

KoMiCo Ltd. and Subsidiaries
Consolidated Financial Statements
December 31, 2024 and 2023

KoMiCo Ltd. and Subsidiaries

Index

December 31, 2024 and 2023

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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 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, 2024 and 2023, 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, 2024 and 2023, 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, 2025

This report is effective as of March 13, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KoMiCo Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

(in Korean won)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4,6,7,8	₩ 158,376,721,520	₩ 126,459,834,911
Short-term financial instruments	5,6,7,8	16,028,562,231	25,627,840,000
Trade receivables	6,7,8,9,39	65,973,072,544	40,005,055,741
Other receivables	6,7,8,9,39	12,276,163,368	7,612,201,357
Inventories	12	44,661,443,147	34,691,056,013
Other current financial assets	7,8,10	9,024,326,215	-
Other current assets	11	12,979,015,645	1,845,115,849
		<u>319,319,304,670</u>	<u>236,241,103,871</u>
Non-current assets			
Investments in joint ventures	18	4,811,218,458	-
Other non-current receivables	6,7,8,9,39	4,600,262,241	3,375,640,025
Property, plant and equipment	13,14	402,924,648,050	276,799,284,258
Investment properties	15	5,482,496,687	5,621,951,808
Intangible assets	16	10,529,672,629	7,289,766,182
Other non-current financial assets	7,8,10	47,229,075,702	62,956,167,585
Other non-current assets	11	1,067,593,489	16,854,607
Deferred tax assets	35	4,378,251,050	1,602,048,577
		<u>481,023,218,306</u>	<u>357,661,713,042</u>
Total assets		<u>₩ 800,342,522,976</u>	<u>₩ 593,902,816,913</u>
Liabilities			
Current liabilities			
Trade payables	6,7,8,18,39	₩ 16,469,808,229	₩ 8,987,937,360
Short-term borrowings	6,7,8,22	126,861,413,970	82,688,650,000
Other payables	6,7,8,18,23,39	15,810,506,196	26,982,600,904
Other current financial liabilities	6,7,8,19	25,904,134,882	5,085,687,250
Current portion of long-term borrowings	6,7,8,22	4,410,000,000	7,666,640,000
Debentures	23	19,935,126,341	-
Convertible bonds	24	16,301,192,558	-
Current lease liabilities	7,14	2,175,600,537	2,137,604,906
Other current liabilities	21	24,447,742,566	12,369,657,936
Current tax liabilities	35	23,743,879,804	5,057,741,528
		<u>276,059,405,083</u>	<u>150,976,519,884</u>
Non-current liabilities			
Long-term borrowings	6,7,8,22	112,714,880,000	123,319,880,000
Post-employment benefit liabilities	25	14,421,006,017	15,707,725,353
Other non-current payables	6,8,19	885,477,924	79,700,000
Other non-current liabilities	21	4,456,840,852	3,558,742,664
Non-current lease liabilities	7,14	5,217,007,203	4,197,957,785
Deferred tax liabilities	35	10,869,843,418	8,082,094,131
		<u>148,565,055,414</u>	<u>154,946,099,933</u>
Total liabilities		<u>424,624,460,497</u>	<u>305,922,619,817</u>
Equity			
Issued capital	1,27	5,230,342,000	5,230,342,000
Reserves	27	7,297,040,269	12,338,935,508
Elements of other stockholders equity	29	(19,445,364,529)	(14,597,048,668)
Accumulated other comprehensive income	28	25,944,779,723	9,925,230,039
Retained earnings	30	249,218,261,171	197,030,220,708
Equity attributable to owners of the Parent Company		<u>268,245,058,634</u>	<u>209,927,679,587</u>
Non-controlling interest		<u>107,473,003,845</u>	<u>78,052,517,509</u>
Total equity		<u>375,718,062,479</u>	<u>287,980,197,096</u>
Total liabilities and equity		<u>₩ 800,342,522,976</u>	<u>₩ 593,902,816,913</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, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024	2023
Revenue	39,40		
Finished goods		₩ 468,753,179,879	₩ 294,474,356,527
Merchandises		38,385,464,407	12,792,540,394
		<u>507,138,644,286</u>	<u>307,266,896,921</u>
Cost of sales	12,31,39		
Finished goods		242,473,486,926	181,006,990,185
Merchandises		29,855,347,829	9,575,543,908
		<u>272,328,834,755</u>	<u>190,582,534,093</u>
Gross profit		<u>234,809,809,531</u>	<u>116,684,362,828</u>
Selling and administrative expenses	31,32,39	121,923,981,855	83,519,591,378
Bad debt expenses		<u>424,173,840</u>	<u>136,324,705</u>
Operating income		<u>112,461,653,836</u>	<u>33,028,446,745</u>
Other income	33	3,870,403,234	1,917,586,254
Other expenses	33	2,948,012,310	1,269,635,058
Finance income	34	15,621,561,330	29,465,025,992
Finance costs	34	15,234,422,155	10,764,957,664
Losses of associates and joint ventures		<u>(587,536,671)</u>	<u>-</u>
Profit before income tax		<u>113,183,647,264</u>	<u>52,376,466,269</u>
Income tax expense	35	25,337,803,975	6,865,222,152
Profit		<u>₩ 87,845,843,289</u>	<u>₩ 45,511,244,117</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liability		425,845,870	(246,628,077)
Loss on valuation of financial assets at fair value through other comprehensive income		-	(287,791,758)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		15,700,869,055	1,493,726,976
Share of other comprehensive income of associates		<u>318,680,629</u>	<u>-</u>
Other comprehensive income, net of tax		<u>16,445,395,554</u>	<u>959,307,141</u>
Total comprehensive income		<u>₩ 104,291,238,843</u>	<u>₩ 46,470,551,258</u>
Profit attributable to:			
Owners of the Parent Company		₩ 55,860,311,090	₩ 31,525,952,567
Non-controlling interests		31,985,532,199	13,985,291,550
Total comprehensive income attributable to:			
Owners of the Parent Company		₩ 72,359,912,547	₩ 32,850,676,422
Non-controlling interests		31,931,326,296	13,619,874,836
Earnings per share			
attributable to the equity holders of the Parent Company			
Basic earnings per share	36	₩ 5,402	₩ 3,096
Diluted earnings per share	36	5,402	3,096

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, 2024 and 2023

(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, 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	25	-	-	-	-	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 gain (loss) 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		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		-	(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		₩ 5,230,342,000	₩ 12,338,935,508	₩ (14,597,048,668)	₩ 9,925,230,039	₩ 197,030,220,708	₩ 209,927,679,587	₩ 78,052,517,509	₩ 287,980,197,096
Balance at January 1, 2024		₩ 5,230,342,000	₩ 12,338,935,508	₩ (14,597,048,668)	₩ 9,925,230,039	₩ 197,030,220,708	₩ 209,927,679,587	₩ 78,052,517,509	₩ 287,980,197,096
Total comprehensive income									
Profit		-	-	-	-	55,860,311,090	55,860,311,090	31,985,532,199	87,845,843,289
Other comprehensive income									
Remeasurements of net defined benefit liability	25	-	-	-	-	480,051,773	480,051,773	(54,205,903)	425,845,870
Exchange differences on translation of foreign operations		-	-	-	15,700,869,055	-	15,700,869,055	-	15,700,869,055
Share of other comprehensive income of associates	18	-	-	-	318,680,629	-	318,680,629	-	318,680,629
Total other comprehensive income (loss)		-	-	-	16,019,549,684	480,051,773	16,499,601,457	(54,205,903)	16,445,395,554
Total comprehensive income		-	-	-	16,019,549,684	56,340,362,863	72,359,912,547	31,931,326,296	104,291,238,843
Transactions with owners									
Share-based payment expenses	26	-	-	1,136,961,035	-	-	1,136,961,035	330,647,040	1,467,608,075
Annual dividends paid		-	-	-	-	(4,152,322,400)	(4,152,322,400)	(2,841,487,000)	(6,993,809,400)
Business combination of entities under common control	42	-	(5,041,895,239)	-	-	-	(5,041,895,239)	-	(5,041,895,239)
Disposal of exchange rights on treasury shares		-	-	4,012,320,254	-	-	4,012,320,254	-	4,012,320,254
Decrease due to transactions of treasury shares		-	-	(9,997,597,150)	-	-	(9,997,597,150)	-	(9,997,597,150)
Total transactions with owners		-	(5,041,895,239)	(4,848,315,861)	-	(4,152,322,400)	(14,042,533,500)	(2,510,839,960)	(16,553,373,460)
Balance at December 31, 2024		₩ 5,230,342,000	₩ 7,297,040,269	₩ (19,445,364,529)	₩ 25,944,779,723	₩ 249,218,261,171	₩ 268,245,058,634	₩ 107,473,003,845	₩ 375,718,062,479

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, 2024 and 2023

<i>(in Korean won)</i>	Note	2024	2023
Cash flows from operating activities			
Cash generated from operations	37	₩ 130,310,431,809	₩ 78,704,083,668
Interest received		4,716,410,264	4,221,831,176
Interest paid		(7,986,813,671)	(6,174,595,747)
Income taxes paid		(11,410,977,305)	(11,585,076,891)
Net cash inflow from operating activities		115,629,051,097	65,166,242,206
Cash flows used in investing activities			
Proceeds from disposal of short-term financial instruments		84,128,120,000	55,677,322,981
Decrease in loans		991,935,027	323,153,100
Proceeds from disposal of property, plant and equipment		442,187,088	1,356,993,044
Proceeds from disposal of intangible asset		-	281,818,182
Decrease in leasehold deposits provided		56,487,131	228,702,446
Increase in advances from customers		3,703,580,113	-
Receipt of government grants		7,265,397,771	1,262,015,273
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		6,549,972,030	557,165,400
Payments for short-term financial instruments		(74,494,322,850)	(35,572,200,000)
Increase in loans		(3,996,777,797)	(1,458,981,000)
Payments for property, plant and equipment		(153,372,481,050)	(32,876,785,043)
Payments for intangible assets		(2,434,571,791)	(733,741,034)
Increase in leasehold deposits provided		(1,030,475,308)	(516,871,265)
Payments for investments in joint ventures		(5,080,074,500)	-
Payments for financial assets at fair value through profit or loss		(432,000,000)	(638,000,000)
Net cash outflow from business combination of entities under common control	42	(6,384,511,381)	(94,380,306,177)
Net cash outflow from business combination	41	(4,439,587,630)	-
Net cash outflow from investing activities		(148,527,123,147)	(105,292,714,093)
Cash flows from financing activities			
Proceeds from issuance of debenture		29,531,250,000	-
Proceeds from issuance of convertible notes		30,000,000,000	-
Proceeds from short-term borrowings		129,144,285,200	43,250,270,000
Proceeds from long-term borrowings		63,981,040,000	90,000,000,000
Increase in leasehold deposits received		272,290,000	9,070,000
Capital increase		-	19,978,598,050
Receipt of government grants		-	36,551,233
Repayments of short-term borrowings		(89,600,000,000)	(27,347,520,000)
Repayments of current portion of long-term borrowings		(8,197,370,000)	(6,929,950,387)
Repayments of long-term borrowings		(74,073,150,000)	-
Dividends paid		(6,993,809,400)	(9,940,569,000)
Decrease in leasehold deposits received		(79,700,000)	(13,435,000)
Repayments of lease liabilities		(2,946,785,090)	(2,559,070,052)
Acquisition of treasury shares		(9,997,597,150)	-
Net cash inflow from financing activities		61,040,453,560	106,483,944,844
Net increase in cash and cash equivalents		28,142,381,510	66,357,472,957
Cash and cash equivalents at the beginning of the financial year		126,459,834,911	59,737,999,517
Effects of exchange rate changes on cash and cash equivalents denominated in foreign currencies		3,774,505,099	364,362,437
Cash and cash equivalents at the end of the year		₩ 158,376,721,520	₩ 126,459,834,911

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, 2024 and 2023

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, 2024, 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:

	2024		2023	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
MiCo Ltd.	4,299,326	41.10	4,299,326	41.10
Treasury shares	289,328	2.77	79,878	0.76
Others	5,872,030	56.13	6,081,480	58.14
	<u>10,460,684</u>	<u>100.00</u>	<u>10,460,684</u>	<u>100.00</u>

KoMiCo Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2024 and 2023, are as follows:

	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2024	2023		
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%	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 Although the Group owns less than 50% of voting rights of MiCoCeramics Ltd., the Group has concluded that the Group controls the entity. The entity has been classified as a subsidiary, taking into account in the voting rights delegation agreements with other investors.

1.2 Changes in Scope for Consolidation

In April 2024, the Group acquired 100% of the ordinary shares with voting rights of CERATECH CO., LTD., and then the entity was newly included in the consolidated financial statements, but the entity was excluded from consolidation due to being merged in June 2024 (Note 41).

