

KoMiCo Ltd. and Subsidiaries
Consolidated Financial Statements
December 31, 2023 and 2022

KoMiCo Ltd. and Subsidiaries

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December 31, 2023 and 2022

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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, 2023 and 2022, 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, 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 audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

(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 Group'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 7 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 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 for the extracted sample

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 Chang-Hoon Lee, Certified Public Accountant.

Seoul, Korea
March 13, 2024

This report is effective as of March 13, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KoMiCo Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4,6,7,8	₩ 126,459,834,911	₩ 59,737,999,517
Short-term financial instruments	5,6,7,8	25,627,840,000	33,062,202,446
Trade receivables	6,7,8,9,36	40,005,055,741	31,432,065,117
Other receivables	6,7,8,9,36	7,612,201,357	6,852,140,203
Inventories	12	34,691,056,013	8,451,025,941
Other current financial assets	7,8,10	-	1,330,000,000
Other current assets	11	1,845,115,849	1,083,551,360
		<u>236,241,103,871</u>	<u>141,948,984,584</u>
Non-current assets			
Other non-current receivables	6,7,8,9,36	3,375,640,025	1,647,138,550
Property, plant and equipment	13,14	276,799,284,258	213,371,254,134
Investment properties	15	5,621,951,808	5,959,198,084
Intangible assets	16	7,289,766,182	4,259,817,989
Other non-current financial assets	7,8,10	62,956,167,585	19,472,620,934
Other non-current assets	11	16,854,607	-
Deferred tax assets	32	1,602,048,577	1,137,490,267
		<u>357,661,713,042</u>	<u>245,847,519,958</u>
Total assets		<u>₩ 593,902,816,913</u>	<u>₩ 387,796,504,542</u>
Liabilities			
Current liabilities			
Trade payables	6,7,8,18,36	₩ 8,987,937,360	₩ 6,872,914,832
Short-term borrowings	6,7,8,21	82,688,650,000	37,661,385,000
Other payables	6,7,8,18,23,36	26,982,600,904	16,240,480,859
Other current financial liabilities	6,7,8,19	5,085,687,250	1,570,891,772
Current portion of long-term borrowings	6,7,8,21	7,666,640,000	6,476,242,248
Current tax liabilities	32	5,057,741,528	5,393,948,430
Current lease liabilities	7,14	2,137,604,906	1,821,074,622
Other current liabilities	20	12,369,657,936	9,904,201,753
		<u>150,976,519,884</u>	<u>85,941,139,516</u>
Non-current liabilities			
Long-term borrowings	6,7,8,21	123,319,880,000	19,009,500,000
Post-employment benefit liabilities	22	15,707,725,353	9,921,613,201
Other non-current payables	6,8,18	79,700,000	-
Other non-current liabilities	20	3,558,742,664	2,310,252,641
Non-current lease liabilities	7,14	4,197,957,785	4,493,275,668
Deferred tax liabilities	32	8,082,094,131	8,454,147,538
		<u>154,946,099,933</u>	<u>44,188,789,048</u>
Total liabilities		<u>305,922,619,817</u>	<u>130,129,928,564</u>
Equity			
Issued capital	1,24	5,230,342,000	5,010,223,500
Reserves	24	12,338,935,508	71,525,988,470
Elements of other stockholders equity	26	(14,597,048,668)	(2,914,979,317)
Accumulated other comprehensive income	25	9,925,230,039	8,246,363,359
Retained earnings	27	197,030,220,708	175,798,979,966
Equity attributable to owners of the Parent Company		<u>209,927,679,587</u>	<u>257,666,575,978</u>
Non-controlling interest		<u>78,052,517,509</u>	<u>-</u>
Total equity		<u>287,980,197,096</u>	<u>257,666,575,978</u>
Total liabilities and equity		<u>₩ 593,902,816,913</u>	<u>₩ 387,796,504,542</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, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Revenue	36,37		
Finished goods		₩ 294,474,356,527	₩ 274,874,596,084
Merchandises		12,792,540,394	13,501,407,887
		<u>307,266,896,921</u>	<u>288,376,003,971</u>
Cost of sales	12,28,36		
Finished goods		181,006,990,185	153,463,985,835
Merchandises		9,575,543,908	8,401,198,134
		<u>190,582,534,093</u>	<u>161,865,183,969</u>
Gross profit		<u>116,684,362,828</u>	<u>126,510,820,002</u>
Selling and administrative expenses	28,29,36	83,519,591,378	71,191,086,503
Bad debt expenses (reversal)		136,324,705	(77,791,407)
Operating income		<u>33,028,446,745</u>	<u>55,397,524,906</u>
Other income	30	1,917,586,254	913,189,166
Other expenses	30	1,269,635,058	463,854,960
Finance income	31	29,465,025,992	3,582,013,804
Finance costs	31	<u>10,764,957,664</u>	<u>6,351,026,673</u>
Profit before income tax		52,376,466,269	53,077,846,243
Income tax expense	32	6,865,222,152	11,111,065,895
Profit		<u>₩ 45,511,244,117</u>	<u>₩ 41,966,780,348</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liability		(246,628,077)	689,275,053
Loss on valuation of financial assets at fair value through other comprehensive income		(287,791,758)	(1,343,772,543)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>1,493,726,976</u>	<u>1,830,645,565</u>
Other comprehensive income, net of tax		<u>959,307,141</u>	<u>1,176,148,075</u>
Total comprehensive income		<u>₩ 46,470,551,258</u>	<u>₩ 43,142,928,423</u>
Profit attributable to:			
Owners of the Parent Company		₩ 31,525,952,567	₩ 41,966,780,348
Non-controlling interests		13,985,291,550	-
Total comprehensive income attributable to:			
Owners of the Parent Company		₩ 32,850,676,422	₩ 43,142,928,423
Non-controlling interests		13,619,874,836	-
Earnings per share			
attributable to the equity holders of the Parent Company			
Basic earnings per share	33	₩ 3,096	₩ 4,213
Diluted earnings per share	33	3,096	4,213

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, 2023 and 2022

(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		
Balance at January 1, 2022		₩ 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
Total comprehensive income									
Profit		-	-	-	-	41,966,780,348	41,966,780,348	-	41,966,780,348
Other comprehensive income									
Remeasurements of net defined benefit liability	22	-	-	-	-	689,275,053	689,275,053	-	689,275,053
Loss 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
Total comprehensive income		-	-	-	486,873,022	42,656,055,401	43,142,928,423	-	43,142,928,423
Transactions with owners									
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)
Total transactions with owners		-	-	(2,003,768,952)	-	(5,490,662,100)	(7,494,431,052)	-	(7,494,431,052)
Balance at December 31, 2022		<u>₩ 5,010,223,500</u>	<u>₩ 71,525,988,470</u>	<u>₩ (2,914,979,317)</u>	<u>₩ 8,246,363,359</u>	<u>₩ 175,798,979,966</u>	<u>₩ 257,666,575,978</u>	<u>₩ -</u>	<u>₩ 257,666,575,978</u>
Balance at January 1, 2023		₩ 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
Total comprehensive income									
Profit		-	-	-	-	31,525,952,567	31,525,952,567	13,985,291,550	45,511,244,117
Other comprehensive income									
Remeasurements of net defined benefit liability	22	-	-	-	-	118,788,637	118,788,637	(365,416,714)	(246,628,077)
Loss on valuation of financial assets at fair value through other comprehensive income		-	-	-	(287,791,758)	-	(287,791,758)	-	(287,791,758)
Transfer of gains (losses) on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	472,931,462	(472,931,462)	-	-	-
Exchange differences on translation of foreign operations		-	-	-	1,493,726,976	-	1,493,726,976	-	1,493,726,976
Total other comprehensive income (loss)		-	-	-	1,678,866,680	(354,142,825)	1,324,723,855	(365,416,714)	959,307,141
Total comprehensive income		-	-	-	1,678,866,680	31,171,809,742	32,850,676,422	13,619,874,836	46,470,551,258
Transactions with owners									
Capital increase	24	220,118,500	19,758,479,550	-	-	-	19,978,598,050	-	19,978,598,050
Annual dividends paid		-	-	-	-	(9,940,569,000)	(9,940,569,000)	-	(9,940,569,000)
Changes in the scope of consolidation	26	-	(78,945,532,512)	(11,682,069,351)	-	-	(90,627,601,863)	64,432,642,673	(26,194,959,190)
Total transactions with owners		220,118,500	(59,187,052,962)	(11,682,069,351)	-	(9,940,569,000)	(80,589,572,813)	64,432,642,673	(16,156,930,140)
Balance at December 31, 2023		<u>₩ 5,230,342,000</u>	<u>₩ 12,338,935,508</u>	<u>₩ (14,597,048,668)</u>	<u>₩ 9,925,230,039</u>	<u>₩ 197,030,220,708</u>	<u>₩ 209,927,679,587</u>	<u>₩ 78,052,517,509</u>	<u>₩ 287,980,197,096</u>

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, 2023 and 2022

<i>(in Korean won)</i>	Note	2023	2022
Cash flows from (used in) operating activities			
Cash generated from operations	34	₩ 78,704,083,668	₩ 84,005,766,832
Interest received		4,221,831,176	1,312,776,661
Interest paid		(6,174,595,747)	(3,028,799,369)
Income taxes paid		(11,585,076,891)	(3,715,452,279)
Dividends received		-	79,200,000
Net cash inflow from operating activities		65,166,242,206	78,653,491,845
Cash flows from (used in) investing activities			
Proceeds from disposal of short-term financial instruments		55,677,322,981	35,873,550,000
Decrease in loans		323,153,100	239,246,500
Proceeds from disposal of property, plant and equipment		1,356,993,044	148,663,208
Proceeds from disposal of intangible asset		281,818,182	200,000,000
Decrease in leasehold deposits provided		228,702,446	203,112,574
Receipt of government grants		1,262,015,273	58,963,790
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,197,000,000	-
Proceeds from disposal of financial assets at fair value through profit or loss		557,165,400	-
Payments for short-term financial instruments		(35,572,200,000)	(48,562,484,419)
Increase in loans		(1,458,981,000)	(695,000,000)
Payments for property, plant and equipment		(32,876,785,043)	(29,007,973,002)
Payments for intangible assets		(733,741,034)	(32,189,258)
Increase in leasehold deposits provided		(516,871,265)	(320,409,637)
Payments for exchangeable bonds		-	(15,000,000,000)
Payments for financial assets at fair value through profit or loss		(638,000,000)	-
Net cash outflow from business combination of entities under common control	38	(94,380,306,177)	-
Net cash outflow from investing activities		(105,292,714,093)	(56,894,520,244)
Cash flows from (used in) financing activities			
Proceeds from short-term borrowings		43,250,270,000	31,099,600,000
Proceeds from long-term borrowings		90,000,000,000	-
Increase in leasehold deposits received		9,070,000	396,925,000
Capital increase		19,978,598,050	-
Receipt of government grants		36,551,233	-
Repayments of short-term borrowings		(27,347,520,000)	(21,580,790,209)
Repayments of current portion of long-term borrowings		(6,929,950,387)	(6,432,634,216)
Repayments of long-term borrowings		-	(28,462,324,768)
Repayments of other financial liability		-	(14,264,048,753)
Dividends paid		(9,940,569,000)	(5,490,662,100)
Decrease in leasehold deposits received		(13,435,000)	(965,000,000)
Repayments of lease liabilities		(2,559,070,052)	(2,113,812,446)
Acquisition of treasury shares		-	(2,003,768,952)
Net cash inflow (outflow) from financing activities		106,483,944,844	(49,816,516,444)
Net increase (decrease) in cash and cash equivalents		66,357,472,957	(28,057,544,843)
Cash and cash equivalents at the beginning of the financial year		59,737,999,517	86,433,143,358
Effects of exchange rate changes on cash and cash equivalents denominated in foreign currencies		364,362,437	1,362,401,002
Cash and cash equivalents at the end of the year		₩ 126,459,834,911	₩ 59,737,999,517

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, 2023 and 2022

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 issued capital of the Group as at December 31, 2023, amounted to ₩ 5,230 million, which was ₩ 3,500 million upon establishment. MiCo Ltd., the Parent Company, holds 41.10% of the Company’s issued shares.

