

**KGCCI DEinternational Limited**

**Financial Statements**

**December 31, 2021 and 2020**

**(With Independent Auditors' Report Thereon)**



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## **Independent Auditors' Report**

To the Shareholder and Board of Directors of  
KGCCI DEinternational Limited

### **Opinion**

We have audited the accompanying financial statements of KGCCI DEinternational Limited (the "Company"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea.

### **Basis for Opinion**

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the 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.

### **Other Matter**

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, financial performance and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

# *BDO Sunghyun LLC*

BDO Sunghyun LLC  
Republic of Korea

Engagement Partner : Kyungchul Lee



March 11, 2022

This report is effective as of March 11, 2022, 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 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.

KGCCI DEinternational Limited  
**Statements of Financial Position**

December 31, 2021 and 2020

	Korean Won	
	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents (notes 3 and 12)	₩ 1,261,386,790	₩ 989,407,457
Accounts receivable, net of allowance for doubtful accounts of ₩ 22,382 thousand in 2021 (notes 12 and 13)	177,967,482	225,025,712
Other accounts receivable (notes 12 and 13)	33,283,693	16,256,615
Income taxes refundable	-	2,021,070
Prepaid expenses (note 7)	13,945,170	4,504,563
	<b>1,486,583,135</b>	<b>1,237,215,417</b>
<b>Total current assets</b>		
<b>Non-current assets:</b>		
Leasehold deposits (note 14)	300,060,000	300,060,000
Software (notes 5)	168,664	1,364,377
Structures and equipment (note 4):		
Structures	46,278,993	46,278,993
Office equipment	95,505,438	80,321,102
Less accumulated depreciation	(103,136,627)	(81,315,479)
Net structures and equipment	38,647,804	45,284,616
	<b>338,876,468</b>	<b>346,708,993</b>
<b>Total non-current assets</b>		
<b>Total assets</b>	<b>₩ 1,825,459,603</b>	<b>₩ 1,583,924,410</b>

*See accompanying notes to financial statements.*

KGCCI DEinternational Limited

**Statements of Financial Position, Continued**

December 31, 2021 and 2020

	Korean Won	
	2021	2020
Liabilities		
Current liabilities:		
Accounts payable (notes 12 and 13)	₩ 21,259,746	₩ 60,533,201
Income taxes payable (note 10)	8,096,925	405,657
Other accounts payable (notes 12 and 13)	152,436,563	61,328,958
Provision for annual leaves	58,400,384	50,473,133
Other current liabilities (note 6)	195,354,682	162,832,563
Total current liabilities	<u>435,548,300</u>	<u>335,167,855</u>
Non-current liabilities:		
Leasehold deposits received (notes 12 and 13)	313,788,387	309,391,648
Reserve for restoration (note 7)	72,141,592	72,141,592
Total non-current liabilities	<u>385,929,979</u>	<u>381,533,240</u>
Total liabilities	₩ <u>821,478,279</u>	₩ <u>717,106,752</u>
Shareholder's equity		
Capital (note 1)	150,000,000	150,000,000
Retained earnings (note 15)	853,981,324	716,817,658
Total shareholder's equity	<u>1,003,981,324</u>	<u>866,817,658</u>
Total liabilities and shareholder's equity	₩ <u>1,825,459,603</u>	₩ <u>1,583,924,410</u>