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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, 2024 and 2023, is as follows:

(in thousands of

2024

Korean won)

	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.	
Financial position																
Total assets	₩	116,551,938	₩	54,426,112	₩	64,315,379	₩	6,548,456	₩	14,247,910	₩	49,883,545	₩	27,497,508	₩	358,709,130
Total liabilities		10,986,113		29,421,316		19,010,193		15,563,838		2,872,860		43,889,916		26,928,300		156,640,028
Comprehensive income																
Sales		42,874,239		20,385,497		61,859,655		10,622,207		12,746,932		9,005,136		-		220,170,002
Profit or loss		7,154,430		399,481		4,396,129		(14,861)		(270,679)		(7,868,219)		(151,921)		63,002,791
Total comprehensive income (loss)		16,182,107		1,975,373		8,294,576		(1,121,652)		899,459		(6,701,639)		(73,683)		62,898,878
Cash flows																
Operating activities		108,093		2,758,942		3,307,915		304,130		1,586,028		(3,191,174)		234,504		67,908,117
Investing activities		(15,264,308)		(24,515,590)		(6,182,158)		(220,991)		(3,450,507)		(1,149,771)		(24,830,504)		(52,747,388)
Financing activities		604,609		20,925,870		(123,721)		(810,526)		1,312,681		3,130,334		24,551,640		23,810,524
Increase (decrease) in cash and cash equivalents		(14,551,606)		(830,778)		(2,997,964)		(727,387)		(551,798)		(1,210,611)		(44,360)		38,971,253

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(in thousands of

2023

Korean won)

	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.

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.

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

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

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

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

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

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

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

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

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

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

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments do not have a significant impact on the consolidated 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, 2024 reporting periods and have not been early adopted by the Group.

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

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

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

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

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

(c) Annual Improvements to Korean IFRS -Volume 11

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

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

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 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

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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.

(e) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

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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.

(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,

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and only when its business model for managing those assets changes.

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

(b) Measurement

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

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

A. Debt instruments

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

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loss and presented net in the statement of comprehensive income within 'finance income' or 'finance costs' in the year in which it arises.

B. Equity instruments

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

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

(c) Impairment

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.

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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.

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

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to income are deferred and later deducted from the related expense.

2.11 Intangible Assets

Goodwill is measured as described in Note 2.3 (a), and carried at cost less accumulated impairment losses.

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

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.

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2.13 Impairment of Non-financial Assets

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

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.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(b) Derecognition

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

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in profit or loss.

(c) Compound financial instruments

Compound financial instruments are convertible bonds that can be converted into equity instruments at the option of the holder and exchangeable bond that can be converted into shares subject to payment in kind at the option of the holder (Note 23, 24).

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 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

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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 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.

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(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
- 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.

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- 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) A performance obligation is satisfied over time

The Group is obliged to provide precision cleaning and coating services over the service period; therefore, the Group will recognize the allocated transaction price for each performance obligation over the service period as revenue.

(d) Variable consideration

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

(e) Significant financing component

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

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

(f) Allocating the transaction price

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

2.20 Leases

(a) Lessor

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

(b) Lessee

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

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

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

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

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

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

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be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets mainly comprise office 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 40). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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2.22 Approval of Issuance of the Financial Statements

The consolidated financial statements 2024 were approved for issue by the Board of Directors on February 28, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

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

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

(a) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 35).

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).

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(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 25).

(e) Estimated goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (Note 16).

4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024	2023
Cash on hand	₩ 2,340	₩ 5,200
Cash in bank and others	158,374,382	126,439,922
Other cash equivalents	-	14,713
	<u>₩ 158,376,722</u>	<u>₩ 126,459,835</u>

5. Short-term Financial Instruments

Short-term financial instruments as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024	2023
Time deposits and instalments	₩ 16,000,000	₩ 25,627,840
Other short-term financial instruments	28,562	-
	<u>₩ 16,028,562</u>	<u>₩ 25,627,840</u>

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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, 2024 and 2023, are as follows:

*(in thousands of
Korean won)*

in thousands of
Korean won)

	2024				2023			
	Foreign amount		Korean won equivalent		Foreign amount		Korean won equivalent	
Assets								
Cash and cash equivalents	USD	9,763,867	₩	14,352,885	USD	31,259,304	₩	40,305,746
	JPY	86,871,820		813,537	JPY	334,849,830		3,056,040
Trade receivables	USD	12,658,589		18,608,126	USD	3,038,426		3,917,746
	JPY	57,309,430		536,691	JPY	45,471,410		415,000
Short-term financial instruments	USD			-	USD	5,000,000		6,447,000
Other receivables	USD	866,034		1,273,070		-		-
			₩	35,584,309			₩	54,141,532
Liabilities								
Trade payables	USD	963,036	₩	1,415,663	USD	375,633	₩	484,341
	JPY	1,582,500		14,820	JPY	666,000		6,078
	EUR	103,532		158,272	EUR	35,561		50,731
Other payables	USD	22,592		33,211	USD	334,486		431,287
			₩	1,621,966			₩	972,437

As at December 31, 2024 and 2023, 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)*

	2024				2023			
	Increase 10%		Decrease 10%		Increase 10%		Decrease 10%	
USD/Korea won	₩	3,278,521	₩	(3,278,521)	₩	4,975,487	₩	(4,975,487)

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JPY/Korea won	133,541	(133,541)	346,496	(346,496)
EUR/Korea won	(15,827)	15,827	(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, 2024 and 2023.

(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)

	2024		2023	
	Amount	Ratio	Amount	Ratio
Borrowings with floating rate	₩ 98,079,350	40%	₩ 47,778,980	22%
Borrowings with fixed rate – maturity dates:				
Less than 1 year	98,266,944	40%	77,805,190	36%
1 to 5 years	47,640,000	20%	84,222,800	39%
Over 5 years	-	-	3,868,200	2%
	₩ 243,986,294	100%	₩ 213,675,170	100%

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)

	2024		2023	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Interest expenses	₩ (980,794)	₩ 980,794	₩ (477,790)	₩ 477,790

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(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 during the year ended December 31, 2023.

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, 2024 and 2023, 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, 2024					
Expected loss rate	0.06%	0.18%	0.87%	24.48%	
Gross carrying amount – trade receivables	₩ 54,037,222	₩ 7,455,104	₩ 1,530,657	₩ 3,983,750	₩ 67,006,733
Allowance for credit losses provision	31,675	13,464	13,332	975,189	1,033,660
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

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Movements in the allowance for credit losses provision for trade receivables for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	477,891	₩	278,968
Bad debt expenses		424,174		190,291
Changes in scope of consolidation		2,788		11,691
Others (effects of exchange rate changes and others)		128,807		(3,059)
Ending balance	₩	<u>1,033,660</u>	₩	<u>477,891</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, 2024 and 2023, 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, 2024					
Expected loss rate	0.10%	100.00%	100.00%	100.00%	
Gross carrying amount – non-trade receivables	₩ 7,810,231	₩ 3,960	₩ 3,960	₩ 75,759	₩ 7,893,910
Allowance for credit losses provision	7,920	3,960	3,960	75,759	91,599
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

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Movements in the allowance for credit losses provision for other receivables at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	264,478	₩	-
Reversal of other bad dept expenses		(87,769)		(8,185)
Changes in scope of consolidation		-		272,663
Others (effects of exchange rate changes and others)		(85,110)		-
Ending balance	₩	<u>91,599</u>	₩	<u>264,478</u>

(d) Bad dept expenses

Following losses are recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Bad dept expenses on trade receivables	₩	424,174	₩	190,291
Reversal of bad dept expenses on other receivables		(87,769)		(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, 2024 and 2023, 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>	2024		2023	
Cash and cash equivalents	₩	158,374,381	₩	126,454,635
Financial assets at fair value through profit or loss		56,253,402		62,956,168
Short-term financial instruments		16,028,562		25,627,840
Trade receivables		65,973,073		40,005,056
Other receivables		16,876,426		10,987,841
	₩	<u>313,505,844</u>	₩	<u>266,031,540</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)

	2024				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	₩ 16,469,808	₩ -	₩ -	₩ -	₩ 16,469,808
Short-term borrowings	129,380,411	-	-	-	129,380,411
Other payables	15,810,506	-	-	-	15,810,506
Current portion of long-term borrowings	5,188,147	-	-	-	5,188,147
Current lease liabilities	2,333,864	-	-	-	2,333,864
Debentures	30,269,531	-	-	-	30,269,531
Convertible bonds	600,000	600,000	31,106,719	-	32,306,719
Long-term other payables	-	885,478	-	-	885,478
Long-term borrowings	3,442,147	42,292,430	23,080,222	67,808,121	136,622,920
Long-term lease liabilities	-	1,897,532	2,376,649	1,330,857	5,605,038
	<u>₩ 203,494,414</u>	<u>₩ 45,675,440</u>	<u>₩ 56,563,590</u>	<u>₩ 69,138,978</u>	<u>₩ 374,872,422</u>

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	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>

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, 2024 and 2023, were as follows:

(in thousands of Korean won)	2024	2023
Total borrowings	₩ 280,222,613	₩ 213,675,170
Less: cash and cash equivalents and short-term financial instruments	<u>174,405,284</u>	<u>152,087,675</u>
Net debt	105,817,329	61,587,495
Total equity	<u>375,718,062</u>	<u>287,980,197</u>
Total capital	<u>₩ 481,535,391</u>	<u>₩ 349,567,692</u>
Gearing ratio	21.97%	17.62%

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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, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at fair value:				
Other financial assets				
Financial assets at fair value through profit or loss	₩ 56,253,402	₩ 56,253,402	₩ 62,956,168	₩ 62,956,168
Financial assets not measured at fair value ¹ :				
Cash and cash equivalents	₩ 158,376,722	₩ 158,376,722	₩ 126,459,835	₩ 126,459,835
Short-term financial instruments	16,028,562	16,028,562	25,627,840	25,627,840
Trade receivables	65,973,073	65,973,073	40,005,056	40,005,056
Other receivables	16,876,426	16,876,426	10,987,841	10,987,841
	₩ 313,508,185	₩ 313,508,185	₩ 266,036,740	₩ 266,036,740
Liabilities				
Financial liabilities measured at fair value:				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 25,904,135	₩ 25,904,135	₩ 5,085,687	₩ 5,085,687
Financial liabilities not measured at fair value ¹ :				
Trade payables	₩ 16,469,808	₩ 16,469,808	₩ 8,987,937	₩ 8,987,937
Other payables	16,695,984	16,695,984	27,062,301	27,062,301
Borrowings	243,986,294	243,986,294	213,675,170	213,675,170
Debentures ²	19,935,126	19,935,126	-	-
Convertible bonds ²	16,301,193	16,301,193	-	-
	₩ 339,292,540	₩ 339,292,540	₩ 254,811,095	₩ 254,811,095
Lease liabilities ¹ :				
Lease liabilities	₩ 7,392,608	₩ 7,392,608	₩ 6,335,563	₩ 6,335,563

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.

² The Group issued debentures and convertible bonds for the year ended December 31, 2024.

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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, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 56,253,402	₩ 56,253,402
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	₩ -	₩ -	₩ 25,904,135	₩ 25,904,135

(in thousands of Korean won)

	2023			
	Level 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

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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, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Beginning balance	₩ 62,956,168	₩ 5,085,687	₩ 17,036,074	₩ 1,570,892
Amount recognized in profit or loss (valuation)	(908,948)	1,162,725	23,808,426	1,771,936
Acquisition	-	24,972,325	-	-
Changes in scope of consolidation	-	-	33,793,737	1,742,859
Reclassification (equity) ¹	-	-	(11,682,069)	-
Disposals ²	(5,793,818)	(5,316,602)	-	-
Ending balance	₩ 56,253,402	₩ 25,904,135	₩ 62,956,168	₩ 5,085,687

¹ 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 (Note 27).

² MiCo Ltd., the Parent Company, fully exercised the put option on the 14th exchangeable bonds of MiCo Ltd. for the year ended December 31, 2024, and the put option on the 15th exchangeable bonds of MiCo Ltd. expired due to the end of the exercise period.

² During the year ended December 31, 2024, part of the option held by the issuer of the exchangeable bonds, with a par value of ₩ 6,000 million, was exercised. Consequently, the Group disposed of the exchangeable bonds and derecognized the related derivative liability of ₩3,654 million associated with the option (Notes 10 and 20). Additionally, part of the option expired due to the end of the exercise period and the Group derecognized the derivative liability of ₩1,662 million (Note 20).

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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, 2024, are as follows:

(in thousands of
Korean won)

			2024		
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
Assets					
Financial assets at fair value through profit or loss	₩ 56,253,402	3	Discounted cash flow model, Binomial model approach, and others	Volatility	46.29% ~ 49.32%
				Discount rate	7.44% ~ 11.41%
				Weighted average discount rate	13.68%
				Perpetual growth rate	0.00%
Liabilities					
Financial liabilities at fair value through profit or loss	25,904,135	3	T-F model, Goldman Sachs model, Binomial model approach, and others	Volatility	46.29% ~ 49.43%
				Discount rate	7.44%~7.54%
				Weighted average discount rate	13.11%~14.78 %
				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, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024	
	Favorable changes	Unfavorable changes
Financial assets		
Financial assets at fair value through profit or loss ¹	₩ 533	₩ (760)
Financial liabilities		
Financial liabilities at fair value through profit or loss ¹	₩ 1,303,496	₩ (1,303,496)

(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)

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

7.7 Gains and losses on valuation at the transaction date

In the case that the Group measured the fair value of derivative financial instruments with unobservable inputs, the Group recognized the fair value of the instrument at the transaction price if the fair value at initial measurement is different from the transaction price. The difference between the fair value at initial measurement and the transaction price is deferred and amortized using a straight-line method until the maturity of the instrument. However, in the case where inputs of the valuation techniques become observable in markets, the remaining deferred difference is immediately recognized as gain or loss.