The Company’s major shareholders are as follows:

	2023		2022	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
MiCo Ltd.	4,299,326	41.10	3,859,089	38.51
Treasury shares	79,878	0.76	79,878	0.80
Others	6,081,480	58.14	6,081,480	60.69
	<u>10,460,684</u>	<u>100.00</u>	<u>10,020,447</u>	<u>100.00</u>

On July 1, 2023, as a deemed acquisition date, the Group has obtained controls over MiCoCeramics Ltd. by acquiring 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. As a business combination of entities under common control, the carrying amount of investments in the subsidiaries from this transaction is recognized as carrying amount in the consolidated financial statements of the ultimate parent company. Also, the difference between the consideration paid and the carrying amount of the investments in the subsidiaries was recognized as consolidated reserves (Note 24).

KoMiCo Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2023	2022		
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	100	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 ¹	China	100	100	December	Manufacturing and services of display components
KOMICO HILLSBORO LLC ²	US	100	100	December	Precision cleaning of semiconductor equipment components
KOMICO PHOENIX LLC ²	US	100	100	December	Precision cleaning of semiconductor equipment components
MiCoCeramics Ltd. ³	Korea	47.84%	-	December	Manufacturing and sales of ceramic components for semiconductor equipment

¹ The Group indirectly controls through KoMiCo Technology (Wuxi) Limited.

² The Group indirectly controls through KoMiCo Technology Inc.

³ It was newly acquired during the year ended December 31, 2023.

1.2 Changes in Scope for Consolidation

There are no subsidiaries excluded from the consolidation for the year ended December 31, 2023.

Subsidiary newly included in the consolidation for the year ended December 31, 2023:

	Remarks
MiCoCeramics Ltd.	Newly acquired
<p>On May 30, 2023, the Group entered into a share purchase agreement to purchase 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. The Group paid cash, assets and liabilities of the advanced materials division and 507,614 ordinary shares of MiCo BioMed Co., Ltd. as consideration paid, and the transaction was terminated on July 3, 2023 (deemed acquisition date: July 1, 2023), accordingly, the Group has obtained controls over MiCoCeramics Ltd. Although the Group owns less than 50% of the voting rights of MiCoCeramics Ltd., the Group concluded that the Group controls over the entity, and includes it as a subsidiary, with considering that the potential voting rights of the exchangeable</p>	

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bonds (percentage of ownership: 7.66%), which are exchangeable to ordinary shares of MiCoCeramics Ltd. held by the Company.

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, 2023 and 2022, is as follows:

(in thousands of Korean won)		2023															
		KoMiCo Technology Inc		KoMiCo Technology Taiwan Ltd.		KoMiCo Technology (Wuxi) Ltd.		KoMiCo Technology Singapore Pte. Ltd.		KoMiCo Equipment Parts Shenzhen Co., Ltd		KOMICO HILLSBORO LLC		KOMICO PHOENIX LLC		MiCoCeramics Ltd. ¹	
Financial position																	
Total assets	₩	101,906,581	₩	29,130,841	₩	49,609,737	₩	4,299,419	₩	12,049,969	₩	50,207,703	₩	642,892	₩	250,980,595	
Total liabilities		12,522,863		6,000,229		12,191,606		12,193,149		1,494,084		37,512,435		-		106,693,891	
Comprehensive income																	
Sales		49,211,100		17,378,309		35,992,936		7,299,633		14,786,614		4,696,784		-		61,694,962	
Profit or loss		9,282,473		944,363		3,933,481		(1,639,319)		1,054,129		(10,501,501)		-		27,527,811	
Total comprehensive income (loss)		10,146,118		1,331,305		3,753,868		(1,726,757)		1,029,127		(9,977,328)		11,019		26,827,308	
Cash flows																	
Operating activities		14,453,139		4,158,983		5,725,865		(232,089)		277,945		(3,292,616)		-		21,099,058	
Investing activities		(20,674,099)		(771,923)		(940,727)		(151,646)		3,327,430		(1,010,749)		-		23,119,396	
Financing activities		(1,792,699)		(4,068,000)		(5,840,071)		(787,965)		(2,042,089)		3,903,704		-		22,271,423	
Increase (decrease) in cash and cash equivalents		(8,013,659)		(680,940)		(1,054,933)		(1,171,700)		1,563,286		(399,661)		-		66,489,877	

¹ On July 1, 2023, as a deemed acquisition date, the Group has obtained controls over MiCoCeramics Ltd. by acquiring 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company.

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(in thousands of

2022

Korean won)

Korean won)																
	KoMiCo Technology Inc		KoMiCo Technology Taiwan Ltd.		KoMiCo Technology (Wuxi) Ltd.		KoMiCo Technology Singapore Pte. Ltd.		KoMiCo Equipment Parts Shenzhen Co., Ltd		合肥高美可科技有限公司		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)
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)
Cash flows																
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

2. Material Accounting Policies

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

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory 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

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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, 2023.

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

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information. The amendments do not have a significant impact on the financial statements.

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

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

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financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contracts

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the financial statements.

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

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The amendments do not have a significant impact on the financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 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, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

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

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

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

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

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

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

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

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

2.3 Consolidation

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

(a) Business combination

The Group applies the acquisition method for business combination except for business combinations of entities under a common control. The consideration transferred in the acquisition is generally measured at fair value, as identical to the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Goodwill represents the excess of the aggregate of the

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consideration transferred, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net identifiable assets at the date of acquisition. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between the consideration transferred and the carrying amount of the net assets acquired is added or subtracted from the reserves.

(b) Non-controlling interests

Non-controlling interests are measured at the proportionate share of equity instruments for the acquiree's identifiable net assets at the date of acquisition. Changes in ownership interests of the Parent Company in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

(c) Subsidiaries

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

If the Parent Company loses control over subsidiaries, the assets and liabilities of the previous subsidiaries are deconsolidated from statement of financial position and profit or loss related to the loss of control attributable to the previous controlling interests recognized. Remaining investments in subsidiaries are recognized at fair value when the control is lost.

(d) Eliminations of intercompany transactions

Intercompany transactions, the relevant balances, income and expenses, and unrealized gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Meanwhile, unrealized gains on transactions with subsidiaries are eliminated to the extent of the Group's interests, and unrealized losses are eliminated as the same way of the unrealized gains unless there is evidence of impairment.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

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

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(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 hedges of net investments, 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 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.

2.5 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.

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(b) Measurement

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

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

A. Debt instruments

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

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

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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

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, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. (Note 6.2 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.

2.6 Trade Receivables

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

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2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the gross average method, except for materials in transits using the specific identification method.

2.8 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:

	Useful lives
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.

2.9 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.

2.10 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.

2.11 Intangible Assets

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

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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 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:

	Useful lives
Software	5 years
Development costs	5 years
Membership rights	Indefinite

2.12 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.

2.13 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.

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2.14 Trade and Other Payables

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

2.15 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.

2.16 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.

2.17 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

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the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

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

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, 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.

2.18 Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit 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

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discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as issued capital (nominal value) and share premium.

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.

2.19 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

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- 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 and, in the business of selling semiconductor and material components for display equipment based on ceramic material technology 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.

(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) 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

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specified milestone.

(d) 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.

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.

(e) 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.

2.20 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

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the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- 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

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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 furniture.

(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.

2.21 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 37). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

2.22 Approval of Issuance of the Financial Statements

The consolidated financial statements 2023 were approved for issue by the Board of Directors on February 28, 2024 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.

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(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 32).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(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 7).

(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 6.2).

(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 22).

4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023	2022
Cash on hand	₩ 5,200	₩ 7,003
Cash in bank and others	126,439,922	59,730,997
Other cash equivalents	14,713	-
	<u>₩ 126,459,835</u>	<u>₩ 59,738,000</u>

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5. Short-term Financial Instruments

Short-term financial instruments as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023		2022	
Time deposits and instalments	₩	25,627,840	₩	33,062,202
	₩	25,627,840	₩	33,062,202

6. 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.

6.1 Market Risk

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk, primarily the US dollar. Foreign currency 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, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022	
		Foreign amount	Korean won equivalent	Foreign amount	Korean won equivalent
Assets					
Cash and cash equivalents	USD	31,259,304	₩ 40,305,746	USD	5,284,862
	JPY	334,849,830	3,056,040	JPY	90,952,474
Trade receivables	USD	3,038,426	3,917,746	USD	464,453
	JPY	45,471,410	415,000	JPY	5,929,000
Short-term financial instruments	USD	5,000,000	6,447,000	USD	-
			₩ 54,141,532		₩ 8,209,561
Liabilities					
Trade payables	USD	375,633	₩ 484,341	USD	614,214
	JPY	666,000	6,078	JPY	-
	EUR	35,561	50,731	EUR	-
Other payables	USD	334,486	431,287	USD	5,601,011
			₩ 972,437		₩ 7,695,552

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As at December 31, 2023 and 2022, 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)

	2023		2022	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
USD/Korea won	₩ 4,975,487	₩ (4,975,487)	₩ (40,945)	₩ 40,945
JPY/Korea won	346,496	(346,496)	92,345	(92,345)
EUR/Korea won	(5,073)	5,073	-	-

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, 2023 and 2022.

(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)

	2023		2022	
	Amount	Ratio	Amount	Ratio
Borrowings with floating rate	₩ 47,778,980	22%	₩ 16,981,027	27%
Borrowings with fixed rate – maturity dates:				
Less than 1 year	77,805,190	36%	27,156,600	43%
1 to 5 years	84,222,800	39%	11,405,700	18%
Over 5 years	3,868,200	2%	7,603,800	12%
	₩ 213,675,170	100%	₩ 63,147,127	100%

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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)	2023		2022	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Interest expenses	₩ (477,790)	₩ 477,790	₩ (169,810)	₩ 169,810

(c) Price risk

The Group has completed the sale of equity securities held by the Group classified as financial assets at fair value through other comprehensive income.

The Group does not hold equity securities exposed to price risk.

6.2 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 receivables 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 Allowance for credit losses for all trade receivables.

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

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

On that basis, the Allowance for credit losses as at December 31, 2023 and 2022 was determined as follows for trade receivables:

<i>(in thousands of Korean won)</i>	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2023					
Expected loss rate	0.03%	0.15%	0.30%	23.95%	
Gross carrying amount – trade receivables	₩ 33,871,699	₩ 3,851,275	₩ 837,126	₩ 1,922,847	₩ 40,482,947
Allowance for credit losses provision	9,203	5,725	2,532	460,431	477,891
December 31, 2022					
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
Allowance for credit losses provision	2,182	1,793	1,188	273,805	278,968

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Movements in the Allowance for credit losses provision for trade receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	278,968	₩	310,179
Bad debt expenses (reversal)		190,291		(4,525)
Changes in scope of consolidation		11,691		-
Others (effects of exchange rate changes and others)		(3,059)		(26,686)
Ending balance	₩	<u>477,891</u>	₩	<u>278,968</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 bad debt expenses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

B. Other receivables at amortized cost

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

The allowance for credit losses as at December 31, 2023 and 2022 was determined as follows for other receivables at amortized cost:

<i>(in thousands of Korean won)</i>	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2023					
Expected loss rate	0.29%	0.00%	0.00%	100.00%	
Gross carrying amount – non-trade receivables	₩ 6,038,752	₩ 14,750	₩ 316,098	₩ 246,966	₩ 6,616,566
Allowance for credit losses provision	17,512	-	-	246,966	264,478
December 31, 2022					
Expected loss rate	-	-	-	-	
Gross carrying amount – non-trade receivables	₩ 6,206,449	₩ -	₩ -	₩ -	₩ 6,206,449
Allowance for credit losses provision	-	-	-	-	-

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Movements in the allowance for credit losses provision for other receivables at amortized cost for the year ended December 31, 2023, are as follows:

<i>(in thousands of Korean won)</i>	2023	
Beginning balance	₩	-
Reversal of other bad dept expenses		(8,185)
Changes in scope of consolidation		272,663
Ending balance	₩	<u>264,478</u>

There were no movements in the allowance for credit losses provision for other receivables at amortized cost for the year ended December 31, 2022.

