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Business Report

(The 22nd Annual Report)

Business FY From January 1, 2023
To December 31, 2023

SUBMITTED TO
Financial Services Commission

March 20, 2024

Type of corporation subject to submission: Stock-listed corporation

Reason for exemption: N/A

Company name: SILICON2 Co., LTD.

CEO: Kim Sung-woon

HQ Address:

231, Pangyoyeok-ro, Bundang-gu, Sungnam-si, Gyeonggi-do, Republic of
Korea (SamPrevious FYeong-dong) H Square S-907

(Phone) +82-31-789-3850

(Website) <http://www.siliconii.com>

Personnel in charge

(Title) Vice President

(Name) SON ROBERT INHO

(Contact) 070-8622-5114

Disclaimer

This document is an English translation based on the disclosed business report (quarterly/half-year report).

It has been prepared for the convenience of international investors through our own translation process and may differ in some respects from the published report.

Silicon2 and its officers and employees shall not be held liable for any losses or damages arising from the use of this document.

【CEO's Verification etc. 】

대표이사 등의 확인·서명

확 인 서

우리는 당사의 대표이사 및 신고업무담당이사로서 이 공시서류의 기재내용에 대해 상당한 주의를 다하여 직접 확인·검토한 결과, 중요한 기재사항의 기재 또는 표시의 누락이나 허위의 기재 또는 표시가 없고, 이 공시서류에 표시된 기재 또는 표시사항을 이용하는 자의 중대한 오해를 유발하는 내용이 기재 또는 표시되지 아니하였음을 확인합니다.

또한, 당사는 「주식회사의 외부감사에 관한 법률」제8조에 따라 내부회계관리제도를 마련하여 운영하고 있음을 확인합니다.

2024년 3월 20일

주식회사 실리콘투

대 표 이 사

김 성 윤 (서명)

신고업무담당이사

손 인 호 (서명)

Approval and signature of the CEO, etc.

Letter of Approval

As the CEO and director in charge of reporting affairs, we personally checked and reviewed the contents of this disclosure document with great care, and as a result, we found that there were no omissions or false entries or indications of important information. We confirm that no information has been written or displayed in the disclosure documents that could cause significant misunderstanding by those using the information or indications.

In addition, we confirm that we have established and are operating an internal accounting management system in accordance with Article 8 of the “Act on External Audit of Stock Companies.”

March 20, 2024

SILICON2 Co., Ltd.
CEO Seongwoon Kim
Director in charge of reporting affairs

I. Company Overview

1. Overview

1. Overview of subsidiaries subject to consolidation (limited to cases where a listed corporation that prepares consolidated financial statements submits business reports and quarterly/semi-annual reports)

Status of consolidated subsidiaries (Summary)

(Unit: Company)

Category	Number of companies subject to consolidation				Number of major subsidiaries
	Base	Increased	Decreased	Final	
Listed	-	-	-	-	-
Unlisted	2	2	-	4	1
Total	2	2	-	4	1

Note: For detailed information, see ‘Detailed Table-1. Refer to ‘Status of Consolidated Subsidiaries (Details)’

1-1. Changes in consolidated companies

Category	Subsidiary	Reason
New consolidation	STYLEKOREAN EU B.V.	Establishment of a new corporation
	SKO Sp. z o.o.	Establishment of a new corporation
Excluded from consolidation	-	-
	-	-

2. Legal and commercial name of the company

The Company’s name is 주식회사 실리콘투. In English, it is written as ‘SILICON2 Co., Ltd.’, and in short form, it is written as (주)실리콘투.

3. Date of establishment and period of existence

The Company was founded on January 19, 2002, and does not set a separate period of existence.

4. Head office address, phone number, and website address

Category	Description
HQ Address	#907, 231, Pangyoyeok-ro, Bundang-gu, Sungnam-si, Gyeonggi-do, Republic of Korea
Phone	+82-31-789-3850
Website	http://www.siliconii.com

5. Laws that serve as the basis for conducting company’s business

As of the date of submission of this report, it is not applicable.

6. If the company is classified as small and medium-sized businesses, etc.

Classified as an SME?	Yes
Classified as a venture company?	N/A
Classified as a middle-sized company?	N/A

23. 4. 18. 오전 11:04 <https://sminfo.mss.go.kr/scsq/SSQ020R7.pop?confdissNo=001020230284331>

발급번호 : 0010-2023-284331

중소기업 확인서
[중기업]

기업명 : 실리콘투

사업자등록번호 : 214-87-03359 법인등록번호 : 110111-2425448

대표자명 : 김성운


주 소 : 경기 성남시 분당구 판교역로 231, S동 905,906,907,911호
(삼평동,에이치스퀘어 에스동)

유효기간 : 2023-04-01 ~ 2024-03-31

용 도 : 공공기관 입찰 이외 용도

위 기업은 「중소기업기본법」 제2조에 의한 중소기업임을 확인합니다.

2023년 04월 18일

중소벤처기업부장관인 

- 발급사실 및 발급취소 등 변동사항은 중소기업현황정보시스템(sminfo.mss.go.kr)을 통해 확인 가능.
- 유효기간 중이라도 발급일 이후 합병, 분할 및 관계기업 변동시 중소기업 지위를 상실할 수 있음.
- 거짓 자료를 통해 발급받은 경우 중소기업기본법 제28조에 따라 500만원 이하의 과태료 및 시책기판의 지원무효 등의 조치가 취해질 수 있음.

7. If there is an agent in Korea, name (representative), address and contact information
As of the date of submission of this report, it is not applicable.

8. A brief description of the contents of the main business (including major products and services, etc.) and new businesses to be promoted in the future

The Company exports K-Beauty brands to about 180 countries around the world through E-Commerce cross-country sales and sells to corporate customers through the platform 'Stylekorean.com', and conducts distribution business based on overseas branches and logistics centers. For further details, please refer to “II. Business Details” in this disclosure document.

9. Matters related to credit evaluation

As of the date of submission of this report, it is not applicable.

10. Particulars of abnormal incorporation under Article 290 of the Commercial Act

As of the date of submission of this report, it is not applicable.

