MONALISA CO., LTD

Financial Statements
December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of
MONALISA CO., LTD

Opinion

We have audited the financial statements of MONALISA CO., LTD ("the Company"), which comprise the statements of financial position as of December 31, 2024, and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising of material accounting policy information 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements as of and for the year ended December 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of the revenue recognition cut-off of the finished goods, merchandise, and semi-finished goods sales

The Company's sales of finished goods and merchandise are generated by selling toilet paper, sanitary paper, etc. Sales of semi-finished goods are generated by selling fabric. The timing of revenue recognition for the Company's sales of finished goods, merchandise and semi-finished goods varies depending on the customer and contract terms, and there may be two or more performance obligations depending on the contract terms. As the Company is a KOSPI-listed company with multiple stakeholders, revenue is a key indicator of interest. Thus there is a high inherent risk that revenue will be recognized before the conditions for revenue recognition are met.

We identified the appropriateness of the revenue recognition cut-off of the finished goods, merchandise and semi-finished goods sales as a key audit matter, considering the inherent risk of revenue, the significance of these sales, and the risk of misstatement of revenue that may occur according to

various contract terms.

Our audit procedures to address key audit matters included followings:

- Understanding the Company's revenue recognition processes and testing internal controls related to the revenue recognition cut off of finished goods, merchandise and semi-finished goods sales
- Reviewing sampled contracts to assess the appropriateness of control transfer timing according to revenue recognition criteria
- Inspecting the relevant documents for sampled sales transactions that occurred close to year-end to assess the appropriateness of revenue recognition
- Inspecting the relevant documents for sampled cancelled sales transactions that occurred after year-end to assess the appropriateness of revenue recognition

Other Matter

The procedures and practices utilized 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 K-IFRS, 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, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 KSAs 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 KSAs, 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 internal controls.
- Evaluate the appropriateness of accounting policies used in the preparation of the financial statements 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 auditors' 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 auditors' 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.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sang Min Nam.

Seoul, Korea
March 14, 2025

This report is effective as of March 14, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

MONALISA CO., LTD
Statements of Financial Position
December 31, 2024 and 2023

(In Korean won)	Notes		2024		2023
Assets					
Current Assets					
Cash and cash equivalents	4,5,6,29	₩	15,939,868,774	₩	19,711,773,102
Short-term financial instruments			-		2,000,000,000
Trade receivables	5,6,7,26,29		12,869,418,763		13,024,937,258
Other receivables	5,6,7,26,29		492,131,271		543,304,375
Inventories	8		14,400,918,897		12,137,114,169
Other assets	9		176,850,233		142,119,266
Current tax assets			431,751,633		-
			44,310,939,571		47,559,248,170
Non-current assets					
Other receivables	5,6,7,26,29		4,806,415,522		4,785,759,852
Investments in associate	10		1,865,919,136		2,221,123,435
Property, plant and equipment	11		45,169,266,671		41,255,108,451
Right-of-use assets	12		817,841,605		929,730,313
Intangible assets	13		197,902,415		294,415,259
			52,857,345,349		49,486,137,310
Total assets		₩	97,168,284,920	₩	97,045,385,480
Liabilities					
Current liabilities					
Trade payables	5,6,26,29	₩	5,537,796,098	₩	2,010,061,009
Other payables	5,6,14,26,29		4,026,498,190		3,774,103,230
Current derivative liabilities	5,6,25,29		2,068,519,480		1,631,226,460
Current tax liabilities			-		2,527,242,976
Other liabilities	9		3,411,285,437		3,783,508,268
Lease liabilities	5,6,12,29		392,639,981		492,259,989
			15,436,739,186		14,218,401,932
Non-current liabilities					
Other payables			7,547,170		7,547,170
Lease liabilities	5,6,14,29		483,162,013		503,587,330
Deferred tax liabilities	5,6,14,29		544,920,327		1,031,267,950
			1,035,629,510		1,542,402,450
Total liabilities			16,472,368,696		15,760,804,382
Equity					
Share capital	16		18,885,627,500		18,885,627,500
Other paid-in capital	16		3,437,386,562		3,437,386,562
Retained earnings	16		54,853,325,564		55,440,755,057
Accumulated other comprehensive income	16		3,519,576,598		3,520,811,979
Total equity			80,695,916,224		81,284,581,098
Total liabilities and equity		₩	97,168,284,920	₩	97,045,385,480

See accompanying notes to financial statements.

MONALISA CO., LTD
Statements of Comprehensive Income
Years ended December 31, 2024 and 2023

(In Korean won)	Notes		2024		2023
Revenue	17,26,27	₩	126,337,593,913	₩	129,760,048,314
Cost of sales	8,18,26		(99,088,622,244)		(98,337,167,205)
Gross profit			27,248,971,669		31,422,881,109
Selling and administrative expenses	18,19		(26,265,771,631)		(24,937,055,424)
Operating profit			983,200,038		6,485,825,685
Other non-operating income	20		86,930,002		4,951,745,690
Other non-operating expenses	20		(883,617,414)		(580,700,276)
Finance income	6,21,26		996,937,246		797,492,820
Finance costs	6,21		(52,476,414)		(120,558,981)
Profits(Losses) of associates accounted for using equity method	10		(50,709,347)		103,360,985
Profit before income taxes			1,080,264,111		11,637,165,923
Income tax benefit (expenses)	22		159,109,765		(2,493,090,698)
Profit for the year		₩	1,239,373,876	₩	9,144,075,225
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation surplus of land			-		4,434,745
Items that may be subsequently reclassified to profit or loss					
Share of other comprehensive income of associate			-		4,969,998
			-		9,404,743
Total comprehensive income for the year		₩	1,239,373,876	₩	9,153,479,968
Earnings per share					
Basic and diluted earnings per share	23	₩	34	₩	250

See accompanying notes to financial statements

MONALISA CO., LTD
Statement of Changes in Equity
Years ended December 31, 2024 and 2023

(In Korean won)

	Notes	Share capital	Other paid-in capital	Accumulated other comprehensive income	Retained Earnings	Total
Balance as January 1, 2023		₩ 18,885,627,500	3,437,386,562	3,543,232,461	51,748,970,857	77,615,217,380
Total comprehensive income:						
Profit for the year		-	-	-	9,144,075,225	9,144,075,225
Revaluation surplus of land		-		4,434,745	-	4,434,745
Share of other comprehensive income of associate	16	-	-	(26,855,227)	31,825,225	4,969,998
Annual dividends paid	16	-	-	-	(1,828,038,750)	(1,828,038,750)
Interim dividends paid		-	-	-	(3,656,077,500)	(3,656,077,500)
Balance as December 31, 2023		₩ 18,885,627,500	3,437,386,562	3,520,811,979	55,440,755,057	81,284,581,098
Balance as January 1, 2024		₩ 18,885,627,500	3,437,386,562	3,520,811,979	55,440,755,057	81,284,581,098
Total comprehensive income:						
Profit for the year		-	-	-	1,239,373,876	1,239,373,876
Share of other comprehensive income of associate	16	-	-	(1,235,381)	1,235,381	-
Annual dividends paid	16	-	-	-	(1,828,038,750)	(1,828,038,750)
Balance as December 31, 2024		₩ 18,885,627,500	3,437,386,562	3,519,576,598	54,853,325,564	80,695,916,224

See accompanying notes to financial statements.

(In Korean won)

	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	24	₩ 6,547,928,761	₩ 7,257,914,612
Interest received		1,055,565,928	776,516,013
Interest paid		(52,476,414)	(124,800,077)
Income taxes paid		(3,286,232,467)	(819,026,108)
Net cash provided by operating activities		4,264,785,808	7,090,604,440
Cash flows from investing activities			
Decrease in short-term financial instruments		2,000,000,000	6,500,000,000
Decrease in other financial assets		-	990,465,754
Decrease in other receivables		40,520,000	-
Proceeds from disposal of property, plant and equipment		4,682,112	10,398,330
Proceeds from disposal of investment in associate		-	15,527,322,690
Increase in short-term financial instruments		-	(2,000,000,000)
Increase in other receivables		(69,547,700)	(5,121,500)
Acquisitions for property, plant and equipment		(7,697,003,530)	(2,546,516,555)
Acquisitions for intangible assets		(2,326,706)	(4,343,840)
Acquisitions for right-of-use assets		(2,259,800)	-
Net cash provided by (used in) investing activities		(5,725,935,624)	18,472,204,879
Cash inflow from financing activities			
Prepayment of borrowings		-	(5,000,000,000)
Payment of dividends		(1,828,038,750)	(5,484,116,250)
Repayments of lease liabilities		(489,420,606)	(449,510,352)
Net cash used in financing activities		(2,317,459,356)	(10,933,626,602)
Net increase (decrease) in cash and cash equivalents		(3,778,609,172)	14,629,182,717
Cash and cash equivalents at the beginning of the year		19,711,773,102	5,082,689,898
Effects of exchange rate changes on cash and cash equivalents in foreign currency		6,704,844	(99,513)
Cash and cash equivalents at the end of the year		₩ 15,939,868,774	₩ 19,711,773,102

See accompanying notes to financial statements

1. General Information

MONALISA CO., LTD (the Company) engages in manufacturing and selling toilet paper and sanitary products. The Company listed its shares on the Korea Exchange on October 14, 1988.