(d) Bad dept expenses

Following losses are recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Bad dept expenses on trade receivables (reversal)	₩	190,291	₩	(4,525)
Reversal of bad dept expenses on other receivables		(8,185)		-

(e) Maximum exposure of credit risk

The maximum exposure of credit risk to financial assets held by the Group as at December 31, 2023 and 2022, 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>	2023		2022	
Cash and cash equivalents	₩	126,454,635	₩	59,730,996
Financial assets at fair value through profit or loss		62,956,168		17,036,074
Short-term financial instruments		25,627,840		33,062,202
Trade receivables		40,005,056		31,432,065
Other receivables		10,987,841		8,499,279
	₩	<u>266,031,540</u>	₩	<u>149,760,616</u>

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6.3 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:

(in thousands of Korean won)

		2023				
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	₩	8,987,937	₩ -	₩ -	₩ -	₩ 8,987,937
Derivative liabilities		5,085,687	-	-	-	5,085,687
Short-term borrowings		85,274,461	-	-	-	85,274,461
Other payables		26,982,601	-	-	-	26,982,601
Current portion of long-term borrowings		10,396,132	-	-	-	10,396,132
Current lease liabilities		2,268,734	-	-	-	2,268,734
Long-term other payables		-	-	79,700	-	79,700
Long-term borrowings		3,030,497	13,393,028	89,168,549	40,083,072	145,675,146
Long-term lease liabilities		-	1,335,267	3,231,753	-	4,567,020
	₩	<u>142,026,049</u>	₩ <u>14,728,295</u>	₩ <u>92,480,002</u>	₩ <u>40,083,072</u>	₩ <u>289,317,418</u>

(in thousands of Korean won)

		2022			
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
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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6.4 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, 2023 and 2022, were as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Total borrowings	₩	213,675,170	₩	63,147,127
Less: cash and cash equivalents and short-term financial instruments		152,087,675		92,800,202
Net debt		61,587,495		(29,653,075)
Total equity		287,980,197		257,666,576
Total capital	₩	349,567,692	₩	228,013,501
Gearing ratio		17.62%		-13.00%

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7. Fair Value

7.1 Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at fair value:				
Other financial assets				
Financial assets at fair value through other comprehensive income	₩ -	₩ -	₩ 3,766,547	₩ 3,766,547
Financial assets at fair value through profit or loss	62,956,168	62,956,168	17,036,074	17,036,074
Financial assets not measured at fair value ¹ :				
Cash and cash equivalents	₩ 126,459,835	₩ 126,459,835	₩ 59,738,000	₩ 59,738,000
Short-term financial instruments	25,627,840	25,627,840	33,062,202	33,062,202
Trade receivables	40,005,056	40,005,056	31,432,065	31,432,065
Other receivables	10,987,841	10,987,841	8,499,279	8,499,279
	₩ 266,036,740	₩ 266,036,740	₩ 153,534,167	₩ 153,534,167
Liabilities				
Financial liabilities measured at fair value:				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 5,085,687	₩ 5,085,687	₩ 1,570,892	₩ 1,570,892
Financial liabilities not measured at fair value ¹ :				
Trade payables	₩ 8,987,937	₩ 8,987,937	₩ 6,872,915	₩ 6,872,915
Other payables	27,062,301	27,062,301	16,240,481	16,240,481
Borrowings	213,675,170	213,675,170	63,147,127	63,147,127
	₩ 254,811,095	₩ 254,811,095	₩ 87,831,415	₩ 87,831,415
Lease liabilities ¹ :				
Lease liabilities	₩ 6,335,563	₩ 6,335,563	₩ 6,314,350	₩ 6,314,350

¹ 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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7.2 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, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Level 1 ¹	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 62,956,168	₩ 62,956,168
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	5,085,687	5,085,687

(in thousands of Korean won)

	2022			
	Level 1 ¹	Level 2	Level 3	Total
Assets				
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
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	1,570,892	1,570,892

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7.3 Transfers Between Fair Value Hierarchy Levels

Changes in financial instruments classified as level 3 for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Beginning balance	₩ 17,036,074	₩ 1,570,892	₩ 869,438	₩ -
Amount recognized in profit or loss (valuation)	23,808,426	1,771,936	69,413	(395,769)
Acquisition	-	-	16,966,660	1,966,660
Changes in scope of consolidation	33,793,737	1,742,859	-	-
Reclassification (equity) ²	(11,682,069)	-	-	-
Transfer to level 2 ¹	-	-	(869,438)	-
Ending balance	₩ 62,956,168	₩ 5,085,687	₩ 17,036,074	₩ 1,570,892

¹ 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 10).

² The financial instruments are share exchange right related to exchangeable bonds issued by MiCo Ltd., the Parent Company, by including MiCoCeramics Ltd. in the scope of consolidation for the year ended December 31, 2023.

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7.4 Valuation Techniques and the Inputs

Valuation techniques used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at December 31, 2023, are as follows:

(in thousands of
Korean won)

Korean won)		2023			
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
Assets					
Financial assets at fair value through profit or loss	₩ 62,956,168	3	Discounted cash flow model, Binomial model approach, and others	Volatility	38.34%~43.04%
				Discount rate	13.67%~16.09%
				Weighted average discount rate	13.66%
				Perpetual growth rate	0.00%
Liabilities					
Financial liabilities at fair value through profit or loss	5,085,687	3	Discounted cash flow model, Binomial model approach, and others	Volatility	38.34%~42.34%
				Discount rate	13.67%
				Weighted average discount rate	13.66%
				Perpetual growth rate	0.00%

7.5 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.

7.6 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.

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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, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Favorable changes		Unfavorable changes	
Financial assets				
Financial assets at fair value through profit or loss ¹	₩	1,159	₩	(1,159)
Financial liabilities				
Financial liabilities at fair value through profit or loss ¹	₩	875,118	₩	(925,857)

(in thousands of Korean won)

	2022			
	Favorable changes		Unfavorable changes	
Financial assets				
Financial assets at fair value through profit or loss ¹	₩	1,172,289	₩	(910,752)
Financial liabilities				
Financial liabilities at fair value through profit or loss ¹	₩	367,073	₩	(396,996)

¹ Changes in their fair value are calculated by increasing or decreasing share value of underlying assets which are key unobservable inputs by 10%.

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8. Financial Instruments by Category

8.1 Carrying Amounts of Financial Instruments by Category

Carrying amounts of financial assets and liabilities, by category as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		2023	
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents	₩ 126,459,835	₩ -	₩ 126,459,835
Short-term financial instruments	25,627,840	-	25,627,840
Trade receivables	40,005,056	-	40,005,056
Other receivables	10,987,841	-	10,987,841
Other non-current receivables	-	62,956,168	62,956,168
	<u>₩ 203,080,572</u>	<u>₩ 62,956,168</u>	<u>₩ 266,036,740</u>

(in thousands of Korean won)

(in thousands of Korean won)

		2022					
		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Total	
Financial assets at amortized cost							
Financial assets							
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

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(in thousands of Korean won)

	2023		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Financial liabilities			
Trade payables	₩ 8,987,937	₩ -	₩ 8,987,937
Short-term borrowings	82,688,650	-	82,688,650
Other payables	27,062,301	-	27,062,301
Current portion of long-term borrowings	7,666,640	-	7,666,640
Long-term borrowings	123,319,880	-	123,319,880
Other current financial liabilities	-	5,085,687	5,085,687
	<u>₩ 249,725,408</u>	<u>₩ 5,085,687</u>	<u>₩ 254,811,095</u>

(in thousands of Korean won)

	2022		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Total
Financial liabilities			
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
	<u>₩ 86,260,523</u>	<u>₩ 1,570,892</u>	<u>₩ 87,831,415</u>

8.2 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, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Financial assets at fair value through profit or loss		
Gain on valuation	₩ 23,808,426	₩ 69,413
Financial assets at amortized cost		
Interest income	4,400,796	1,624,323
Dividend income	-	79,200
Foreign exchange gain	992,383	926,827
Gain on foreign currency translation	174,162	84,639
Financial assets at fair value through other comprehensive income		

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Loss on valuation	-	(1,722,178)
Financial liabilities at fair value through profit or loss		
Gain on valuation	81,073	395,769
Loss on valuation	(1,853,009)	-
Financial liabilities at amortized cost		
Interest expenses	(6,713,837)	(3,259,659)
Foreign exchange loss	(877,891)	(1,196,745)
Loss on foreign currency translation	(1,171,591)	(1,309,917)

9. Trade Receivables and Other Receivables

Trade and other receivables and their provisions for impairment as at December 31, 2023 and 2022, are as follows:

(in thousands of
Korean won)

	2023			2022		
	Trade and other receivables	Allowance for doubtful account	Trade and other receivables, net	Trade and other receivables	Allowance for doubtful account	Trade and other receivables, net
Current assets						
Trade receivables	₩ 40,482,947	₩ (477,891)	₩ 40,005,056	₩ 31,711,033	₩ (278,968)	₩ 31,432,065
Other receivables						
Short-term loans	685,365	-	685,365	174,917	-	174,917
Non-trade receivables	6,616,566	(264,478)	6,352,088	6,206,449	-	6,206,449
Accrued income	344,352	-	344,352	251,724	-	251,724
Deposits provided	230,396	-	230,396	219,050	-	219,050
	<u>7,876,679</u>	<u>(264,478)</u>	<u>7,612,201</u>	<u>6,852,140</u>	<u>-</u>	<u>6,852,140</u>
Non-current assets						
Other receivables						
Long-term loans	1,409,860	-	1,409,860	786,955	-	786,955
Deposits provided	1,965,780	-	1,965,780	860,184	-	860,184
	<u>3,375,640</u>	<u>-</u>	<u>3,375,640</u>	<u>1,647,139</u>	<u>-</u>	<u>1,647,139</u>
	<u>₩ 51,735,266</u>	<u>₩ (742,369)</u>	<u>₩ 50,992,897</u>	<u>₩ 40,210,312</u>	<u>₩ (278,968)</u>	<u>₩ 39,931,344</u>

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10. Other Financial Assets

Details of other financial assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
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
Financial assets at fair value through profit or loss	62,956,168	17,036,074
	<u>₩ 62,956,168</u>	<u>₩ 20,802,621</u>

Details of financial assets at fair value through other comprehensive income as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Financial assets at fair value through other comprehensive income		
Non-marketable equity securities ¹	₩ -	₩ 1,330,000
Marketable equity securities ²	-	2,436,547
	<u>₩ -</u>	<u>₩ 3,766,547</u>

¹ It was equity securities of Pavilion Asset Management Co., Ltd., and the Group has completed to sell the securities in 2023, as the share purchase agreement entered into in December 2022 was terminated.