11. Matters related to the company's stock listing (or registration/designation) and special listing

Status of company's stock listing (or registration/designation)	Date of company's stock listing (or registration/designation)	Type of special listing
Listed on the KOSDAQ market	2021. 09. 29.	N/A

2. Company History

A. Company highlights

Date	Milestone	Description
Jan. 2002	Establishment	<ul style="list-style-type: none"> - Company name: SILICON2 CO., LTD. - Location: 1812 Korea Business Center, 1388-21 Seocho-dong, Seocho-gu, Seoul, Korea - CEOs: Sungwoon Kim, Sangho Lee
Oct. 2002	Relocation of the HQ	<ul style="list-style-type: none"> - New location: 301, 302, Duckin Building, 537-2 Yatap-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
June 2003	Change of CEO	<ul style="list-style-type: none"> - Resignations due to the abolition of the co-leadership rule: Sungwoon Kim and Sangho Lee - Inauguration of CEO : Sungwoon Kim
Nov. 2004	Awards	<ul style="list-style-type: none"> - Named "5 Million Dollar Exporter" at the 41st Annual Trade Day hosted by the Korea International Trade Association
May 2006	Relocation of the HQ	<ul style="list-style-type: none"> - New location: 1003 Parkview Office Tower 6, Jeongdong-dong, Bundang-gu, Seongnam-si, Republic of Korea
Nov. 2006	Awards	<ul style="list-style-type: none"> - Named "20 Million Dollar Exporter" at the 43rd Annual Trade Day hosted by the Korea International Trade Association
May 2009	Setting up a Branch Office	<ul style="list-style-type: none"> - Branch Name: Silicon2 Yongsan Office - Location: #969, 40, Hangang-ro 3-ga, Yongsan-gu, Seoul, Republic of Korea, Room 55, 4F, Terminal Electronics Shopping Center
Nov. 2009	Certification	<ul style="list-style-type: none"> - Gyeonggi Regional Small and Medium Business Administration - Designated as business innovation small and medium sized companies (MAIN BIZ)

Aug. 2010	Setting up a Branch Office	<ul style="list-style-type: none"> - Branch name: Silicon2 Guro Office - Location: Room 4405, Dongjak Distribution Complex, 1258 Guro-dong, Guro-gu, Seoul, Korea
Feb. 2011	Branch Closure	<ul style="list-style-type: none"> - Branch name: Silicon2 Guro Office
Apr. 2011	Setting up a Branch Office	<ul style="list-style-type: none"> - Branch Name: Silicon2 Daejeon Office - Location: 306, Techno 2-ro 302-1, Yuseong-gu, Daejeon, Korea (Taplip-dong)
Jul. 2011	Relocation of the HQ	<ul style="list-style-type: none"> - New location: #907, S-dong, 231, Pangyo-eup-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea (Sampyeong-dong H-Square)
Jan. 2013	Branch Closure	<ul style="list-style-type: none"> - Branch Name: Silicon2 Daejeon Office
Nov. 2014	Branch Establishment	<ul style="list-style-type: none"> - Established branch in Hong Kong (SILICON2 (HK) CO., Ltd)
Apr. 2015	Branch Establishment	<ul style="list-style-type: none"> - Established branch in the East Distribution Center in the US (StyleKorean, Inc.)
Dec. 2015	Awards	<ul style="list-style-type: none"> - Named "30 Million Dollar Exporter" at the 52nd Annual Trade Day hosted by the Korea International Trade Association
Feb. 2016	Certification	<ul style="list-style-type: none"> - Small and Medium Business Administration - Designated as business innovation small and medium sized companies (MAIN BIZ) - Valid from Feb. 29, 2016 to Feb. 27, 2019
Mar. 2016	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the brand 'Heimish' of ONEAND Ltd.
Oct. 2016	Certification	<ul style="list-style-type: none"> - Korea SMEs and Startups Agency - Designated as a venture - Valid from Oct. 31, 2016 to Oct.30, 2018
Nov. 2016	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the brand 'Benton' of Benton Co., Ltd.
Feb. 2017	Branch Closure	<ul style="list-style-type: none"> - Branch Name: Silicon2 Yongsan Office
Aug. 2017	Branch Establishment	<ul style="list-style-type: none"> - Established New Jersey Warehouse, USA
Dec. 2017	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the brand 'Pyunkang Yul' of FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.
Feb. 2018	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the 'JUMISO' brand of HELLO SKIN Co.,Ltd.
Oct. 2018	Subsidiary Establishment	<ul style="list-style-type: none"> - Established PT. StyleKorean INDONESIA JV
Oct. 2018	Certification	<ul style="list-style-type: none"> - Korea Venture Capital Association - Designated as a venture - Valid from Oct. 31, 2018 to Oct. 30, 2020
Dec. 2018	Awards	<ul style="list-style-type: none"> - Minister of Employment and Labor - Commendation (Developed overseas markets through cosmetics distribution services)
Dec. 2018	Awards	<ul style="list-style-type: none"> - Presidential Industrial Service Medal - Medal of Honor (Contributing to national industrial development through trade promotion)
Feb. 2019	Certification	<ul style="list-style-type: none"> - Ministry of SMEs and Startups - Designated as business innovation small and medium sized companies (MAIN BIZ) - Valid from Feb. 28, 2019 to Feb. 27, 2022

July 2019	Certification	<ul style="list-style-type: none"> - Ministry of Trade, Industry and Energy, Korea International Trade Association - Designated as a Specialized Trading Company (Designation period: July 1, 2019 - June 30, 2021)
Nov. 2019	Overseas Investments	<ul style="list-style-type: none"> - Equity investment in ARUMI in Chile
Jan 2020	Overseas Investments	<ul style="list-style-type: none"> - Equity Investment in SEOULKOOL, Kuwait
Oct. 2020	Certification	<ul style="list-style-type: none"> - Korea Venture Capital Association - Designated as a venture - Valid from Oct. 31, 2020 to Oct. 30, 2022
Feb 2021	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the 'Be the Skin' brand of Be The Skin Co., Ltd.
May 2021	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the 'TOCOBO' brand of TOCOBO Ltd .
July 2021	Name Change	<ul style="list-style-type: none"> - US Corporate changed its name from StyleKorean US, LLC to StyleKorean Inc.
Jul 2021	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the 'JC& Company' brand of JC&Company Co., Ltd.
July 2021	Brand Investments	<ul style="list-style-type: none"> - Invested in equity in 'The Plant Base' brand of Plant Base Co., Ltd.
Oct. 2021	Brand Investments	<ul style="list-style-type: none"> - Equity investment in the 'Aid Korea Company' brand of Aid Korea Company Co., Ltd.
Mar. 2022	Subsidiary Establishment	<ul style="list-style-type: none"> - Established SILICON2 JAPAN CO., LTD (JV) in Japan
May 2022	Subsidiary Establishment	<ul style="list-style-type: none"> - Established StyleKorean MY SDN. BHD. in Malaysia
Aug. 2022	Brand Investments	<ul style="list-style-type: none"> - Additional equity investment in the 'Aid Korea Company' brand of Aid Korea Company Inc.
Aug. 2022	Brand Investments	<ul style="list-style-type: none"> - Additional equity investment in the TOCOBO ' brand of TOCOBO Co.,Ltd.
Dec. 2022	Awards	<ul style="list-style-type: none"> - Named "70 Million Dollar Exporter" at the 59th Annual Trade Day hosted by the Korea International Trade Association
Dec. 2022	Awards	<ul style="list-style-type: none"> - Recipient of the Ministerial Commendation for Outstanding Achievement in the Promotion of Venture Capitalism from the Ministry of SMEs and Startups
Jan 2023	Subsidiary Establishment	<ul style="list-style-type: none"> - Established SKO SP.Z.O.O. in Poland
Mar. 2023	Subsidiary Establishment	<ul style="list-style-type: none"> - Established StyleKorean EU B.V. in the Netherlands
Mar. 2023	Brand Investments	<ul style="list-style-type: none"> - Additional equity investment in the ' TOCOBO' brand of TOCOBO Co., Ltd.
July 2023	Subsidiary Establishment	<ul style="list-style-type: none"> - Established MOIDA Limited Liability Company in Russia
Dec. 2023	Overseas Investments	<ul style="list-style-type: none"> - Equity investment in Sukoshi Mart Holdings Inc. in Canada