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In relation to this, details and changes of the total deferred difference for the year ended December 31, 2024, are as follows:

(in thousands of Korean won)

2024

I . Beginning balance	₩	-
II . New transactions		14,162,040
III . Increase (Decrease) ((1)+(2))		(899,429)
(1) Amortization		(899,429)
(2) Liquidation		-
IV . Ending balance (I + II + III)	₩	13,262,611

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, 2024 and 2023, are as follows:

(in thousands of Korean won)

2024

	Financial assets at amortized cost		Financial assets at fair value through profit or loss		Total
Financial assets					
Cash and cash equivalents	₩	158,376,722	₩	-	₩ 158,376,722
Short-term financial instruments		16,028,562		-	16,028,562
Trade receivables		65,973,073		-	65,973,073
Other receivables		16,876,426		-	16,876,426
Other current financial assets		-		9,024,326	9,024,326
Other non-current financial assets		-		47,229,076	47,229,076
	₩	257,254,783	₩	56,253,402	₩ 313,508,185

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(in thousands of Korean won)

(in thousands of Korean won)			2023			
			Financial assets at fair value through profit or loss		Total	
			Financial assets at amortized cost			
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 financial assets		-		62,956,168		62,956,168
	₩	203,080,572	₩	62,956,168	₩	266,036,740

(in thousands of Korean won)

(in thousands of Korean won)	2024					
	Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Total	
Financial liabilities						
Trade payables	₩	16,469,808	₩	-	₩	16,469,808
Short-term borrowings		126,861,414		-		126,861,414
Other payables		16,695,984		-		16,695,984
Current portion of long-term borrowings		4,410,000		-		4,410,000
Debentures		19,935,126		-		19,935,126
Convertible bonds		16,301,193		-		16,301,193
Long-term borrowings		112,714,880		-		112,714,880
Other current financial liabilities		-		25,904,135		25,904,135
	₩	313,388,405	₩	25,904,135	₩	339,292,540

(in thousands of Korean won)

(in thousands of Korean won)	2023				
	Financial liabilities				Total
	Financial liabilities at amortized cost		at fair value through profit or loss		
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
	₩	249,725,408	₩	5,085,687	₩ 254,811,095

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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, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Financial assets at fair value through profit or loss		
Gain on valuation	₩ 1,500,470	₩ 23,808,426
Loss on valuation	(2,409,418)	-
Loss on disposals	(33,350)	-
Financial assets at amortized cost		
Interest income	5,302,986	4,400,796
Foreign exchange gain	4,422,524	992,383
Gain on foreign currency translation	2,646,026	174,162
Financial liabilities at fair value through profit or loss		
Gain on valuation	-	81,073
Loss on valuation	(1,162,725)	(1,853,009)
Gain on disposals	1,661,786	-
Financial liabilities at amortized cost		
Interest expenses	(10,179,529)	(6,713,837)
Foreign exchange loss	(1,189,332)	(877,891)
Loss on foreign currency translation	(66,025)	(1,171,591)

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9. Trade Receivables and Other Receivables

Trade and other receivables and their provisions for impairment as at December 31, 2024 and 2023, are as follows:

(in thousands of
Korean won)

	2024			2023		
	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	₩ 67,006,733	₩ (1,033,660)	₩ 65,973,073	₩ 40,482,947	₩ (477,891)	₩ 40,005,056
Other receivables						
Short-term loans	3,603,763	-	3,603,763	685,365	-	685,365
Non-trade receivables	7,893,910	(91,599)	7,802,311	6,616,566	(264,478)	6,352,088
Accrued income	549,259	-	549,259	344,352	-	344,352
Deposits provided	320,831	-	320,831	230,396	-	230,396
	<u>12,367,763</u>	<u>(91,599)</u>	<u>12,276,164</u>	<u>7,876,679</u>	<u>(264,478)</u>	<u>7,612,201</u>
Non-current assets						
Other receivables						
Long-term loans	1,861,598	-	1,861,598	1,409,860	-	1,409,860
Deposits provided	2,738,664	-	2,738,664	1,965,780	-	1,965,780
	<u>4,600,262</u>	<u>-</u>	<u>4,600,262</u>	<u>3,375,640</u>	<u>-</u>	<u>3,375,640</u>
	<u>₩ 83,974,758</u>	<u>₩ (1,125,259)</u>	<u>₩ 82,849,499</u>	<u>₩ 51,735,266</u>	<u>₩ (742,369)</u>	<u>₩ 50,992,897</u>

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10. Other Financial Assets

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

<i>(in thousands of Korean won)</i>	2024	2023
Other current financial assets		
Financial assets at fair value through profit or loss	₩ 9,024,326	₩ -
Other non-current financial assets		
Financial assets at fair value through profit or loss	47,229,076	62,956,168
	<u>₩ 56,253,402</u>	<u>₩ 62,956,168</u>

Details of financial assets at fair value through profit or loss as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Financial assets at fair value through profit or loss		
Exchangeable bonds ¹	₩ 23,849,138	₩ 28,770,373
Redeemable convertible preferred shares ²	32,404,264	34,185,795
	<u>₩ 56,253,402</u>	<u>₩ 62,956,168</u>

¹ The Group holds exchangeable bonds issued by MiCo Ltd., the Parent Company, which can be exchanged with ordinary shares of MiCo Ceramics Ltd. and KoMiCo Ltd., respectively, and reclassified exchange rights of the exchangeable bonds into equity at the time of obtaining controls over MiCoCeramics Ltd. Exchangeable bonds held by the Group are measured at fair value as at December 31, 2024 (Note 7). During the year ended December 31, 2024, part of the option held by the issuer of the exchangeable bonds, with a par value of ₩ 6,000 million, was exercised. Consequently, the Group disposed of the exchangeable bonds and received cash (Note 20).

² During the year ended December 31, 2024, the Group's percentage of ownership of CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.) is 15.96% through capital increase through allocation to a third party. The shares held by the Group are measured at fair value (Note 7), and these shares have been provided to the acquirer as a first-priority pledge for the fulfillment of the payment in kind of the private bonds issued by the Group (Note 23). CMTX Co.,Ltd. is classified as an associate since the Group has a right to designate board members which indicates significant influence over the entity. However, since it is not a financial instrument subject to the equity method, it has been recognized as a financial asset measured at fair value through profit or loss.

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11. Other Assets

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

<i>(in thousands of Korean won)</i>	2024		2023	
Other current assets				
Advance payments ¹	₩	5,701,582	₩	957,773
Prepaid expenses		779,551		521,613
Contract assets		3,257,510		-
Other current assets		3,240,373		365,730
		<u>12,979,016</u>		<u>1,845,116</u>
Other non-current assets				
Long-term prepaid expenses		332,034		16,855
Long-term advance payments		735,559		-
		<u>1,067,593</u>		<u>16,855</u>
	₩	<u>14,046,609</u>	₩	<u>1,861,971</u>

¹ As at December 31, 2024, ₩ 282,028 thousand (2023: ₩ 331,397 thousand) of allowance for doubtful account are included.

12. Inventories

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

<i>(in thousands of Korean won)</i>	2024			2023		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	₩ 12,159,487	₩ (703,700)	₩ 11,455,787	₩ 10,243,069	₩ (246,135)	₩ 9,996,934
Work in process	12,022,209	(680,779)	11,341,430	10,186,717	(206,419)	9,980,298
Merchandises	4,966,758	(2,352,115)	2,614,643	1,980,491	(754,872)	1,225,619
Raw materials	20,337,475	(1,094,238)	19,243,237	13,868,886	(489,581)	13,379,305
Materials-in-transit	6,346	-	6,346	108,900	-	108,900
	<u>₩ 49,492,275</u>	<u>₩ (4,830,832)</u>	<u>₩ 44,661,443</u>	<u>₩ 36,388,063</u>	<u>₩ (1,697,007)</u>	<u>₩ 34,691,056</u>

Loss on valuation of inventories to net realizable value amounted to ₩ 3,048,760 thousand (2023: ₩ 99,406 thousand). These were recognized as an expense during the year ended December 31, 2024 and included in 'cost of sales' in profit or loss.

Inventories recognized as an expense during the year ended December 31, 2024, amounted to ₩ 272,328,835 thousand (2023: ₩ 190,582,534 thousand). These were included in 'cost of sales'.

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

13. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Cost	Accumulated depreciation	Government grants	Accumulated impairment losses	Book amount
Land	₩ 59,197,422	₩ -	₩ -	₩ -	₩ 59,197,422
Buildings	121,550,123	(32,374,896)	-	-	89,175,227
Structure	21,921,396	(5,849,558)	-	(7,245)	16,064,593
Machinery	181,790,051	(109,328,835)	(2,448,661)	(1,231,644)	68,780,911
Vehicles	6,400,783	(3,363,798)	(6,667)	-	3,030,318
Tools and equipment	12,382,123	(8,524,365)	(820,840)	(24,595)	3,012,323
Supplies	12,485,202	(8,173,634)	(268,886)	(13,997)	4,028,685
Facilities	119,068,150	(81,215,580)	(1,087,792)	(37,161)	36,727,617
Construction-in-progress	120,858,896	-	(7,148,822)	-	113,710,074
Right-of-use assets	14,865,999	(5,657,478)	-	(11,043)	9,197,478
	<u>₩ 670,520,145</u>	<u>₩ (254,488,144)</u>	<u>₩ (11,781,668)</u>	<u>₩ (1,325,685)</u>	<u>₩ 402,924,648</u>

(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>

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

	2024									
	Beginning balance	Acquisition ³	Disposal	Depreciation	Transfer ¹	Government grants	Changes in scope of consolidation	Others	Translation difference adjustments	Ending balance
Land	₩ 34,755,985	₩ 21,259,397	₩ -	₩ -	₩ (113,361)	₩ -	₩ 1,539,780	₩ -	₩ 1,755,622	₩ 59,197,423
Buildings	75,375,536	4,232,925	-	(3,695,841)	6,763,246	-	887,036	-	5,612,326	89,175,228
Structure	11,717,360	5,036,590	-	(1,284,848)	-	-	-	-	595,492	16,064,594
Machinery	65,373,209	10,232,800	(263,681)	(14,475,463)	4,497,879	-	648,953	-	2,767,214	68,780,911
Vehicles	2,236,410	1,412,080	(32,956)	(770,940)	-	-	32,994	-	152,731	3,030,319
Tools and equipment	3,527,266	764,881	(1,034)	(1,341,103)	14,970	(16,170)	359	-	63,155	3,012,324
Supplies	3,376,715	756,273	(31,476)	(1,381,795)	1,335,654	(244,645)	349	-	217,610	4,028,685
Facilities	45,552,448	3,875,029	(50,016)	(16,050,184)	1,662,660	(934,945)	24,106	-	2,648,518	36,727,616
Construction-in-progress ²	26,903,835	102,454,204	-	-	(14,169,576)	(6,055,637)	-	-	4,577,247	113,710,073
Right-of-use assets	7,980,520	3,453,809	(59,484)	(2,792,763)	-	-	-	(20,002)	635,398	9,197,478
	₩ 276,799,284	₩ 153,477,988	₩ (438,647)	₩ (41,792,937)	₩ (8,528)	₩ (7,251,397)	₩ 3,133,577	₩ (20,002)	₩ 19,025,313	₩ 402,924,651

¹ Includes transfer to investment properties of ₩ 8,528 thousand.

² The Group has entered into acquisition agreements for construction-in-progress, and as at December 31, 2024, the outstanding balance of unpaid acquisition commitments amounts to ₩ 41,209,648 thousand.

³ The acquisition amount includes specific borrowing costs of ₩ 839,955 thousand, with a capitalization rate of 5.09% each, excluding operating revenue.

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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 from investment properties of ₩ 1,294,468 thousand.

