

**KGCCI DEinternational Limited**

**Financial Statements**

**December 31, 2023 and 2022**

**(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, 2023 and 2022, 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, 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 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*

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.

KGCCI DEinternational Limited

**Statements of Financial Position**

December 31, 2023 and 2022

		Korean Won	
		2023	2022
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents (notes 3 and 12)	₩	1,883,259,447	₩   1,465,610,308
Accounts receivable, net of allowance for doubtful accounts of ₩ 20,766 thousand in 2023 and 2022 (notes 13)		318,998,416	306,961,550
Other accounts receivable (notes 12 and 13)		19,031,895	16,873,321
Prepaid expenses (note 7)		21,488,404	11,709,618
Current portion of leasehold deposits (note14)		300,000,000	-
Total current assets		<u>2,542,778,162</u>	<u>1,801,154,797</u>
<b>Non-current assets:</b>			
Leasehold deposits (note 14)		50,060,000	300,060,000
Software (notes 5)		3,000	3,000
Structures and equipment (note 4):			
Structures		46,278,993	46,278,993
Office equipment		98,561,101	96,731,101
Less accumulated depreciation		<u>(134,203,967)</u>	<u>(121,366,310)</u>
Net equipment		10,636,127	21,643,784
Total non-current assets		<u>60,699,127</u>	<u>321,706,784</u>
<b>Total assets</b>	₩	<u><u>2,603,477,289</u></u>	₩ <u><u>2,122,861,581</u></u>

*See accompanying notes to financial statements.*

KGCCI DEinternational Limited

**Statements of Financial Position, Continued**

December 31, 2023 and 2022

	Korean Won	
	2023	2022
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable (notes 12)	₩ 32,214,094	₩ 31,928,671
Income taxes payable (note 10)	67,484,477	37,189,514
Output value added taxes	68,445,292	40,640,403
Other accounts payable (note 13)	85,574,694	78,007,008
Provision for employee's annual leaves	82,188,504	74,672,821
Leasehold deposits received (notes 12 and 13)	311,454,560	-
Reserve for restoration (note 7)	148,434,000	-
Other current liabilities (note 6)	102,630,310	186,354,434
Total current liabilities	898,425,931	448,792,851
<b>Non-current liabilities:</b>		
Leasehold deposits received (notes 12 and 13)	-	318,202,510
Reserve for restoration (note 7)	-	72,141,592
Total non-current liabilities	-	390,344,102
Total liabilities	₩ 898,425,931	₩ 839,136,953
<b>Shareholder's equity</b>		
Capital (note 1)	150,000,000	150,000,000
Retained earnings (note 16)	1,555,051,358	1,133,724,628
Total shareholder's equity	1,705,051,358	1,283,724,628
<b>Total liabilities and shareholder's equity</b>	₩ 2,603,477,289	₩ 2,122,861,581

See accompanying notes to financial statements.

KGCCI DEinternational Limited

**Statements of Income**

Years ended December 31, 2023 and 2022

		Korean Won	
		2023	2022
Revenues (notes 8 and 13)	₩	3,886,962,075	₩ 2,678,807,009
Cost of revenues and administrative expenses (notes 9 and 13)		(3,437,856,440)	(2,352,738,806)
Operating income		449,105,635	326,068,203
Non-operating income:			
Interest income		596,002	617,437
Gain on foreign exchange transactions		97,680,372	17,170,033
Gain on foreign currency translation		5,394,364	1,915,142
Miscellaneous income		110,132	8,421
		103,780,870	19,711,033
Non-operating expenses:			
Loss on foreign exchange transactions		37,964,117	12,047,931
Loss on foreign currency translations		7,023,270	12,102,446
Miscellaneous expenses		1	2,031
		(44,987,388)	(24,152,408)
Earnings before income tax		507,899,117	321,626,828
Income tax expense (note 10)		(86,572,387)	(41,883,524)
Net earnings		421,326,730	279,743,304
Earnings per share (note 11)	₩	28,088	₩ 18,649

See accompanying notes to financial statements.