B. Company location and changes

Date	Location	Remarks
Jan. 19, 2002	1812, Korea Business Center, 1388-21 Seocho-dong, Seocho-gu, Seoul, Korea	Establishment
Oct. 1, 2002	301,302, Duckin Building, 537-2, Yatap-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea	Relocation
May. 1, 2006	1003, Parkview Office Tower 6, Jeongdong-dong, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea	Relocation
Jul.1,2011	907, S-dong, 231, Pangyo-eup-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea	Relocation

C. Important changes in management executives and auditors

Date of change	Type of shareholder meeting	Appointed		Terms expired or dismissed
		Newly appointed	Reappointed	
Jan.18, 2002	AGM	Inside Director Sungwoon Kim	-	-
		Inside Director Sangho Lee		
		Inside Director Eunha Shin		
		Inside Director Jieun Cho		
		Auditor Jaebok Kim		
Jun. 30, 2003	AGM	Inside Director Kyungja Lee	-	Inside Director Sangho Lee
				Inside Director Jieun Cho
Jan.18, 2005	AGM	-	Inside Director Sungwoon Kim	-
			Inside Director Eunha Shin	
			Auditor Jaebok Kim	
Jun. 30, 2006	AGM	-	Inside Director Kyungja Lee	-
Jan.18, 2008	AGM	-	Inside Director Sungwoon Kim	-
			Inside Director Eunha Shin	
			Auditor Jaebok Kim	
Jun. 30, 2009	AGM	-	Inside Director Kyungja Lee	-
Jan.18, 2011	AGM	-	Inside Director Sungwoon Kim	-
			Inside Director Eunha Shin	
			Auditor Jaebok Kim	
Feb. 22, 2012	AGM	Inside Director Kyungja Lee	-	Inside Director Kyungja Lee
Feb. 1, 2014	AGM	Inside Director Sungwoon Kim	-	Inside Director Kyungja Lee
		Inside Director Sangho Lee		
		Inside Director Eunha Shin		
		Inside Director Jieun Cho		
		Auditor Jaebok Kim		
Feb. 1, 2017	AGM	Inside Director Yeonkyu Park	Inside Director Sungwoon Kim	Inside Director Kyungja Lee
		Inside Director Jinho Choi		Inside Director Eunha Shin
		Inside Director Robert Inho Son (American)		Auditor Jaebok Kim
		Auditor Joonkyu Kang		
Dec. 31, 2017	AGM	-	-	Inside Director Yunkyu Park
Mar.29, 2018	AGM	Non-Executive Director Namhyuk Cho	-	-
Mar.31, 2020	AGM	-	Inside Director Sungwoon Kim	-
			Inside Director Jinho Choi	
			Inside Director Robert Inho Son (American)	
			Auditor Junkyu Kang	
Nov.30, 2020	AGM	-	-	Non-Executive Director Namhyuk Cho

Mar.29, 2021	AGM	Outside Director Yoon Mark Manjoong (American)	-	-
Mar.30, 2022	AGM	Outside Director Sehoon Lee	-	Outside Director Yoon Mark Manjoong
		Outside Director Taeksoon Lee		
Mar.30, 2023	AGM	Auditor Obin Kwon	Inside Director Sungwoon Kim	Auditor Junkyu Kang (term expiration)
			Inside Director Jinho Choi	
			Inside Director Robert Inho Son (American)	

D. Changes in the major shareholder

Date of change	Before the change			After the change			Remarks
	Name of major shareholder	Number of Shares owned	Share ratio	Name of major shareholder	Number of shares owned	Share ratio	
30-Jun-03	Sangho Lee	8,000	40.00%	Sungwoon Kim	14,000	70.00%	Inheritance

E. Company name changes

The Company has no history of name changes from the date of incorporation to the submission date of this report.

F. If the company has undergone or is currently undergoing a reconciliation, corporate reorganization or other similar proceedings, the contents and results thereof

None as of the date of filing of this report.

G. If the company has undergone a merger, etc.

Not applicable as of the date of this report.

H. Important changes in the company's industry or principal business

Drawing on his experience in semiconductor companies, the Company's CEO, Sungwoon Kim, founded Silicon2 to capitalize on expanding the semiconductor distribution market. Initially focusing on distributing semiconductors and related digital products in Hong Kong and China, the Company experienced steady growth. However, with the emergence of smartphones and the increasing amount of semiconductor manufactures turning to direct export, the Company recognized the challenges of sustaining growth in the intermediate distribution market. Consequently, the Company made the strategic decision to withdraw from the semiconductor business.

In 2012, amidst the burgeoning K-Beauty trend in China, the Company started distributing K-Beauty products overseas using existing investment channels based on its expertise in the semiconductor distribution business. Although the regulatory environment for cosmetics and cosmetics customs clearance differs around the world, with a long history of distribution and logistics know-how, the Company has been able to cope with various issues around the world by continuously building up its expertise from inventory management to logistics delivery. The Company has been able to reduce the dependence of existing K-Beauty brands on the Chinese market and develop its business by building a global platform that allows it to reach consumers in markets around the world.

I. Other important matters related to the management activities

None as of the date of submission of this report.

3. Changes in Paid in Capital

Changes in paid-in capital

(Units: Won, Shares)

Type of stock	Classification	22 nd (December 31, 2023)	21 st (December 31, 2022)	20 th (December 31, 2021)
Common	Number of issued shares	60,389,234	60,177,234	10,024,764
	Par value	500	500	500
	Paid-in capital	30,295,340,000	30,189,340,000	5,012,382,000
Preferred	Number of issued shares	-	-	-
	Par value	-	-	-
	Paid-in capital	-	-	-
Others	Number of issued shares	-	-	-
	Par value	-	-	-
	Paid-in capital	-	-	-
Total	Paid-in capital	30,295,340,000	30,189,340,000	5,012,382,000

4. Total Number of Shares, etc.

Total number of shares

(As of: Dec. 31, 2023)

(Unit: Shares)