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024	2023
Cost of sales	₩ 35,253,120	₩ 30,376,727
Selling and administrative expenses	4,422,893	5,016,317
Research and development	2,116,924	2,081,498
	<u>₩ 41,792,937</u>	<u>₩ 37,474,542</u>

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	₩ 400,901,835	Samsung Fire & Marine Insurance
	Inventories		
Fire insurance	Property, plant and equipment, and inventories	7,945,938	AIG ASIA PACIFIC INSURANCE PTE LTD
Fire insurance	Property, plant and equipment	36,750,000	Travelers Insurance Company
Fire insurance	Property, plant and equipment, and inventories	43,525,553	The Charter Oak Fire Insurance Company
Fire insurance	Property, plant and equipment, and inventories	17,521,403	Nan Shan General Insurance Company
Comprehensive property insurance	Property, plant and equipment, and inventories	57,452,441	KBFG Insurance (China) Co., Ltd

¹ The above insurance has been pledged as collateral by Kookmin Bank and Shinhan Bank up to a maximum of ₩ 24,416 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, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Properties	₩ 7,302,212	₩ 6,378,813
Vehicles	1,753,403	1,601,707
Others	141,863	-
	<u>₩ 9,197,478</u>	<u>₩ 7,980,520</u>

Additions to the right-of-use assets during the 2024 financial year were ₩ 3,453,809 thousand (2023: ₩ 1,219,243 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>	2024	2023
Depreciation of right-of-use assets		
Properties	₩ 1,895,912	₩ 1,696,665
Vehicles	861,385	684,381
Others	35,466	3,862
	<u>2,792,763</u>	<u>2,384,908</u>
Interest expense relating to lease liabilities	194,042	148,629
Expense relating to short-term leases	194,023	219,418
Expense relating to leases of low-value assets that are not short-term leases	114,892	263,014
	<u>502,957</u>	<u>631,061</u>
	<u>₩ 3,295,720</u>	<u>₩ 3,015,969</u>

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

<i>(in thousands of Korean won)</i>	2024	2023
Beginning	₩ 6,335,563	₩ 6,314,350
Acquisition	3,451,463	1,219,243
Interest expenses	194,042	148,629
Payments	(2,946,785)	(2,559,070)
Disposal ¹	(58,173)	(127,183)
Others	2,809	-
Changes in scope of consolidation	(27,585)	1,243,896
Translation difference adjustments and others	441,274	95,698
Ending	<u>₩ 7,392,608</u>	<u>₩ 6,335,563</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, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Within one year	₩	2,175,601	₩	2,137,605
Later than one year but not later than two years		2,170,076		790,491
Later than two years but not later than five years		1,753,059		3,407,467
More than five years		1,293,872		-
	₩	<u>7,392,608</u>	₩	<u>6,335,563</u>

15. Investment Properties

Details of investment properties as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024			2023		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Land	₩ 2,096,624	₩ -	₩ 2,096,624	₩ 1,983,262	₩ -	₩ 1,983,262
Buildings	<u>4,201,262</u>	<u>(815,389)</u>	<u>3,385,873</u>	<u>4,875,586</u>	<u>(1,236,896)</u>	<u>3,638,690</u>
	₩ <u>6,297,886</u>	₩ <u>(815,389)</u>	₩ <u>5,482,497</u>	₩ <u>6,858,848</u>	₩ <u>(1,236,896)</u>	₩ <u>5,621,952</u>

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

<i>(in thousands of Korean won)</i>	2024					Ending balance
	Beginning balance	Acquisition	Depreciation	Transfer¹		
Land	₩ 1,983,262	₩ -	₩ -	₩ 113,362		₩ 2,096,624
Buildings	<u>3,638,690</u>	<u>-</u>	<u>(147,984)</u>	<u>(104,833)</u>		<u>3,385,873</u>
	₩ <u>5,621,952</u>	₩ <u>-</u>	₩ <u>(147,984)</u>	₩ <u>8,529</u>		₩ <u>5,482,497</u>

¹ Includes transfer from property, plant and equipment of ₩ 8,529 thousand.

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Korean won)

	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.

The depreciation expense of ₩ 147,984 thousand (2023: ₩ 174,624 thousand) has been included in 'other expenses' in the statement of comprehensive income for the year ended December 31, 2024.

Fair value of land is ₩ 6,274,534 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, 2024 and 2023, rental income earned from investment property is ₩ 806,820 thousand (2023: ₩ 713,098 thousand), and operating expenses from property that generated rental income are ₩ 147,984 thousand (2023: ₩ 174,624 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, 2024 and 2023, consist of:

(in thousands of
Korean won)

	2024				
	Cost	Accumulated amortization	Accumulated impairment losses	Government grants	Book amount
Software	₩ 3,553,490	₩ (1,424,902)	₩ -	₩ (376,714)	₩ 1,751,874
Facility use rights	7,988,953	(122,139)	-	-	7,866,814
Goodwill	2,052,924	-	(1,141,939)	-	910,985
	<u>₩ 13,595,367</u>	<u>₩ (1,547,041)</u>	<u>₩ (1,141,939)</u>	<u>₩ (376,714)</u>	<u>₩ 10,529,673</u>

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(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>

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

(in thousands of Korean won)	2024								
	Beginning balance	Acquisition	Impairment	Amortization	Government grants	Transfer ²	Changes in scope of consolidation	Exchange difference adjustments	Ending balance
Software	₩ 1,155,357	₩ 1,007,725	₩ -	₩ (415,562)	₩ (14,000)	-	₩ 1	₩ 18,353	₩ 1,751,874
Facility use rights	6,134,409	1,790,434	-	(114,415)	-	362,458	-	56,386	7,866,814
Goodwill ¹	-	-	(1,141,939)	-	-	-	2,052,924	-	910,985
	<u>₩ 7,289,766</u>	<u>₩ 2,798,159</u>	<u>₩ (1,141,939)</u>	<u>₩ (529,977)</u>	<u>₩ (14,000)</u>	<u>₩ 362,458</u>	<u>₩ 2,052,925</u>	<u>₩ 74,739</u>	<u>₩ 10,529,673</u>

¹ During the year ended December 31, 2024, MiCoCeramics Ltd., a subsidiary of the Group, acquired 100% of shares of CERATECH CO.,LTD., and the acquisition led to the recognition of goodwill. Meanwhile, on June 26, 2024, MiCoCeramics Ltd., a subsidiary of the Group, merged with CERATECH CO.,LTD. (Note 41).

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

(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>

Line items in the statement of comprehensive income including amortization for the years ended December 31, 2024 and 2023, are as follows

(in thousands of Korean won)	2024	2023
Cost of sales	₩ 178,626	₩ 161,884
Selling and administration expenses	258,891	118,574
Research and development costs	92,460	55,499

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₩	529,977	₩	335,957
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The Group recognized total research and development costs of ₩ 29,933,777 thousand (2023: ₩ 17,525,600 thousand) as selling and administrative expenses.

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

<i>(in thousands of Korean won)</i>	2024	2023
Acquisition cost	₩ 2,052,924	₩ -
Accumulated impairment losses	(1,141,939)	-
Book amount	₩ 910,985	₩ -

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

<i>(in thousands of Korean won)</i>	2024		2023	
	Acquisition cost	Accumulated impairment losses	Acquisition cost	Accumulated impairment losses
Beginning balance	₩ -	₩ -	₩ -	₩ -
Increase due to business combination	2,052,924	-	-	-
Impairment test	-	(1,141,939)	-	-
Ending balance	₩ 2,052,924	₩ (1,141,939)	₩ -	₩ -

Impairment Tests for Goodwill

The goodwill incurred for the year ended December 31, 2024, has resulted from business combination with CERATECH CO.,LTD., for increase in production capacity (Note 41).

The recoverable amount of CGUs has been determined based on value-in-use calculations. These calculations use cash flow projections based on business plan. Cash flows beyond the five-year period are extrapolated using the perpetual growth rate stated below.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them, perpetual growth rate and discount rate used in the value-in-use calculations. Additionally, where there has been an impairment loss in a CGU, the recoverable amount is also presented below.

<i>(in thousands of Korean won)</i>	2024	2023
Perpetual growth rate	0.0%	-
Discount rate	13.47%	-
The recoverable amount of CGUs	₩ 4,042,303	₩ -

The impairment test suggests that the discount rate used is approximately 13.47% and the

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recoverable amount is estimated to be lower than the carrying amount of cash generating units. As a result, impairment losses on goodwill amounting to ₩ 1,141,939 thousand were recognized.

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
Property, plant and equipment, intangible assets, investment properties and inventories	Land, building, machinery, inventory and others	Kookmin Bank		₩ 57,120,000	Assets provided as collateral in relation to borrowings
		Shinhan Bank		6,016,000	
		KDB		144,000,000	
		The Export-Import Bank of Korea	₩ 133,367,138	19,500,000	
		China Merchants Bank Co Ltd		9,707,997	

18. Investments in Joint Ventures

Details of investments in joint ventures as at December 31, 2024, are as follows:

(in thousands of Korean won)

Name of entity	Significant operating activities	Location	2024	
			Percentage of ownership (%)	Carrying amount
Hubei Ziniu Meike Technology Co., Ltd. ¹	Precision cleaning of semiconductor equipment components	China	49%	₩ 4,811,218

¹ During the year ended December 31, 2024, the Group has newly acquired the share of Hubei Ziniu Meike Technology Co., Ltd.. Although the ownership interest is 49%, unanimous among the parties to the joint arrangement is required for the significant activities of investees. Therefore, it is judged to have a joint control.

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Changes in investments in joint ventures as at December 31, 2024, are as follows:

(in thousands of Korean won)

(in thousands of Korean won)					
	Beginning balance	Acquisition	Share of profit or loss	Share of other comprehensive income of associates	Ending balance
Hubei Ziniu Meike Technology Co., Ltd.	₩	- ₩	5,080,075 ₩	(587,538) ₩	318,681 ₩
					₩ 4,811,218

Summarized financial information for investments in joint ventures as at December 31, 2024, is as follows:

(in thousands of Korean won)

	Asset	Liability	Equity	Sale	Profit	Total comprehensive income
Hubei Ziniu Meike Technology Co., Ltd.	₩ 11,142,986 ₩	939,954 ₩	10,203,032 ₩	700 ₩	(814,836) ₩	(496,155) ₩

As at December 31, 2024, the tables below provide a reconciliation of the joint venture' financial information to the carrying amount of its interest in the subsidiaries.

(in thousands of Korean won)

	Net assets at the end of the year (A)	Group's share in % (B)	Group's share in KRW (A*B)	Intercompany transactions	Book amount
Hubei Ziniu Meike Technology Co., Ltd.	₩ 10,203,032	49.00%	₩ 4,999,486 ₩	(188,268) ₩	4,811,218

The Group has entered into an agreement with shareholders of Hubei Ziniu Meike Technology Co., Ltd., a joint venture of the Group, for the pre-emptive right and joint put-option rights.

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19. Trade Payables and Other Payables

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

<i>(in thousands of Korean won)</i>	2024		2023	
Current liabilities				
Trade payables	₩	16,469,808	₩	8,987,937
Other payables				
Non-trade payables		14,157,074		26,010,192
Accrued expenses		1,123,052		714,319
Leasehold deposits received		530,380		258,090
	₩	32,280,314	₩	35,970,538
Non-current liabilities				
Long-term accrued expenses	₩	885,478	₩	-
Leasehold deposits received		-		79,700
	₩	885,478	₩	79,700

20. Other Financial Liabilities

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

<i>(in thousands of Korean won)</i>	2024		2023	
Other current financial liabilities				
Derivative liabilities ¹	₩	25,904,135	₩	5,085,687
	₩	25,904,135	₩	5,085,687

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 were separately recognized as derivative liabilities. During the year ended December 31, 2024, a portion of the put options were exercised and the remaining options expired due to the end of the exercise period. Consequently, the Group fully derecognized the related derivative liability (Notes 7 and 10). Meanwhile, during the year ended December 31, 2024, the Group has issued debentures and convertible bonds and recognized embedded accord and satisfaction rights, conversion rights and rights for early repayment inherent, as derivative liabilities (Notes 23 and 24).

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21. Other Liabilities

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

<i>(in thousands of Korean won)</i>	2024		2023	
Other current liabilities				
Advances from customers ¹	₩	9,421,220	₩	3,968,546
Withholdings		2,367,392		1,172,107
Service warranties		981,525		161,272
Liabilities included in salaries and others		11,677,606		7,067,733
	₩	<u>24,447,743</u>	₩	<u>12,369,658</u>
Other non-current liabilities				
Long-term employee benefits	₩	2,784,400	₩	2,459,099
Make good provision		973,761		864,720
Long-term withholdings		698,680		234,924
	₩	<u>4,456,841</u>	₩	<u>3,558,743</u>

¹ The Group has recognized ₩ 5,117 million of contract liabilities related to contracts with customers (2023: ₩ 3,327 million). Revenue recognized during the year ended December 31, 2024, from the balance of contract liabilities at the end of prior reporting period amounted to ₩ 3,327 million.