As of December 31, 2024, the Company's major shareholders are as follows:

(in number of shares)

	Number of shares	Percentage of ownership (%)
MSS Holdings Co., Ltd.	18,645,995	50.99
Treasury shares	10,480	0.03
Non-registered Executive	10,000	0.03
Others	17,904,780	48.95
	36,571,255	100.00

2. Basis of Preparation

The material 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.

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and the Company prepared its financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (K-IFRS), which are accounting standards established by adopting the International Accounting Standards of the International Accounting Standards Committee stipulated in Article 5, Paragraph 1, Item 1 of the Act on External Audit of Stock Companies, etc. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

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

- Derivative instruments measured at fair value
- Certain property, plant and equipment measured at fair value
- Financial instruments measured at fair value through profit or loss
-

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

2.1.1 New and amended standards adopted by the Company

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

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

The liabilities are classified as current or non-current based on the existence of substantive rights at the end of the reporting period, without considering the likelihood of exercising the right to defer settlement or management's expectations.

Additionally, the settlement of liabilities may include the transfer of an entity's own equity instruments. However, this does not apply if an option to settle a compound financial instrument with equity instruments meets the definition of an equity instrument and has been recognized separately from the liability.

Furthermore, covenants that the entity is required to comply with after the reporting period do not affect the classification of the liability at the end of reporting period. If a liability classified as non-current at the end of reporting period is subject to compliance with covenants within 12 months after the reporting period, it is required to disclose the risk that the liability may become repayable within 12 months.

The amendments do not have a material impact on the financial statements.

b) Amendment to K-IFRS 1007 "Statement of Cash Flows" and K-IFRS 1107 "Financial Instruments: Disclosures" – Disclosure of Supplier Finance Arrangements

When applying supplier finance arrangements, entities are required to disclose information about such arrangements to enable financial statement users to assess their impact on the company's liabilities, cash flows, and exposure to liquidity risk. The impact of this amendment is described in Note 14

2.1.2 New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published that are not mandatory for reporting period and have not been early adopted by the Company.

(a) Amendments to K-IFRS 1021 'Effects of Changes in Foreign Exchange Rates' – Lack of exchangeability

The amendments require to evaluate the exchangeability between two currencies, and disclose estimated spot rates if exchangeability between two currencies is temporarily lacking. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

(b) Amendments to K-IFRS 1109 'Financial instruments' K-IFRS 1107 ‘Financial Instruments: Disclosures’

To address questions raised in practice and include new requirements, K-IFRS 1109 'Financial instruments', and K-IFRS 1107 ‘Financial Instruments: Disclosures’ have been revised. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

- Allow financial liabilities to be considered settled (derecognized) through electronic payment systems prior to the settlement date, if certain criteria are met

- Clarify and add additional guidance to assess whether financial assets meet the criteria for consisting solely of principal and interest payments

- Disclose the impact on an entity of contractual terms that change the timing or amount of cash flows under the contract and the extent to which the entity is exposed to them for each type of financial instrument

- Additional disclosures for FVOCI-designated equity instruments

(c) K-IFRS annual improvements Volume 11

K-IFRS annual improvements Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendment will not have a significant impact on the financial statements.

2.2 Material Accounting Policies

The material accounting policies and calculation methods applied in the preparation of financial statements are the same as those applied in the preparation of previous financial statements, except for changes in the application of the new and amended standards described in Note 2.1.1 and changes in the application of the accounting standards described in paragraphs below.

2.3 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income, and
- Financial assets measured at amortized cost

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

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

(b) Measurement

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

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

A. Debt instruments

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

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

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income or expenses' and impairment losses are presented in 'other non-operating expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'other non-operating income or expenses' in the year in which it arises.

B. Equity instruments

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

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

(c) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset such as the right of recourse in the event of a default by the debtor, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as "borrowings" in the statement of financial position.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.4 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other non-operating income (expenses)' based on the nature of transactions.

2.5 Trade Receivables

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

2.6 Inventories

Cost is determined using the moving weighted average method, except for goods-in-transits. Acquisition cost of inventories consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.7 Property, Plant and Equipment

After recognition as an asset, property, plant and equipment except for land, shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses, and after recognition as an asset, land shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings	10 - 60 years
Structures	10 - 50
Machinery	5 - 40
Vehicles	5
Tools and equipment	5 - 20
Others	2 - 5

2.8. Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.9 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Useful lives
Industrial property rights	5 years
Software	5

2.10 Trade and Other Payables

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

2.11 Financial Liabilities

Classification and measurement

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'other payables', and 'borrowings' in the statement of financial position.

2.12 Employee Benefits

(a) Post-employment benefits

The Company operates defined contribution plan for all employees. Defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(b) Long-term employee benefits

The Company provide long-term employee benefits that are entitled to employees with service period for ten years and twenty five years above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Company recognizes net interest on long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

2.13 Revenue Recognition

(a) A performance obligation satisfied at a point in time

Revenue on sales of goods is recognized when the products have been delivered to the customer, and the customer has accepted the goods. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the goods.

(b) Variable consideration

The Company offers price discounting such as coupons to the customers, which may cause variable consideration. The Company estimates the variable consideration by using the expected value method, which the Company expects to better predict the amount of consideration to which the Company is entitled. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized through price discounting will not occur.

(c) Consideration payable to a customer

The Company directly pays customers considerations for the use of the customer's distribution center and for advertising services performed by the customer. Payment of consideration is accounted for as a reduction of the transaction price unless consideration payable to a customer resulted from distinct goods or services received from the customer.

2.14 Leases

(a) Lessor

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

(b) Lessee

The Company leases various offices, warehouses, retail stores, equipment and cars. Lease contracts are typically made for fixed periods of 3 to 8 years, but may have extension options as described in below.

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

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

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

(c) Extension option

Extension option is included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension option held is exercisable only by the Company and not by the respective lessor.

2.15 Approval of Issuance of the Financial Statements

The financial statements were approved for issue by the Board of Directors on January 31, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Material Accounting Estimates and Assumptions

K-IFRS require the use of estimates and assumptions based on management's best judgment in preparing financial statements, regarding the application of accounting policies and matters affecting the reported amounts of assets, liabilities, revenues, and expenses at the end of the reporting period. If estimates and assumptions based on management's best judgment at the end of the reporting period differ from actual circumstances, these estimates and actual results may differ.

3.1 Income taxes

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

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

3.2 Fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Notes 5).

3.3 Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. **3.4 Valuation of inventories**

Inventories are assessed at the lower of acquisition cost and net realizable value. The net realizable value is determined based on estimates of expected selling prices and incidental expenses and others. In addition, obsolete inventories are assessed by estimating net realizable value. These estimates are based on market conditions, past experience and others.

3.5 Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2024 and 2023, are as follows:

(in Korean won)		2024		2023
Demand deposits	₩	1,127,911,189	₩	1,359,065,240
RP		3,811,957,585		6,352,707,862
MMT		-		1,000,000,000
Time deposits		11,000,000,000		11,000,000,000
	₩	15,939,868,774	₩	19,711,773,102

Prepaid check of ₩3,638,000 within the demand deposits is restricted for use.

5. Fair Value of Financial Instruments

This Note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report. There are no significant changes in the business and economic environment affecting the fair value of the Company's financial assets and liabilities for the year ended December 31, 2024.

5.1 Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of December 31, 2024 and 2023, are as follows:

(in Korean won)	2024		2023	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	₩ 15,939,868,774	₩ [1]	₩ 19,711,773,102	₩ [1]
Short-term financial instruments	-		2,000,000,000	[1]
Short-term trade receivables	12,869,418,763	[1]	13,024,937,258	[1]
Other receivables	5,298,546,793	[1]	5,329,064,227	[1]
	34,107,834,330		40,065,774,587	
Financial liabilities				
Trade payables	₩ 5,537,796,098	₩ [1]	₩ 2,010,061,009	₩ [1]
Other payables	4,034,045,360	[1]	3,781,650,400	[1]
Short-term borrowings	-	[1]	-	[1]
Derivative liabilities	2,068,519,480	2,068,519,480	1,631,226,460	1,631,226,460
Lease liabilities	875,801,994	[2]	995,847,319	[2]
	12,516,162,932		8,418,785,188	

[1]The carrying amount is a reasonable approximation to the fair value and is therefore excluded from the fair value disclosure.

[2] Lease liabilities are excluded from the fair value disclosures in accordance with K-IFRS 1107 'Financial Instruments: Disclosure'.

5.2 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

The fair value measurement of the land to which the revaluation model and of derivative liabilities with a binomial model is applied is classified as level 3 in the fair value hierarchy, and there were no transfers between the levels of the fair value hierarchy for the years ended December 31, 2024 and 2023.