*See accompanying notes to financial statements.*

KGCCI DEinternational Limited

**Statements of Income**

For the years ended December 31, 2021 and 2020

	Korean Won	
	2021	2020
Revenues (notes 8 and 13)	₩ 2,246,169,199	₩ 1,931,695,937
Cost of revenues and administrative expenses (notes 9 and 13)	(2,097,134,312)	(1,927,673,048)
Operating income	<u>149,034,887</u>	<u>4,022,889</u>
Non-operating income:		
Interest income	583,621	415,790
Gain on foreign exchange transactions	12,025,037	46,564,884
Gain on foreign currency translations	4,401,200	3,683,253
Miscellaneous income	163,168	319
	<u>17,173,026</u>	<u>50,664,246</u>
Non-operating expenses:		
Loss on foreign exchange transactions	12,910,627	14,827,126
Loss on foreign currency translations	5,919,224	7,975,727
Loss on disposal of fixed assets	-	9,000
Miscellaneous expenses	1	4
	<u>18,829,852</u>	<u>22,811,857</u>
Earnings before income tax	147,378,061	31,875,278
Income tax expense (note 10)	<u>10,214,395</u>	<u>4,523,827</u>
Net income	<u><u>137,163,666</u></u>	<u><u>27,351,451</u></u>
Earnings per share (note 11)	₩ <u>9,144</u>	₩ <u>1,823</u>

See accompanying notes to financial statements.

KGCCI DEinternational Limited

**Statements of Changes in Equity**

For the years ended December 31, 2021 and 2020

	Korean Won		
	Capital	Retained earnings	Total shareholder's equity
Balance at January 1, 2020	₩ 150,000,000	₩ 689,466,207	₩ 839,466,207
Net income	-	27,351,451	27,351,451
Balance at December 31, 2020	₩ 150,000,000	₩ 716,817,658	₩ 866,817,658
Balance at January 1, 2021	₩ 150,000,000	₩ 716,817,658	₩ 866,817,658
Net income	-	137,163,666	137,163,666
Balance at December 31, 2021	₩ 150,000,000	853,981,324	1,003,981,324

*See accompanying notes to financial statements*



KGCCI DEinternational Limited

**Statements of Cash Flows**

For the years ended December 31, 2021 and 2020

	Korean Won	
	2021	2020
Cash flows from operating activities :		
Net income	₩ 137,163,666	₩ 27,351,451
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,821,148	21,468,968
Amortization of software	1,195,713	1,560,000
Loss on foreign currency translation	1,518,023	4,292,474
Bad debt expenses	9,269,399	31,111,152
Loss on disposal of fixed assets	-	9,000
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	38,852,793	(109,234,019)
Decrease(increase) in other accounts receivable	(17,027,078)	22,939,075
Decrease (increase) in prepaid expenses	(9,440,607)	14,702,134
Decrease(increase) in current tax assets	2,021,070	(2,021,070)
Increase in accounts payable	51,759,874	32,875,186
Increase in provision for annual leaves	7,927,251	860,127
Increase in other current liabilities	32,522,119	16,150,823
Increase(decrease) in income taxes payable	7,691,268	(809,858)
Net cash provided by operating activities	<u>285,274,639</u>	<u>61,255,443</u>
Cash flows from investing activities :		
Acquisition of office equipment	(15,184,336)	(21,817,545)
Increase in leasehold deposits received	11,985,851	3,966,936
Decrease in leasehold deposits received	(7,599,875)	(8,175,146)
Net cash used in investing activities	<u>₩ (10,798,360)</u>	<u>₩ (26,025,755)</u>

See accompanying notes to financial statements.

KGCCI DEinternational Limited

**Statements of Cash Flows, Continued**

For the years ended December 31, 2021 and 2020

	Korean Won	
	<u>2021</u>	<u>2020</u>
Cash flows from financing activities :		
Net cash provided by financing activities	₩ -	₩ -
Net increase in cash and cash equivalents	274,476,279	35,229,688
Translation loss on cash and cash equivalents	(2,496,946)	(4,370,463)
Cash and cash equivalents at beginning of year	<u>989,407,457</u>	<u>958,548,232</u>
Cash and cash equivalents at end of year	<u>₩ 1,261,386,790</u>	<u>₩ 989,407,457</u>

*See accompanying notes to financial statements.*

**Notes to Financial Statements**

December 31, 2021 and 2020

**(1) The Company**

Korean-German Chamber of Commerce and Industry (“the Chamber”) was founded on June 12, 1981 in the Republic of Korea and registered with the Ministry of Trade, Industry and Energy on September 24, 1997 as a foreign organization to assist foreigners to integrate socially in Korea pursuant to the Social Integration Program in Article 39 of the Immigration Law

The object of the Chamber is to promote economic and commercial relations between the Federal Republic of Germany and the Republic of Korea, represent German companies in Korea and Korean companies in Germany, provide information, advise, market surveys and reports, professional education and training, run trade fairs and conventions as well as promoting tourism. The Chamber also acts as an arbitration Court.