22. Borrowings

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

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)	2024	2023
Kookmin Bank	Loans for operating funds	2025-07-02	3.90	₩ 7,600,000	₩ 12,600,000
Kookmin Bank	Facility loans	2025-07-02 ~ 2025-07-08	3.74 ~ 3.90	40,000,000	-
Shinhan Bank	Loans for operating funds	2025-06-27	3.90	5,000,000	10,000,000
Citibank Korea Inc.	Loans for operating funds	2025-01-02 ~ 2025-12-11	2.72 ~ 6.30	60,480,170	28,869,860
KDB	-	-	-	-	17,000,000
The Export-Import Bank of Korea	Loans for operating funds	2025-05-09	6.00	2,572,500	7,256,450
Industrial and Commercial Bank of China	-	-	-	-	1,808,400
China Merchants Bank Co Ltd	Loans for operating funds	2025-01-10 ~ 2025-10-23	2.99 ~ 3.40	8,050,800	5,153,940
INDUSTRIAL BANK OF	Facility loans	2025-12-19	3.49%	1,813,644	-

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E-SUN	Loans for operating funds	2025-02-27	2.40%	1,344,300	-
				<u>₩ 126,861,414</u>	<u>₩ 82,688,650</u>

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

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

(in thousands of Korean won)

Creditor	Details	Latest maturity date	Annual interest rate (%)	2024	2023
Kookmin Bank	-	-	-	₩ -	₩ 40,000,000
Shinhan Bank	Loans for operating funds	2026-08-16	4.29	20,000,000	20,000,000
KDB	Loans for operating funds	2026-05-10	4.43	10,000,000	10,000,000
KDB	Facility loans	2029-11-27 ~ 2034-12-10	3.59 ~ 3.89	67,050,000	55,986,520
The Export-Import Bank of Korea	-	-	-	-	5,000,000
E-SUN	Facility loans	2044-10-25	2.20	20,074,880	-
				<u>117,124,880</u>	<u>130,986,520</u>
	Less: reclassification of current portion			<u>(4,410,000)</u>	<u>(7,666,640)</u>
				<u>₩ 112,714,880</u>	<u>₩ 123,319,880</u>

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

Details of annual repayment schedule of long-term borrowings as at December 31, 2024, are as follows:

(in thousands of Korean won)

	Amount
January 1, 2025 ~December 31, 2025	₩ 4,410,000
January 1, 2026 ~December 31, 2026	34,410,000
January 1, 2027 ~December 31, 2027	4,410,000
January 1, 2028 ~ December 31, 2028	4,410,000
January 1, 2029 ~ December 31, 2029	11,410,000
January 1, 2030 ~	58,074,880
	<u>₩ 117,124,880</u>

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23. Debenture

Details of debenture as at December 31, 2024, are as follows:

(in thousands of Korean won)

Details	Issuance date	Maturity date	Nominal interest rate (%)	Guaranteed yield (%)	2024
3rd private non-registered coupon and non-guaranteed bonds	2024-08-23	2028-08-23	2.00	2.50	₩ 30,126,319
Adjustments for accord and satisfaction rights					(10,191,193)
					<u>₩ 19,935,126</u>

Details of private bonds issued by MiCoCeramics Ltd., a subsidiary of the Group, as at December 31, 2024, are as follows:

(in Korean won)	3rd private non-registered coupon and non-guaranteed bonds
Issuer	Korea Semiconductor Sobujang 1 st Private Equity Fund
Issued date	2024-08-23
Maturity date	2028-08-23
Total far value	29,531,250,000
Issuing amount	29,531,250,000
Exercisable par value ratio	100% of total issuing price
Shares subject to payment in kind	Registered redeemable convertible preferred shares of CMTX Co.,Ltd.
Stock price subject to payment in kind	Par value ₩225,000 per registered ordinary share
Claim period for payment in kind	Until the earlier of one business day before the preliminary listing examination request date for listing on the KOSDAQ market or the securities market, or one business day after the first anniversary of the bond issuance date.
Rights for early repayment	From ten business days before the date that marks one year after the bond issuance, to the date that is exactly one year after the bond issuance.
Put-option rights	-

The above shares subject to payment in kind are collateralized, and those collateralized shares are pledged as collateral.

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24. Convertible Bonds

Details of convertible bonds as at December 31, 2024, are as follows:

(in thousands of Korean won)

Details	Issuance date	Maturity date	Nominal interest rate (%)	Guaranteed yield (%)	2024
2nd non-guaranteed private placement coupon convertible bonds	2024-08-23	2028-08-23	2.00	2.50	₩ 30,626,910
		Adjustments for conversion rights			(14,325,717)
					<u>₩ 16,301,193</u>

Details of convertible bonds issued by MiCoCeramics Ltd., a subsidiary of the Group, as at December 31, 2024, are as follows:

(in Korean won)

Non-guaranteed private placement coupon convertible bonds

Issuer	Korea Semiconductor Sobujang 1 st Private Equity Fund
Issued date	2024-08-23
Maturity date	2028-08-23
Total far value	30,000,000,000
Issuing amount	30,000,000,000
Redeemable par value ratio	100% of total issuing price
Shares subject to conversion	Registered ordinary shares of MiCoCeramics Ltd.
Conversion price	Par value ₩55,000 per registered ordinary share
Claim period for conversion	From three months after the issued date to a month before the issued date
Rights for early repayment	Every three months from 36 months after the issue date to three months before the maturity date
Put-option rights	-

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25. Post-employment Benefit Obligation

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

25.1 Defined Benefit Obligations

Details of post-employment benefit obligation in the statements of financial position as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Present value of defined benefit obligations	₩ 32,994,399	₩ 28,954,874
Fair value of plan assets	(18,573,393)	(13,247,149)
Net defined benefit liabilities	<u>₩ 14,421,006</u>	<u>₩ 15,707,725</u>

Movements in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Beginning balance	₩ 28,954,874	₩ 14,000,640
Current service cost	5,561,975	3,658,266
Past service cost	119,178	-
Interest expense	1,228,825	1,108,900
Remeasurements:		
Actuarial loss (gain) from change in demographic assumptions	(792,857)	1,868
Actuarial loss (gain) from change in financial assumptions	(79,010)	956,472
Actuarial loss (gain) from experience adjustments	232,792	(796,617)
Benefit payments	(2,854,546)	(1,229,162)
Transfer from / to affiliates	623,168	(179,154)
Changes in scope of consolidation	-	11,433,661
Ending balance	<u>₩ 32,994,399</u>	<u>₩ 28,954,874</u>

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Movements in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	13,247,149	₩	4,079,027
Interest income		524,753		459,023
Remeasurements		(96,755)		(146,581)
Contribution paid by user		5,500,000		1,350,000
Benefit payments		(758,937)		(547,389)
Transfer from / to affiliates		117,685		74,834
Changes in scope of consolidation		39,498		7,978,235
Ending balance	₩	<u>18,573,393</u>	₩	<u>13,247,149</u>

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, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Deposit and installments and others	₩ 18,573,393	100	₩ 13,247,149	100
	<u>₩ 18,573,393</u>	<u>100</u>	<u>₩ 13,247,149</u>	<u>100</u>

Actual gain on plan assets is as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Plan assets	₩	427,998	₩	312,442

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

<i>(in thousands of Korean won)</i>	2024		2023	
Current service cost	₩	5,561,975	₩	3,658,265
Past service cost		119,178		-
Interest expense, net		704,072		649,878
Total expenses included in employee benefits	₩	<u>6,385,225</u>	₩	<u>4,308,143</u>

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

<i>(in thousands of Korean won)</i>	2024		2023	
Cost of sales	₩	3,128,304	₩	2,302,663
Selling and administrative expenses		2,216,196		1,309,666
Research and development		1,040,725		695,814
	₩	<u>6,385,225</u>	₩	<u>4,308,143</u>

Actuarial gain recognized in other comprehensive income are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Actuarial gain before income tax	₩	542,321	₩	308,303
Tax effects		(116,475)		(61,675)
Actuarial gain, net of tax	₩	<u>425,846</u>	₩	<u>246,628</u>

The significant actuarial assumptions as at December 31, 2024 and 2023, are as follows:

<i>(in percentage)</i>	2024	2023
Discount rate (%)	3.87 ~ 3.90	4.45 ~ 4.55
Expected salary growth rate (%)	5.66 ~ 6.57	6.76 ~ 6.90
Estimated retirement rates (%)	15.49 ~ 16.08	13.18 ~ 16.06
Estimated mortality rate (%)	0.03	0.03

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

<i>(in thousands of Korean won)</i>	2024		2023	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	₩ (1,968,068)	₩ 2,224,699	₩ (2,019,147)	₩ 2,316,102
Expected salary growth rate	2,184,230	(1,971,143)	2,268,245	(2,018,411)

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The weighted average duration of the defined benefit obligation is 6.4253 ~ 6.771 years. The expected maturity analysis of undiscounted pension benefits as at December 31, 2024, 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	₩ 4,504,695	₩ 15,643,585	₩ 24,122,550	₩ 69,071,459	₩ 113,342,289

25.2 Defined Contribution Plan

The expense recognized in the current period in relation to defined contribution plans, was ₩ 1,682,075 thousand (2023: ₩ 1,346,267 thousand).

26. 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:

26.1 Share Options with Stock Appreciation Rights

Details of the share options with stock appreciation rights are as follows:

<i>(in Korean won)</i>	Granted on November 16, 2016¹	Granted on March 28, 2024
Granted share	Ordinary shares of KoMiCo Ltd.	Ordinary shares of MiCoCeramics Ltd.
Number of shares granted	300,000 shares	106,000 shares
Exercisable price	₩ 12,000	₩ 50,853
Exercisable period	November 16, 2018 ~ November 16, 2023	March 28, 2026 ~ March 27, 2031
Vesting condition	Service conditions: 2 years	Service conditions: 2 years

¹ The share option was fully exercised within the exercise period and has expired during the year ended December 31, 2023.

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Changes in the number of share options outstanding for the year ended December 31, 2024, are as follows:

<i>(in shares)</i>	Granted on March 28, 2024
Beginning	-
Granted	106,000
Ending	106,000
Number of exercisable options	-

The Group measured the cost of the share options granted by fair value using the binomial model approach. The related assumptions and variables to measure the cost of the share options granted as at December 31, 2024, are as follows:

<i>(in Korean won)</i>	Granted on March 28, 2024
Fair value per option	₩ 21,857
Share price at the end of the reporting period	57,738
Expected price volatility (%)	46.29
Risk-free interest rate (%)	2.73
Expected option life	6 years

Book amount of liabilities recognized in relation to share-based payments as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Book amount of liabilities	₩ 885,478	₩ -

Expenses of ₩ 885,478 thousand was recognized in relation to the above share-based payments during the year ended December 31, 2024.

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26.2 Equity-settled Share Options

Details of the equity-settled share options granted by the Group are as follows:

<i>(in Korean won)</i>	Granted on March 29, 2021	Granted on August 5, 2024¹
Granted shares	Ordinary shares of MiCoCeramics Ltd.	Ordinary shares of KoMiCo Ltd.
Number of shares granted	160,000 shares	215,500 shares
Exercise price	₩ 31,900	-
Exercisable period	March 29, 2023 ~ March 28, 2028	August 5, 2027 ~ August 4, 2028 August 5, 2028 ~ August 4, 2029 August 5, 2029 ~ August 5, 2030
Vesting condition	Service conditions: 2 years	Treasury shares will be granted contingent upon maintaining employment from the grant date and throughout the exercisable period, as well as achieving average sales growth and average operating margin for each segment.
Grant method	Grant new issued capital	Treasury shares paid from the date of condition vested

¹ The Group granted restricted stock units (RSU) to executives and employees by resolution of Board of Directors on August 5, 2024.

Changes in the number of share options outstanding for the year ended December 31, 2024, are as follows:

<i>(in shares)</i>	Granted on March 29, 2021	Granted on August 5, 2024
Beginning	160,000	-
Granted	-	215,500
Ending	160,000	215,500
Number of exercisable options	160,000	-

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The Group measured the cost of the share options granted during the year ended December 31, 2024, 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>	Granted on March 29, 2021		Granted on August 5, 2024	
Fair value of share options granted	₩	16,694	₩	61,600
Share price at grant date		31,900		61,600
Expected price volatility (%) ¹		50.29		49.08
Expected option life (years)		2 years		4 ~ 6 years
Risk-free interest rate (%)		1.74		2.83 ~ 2.86

¹ Applied the volatility for the 180 business days.

Expenses of ₩ 1,136,961 thousand was recognized in relation to the above share options during the year ended December 31, 2024.

27. Issued capital and Reserves

Details of issued capital as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won and in number of shares)</i>	2024		2023	
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		10,460,684
Issued capital	₩	5,230,342	₩	5,230,342

Changes in issued capital and share premium for the years ended December 31, 2024 and 2023, 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, 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
January 1, 2024	10,460,684	₩ 5,230,342	₩ 81,260,643	₩ 86,490,985
December 31, 2024	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.

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

<i>(in thousands of Korean won)</i>	2024	2023
Share premium	₩ 81,260,643	₩ 81,260,643
Other reserves ^{1,2}	(73,963,603)	(68,921,707)
	<u>₩ 7,297,040</u>	<u>₩ 12,338,936</u>

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.

² The Group acquired the lower electrode division operated by MiCo Ltd., the Parent Company. Following the method for transactions under common control, the carrying amount from this transaction was recognized as carrying amount in the consolidated financial statements of the Parent Company. The difference between the consideration paid and the carrying amount was recognized as other reserves (Note 42).