5.3 Valuation Techniques and the Inputs

Valuation techniques used to measure fair value of derivative liabilities and unobservable inputs that are significant to measure the fair value are as follows:

Valuation techniques	Significant unobservable inputs	Relationship between unobservable inputs and fair value measurements
A binomial model	The Price of an underlying asset Volatility and discount rates	The estimated fair value increases (decreases) according to. - When the price of the underlying asset increases(decreases) - When stock price volatility increases (decreases) - When the discount rate decreases (increases)

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Carrying amounts of financial assets and liabilities by category as of December 31, 2024 and 2023, are as follows:

(in Korean won)	2024		
	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
Current financial assets			
Cash and cash equivalents	₩ -	₩ 15,939,868,774	₩ 15,939,868,774
Trade receivables	-	12,869,418,763	12,869,418,763
Other receivables	-	492,131,271	492,131,271
	-	29,301,418,808	29,301,418,808
Non-current financial assets			
Other receivables	-	4,806,415,522	4,806,415,522
	₩ -	₩ 34,107,834,330	₩ 34,107,834,330

(in Korean won)	2023		
	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
Current financial assets			
Cash and cash equivalents	₩ -	₩ 19,711,773,102	₩ 19,711,773,102
Short-term financial instruments	-	2,000,000,000	2,000,000,000
Trade receivables	-	13,024,937,258	13,024,937,258
Other receivables	-	543,304,375	543,304,375
	-	35,280,014,735	35,280,014,735
Non-current financial assets			
Other receivables	-	4,785,759,852	4,785,759,852
	₩ -	₩ 40,065,774,587	₩ 40,065,774,587

(in Korean won)

	2024			
	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortized cost**	**Other financial liabilities**	**Total**
Current financial liabilities				
Trade payables	₩ -	₩ 5,537,796,098	₩ -	₩ 5,537,796,098
Other payables	-	4,026,498,190	-	4,026,498,190
Derivative liabilities[1]	2,068,519,480	-	-	2,068,519,480
Lease liabilities	-	-	392,639,981	392,639,981
	₩ 2,068,519,480	₩ 9,564,294,288	₩ 392,639,981	₩ 12,025,453,749
Non-current financial liabilities	-			
Other payables	-	7,547,170	-	7,547,170
Lease liabilities	-	-	483,162,013	483,162,013
	-	7,547,170	483,162,013	490,709,183
	₩ 2,068,519,480	₩ 9,571,841,458	₩ 875,801,994	₩ 12,516,162,932

[1] Derivative liabilities recognized according to shareholder agreements related to investment stock in associate (Note 25).

(in Korean won)

	2023			
	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortized cost**	**Other financial liabilities**	**Total**
Current financial liabilities				
Trade payables	₩ -	₩ 2,010,061,009	₩ -	₩ 2,010,061,009
Other payables	-	3,774,103,230	-	3,774,103,230
Derivativeliabilities[1]	1,631,226,460	-	-	1,631,226,460
Lease liabilities	-	-	492,259,989	492,259,989
	₩ 1,631,226,460	₩ 5,784,164,239	₩ 492,259,989	₩ 7,907,650,688
Non-current financial liabilities	-			
Other payables	-	7,547,170	-	7,547,170
Lease liabilities	-	-	503,587,330	503,587,330
	-	7,547,170	503,587,330	511,134,500
	₩ 1,631,226,460	₩ 5,791,711,409	₩ 995,847,319	₩ 8,418,785,188

6.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)		**2024**		**2023**
Financial assets at amortized cost				
Interest income	₩	996,937,246	₩	797,492,820
Foreign exchange gain, net		5,502,798		9,836,463
Reversal of provision for impairment (impairment losses)		(95,250,553)		80,093,606
Other impairment losses		-		(72,486,356)
Financial liabilities at amortized cost				
Interest expenses		-		(68,413,693)
Other financial liabilities (lease liabilities)				
Interest expenses		(52,476,414)		(52,145,288)
Financial liabilities at fair value through profit or loss				
Loss on valuation of derivatives		(741,787,972)		(186,252,786)
	₩	112,925,105	₩	508,124,766

7. Trade and Other Receivables

Trade and other receivables as of December 31, 2024 and 2023, are as follows:

(in Korean won)		**2024**		**2023**
Current				
Trade receivables	₩	13,098,332,745	₩	13,158,600,687
Provision for impairment		(228,913,982)		(133,663,429)
Non-trade receivables		14,454,293		9,359,944
Accrued income		12,676,978		83,944,431
Deposits		465,000,000		450,000,000
		13,361,550,034		13,568,241,633
Non-current				
Deposits		306,415,522		285,759,852
Loan		4,500,000,000		4,500,000,000
		4,806,415,522		4,785,759,852
	₩	18,167,965,556	₩	18,354,001,485

The aging analysis of trade receivables as of December 31, 2024 and 2023, is as follows:

(in Korean won)	2024	2023
Receivables not past due	₩ 12,433,906,429	₩ 12,640,142,128
Receivables past due		
Up to 6 months	350,006,200	158,861,578
6 months to 1 year	56,079,845	110,712,009
Over 1 year	258,340,271	248,884,972
	664,426,316	518,458,559
	₩ 13,098,332,745	₩ 13,158,600,687

Movements in the provision for impairment for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)	Trade receivables		Non-trade receivables	
	2024	2023	2024	2023
Beginning balance	₩ 133,663,429	₩ 213,757,035	₩ -	₩ -
Increase (reversal)	95,250,553	(80,093,606)	-	72,486,356
Write-off and others	-	-	-	(72,486,356)
Ending balance	₩ 228,913,982	₩ 133,663,429	₩ -	₩ -

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days, and therefore, are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method.

8. Inventories

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

(in Korean won)

	2024		
	Amount before valuation	**Valuation allowance**	**Carrying amount**
Merchandise	₩ 1,687,591,802	₩ (11,349,177)	₩ 1,676,242,625
Finished goods	4,163,787,011	(112,033,532)	4,051,753,479
Semi-finished goods	5,993,473,218	-	5,993,473,218
Raw materials	1,549,868,141	-	1,549,868,141
Sub-materials	677,564,176	-	677,564,176
Stored goods	452,017,258	-	452,017,258
	₩ 14,524,301,606	₩ (123,382,709)	₩ 14,400,918,897

(in Korean won)

	2023		
	Amount before valuation	**Valuation allowance**	**Carrying amount**
Merchandise	₩ 1,595,131,836	₩ (14,058,401)	₩ 1,581,073,435
Finished goods	2,978,487,742	(82,822,649)	2,895,665,093
Semi-finished goods	5,055,728,528	-	5,055,728,528
Raw materials	1,443,729,937	-	1,443,729,937
Sub-materials	687,132,808	-	687,132,808
Stored goods	473,784,368	-	473,784,368
	₩ 12,233,995,219	₩ (96,881,050)	₩ 12,137,114,169

Inventories valuation amount recognized as expense during the year ended December 31, 2024, amounted to a reversal of ₩ 26,501,659 (2023: reversal of ₩ 187,147,974).

Inventories recognized as expense during the year ended December 31, 2024, amounted to ₩ 99,088,622,244 (2023: ₩ 98,337,167,205). These were included in 'cost of sales'.

9. Other Assets and Liabilities

Other assets as of December 31, 2024 and 2023, are as follows:

(in Korean won)		2024		2023
Prepayments	₩	28,203,505	₩	8,338,086
Prepaid expenses		148,646,728		133,781,180
	₩	176,850,233	₩	142,119,266

Other liabilities as of December 31, 2024 and 2023, are as follows:

(in Korean won)		2024		2023
Advances from customers	₩	103,775,841	₩	282,299,248
Withholdings		953,810,103		1,036,341,333
Accrued expenses[1]		2,353,699,493		2,464,867,687
	₩	3,411,285,437	₩	3,783,508,268

[1] Include unpaid benefit and others related to employees.

10. Investment in Associate

Set out below are an associate of the Company as of December 31, 2024 and 2023.

Name of entity	Percentage of ownership (%)		Location
	2024	2023	
Hibetter CO.,LTD[1, 2] (Formely: Joongwon Corporation)	3.38	3.38	Korea

[1] Although the Company holds less than 20% of HiBetter Corporation's equity shares, the Company has significant influence over HiBetter Corporation as the Company holds the right to appoint a board of directors.

[2] In 2024, 'Joongwon Corporation' has changed its name to 'Hibetter CO.,LTD '.

Details of valuation of investment in associate that are accounted for using the equity method for the years ended December 31, 2024 and 2023, are as follows:

	2024					
(in Korean won)	**Beginning balance**	**Acquisition**	**Other decrease[1]**	**Share of profit or loss of associates**	**Share of other comprehensive income of associates**	**Ending balance**
Hibetter CO.,LTD [1] (Formely: JOONGWON)	₩ 2,221,123,435	₩ -	₩ (304,494,952)	₩ (50,709,347)	₩ -	₩ 1,865,919,136

[1] Other decrease are due to dividends and have been offset against the related derivative liabilities in accordance with the dividend restrictions under the shareholder agreement (see Note 25).

	2023					
(in Korean won)	**Beginning balance**	**Acquisition**	**Other decrease[1]**	**Share of profit or loss of associates**	**Share of other comprehensive income of associates**	**Ending balance**
Hibetter CO.,LTD [1] (Formely: JOONGWON)	₩ 10,991,139,621	₩ -	₩ (8,873,458,016)	₩ (103,360,985)	₩ 80,845	₩ 2,221,123,435

[1] Other decrease represents the changes in investment in associate due to disposal on June 29, 2023.

Summarized financial information for an associate as of and for the years ended December 31, 2024 and 2023, is as follows:

(in Korean won)	2024			
Associate	**Assets**	**Liabilities**	**Revenue**	**Profit for the year**
Hibetter CO.,LTD (Formerly: JOONGWON)	₩ 56,705,573,283	₩ 22,443,697,402	₩ 47,398,905,984	₩ (301,403,268)

(in Korean won)	2023			
Associate	**Assets**	**Liabilities**	**Revenue**	**Profit for the year**
Hibetter CO.,LTD (Formerly: JOONGWON)	₩ 67,477,559,202	₩ 23,905,553,653	₩ 51,079,447,106	₩ 987,526,900

The above summarized financial information includes financial information for the 12-month reporting period. The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the associate.