KGCCI DEinternational Limited

**Statements of Changes in Equity**

Years ended December 31, 2023 and 2022

		Korean Won		
		Capital	Retained earnings	Total shareholder's equity
Balance at January 1, 2022	₩	150,000,000	853,981,324	1,003,981,324
Net income		-	279,743,304	279,743,304
Balance at December 31, 2022	₩	150,000,000	1,133,724,628	1,283,724,628
Balance at January 1, 2023	₩	150,000,000	1,133,724,628	1,283,724,628
Net income		-	421,326,730	421,326,730
Balance at December 31, 2023	₩	150,000,000	1,555,051,358	1,705,051,358

*See accompanying notes to financial statements*

KGCCI DEinternational Limited

**Statements of Cash Flows**

Years ended December 31, 2023 and 2022

	Korean Won	
	2023	2022
<b>Cash flows from operating activities :</b>		
Net earnings	₩ 421,326,730	₩ 279,743,304
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	12,837,657	18,229,683
Amortization of software	-	165,664
Loss (gain) on foreign currency translation	(106,740)	10,187,304
Bad debt expenses	-	7,283,359
Changes in assets and liabilities:		
Increase in accounts receivable	(11,870,049)	(133,406,046)
Collection of written-off receivables	-	(8,899,960)
Decrease (increase) in other accounts receivable	(2,158,574)	16,410,372
Decrease (increase) in prepaid expenses	(9,778,786)	2,235,552
Decrease (increase) in output value added taxes	27,804,889	(7,338,812)
Increase (decrease) in accounts payable	178,741,354	(15,781,415)
Increase in provision for annual leaves	7,515,683	16,272,437
Decrease in other current liabilities	(83,724,124)	(9,000,248)
Increase in income taxes payable	30,294,963	29,092,589
Decrease in reserve for restoration	(94,458,000)	-
Net cash provided by operating activities	476,425,003	205,193,783
<b>Cash flows from investing activities:</b>		
Acquisition of office equipment	(1,830,000)	(1,225,663)
Increase in leasehold deposits	(50,000,000)	-
Increase in leasehold deposits received	-	9,259,864
Decrease in leasehold deposits received	(6,945,864)	(4,869,000)
Net cash provided by (used in) investing activities	₩ (58,775,864)	₩ 3,165,201

See accompanying notes to financial statements.

KGCCI DEinternational Limited

**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 (used in) financing activities	₩ -	₩ -
Net increase in cash and cash equivalents	504,221,526	208,358,984
Translation gain (loss) on cash and cash equivalents	-	(4,135,466)
Cash and cash equivalents at beginning of year	1,465,610,308	1,261,386,790
Cash and cash equivalents at end of year	₩ 1,883,259,447	₩ 1,465,610,308

*See accompanying notes to financial statements.*

**Notes to Financial Statements**

December 31, 2023 and 2022

**(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, 2023, 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, 2023 and 2022

(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, 2023 and 2022 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, 2023 and 2022

**(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 ₩ 93,403 thousand and ₩ 92,472 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 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, 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 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, 2023 and 2022

**(3) Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2023 and 2022 are summarized as follows:

		Korean Won	
		2023	2022
Foreign currency deposits	₩	1,428,265,659	₩ 892,968,949
Won currency deposits		454,993,788	572,641,359
	₩	<u>1,883,259,447</u>	<u>₩ 1,465,610,308</u>

**(4) Structures and Equipment**

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

		Korean Won			
		2023			
		Beginning balance	Acquisition	Depreciation	Ending balance
Structures	₩	1,151,834	-	(1,144,834)	7,000
Office equipment		20,491,950	1,830,000	(11,692,823)	10,629,127
	₩	<u>21,643,784</u>	<u>1,830,000</u>	<u>(12,837,657)</u>	<u>10,636,127</u>

  

		Korean Won			
		2022			
		Beginning balance	Acquisition	Depreciation	Ending balance
Structures	₩	2,401,834	-	(1,250,000)	1,151,834
Office equipment		36,245,970	1,225,663	(16,979,683)	20,491,950
	₩	<u>38,647,804</u>	<u>1,225,663</u>	<u>(18,229,683)</u>	<u>21,643,784</u>

**(5) Software**

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

		Korean Won			
		Beginning balance	Acquisition	Amortization	Ending balance
2023	₩	3,000	-	-	3,000
2022	₩	168,664	-	(165,664)	3,000

## Notes to Financial Statements

December 31, 2023 and 2022

### (6) Other Current Liabilities

Other current liabilities as of December 31, 2023 and 2022 are summarized as follows:

		Korean Won	
		2023	2022
Unearned revenues	₩	65,869,600	₩ 161,782,004
Withholdings		36,760,710	24,572,430
	₩	102,630,310	₩ 186,354,434

The Company received advances amounting to ₩ 566 million and ₩ 531 million for the period ended December 31, 2023 and 2022 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 ₩ 65 million and ₩ 161 million as of December 31, 2023 and 2022 are recorded as other current liabilities.