28. Accumulated Other Comprehensive Income

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

<i>(in thousands of Korean won)</i>	2024	2023
Share of other comprehensive income of associates	₩ 318,681	₩ -
Exchange differences on translation of foreign operations	25,626,099	9,925,230
	<u>₩ 25,944,780</u>	<u>₩ 9,925,230</u>

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29. Elements of other stockholders equity

Details of elements of other stockholders equity as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Treasury shares ¹	₩ (12,912,576)	₩ (2,914,979)
Share options ²	1,136,961	-
Other capital adjustments ³	(7,669,750)	(11,682,070)
	<u>₩ (19,445,365)</u>	<u>₩ (14,597,049)</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 granted restricted stock units (RSU) to executives and employees by resolution of Board of Directors on August 5, 2024.

³ 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. Meanwhile, part of the option held by the issuer of the exchangeable bonds, with a par value of ₩ 6,000 million, was exercised during the year ended December 31, 2024. Consequently, the Group derecognized the exchange rights (Note 10).

30. Retained Earnings

Retained earnings as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024	2023
Earned profit reserves ¹	₩ 4,456,103	₩ 3,496,158
Other reserves	2,744,449	2,744,449
Retained earnings before appropriation	<u>242,017,709</u>	<u>190,789,614</u>
	<u>₩ 249,218,261</u>	<u>₩ 197,030,221</u>

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

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31. Breakdown of Expenses by Nature

Details of breakdown of expenses by nature for the years ended December 31, 2024 and 2023, as are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Changes in inventories of finished goods and work in process	₩	(2,819,984)	₩	(4,010,478)
Raw materials used		51,292,387		37,840,744
Sales of goods		29,855,348		9,575,544
Employee benefits expenses		134,414,596		93,824,003
Employee benefits		6,913,260		5,830,467
Travel expenses		2,416,349		1,541,049
Depreciation and amortization		42,322,914		37,810,500
Commission expenses		12,745,106		7,923,755
Rental expenses		1,334,712		1,267,362
Insurance premium		9,147,506		7,113,128
Supplies expenses		28,859,956		15,997,132
Vehicles maintenance expenses		1,271,637		1,054,818
Utility expenses		21,686,748		15,363,325
Outsourcing expenses		21,917,676		13,829,773
Repairs expenses		10,209,176		9,520,347
Taxes and dues		7,013,459		5,782,921
Freight expenses		4,181,004		3,540,784
Share-based payment expenses		2,022,439		310,075
Other expenses		9,892,701		10,123,201
	₩	<u>394,676,990</u>	₩	<u>274,238,450</u>

Details of employee benefits expenses incurred for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Salaries	₩	126,347,296	₩	88,169,593
Post-employment benefits		8,067,300		5,654,410
	₩	<u>134,414,596</u>	₩	<u>93,824,003</u>

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32. Selling and Administrative Expenses

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

<i>(in thousands of Korean won)</i>	2024	2023
Salaries	₩ 42,895,220	₩ 31,602,273
Post-employment benefits	3,175,279	1,998,645
Employee benefits	3,044,039	2,615,788
Travel expenses	1,831,502	1,223,614
Vehicles maintenance expenses	1,168,315	985,737
Communication expenses	407,250	359,316
Taxes and dues	3,179,166	2,694,765
Commission expenses	10,294,252	5,853,791
Rental expenses	471,835	491,086
Depreciation	4,422,893	5,016,317
Amortization	258,891	118,574
Repairs expenses	1,371,671	1,049,772
Insurance premium	3,112,887	2,454,857
Entertainment expenses	3,171,935	1,790,957
Advertising expense	524,037	398,327
Supplies expenses	1,694,701	1,412,824
Utility expenses	611,889	441,259
Training expenses	316,524	308,397
Freight expenses	2,715,001	2,203,894
Research and development	29,933,777	17,525,600
Outsourcing expenses	1,863,795	1,448,601
Share-based payment expenses	1,783,602	310,075
Others	3,675,521	1,215,122
	<u>₩ 121,923,982</u>	<u>₩ 83,519,591</u>

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33. Other Income and Expenses

Details of other income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Rental income	₩ 716,161	₩ 787,701
Commissions received	156,872	51,630
Royalty income	520,300	-
Gain on disposal of property, plant and equipment	280,153	435,773
Gain on disposal of intangible assets	-	210,818
Miscellaneous revenues	2,196,917	431,664
	<u>₩ 3,870,403</u>	<u>₩ 1,917,586</u>

Details of other expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Donations	₩ 81,745	₩ 41,160
Loss on disposal of property, plant and equipment	263,289	234,323
Impairment loss on property, plant and equipment	-	340,997
Impairment loss on intangible assets	1,141,939	-
Loss on disposal of assets held for sale	-	177,411
Depreciation of investment properties	147,984	174,624
Miscellaneous expenses	1,313,055	301,120
	<u>₩ 2,948,012</u>	<u>₩ 1,269,635</u>

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34. Finance Income and Finance Costs

Details of finance income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Interest income	₩ 5,302,986	₩ 4,400,796
Gain on foreign currency transaction	4,422,524	992,384
Gain on foreign currency translation	2,646,026	174,162
Reversal of allowance for doubtful account	87,769	8,185
Gain on valuation of derivatives	-	81,073
Gain on disposal of derivatives	1,661,786	-
Gain on valuation of financial assets at fair value through profit or loss	1,500,470	23,808,426
	<u>₩ 15,621,561</u>	<u>₩ 29,465,026</u>

Details of finance costs for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Interest expense	₩ 10,373,571	₩ 6,862,465
Loss on foreign currency transaction	1,189,333	877,891
Loss on foreign currency translation	66,025	1,171,592
Loss on valuation of derivatives	1,162,725	1,853,010
Loss on valuation of financial assets at fair value through profit or loss	2,409,418	-
Loss on disposal of financial assets at fair value through profit or loss	33,350	-
	<u>₩ 15,234,422</u>	<u>₩ 10,764,958</u>

35. Tax Expense

Income tax expense for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	2024	2023
Current tax on profits for the year	₩ 25,576,441	₩ 5,547,037
Adjustments in respect of prior years	(37,316)	(310,401)
Deferred tax due to temporary differences	(124,295)	1,628,586
Others	49,280	-
Tax credits carried forward	(126,306)	-
Income tax expense	<u>₩ 25,337,804</u>	<u>₩ 6,865,222</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, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Deferred tax		
Remeasurements of net defined benefit liability	₩ (116,476)	₩ 61,675
Equity instruments at fair value through other comprehensive income	-	80,228
Share options	330,647	-
	<u>₩ 214,171</u>	<u>₩ 141,903</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Profit before income tax expense	₩ 113,183,647	₩ 52,376,466
Income tax based on statutory tax rate ¹	32,880,355	14,908,747
Adjustments:		
Non-taxable income	(327,229)	(1,460,564)
Non-deductible expense	2,422,809	224,582
Effects of deferred tax not recognized arising from temporary differences	(2,402,977)	(1,849,970)
Tax credits carried forward	(126,306)	-
Adjustments in respect of prior years	(2,001,107)	(310,401)
Tax credit	(4,769,472)	(4,085,828)
Others	(338,269)	(561,344)
Income tax expense	<u>₩ 25,337,804</u>	<u>₩ 6,865,222</u>
Effective tax rate	22.39%	13.11%

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, 2024 and 2023, are as follows:

	2024					
	Increase (decrease)					Ending balance
	Beginning balance	Profit or loss	Other comprehensive income and equity	Others	Exchange difference	
Accrued revenues	₩ (62,311)	₩ (39,570)	₩ -	₩ -	₩ -	₩ (101,881)
Equity method investments	(11,197,092)	(4,079,250)	-	-	(8,439)	(15,284,781)
Convertible bonds	-	(3,095,930)	-	-	-	(3,095,930)
Debenture	-	(2,168,724)	-	-	-	(2,168,724)
Plan assets	(2,731,856)	(1,432,012)	21,407	-	-	(4,142,461)
Property, plant and equipment	3,095,199	1,930,829	-	(374,207)	(164,389)	4,487,432
Inventories	431,246	692,054	-	-	20,267	1,143,567
Intangible assets	(70,202)	(157,053)	-	-	(21,661)	(248,916)
Annual leave payable	656,557	86,113	-	-	21,738	764,408
Defined benefit obligations	6,267,756	1,161,587	(137,883)	-	-	7,291,460
Long-term employee benefits	529,752	84,828	-	-	-	614,580
Allowance for doubtful account	165,905	7,709	-	-	10,206	183,820
Share-based payment expenses	534,494	69,162	330,647	-	-	934,303
Derivatives	1,101,600	4,752,735	-	-	-	5,854,335
Measured at fair value through profit or loss	(7,731,988)	1,108,578	-	-	-	(6,623,410)
Right-of-use assets	(461,142)	15,864	-	-	-	(445,278)
Lease liabilities	445,048	(6,873)	-	-	-	438,175
Others	1,551,481	1,090,881	-	-	19,859	2,662,221
Loss carryforwards	995,507	-	-	-	-	995,507
Tax credits carried forward	-	209,531	-	-	40,450	249,981
	₩ (6,480,046)	₩ 230,459	₩ 214,171	₩ (374,207)	₩ (81,969)	₩ (6,491,592)

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	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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Details of unrecognized deductible temporary differences as deferred tax assets as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023	Remarks
Interests in subsidiary ¹	₩ 74,022,570	₩ 87,108,527	No plan for disposal
Unused losses ²	-	12,033,910	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>	2024	2023
After 5 years	₩ -	₩ 12,033,910

The analysis of deferred tax assets and liabilities as at December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 24,121,537	₩ 16,671,045
Deferred tax asset to be recovered within 12 months	2,258,765	1,920,505
	<u>26,380,302</u>	<u>18,591,550</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(31,230,920)	(22,786,805)
Deferred tax liability to be recovered within 12 months	(1,640,974)	(2,284,791)
	<u>(32,871,894)</u>	<u>(25,071,596)</u>
Deferred tax liabilities, net	<u>₩ (6,491,592)</u>	<u>₩ (6,480,046)</u>

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36. Earnings per Shares

(a) Basic earnings per share

Details of the calculation of basic earnings per shares for the years ended December 31, 2024 and 2023, are as follows:

<i>(in Korean won and in number of shares)</i>	2024	2023
Profit attributable to ordinary shares of the Parent Company	₩ 55,860,311,090	₩ 31,525,952,567
Weighted average number of ordinary shares outstanding	10,341,410	10,184,207
Basic earnings per share	<u>₩ 5,402</u>	<u>₩ 3,096</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: Restricted Stock Units (RSU). For the RSU, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding RSU. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the RSU are exercised. The RSU issued on August 5, 2024, were not included in calculation of diluted earnings per share as they do not have dilutive effects.

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

<i>(in Korean won and in number of shares)</i>	2024	2023
Profit used to determine diluted earnings per share	₩ 55,860,311,090	₩ 31,525,952,567
Weighted average shares for diluted earnings per share	10,341,410	10,184,207
Diluted earnings per share	₩ 5,402	₩ 3,096

Details of profit used to determine diluted earnings per share as at December 31, 2024 and 2023, consist of:

<i>(in Korean won)</i>	2024	2023
Profit attributable to ordinary shares	₩ 55,860,311,090	₩ 31,525,952,567
Add		
Interest expense and others	-	-
Diluted basic earnings per share	<u>₩ 55,860,311,090</u>	<u>₩ 31,525,952,567</u>

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Details of the weighted average number for diluted ordinary shares as at December 31, 2024 and 2023, consist of:

<i>(in number of shares)</i>	2024	2023
The weighted average number of ordinary shares	10,341,410	10,184,207
Dilutive potential ordinary shares		
Effect of share options	-	-
	<u>10,341,410</u>	<u>10,184,207</u>

37. Cash Flows

(a) Cash generated from operations

<i>(in thousands of Korean won)</i>	2024	2023
Profit	₩ 87,845,843	₩ 45,511,244
Adjustments for:		
Interest expense	10,373,571	6,862,465
Loss on foreign currency translation	66,025	1,171,591
Post-employment benefits (defined benefit plan)	6,385,225	4,308,143
Depreciation	41,940,921	37,649,167
Loss on disposal of property, plant and equipment	263,289	234,323
Impairment loss on property, plant and equipment	-	340,997
Amortization	529,977	335,957
Impairment loss on intangible assets	1,141,939	-
Share-based payment expenses	2,022,439	310,075
Bad debt expenses	336,405	128,139
Income tax expense	25,337,804	6,865,222
Interest income	(5,302,986)	(4,400,796)
Gain on foreign currency translation	(2,646,026)	(174,162)
Loss on valuation of inventories	3,048,760	99,406
Gain on disposal of property, plant and equipment	(280,153)	(435,773)
Gain on disposal of intangible assets	-	(210,818)
Gain on valuation of financial assets at fair value through profit or loss	(1,500,470)	(23,808,426)
Loss on disposal of financial assets at fair value through profit or loss	33,350	-
Loss on valuation of financial assets at fair value through profit or loss	2,409,418	-
Loss on disposal of assets held for sale	-	177,411
Gain on valuation of derivatives	-	(81,073)
Gain on disposal of derivatives	(1,661,786)	-