(in Korean won)	2024					
	Net assets at the end of the year	**Group's share in %**	**Group's share in KRW**	**Goodwill[1]**	**Othes[1]**	**Carrying amount**
Hibetter CO.,LTD(Formerly: JOONGWON)	₩ 34,261,875,881	3.38	₩ 1,156,867,681	₩ 623,529,014	₩ 85,522,441	₩ 1,865,919,136

(in Korean won)	2023					
	Net assets at the end of the year	**Group's share in %**	**Group's share in KRW**	**Goodwill[1]**	**Othes[1]**	**Carrying amount**
Hibetter CO.,LTD(Formerly: JOONGWON)	₩ 43,572,005,549	3.38	₩ 1,471,228,406	₩ 623,529,014	₩ 126,366,015	₩ 2,221,123,435

[1] The difference between the acquisition cost and the share of net assets was allocated as fair value adjustments of identifiable property, plant and equipment and intangible assets and goodwill through the purchase price allocation procedure.

11. Property, Plant and Equipment

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

(in Korean won)	2024		
	Acquisition cost	Accumulated depreciation	Ending balance
Land[1]	₩ 13,444,660,000	₩ -	₩ 13,444,660,000
Buildings	16,669,726,273	(9,750,315,191)	6,919,411,082
Structures	9,582,965,645	(5,675,401,654)	3,907,563,991
Machinery	60,716,511,907	(47,033,246,201)	13,683,265,706
Vehicles	350,044,159	(331,307,112)	18,737,047
Tools and equipment	3,986,750,944	(3,195,359,762)	791,391,182
Construction in progress	5,005,708,491	-	5,005,708,491
Others	1,799,460,680	(400,931,508)	1,398,529,172
	₩ 111,555,828,099	₩ (66,386,561,428)	₩ 45,169,266,671

[1] The acquisition cost of the land includes ₩ 4,434,744,800, an increase in the carrying amount resulting from the revaluation.

(in Korean won)	2023		
	Acquisition cost	Accumulated depreciation	Ending balance
Land[1]	₩ 13,444,660,000	₩ -	₩ 13,444,660,000
Buildings	16,612,726,273	(9,490,190,517)	7,122,535,756
Structures	9,064,001,645	(5,435,144,092)	3,628,857,553
Machinery	59,312,975,444	(44,556,032,958)	14,756,942,486
Vehicles	350,044,159	(313,558,285)	36,485,874
Tools and equipment	3,699,959,317	(2,865,732,471)	834,226,846
Construction in progress	140,916,463	-	140,916,463
Others	1,647,730,544	(357,247,071)	1,290,483,473
	₩ 104,273,013,845	₩ (63,017,905,394)	₩ 41,255,108,451

[1] The acquisition cost of the land includes ₩ 4,434,744,800, an increase in the carrying amount resulting from the revaluation.

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

(in Korean won)

	2024					
	Beginning balance	Acquisitions	Transfers	Disposals	Depreciation	Ending balance
Land	₩ 13,444,660,000	₩ -	₩ -	₩ -	₩ -	₩ 13,444,660,000
Buildings	7,122,535,756	-	57,000,000	-	(260,124,674)	6,919,411,082
Structures	3,628,857,553	-	518,964,000	-	(240,257,562)	3,907,563,991
Machinery	14,756,942,486	-	1,768,636,463	(15,440,350)	(2,826,872,893)	13,683,265,706
Vehicles	36,485,874	-	-	-	(17,748,827)	18,737,047
Tools and equipment	834,226,846	385,740,966	-	(4,302,549)	(424,274,081)	791,391,182
Construction in progress	140,916,463	7,209,392,491	(2,344,600,463)	-	-	5,005,708,491
Others	1,290,483,473	173,328,636	-	(21,598,500)	(43,684,437)	1,398,529,172
	₩ 41,255,108,451	₩ 7,768,462,093	₩ -	₩ (41,341,399)	₩ (3,812,962,474)	₩ 45,169,266,671

(in Korean won)

	2023					
	Beginning balance	Acquisitions	Transfers	Disposals	Depreciation	Ending balance
Land	₩ 13,444,660,000	₩ -	₩ -	₩ -	₩ -	₩ 13,444,660,000
Buildings	7,280,637,537	-	100,000,000	-	(258,101,781)	7,122,535,756
Structures	3,168,319,594	8,000,000	665,400,000	-	(212,862,041)	3,628,857,553
Machinery	17,243,542,253	-	1,019,730,820	(107,815,200)	(3,398,515,387)	14,756,942,486
Vehicles	55,567,901	-	-	-	(19,082,027)	36,485,874
Tools and equipment	1,055,563,407	174,895,029	26,000,000	(46,000)	(422,185,590)	834,226,846
Construction in progress	63,050,000	1,897,377,283	(1,819,510,820)	-	-	140,916,463
Others	950,647,496	454,523,306	-	-	(114,687,329)	1,290,483,473
	₩ 43,261,988,188	₩ 2,534,795,618	₩ (8,380,000)	₩ (107,861,200)	₩ (4,425,434,155)	₩ 41,255,108,451

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

(in Korean won)	2024	2023
Cost of sales	₩ 3,535,155,751	₩ 4,135,302,415
Selling and administrative expenses	277,806,723	290,131,740
	₩ 3,812,962,474	₩ 4,425,434,155

Details of property, plant and equipment provided as collateral

As of December 31, 2024, there are no secured amount related to property, plant and equipment.

The Company applied a revaluation model to the land during the year ended December 31, 2021 and the land is revalued by an independent agencies who hold a certified professional qualification as of June 30, 2021, the base date.

Based on the official land price of the official land, which is located in close proximity on the target land, with similar use value, the Company evaluated the land by comprehensively considering the rate of change in land value from the official announcement date to the base time, location, shape, environment, conditions of use, other valuation factors and others. In addition, the reasonableness of the appraisal amount was reviewed by comparing the actual transaction cases of the land in close proximity.

The book amount of land using revaluation model and historical cost model as of December 31, 2024, is as follows, and the difference between fair value and book amount of the land are not significant.

(in Korean won)	**Revaluation model**	**Cost model**
Land	₩ 13,444,660,000	₩ 9,009,915,200

Accumulated other comprehensive income recognized as of December 31, 2024, resulting from the revaluation of the land, is ₩ 3,507,883,137 (2023: ₩ 3,507,883,137).

12. Right-of-use Assets and Leases Liabilities

(*a) Lessee*

The details of right-of-use assets and lease liabilities are as follows.

12.1 Amounts recognized in the Statement of Financial Position

The statement of financial position shows the following amounts relating to leases:

(in Korean won)		**2024**		**2023**
Right-of-use assets				
Properties	₩	123,004,473	₩	300,338,240
Vehicles		694,837,132		629,392,073
	₩	817,841,605	₩	929,730,313

(in Korean won)		**2024**		**2023**
Lease liabilities				
Current	₩	392,639,981	₩	492,259,989
Non-current		483,162,013		503,587,330
	₩	875,801,994	₩	995,847,319

Additions to the right-of-use assets during the 2024 financial year were ₩ 471,272,494 (2023: ₩ 234,018,515).

12.2 Amounts recognized in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

(in Korean won)		**2024**		**2023**
Depreciation of right-of-use assets				
Properties	₩	199,537,297	₩	194,103,132
Vehicles		299,188,546		265,267,581
	₩	498,725,843	₩	459,370,713
Interest expense relating to lease liabilities (included in finance cost)	₩	52,476,414	₩	52,145,288
Expense relating to short-term leases (included in cost of goods sales and administrative expenses)		2,586,092,384		2,556,470,732
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)		13,456,138		10,731,820

The total cash outflow for leases in 2024 was ₩ 3,143,705,342 (2023: ₩ 3,068,858,192).

(*b) Lessor*

The Company provides property leases as subleases which are in use as a lessee.
The Company classifies these leases as operating leases because substantially all the risks and rewards incidental to ownership of the underlying assets are not transferred.

The lease income recognized by the Company was ₩ 9,558,113 (2023: ₩ 4,896,000).

The analysis of maturities for operating lease payments is as follows and presents the lease payments to be received after the end of the reporting period in non-discounted amounts.

(in Korean won)

	2024	2023
Within a year	₩ -	₩ 4,896,000
More than one year to less than two years	-	816,000
	₩ -	₩ 5,712,000

13. Intangible Assets

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

(in Korean won)

	2024					
	Beginning balance	Acquisitions	Amortization	Ending balance	Acquisition cost	Accumulated amortization
Industrial property rights	₩ 98,990,235	₩ 2,326,706	₩ (70,017,660)	₩ 31,299,281	₩ 600,363,116	₩ (569,063,835)
Facility use rights (membership rights)	113,559,090	-	-	113,559,090	136,827,523	(23,268,433)
Software	81,865,934	-	(28,821,890)	53,044,044	183,829,273	(130,785,229)
	₩ 294,415,259	₩ 2,326,706	₩ (98,839,550)	₩ 197,902,415	₩ 921,019,912	₩ (723,117,497)

(in Korean won)

	2023					
	Beginning balance	Acquisitions	Amortization	Ending balance	Acquisition cost	Accumulated amortization
Industrial property rights	₩ 183,141,175	₩ 4,343,840	₩ (88,494,780)	₩ 98,990,235	₩ 598,036,410	₩ (499,046,175)
Facility use rights (membership rights)	113,559,090	-	-	113,559,090	136,827,523	(23,268,433)
Software	115,890,357	-	(34,024,423)	81,865,934	183,829,273	(101,963,339)
	₩ 412,590,622	₩ 4,343,840	₩ (122,519,203)	₩ 294,415,259	₩ 918,693,206	₩ (624,277,947)

All amortization is classified as selling and administrative expenses.

