

**Korean-German Chamber of Commerce and Industry**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**(With Independent Auditors' Report Thereon)**



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## Independent Auditors' Report

To the Members and Board of Directors of  
Korean-German Chamber of Commerce and Industry

### **Opinion**

We have audited the accompanying financial statements of Korean-German Chamber of Commerce and Industry (the "Chamber"), which comprise the statements of assets, liabilities and fund balances as of December 31, 2023 and 2022, and the statements of income and expenses, changes in fund balances 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 Chamber as of December 31, 2023 and 2022, 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 Chamber 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 Matters**

As discussed in note 1, the Chamber applies for and, upon approval of the request, enters into an agreement with Deutscher Industrie - und Handelskammertag (DIHK), Berlin, to receive financial support for its trade promotion activities.

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 Chamber'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 Chamber or to cease operations.

Those charged with governance are responsible for overseeing the Chamber'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 Chamber'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 Chamber'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 Chamber 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*

Republic of Korea

Engagement Partner : Kyungchul Lee



April 11, 2024

This report is effective as of April 11, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying 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.

Korean-German Chamber of Commerce and Industry

**Statements of Assets, Liabilities and Fund Balances**

December 31, 2023 and 2022

	Korean Won	
	2023	2022
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents (notes 3 and 11)	₩ 486,372,480	₩ 592,153,070
Short term financial instrument	-	51,453,149
Accounts receivable (notes 6 and 11)	16,268,841	2,415,000
Accrued income	681,914	200,235
Other accounts receivable (notes 4 and 6)	3,281,580	1,598,705
Leasehold deposits(current)	300,000,000	-
Prepaid expenses (note 5)	<u>81,541,220</u>	<u>85,459,102</u>
 Total current assets	 888,146,035	 733,279,261
 <b>Non-current assets:</b>		
Leasehold deposits (notes 5 and 6)	-	300,000,000
Investment in subsidiary (note 6)	150,000,000	150,000,000
Leasehold improvements and equipment (note 7)		
Vehicles	30,727,680	30,727,680
Office equipment	56,572,879	53,899,879
Structures	<u>28,462,208</u>	<u>28,462,208</u>
 Less accumulated depreciation	 115,762,767	 113,089,767
Net leasehold improvements and equipment	<u>(109,781,730)</u>	<u>(106,747,942)</u>
 Total non-current assets	 <u>5,981,037</u>	 <u>6,341,825</u>
 Total assets	 ₩ <u>1,044,127,072</u>	 ₩ <u>1,189,621,086</u>

See accompanying notes to financial statements.

Korean-German Chamber of Commerce and Industry

**Statements of Assets, Liabilities and Fund Balances, Continued**

December 31, 2023 and 2022

		Korean Won	
		2023	2022
<b><u>Liabilities</u></b>			
<b>Current liabilities:</b>			
Other accounts payable (notes 6 and 11)	₩ 235,982,145	₩ 170,659,552	
Advance receipts	133,907,722	99,045,746	
Withholdings	42,723,120	51,241,580	
Provision for annual leaves	18,348,634	21,646,873	
Reserve for restoration (current)	75,930,990	-	
 Total current liabilities	 506,892,611	 342,593,751	
 <b>Non-Current liabilities:</b>			
Reserve for restoration (note 8)	-	27,916,095	
 Total non-current liabilities	 -	 27,916,095	
 Total liabilities	 506,892,611	 370,509,846	
 <b><u>Fund Balances:</u></b>			
General operating fund	537,234,461	819,111,240	
 Total fund balance	 537,234,461	 819,111,240	
 Total liabilities and fund balance	 ₩ 1,044,127,072	 ₩ 1,189,621,086	

See accompanying notes to financial statements.