² It was equity securities of MiCo BioMed Co., Ltd., and the Group has completed to sell the securities in 2023, as the securities were paid as consideration paid of share purchase agreement to purchase 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company.

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

(in thousands of Korean won)	2022					
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value ¹	Carrying amount	Unrealized gains and losses
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
			₩ 4,003,299	₩ 3,766,547	₩ 3,766,547	₩ (236,752)

¹ 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 7).

Details of financial assets at fair value through profit or loss as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Financial assets at fair value through profit or loss		
Exchangeable bonds ¹	₩ 28,770,373	₩ 17,036,074
Redeemable convertible preferred shares ²	34,185,795	-
	₩ 62,956,168	₩ 17,036,074

¹ 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, 2023 (Note 7). Meanwhile, the option held by the issuer of the exchangeable bonds was separately recognized as derivative liabilities (Note 19).

² For the year ended December 31, 2023, it is 131,250 shares of redeemable convertible preferred shares issued by COMA Technology Co., Ltd. and increased due to changes in the scope of consolidation. The redeemable convertible preferred shares held by the Group are measured at fair value as at December 31, 2023 (Note 7).

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11. Other Assets

Details of other assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Other current assets				
Advance payments ¹	₩	957,773	₩	605,150
Prepaid expenses		521,613		478,401
Other current assets		365,730		-
		<u>1,845,116</u>		<u>1,083,551</u>
Other non-current assets				
Long-term prepaid expenses		16,855		-
		<u>16,855</u>		<u>-</u>
	₩	<u>1,861,971</u>	₩	<u>1,083,551</u>

¹ As at December 31, 2023, ₩ 331,397 thousand (2022: ₩ 385,363 thousand) of allowance for doubtful account are included.

12. Inventories

Inventories as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	₩ 10,243,069	₩ (246,135)	₩ 9,996,934	₩ 603,979	₩ (53,867)	₩ 550,112
Work in process	10,186,717	(206,419)	9,980,298	532,257	-	532,257
Merchandises	1,980,491	(754,872)	1,225,619	3,171,249	(553,602)	2,617,647
Raw materials	13,868,886	(489,581)	13,379,305	5,236,457	(525,828)	4,710,629
Materials-in-transit	108,900	-	108,900	40,381	-	40,381
	<u>₩ 36,388,063</u>	<u>₩ (1,697,007)</u>	<u>₩ 34,691,056</u>	<u>₩ 9,584,323</u>	<u>₩ (1,133,297)</u>	<u>₩ 8,451,026</u>

Loss on valuation of inventories to net realizable value amounted to ₩ 99,406 thousand (2022: reversal of loss on valuation of inventories of ₩ 502,637 thousand). These were recognized as an expense during the year ended December 31, 2023 and included in 'cost of sales' in profit or loss.

Inventories recognized as an expense during the year ended December 31, 2023, amounted to ₩ 190,582,534 thousand (2022: ₩ 161,865,184 thousand). These were included in 'cost of sales'.

Inventories of the Group are provided as collateral in relation to borrowings at the end of reporting period (Note 17).

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13. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023			
	Cost	Accumulated depreciation	Government grants	Accumulated impairment losses	Book amount
Land	₩ 34,755,985	₩ -	₩ -	₩ -	₩ 34,755,985
Buildings	101,984,845	(26,609,309)	-	-	75,375,536
Structure	15,956,289	(4,238,929)	-	-	11,717,360
Machinery	157,770,125	(88,611,813)	(3,444,106)	(340,997)	65,373,209
Vehicles	5,387,129	(3,139,052)	(11,667)	-	2,236,410
Tools and equipment	11,511,886	(6,551,716)	(1,432,904)	-	3,527,266
Supplies	10,244,268	(6,762,270)	(105,283)	-	3,376,715
Facilities	108,167,749	(62,076,408)	(538,893)	-	45,552,448
Construction-in-progress	27,997,020	-	(1,093,185)	-	26,903,835
Right-of-use assets	16,339,551	(8,359,031)	-	-	7,980,520
	<u>₩ 490,114,847</u>	<u>₩ (206,348,528)</u>	<u>₩ (6,626,038)</u>	<u>₩ (340,997)</u>	<u>₩ 276,799,284</u>

(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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Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in thousands
of Korean won)

		2023									
		Beginning balance	Acquisition	Disposal ¹	Depreciation	Impairment loss	Transfer ²	Government grants	Changes in scope of consolidation	Translation difference adjustments	Ending balance
Land	₩	27,199,977	₩ -	₩ (5,699,562)	₩ -	₩ -	₩ 636,595	₩ -	₩ 12,540,998	₩ 77,977	₩ 34,755,985
Buildings		58,904,364	853,464	(2,025,478)	(3,019,163)	-	1,053,018	-	19,215,124	394,207	75,375,536
Structure		12,358,998	191,276	-	(1,221,958)	-	-	-	207,586	181,458	11,717,360
Machinery		45,904,216	5,723,332	(894,619)	(11,083,572)	(340,997)	1,143,808	-	24,735,928	185,113	65,373,209
Vehicles		2,027,632	903,482	(48,686)	(699,038)	-	38,810	-	2	14,208	2,236,410
Tools and equipment		970,248	402,623	(2,299)	(854,029)	-	-	-	3,007,470	3,253	3,527,266
Supplies		3,059,163	649,331	(11,860)	(1,198,928)	-	254,421	-	598,673	25,915	3,376,715
Facilities		51,295,613	4,029,538	(1,035,665)	(17,012,946)	-	624,450	(70,560)	7,158,359	563,659	45,552,448
Construction-in- progress		3,647,515	26,090,846	-	-	-	(2,456,634)	(1,022,625)	794,234	(149,501)	26,903,835
Right-of-use assets		8,003,528	1,219,243	(128,141)	(2,384,908)	-	-	-	1,185,697	85,101	7,980,520
	₩	213,371,254	₩ 40,063,135	₩ (9,846,310)	₩ (37,474,542)	₩ (340,997)	₩ 1,294,468	₩ (1,093,185)	₩ 69,444,071	₩ 1,381,390	₩ 276,799,284

¹ Includes property, plant and equipment of the advanced materials division that were paid as consideration paid, as the share purchase agreement to purchase ordinary shares of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company, was terminated on July 3, 2023 (deemed acquisition date : July 1, 2023) in 2023.

² Includes transfer to investment properties of ₩ 1,294,468 thousand.

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Korean won)

	2022									
	Beginning balance	Acquisition	Disposal	Depreciation	Transfer ¹	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		
	₩ 209,488,214	₩ 29,987,324	₩ (378,930)	₩ (27,852,292)	₩ (189,324)	₩ (58,964)	₩ 2,375,226	₩ 213,371,254		

¹ Includes transfer to intangible assets of ₩ 189,324 thousand.

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Cost of sales	₩ 30,376,727	₩ 21,517,549
Selling and administrative expenses	5,016,317	4,737,897
Research and development	2,081,498	1,596,846
	₩ 37,474,542	₩ 27,852,292

Certain property, plant and equipment of the Group are provided as collateral in relation to borrowings at the end of reporting period (Note 17).

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

<i>(in thousands of Korean won)</i>	Insured assets	Insured amount	Financial institution
Comprehensive property insurance ¹	Property, plant and equipment, and investment properties	₩ 382,371,228	Samsung Fire & Marine Insurance
Fire insurance	Inventories		
	Property, plant and equipment, and inventories	6,544,962	AIG ASIA PACIFIC INSURANCE PTE LTD
Comprehensive property insurance	Property, plant and equipment	32,235,000	Travelers Insurance Company
Fire insurance	Property, plant and equipment, and inventories	24,394,442	The Charter Oak Fire Insurance Company
Fire insurance	Property, plant and equipment, and inventories	17,589,279	Nan Shan General Insurance Company
Comprehensive property insurance	Property, plant and equipment, and inventories	50,923,579	KBFG Insurance (China) Co., Ltd

¹ The above insurance has been pledged as collateral by Kookmin Bank and KDB up to a maximum of ₩ 65,404 million. In addition to the above insurance, the Group carries group accident and car insurance for its employees.

14. Leases

Right-of-use assets by category of underlying assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Properties	₩ 6,378,813	₩ 7,163,101
Vehicles	1,601,707	836,625
Others	-	3,802
	<u>₩ 7,980,520</u>	<u>₩ 8,003,528</u>

Additions to the right-of-use assets during the 2023 financial year were ₩ 1,219,243 thousand (2022: ₩ 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>	2023	2022
Depreciation of right-of-use assets		
Properties	₩ 1,696,665	₩ 1,479,126
Vehicles	684,381	524,262
Others	3,862	9,584
	<u>2,384,908</u>	<u>2,012,972</u>
Interest expense relating to lease liabilities	148,629	182,863
Expense relating to short-term leases	219,418	237,938
Expense relating to leases of low-value assets that are not short-term leases	263,014	221,943
	<u>₩ 3,015,969</u>	<u>₩ 2,655,716</u>

Details of lease liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Beginning	₩ 6,314,350	₩ 7,383,106
Acquisition	1,219,243	906,267
Interest expenses	148,629	182,863
Payments	(2,559,070)	(2,113,812)
Disposal ¹	(127,183)	-
Changes in scope of consolidation	1,243,896	-
Translation difference adjustments and others	95,698	(44,074)
Ending	<u>₩ 6,335,563</u>	<u>₩ 6,314,350</u>

¹ Includes lease liabilities of the advanced materials division that were paid as consideration paid, as the share purchase agreement to purchase ordinary shares of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company, was terminated on July 3, 2023 (deemed acquisition date : July 1, 2023) in 2023.

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Maturity analysis of the lease liabilities as at December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Within one year	₩ 2,137,605	₩ 1,821,075
Later than one year but not later than two years	790,491	1,278,479
Later than two years but not later than five years	3,407,467	3,214,796
	<u>₩ 6,335,563</u>	<u>₩ 6,314,350</u>

15. Investment Properties

Details of investment properties as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Land	₩ 1,983,262	₩ -	₩ 1,983,262	₩ 2,031,727	₩ -	₩ 2,031,727
Buildings	4,875,586	(1,236,896)	3,638,690	4,959,826	(1,032,356)	3,927,470
	<u>₩ 6,858,848</u>	<u>₩ (1,236,896)</u>	<u>₩ 5,621,952</u>	<u>₩ 6,991,553</u>	<u>₩ (1,032,356)</u>	<u>₩ 5,959,197</u>

Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023					
	Beginning balance	Acquisition	Depreciation	Transfer ¹	Changes in scope of consolidation	Ending balance
Land	₩ 2,031,727	₩ -	₩ -	₩ (636,595)	₩ 588,130	₩ 1,983,262
Buildings	3,927,470	-	(174,624)	(657,873)	543,717	3,638,690
	<u>₩ 5,959,197</u>	<u>₩ -</u>	<u>₩ (174,624)</u>	<u>₩ (1,294,468)</u>	<u>₩ 1,131,847</u>	<u>₩ 5,621,952</u>

¹ Includes transfer to property, plant and equipment of ₩ 1,294,468 thousand.

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

The depreciation expense of ₩ 174,624 thousand (2022: ₩ 182,128 thousand) has been included

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in 'other expenses' in the statement of comprehensive income for the year ended December 31, 2023.

Fair value of land is ₩ 6,234,974 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, 2023 and 2022, rental income earned from investment property is ₩ 713,098 thousand (2022: ₩ 379,500 thousand), and operating expenses from property that generated rental income are ₩ 174,624 thousand (2022: ₩ 182,128 thousand).

Certain investment properties are provided as collateral in relation to borrowings at the end of reporting period (Note 17).