14. Other Payables

14.1 Other Payables

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

(in Korean won)	Current				Non-current	
	Non-trade payables	Accrued expenses	Other guarantee deposit	Total	Deposits	Total
2024	₩ 175,455,254	₩ 3,848,042,936	₩ 3,000,000	₩ 4,026,498,190	₩ 7,547,170	₩ 4,034,045,360
2023	₩ 88,046,214	₩ 3,683,057,016	₩ 3,000,000	₩ 3,774,103,230	₩ 7,547,170	₩ 3,781,650,400

14.2 Supplier Finance Arrangements

The Company participates in supplier finance arrangements to streamline the payment process to suppliers and to offer early settlement terms to suppliers compared to the normal payment terms of other trade payables. The Company has not derecognized the original obligation since the arrangement does not extinguish or substantially modify the original liability. Additionally, as the nature and function of the financial liability under this arrangement remain the same as other trade payables, the related amounts are included within other payables. From the Company's perspective, this arrangement does not significantly extend the payment terms compared to the normal payment terms applied to other suppliers not participating in the supplier finance arrangement.

Additional information regarding the Company's other payables is as follows:

Category	Current Period (*1)
Carrying amount of financial liabilities under the supplier finance arrangement	₩44,357,665
Carrying amount of the portion already received by suppliers from the finance provider (*2)	₩12,287,858

(*1) Under the transitional relief provisions of the amendments to K-IFRS 1007 regarding supplier finance arrangements, comparative information for reporting periods presented prior to the first application date (January 1, 2024) is not required to be disclosed.

(*2) There are no significant non-cash changes in the carrying amount of other payables that are part of the Company's supplier finance arrangement.

15. Post-employment Benefit Plan

The Company operates defined contribution plan for employees have rendered service entitling them to the contribution. Plan assets are operated in the form of funds independently from the Company's other assets under the control of the trustee. If an employee retired the Company before meeting the qualification to obtain vested rights of defined contribution plan, contributions payables to the employee are decreased as much as the amount that is lost.

The expense recognized in the comprehensive income statement of ₩ 1,044,551,198 (2023: ₩ 993,456,055) represent the contributions the Company will pay to the defined contribution plan according to the ratio stipulated in the defined contribution plan. The expense of ₩ 736,633,325 (2023: ₩ 699,462,145) was charged to 'cost of sales' and ₩ 307,917,873 (2023: ₩ 293,993,910) to 'administrative expenses'.

16. Share Capital

Share capital as of December 31, 2024 and 2023, are as follows:

(in Korean won and in number of shares)		**2024**		**2023**
Number of authorized shares		200,000,000		200,000,000
Number of shares issued		37,771,255		37,771,255
Retirement of shares		1,200,000		1,200,000
Number of outstanding shares		36,571,255		36,571,255
Par value per share	₩	500	₩	500
Share capital [1]	₩	18,885,627,500	₩	18,885,627,500

[1] As 1,200,000 ordinary shares have been written off in profit, there is a difference of ₩ 600,000,000 between the total face value of share capital and the outstanding shares.

Other paid-in-capital as of December 31, 2024 and 2023, are as follows:

(in Korean won)		**2024**		**2023**
Share premium	₩	3,463,018,182	₩	3,463,018,182
Treasury shares		(25,631,620)		(25,631,620)
	₩	3,437,386,562	₩	3,437,386,562

Accumulated other comprehensive income as of December 31, 2024 and 2023, are as follows:

(in Korean won)		**2024**		**2023**
Revaluation surplus	₩	3,507,883,137	₩	3,507,883,137
Share of changes in equity method investments		11,693,461		12,928,842
	₩	3,519,576,598	₩	3,520,811,979

Retained earnings as of December 31, 2024 and 2023, are as follows:

(in Korean won)	2024	2023
Legal reserves [1]	₩ 2,579,321,109	₩ 2,396,517,234
Retained earnings before appropriation	52,274,004,455	53,044,237,823
	₩ 54,853,325,564	₩ 55,440,755,057

[1] The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

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

(in Korean won)	2024	2023
Beginning balance	₩ 55,440,755,057	₩ 51,748,970,857
Change of retained earnings in equity method	1,235,381	31,825,225
Dividends paid	(1,828,038,750)	(5,484,116,250)
Profit for the year	1,239,873,876	9,144,075,225
Ending balance	₩ 54,853,325,564	₩ 55,440,755,057

The appropriation of retained earnings for the year ended December 31, 2025, is expected to be appropriated at the shareholders' meeting on March 25, 2024. The appropriation date for the year ended December 31, 2023, was March 26, 2024.

The appropriation of retained earnings for the years ended December 31, 2024 and 2023, is as follows:

(in Korean won)		**2024**		**2023**
Unappropriated retained earnings carried over from prior year	₩	51,033,395,198	₩	47,890,022,623
Interim Dividends (Cash dividend (%): 2024: ₩ 0 (0%), 2023: ₩ 100 (20%),		-		(3,656,077,500)
Profit for the year		1,239,373,876		9,144,075,225
Change of retained earnings in equity method		1,235,381		31,825,225
Retained earnings available for appropriation		52,274,004,455		53,409,845,573
Appropriation of retained earnings				
Earned profit reserves		-		548,411,625
Dividends (Cash dividend (%): 2024: ₩ 0 (0%), 2023: ₩ 50 (10%)		-		1,828,038,750
Unappropriated retained earnings to be carried forward	₩	52,274,004,455	₩	51,033,395,198

17. Revenue

17.1 Type of Revenue

(in Korean won)		**2024**		**2023**
Revenue from contracts with customers				
Finished goods	₩	85,407,390,071	₩	91,866,913,982
Merchandise		23,532,437,434		20,477,693,077
Semi-finished goods		16,876,209,370		16,723,133,230
Sales-other		511,998,925		687,412,025
Revenue from other sources				
Rental income		9,558,113		4,896,000
	₩	126,337,593,913	₩	129,760,048,314

17.2 Disaggregation of Revenue from Contracts with Customers

(in Korean won)		2024		2023
Sales recognized at a point in time				
Finished goods	₩	85,407,390,071	₩	91,866,913,982
Merchandise		23,532,437,434		20,477,693,077
Semi-finished goods		16,876,209,370		16,723,133,230
Sales-other		511,998,925		687,412,025
	₩	126,328,035,800	₩	129,755,152,314

18. Breakdown of Expenses by Nature

(in Korean won)		2024		2023
Changes in inventories	₩	(2,215,503,925)	₩	(659,345,295)
Raw and sub-materials costs		48,989,632,684		49,630,163,713
Purchase of merchandise		13,697,406,941		11,380,384,341
Employee benefits expenses		16,476,136,907		14,972,823,094
Depreciation		3,812,962,474		4,425,434,155
Depreciation of right-of-use assets		498,725,843		459,370,713
Amortization		98,839,550		122,519,203
Rental expenses		2,809,150,301		2,769,600,386
Commission expenses		5,164,710,022		5,501,862,330
Distribution costs		12,933,603,373		11,983,050,655
Power expenses		9,410,252,242		9,087,439,046
Fuel cost		1,470,889,633		1,636,241,844
Other		12,207,587,830		11,964,678,444
	₩	125,354,393,875	₩	123,274,222,629

19. Selling and Administrative Expenses

(in Korean won)		**2024**		**2023**
Salaries	₩	4,126,362,793	₩	3,747,734,746
Post-employment benefits		307,917,873		293,993,910
Employee benefits		317,058,278		289,909,196
Taxes and dues		463,779,596		429,133,473
Rental expenses		1,205,724,327		1,177,104,364
Distribution costs		12,933,603,373		11,983,050,655
Promotional expense		4,360,000		-
Commission expenses		4,940,605,263		5,221,652,194
Advertising expense		541,800,003		522,670,958
Impairment losses (reversal)		95,250,553		(80,093,606)
Other		1,329,309,572		1,351,899,534
	₩	26,265,771,631	₩	24,937,055,424

20. Other Non-operating Income and Expenses

(in Korean won)		**2024**		**2023**
Other non-operating income				
Gain on foreign currency transaction	₩	1,780,385	₩	11,564,329
Gain on foreign currency translation		6,704,844		-
Gain on sale of investments in associates		-		4,924,297,800
Gain on disposal of property, plant and equipment		1,765,566		12,359,330
Miscellaneous revenues		76,679,207		3,524,231
	₩	86,930,002	₩	4,951,745,690

(in Korean won)		**2024**		**2023**
Other non-operating expenses				
Loss on foreign currency transaction	₩	2,982,431	₩	1,628,353
Loss on foreign currency translation		-		99,513
Donations		83,039,832		201,810,615
Loss on disposal of property, plant and equipment		38,424,853		15,000
Derivatives valuation losses		741,787,972		186,252,786
Miscellaneous losses		17,382,326		50,637,367
Other bad debt expenses		-		72,486,356
Other non-operating expenses		-		67,770,286
	₩	883,617,414	₩	580,700,276

21. Finance Income and Costs

(in Korean won)		**2024**		**2023**
Finance income				
Interest income	₩	996,937,246	₩	797,492,820

(in Korean won)		**2024**		**2023**
Finance costs				
Interest expenses	₩	52,476,414	₩	120,558,981

22. Income Tax Expense

Income tax expense for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)		**2024**		**2023**
Current income taxes	₩	257,170,621	₩	2,921,553,461
Effect of changes in temporary differences (deferred tax)		(205,617,241)		(437,786,661)
Changes in deferred corporate Income tax due to tax credit carryforward		(280,730,382)		-
Additional Corporate Income Tax		70,067,237		-
Income tax expense charged directly to equity		-		9,323,898
Income tax expense (benefit)	₩	(159,109,765)	₩	2,493,090,698

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

(in Korean won)		**2024**		**2023**
Profit before income tax	₩	1,080,264,111	₩	11,637,165,923
Tax at tax rates applicable to profits		225,775,199		2,432,167,677
Tax effects of:				
Non-deductible expense and imcome		16,872,659		36,815,939
Tax credit carried forward		(152,888,439)		(88,909,284)
Others (tax rate differences and others)		(248,869,184)		113,016,366
Income tax expense	₩	(159,109,765)	₩	2,493,090,698
Effective tax rate		(*1)		21.42%

(*1) As corporate tax income is generated in 2024, the effective tax rate is not calculated.