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Loss on valuation of derivatives	1,162,725	1,853,009
Loss of joint ventures accounted for using equity method	587,537	-
Others	2,536,887	432,710
Changes in assets and liabilities due to operating activities:		
Trade receivables	(27,556,933)	7,042,326
Other receivables	799,342	1,290,942
Other current assets	(9,553,250)	(539,545)
Other non-current assets	(288,564)	12,919
Inventories	(11,951,412)	(1,403,191)
Trade payables	11,618,006	(1,312,176)
Other payables	(5,710,107)	1,212,898
Other current liabilities	5,767,951	(2,956,782)
Decrease in long-term employee benefits	-	(37,200)
Benefit payments	(2,095,609)	(786,459)
Transfer from affiliates	150,314	111,541
Contribution to plan assets	(5,500,000)	(1,100,000)
Cash generated from operations	₩ 130,310,432	₩ 78,704,084

(b) Significant transactions not affecting cash flows

<i>(in thousands of Korean won)</i>	2024	2023
Reclassification of financial assets at fair value through other comprehensive income	₩ -	₩ (368,020)
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	1,780,730	7,666,640
Transfer of construction-in-process to property, plant and equipment	14,169,576	2,456,634
Reclassification of current portion of long-term loans	932,614	155,549
Reclassification of non-trade payables related to acquisition of property, plant and equipment and intangible assets	(2,587,535)	5,805,937
Acquisition of right-of-use assets	3,453,809	1,219,243
Receipt of government grants	59,405	58,270
Business combination	5,657,195	-

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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, 2024 and 2023, are as follows:

*(in thousands of
Korean won)*

	2024				
	Beginning balance	Cash flows	Non-cash changes		
			Transfer and others	Changes in foreign exchange rates	Ending balance
Short-term borrowings	₩ 82,688,650	₩ 39,544,285	₩ -	₩ 4,628,479	₩ 126,861,414
Long-term borrowings	123,319,880	(11,342,110)	(2,697,670)	3,434,780	112,714,880
Current portion of long-term borrowings	7,666,640	(6,947,370)	3,372,670	318,060	4,410,000
Debenture	-	29,531,250	(9,596,124)	-	19,935,126
Convertible bonds	-	30,000,000	(13,698,807)	-	16,301,193
Lease liabilities	6,335,563	(2,946,785)	3,562,556	441,274	7,392,608
Leasehold deposits received	337,790	192,590	-	-	530,380
Government grants	36,551	-	(22,559)	-	13,992
	<u>₩ 220,385,074</u>	<u>₩ 78,031,860</u>	<u>₩ (19,079,934)</u>	<u>₩ 8,822,593</u>	<u>₩ 288,159,593</u>

*(in thousands of
Korean won)*

	2023				
	Beginning balance	Cash flows	Non-cash changes		
			Transfer and others	Changes in foreign exchange rates	Ending balance
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>

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38. Contingent Liabilities and Commitments

Payment guarantees provided by others

Details of payment guarantees provided by others as at December 31, 2024, are as follows:

<i>(in thousands of Korean won)</i>		Guaranteed amount	Guaranteed by	Remarks
Seoul guarantee insurance company	₩	400,000	Pyeongtaek Customs Co.	Guarantees for comprehensive customs
Seoul guarantee insurance company		74,300	Samchully Co., Ltd	Guarantees for payments of city gas usage and others
Seoul guarantee insurance company		11,508	Anseong-si, Gyeonggi-do	Safety management deposit for construction
Seoul guarantee insurance company		7,800	Anseong-si, Gyeonggi-do	Guarantees for deposits for authorization of urban planning facilities project
Seoul guarantee insurance company		856,430	Gangneung-si, Gangwon-do ¹	Payment guarantee for the return of agreement of local investment promotion subsidy
Seoul guarantee insurance company		92,266	KOREA ELECTRIC POWER CORPORATION	Guarantees for payments of electricity usage
Seoul guarantee insurance company		41,000	KOREA ENERGY AGENCY	Payment guarantee for the return of agreement of subsidy for national support business
Seoul guarantee insurance company		283,071	KOREA TECHNOLOGY AND INFORMATION PROMOTION AGENCY	Payment guarantee for the return of agreement of subsidy for national support business
Seoul guarantee insurance company		2,500	Samchully Co., Ltd	Guarantees for payments of gas usage
Seoul guarantee insurance company		124,968	Mayor of Gangneung-si, Gangwon Special Self-Governing Province	Guarantees for deposits for obtaining permission for development activities under National Land Planning And Utilization Act
Seoul guarantee insurance company		11,697,840	Gangneung-si, Gangwon Special Self-Governing Province	Payment guarantee for the return of agreement of subsidy for national support business

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, 2024, 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	₩ 7,600,000	₩ 7,600,000
	Loans for facility funds	₩ 40,000,000	₩ 40,000,000
Shinhan Bank	Loans for operating funds	₩ 25,000,000	₩ 25,000,000
Citibank Korea Inc.	Loans for operating funds	₩ 20,000,000	₩ 20,000,000
	Loans for operating funds	USD 37,000,000	USD 25,800,000
		USD 25,000,000	TWD 57,000,000
		USD 4,000,000	CNY -
KDB	Loans for operating funds	₩ 10,000,000	₩ 10,000,000
	Loans for facility funds	₩ 120,000,000	₩ 45,000,000
		USD 15,000,000	USD 15,000,000
INDUSTRIAL BANK OF KOREA	Loans for facility funds	CNY 9,376,000	CNY 9,011,000
China Merchants Bank Co Ltd	Loans for operating funds	CNY 80,000,000	CNY 40,000,000
E-SUN	Loans for operating funds	TWD 50,000,000	TWD 30,000,000
	Loans for facility funds	TWD 448,000,000	TWD 448,000,000
The Export-Import Bank of Korea	Loans for operating funds	USD 1,750,000	USD 1,750,000
	Loans for export support funds	₩ 10,000,000	₩ -

KoMiCo Technology Inc., a subsidiary, has entered into an economic development incentive agreement to received subsidies from Texas, USA, if it meets conditions for generating new investments and creating new jobs. In 2023, the Group fulfilled the conditions of new investments and job creation, and received subsidies of USD 250,000 during the year ended December 31, 2024.

To enhance employee welfare and promote company loyalty, the Group operates an employee share ownership plan. Under this plan, the Group makes matching contributions at a certain percentage to the contributions made by executives and employees, and recognizes this as an item of employee benefits.

The Group has entered into an agreement with shareholders of Hubei Ziniu Meike Technology Co., Ltd., a joint venture of the Group, for the pre-emptive right and joint put-option rights.

If the Group decides to sell its shares of MiCoCeramics Ltd., the subsidiary held by the Parent Company, the acquirer of convertible bonds of MiCoCeramics Ltd. possesses the tag-along rights, permitting them to sell all or part of the convertible bonds under the same sales conditions.

As at December 31, 2024, the Group is involved as a plaintiff in one pending lawsuit. This lawsuit was originally filed by CERATECH CO.,LTD., which was merged by the Group in June 2024. A claim has been filed for damages related to the explosion of a storage facility located in Gangneung TECHNO PARK (claim in relation to CERATECH CO.,LTD. amounting to ₩ 201,354,530 and amount under appeal: ₩ 20,135,453). Both plaintiff and defendant has appealed against the 2nd ruling. As the lawsuit is in progress, it is impossible to be reasonably

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estimated, and any outflows or inflows of resources are also uncertain. Therefore, the Group expects that this case would not have any material impact on its financial statements. The management of the Group is actively responding to this lawsuit through its legal representatives in accordance with legal procedures.

Details of the agreement with government agency in relation to government grants as at December 31, 2024, are as follows:

<i>(in thousands of Korean won)</i>	Assets with restricted ownership	Subsidies received	Details of subsidies
Gangneung-si, Gangwon-do	Land, building	₩ 3,892,862	Local investment promotion subsidy ¹
Gangneung-si, Gangwon-do	Machinery	10,634,400	Local investment promotion subsidy ²

¹ The Group received the subsidy of ₩ 3,892,862 thousand from Gangneung-si, Gangwon-do as a part of the facility investment for Gangneung Plant No. 2. The government grant is presented as a deduction from the machinery of Gangneung Plant No.2., with a balance of ₩ 427,130 thousand remaining after offsetting depreciation of the machinery at the end of the reporting period. The Group has obligations to comply with the project execution period, to implement investments, employment, to maintain employment and to comply with the restrictions on the disposal of land and others.

² The Group received the subsidy of ₩ 10,634,400 thousand from Gangneung-si, Gangwon-do as a part of the facility investment for Gangneung Plant No. 4. The government grant is presented as deduction from the machinery of Gangneung Plant No.4. and unearned revenues. The balance of the government grant at the end of the reporting period is ₩ 10,634,400 thousand, which includes government grants for construction-in-process of ₩ 6,930,820 thousand and unearned revenues of ₩ 3,703,580 thousand. The Group has obligations to comply with the project execution period, to implement investments, employment, to maintain employment and to comply with the restrictions on the disposal of land and others.

39. Related Party Transaction

Details of the companies that have a controlling or subsidiary relationship with the Group as at December 31, 2024 and 2023, are as follows.

Type	2024	2023	Remark
Parent Company	MiCo Ltd.	MiCo Ltd.	-
Joint venture	Hubei Ziniu Meike Technology Co., Ltd.	-	Newly included in a joint venture of the Group
Associate	CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.) ⁸	COMA Technology Co., Ltd.	An associate of the joint venture
Other related parties	MiCoPower Ltd.	MiCoPower Ltd.	Established by split-off of the Parent Company
	Micohightech	Micohightech (formerly,	A subsidiary of the Parent

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Type	2024	2023	Remark
		SAMYANG CERATECH CO.LTD)	Company
	Eco Innovation Co.,Ltd. ¹	-	Newly included in a subsidiary of the Parent Company
	- ²	MiCo BioMed Co., Ltd.	Excluded from related parties (disposed of shares in 2024)
	- ²	MICOBIO INDIA PRIVATE LIMITED.	Excluded from related parties (disposed of shares in 2024)
	- ²	Target Health LLC	Excluded from related parties (disposed of shares in 2024)
	AFWP Venture Business Investment Associations No.14	-	Newly included in an associate of the Parent Company
	DAYLI PARTNERS Fountainhead Blind Fund No.1	-	Newly included in an associate of the Parent Company
	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO.,LTD ³	-	Newly included in a subsidiary of the Parent Company
	YANTAI HYUNDAI HEAVY INDUSTRIES CO.,LTD ³	-	Newly included in a subsidiary of the Parent Company
	Yantai Hyundai Heavy Industries (Penglai) Co.,Ltd. ³	-	Newly included in a subsidiary of the Parent Company
	Namyangju Green Ennergy No.2 Co.,Ltd. ⁴	-	Newly included in a joint venture of the Parent Company
	- ⁵	SPECLIPSE,INC.	Excluded from related parties (disposed of shares in 2024)
	- ⁵	Speclipse Inc.	Excluded from related parties (disposed of shares in 2024)
	- ⁵	Speclipse Austrailia Pyt Ltd	Excluded from related parties (disposed of shares in 2024)
	- ⁵	Speclipse EuropeGmbH	Excluded from related parties (disposed of shares in 2024)
	AI N M NET LTD. (formerly, MiCo Networks Co.,Ltd.)	MiCo Networks Co.,Ltd.	An entity controlled by key executives of the Parent Company
	AICCESS Co.,Ltd. ⁶	-	The subsidiary of an entity controlled by key executives of the Parent Company
	ITFACT Inc. ⁶	-	The subsidiary of an entity controlled by key executives of the Parent Company
	MICOBIO MED USA, Inc ⁷	MICOBIO MED USA, Inc	The subsidiary of an entity

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Type	2024	2023	Remark
			controlled by key executives of the Parent Company
	MICO INTERNATIONAL BRAZIL EMPREENDIMIENTOS E PARTICIPACOES LTDA ⁷	MICO INTERNATIONAL BRAZIL EMPREENDIMIENTOS E PARTICIPACOES LTDA	The subsidiary of an entity controlled by key executives of the Parent Company
	PT. MICO BIOMED INDONESIA ⁷	PT. MICO BIOMED INDONESIA	The subsidiary of an entity controlled by key executives of the Parent Company
	Mico Biomed do Brasil Ltda (formerly, Call Medical) ⁷	Call medical	The subsidiary of an entity controlled by key executives of the Parent Company
	MICo NTH Investment LLC ⁷	MICo NTH Investment LLC	The subsidiary of an entity controlled by key executives of the Parent Company
	New Target Health, Inc. ⁷	New Target Health, Inc.	The subsidiary of an entity controlled by key executives of the Parent Company
	AIMS ASSET MANAGEMENT CO., LTD. (formerly. Cynerz Investment Co., Ltd.)	-	An entity controlled by key executives of the Parent Company

¹ On September 9, 2024, MiCo Ltd., the Parent Company, acquired shares of Eco Innovation Co., Ltd., and, Eco Innovation Co., Ltd. has been included in related parties for the year ended December 31, 2024.