Korean-German Chamber of Commerce and Industry

**Statements of Income and Expenses**

Years ended December 31, 2023 and 2022

	Korean Won	
	2023	
	₩	₩
Revenues (note 9)	1,346,540,234	1,250,238,783
Cost of revenues and administrative expenses (note 10)	<u>(1,610,220,776)</u>	<u>(1,484,379,540)</u>
 Operating loss	<u>(263,680,542)</u>	<u>(234,140,757)</u>
 Non-operating income:		
Interest income	2,130,889	1,388,429
Gain on foreign exchange transaction	50,290,353	8,537,123
Gain on foreign currency translation	2,227,545	291,428
Miscellaneous income	<u>8,586</u>	<u>368,128</u>
	<u>54,657,373</u>	<u>10,585,108</u>
 Non-operating expenses:		
Loss on foreign exchange transaction	(16,092,068)	(9,812,187)
Loss on foreign currency translation	(31,115,792)	(7,371,780)
Miscellaneous expenses	<u>(25,645,750)</u>	<u>(134,626)</u>
	<u>(72,853,610)</u>	<u>(17,318,593)</u>
 Net loss before income taxes	(281,876,779)	(240,874,242)
 Income tax expenses	-	-
 Net loss	<u>₩ (281,876,879)</u>	<u>₩ (240,874,242)</u>

See accompanying notes to financial statements

Korean-German Chamber of Commerce and Industry

**Statements of Changes in Fund Balances**

Years ended December 31, 2023 and 2022

	Korean Won	
	General operating fund	Total
Balance at January 1, 2022	1,059,985,482	1,059,985,482
Net loss	(240,874,242)	(240,874,242)
Balance at December 31, 2022	<del>₩</del> 819,111,240	819,111,240
Balance at January 1, 2023	819,111,240	819,111,240
Net loss	(281,876,779)	(281,876,779)
Balance at December 31, 2023	<del>₩</del> 537,234,461	537,234,461

*See accompanying notes to financial statements.*

Korean-German Chamber of Commerce and Industry

**Statements of Cash Flows**

Years ended December 31, 2023 and 2022

	Korean Won	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	₩ (281,876,779)	₩ (240,874,242)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,033,788	5,937,709
Gain on foreign currency translation, net	(282,696)	(291,428)
Relocation expenses	48,014,895	-
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(13,414,403)	7,354,370
Decrease (increase) in other accounts receivable	(1,682,875)	12,573,014
Decrease in prepaid expenses	3,917,882	86,411,166
Decrease (increase) in accrued income	(481,679)	3,412
Increase in other accounts payable	65,165,851	20,466,787
Increase (decrease) in withholdings	(8,518,460)	42,219,170
Increase (decrease) in provision for annual leaves	(3,298,239)	2,594,454
Increase in advance receipts	34,861,976	53,352,768
Net cash used in operating activities	<u>(154,560,739)</u>	<u>(10,252,820)</u>
<b>Cash flows from investing activities:</b>		
Increase in short-term financial instrument	-	(469,732)
Decrease in short-term financial instrument	51,453,149	58,512,035
Acquisition of office equipment	(2,673,000)	(1,617,000)
Net cash provided by investing activities	<u>₩ 48,780,149</u>	<u>₩ 56,425,303</u>

*See accompanying notes to financial statements*

Korean-German Chamber of Commerce and Industry

**Statements of Cash Flows, Continued**

Years ended December 31, 2023 and 2022

	Korean Won	
	2023	2022
Cash flows from financing activities:		
Net cash provided by financing activities	₩ -	₩ -
Net increase (decrease) in cash and cash equivalents	(105,780,590)	46,172,483
Cash and cash equivalents at beginning of year	592,153,070	545,980,587
Cash and cash equivalents at end of year	<u>₩ 486,372,480</u>	<u>₩ 592,153,070</u>

*See accompanying notes to financial statements*

**Notes to Financial Statements**

December 31, 2023 and 2022

**(1) The Chamber**

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.

The Chamber has around 473 members, as of December 31, 2023, who through general members meeting can appoint the board members and treasurer in accordance with the by-laws of the Chamber that was approved by the members. The extraordinary general members meeting can resolve to liquidate the Chamber. However, the members have no equity to the liquidation proceeds which can only be disposed adhering to the provisions in the subsidy agreement between DIHK and the Chamber.

The Chamber is part of the German Chambers of Commerce Worldwide Network and is an extraordinary member of *Deutscher Industrie- und Handelskammertag* ("DIHK"). The Chamber receives financial support from Bundesministerium fuer Wirtschaft und Energie / Federal Ministry for Economic Affairs and Climate Action (BMWK) for its trade promotion activities through DIHK under an annual subsidy agreement between DIHK and the Chamber. Several years ago DIHK also provided a long-term loan.