16. Intangible Assets

Intangible assets as at December 31, 2023 and 2022, consist of:

(in thousands of Korean won)	2023				
	Cost	Accumulated amortization	Accumulated impairment losses	Government grants	Book amount
Software	₩ 2,996,779	₩ (1,269,845)	₩ -	₩ (571,577)	₩ 1,155,357
Facility use rights	6,142,133	(7,724)	-	-	6,134,409
	<u>₩ 9,138,912</u>	<u>₩ (1,277,569)</u>	<u>₩ -</u>	<u>₩ (571,577)</u>	<u>₩ 7,289,766</u>
(in thousands of Korean won)	2022				
	Cost	Accumulated amortization	Accumulated impairment losses	Government grants	Book amount
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>

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Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023						
	Beginning balance	Acquisition	Disposal	Amortization	Changes in scope of consolidation	Exchange difference adjustments	Ending balance
Software	₩ 428,323	₩ 38,925	₩ -	₩ (328,233)	₩ 1,012,535	₩ 3,807	₩ 1,155,357
Facility use rights	3,831,495	424,816	(71,000)	(7,724)	1,958,478	(1,656)	6,134,409
	<u>₩ 4,259,818</u>	<u>₩ 463,741</u>	<u>₩ (71,000)</u>	<u>₩ (335,957)</u>	<u>₩ 2,971,013</u>	<u>₩ 2,151</u>	<u>₩ 7,289,766</u>

(in thousands of Korean won)	2022						
	Beginning balance	Acquisition	Amortization	Government grants	Transfer ¹	Exchange difference adjustments	Ending balance
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>

¹ Transferred from construction-in-progress to software.

Line items in the statement of comprehensive income including amortization for the years ended December 31, 2023 and 2022, are as follows

(in thousands of Korean won)	2023	2022
Cost of sales	₩ 161,884	₩ 93,783
Selling and administration expenses	118,574	86,857
Research and development costs	55,499	30,563
	<u>₩ 335,957</u>	<u>₩ 211,203</u>

The Group recognized total research and development costs of ₩ 17,525,600 thousand (2022: ₩ 12,646,892 thousand) as selling and administrative expenses.

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17. 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	Detail
		Kookmin Bank		₩ 67,920,000	Assets provided as collateral in relation to borrowings
Property, plant and equipment, intangible assets, investment properties and inventories	Land, building, machinery, inventory and others	Shinhan Bank	₩ 94,850,253	6,016,000	Assets provided as collateral in relation to borrowings
		KDB		103,200,000	Assets provided as collateral in relation to borrowings
		The Export-Import Bank of Korea		13,000,000	Assets provided as collateral in relation to borrowings

18. Trade Payables and Other Payables

Details of trade payables and other payables as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023	2022
Current liabilities		
Trade payables	₩ 8,987,937	₩ 6,872,915
Other payables		
Non-trade payables	26,010,192	14,231,981
Accrued expenses	714,319	1,669,575
Leasehold deposits received	258,090	338,925
	<u>₩ 35,970,538</u>	<u>₩ 23,113,396</u>
Non-current liabilities		
Leasehold deposits received	₩ 79,700	-
	<u>₩ 79,700</u>	<u>-</u>

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19. Other Financial Liabilities

Details of other financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Other current financial liabilities		
Derivative liabilities ¹	₩ 5,085,687	₩ 1,570,892
	<u>₩ 5,085,687</u>	<u>₩ 1,570,892</u>

¹ 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 10).

20. Other Liabilities

Details of other liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Other current liabilities		
Advances from customers	₩ 3,968,546	₩ 874,331
Withholdings	1,172,107	2,176,820
Service warranties	161,272	-
Liabilities included in salaries and others	7,067,733	6,853,051
	<u>₩ 12,369,658</u>	<u>₩ 9,904,202</u>
Other non-current liabilities		
Long-term employee benefits	₩ 2,459,099	₩ 1,522,019
Make good provision	864,720	788,234
Long-term withholdings	234,924	-
	<u>₩ 3,558,743</u>	<u>₩ 2,310,253</u>

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21. Borrowings

Details of short-term borrowings as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)	2023	2022
Kookmin Bank	Facility loans	-	-	₩ -	₩ 10,000,000
Kookmin Bank	Loans for operating funds	2024-03-22	4.46 ~ 4.49	12,600,000	7,600,000
	Trading finance funds	~2024-09-26			
Shinhan Bank	Loans for operating funds	2024-03-30	4.20 ~ 4.34	10,000,000	5,000,000
		~2024-06-27			
Citibank Korea Inc.	Loans for operating funds	2024-01-10	2.54 ~ 6.52	28,869,860	11,029,210
	Swap-linked funds	~2024-12-11			
KDB	Loans for operating funds	2024-03-31	4.37 ~ 4.98	17,000,000	-
		~2024-12-01			
The Export-Import Bank of Korea	Loans for operating funds	2024-05-10	4.35 ~ 5.59	7,256,450	2,217,775
		~2024-10-07			
Industrial and Commercial Bank of China	Loans for operating funds	2024-06-01	3.40	1,808,400	1,814,400
China Merchants Bank Co Ltd	Loans for operating funds	2024-07-26	3.35	5,153,940	-
		~ 2024-12-14			
				₩ 82,688,650	₩ 37,661,385

Certain land and buildings of the Group are pledged as collateral for the above short-term borrowings from Kookmin Bank and KDB (Note 17).

Details of long-term borrowings as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)	2023	2022
Kookmin Bank	Facility loans	2026-05-10	4.70 ~ 4.72	₩ 40,000,000	₩ -
		~ 2026-05-31			
Shinhan Bank	Loans for operating funds	2026-05-18	4.87	20,000,000	-
KDB	Loans for operating funds	2026-05-10	4.43	10,000,000	-
KDB	Facility loans	2029-11-27	3.59 ~ 5.43	55,986,520	25,485,742
		~ 2035-07-30			
The Export-Import Bank of Korea	Loans for operating funds	2024-01-23	4.12	5,000,000	-
				130,986,520	25,485,742
Less: reclassification of current portion				(7,666,640)	(6,476,242)
				₩ 123,319,880	₩ 19,009,500

Certain inventories, land and buildings of the Group are pledged as collateral for the above long-term borrowings (Note 17).

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Details of annual repayment schedule of long-term borrowings as at December 31, 2023, are as follows:

<i>(in thousands of Korean won)</i>		Amount
January 1, 2024 ~December 31, 2025	₩	7,666,640
January 1, 2025 ~December 31, 2025		7,784,840
January 1, 2026 ~December 31, 2026		71,534,840
January 1, 2027 ~ December 31, 2027		5,284,840
January 1, 2028 ~ December 31, 2028		5,284,840
January 1, 2029 ~		33,430,520
	₩	<u>130,986,520</u>

22. Post-employment Benefit Obligation

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

22.1 Defined Benefit Obligations

Details of post-employment benefit obligation in the statements of financial position as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Present value of defined benefit obligations	₩	28,954,874	₩	14,000,640
Fair value of plan assets		<u>(13,247,149)</u>		<u>(4,079,027)</u>
Net defined benefit liabilities	₩	<u>15,707,725</u>	₩	<u>9,921,613</u>

Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Beginning balance	₩	14,000,640	₩	13,239,230
Current service cost		3,658,266		2,903,958
Interest expense		1,108,900		370,730
Remeasurements:				
Actuarial loss from change in demographic assumptions		1,868		-
Actuarial loss (gain) from change in financial assumptions		956,472		(531,188)
Actuarial gain from experience adjustments		(796,617)		(406,726)
Benefit payments		(1,229,162)		(1,705,140)
Transfer from / to affiliates		(179,154)		129,776

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<i>(in thousands of Korean won)</i>	2023	2022
Changes in scope of consolidation	11,433,661	-
Ending balance	₩ 28,954,874	₩ 14,000,640

Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Beginning balance	₩ 4,079,027	₩ 3,005,929
Interest income	459,023	85,152
Remeasurements	(146,581)	(43,574)
Contribution paid by user	1,350,000	1,100,000
Benefit payments	(547,389)	(77,184)
Transfer from / to affiliates	74,834	8,704
Changes in scope of consolidation	7,978,235	-
Ending balance	₩ 13,247,149	₩ 4,079,027

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

Plan assets as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023		2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Deposit and installments and others	₩ 13,247,149	100.00	₩ 4,079,027	100.00
	₩ 13,247,149	100.00	₩ 4,079,027	100.00

Actual gain on plan assets is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Plan assets	₩ 312,442	₩ 41,578

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

<i>(in thousands of Korean won)</i>	2023		2022	
Current service cost	₩	3,658,265	₩	2,903,958
Interest expense, net		649,878		285,578
Total expenses included in employee benefits	₩	<u>4,308,143</u>	₩	<u>3,189,536</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Cost of sales	₩	2,302,663	₩	1,460,196
Selling and administrative expenses		1,309,666		1,351,377
Research and development		695,814		377,963
	₩	<u>4,308,143</u>	₩	<u>3,189,536</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Actuarial gain (loss) before income tax	₩	308,303	₩	(894,339)
Tax effects		(61,675)		205,064
Actuarial loss, net of tax	₩	<u>(246,628)</u>	₩	<u>(689,275)</u>

The significant actuarial assumptions as at December 31, 2023 and 2022, are as follows:

<i>(in percentage)</i>	2023	2022
Discount rate (%)	4.45 ~ 4.55	5.35
Expected salary growth rate (%)	6.76 ~ 6.90	7.80
Estimated retirement rates (%)	13.18 ~ 16.06	13.21
Estimated mortality rate (%)	0.03	0.04

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	₩ (2,019,147)	₩ 2,316,102	₩ (1,056,666)	₩ 1,221,757
Expected salary growth rate	2,268,245	(2,018,411)	1,182,542	(1,045,123)

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The weighted average duration of the defined benefit obligation is 7.0159 ~ 8.3701 years. The expected maturity analysis of discounted pension benefits as at December 31, 2023, is as follows:

<i>(in thousands of Korean won)</i>	Less than 2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
Benefit payments	₩ 4,224,069	₩ 7,519,199	₩ 7,412,616	₩ 9,798,990	₩ 28,954,874

22.2 Defined Contribution Plan

The expense recognized in the current period in relation to defined contribution plans was ₩ 1,346,267 thousand.

23. Share Options

The Group has granted share options with stock appreciation rights and share options with equity-settled share options to directors and employees. Details are as follows:

23.1 Share Options with Stock Appreciation Rights

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.

The share-based payment of the Group was fully exercised within the exercise period and has expired.

Changes in the number of share options outstanding and their related weighted average exercise prices for the years ended December 31, 2023 and 2022, are as follows:

	Number of options (in shares)		Average exercise price per share option (in Korean won)	
	2023	2022	2023	2022
Beginning	44,100	51,300	₩ 43,100	₩ 67,100
Exercised	(44,100)	(7,200)	50,142	51,444
Ending	-	44,100	₩ -	₩ 43,100

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The Group measured the cost of the share options granted during the year ended December 31, 2022, 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>		2022
Fair value per option	₩	31,111
Share price at the end of the reporting period		43,100
Expected price volatility (%)		49.16
Risk-free interest rate (%)		3.75
Dividend yield (%)		1.25
Expected option life		0.88 years

Book amount of liabilities and intrinsic value recognized in relation to share-based payments as at December 31, 2022, are as follows:

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

23.2 Equity-settled Share Options

The share-based payment of MiCo Ceramics Ltd., a subsidiary of the Parent Company, is the share option rights granted to directors on March 29, 2021, with an exercise price of ₩ 31,900. Right to exercise share options is granted if the employees have been completed service for two years after the grant date. The Group recognizes the share-based payment as non-controlling interest.