Classification		Types of stocks			Remarks
		Common	Preferred	Total	
I. Authorized shares		100,000,000	-	100,000,000	-
II. Issued shares (cumulative)		60,590,680	1,261,520	61,852,200	-
III. Decrease in number of shares (cumulative)		201,446	1,261,520	1,462,966	-
	1. Capital reduction	-	-	-	-
	2. Cancellation	201,446	-	201,446	Canceled treasury shares once previously acquired
	3. Redemption	-	-	-	-
	4. Other	-	1,261,520	1,261,520	Converted to RCPS
IV. Issued shares (II-III)		60,389,234	-	60,389,234	-
V. Treasury shares		-	-	-	-
VI. Outstanding shares(IV-V)		60,389,234	-	60,389,234	-

5. History of Articles of Incorporation

Changes to Articles of Incorporation

Date of Change	Type of Shareholder Meeting	Major changes	Reason for change
Jan.18, 2018	AGM	- Changed the type and number of preferred stocks - Changed to require board approval for rights issues	Purpose of changing the type and number of preferred stocks
Sep. 10, 2020	EGM	- Stock split (face value of 5,000 won → 500 won) - Added the English company name - Changed the announcement method to the company's website - Changed the total number of authorized shares to 100,000,000 - Changed stock option descriptions	Compliance with the standard articles of incorporation for public companies
Mar.29, 2021	AGM	-Article 8, paragraphs 11 and 12 → Article 8, paragraphs 12 and 13 to correct typographical errors - New section prohibiting the granting of stock options to the major shareholder - New section on delegation of bond issuance	Compliance with the standard articles of incorporation for public companies
Mar.30, 2022	AGM	- Added business purpose: Information and Communication Business	For media expansion purposes
Jul.22, 2022	EGM	- Added business purposes: Management business, entertainment-related business, manufacturing of cosmetics and beauty-related products	To expand business related to influencer activities and cosmetics manufacturing
Mar.30, 2023	AGM	- Added business purposes: Wholesaler of books, magazines, and other printed materials; wholesaler of food, beverages, and health functional food products; apparel products and clothing accessories, costume jewelry; sporting goods wholesale and retail trade - Article 43: Number of audits - Article 44: Appointment of Auditor - Article 53: Profit dividends	To expand distribution items Appointed full-time auditor Improved dividend process

Purpose of Business

No.	Business Purpose	Status
1	Import/Export, Trade and Wholesale/Retail of Cosmetics	Operating
2	E-commerce	Operating
3	International Logistics Arrangements	Operating
4	Transportation and Warehousing	Operating
5	Software Development and Supply	Not operating
6	Real Estate Rental Business	Operating
7	Semiconductor Import and Export	Not operating
8	Import and Export of Digital Products	Not operating
9	Information and communications	Operating
10	Management	Not operating
11	Entertainment-related Businesses	Not operating
12	Manufacturing Cosmetics and Beauty-related Products	Not operating
13	Books, Magazines, and Other Printed Materials Wholesalers	Operating
14	Food, Beverage, and Health Functional Food Wholesalers	Operating
15	Wholesale and Retail Trade in Apparel Products and Accessories, and Costume, Jewelry	Operating
16	Sporting Goods Wholesale and Retail	Not operating

1. Changes in business purpose

Category	Date of Change	Business purpose	
		Before the change	After the change
Added	Mar. 30, 2022	-	1. Information and communications
Added	Jul. 29, 2022	-	1. Management 1. Entertainment-related Businesses 1. Manufacturing Cosmetics and Beauty-related Products
Added	Mar. 30, 2023	-	1. Books, Magazines, and Other printed materials Wholesalers 1. Food, Beverage, and Health Functional Food Wholesalers 1. Wholesale and Retail Trade in Apparel Products and Accessories, and costume jewelry 1. Sporting Goods Wholesale and Retail

2. Reason for change

Business purpose	Purpose and necessity of change	Proposed by	Impact of the change of purpose on the company's core business
Information and communications	Expanding to media business	Board of Directors	Not applicable
Management	Expanding to influencer business	Board of Directors	Not applicable
Entertainment-related Businesses	Expanding to influencer business	Board of Directors	Not applicable
Manufacturing cosmetics and beauty related products	Expanding to cosmetics manufacturing business	Board of Directors	Not applicable
Books, magazines, and other printed materials wholesale/retail business	Expanding distribution items	Board of Directors	Not applicable
Food, beverage, and Health Functional Food wholesalers	Expanding distribution items	Board of Directors	Not applicable
Apparel products and clothing accessories and costume jewelry	Expanding distribution items	Board of Directors	Not applicable
Sporting goods wholesale and retail	Expanding distribution items	Board of Directors	Not applicable

Statement of additional business purposes in articles of incorporation

No.	Business purpose	Date Added
1	Information and communications	Mar.30, 2022
2	Management	Jul.29, 2022
3	Entertainment-related businesses	Jul.29, 2022
4	Manufacturing cosmetics and beauty-related products	Jul.29, 2022
5	Books, magazines, and other printed materials wholesalers	Mar.30, 2023
6	Food, beverage, and Health Functional Food wholesalers	Mar.30, 2023
7	Apparel products and clothing accessories and costume jewelry	Mar.30, 2023
8	Sporting goods wholesale and retail	Mar.30, 2023

1. Business sector (industry, products and services, etc.) and purpose of entry

Information and communications: To expand media business utilizing global marketing media such as Youtube, Tiktok, Instagram, etc..

Management: To strengthen sales power by signing a contract and managing influencers for global marketing and supplying various media contents to the market through management.

Entertainment-related businesses: To expand various marketing businesses through influencer-related marketing businesses.

Manufacturing cosmetics and beauty-related products: To understand what the global market wants and respond quickly to new needs.

Books, magazines, and other printed materials wholesale and retail business: To expand overseas distribution channels for printed materials, including those featured in K-Pop albums, to meet growing international demand.

Food, beverage, and Health Functional Food wholesale and retail: To expand its overseas distribution business of K-Food, which has become a global phenomenon through Korean content, and health functional foods, which have emerged in the post-COVID-19 era.

Apparel products and clothing accessories and costume jewelry: To expand the overseas distribution business of Korean sports apparel (training, leggings, etc.) and fast-growing accessories (press on nails, colored lenses, etc.) with world-class design capabilities as the global participation rate in sports is increasing.

Sports goods wholesale and retail business: To expand the overseas distribution business of sports goods (home training equipment, elastic bands, etc.) required for the construction of home gyms due to increasing demand for home gyms.

2. Key characteristics, size and growth of the market

A. Information and communications

The global social media user base is estimated to be 4.88 billion as of July this year, and social media ad spend is expected to reach \$207 billion by 2023. The increase of internet usage and the rising number of social media users across the globe are driving the market growth, which is also expected to accelerate in the coming years as various platforms are evolving with constant feature changes.

B. Management business

The global influencer marketing market has reached \$16.4 billion in 2022. Marketing with influencers and celebrities is an effective form of communication and marketing strategy for many brands. As a result, the management of influencers and celebrities is becoming increasingly important, and their effective management is helping to maximize marketing.