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.

**(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 Chamber 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 Chamber 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.

## **Notes to Financial Statements**

December 31, 2023 and 2022

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

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

Investment in subsidiary is stated at cost in the statement of assets, liabilities and fund balances and accounts of the subsidiary were not consolidated. However, a proforma consolidated statement of income and expenses was prepared and presented in note 6.

#### **(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 Chamber prepared its financial statements as of and for the years ended December 31, 2023 and 2022 in accordance with the Accounting Standards for Non-Public Entities.

#### **(c) Revenue Recognition**

Services rendered are recorded as revenue when the Chamber'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 Chamber.

#### **(d) Tangible Assets**

Tangible assets are stated at cost. Assets acquired through investment in kind or donation are 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:

#### Useful lives (Years)

Vehicles	5
Furniture and fixtures	5
Structures	5
IT hardware	5

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 Chamber reviews the property 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, 2023 and 2022

**(2) Significant Accounting Policies and Basis of Financial Statements Presentation, Continued****(e) Allowance for Doubtful Accounts**

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

**(f) Retirement and Severance Benefits**

According to the Employee Retirement Benefit Security Act of Korea, the Chamber 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 Chamber sponsors a defined contribution plan in which contributions in the amount of around 1/12 of employee's annual salary is made by the Chamber. The amount of benefit payments depends on the performance of the plan assets and is not guaranteed. The Chamber 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 were ₩ 38,752 thousand and ₩ 38,932 thousand for the years ended December 31, 2023 and 2022, 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 ₩ 1,426.59 and ₩ 1,351.20 to EUR 1, the rate of exchange on December 31, 2023 and 2022, respectively 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) Taxes**

Under the Corporate Tax Act, the Chamber has tax liability on income from for-profit business only.

For the benefit of not-for-profit entity, tax deduction is allowed for interest income and certain portion of income from for-profit business. The Chamber is, however, required to transfer such amount into a reserve for essential business. The reserve may be reduced when the amount is used for the essential business.

In relation to services subject to value added tax (VAT), the Chamber is required to collect output value added taxes on its taxable services and related input value added tax is offset against output taxes. However, for the VAT exempted services, related input value added taxes cannot be offset against output taxes.

**Notes to Financial Statements**

December 31, 2023 and 2022

**(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 Chamber 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, 2023 and 2022

**(3) Cash and Cash Equivalents**

Cash and cash equivalents of the Chamber as of December 31, 2023 and 2022 are as follow:

	Korean Won	
	2023	2022
Foreign currency deposits	₩ 273,954,341	₩ 374,216,312
Local currency deposits	₩ 212,418,139	₩ 217,936,758
	<b>₩ 486,372,480</b>	<b>₩ 592,153,070</b>

**(4) Other Accounts Receivable**

Other accounts receivable of the Chamber as of December 31, 2023 and 2022 are as follow:

	Korean Won	
	2023	2022
Prepayment for individual income taxes	₩ 972,770	₩ 339,440
Due from KGCCI DEinternational Limited.	1,525,310	1,259,265
Others	783,500	-
	<b>₩ 3,281,580</b>	<b>₩ 1,598,705</b>

**(5) Leases and Leasehold Deposits**

(a) The Chamber, as a lessee, has non-cancelable lease contract for office space from KGCCI DEinternational Limited. The leasehold deposits of the Chamber as of December 31, 2023 and 2022 are as follows:

Refundable from	Korean Won	
	2023	2022
KGCCI DEinternational Limited.	₩ 300,000,000	₩ 300,000,000

In addition to the lease contracts with refundable rental deposits above, the Chamber entered into a lease agreement for a private residence in July 2021 for the term of 24 months until June 2024 by prepaying the sum of monthly rental expense for the period at the initial date of agreement, and amortizes it over the period. The unamortized balance of ₩ 57.2 million as of December 31, 2023 remained in the account of prepaid expenses.