<i>(in Korean won)</i>		Remark
Grant date		March 29, 2021
Fair value of share options <i>(in Korean won)</i>	₩	16,694
Grant method		Grant new registered issued capital
Number of shares granted		160,000 shares
Exercise price	₩	31,900
Exercisable period		March 29, 2023 ~ March 28, 2028
Vesting condition		Service conditions: 2 years

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Changes in the number of share options outstanding and their related weighted average exercise prices for the year ended December 31, 2023, are as follows:

	Number of options (in shares)
	2023
Beginning	160,000
Ending	160,000

MiCo Ceramics Ltd., a subsidiary of the Parent Company measured the cost of the share options granted during the year ended December 31, 2023, 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>	2023
Weighted average fair value of share options granted during the previous year	₩ 16,694
Weighted average share price at grant date ¹	31,900
Price volatility (%) ²	50.29
Dividend yield (%)	0.0
Expected option life	2 years
Risk-free interest rate (%)	1.74

¹ Applied the recent sale price of old shares.

² Applied the volatility of similar companies for the 180 business days.

Book amount of equity recognized in relation to share-based payments are as follows:

<i>(in thousands of Korean won)</i>	2023
Book amount	₩ 2,671,040

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24. Issued capital and Reserves

Details of issued capital as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won and in number of shares)</i>	2023	2022
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	10,460,684	10,020,447
Issued capital	₩ 5,230,342	₩ 5,010,224

Changes in issued capital and share premium for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won and in number of shares)</i>	Number of shares	Issued capital	Share premium	Total
January 1, 2022	10,020,447	₩ 5,010,224	₩ 61,502,163	₩ 66,512,387
December 31, 2022	10,020,447	₩ 5,010,224	₩ 61,502,163	₩ 66,512,387
January 1, 2023	10,020,447	₩ 5,010,224	₩ 61,502,163	₩ 66,512,387
Capital increase ¹	440,237	₩ 220,118	₩ 19,758,480	₩ 19,978,598
December 31, 2023	10,460,684	₩ 5,230,342	₩ 81,260,643	₩ 86,490,985

¹ MiCo Ltd., the Parent Company, acquired additional 440,237 shares by participating in the Group's capital increase through allocation to a third party in 2023.

Details of reserves as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Share premium	₩ 81,260,643	₩ 61,502,163
Other reserves ¹	(68,921,707)	10,023,826
	₩ 12,338,936	₩ 71,525,989

¹ On July 1, 2023, as a deemed acquisition date, the Group has obtained controls over MiCoCeramics Ltd. by acquiring 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. As a business combination of entities under common control, the carrying amount of investments in subsidiaries from this transaction is recognized as carrying amount in the consolidated financial statements of the ultimate parent company. Also, the difference between the consideration paid and the carrying amount of the investments in subsidiaries was recognized as other reserves.

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25. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Equity instruments at fair value through other comprehensive income	₩ -	₩ (185,140)
Exchange differences on translation of foreign operations	9,925,230	8,431,503
	<u>₩ 9,925,230</u>	<u>₩ 8,246,363</u>

26. Elements of other stockholders equity

Details of elements of other stockholders equity as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Treasury shares ¹	₩ (2,914,979)	₩ (2,914,979)
Other capital adjustments ²	(11,682,070)	-
	<u>₩ (14,597,049)</u>	<u>₩ (2,914,979)</u>

¹ The treasury shares were held by the Group for the purpose of stabilize share prices and enhance the value of shareholders.

² The Group reclassified the exchangeable bonds which were issued by MiCo Ltd., the Parent Company, and are to be exchanged to ordinary shares of MiCoCeramics Ltd. held by KoMiCo Ltd, and MiCoCeramics Ltd., respectively, and exchange rights of exchangeable bonds which are to be exchanged to ordinary shares of KoMiCo Ltd., into equity at the time of obtaining controls over MiCoCeramics Ltd. (Note 10).

27. Retained Earnings

Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023	2022
Earned profit reserves ¹	₩ 3,496,158	₩ 2,502,102
Other reserves	2,744,449	2,744,449
Retained earnings before appropriation	190,789,614	170,552,429
	<u>₩ 197,030,221</u>	<u>₩ 175,798,980</u>

¹ The Commercial Code of the Republic of Korea requires the Group to appropriate for each

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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 capital. The reserve is not available for dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit.

28. Breakdown of Expenses by Nature

Details of breakdown of expenses by nature for the years ended December 31, 2023 and 2022, as are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Changes in inventories of finished goods and work in process	₩	(4,010,478)	₩	719,347
Raw materials used		37,840,744		32,386,183
Sales of goods		9,575,544		8,401,198
Employee benefits expenses		93,824,003		78,307,230
Employee benefits		5,830,467		5,083,239
Travel expenses		1,541,049		1,181,551
Depreciation and amortization		37,810,500		28,245,623
Commission expenses		7,923,755		7,718,616
Rental expenses		1,267,362		1,295,880
Insurance premium		7,113,128		6,688,981
Supplies expenses		15,997,132		15,426,159
Vehicles maintenance expenses		1,054,818		1,074,709
Utility expenses		15,363,325		10,778,105
Outsourcing expenses		13,829,773		11,577,664
Repairs expenses		9,520,347		10,124,676
Taxes and dues		5,782,921		4,780,476
Freight expenses		3,540,784		3,973,065
Share-based payment expenses		310,075		(1,170,635)
Other expenses		10,123,201		6,386,412
	₩	<u>274,238,450</u>	₩	<u>232,978,479</u>

Details of employee benefits expenses incurred for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Salaries	₩	88,169,593	₩	74,655,911
Post-employment benefits		5,654,410		3,651,319
	₩	<u>93,824,003</u>	₩	<u>78,307,230</u>

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29. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Salaries	₩ 31,602,273	₩ 28,124,021
Post-employment benefits	1,998,645	1,452,583
Employee benefits	2,615,788	2,360,529
Travel expenses	1,223,614	1,031,935
Vehicles maintenance expenses	985,737	1,006,875
Communication expenses	359,316	263,014
Taxes and dues	2,694,765	2,543,983
Commission expenses	5,853,791	5,204,669
Rental expenses	491,086	449,091
Depreciation	5,016,317	4,920,024
Amortization	118,574	86,857
Repairs expenses	1,049,772	1,280,729
Insurance premium	2,454,857	2,467,689
Entertainment expenses	1,790,957	1,404,487
Advertising expense	398,327	199,540
Supplies expenses	1,412,824	1,501,620
Utility expenses	441,259	350,740
Training expenses	308,397	348,472
Freight expenses	2,203,894	2,509,915
Research and development	17,525,600	12,646,892
Outsourcing expenses	1,448,601	1,052,419
Share-based payment expenses	310,075	(1,170,635)
Others	1,215,122	1,155,638
	<u>₩ 83,519,591</u>	<u>₩ 71,191,087</u>

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30. Other Income and Expenses

Details of other income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Rental income	₩ 787,701	₩ 459,057
Commissions received	51,630	5,350
Gain on disposal of property, plant and equipment	435,773	87,887
Gain on disposal of intangible assets	210,818	-
Miscellaneous revenues	431,664	360,895
	<u>₩ 1,917,586</u>	<u>₩ 913,189</u>

Details of other expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Donations	₩ 41,160	₩ 31,680
Loss on disposal of property, plant and equipment	234,323	306,295
Loss on disposal of intangible assets	-	330
Impairment loss on property, plant and equipment	340,997	-
Loss on disposal of assets held for sale	177,411	-
Depreciation of investment properties	174,624	-
Loss on disposal of investments	-	71,964
Miscellaneous expenses	301,120	53,586
	<u>₩ 1,269,635</u>	<u>₩ 463,855</u>

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31. Finance Income and Finance Costs

Details of finance income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Interest income	₩ 4,400,796	₩ 1,624,323
Dividend income	-	79,200
Gain on foreign currency transaction	992,384	926,827
Gain on foreign currency translation	174,162	486,482
Reversal of allowance for doubtful account	8,185	-
Gain on valuation of derivatives	81,073	395,769
Gain on valuation of financial assets at fair value through profit or loss	23,808,426	69,413
	<u>₩ 29,465,026</u>	<u>₩ 3,582,014</u>

Details of finance costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Interest expense	₩ 6,862,465	₩ 3,442,521
Loss on foreign currency transaction	877,891	1,196,746
Loss on foreign currency translation	1,171,592	1,711,760
Loss on valuation of derivatives	1,853,010	-
	<u>₩ 10,764,958</u>	<u>₩ 6,351,027</u>

32. Tax Expense

Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023	2022
Current tax on profits for the year	₩ 5,547,037	₩ 7,961,739
Adjustments in respect of prior years	(310,401)	(3,405,328)
Impact of changes in Korean tax rate	-	2,108,562
Deferred tax due to temporary differences	1,628,586	4,446,093
Income tax expense	<u>₩ 6,865,222</u>	<u>₩ 11,111,066</u>

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The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax		
Remeasurements of net defined benefit liability	₩ 61,675	₩ (205,064)
Equity instruments at fair value through other comprehensive income	80,228	378,406
	<u>₩ 141,903</u>	<u>₩ 173,342</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit before income tax expense	₩ 52,376,466	₩ 53,077,846
Income tax based on statutory tax rate ¹	14,908,747	16,792,588
Adjustments:		
Non-taxable income	(1,460,564)	(5,799)
Non-deductible expense	224,582	316,283
Impact of changes in Korean tax rate	-	2,108,562
Effects of deferred tax not recognized arising from temporary differences	(1,849,970)	(2,060,517)
Tax credits carried forward	-	1,025,717
Adjustments in respect of prior years	(310,401)	(3,405,328)
Tax credit	(4,085,828)	(3,727,131)
Others	(561,344)	66,691
Income tax expense	<u>₩ 6,865,222</u>	<u>₩ 11,111,066</u>
Effective tax rate	13.11%	20.93%

¹ This is the amount calculated by applying the statutory tax rate of respective countries to the profit before income tax expense.

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Changes in deferred tax assets and liabilities for the temporary differences for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of
Korean won)

(in thousands of Korean won)		2023										
		Increase (decrease)					Ending balance					
		Beginning balance	Profit or loss	Other comprehensive income	Changes in scope of consolidation	Exchange difference						
Accrued revenues	₩	121,253	₩	(159,597)	₩	-	₩	(26,609)	₩	2,642	₩	(62,311)
Equity method investments		(11,608,837)		408,910		-		-		2,835		(11,197,092)
Plan assets		(889,232)		(216,435)		31,604		(1,657,793)		-		(2,731,856)
Property, plant and equipment		(538,059)		2,741,678		-		966,364		(74,784)		3,095,199
Inventories		139,217		293,064		-		-		(1,035)		431,246
Intangible assets		10,532		(82,049)		-		-		1,315		(70,202)
Annual leave payable		374,178		95,389		-		185,719		1,271		656,557
Defined benefit obligations		3,052,138		809,752		30,071		2,375,795		-		6,267,756
Long-term employee benefits		331,800		19,730		-		178,222		-		529,752
Allowance for doubtful account		120,514		22,049		-		23,877		(535)		165,905
Share-based payment expenses		299,094		235,400		-		-		-		534,494
Derivatives		(86,278)		825,730		-		362,148		-		1,101,600
Measured at fair value through profit or loss		(15,132)		(5,993,505)		-		(1,723,351)		-		(7,731,988)
Measured at fair value through other comprehensive income		51,611		(131,839)		80,228		-		-		-
Right-of-use assets		(134,653)		44,152		-		(370,641)		-		(461,142)
Lease liabilities		136,782		(45,210)		-		353,476		-		445,048
Others		578,380		(479,066)		-		1,438,559		13,608		1,551,481
Loss carryforwards		740,035		245,619		-		-		9,853		995,507
	₩	(7,316,657)	₩	(1,366,228)	₩	141,903	₩	2,105,766	₩	(44,830)	₩	(6,480,046)

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(in thousands of
Korean won)

(in thousands of Korean won)	2022									
	Increase (decrease)						Ending balance			
	Beginning balance	Profit or loss	Other comprehensive 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
Allowance for doubtful account		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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Details of unrecognized deductible temporary differences as deferred tax assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022	Remarks
Interests in subsidiary ¹	₩ 33,637,742	₩ 34,263,186	No plan for disposal
Unused losses ²	12,033,910	10,226,864	Uncertainty of future taxable profit

¹ 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.