C. Entertainment-related businesses

The global marketing market for influencers has grown from \$1.7 billion in 2016 to \$16.4 billion in 2022. Influencer marketing is recognized as an effective form of brand communication, with more than 70% of brands using influencers as part of their marketing strategy. Influencer marketing is being used for a variety of purposes, including reaching new or targeted audiences (74%), improving brand advocacy (69%), and increasing sales (46%).

D. Manufacturing of cosmetics and beauty-related products

According to a report by market analyst firm Statista, the global beauty market was valued at \$53.65 billion in 2022 and is expected to reach \$68.89 billion by 2028, with a CAGR of approximately 3.53%. The demand for cosmetics is also growing in countries such as the Americas, Japan, Southeast Asia, and the Middle East, and there is a growing interest in K-beauty around the world.

E. Wholesale and retail of books, magazines, and other printed materials

The K-POP market has achieved a market size of over KRW 1 trillion and is also a business with a high annual growth rate. Currently, 52.7% of K-POP consumers have purchased albums to collect merchandise, and K-POP albums are typically packaged with various printed materials such as photo cards and posters. Merchandise is becoming the main reason for purchasing the product rather than an add-on. The number of albums sold has more than tripled in just three years, from 25 million in 2019 to 77 million in 2022, and the demand for printed merchandise is growing along with it.

F. Wholesale of food, beverage, and health functional food

The Ministry of Agriculture, Livestock, Food and Rural Affairs and the Ministry of Oceans and Fisheries report that agricultural and fisheries exports reached \$12 billion in 2022, up 5.3% from the previous year.

In addition, the health functional food market is expected to reach \$336.9 billion in 2023, up 9.4% year-on-year, according to the Export Information and Analysis Department of the Korea Agro-Fisheries Trade Corporation.

G. Apparel products and clothing accessories and costume jewelry

The sportswear market is experiencing increased demand due to the growing awareness of healthy lifestyles in the wake of COVID-19. In addition, women's participation in sports is on the rise, which is driving demand for womenswear. According to a recent report by U.S. market research firm "Market.US", the global sportswear market is expected to reach over \$356 billion (KRW 241.391 trillion) by 2032, a decade from last year, with an average annual growth rate of 6.9%. In addition, Korean accessories and costume jewelry have been successfully introduced overseas based on Korea's unique crafts, and exports have been recovering since 2020.

H. Sporting goods wholesale and retail

According to market research firm Cision, the global sporting goods market shrank to \$60.2 billion in 2020 as a result of COVID-19, but is expected to recover to \$70.6 billion by 2026, growing at a CAGR of 2.6%. The pandemic has also led to a 70% increase in the number of people exercising at home compared to before, which has increased the demand for sports equipment.

3. Investment and expected capital requirements related to new business (total, annualized), sources of financing, expected payback period, etc.

For media marketing in the information and communications, the Company built a filming studio in 2019, incurring construction costs of KRW 212,300,000. This business purpose was added to increase the accessibility of its main business, K-beauty, and its brand, rather than to pursue direct profits through media marketing.

Both the management and entertainment businesses were added to support influencer marketing. Costs will be incurred when contracting influencers and managers, and these costs will vary depending on the contract period and number of people. The Company's goal is to increase awareness of its main business, K-beauty, through these efforts.

The information and communication, management, and entertainment businesses do not generate sales as individual businesses but play a marketing role that drives K-beauty sales. They operate on an inventory turnover basis of about 60 to 90 days, which affects overall sales.

The estimated capital requirements for manufacturing cosmetics and beauty-related products vary depending on the type of product to be manufactured. The Sources of financing include funds from public offerings and financial institutions. The expected payback period will be calculated once the business becomes fully operational.

The wholesale and retail trade in books, magazines, and other printed materials; food, beverages, and health functional foods; apparel products, accessories, and costume jewelry; and sporting goods were all added as business purposes to distribute new categories of goods. As a distributor, THE Company does not incur manufacturing costs related to these new businesses.

Additionally, the amount of inventory purchased will gradually increase with sales, so the initial investment is not high. The inventory turnover period is around 60 to 90 days.

4. Business implementation status (organization and personnel composition, R&D activities, product and service development progress and commercialization, revenue generation, etc.)

Information and communications business: The Company currently is operating a media team under the marketing headquarters, with a total of six team members working on media-related tasks.

The management business, entertainment-related business, and manufacturing of cosmetics and beauty-related products are not currently in operation. The Company plans to invest in manpower and research and development once these businesses are fully launched.

The wholesale and retail trade of books, magazines, and other printed materials; food, beverages, and health functional foods; apparel products, clothing accessories, and costume jewelry; and sporting goods are all businesses added to distribute new categories of goods. These activities are conducted through the existing sales organization.

However, the K-POP Goods business currently operates a separate K-POP sales team under the CA headquarters, with a total of six team members.

5. Relevance to the existing business

Information and communications, management industry, and entertainment-related businesses can utilize various marketing tools such as media and influencers to effectively increase the global awareness and accessibility of the Company's core businesses, K-Beauty and K-Culture.

As a manufacturer of cosmetics and beauty-related products, the Company's global sales infrastructure enables it to identify consumer needs, produce new products, and distribute them reliably and efficiently around the world through its established B2B and B2C channels and large distribution centers.

The wholesale and retail trade of books, magazines, and other printed materials; food, beverages, and health functional foods; apparel products, clothing accessories, and costume jewelry; and sporting goods are all businesses added to distribute new categories of goods. Through its distribution network (CA, PA, branch business), the Company can expand its K-Culture business through various avenues in addition to K-Beauty.

6. Key risks

Information and communications, management business, and entertainment-related businesses may face risks related to inappropriate content selection, social issues involving influencers who have signed exclusive contracts, etc. These issues can lead to reputational damage. To mitigate this risk, the Company takes multiple steps to verify content uploads and influencer contracts before signing them.

As of 2021, there were 27,000 K-Beauty manufacturers and distributors of cosmetics and beauty-related products. Entering such a saturated market poses risks, including procedural issues such as manufacturing facilities and permits, storage, and distribution. The company plans to minimize these risks by leveraging existing storage and distribution processes and intends to start the business with products that require minimal manufacturing.

The wholesale and retail trade of books, magazines, and other printed materials; food, beverages, and health functional foods; apparel products, clothing accessories, and costume jewelry; and sporting goods may procure inventory as an additional business purpose to distribute new categories of products and manage inventory. The risk associated with this practice is not high, as the initial order sizes are not large, and inventory is managed by the system.

Furthermore, the Company's international operations expose it to market risk, credit risk, and liquidity risk. However, systematic procedures are in place to minimize these risks.

7. Future plans

For the information and communications, the Company is currently conducting global content marketing through various social media platforms such as YouTube and TikTok. It plans to conduct extensive and efficient marketing of K-Beauty and K-Culture through the establishment and operation of social media channels classified by country and product. Accordingly, the Company is continuously expanding the manpower of the strategic marketing team under the Marketing Division.