**Notes to Financial Statements**

December 31, 2023 and 2022

**(5) Leases and Leasehold Deposits, Continued**

(b) The Chamber, as a lessee, has non-cancelable lease contracts including its office premises from KGCCI DEinternational Limited. The future minimum lease payments under commitments in relation to non-cancelable operating leases contracted for at the reporting date, but not recognized as liabilities, are as follows:

	Korean Won	
	2023	2022
Not later than one year	₩ 17,251,699	₩ 69,778,332
Between two to five years	-	19,479,784
More than five years	-	-
	₩ 778,356,109	₩ 89,258,116

**(6) Investment in Subsidiary**

(a) Investment in the subsidiary is stated at cost. Major financial information of KGCCI DEinternational Limited as at and for the years ended December 31, 2023 and 2022 is shown below:

	Korean Won	
	2023	2022
Total assets	₩ 2,603,477,289	₩ 2,122,861,581
Total liabilities	898,425,931	839,136,953
Sales	3,886,962,075	2,678,807,009
Net income	421,326,730	279,743,304

(b) Significant transactions with the subsidiary and the related balances for the years and as of December 31, 2023 and 2022 are as follows:

Transactions	Korean Won	
	2023	2022
Expense for general services	₩ 134,099,474	₩ (144,339,199)
Revenue from allocation of overheads	(32,948,083)	15,880,025
Expense for allocation of overheads	189,011,263	(185,211,289)

Balances	Korean Won	
	2023	2022
Accounts receivable	- ₩	1,575,000 ₩
Other accounts receivable	1,525,310	1,259,265
Leasehold deposits	300,000,000	300,000,000
Other accounts payable	(29,363,517)	(34,416,994)

**Notes to Financial Statements**

December 31, 2023 and 2022

**(6) Investment in Subsidiary, Continued**

(c) Consolidated statements of income and expenses of the Chamber and its subsidiary for the years ended December 31, 2023 and 2022 are as follows:

	2023 (Korean Won)			
	The Chamber	Subsidiary	Intercompany transactions	Consolidated income and expenses
Revenues	₩ 1,346,540,234	3,886,962,075	290,162,654	4,943,339,655
Cost of revenues and administrative expenses	(1,610,220,776)	(3,437,856,440)	(290,162,654)	(4,757,914,562)
Operating income (loss)	(263,680,542)	449,105,635	-	185,425,093
Non-operating income	54,657,373	103,780,870	-	158,438,243
Non-operating expenses	(72,853,610)	(44,987,388)	-	(117,840,998)
Net income (loss) before income tax expense	(281,876,779)	507,899,117	-	226,022,338
Income tax expense	-	(86,572,387)	-	(86,572,387)
Net income (loss)	₩ (281,876,779)	421,326,730	-	139,449,951

	2022 (Korean Won)			
	The Chamber	Subsidiary	Intercompany transactions	Consolidated income and expenses
Revenues	₩ 1,250,238,783	2,678,807,009	313,670,463	3,615,375,329
Cost of revenues and administrative expenses	(1,484,379,540)	(2,352,738,806)	(313,670,463)	(3,523,447,883)
Operating income (loss)	(234,140,757)	326,068,203	-	91,927,446
Non-operating income	10,585,108	19,711,033	-	30,296,141
Non-operating expenses	(17,318,593)	(24,152,408)	-	(41,471,001)
Net income (loss) before income tax expense	(240,874,242)	321,626,828	-	80,752,586
Income tax expense	-	(41,883,524)	-	(41,883,524)
Net income (loss)	₩ (240,874,242)	279,743,304	-	38,869,062

**Notes to Financial Statements**

December 31, 2023 and 2022

**(7) Leasehold Improvements and Equipment**

The changes in net book value of leasehold improvements and equipment for the years ended December 31, 2023 and 2022 are as follows:

		2023 (Korean Won)				
		Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
Office equipment Structures	₩	6,337,825	2,673,000	-	(3,033,788)	5,977,037
		4,000	-	-	-	4,000
	₩	<u>6,341,825</u>	<u>2,673,000</u>	<u>-</u>	<u>(3,033,788)</u>	<u>5,981,037</u>

  

		2022 (Korean Won)				
		Beginning balance	Acquisition	Disposal	Depreciation	Ending balance
Office equipment Structures	₩	9,967,624	1,617,000	-	(5,246,799)	6,337,825
		694,910	-	-	(690,910)	4,000
	₩	<u>10,662,534</u>	<u>1,617,000</u>	<u>-</u>	<u>(5,937,709)</u>	<u>6,341,825</u>

As of December 31, 2023, leased property and equipment are insured against fire damage for up to ₩ 2,569 million by DB Insurance Co., Ltd. Staff's compensation is insured for up to ₩ 300 million by DB Insurance Co., Ltd.