² The maturity of unused losses is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
After 5 years	₩ 12,033,910	₩ 10,226,864

The analysis of deferred tax assets and liabilities as at December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 16,671,045	₩ 8,770,074
Deferred tax asset to be recovered within 12 months	1,920,505	796,824
	<u>18,591,550</u>	<u>9,566,898</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(22,786,805)	(16,257,289)
Deferred tax liability to be recovered within 12 months	(2,284,791)	(626,266)
	<u>(25,071,596)</u>	<u>(16,883,555)</u>
Deferred tax liabilities, net	<u>₩ (6,480,046)</u>	<u>₩ (7,316,657)</u>

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33. Earnings per Shares

(a) Basic earnings per share

Details of the calculation of basic earnings per shares for the years ended December 31, 2023 and 2022, are as follows:

<i>(in Korean won and in number of shares)</i>	2023	2022
Profit attributable to ordinary shares of the Parent Company	₩ 31,525,952,567	₩ 41,966,780,348
Weighted average number of ordinary shares outstanding	10,184,207	9,962,286
Basic earnings per share	₩ 3,096	₩ 4,213

Basic earnings per share is identical to diluted earnings per share as there is no dilutive effect for the years ended December 31, 2023 and 2022.

34. Cash Flows

(a) Cash generated from operations

<i>(in thousands of Korean won)</i>	2023	2022
Profit	₩ 45,511,244	₩ 41,966,780
Adjustments for:		
Interest expense	6,862,465	3,442,521
Loss on foreign currency translation	1,171,591	1,711,760
Post-employment benefits (defined benefit plan)	4,308,143	3,189,536
Depreciation	37,649,167	28,034,419
Loss on disposal of property, plant and equipment	234,323	306,295
Impairment loss on property, plant and equipment	340,997	-
Loss on disposal of intangible assets	-	330
Amortization	335,957	211,203
Share-based payment expenses	310,075	(1,170,635)
Bad debt expenses (reversal)	128,139	(77,791)
Income tax expense	6,865,222	11,111,066
Interest income	(4,400,796)	(1,624,323)
Gain on foreign currency translation	(174,162)	(486,482)
Loss on valuation of inventories (reversal)	99,406	(502,637)
Gain on disposal of property, plant and equipment	(435,773)	(87,887)
Gain on disposal of intangible assets	(210,818)	-
Gain on valuation of financial assets at fair value through profit or loss	(23,808,426)	(69,413)
Loss on disposal of assets held for sale	177,411	-
Gain on valuation of derivatives	(81,073)	(395,769)

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Loss on valuation of derivatives	1,853,009	-
Dividend income	-	(79,200)
Loss on disposal of investments	-	71,964
Others	432,710	303,458
Changes in assets and liabilities due to operating activities:		
Trade receivables	7,042,326	(4,029,851)
Other receivables	1,290,942	(782,184)
Other current assets	(539,545)	301,219
Other non-current assets	12,919	-
Inventories	(1,403,191)	1,569,799
Trade payables	(1,312,176)	(1,536,089)
Other payables	1,212,898	6,343,147
Other liabilities	(2,956,782)	(1,117,289)
Decrease in long-term employee benefits	(37,200)	-
Benefit payments	(786,459)	(1,627,956)
Transfer from affiliates	111,541	129,776
Contribution to plan assets	(1,100,000)	(1,100,000)
Cash generated from operations	₩ 78,704,084	₩ 84,005,767

(b) Significant transactions not affecting cash flows

<i>(in thousands of Korean won)</i>	2023	2022
Reclassification of financial assets at fair value through other comprehensive income	₩ (368,020)	₩ (1,722,178)
Reclassification of losses on disposal of financial assets at fair value through other comprehensive income	133,000	-
Reclassification of current portion of long-term borrowings	7,666,640	-
Transfer of construction-in-process to property, plant and equipment	2,456,634	50,285,370
Reclassification of current portion of long-term loans	155,549	25,290
Reclassification of non-trade payables related to acquisition of property, plant and equipment and intangible assets	5,805,937	78,296
Acquisition of right-of-use assets	1,219,243	906,267
Receipt of government grants	58,270	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, 2023 and 2022, are as follows:

*(in thousands of
Korean won)*

	2023				
	Beginning balance	Cash flows	Transfer and others	Non-cash changes	Ending balance
				Changes in foreign exchange rates	
Short-term borrowings	₩ 37,661,386	₩ 15,902,750	₩ 29,000,000	₩ 124,514	₩ 82,688,650
Long-term borrowings	19,009,500	90,000,000	13,978,880	331,500	123,319,880
Current portion of long-term borrowings	6,476,242	(6,929,950)	8,021,120	99,228	7,666,640
Lease liabilities	6,314,351	(2,559,070)	2,484,584	95,698	6,335,563
Leasehold deposits received	338,925	(4,365)	3,230	-	337,790
Government grants	-	36,551	-	-	36,551
	<u>₩ 69,800,404</u>	<u>₩ 96,445,916</u>	<u>₩ 53,487,814</u>	<u>₩ 650,940</u>	<u>₩ 220,385,074</u>

*(in thousands of
Korean won)*

	2022				
	Beginning balance	Cash flows	Transfer and others	Non-cash changes	Ending balance
				Changes in foreign exchange rates	
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>

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35. Contingent Liabilities and Commitments

Payment guarantees provided by others

Details of payment guarantees provided by others as at December 31, 2023, are as follows:

<i>(in thousands of Korean won)</i>	Guaranteed amount	Guaranteed by	Remarks
Seoul guarantee insurance company	₩ 300,000	Pyeongtaek Customs Co.	Guarantees for payments of customs
Seoul guarantee insurance company	74,300	Samchully Co., Ltd	Guarantees for payments of city gas usage and others
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	244,645	KOREA TECHNOLOGY AND INFORMATION PROMOTION AGENCY	Payment guarantee for the return of agreement of subsidy for national support business
Seoul guarantee insurance company	873,000	Korea Environment Coporation	Payment guarantee for the return subsidy from government and local government
Seoul guarantee insurance company	1,712,860	Gangneung-si, Gangwon-do	Support for investment promotion subsidies for local investment entities ¹
Seoul guarantee insurance company	2,500	Samchully Co., Ltd	City gas supply contract
Seoul guarantee insurance company	57,350	KOREA ELECTRIC POWER CORPORATION	Electricity supply contract
Seoul guarantee insurance company	283,071	KOREA TECHNOLOGY AND INFORMATION PROMOTION AGENCY	Support for establishment of general government smart factories

¹ MiCoCeramics Ltd., a subsidiary, has received subsidies by transferring the rights and obligations of the local investment promotion subsidy entered into with Gangneung-si, from MiCo Ltd., the Parent Company. Also, a performance contract to return the subsidies with jointly MiCo Ltd., the Parent Company, if MiCoCeramics Ltd. fails to maintain the business performance until February 28, 2025.

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Significant agreements which the Group has entered into with financial institution and others as at December 31, 2023, are as follows:

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

	Commitments	Limit amount	Amount used
Kookmin Bank	Loans for operating funds	₩ 12,600,000	₩ 12,600,000
	Loans for facility funds	₩ 40,000,000	₩ 40,000,000
	Trading finance funds	₩ 2,000,000	₩ -
Shinhan Bank	Loans for operating funds	₩ 30,000,000	₩ 30,000,000
Citibank Korea Inc.	Loans for operating funds / Swap-linked loan	₩ 20,000,000	₩ 20,000,000
	Loans for operating funds	USD 41,000,000	USD 6,000,000
		USD 7,000,000	USD 27,000,000
KDB	Loans for operating funds	₩ 27,000,000	₩ 27,000,000
	Loans for facility funds	₩ 67,000,000	₩ 36,645,520
		USD 15,000,000	USD 15,000,000
Industrial and Commercial Bank of China	Loans for operating funds	CNY 10,000,000	CNY 10,000,000
China Merchants Bank Co Ltd	Loans for operating funds	CNY 30,000,000	CNY 28,500,000
The Export-Import Bank of Korea	Loans for operating funds	₩ 15,000,000	₩ 10,000,000
		USD 1,750,000	USD 1,750,000

KoMiCo Technology Inc., a subsidiary, has entered into an economic development incentive agreement to received subsidies from Texas in USA, if it meets conditions for generating new investments and creating new jobs.

36. Related Party Transaction

Details of the companies that have a controlling or subsidiary relationship with the Group as at December 31, 2023 and 2022, are as follows.

Type	2023	2022	Remark
Parent Company	MiCo Ltd.	MiCo Ltd.	-
Other related parties	- ¹	MiCoCeramics Ltd. ¹	Newly included in a subsidiary of the Group
	MiCoPower Ltd.	MiCoPower Ltd.	Established by split-off of the Parent Company
	Micohightech (formerly, SAMYANG CERATECH CO.LTD)	-	A subsidiary 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 subsidiary of the Group
	SPECLIPSE,INC.	SPECLIPSE,INC.	An associate of the Parent Company
	Speclipse Inc.	Speclipse Inc.	An associate of the Parent Company

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Type	2023	2022	Remark
	Specclipse Austrailia Pyt Ltd	Specclipse Austrailia Pyt Ltd	An associate of the Parent Company
	Specclipse EuropeGmbH	Specclipse EuropeGmbH	An associate of the Parent Company
	MiCo Networks Co.,Ltd.	MiCo Networks Co.,Ltd.	An entity controlled by key executives of the parent company
	-	ELEECHIJELHOSAMO INVESTMENT LIMITED PARTNERSHIP ²	An associate of the Parent Company (disposed of shares in 2023)
	-	H No. 1 Investment Purpose Co., Ltd. ²	An associate of the Parent Company (disposed of shares in 2023)
	-	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO.,LTD ²	An associate of the Parent Company (disposed of shares in 2023)
	-	YANTAI HYUNDAI HEAVY INDUSTRIES CO.,LTD ²	An associate of the Parent Company (disposed of shares in 2023)
	MICOBIO MED USA, Inc	MICOBIO MED USA, Inc	An associate of the Parent Company
	MICO INTERNATIONAL BRAZIL EMPREENDIMENTOS E PARTICIPACOES LTDA	MICO INTERNATIONAL BRAZIL EMPREENDIMENTOS E PARTICIPACOES LTDA	An associate of the Parent Company
	PT. MICO BIOMED INDONESIA	PT. MICO BIOMED INDONESIA	An associate of the Parent Company
	MICOBIO INDIAPRIVATE LIMITED.	MICOBIO INDIAPRIVATE LIMITED.	An associate of the Parent Company
	Call medical	Call medical	An associate of the Parent Company
	-	MICO IVD HOLDINGS, LLC (USA) ³	A subsidiary of the Parent Company (disposed of shares in 2023)
	-	Trinty Biotech, PLC. ³	An associate of the Parent Company (disposed of shares in 2023)
	MiCo NTH Investment LLC	MiCo NTH Investment LLC	An associate of the Parent Company
	New Target Health,Inc.	New Target Health,Inc.	An associate of the Parent Company
	Target Health LLC	Target Health LLC	An associate of the Parent Company

¹ On May 30, 2023, the Group entered into a share purchase agreement to purchase 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. The Group paid cash, assets and liabilities of the advanced materials division and 507,614 ordinary shares of MiCo BioMed Co., Ltd. as consideration paid, and the transaction was terminated on July 3, 2023 (deemed acquisition date: July 1, 2023), accordingly, the Group has obtained controls over MiCoCeramics Ltd. Although the Group owns less than 50% of the voting rights of MiCoCeramics Ltd., the Group concluded that the Group controls over the entity,

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and includes it as a subsidiary, with considering that the potential voting rights of the exchangeable bonds (percentage of ownership: 7.66%), which are exchangeable to ordinary shares of MiCoCeramics Ltd. held by the Company.