In 2013 the Board of the Chamber decided to separate the operations of the Chamber that could be considered as for-profit business from its non-for profit business. At the Board meeting on November 14, 2013, it was resolved that activities of the Chamber that resulted in taxable income should be transferred to KGCCI DEinternational Limited, a wholly owned limited company (Yuhan Hoesa) to be established at the end of December 2013.

KGCCI DEinternational Limited (the “Company”) was incorporated on December 30, 2013 as a wholly owned subsidiary of the Chamber to provide income producing services that were performed by the Chamber in prior years.

As of December 31, 2021, the Company’s capital is ₩ 150 million which was paid in by the Chamber.

**(2) Significant Accounting Policies and Basis of Financial Statements Presentation**

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

**(a) Basis of Financial Statements Presentation**

The Company maintains its official accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended solely for use by only those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company’s financial position or results of operations, is not presented in the accompanying financial statements.

**Notes to Financial Statements**

December 31, 2021 and 2020

**(2) Significant Accounting Policies and Basis of Financial Statements Presentation, Continued****(b) Adoption of Accounting Standards for Non-public Entities**

The Korean Accounting Standards Board (“KASB”) published the Accounting Standards for Non-Public Entities, which was effective from January 1, 2012. The Company prepared its financial statements as of and for the years ended December 31, 2021 and 2020 in accordance with the Accounting Standards for Non-Public Entities.

**(c) Revenue Recognition**

Services rendered are recorded as revenue when the Company’s revenue-earning activities have been substantially completed, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

**(d) Allowance for Doubtful Accounts**

Allowance for doubtful accounts is estimated based on analysis of the collectability of individual accounts and past experience of collection.

**(e) Tangible Assets**

Tangible assets are stated at cost. Assets acquired through investment in kind or donation is recorded at their fair value upon acquisition. For assets acquired in exchange for a non-monetary asset, the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

Depreciation is computed by the straight-line method using rates based on useful lives of the respective assets as follows:

	<u>Useful lives (years)</u>
Structures	4
Office equipment	4

Routine maintenance and repairs are charged to expense as incurred. Expenditures that enhance the value or extend the useful life of the related assets are capitalized.

The Company reviews the structures and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the estimated undiscounted future net cash flows from the use of the asset and its eventual disposal are less than its carrying amount. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

**Notes to Financial Statements**

December 31, 2021 and 2020

**(2) Significant Accounting Policies and Basis of Financial Statements Presentation, Continued****(f) Retirement and Severance Benefits**

According to the Employee Retirement Benefit Security Act of Korea, the Company is required to adopt one of three plans; a defined benefit retirement pension plan, a retirement contribution pension plan and a retirement pay system under Article 8 of the act.

The Company sponsors a defined contribution plan in which contributions in the amount of around 1/12 of employee's annual salary is made by the Company. The amount of benefit payments depends on the performance of the plan assets and is not guaranteed. The Company has no further payment obligations once the contributions have been paid. Contributions to the plan are expensed as retirement and severance benefits when remitted to the plan. Contributions paid into the plan amounted to ₩ 80,175 thousand and ₩ 66,871 thousand for the year ended December 31, 2021 and 2020, respectively.

**(g) Foreign Currency Translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the balance sheet date, with the resulting gains and losses recognized in current results of operations. Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at ₩ 1,342.34 and ₩ 1,338.24 to EUR 1, the rate of exchange on December 31, 2021 and 2020 that is permitted by the Financial Accounting Standards. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean Won at the foreign exchange rate ruling at the date of the transaction.

**(h) Corporate Income Taxes**

The provision for income tax for a period is the amount currently payable for that period. In conformity with Accounting Standards for Non-Public Entities No.31, Exceptions to Accounting for Small- and Medium-Sized Entities, the Company does not recognize deferred income taxes arising from temporary differences between amounts reported for financial accounting and income tax purposes.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences.