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

(in Korean won)		**2024**		**2023**
Deferred tax assets				
to be recovered after more than 12 months	₩	960,603,033	₩	960,931,512
to be recovered within 12 months		1,044,452,837		670,294,071
Deferred tax liabilities				
to be recovered after more than 12 months		(2,547,326,709)		(2,644,949,147)
to be recovered within 12 months		(2,649,488)		(17,544,386)
Deferred tax liabilities, net	₩	(544,920,327)	₩	(1,031,267,950)

The movements in deferred tax assets and liabilities for the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in Korean won)	2024			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Depreciation	₩ 712,644,963	₩ (1,232,836)	₩ -	₩ 711,412,127
Lease liabilities	208,132,090	(25,089,473)	-	183,042,617
Deposits provided (present value discounts)	3,011,303	(1,385,246)	-	1,626,057
Adjustments of deemed depreciation	37,143,156	27,379,076	-	64,522,232
Unsettled cost	265,657,959	(23,507,385)	-	242,150,574
Derivatives liabilities	340,926,330	91,394,241	-	432,320,571
Provision for impairment	-	20,002,681	-	20,002,681
Valuation allowance for inventories	20,248,139	5,538,847	-	25,786,986
Bad debt loss	43,461,643	-		43,461,643
Tax credit carried forward	-	280,730,382	-	280,730,382
Deferred tax assets	1,631,225,583	373,830,287	-	2,005,055,870
Accrued income	(17,544,386)	14,894,898	-	(2,649,488)
Revaluation of land	(2,369,352,562)	-	-	(2,369,352,562)
Right-of-use assets	(194,313,635)	23,384,740	-	(170,928,895)
Investment in associate	(81,282,950)	74,237,698	-	(7,045,252)
Deferred tax liabilities	(2,662,493,533)	112,517,336	-	(2,549,976,197)
	₩ (1,031,267,950)	₩ 486,347,623	₩ -	₩ (544,920,327)

(in Korean won)

	2023			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Depreciation	₩ 742,604,593	₩ (29,959,630)	₩ -	₩ 712,644,963
Lease liabilities	254,687,905	(46,555,815)	-	208,132,090
Deposits provided (present value discounts)	5,016,183	(2,004,880)	-	3,011,303
Adjustments of deemed depreciation	50,505,309	(13,362,153)	-	37,143,156
Unsettled cost	212,164,253	53,493,706	-	265,657,959
Derivatives liabilities	-	340,926,330	-	340,926,330
Provision for impairment	114,419,211	(114,419,211)	-	-
Valuation allowance for inventories	59,646,095	(39,397,956)	-	20,248,139
Bad debt loss	-	43,461,643		43,461,643
Tax credit carried forward	-	-	-	-
Deferred tax assets	1,439,043,549	192,182,034	-	1,631,225,583
Accrued income	(14,794,090)	(2,750,296)	-	(17,544,386)
Revaluation of land	(2,380,689,177)	6,901,870	4,434,745	(2,369,352,562)
Right-of-use assets	(243,248,030)	48,934,395	-	(194,313,635)
Investment in associate	(269,366,863)	183,194,760	4,889,153	(81,282,950)
Deferred tax liabilities	(2,908,098,160)	236,280,729	9,323,898	(2,662,493,533)
	₩ (1,469,054,611)	₩ 428,462,763	₩ 9,323,898	₩ (1,031,267,950)

Realization of the future tax benefits related to deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the period during which the temporary differences reverse, the outlook of the Korean economic environment and the overall future industry outlook. Management periodically considers these factors in reaching its conclusion.

There are no unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2024 and 2023.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2024 and 2023, is as follows:

(in Korean won)

	2024		
	Changes before tax	Tax effects	Changes after tax
Other comprehensive income			
Revaluation of property, plant and equipment	₩ -	₩ -	₩ -
Share of other comprehensive income of associate	-	-	-
	₩ -	₩ -	₩ -

(in Korean won)	2023		
	Changes before tax	**Tax effects**	**Changes after tax**
Other comprehensive income			
Revaluation of property, plant and equipment	₩ -	₩ 4,434,745	₩ 4,434,745
Share of other comprehensive income of associate	80,845	4,889,153	4,969,998
	₩ 80,845	₩ 9,323,898	₩ 9,404,743

23. Earnings per Share

The Company did not issue any potential ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share. Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares.

(in Korean won and in number of shares)	**2024**	**2023**
Profit attributable to the ordinary equity holders	₩ 1,239,373,876	₩ 9,144,075,225
Weighted average number of ordinary shares outstanding[1]	36,560,775 shares	36,560,775 shares
Basic earnings per share	₩ 34	₩ 250

[1]Weighted average number of ordinary shares for the years ended December 31, 2024 and 2023, is as follows:

(in number of shares)	**2024**	**2023**
Outstanding shares	36,571,255	36,571,255
Less: weighted average number of treasury shares	(10,480)	(10,480)
Weighted average number of ordinary shares outstanding	36,560,775	36,560,775

24. Cash Generated from Operations

24.1 Cash Generated from Operations

(in Korean won)	2024	2023
Profit before income tax	₩ 1,080,264,111	₩ 11,637,165,923
Adjustments for:		
Interest income	(996,937,246)	(797,492,820)
Interest expenses	52,476,414	120,558,981
Gain on foreign currency translation	(6,704,844)	-
Loss on foreign currency translation	-	99,513
Gain on disposal of property, plant and equipment	(1,765,566)	(12,359,330)
Donations	-	2,000,000
Share of profit of associates (Loss)	50,709,347	(103,360,985)
Derivatives valuation loss	741,787,972	186,252,786
Depreciation	3,812,962,474	4,425,434,155
Depreciation of right-of-use assets	498,725,843	459,370,713
Amortization	98,839,550	122,519,203
Impairment losses (reversal)	95,250,553	(80,093,606)
Other impairment losses	-	72,486,356
Gain on sale of investments in associates	-	(4,924,297,800)
Loss on disposal of property, plant and equipment	38,424,853	15,000
Loss on valuation of inventories (reversal)	26,501,659	(187,147,974)
Others	(9,191,253)	(216,962)
Changes in assets and liabilities due to operating activities:		
Decrease (increase) in trade receivables	60,267,942	(1,259,361,645)
Decrease (increase) in other receivables	(5,094,349)	14,192,774
Decrease (increase) in inventories	(2,290,306,387)	243,100,337
Increase in other assets	(34,730,967)	(11,136,703)
Increase (decrease) in trade payables	3,527,735,089	(3,034,426,050)
Increase (decrease) in other payables	180,936,397	66,651,811
Increase (decrease) in other liabilities	(372,222,831)	317,960,935
Cash generated from operations	₩ 6,547,928,761	₩ 7,257,914,612

24.2 Non-cash Transactions

(in Korean won)	2024	2023
Reclassification of construction in process to property, plant and equipment	₩ 2,344,600,463	₩ 1,819,510,820
Decrease in non-trade payables due to acquisition of property, plant and equipment	71,458,563	(127,908,137)
Acquisition of right-of-use assets	471,272,494	234,018,515

24.3 Changes in Liabilities Arising from Financing Activities

Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)	Liabilities from financing activities				
	Dividends payable	Lease liabilities	Current portion of borrowings	Long-term borrowings	Total
As January 1, 2023	₩ -	₩ 1,212,799,546	₩ 5,000,000,000	₩ -	₩ 6,212,799,546
Resolution on dividends	5,484,116,250	-	-	-	5,484,116,250
Dividends paid	(5,484,116,250)	-	-	-	(5,484,116,250)
Repayments of borrowings	-	-	(5,000,000,000)	-	(5,000,000,000)
Principal elements of lease and interest payments	-	(501,655,640)	-	-	(501,655,640)
Interest expense on lease liabilities	-	52,145,288	-	-	52,145,288
Acquisitions - leases	-	236,016,527	-	-	236,016,527
Termination - lease	-	(3,458,402)	-	-	(3,458,402)
As December 31, 2023	₩ -	₩ 995,847,319	₩ -	₩ -	₩ 995,847,319
As January 1, 2024	₩ -	₩ 995,847,319	₩ -	₩ -	₩ 995,847,319
Resolution on dividends	1,828,038,750	-	-	-	1,828,038,750
Dividends paid	(1,828,038,750)	-	-	-	(1,828,038,750)
Principal elements of lease and interest payments	-	(541,897,020)	-	-	(541,897,020)
Interest expense on lease liabilities	-	52,476,414	-	-	52,476,414
Acquisitions - leases	-	457,842,300	-	-	457,842,300
Termination - lease	-	(88,467,019)	-	-	(88,467,019)
As December 31, 2024	₩ -	₩ 875,801,994	₩ -	₩ -	₩ 875,801,994

25. Contingencies and Commitments

25.1 As of December 31, 2024, the Company is provided with performance guaranteeamounting to ₩ 148,124,000, andaccounts receivable credit guarantee amounting to ₩ 640,000,000 from Seoul Guarantee Insurance.