The management business, entertainment-related business, and manufacturing of cosmetics and beauty-related products are not currently in operation. Please review the following reasons for this inactivity.

The wholesale and retail trade of books, magazines, and other printed materials; food, beverages, and health functional foods; apparel products, clothing accessories, and costume jewelry; and sporting goods may procure inventory as an additional business purpose to distribute new categories of products. The Company plans to increase sales through distribution to more than 150 countries overseas using the existing distribution network of CAs, PAs, and branch offices.

In the future, the Company plans to utilize its sales distribution network by expanding into various categories other than K-Beauty products.

8. Reasons for not operating certain businesses

The Company is not currently pursuing the management and entertainment-related businesses because it utilizes external influencers for marketing rather than developing its own. The Company plans to pursue this avenue after identifying influencers that can synergize with its business.

The manufacturing of cosmetics and beauty-related products is currently not in operation as the Company does not have a manufacturing facility. The Company is continuing discussions regarding new product items, manufacturing facilities, etc., and will proceed once it has confirmed the feasibility and sustainability of the business.

The sporting goods wholesale and retail business was added as a business purpose to expand into the distribution of leisure sports apparel, but it is currently not underway due to inventory management and purchasing issues. The Company plans to proceed with inventory management and securing purchasing partners after solidifying its business plans.

II. Business Overview

1. Overview

The Company exports K-Beauty brand products worldwide through its platform 'StyleKorean.com', catering to approximately 180 countries via e-commerce cross-country sales (retail) and corporate customer exports (wholesale). Pioneering advanced logistics services, the Company operates Korea's first retail/wholesale platform with an AGV (Automated Guided Vehicle) logistics robot system, utilizing overseas branches and domestic distribution networks for localization.

Additionally, the Company curates various K-brand products in Korea, operating an e-commerce online store (StyleKorean retail platform) tailored to consumer needs. It also manages a StyleKorean wholesale platform for real-time inventory checks and bulk orders, alongside local marketing efforts tailored to each country's preferences. A large logistics center, supported by Automated Guided Vehicles (AGVs), enhances convenience for global consumers interested in Korean brands.

Furthermore, the Company provides solutions for small and medium-sized enterprises and brands looking to expand overseas. Through equity investments, Silicon2 helps them adapt to the evolving e-commerce sales and distribution environment such as facilitating overseas sales channels, acting as sales agencies, and conducting marketing on social media platforms such as TikTok, Facebook, Instagram, and YouTube.

The Company categorizes its activities into Corporate Account (CA), Personal Account (PA), Fulfillment and Sales Agency Services, and Brand Management (BM), operating various businesses within the K-Brand value chain as mentioned above. For a detailed description of its offerings, please refer to "II Description of the Company - 2. Major Products and Services".

2. Key Products and Services

[Definition of Terms]

Terminology	Description
K-Beauty	Short for Korean Beauty, a term coined as South Korea's beauty industry gained traction overseas. Encompasses all areas of Korean beauty including foot makeup, skincare, haircare, bodycare, fragrance, etc.
E-Commerce	E-Commerce is an abbreviation for electronic commerce, which is a transaction conducted using electronic devices in cyberspace, such as advertisements, orders, goods and services conducted by companies or consumers on computer communication networks. Any economic activity, including purchases that takes the form of digitized commerce between businesses, organizations, and individuals.
Gray Market	Parallel imports, markets that are imported by third parties other than official importers.
3PL	Third Party Logistics, a term used to describe the process of outsourcing logistics operations from a company to an outside logistics company.
Fulfillment	It goes beyond simple delivery and refers to the process of picking, packing, and delivering products at a warehouse according to a customer's order, as well as exchanging or refunding products at the customer's request. The Company provides various agency services such as sales agency, logistics agency, etc.
Sales Agency	A service that manages and operates various costs that K-Beauty Brand companies may incur when entering overseas open markets by utilizing an invested system.
AGV (Automated Guided Vehicle)	An unmanned robot for automated logistics, a material handling system that operates independently under its own power and travels along a defined path.
Wholesale	Wholesalers, Buying in Bulk
BM	Short for Brand Manager, a person who is in charge of managing a brand, including planning, events, public relations, advertising, and marketing.
CA	Short for Corporate Account, a business that supplies products to corporate customers.
PA	Short for Personal Account, a country-specific cross-border e-commerce business serving individual customers.
DS	Short for Drop Shipping, a system that allows producers to ship cargo directly to the customer's desired destination.
China Risk	The risk to companies or countries that rely heavily on exports to China if China's economic growth slows.
Long tail business	The business theory that the long tail, the 80% of non-mainstream items, can be a profitable market in any number of ways. The business theory that 80% creates more value than 20%.
Affiliate Business	Affiliate marketing, sales and promotional activities. A sales technique in which businesses partner with each other to increase sales by dividing roles to capitalize on each other's strengths.
Incubating	Nurturing budding entrepreneurs and startups by providing them with the basic infrastructure they need for their business, as well as total services related to manpower, funding, promotion, etc.
Brand sourcing	The partial outsourcing of processes of the Company's business to a third party to handle, identify and procure appropriate brands as a way to maximize management effectiveness and efficiency.
Cross-border e-commerce	An international consumer purchases a product from a domestic(Korean) online store.
Curation	Process of collecting and filtering quality information in order to add and disseminate value. Originally, it referred to the collection, preservation, and exhibition of works of art or artistic works, but recently it has been used more widely.
One Brand Shop	A cosmetics store that sells only one brand
Roadshop	Stores located primarily along streets and sidewalks, rather than in large buildings like department stores.
SKU	Abbreviation of Stock Keeping Unit, a unit of goods.
Visual marketing	Sales efforts that utilizes "visuals" to differentiate its brand/product
Media commerce	E-commerce, a combination of media and commerce, is a method of creating various media content and using social media channels such as YouTube, Instagram, and Facebook to promote and sell products.
Video commerce	A combination of video and commerce that uses video to drive purchases and sell products.
Live commerce	A combination of the words live streaming and commerce, a distribution channel that combines live broadcasting on the Internet and shopping.
Open Market	E-commerce conducted by a large number of individual sellers who post information about their goods or services directly on the Internet, as opposed to traditional online stores.