² MiCo Ltd., the Parent Company, disposed of its shares of MiCo BioMed Co., Ltd., on November 29, 2024. Accordingly, MiCo BioMed Co., Ltd. and part of the subsidiaries of MiCo BioMed Co., Ltd. were excluded from the related parties for the year ended December 31, 2024.

³ MiCo Ltd., the Parent Company, acquired shares of HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO., LTD during the year ended December 31, 2024. Accordingly, HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO., LTD and the subsidiaries of HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO., LTD have been included in related parties for the year ended December 31, 2024.

⁴ On March 26, 2024, MiCo Ltd., the Parent Company, acquired shares of Namyangju Green Engergy No.2 Co., Ltd. Namyangju Green Engergy No.2 Co., Ltd. has been included in related parties for the year ended December 31, 2024.

⁵ MiCo Ltd., the Parent Company, disposed of its shares of SPECLIPSE, INC., on July 31, 2024. Accordingly, SPECLIPSE, INC. and the subsidiaries of SPECLIPSE, INC. were excluded from the related parties for the year ended December 31, 2024.

⁶ On April 30, 2024, AI N M NET LTD., an entity controlled by key executives of the Parent

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Company, acquired shares of AICESS Co.,Ltd., and AI N M NET LTD. has been included in related parties for the year ended December 31, 2024. AICESS Co.,Ltd. acquired shares of ITFACT Inc., on June 28, 2024 and has been included in related parties for the year ended December 31, 2024.

⁷ The entities, formerly an associate of the Parent Company, were acquired by AI N M NET LTD., an entity controlled by key executives of the Parent Company, on December 31, 2024.

⁸ Although MiCoCeramics Ltd., a subsidiary, holds less than 20% of the equity shares of CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.) , it is judged to have significant influence as the entity has a right to designate board members. Therefore, CMTX Co.,Ltd. was included in related parties. In addition, as it is not feasible to substantively access the profits linked to the shares, it was classified as a financial asset measured at fair value through profit or loss.

Sales and purchases with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

Type	Name of entity	2024							
		Sales	Purchase	Acquisition of assets	Disposal of assets	Acquisition of shares	Other income	Other expense	Acquisition of right-of-use asset
Parent Company	MiCo Ltd.	₩ 6,309,602	₩ 42,064,766	₩ -	₩ 105,000	₩ -	₩ 1,655,215	₩ 3,564,965	₩ 119,211
Joint venture	Hubei Ziniu Meike Technology Co., Ltd.	1,849,303	-	-	-	5,080,075	786,944	-	-
Associate	CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.)	900	435,480	-	-	-	-	-	-
Other related parties	MiCoPower Ltd.	-	-	5,000,000	-	-	1,514,442	25,163	-
	Micohightech	-	27,565	12,114,000	-	-	1,440	319,154	-
	AICESS Co.,Ltd.	-	-	4,532,704	-	-	-	2,678	-
	New Target Health,Inc.	-	-	-	-	-	77,853	-	-
	AI N M NET LTD. (formerly, MiCo Networks Co.,Ltd.)	-	-	3,225,635	-	-	-	-	-
	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO.,LTD	-	-	129,973	-	-	828	-	-
		₩ 8,159,805	₩ 42,527,811	₩ 25,002,312	₩ 105,000	₩ 5,080,075	₩ 4,036,722	₩ 3,911,960	₩ 119,211

(in thousands of Korean won)

(in thousands of Korean won)		2023							
Type	Name of entity	Sales	Purchase	Acquisition of assets	Other income	Other expense	Acquisition of right-of-use asset		
Parent Company	MiCo Ltd.	₩ 946,197	₩ 23,475,234	₩ 7,938	₩ 452,341	₩ 2,280,146	₩ 21,073		
Associate	COMA Technology Co., Ltd.,	1,260	13,365	-	-	-	-		
Other related parties	MiCo BioMed Co., Ltd.	-	-	-	10,651	-	-		
	MiCoCeramics Ltd. ¹	557,299	2,697,584	-	738,518	63,196	-		
	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 The amounts are before acquisition of shares (deemed acquisition date: July 1, 2023).

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Outstanding balances arising from sales/purchases of goods and services as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

Type	Name of entity	2024					
		Receivables		Payables			Lease liabilities
		Trade receivables	Other receivables	Trade payables	Other payables		
Parent Company	MiCo Ltd.	₩ 510,845	₩ 968,047	₩ 2,218,180	₩ 2,743,838	₩	49,654
Joint venture	Hubei Ziniu Meike Technology Co., Ltd.	1,849,076	887,376	-	-		-
Associate	CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.)	-	-	-	9,020		-
Other related parties	MiCoPower Ltd.	-	132,047	-	3,254,580		-
	Micohightech	-	1,541	-	37,255		-
	HYUNDAI HEAVY INDUSTRIES POWER SYSTEMS CO.,LTD	-	886	-	-		-
	New Target Health,Inc.	-	83,904	-			-
	AI N M NET LTD. (formerly, MiCo Networks Co.,Ltd.)	-	-	-	428,755		-
		₩ 2,359,921	₩ 2,073,801	₩ 2,218,180	₩ 6,473,448	₩	49,654

(in thousands of Korean won)

Type	Name of entity	2023			
		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
		₩ 343,267	₩ 685,165	₩ 2,471,170	₩ 7,638,924

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Significant fund transactions with related parties for the year ended December 31, 2024, are as follows:

(in thousands of Korean won)

Type	Name of entity	Line item	2024						
			Loan (borrowing) transactions						
			Beginning	Loan/ Borrowing	Collection/ Repayment	Valuation/ Amortization	Exchange rate changes	Ending	
Parent Company	MiCo Ltd.	Financial assets at fair value through profit or loss ¹	₩ 28,770,373	₩ -	₩ (5,793,818)	₩ 872,582	₩ -	₩ 23,849,137	
	MiCo Ltd.	Financial liabilities at fair value through profit or loss ¹	(5,085,687)	-	5,316,601	(230,914)	-	-	
Associate	CMTX Co.,Ltd. (formerly, COMA Technology Co., Ltd.)	Financial liabilities at fair value through profit or loss	34,185,794	-	-	(1,781,530)	-	32,404,264	
Other related parties	MiCo BioMed Co., Ltd.	Short-term loans	252,860	-	(252,860)	-	-	-	
	New Target Health, Inc.	Short-term loans	-	2,708,800	-	-	231,200	2,940,000	
			₩ 58,123,340	₩ 2,708,800	₩ (1,987,294)	₩ 117,355	₩ 231,200	₩ 59,193,401	

¹ During the year ended December 31, 2024, part of the option held by the issuer of the exchangeable bonds, with a par value of ₩ 6,000 million, was exercised. Consequently, the Group disposed of the exchangeable bonds and derecognized the related derivative liability associated with the option (Notes 7, 10 and 20). Additionally, part of the option expired due to the end of the exercise period and the Group derecognized the derivative liability (Notes 7 and 20). Meanwhile, the Group notified to MiCo Ltd., the Parent Company, not to exercise the early redemption right of the exchangeable bonds until June 30, 2025.

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(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	COMA Technology Co., Ltd.,	Financial assets at fair value through profit or loss	-	-	18,356,674	15,829,120	-	34,185,794	
	MiCo BioMed Co., Ltd.	Short-term loans	-	252,860	-	-	-	252,860	
			₩ 15,465,182	₩ 252,860	₩ 22,036,489	₩ 32,050,878	₩ (11,682,069)	₩ 58,123,340	

¹ During the year ended December 31, 2023, 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 20). 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 29).

During the year ended December 31, 2024, the Group paid dividends amounting to ₩ 2,137,080 thousand (2023: ₩ 3,859,089 thousand) to MiCo Ltd., the Parent Company. A dividend in respect of the year ended December 31, 2023, amounting to ₩ 6,993,809 thousand was paid in April 2024.

The Group acquired lower electrode division operated by MiCo Ltd., the Parent Company. A consideration paid of ₩ 6,495,414 thousand was made in cash as part of the acquisition (Note 42).

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.

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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 during the year ended December 31, 2023, with considering that the Group can exercise the voting rights in its major related activities.

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 ₩ 79,700 thousand with MiCo Ltd., the Parent Company, during the year ended December 31, 2024.

Key management for employee services for the year ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	2024		2023	
Long and short-term employee benefits	₩	5,595,268	₩	3,340,466
Post-employment benefits		298,004		214,269
Share-based payments		582,604		47,123
	₩	<u>6,475,876</u>	₩	<u>3,601,858</u>

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

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40. Reporting by Segment

The Group management who makes strategic decisions has determined the operating segments. As at December 31, 2024 and 2023, the Group is a single segment, and the information by segment at the company-wide level is as follows.

Information about revenue

(in thousands of Korean won)

	2024		2023	
Revenue of merchandises				
Parts	₩	38,225,887	₩	8,980,751
Cleaning		55,080		3,558
Coating		104,498		3,808,231
Revenue of finished goods				
Parts		209,983,986		67,664,746
Cleaning		107,257,050		97,930,310
Coating		151,512,143		128,879,301
	₩	507,138,644	₩	307,266,897
Timing of revenue recognition:				
at a point in time.	₩	248,369,451	₩	80,457,286
over time		258,769,193		226,809,611
	₩	507,138,644	₩	307,266,897

Details of geographic characteristics of the operating segments as at December 31, 2024, are as follows:

(in thousands of Korean won)

	Revenue	
	2024	2023
South Korea	₩ 228,515,047	₩ 145,807,650
Asia	92,498,218	106,633,699
Europe	271,582	258,924
USA	185,844,817	54,566,624
Other countries	8,980	-
	₩ 507,138,644	₩ 307,266,897

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Information about key customers

Details of external customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)	Revenue		Classification
	2024	2023	
A company ¹	₩ 125,131,331	₩ 99,670,599	Merchandises and finished goods
B company ¹	76,081,330	63,902,489	Merchandises and finished goods

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

41. Business Combination

On January 1, 2024, as a deemed acquisition date, MiCoCeramics Ltd., a subsidiary of the Group, acquired 40,000 ordinary shares of CERATECH CO.,LTD.' (percentage of ownership: 100%), and included CERATECH CO.,LTD. in a subsidiary.

The fair value of identifiable assets and liabilities as at acquisition date, is as follows:

(in thousands of Korean won)	Amount
Consideration transferred (Cash)	₩ 4,500,000
	₩ 4,500,000
Cash and cash equivalents	60,412
Trade and other receivables	405,053
Property, plant, equipment and intangible assets	3,133,551
Other assets	5,255
Trade and other payables	(1,157,195)
Fair value of identifiable net assets	₩ 2,447,076
Goodwill ¹	2,052,924

¹ For impairment test for goodwill, recoverable amounts were estimated, and impairment losses were recognized accordingly for the year ended December 31, 2024 (Note 16).

Meanwhile, on June 26, 2024, MiCoCeramics Ltd., a subsidiary of the Group, merged with CERATECH CO.,LTD..

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42. Business Combination of Entities under a Common Control

On July 1, 2024, as a deemed acquisition date, The Group acquired lower electrode division operated by MiCo Ltd.

Following the method for transactions under common control, the carrying amount from this transaction was recognized as carrying amount in the consolidated financial statements of the ultimate parent company. The difference between the consideration paid and the carrying amount was recognized as other reserves (Note 27).

(in thousands of Korean won)

2024

Consideration transferred	
Cash and cash equivalents	₩ 6,384,511
	<u>6,384,511</u>
Identifiable assets and liabilities at the acquisition date	
Trade receivables	714,141
Other receivables	478,977
Inventories	616,895
Property, plant and equipment	27
Intangible assets	1
Deferred tax assets	31,249
	<u>1,841,290</u>
Trade payables	31,715
Current lease liabilities	5,795
Other current liabilities	366,291
Post-employment benefit liabilities	29,974
Non-current lease liabilities	3,221
Other non-current liabilities	61,678
	<u>498,674</u>
Total identifiable net assets	<u>1,342,616</u>
Consolidated reserves	₩ <u>(5,041,895)</u>

Meanwhile, the Group paid ₩ 48 million in advisory fees and others in relation to this business combination and recognized as consolidated reserves.

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43. Events After the Reporting Period

On January 16, 2025, the Group fully exercised the exchange rights of the exchangeable bonds related to the shares of MiCoCeramics Ltd. issued by the Parent Company. The number of share exchanged is 250,410.

The Group entered into a trustee contract to acquire treasury shares amounting to 5,000 million on January 2, 2025, with the aim of stabilizing share price and enhancing the value of shareholders.

The Group plans to establish a corporation with a capital of USD 1,000,000 in Wuxi, Jiangsu Province, China, during 2025, as resolved in the Board of Directors on February 4, 2025. However, the resolution may be subject to change during the actual process of establishing the corporation.