**(8) Reserve for Restoration**

As the Chamber is responsible for restoration of leased premises when the contract terminates, the Chamber has provided a reserve for restoration amounting to ₩ 75,930,990 and ₩ 27,916,095 as of December 31, 2023 and 2022.

**(9) Revenues**

The revenues for the years ended December 31, 2023 and 2022 are summarized as follows:

	Korean Won	
	2023	2022
Membership fees	₩ 374,086,324	₩ 393,968,925
Subsidies from BMWK (*1)	₩ 972,453,910	₩ 856,269,858
	<u>1,346,540,234</u>	<u>1,250,238,783</u>

**Notes to Financial Statements**

December 31, 2023 and 2022

**(9) Revenues, Continued**

(1\*) The subsidies from BMWK for the year ended December 31, 2023 is summarized as follows:

	2023	
	Euro	Korean Won equivalents
Agreed subsidy for 2023	748,556	₩ 1,075,632,500
Estimated repayment for 2023	(73,054)	(103,178,590)
Total	<u>675,502</u>	<u>972,453,910</u>

The agreed subsidy from BMWK is adjusted with the Chamber's actual operational income, which usually result in returning to BMWK. The Chamber records the estimated repayment by deducting its revenue every year.

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

Cost of revenues and administrative expenses for the years ended December 31, 2023 and 2022 are summarized as follows:

	Korean Won	
	2023	2022
Salaries	₩ 548,328,555	₩ 635,098,353
Employee benefits	273,675,401	193,399,819
Rental expenses	159,868,126	160,878,889
Contribution to retirement plan	38,752,264	38,932,491
Insurance	5,593,360	5,633,860
Service fees	184,689,266	233,005,646
Office maintenance	58,366,376	57,166,505
Supplies expenses	7,572,108	12,259,277
Taxes and dues	69,300	67,900
Communication	7,331,734	4,065,624
IT expenses	17,776,003	19,022,833
Printing	17,109,816	14,739,963
Vehicle maintenance	11,216,876	8,784,329
Travel expenses	29,623,450	13,536,994
Event expenses	36,702,387	39,571,050
Depreciation	3,033,788	5,937,709
Relocation expenses	51,182,895	-
Membership fee	8,595,113	7,517,145
Other general service expenses	3,203,223	3,776,988
Entertainment expenses	8,269,350	4,504,400
Advertisements	6,539,430	3,238,304
Others	<u>132,721,955</u>	<u>23,241,461</u>
	<u>₩ 1,610,220,776</u>	<u>₩ 1,484,379,540</u>

**Notes to Financial Statements**

December 31, 2023 and 2022

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

Assets and liabilities denominated in Euro as of December 31, 2023 and 2022 are as follows:

	2023				2022			
	Foreign currency		Won equivalents		Foreign currency		Won equivalents	
<b>Assets:</b>								
Cash and cash equivalents	EUR	192,034	₩	273,954,340	EUR	276,951	₩	374,216,326
Accounts receivable	EUR	5,993		8,548,841	EUR	-		-
	EUR	<u>198,027</u>	₩	<u>282,503,181</u>	EUR	<u>276,951</u>	₩	<u>374,216,326</u>
<b>Liabilities:</b>								
Other accounts payable	EUR	75,133	₩	107,184,144	EUR	63,933	₩	86,386,513
Advance receipts	EUR				EUR	-		-
	EUR	<u>75,133</u>	₩	<u>107,184,144</u>	EUR	<u>63,933</u>	₩	<u>86,386,513</u>

**(12) Commitments and Contingencies**

The Chamber was sued for unfair dismissal by the Chamber's retiree in 2023. The Chamber accrued estimated liability of ₩ 20,000 thousand as of December 31, 2023, and the case was resolved by paying it to him on February 1, 2024.