A. Status of key products (services), etc.

(Unit: mil KRW)

Revenue type	Features	Services (Customer)	2023 (22nd)		2022 (21st)		In 2021 (20th)	
			Revenue	Portion	Revenue	Portion	Revenue	Portion
CA	A platform for Enterprise clients to introduce and operate their brands in different countries.	Company A	33,927	9.9%	16,056	9.71%	17,601	13.44%
		Company B	15,515	4.53%	8,471	5.13%	8,304	6.34%
		Company C	5,026	1.47%	3,831	2.32%	5,494	4.19%
		Other	217,497	63.43%	99,391	60.14%	72,481	55.33%
		Subtotal	271,965	79.33%	127,749	77.3%	103,880	79.3%
PA	Cross-border e Commerce stores by country that supply products to individual customers who buy K-Beauty products	Company A	13,855	4.04%	14,042	8.5%	9,959	7.6%
		Company B	3,321	0.97%	5,731	3.47%	6,462	4.93%
		Company C	274	0.08%	1,486	0.9%	2,744	2.09%
		Other	90	0.02%	2,120	1.28%	1,537	1.17%
		Subtotal	17,540	5.11%	23,379	14.15%	20,702	15.8%
Fulfillment	K-Beauty products on external online platforms Sales agency and shipping agency business	Company A	33,244	9.7%	4,434	2.68%	2,226	1.7%
		Company B	8,557	2.5%	2,523	1.53%	953	0.73%
		Company C	2,877	0.84%	2,074	1.25%	714	0.55%
		Other	8,553	2.48%	4,871	2.95%	2,470	1.89%
		Subtotal	53,231	15.52%	13,902	8.41%	6,363	4.86%
Other revenue	Rental revenue, etc.	-	125	0.04%	242	0.14%	57	0.04%
Revenue total			342,861	100.00%	165,272	100.00%	131,002	100.00%

Note 1) Based on audited K-IFRS consolidated financial statements.

Note 2) Revenue for each business unit represents the revenue from the top three major customers for each business unit by year.

Note 3) Other revenue for each business unit includes the sum of customer revenue excluding the top three major customers for each business unit.

Note 4) Other revenues include rental revenues and other similar income.

(a) Brand Management (BM) business

1) Product sourcing



*운영 SKU=SKU in Operations

As the brand management (BM) business is one of the fastest to respond to changes in the market, the work of the BM business and its teams is conducted in a very step-by-step and detailed manner. First, the Company categorizes brands according to the type of cosmetics they want to sell in the local market. Then, the Company adjusts the unit price and organizes selling points based on the brands' products in the store to create a sales strategy. In the BM business, the Company effectively manages the brand's product line by operating inventory that reflects seasonal characteristics, as well as limited products such as special editions.

With 13,600 SKUs in operation in 2023, preparing a diverse portfolio to meet the varied needs of global markets is at the core of its business. Through continuous SKU management, the BM business aims to select products that will succeed in overseas markets and organize the portfolio accordingly.

2) Brand management





Next, the main task of the BM business is brand management. the Company supports the brand's export process through its know-how and capabilities of relevant employees, including preparing and issuing various documents for each country, obtaining export-related licenses, and obtaining customs clearance. Additionally, the marketing department conducts publicity and promotions by collecting information from brand companies and organizing selling points to help its brands communicate better with the market.

The Company also provides direction for brands to succeed in international markets by constantly communicating with them to align their goals with market demands.

(b) Corporate Account (CA) business

[The Company's StyleKorean Wholesale platform]

Cart Management

				Paste Product	Add Selected to Wishlist		Remove Selected	
<input checked="" type="checkbox"/>	Image	Product Code	Product Name	Retail Price	Weight	Qty	Amount	Select
<input checked="" type="checkbox"/>		PeriPCM01-AD010	[Peripera] INK AIRY VELVET 010 Twinkle Pinkism (AD) Bar Code: 8809644492859 Stock 98 ea (Pieces per box : 360 ea)	KRW-9,000 USD 7.40	50g	<input type="text" value="100"/> ea	740.00	<div>Wishlist</div> <div>Remove</div>
<input checked="" type="checkbox"/>		PeriPCM01-AD009	[Peripera] INK AIRY VELVET 009 100Point Coral (AD) Bar Code: 8809644492842 Stock 42 ea (Pieces per box : 360 ea)	KRW-9,000 USD 7.40	50g	<input type="text" value="100"/> ea	740.00	<div>Wishlist</div> <div>Remove</div>
<input checked="" type="checkbox"/>		PeriPCM29-L09	[Peripera] [PERIPERA] Peripera Ink the gelato #009 Bar Code: 8809598294042 Stock 10 ea (Pieces per box : 10 ea)	KRW-9,000 USD 7.40	60g	<input type="text" value="100"/> ea	740.00	<div>Wishlist</div> <div>Remove</div>
<input checked="" type="checkbox"/>		PeriPCM29-Gelato02	[Peripera] [PERIPERA] Peripera Ink the gelato #002 Bar Code: 8809598291638 Stock 1 ea (Pieces per box : 10 ea)	KRW-9,000 USD 7.40	35g	<input type="text" value="100"/> ea	740.00	<div>Wishlist</div> <div>Remove</div>

CA 고객들의 실시간 주문 서비스 제공

Brands

Search Condition

Brand

=== Select Brand ===

Function

=== Select Function ===

Available Stock

Search

Double dare

New Launching!

OMG! Sugar Foam & Peptide Cream

"Buy 1 Get Hairband 1"

(D/C till 31th, Mar)

BARULAB

10% OFF

Vegan solution for your skin care needs

(D/C till 29th, Feb)

☐ Select All Products

Add to Cart

Wishlist

Cancel



K-뷰티 브랜드들의 실시간 재고 상태 확인 가능

*CA 고객들의 실시간 주문 서비스 제공 Real-time ordering for CA customers

*K-뷰티 브랜드들의 실시간 재고 상태 확인 가능 Real-time inventory status for K-beauty brands

(Source: company data)

The Company's CA business unit supports local marketing to expand existing brands and grow new brands. It also assists in obtaining the necessary documentation and materials required for proper customs clearance and sales in each country.

The CA business pursues small-volume sales of various products, manages inventory for diversified management, and proposes a sales portfolio with strategies tailored to each country's characteristics. It sells cosmetics to local wholesalers and partners through its own StyleKorean Wholesale platform.

The Company's wholesale site provides customers in more than 130 countries with real-time inventory and unit price checks, order delivery confirmations, account management for each customer, and slightly lower prices than its PA (e-commerce platform for personal customers) site, attracting demand from global corporate customers. The Company also supports its local business partners with customized product recommendations and curation based on sales data for each country.