25.2 As of December 31, 2024, the Company has entered into general property insurance, fire insurance, environmental liability insurance for its property, plant and equipment and inventories by DB INSURANCE CO.,LTD and others.

25.3 Acquisition of property, plant and equipment and capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

(in Korean won)	**2024**	**2023**
Purchase agreements for the property, plant and equipment	₩ 2,214,949,100	₩ 119,200,000

25.4 As of December 31, 2024, the details of major commitments that the Company has entered into in relation to the sale of shares of 'Hibetter CO.,LTD are as follows:

Type	Contents
Tag Along Right[2]	In the case of transferring all shares owned by an investor(Ascent PE) to a third party, existing shareholders[1] have the right to ask investors to jointly sell all the shares that they own under the same condition as investors.
Drag Along Right[2]	When existing shareholders[1] has not exercised the Tag Along Right under the Article 6 and an investor intends to the shares held for sale to a prospective transferee, the investor may exercise the Tag Along Right to claim all of the shares owned by the existing shareholders.
Dividend limit[3]	Existing shareholders[1] cannot receive dividends 'Hibetter CO.,LTD until the amount recovered by investors reaches the amount calculated in accordance with Article 6.5, Paragraph (1).

[1] Existing shareholders are the Company, MSSGLOBAL and SsangYong C&B Inc.
[2,3] When exercising the Tag Along Right and the Drag Along Right, the stock trading price is calculated using a waterfall method, and the Company recognizes ₩ 2,068,519,480 as a derivative liability by evaluating the fair value of the agreement such as dividend restrictions(see note 10).

25.5 At the end of the reporting period, three litigations during the normal course of business of the Company that are under way at the end of the reporting period. As of December 31, 2024, there is one litigation for the return of unfair gains (litigation value: KRW 230 million) as a pending litigation that the Company was sued and two patent invalidation litigations in which the Company was sued and also sued the opposing party related to the unfair gains (litigation value: KRW 100 million). The ultimate outcome and impacts of this lawsuit and others cannot be reasonably estimated. Management does not expect the outcome of the litigations will have a material effect on the Company’s financial position.

26. Related Party Transactions

Details of the Company's ultimate parent company, Parent Company and other related parties as of December 31, 2024 and 2023, are as follows:

Type	2024	2023	Relationship
Ultimate parent company	PT APP Purinusa Ekapersada[1]	NHPEA Tissue Holdings AB	The Parent Company of MSS Holdings Co., Ltd.
Parent Company	MSS Holdings Co., Ltd.	MSS Holdings Co., Ltd.	The Parent Company of the Company
Associate	'Hibetter CO.,LTD (Formerly JOONGWON)	'Hibetter CO.,LTD (Formerly JOONGWON)	[2,3]
Other related parties	SsangYong C&B Inc.	SsangYong C&B Inc.	A subsidiary of MSS Holdings Co., Ltd.
	MSSGLOBAL	MSSGLOBAL	A subsidiary of MSS Holdings Co., Ltd.
	MSS Pulp Co., Ltd.	MSS Pulp Co., Ltd.	A subsidiary of MSS Holdings Co., Ltd.
	MSS Logistics Co.,Ltd.	MSS Logistics Co.,Ltd.	A subsidiary of MSS Holdings Co., Ltd.
	MSS HRM CO.,LTD.	MSS HRM CO.,LTD.	A subsidiary of MSS Holdings Co., Ltd.

[1] In 2024, due to the transfer of 100% of the shares owned by NHPEA Tissue Holdings AB, the largest shareholder of MSS Holdings Co., Ltd., the top controlling entity of the company has been changed to PT APP Purinusa Ekapersada.

[2] The Company has significant influence as the Company holds the right to appoint a board of directors of the investee.

[3] In 2024, the related company 'JOONGWON' changed its name to 'Hibetter CO.,LTD'.

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

(in Korean won)

		2024			
Type	**Name of entity**	**Sales of goods**	**Other income**	**Purchase of goods**	**Other expense**
Other related parties	SsangYong C&B Inc.	₩ 2,192,823,060	₩ 190,792,213	₩ 3,428,201,480	₩ 11,737,700
	MSSGLOBAL	1,554,545	432,972,895	5,582,075,859	2,499,811,560
	MSS Pulp Co., Ltd.	409,091	-	37,545,355,322	432,398,800
	MSS Logistics Co.,Ltd.	4,118,182	-	-	8,834,593,568
	MSS HRM CO.,LTD.	4,211,819	4,896,000	-	675,184,765
		₩ 2,203,116,697	₩ 628,661,108	₩ 46,555,632,661	₩ 12,453,726,393

(in Korean won)

		2023			
Type	**Name of entity**	**Sales of goods**	**Other income**	**Purchase of goods**	**Other expense**
Other related parties	SsangYong C&B Inc.	₩ 1,416,673,483	₩ 349,540,464	₩ 2,379,287,610	₩ 10,881,500
	MSSGLOBAL	1,472,727	455,920,103	4,804,543,552	2,524,402,730
	MSS Pulp Co., Ltd.	409,091	-	35,510,718,030	448,278,260
	MSS Logistics Co.,Ltd.	3,600,000	-	-	8,847,465,071
	MSS HRM CO.,LTD.	4,573,637	4,896,000	-	671,967,398
		₩ 1,426,728,938	₩ 810,356,567	₩ 42,694,549,192	₩ 12,502,994,959

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

(in Korean won)

		2024			
		Receivables		**Payables**	
Type	**Name of entity**	**Trade receivables**	**Other receivables[1]**	**Trade payables**	**Other payables**
Other related parties	SsangYong C&B Inc.	₩ 76,525,820	₩ -	₩ -	₩ 554,620
	MSSGLOBAL	21,424,810	4,950,000,000	840,152,501	334,759,771
	MSS Pulp Co., Ltd.	-	300,000	3,438,602,354	42,560,760
	MSS Logistics Co.,Ltd.	-	-	-	840,579,138
	MSS HRM CO.,LTD.	448,800	-	-	32,618,459
		₩ 98,399,430	₩ 4,950,300,000	₩ 4,278,754,855	₩ 1,251,072,748

(in Korean won)

		2023			
		Receivables		**Payables**	
Type	**Name of entity**	**Trade receivables**	**Other receivables[1]**	**Trade payables**	**Other payables**
Other related parties	SsangYong C&B Inc.	₩ 19,042,870	₩ -	₩ 31,812,257	₩ 263,780
	MSSGLOBAL	17,209,060	4,950,000,000	144,776,537	318,181,376
	MSS Pulp Co., Ltd.	300,000	-	724,407,466	40,243,390
	MSS Logistics Co.,Ltd.	-	-	-	792,089,291
	MSS HRM CO.,LTD.	748,800	-	-	53,386,101
		₩ 37,300,730	₩ 4,950,000,000	₩ 900,996,260	₩ 1,204,163,938

[1] Loans of ₩ 4,500,000,000 (2023: ₩ 4,500,000,000) to MSSGLOBAL are included as of December 31, 2024.

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

(in Korean won)			2024			
Type	**Name of entity**	**Transaction**	**Beginning balance**	**Loans**	**Collections**	**Ending balance**
Other related party	MSSGLOBAL	Loan transactions	₩ 4,500,000,000	₩ -	₩ -	₩ 4,500,000,000

(in Korean won)			2023			
Type	**Name of entity**	**Transaction**	**Beginning balance**	**Loans**	**Collections**	**Ending balance**
Other related party	MSSGLOBAL	Loan transactions	₩ 4,500,000,000	₩ -	₩ -	₩ 4,500,000,000

The dividend paid to the parent company MSS Holdings Co., Ltd. in 2024 is ₩ 932,299,750 (2023 : ₩ 2,796,899,250).

The compensation by category and total compensation for registered and unregistered executives who have significant authority and responsibilities on planning, operation and control of the Company for the years ended December 31, 2024 and 2023, are summarized as follows:

(in Korean won)	**2024**	**2023**
Short-term employee benefits	₩ 634,082,317	₩ 532,174,673
Post-employment benefits	41,024,424	34,600,844
	₩ 675,106,741	₩ 566,775,517

27. Segment Information

The Company separates operating segments at the level provided for the CEO's decision-making based on characteristics of goods and services generating revenue and characteristics of assets for rendering services. As a result, the Company classifies its own whole entity as a single reporting segment.

Revenue by geographic areas for the years ended December 31, 2024 and 2023, are as follows. All of the Company's main production facilities are located in Korea.

(in Korean won)	**2024**	**2023**
Domestic	₩ 125,607,651,837	₩ 129,094,334,047
Overseas	729,942,076	665,714,267
	₩ 126,337,593,913	₩ 129,760,048,314

Information related to external customers accounting for more than 10% of the company's revenue during the current period is as follows, and no external customers accounting for more than 10% of revenue during the previous period.