### (7) Reserve for Restoration

As the Company is responsible for restoration of leased premises when the contract terminates, the Company recognized a reserve for restoration amounting to ₩ 72,141,592 until 2022.

The management of the Chamber and the Company decided to move their offices in March 2024. In this regard, the Company reassessed its liability of restoration and increased it to ₩ 148,434,000 as of December 31, 2023.

### (8) Revenues

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

		Korean Won	
		2023	2022
Fees earned for basic services	₩	125,691,718	₩ 147,173,168
Fees earned for HR services		833,713,523	773,962,197
Income from publications		71,351,627	104,950,001
Rental income		242,904,045	240,839,900
Events		339,504,002	202,679,891
Subsidized projects		520,276,749	411,078,845
Income from trade fairs		687,335,757	314,940,813
Income from other general services		1,066,184,654	483,182,194
	₩	3,886,962,075	₩ 2,678,807,009

**Notes to Financial Statements**

December 31, 2023 and 2022

**(9) 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	₩ 1,224,864,505	₩ 1,075,563,668
Contribution to retirement pension plan	90,195,620	89,072,082
Employee benefits	141,760,488	105,601,718
Depreciation	12,047,657	17,028,183
Amortization of software	-	165,664
Service fees	43,977,924	41,233,140
Rental expenses	141,707,096	148,280,294
Office maintenance	115,878,217	107,206,656
Trade fair expenses	344,019,986	17,426,874
HR service expenses	393,741,785	370,164,311
Other general services	426,219,756	117,575,033
Printing costs	28,190,317	22,950,348
Event expenses	268,738,822	126,899,053
Communication	5,945,270	5,222,288
Other administrative expenses	114,129,589	97,188,975
Relocation expenses	82,427,408	-
PR expense	4,012,000	3,877,160
Bad debt expenses	-	7,283,359
	₩ 3,437,856,440	2,352,738,806

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

**(10) Income Tax Expenses**

(a) The Company is subject to a number of income taxes on taxable income at the following normal tax rates:

Taxable Income	Rates in 2022	Rates from 2023
Up to ₩ 200 million	11%	9.9%
Over ₩ 200 million	22%	20.9%

The corporate tax rate was revised in December 2022 and is effective from the fiscal period commencing on or after January 1, 2023.

**Notes to Financial Statements**

December 31, 2023 and 2022

**(10) Income Tax Expenses, Continued**

- (b) Income tax expenses for the years ended December 31, 2023 and 2022 are summarized as follows:

		Korean Won	
		2023	2022
Corporate income taxes	₩	78,702,170	₩ 38,075,931
Resident surtax		7,870,217	3,807,593
	₩	<u>86,572,387</u>	<u>₩ 41,883,524</u>

- (c) Reconciliation between profit before income tax and taxable income for the years ended December 31, 2023 and 2022, is as follows:

		Korean Won	
		2023	2022
Earnings before income taxes	₩	507,899,117	₩ 321,626,828
Timing differences		11,585,992	(47,430,492)
Permanent differences		-	16,183,319
Taxable income	₩	519,485,109	₩ 290,379,655
Tax rates		9.9%, 20.9%	11%, 22%
Actual income taxes	₩	<u>86,572,388</u>	<u>₩ 41,883,524</u>

- (d) Details of the additions and deductions to accounting income for the years ended December 31, 2023 and 2022 to compute taxable income are as follows:

		Korean Won	
		2023	2022
Profit before income tax	₩	507,899,117	₩ 321,626,828
Timing differences:			
Interior cost		(63,543,333)	(69,320,000)
Loss on foreign currency translation		(5,079,176)	6,183,222
Gain on foreign currency translation		(3,479,222)	2,486,058
Bad debt allowance in excess of tax limits		(120,368)	(3,052,209)
Reserve for restoration		76,292,408	-
Provision for annual leave		7,515,683	16,272,437
Permanent differences:			
Bad debt		-	16,183,319
	₩	<u>519,485,109</u>	<u>₩ 290,379,655</u>

**Notes to Financial Statements**

December 31, 2023 and 2022

**(11) Earnings per Share**

Earnings per share for the years ended December 31, 2023 and 2022 are calculated as follows:

		2023		2022
Net income in Korean Won	₩	421,326,730	₩	279,743,304
Weighted-average number of shares		15,000		15,000
Earnings per share in Korean Won	₩	28,088	₩	18,649

**(12) 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 equivalent	Foreign currency	Won equivalent
<b>Assets:</b>					
Cash and cash equivalents	EUR	1,001,175	₩ 1,428,265,659	EUR	660,871 ₩ 892,968,949
Accounts receivable	EUR	203,451	290,241,318	EUR	211,544 285,838,456
	EUR	<u>1,204,626</u>	<u>₩ 1,718,506,977</u>	EUR	<u>872,415 ₩ 1,178,807,405</u>
<b>Liabilities:</b>					
Accounts payable	EUR	18,044	₩ 25,740,976	EUR	- ₩ -
Leasehold deposits received	EUR	2,625	3,745,084	EUR	2,625 3,547,170
	EUR	<u>20,669</u>	<u>₩ 29,486,060</u>	EUR	<u>2,625 ₩ 3,547,170</u>

**Notes to Financial Statements**

December 31, 2023 and 2022

**(13) Transactions with Related Parties**

Significant transactions and related balances with the shareholder as of and for the years ended December 31, 2023 and 2022 are summarized as follows:

Transactions		Korean Won	
		2023	2022
Revenue from general services	₩	134,099,474	₩ 144,339,199
Expense for allocation of overheads		(32,948,083)	(15,880,025)
Revenue from allocation of overheads		189,011,263	185,211,289
Revenues	₩	323,110,737	₩ 329,550,488
Expenses	₩	(32,948,083)	₩ (15,880,025)

Balances		Korean Won	
		2023	2022
Accounts receivable	₩	10,331,622	₩ 17,710,743
Other accounts receivable		19,031,895	16,706,251
Other accounts payable		(1,525,310)	(2,834,265)
Leasehold deposits received		(300,000,000)	(300,000,000)
Receivables	₩	29,363,517	₩ 34,416,994
Payables	₩	(301,525,310)	₩ (302,834,265)

**Notes to Financial Statements**

December 31, 2023 and 2022

(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:

Rent payable	Korean Won	
	2023	2022
Within one year	₩ 53,033,196	₩ 212,132,784
Between two to five years	-	59,220,402
More than five years	-	-
	₩ 53,033,196	₩ 271,353,186

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:

Rent receivable	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	-	-
	₩ 17,251,699	₩ 89,258,116

(15) Insurance

Insurance coverages as of December 31, 2023 are summarized as follows:

Type of insurance	Insurance coverage (In million Korean Won)	Insured by
Staff's compensation Insurance	300 million	ACE American Insurance
Commercial general liability insurance	100 million	AIG Insurance
Fire insurance	2,572 million	DB Insurance

**Notes to Financial Statements**

December 31, 2023 and 2022

(16) Statements of Appropriation of Retained Earnings

Statements of appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows:

		Korean Won	
		2023	2022
Unappropriated retained earnings:			
Balance at beginning of year	₩	1,133,724,628	853,981,324
Net income		421,326,730	279,743,304
		1,555,051,358	1,133,724,628
Appropriation		-	-
Unappropriated retained earnings to be carried over to subsequent year	₩	1,555,051,358	₩ 1,133,724,628

(17) Commitments and Contingencies

The Company obtained guarantees from Seoul Guarantee Insurance Company for performance obligation of contracts up to KRW 30 million as of December 31, 2023.

(18) Subsequent Event

On March 27, 2024, the board of directors decided to relocate the office building and the Company signed a lease contract for the new office building. The lease period of the new office building is until January 15, 2030, and the rental deposit of ₩ 500 million was paid and the rent is ₩ 33 million per month.