**Notes to Financial Statements**

December 31, 2021 and 2020

**(2) Significant Accounting Policies and Basis of Financial Statements Presentation, Continued****(i) Provisions, Contingent Assets and Contingent Liabilities**

Provisions are recognized when all of the following conditions are met: (1) an entity has a present obligation as a result of a past event, (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (3) a reliable estimate can be made of the amount of the obligation.

Where the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The expense relating to a provision is presented net of the amount recognized for a reimbursement.

Contingent liabilities, a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably, are not recognized in balance sheets but are disclosed in notes to the financial statements.

Contingent assets are disclosed where an inflow of economic benefits is probable.

**(j) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from those estimates.

**(k) Leases**

A lease is accounted for as either a capital lease or an operating lease. A lease is recognized as a capital lease if it transfers substantially to the Company all the risks and rewards incidental to ownership of the leased asset.

An asset acquired by way of a capital lease arrangement is stated in the statement of financial position at the lower of the fair value or the present value of minimum lease payments at the inception of the lease. The corresponding liability is included in the statement of financial position as a capital lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Capitalized lease assets are depreciated in the same manner as other depreciable property, plant and equipment.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

**Notes to Financial Statements**

December 31, 2021 and 2020

**(3) Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2021 and 2020 are summarized as follows:

		Korean Won	
		2021	2020
Petty cash	₩	-	₩ 3,608,590
Foreign currency deposits		535,539,376	387,428,510
Won currency deposits		725,847,414	598,370,357
	₩	<u>1,261,386,790</u>	<u>₩ 989,407,457</u>

**(4) Structures and Equipment**

The changes in net book value of structures and equipment for the years ended December 31, 2021 and 2020 are as follows:

		Korean Won			
		2021			
		Beginning balance	Acquisition	Depreciation	Ending balance
Structures	₩	5,562,846	-	(3,161,012)	2,401,834
Office equipment		39,721,770	15,184,336	(18,660,136)	36,245,970
	₩	<u>45,284,616</u>	<u>15,184,336</u>	<u>(21,821,148)</u>	<u>38,647,804</u>

		Korean Won				
		2020				
		Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
Structures	₩	9,915,679	-	-	(4,352,833)	5,562,846
Office equipment		35,029,360	21,817,545	(9,000)	(17,116,135)	39,721,770
	₩	<u>44,945,039</u>	<u>21,817,545</u>	<u>(9,000)</u>	<u>(21,468,968)</u>	<u>45,284,616</u>

**Notes to Financial Statements**

December 31, 2021 and 2020

**(5) Software**

The changes in net book value of software for the years ended December 31, 2021 and 2020 are as follows:

		Korean Won			
		Beginning balance	Acquisition	Amortization	Ending balance
2021	₩	1,364,377	-	(1,195,713)	168,664
2020	₩	2,924,377	-	(1,560,000)	1,364,377

**(6) Other Current Liabilities**

Other current liabilities as of December 31, 2021 and 2020 are summarized as follows:

		Korean Won	
		2021	2020
Unearned revenues	₩	174,197,152	₩ 148,562,043
Withholdings		21,157,530	14,270,520
	₩	195,354,682	₩ 162,832,563

The Company received advances amounting to ₩ 518 million and ₩ 495 million for the period ended December 31, 2021 and 2020 respectively from several car dealers such as Mercedes-Benz Korea Ltd., BMW Korea Co., Ltd., Audi Volkswagen Korea Ltd., MAN Truck & Bus Korea Ltd. and Daimler Trucks Korea Ltd. for providing automobile vocational training under a consignment agreement with each car dealer. The Company recognizes the income based on related expenses incurred and includes the income as fees earned for HR services. The unearned revenues of ₩ 174 million and ₩ 149 million as of December 31, 2021 and 2020 are recorded as other current liabilities.

**(7) Reserve for Restoration**

As the Company is responsible for restoration of leased premises when the contract terminates in March 2022, the Company recognized a reserve for restoration amounting to ₩ 72,141,592 with a matching entry to prepaid expenses. Amortization of prepaid expenses was completed in 2018.