(in Korean won)	**2024**	**2023**
Company A	₩ 15,116,873,610	₩ 14,689,792,880

28. Greenhouse Gas Emission Permits and Obligations

28.1 The quantities of emission permits which are allocated free of charge for the 3rd planning period are as follows.

(in Korean Allowance Unit)	**Years**	**Quantity**
3rd plan	2021	41,849
	2022	41,849
	2023	41,849
	2024	41,457
	2025	41,457

28.2 Changes in emission permits quantities for the years ended December 31, 2024 and 2023, are as follows:

(in Korean Allowance Unit)	**2024**	**2023**
At January 1	1,739	3,007
Emission permits with nil consideration	41,457	41,849
Disposal	(435)	(1,003)
Estimated quantity of emission obligation	(41,940)	-
Performance of emission obligation	-	(42,114)
At December 31	821	1,739

28.3 As of December 31, 2024, emission obligations are estimated at 41,940 KAU. There is no amount recognized as liabilities by the Company in relation to greenhouse gas emissions.

29. Financial Risk Management

29.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Company.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

29.1.1 Market Risk

(a) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company does not enter into foreign currency transactions for speculative purposes and manages foreign currency risks by putting foreign currency risk management policies in place. The Company's management policy of foreign currency risk is defined by foreign currency risk, management authority and management procedures. Management policy of foreign currency risk is as follows:

- Manage proactively to minimize foreign currency positions during all operating activities;
- Foreign currency transactions must be conducted within the scope of actual transactions, and speculative transactions are prohibited; and
- Hedges for the purpose of avoiding currency exchange rate risks shall comply with the

prescribed internal procedures.

The Company's exposure to foreign currency risk at the end of the reporting period was as follows:

(in Korean won)	Assets		Liabilities	
	2024	2023	2024	2023
USD	₩ 54,588,804	₩ 47,854,405	₩ -	₩ -
EUR	31	29	-	-
	₩ 54,588,835	₩ 47,854,434	₩ -	₩ -

At the end of the reporting period, if the Korea won had weakened/strengthened by 5% against the US dollar, which is the major foreign currency, with all other variables held constant. The effects on profit before income tax as of December 31, 2024 and 2023, would have been as follows:

(in Korean won)	2024		2023	
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
USD	₩ 2,729,440	₩ (2,729,440)	₩ 2,392,720	₩ (2,392,720)
EUR	2	(2)	1	(1)
	₩ 2,729,442	₩ (2,729,442)	₩ 2,392,721	₩ (2,392,721)

(b) Interest rate risk

As of December 31, 2024, the Company does not have borrowings exposed to interest rate risk.

(c) Price risk

As of December 31, 2024, the Company does not have financial instruments which are significantly exposed to price risk.

29.1.2 Credit Risk

Credit risk refers to risk of financial losses to the Company when the counterpart defaults on the obligations of the contracts. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only deals with the customers rated higher than investment grade by the independent credit rating agencies. If those grades are not available, the Company uses other financial information and transaction performance that it determines and makes available for the purpose of determining the credit rating of its principal customers. The Company continuously reviews its exposure to credit risk and the counterparty's credit rating, and the total amount of approved transactions is evenly distributed.

The trade receivables consist of many customers and distributors in various industry sectors and regions. The credit evaluation about the trade receivables has been carried out consistently, and where appropriate, credit guarantee insurance cover is purchased. The Company is not exposed to a significant credit risk arising from an individual counterparty or a group with similar characteristics. When counterparties are related to each other, the Company defines them as counterparties with similar characteristics.

Book amount of financial assets held by the Company is recognized, less any impairment as of December 31, 2024. The carrying amount represents the Company's maximum exposure to credit risk for which the value of acquired collaterals is not considered.

The maximum exposures to credit risk as of December 31, 2024 and 2023, are as follows:

(in Korean won)	**2024**	**2023**
Cash and cash equivalents	₩ 15,939,868,774	₩ 19,711,773,102
Short-term financial instruments	-	2,000,000,000
Trade receivables	12,869,418,763	13,024,937,258
Other receivables	5,298,546,793	5,329,064,227

The company evaluates expected credit losses by estimating the default rates on trade receivable based on five years of credit loss experience and past due information. In the case of credit-impaired assets and other receivables, credit losses are assessed individually.

Details of the recognition of provision for impairment of each asset for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)	**2024**	**2023**
Trade receivables	₩ 228,913,982	₩ 133,663,429

Details of the impairment loss of trade receivables for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)	**2024**	**2023**
Impairment losses (reversal)	₩ 95,250,553	₩ (80,093,606)

The aging of trade receivables and provision of impairment by age for the years ended December 31, 2024 and 2023, are as follows:

(in Korean won)	2024		2023	
	The amount of receivables	Provision for impairment	The amount of receivables	Provision for impairment
Receivables not past due	₩ 12,433,906,429	33,979,656	12,640,142,128	21,311,633
Past due receivables				
3 months to 6 months	350,006,200	74,771,830	158,861,578	4,025,471
6 months to 9 months	45,308,648	21,881,169	106,546,425	20,628,064
9 months to 1 years	10,771,197	5,082,042	4,165,584	2,124,751
Over 1 years	258,340,271	93,199,285	248,884,972	85,573,510
	₩ 13,098,332,745	₩ 228,913,982	₩ 13,158,600,687	₩ 133,663,429

29.1.3 Liquidity Risk

The Company establishes short-term and long-term liquidity management plans to manage the liquidity risks. The Company continuously analyzes and reviews actual cash outflows with its budget to correspond the maturity of financial liabilities to that of financial assets. Management believes that the Company will be affordable to repay all of the financial liabilities with cash inflows from operating activities and financial assets.

The analysis of the maturities of the financial liabilities as of December 31, 2024 and 2023, is as follows:

(in Korean won)	2024			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables	₩ 5,537,796,098	₩ -	₩ -	₩ 5,537,796,098
Other payables	4,026,498,190	7,547,170	-	4,034,045,360
Lease liabilities[2]	401,245,735	542,801,106	-	944,046,841
Derivative liabilities	2,068,519,480	-	-	2,068,519,480
	₩ 12,034,059,503	₩ 550,348,276	₩ -	₩ 12,584,407,779

(in Korean won)	2023			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables	₩ 2,010,061,009	₩ -	₩ -	₩ 2,010,061,009
Other payables	3,774,103,230	7,547,170	-	3,781,650,400
Lease liabilities[2]	500,499,797	565,076,000	-	1,065,575,797
Derivative liabilities	1,631,226,460	-	-	1,631,226,460
	₩ 7,915,890,496	₩ 572,623,170	₩ -	₩ 8,488,513,666

[1] The amount includes the interest on interest-bearing financial liabilities that will be generated in the future.

[2] This amount includes lease principal and interest expenses.

29.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so the Company can maximize returns for shareholders through the optimization of its debt and equity balance. The capital structure of the Company consists of equity and net debt, excluding cash and cash equivalents and deposits with financial institutions from borrowings. There are no borrowings as of December 31, 2024 and 2023

(in Korean won)	Total borrowings	Less: cash and cash equivalents and deposits with financial institutions	Net debt	Equity	Net debt-to-equity rate[1]
December 31, 2024	₩ -	₩ 15,939,868,774	₩ (15,939,868,774)	₩ 80,695,916,224	-
December 31, 2023	₩ -	₩ 21,711,773,102	₩ (21,711,773,102)	₩ 81,284,581,098	-

[1] Net debt is in negative amount; thus, no net debt-to-equity rate is calculated.

Report on Independent Auditors' Review of Internal Control over Financial Reporting

Based on a report originally issued in Korean

To the Shareholders, Board of Directors of
MONALISA CO., LTD

We have reviewed the accompanying Report on the Operational Status of Internal Controls over Financial Reporting (the "ICFR Report") of MONALISA CO., LTD (the "Company") as of December 31, 2024. The Company's management is responsible for designing and maintaining effective ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of ICFR, it is stated that: "Based on the assessment of the operational status of the ICFR by Company's Chief Executive Officer and Internal Accounting Manager, the Company's ICFR has been effectively designed and is operating as of December 31, 2024, in all material respects, in accordance with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting (the "Conceptual Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee")."

We conducted our review in accordance with ICFR Review Standards issued by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Company's ICFR Report is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's ICFR, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances.

A company's ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRSs"). A company's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRSs, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements in the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review of the Company's ICFR Report, nothing has come to our attention that causes us to believe that the ICFR Report as of December 31, 2024 is not prepared in all material respects, in accordance with the Management Guideline for Evaluation and Reporting of Internal Control over Financial Reporting issued by the ICFR Committee.

This report applies to the Company's ICFR in existence as of December 31, 2024. We did not review the Company's ICFR subsequent to December 31, 2024. This report has been prepared for Korean regulatory purposes, pursuant to the Act on External Audit of Stock Companies, Etc. and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.
March 14, 2025

CEO's Report on the Operating Status of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
MONALISA CO.,LTD

We, as the Chief Executive Officer (CEO) and the Internal Accounting Manager of MONALISA CO.,LTD (the Company), assessed the operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ending December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.
We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting (name of the framework in case different one was used)' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee")' as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' (name of standard in case a different standard was used)' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting (name of framework in case different framework is used).

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

January 31, 2025

Joo Kwangok,
Chief Executive Officer

Ryu Youngchan,
Internal Accounting Manager