² MiCo Ltd., the Parent Company, disposed of its shares of ELEECHIJEILHOSAMO INVESTMENT LIMITED PARTNERSHIP, an associate, on November 30, 2023, accordingly, it was excluded from the related parties. Also, its associates, H No. 1 Investment Purpose Co., Ltd., Hyundai Heavy Industries Power Systems Co., LTD., and Yantai Hyundai Heavy Industries Co., LTD. were excluded from the related parties.

³ MiCo Ltd., the Parent Company, disposed of its shares of MICO IVD HOLDINGS, LLC, a subsidiary, on December 21, 2023, accordingly, it was excluded from the related parties. Also, its associate, Trinity Biotech PLC, was also excluded from the related parties.

Sales and purchases with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Type	Name of entity	2023						Acquisition of right-of-use asset
		Sales	Purchase	Disposal of assets	Other income	Other expense		
Parent Company	MiCo Ltd. ¹	₩ 946,197	₩ 23,475,234	₩ 7,938	₩ 452,341	₩ 2,280,146	₩	21,073
Other related parties	MiCo BioMed Co., Ltd.	-	-	-	10,651	-		-
	MiCoCeramics Ltd. ²	557,299	2,697,584	-	738,518	63,196		-
	COMA Technology Co., Ltd.,	1,260	13,365	-	-	-		-
	MiCoPower Ltd.	-	-	-	1,538,914	-		-
	Micohightech	-	17,720	6,320,000	142	117,208		-
		₩ 1,504,756	₩ 26,203,903	₩ 6,327,938	₩ 2,740,566	₩ 2,460,550	₩	21,073

¹ On May 30, 2023, the Group entered into a share purchase agreement to purchase 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. The Group paid cash, assets and liabilities of the advanced materials division and 507,614 ordinary shares of MiCo BioMed Co., Ltd. as consideration paid, and the transaction was terminated on July 3, 2023 (deemed acquisition date: July 1, 2023), accordingly, the Group has obtained controls over MiCoCeramics Ltd. (Note 13).

² The amounts are before acquisition of shares (deemed acquisition date: July 1, 2023).

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		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		-
		<u>₩ 2,250,829</u>	<u>₩ 26,920,806</u>	<u>₩ 4,000</u>	<u>₩ 2,419,790</u>	<u>₩ 1,884,800</u>	<u>₩</u>	<u>21,371</u>

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		2023			
Type	Name of entity	Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Parent company	MiCo Ltd.	₩ 343,267	₩ 268,010	₩ 2,471,170	₩ 434,381
Other related parties	MiCo BioMed Co., Ltd.	-	10,536	-	-
	MiCoPower Ltd.	-	406,463	-	252,290
	Micohightech	-	156	-	6,952,253
		<u>₩ 343,267</u>	<u>₩ 685,165</u>	<u>₩ 2,471,170</u>	<u>₩ 7,638,924</u>

(in thousands of Korean won)

		2022			
Type	Name of entity	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
		<u>₩ 117,789</u>	<u>₩ 249,573</u>	<u>₩ 2,655,496</u>	<u>₩ 577,796</u>

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Significant fund transactions with related parties for the year ended December 31, 2023, are as follows:

(in thousands of Korean won)

			2023						
			Loan (borrowing) transactions						
Type	Name of entity	Line item	Beginning	Loan/ Borrowing	Valuation/ Amortization	Changes in scope of consolidation	Transfer ²	Ending	
Parent company	MiCo Ltd.	Financial assets at fair value through profit or loss ¹	₩ 17,036,074	₩ -	₩ 5,451,751	₩ 17,964,617	₩ (11,682,069)	₩ 28,770,373	
	MiCo Ltd.	Financial liabilities at fair value through profit or loss ¹	(1,570,892)	-	(1,771,936)	(1,742,859)	-	(5,085,687)	
Other related parties	MiCo BioMed Co., Ltd.	Short-term loans	-	252,860	-	-	-	252,860	
	COMA Technology Co., Ltd.,	Financial assets at fair value through profit or loss	-	-	18,356,674	15,829,120	-	34,185,794	
			₩ 15,465,182	₩ 252,860	₩ 22,036,489	₩ 32,050,878	₩ (11,682,069)	₩ 58,123,340	

¹ During the year ended December 31, 2022, the Group acquired exchangeable bonds issued by MiCo Ltd., the Parent Company, which can be exchanged with ordinary shares of MiCoCeramics Ltd. Put option of exchangeable bonds is separately recognized as derivative liabilities (Notes 10 and 19). Meanwhile, the Group notified to MiCo Ltd., the Parent Company, not to exercise the early redemption right of the exchangeable bonds until December 31, 2024.

² The Group holds exchangeable bonds issued by MiCo Ltd., the Parent Company, which can be exchanged with ordinary shares of MiCoCeramics Ltd. and KoMiCo Ltd., respectively, and reclassified exchange rights of the exchangeable bonds into equity at the time of obtaining controls over MiCoCeramics Ltd. during the year ended December 31, 2023 (Note 26).

(in thousands of Korean won)

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

¹ 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.

² During the year ended December 31, 2022, the Group acquired exchangeable bonds issued by

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MiCo Ltd., the Parent Company, which can be exchanged with ordinary shares of MiCoCeramics Ltd. Put option of exchangeable bonds is separately recognized as derivative liabilities (Notes 10 and 19).

During the year ended December 31, 2023, the Group paid dividends amounting to ₩ 3,859,089 thousand (2022: ₩ 2,122,499 thousand) to MiCo Ltd., the Parent Company. A dividend in respect of the year ended December 31, 2022, amounting to ₩ 9,940,569 thousand was paid in April 2023.

MiCo Ltd., the Parent Company, acquired additional 440,237 shares by participating in the Group's capital increase through allocation to a third party during the year ended December 31, 2023.

On May 30, 2023, the Group entered into a share purchase agreement to purchase 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company. The Group paid cash, assets and liabilities of the advanced materials division and 507,614 ordinary shares of MiCo BioMed Co., Ltd. as consideration paid, and the transaction was terminated on July 3, 2023 (deemed acquisition date: July 1, 2023), accordingly, the Group has obtained controls over MiCoCeramics Ltd. Although the Group owns less than 50% of the voting rights of MiCoCeramics Ltd., the Group concluded that the Group controls over the entity, and includes it as a subsidiary, with considering that the potential voting rights of the exchangeable bonds (percentage of ownership: 7.66%), which are exchangeable to ordinary shares of MiCoCeramics Ltd. held by the Company.

As MiCoCeramics Ltd. was included in the scope of consolidation during the year ended December 31, 2023, the Group holds 300,000 shares of stock warrants that can be exercised against the Group by MiCo Ltd., the Parent Company, and recognizes the stock warrants as non-controlling interests.

The Group terminated the lease contract with deposits of ₩ 5,200,000 thousand with MiCo Ltd., the Parent Company, during the year ended December 31, 2023.

The Group was provided payment guarantees by the Parent Company and its major shareholders for the borrowings in prior year. As the Group has fully repaid the borrowings, the payment guarantees was terminated during the year ended December 31, 2023.

Key management for employee services for the year ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023	2022
Long and short-term employee benefits	₩ 3,340,466	₩ 2,877,626
Post-employment benefits	214,269	178,929
Share-based payments	47,123	(152,963)
	<u>₩ 3,601,858</u>	<u>₩ 2,903,592</u>

The above key management includes registered executives who have significant authority and

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responsibilities on activities, planning, operations and controls of the Group.

37. Reporting by Segment

The Group management who makes strategic decisions has determined the operating segments. As at December 31, 2023 and 2022, 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>	2023		2022	
Revenue of merchandises				
Parts	₩	8,980,751	₩	11,964,444
Cleaning		3,558		63,059
Coating		3,808,231		1,473,905
Revenue of finished goods				
Cleaning		97,930,310		104,254,078
Coating		128,879,301		160,733,860
Parts		67,664,746		9,886,658
	₩	307,266,897	₩	288,376,004

Information about key customers

Details of external customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Revenue		Classification
	2023	2022	
A company ¹	₩ 99,670,599	₩ 85,588,672	Merchandises and finished goods
B company ¹	63,902,489	83,921,440	Merchandises and finished goods

¹ Customers under the same control were considered as a single customer.

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38. Business Combination of Entities under a Common Control

On July 1, 2023, as a deemed acquisition date, the Group has obtained controls over MiCoCeramics Ltd. by acquiring 2,605,639 ordinary shares (percentage of ownership: 47.84%) of MiCoCeramics Ltd. held by MiCo Ltd., the Parent Company.

As a business combination of entities under common control, the carrying amounts of identifiable assets and liabilities from this transaction is recognized as carrying amount in the consolidated financial statements of the ultimate parent company. Also, the difference between the consideration paid and carrying amount of net assets acquired was recognized as consolidated reserves (Note 24).

(in thousands of Korean won)

2023

Consideration transferred

Cash and cash equivalents	₩	120,882,159
Offset with proceeds from sale of the advanced materials divisions		9,021,599
Offset with the proceeds from the sale of shares of MiCo BioMed Co., Ltd.		2,068,527
		<u>131,972,285</u>

Identifiable assets and liabilities at the acquisition date

Cash and cash equivalents	26,501,853
Short-term financial instruments	13,128,000
Trade receivables	16,318,457
Other receivables	299,133
Inventories	25,583,052
Other current assets	351,642
Property, plant and equipment	70,042,104
Investment properties	1,131,845
Intangible assets	2,971,014
Other non-current financial assets	34,689,332
Other non-current assets	29,774
Deferred tax assets	2,105,766
	<u>193,151,972</u>
Trade payables	5,088,345
Short-term borrowings	34,000,000
Other current financial liabilities	1,954,855
Provision for warranties	250,777
Current portion of long-term borrowings	1,062,800
Current tax liabilities	3,868,932
Current lease liabilities	719,198
Derivative liabilities	1,742,859
Other current liabilities	5,392,128

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Long-term borrowings	15,937,200
Post-employment benefit liabilities	3,455,426
Non-current lease liabilities	981,928
Other non-current liabilities	1,238,128
	<u>75,692,576</u>
Non-controlling interest	<u>64,432,643</u>
Total identifiable net assets	<u>53,026,753</u>
Consolidated reserves ¹	<u>₩ (78,945,532)</u>

¹ Recognized as consolidated reserves due to equity transaction under a common controls.

Meanwhile, the Group paid ₩ 181 million in advisory fees and others in relation to this business combination and recognized as consolidated reserves.

39. Events After the Reporting Period

On January 9, 2024, the Group has entered into a contract to establish a joint venture with Beijing ZNIC Technology Co., Ltd. (the 'ZNIC'), by the percentage of ownership of 49% and 51%, respectively, accordingly, Hubei Ziniu Meike Technology Co., LTD., a joint venture, was established and completed to register its incorporation on January 15, 2024.