiCo Ltd.			-		16,966,660		-		69,413		17,036,074
		Financial liabilities at fair value through profit or loss <sup>2</sup>										
	MiCo Ltd.			-		(1,966,660)		-		395,769		(1,570,892)
			₩	-	₩	21,208,500	₩	6,208,500	₩	465,182	₩	15,465,182

<sup>1</sup> The Group sold foreign currency deposits of USD 5,000,000 to MiCo Ltd., the Parent Company, at the exchange rate on the date of making a contract.

<sup>2</sup> The Group acquired exchangeable bonds issued by MiCo Ltd., the Parent Company, which can be exchanged with registered ordinary shares of MiCoCeramics Ltd. Put option of exchangeable bonds is separately recognized as derivative liabilities (Notes 9 and 18).

There are no fund transactions with related parties for the year ended December 31, 2021.

During the year ended December 31, 2022, the Group paid dividends amounting to ₩ 2,122,499 thousand (2021: ₩ 1,403,181 thousand) to MiCo Ltd., the Parent Company. A dividend in respect of the year ended December 31, 2021, amounting to ₩ 5,490,662 thousand was paid in April 2022.

Key management for employee services for the years ended December 31, 2022 and 2021, consists of:

(in thousands of Korean won)

	2022	2021
Long and short-term employee benefits	₩ 2,877,626	₩ 2,866,860
Post-employment benefits	178,929	89,648
Share-based payments	(152,963)	377,198
	₩ 2,903,592	₩ 3,333,706

The above key management includes registered executives who have significant authority and responsibilities on activities, planning, operations and controls of the Group.

**KoMiCo Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**36. Reporting by Segment**

The Group management who makes strategic decisions has determined the operating segments. As at December 31, 2022 and 2021, the Group is a single segment, and the information by segment at the company-wide level is as follows.

*Information about revenue*

<i>(in thousands of Korean won)</i>	<b>2022</b>	<b>2021</b>
Revenue of merchandises		
Cleaning	₩ 63,059	₩ 141,218
Parts	11,964,444	10,564,446
Coating	1,473,905	2,217,402
Revenue of finished goods		
Cleaning	104,254,078	87,308,013
Coating	160,733,860	148,887,553
Parts	9,886,658	7,923,298
	<u>₩ 288,376,004</u>	<u>₩ 257,041,930</u>

*Information about key customers*

Details of external customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<b>Revenue</b>		<b>Classification</b>
	<b>2022</b>	<b>2021</b>	
A company <sup>1</sup>	₩ 85,588,672	₩ 66,642,440	Merchandises and finished goods
B company <sup>1</sup>	83,921,440	76,704,550	Merchandises and finished goods

<sup>1</sup> Customers under the same control were considered as a single customer.