**Notes to Financial Statements**

December 31, 2021 and 2020

**(8) Revenues**

Revenues for the years ended December 31, 2021 and 2020 are summarized as follows:

	Korean Won	
	2021	2020
Fees earned for basic services	₩ 199,887,359	₩ 140,230,921
Fees earned for HR services	613,906,132	645,588,966
Income from publications	130,427,545	140,560,000
Rental income	160,102,014	186,742,037
Events	141,878,819	80,191,722
Subsidized projects	309,494,916	161,135,926
Income from trade fairs	41,334,310	96,565,875
Income from other general services	649,138,104	480,680,490
	₩ <u>2,246,169,199</u>	₩ <u>1,931,695,937</u>

**(9) Cost of Revenues and Administrative Expenses**

Cost of revenues and administrative expenses for the years ended December 31, 2021 and 2020 are summarized as follows:

	Korean Won	
	2021	2020
Salaries	₩ 1,013,057,733	₩ 881,725,523
Contribution to retirement pension plan	76,407,298	63,655,930
Employee benefits	101,337,401	91,213,537
Depreciation	20,581,146	20,382,163
Amortization of software	1,195,713	1,560,000
Service fees	43,700,578	43,253,201
Rental expenses	144,370,379	139,440,988
Office maintenance	94,780,313	103,370,833
Trade fair expenses	3,780,595	433,939
HR service expenses	237,152,476	291,875,182
Other general services	130,997,499	31,656,906
Printing costs	39,264,057	49,174,019
Event expenses	93,080,804	86,450,317
Communication	4,851,351	6,569,522
Other administrative expenses	81,567,570	84,235,055
PR Expense	1,740,000	1,564,781
Bad debt expenses	9,269,399	31,111,152
	₩ <u>2,097,134,312</u>	<u>1,927,673,048</u>

(\*1) Certain amount of payroll expenses and depreciation are classified into project expenses such as HR service and events expenses based upon their natures.

**Notes to Financial Statements**

December 31, 2021 and 2020

**(10) Income Tax Expenses**

Income tax expenses for the years ended December 31, 2021 and 2020 are summarized as follows:

	Korean Won	
	2021	2020
Corporate income taxes	₩ 9,285,814	₩ 4,112,570
Resident surtax	928,581	411,257
	<u>₩ 10,214,395</u>	<u>₩ 4,523,827</u>

The applicable statutory income tax rates are 11% including resident surtax for taxable income up to ₩ 200 million and 22% for taxable income in excess of ₩ 200 million in 2021 and 2020.

(a) Reconciliation between profit before income tax and taxable income for the years ended December 31, 2021 and 2020, is as follows:

	Korean Won	
	2021	2020
Earnings before income taxes	₩ 147,378,061	₩ 31,875,278
Timing differences	(72,518,213)	9,250,422
Permanent differences	17,998,301	-
Taxable income	₩ 92,858,149	₩ 41,125,700
Tax rates	11%, 22%	11%, 22%
Actual income taxes	<u>₩ 10,214,396</u>	<u>₩ 4,523,827</u>

(b) Details of the additions and deductions to accounting income for the years ended December 31, 2021 and 2020 to compute taxable income are as follows:

	Korean Won	
	2021	2020
Profit before income tax	₩ 147,378,061	₩ 31,875,278
Timing difference:		
Interior cost	(69,320,000)	(69,320,000)
Loss on foreign currency translation	(2,056,503)	3,165,992
Gain on foreign currency translation	(717,947)	(3,618,487)
Bad debt allowance in excess of tax limits	(8,351,014)	28,549,784
Provision for annual leave	7,927,251	50,473,133
Permanent differences:		
Bad debt	17,998,301	-
	<u>₩ 92,858,149</u>	<u>₩ 41,125,700</u>

**Notes to Financial Statements**

December 31, 2021 and 2020

**(11) Earnings per Share**

Earnings per share for the years ended December 31, 2021 and 2020 are calculated as follows:

	2021		2020	
Net income in Korean Won	₩	137,163,666	₩	27,351,451
Weighted-average number of shares		15,000		15,000
Earnings per share in Korean Won	₩	9,144	₩	1,823

**(12) Assets and Liabilities Denominated in Foreign Currency**

Assets and liabilities denominated in Euro as of December 31, 2021 and 2020 are as follows:

	2021				2020			
		Foreign currency	₩	Won equivalent		Foreign currency	₩	Won equivalent
<b>Assets:</b>								
Cash and cash equivalents	EUR	398,960	₩	535,539,376	EUR	291,757	₩	390,440,486
Accounts receivable	EUR	108,683		145,889,511	EUR	105,971		141,815,126
	EUR	507,643	₩	681,428,887	EUR	397,728	₩	532,255,612
<b>Liabilities:</b>								
Accounts payable	EUR	7,457	₩	10,010,393	EUR	28,301	₩	37,874,066
Leasehold deposits received	EUR	2,625		3,523,911	EUR	2,625		3,513,147
	EUR	10,082	₩	13,534,304	EUR	30,927	₩	41,387,213

**Notes to Financial Statements**

December 31, 2021 and 2020

(13) Transactions with Related Parties

Significant transactions and related balances with the shareholder as of and for the years ended December 31, 2021 and 2020 are summarized as follows:

Transactions	Korean Won			
	2021		2020	
Revenue from general services	₩	144,599,728	₩	228,948,499
Expense for allocation of overheads		(18,279,397)		(41,205,993)
Revenue from allocation of overheads		198,724,895		150,258,116
Revenues	₩	343,324,623	₩	379,206,615
Expenses	₩	(18,279,397)	₩	(41,205,993)

Balances	Korean Won			
	2021		2020	
Accounts receivable	₩	25,205,424	₩	9,336,155
Other accounts receivable		33,138,223		16,095,485
Other accounts payable		(4,039,399)		(555,395)
Leasehold deposits received		(300,000,000)		(300,000,000)
Receivables	₩	58,343,647	₩	25,431,640
Payables	₩	(304,039,399)	₩	(300,555,395)

**Notes to Financial Statements**

December 31, 2021 and 2020

(14) Leases

- (a) The Company, as a lessee, has a non-cancelable office lease contract with a landlord. The future minimum lease payments under commitments in relation to non-cancellable operating leases contracted for at the reporting date, but not recognized as liabilities, are as follows:

	Korean Won	
Rent payable	2021	2020
Within one year	₩ 212,132,784	₩ 208,148,816
Between two to five years	35,355,464	34,493,136
	₩ 247,488,248	₩ 242,641,952

Apart from the rent the Company has deposited refundable rental deposit of ₩ 300 million with the landlord.

- (b) The Company leases out office premise space to KGCCI and non-related parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognized as receivables, are as follows:

	Korean Won	
Rent receivable	2021	2020
Not later than one year	₩ 69,006,795	₩ 67,710,815
Between two to five years	11,501,132	11,220,618
	₩ 80,507,927	₩ 78,931,433

(15) Statements of Appropriation of Retained Earnings

Statements of appropriation of retained earnings for the years ended December 31, 2021 and 2020 are as follows:

	Korean Won	
	2021	2020
Unappropriated retained earnings:		
Balance at beginning of year	₩ 716,817,658	689,466,207
Net income	137,163,666	27,351,451
	853,981,324	716,817,658
Appropriation	-	-
Unappropriated retained earnings to be carried over to subsequent year	₩ 853,981,324	₩ 716,817,658

**Notes to Financial Statements**

December 31, 2021 and 2020

(16) Insurance

Insurance coverages as of December 31, 2021 are summarized as follows:

Type of insurance	Currency	Insurance coverage	Insurance by
Staff's compensation Insurance	KRW	300 million	ACE American Insurance
Commercial general liability insurance	KRW	100 million	AIG Insurance
Fire insurance	KRW	2,359 million	DB Insurance

In addition, the Company obtained guarantees from Seoul Guarantee Insurance Company for performance obligation of contracts up to KRW 31 million as of December 31, 2021.