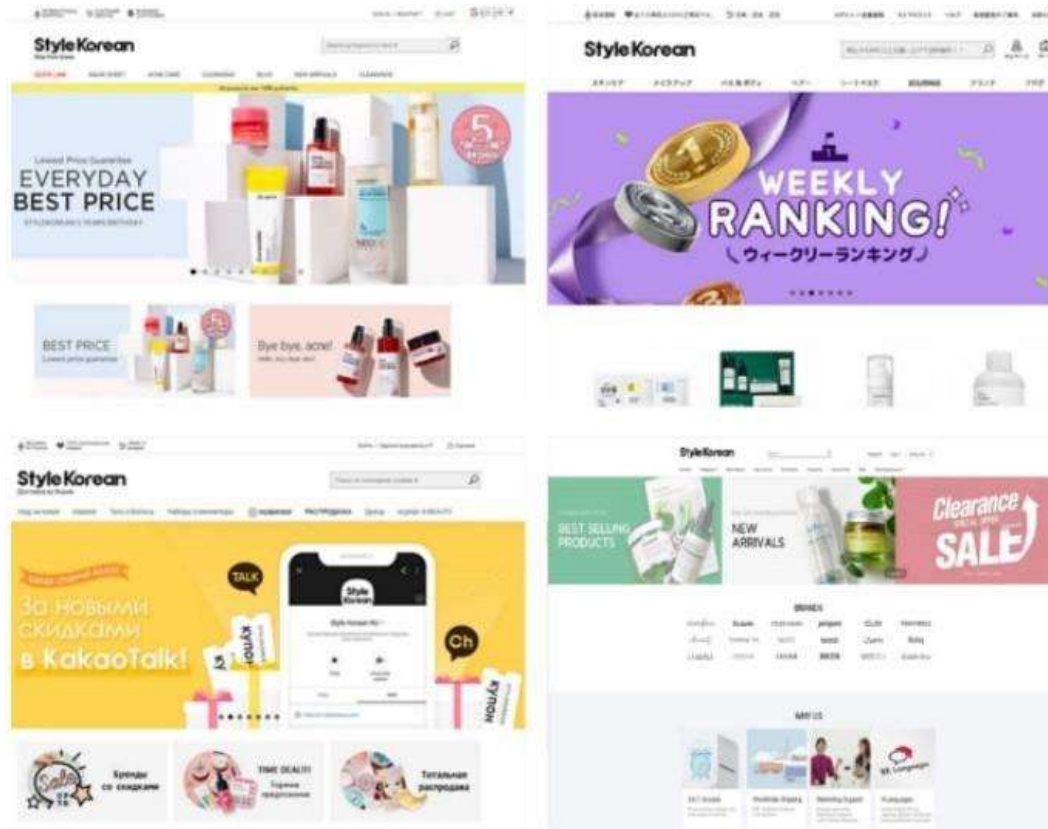
Additionally, to help CA partners succeed in their local business, the Company provides not just product supply, but also sales strategy support and marketing resources in order to enable CA partners to grow and support K-Beauty's local expansion, rather than being partners for simple sales.

(c) Personal Account (PA) business

The PA business operates StyleKorean.com (<https://www.stylekorean.com>), which sells K-Beauty products in more than 120 countries worldwide, supplying these products to individual customers in each country. To quickly meet the beauty needs of global customers, the PA business is divided into a global team, a Japanese team, and a Russian team. Each department opens spin-off sites for specific countries, such as Japan and Russia, and manages the sites by optimizing them for local needs.

The site is not just a literal multilingual translation from the Korean version, but a fully localized site tailored to each country's market. Since its inception, the StyleKorean site has been designed to be easily exposed through Google and other search engines using SEO (Search Engine Optimization), increasing its accessibility to consumers.

[The Company's country-specific StyleKorean retail platform].



(Source: Company data)

For the PA business, the Company recommends products according to the locally desired cosmetics lines, product types, and trends in the selected local market. After analyzing sales data and selling points, the Company devises a strategy tailored to each country's sales platform. By applying different payment systems and shipping carriers for each country, the Company offers an efficient solution to ensure that product searches lead directly to cross-border e-commerce sales. The Company has introduced different payment systems tailored to each locale, offering customers the most convenient payment services to increase accessibility to StyleKorean.

In addition, PA Headquarters conducts local marketing in the United States, Australia, Europe, Russia, Southeast Asia, and other regions worldwide. The Company operates country-specific social media channels to attract new members through live broadcasts, content planning, and advertisements. Google keyword advertisements are also utilized for efficient brand exposure. Furthermore, the Company manages StyleKorean's 1 million members by tier and VIP promotions to retain existing customers and strengthen its relationships.

To expand the K-POP goods distribution business in 2023, the Company is not only selling K-POP goods, albums, and organizing joint purchases but also expanding sales of the general K-Culture through various events such as online fan meetings.

(d) Fulfillment business

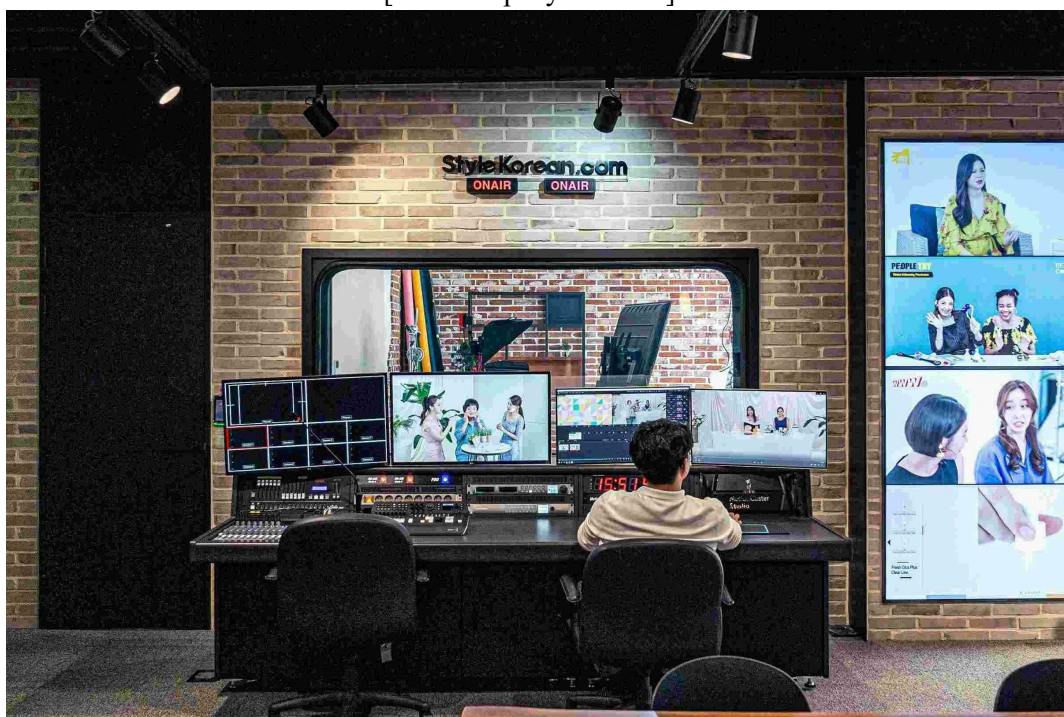
The fulfillment business is a business that provides operation outsourcing and consignment/delivery for small K-beauty brands that have difficulties entering and managing operations the open market on its own. Additionally, the Company facilitates entry into open markets tailored to each brand's characteristics. To facilitate the entry and sales of K-Beauty brands in overseas online marketplaces, the brands deliver their products to Silicon2, which then manages all subsequent sales activities.

Utilizing its advanced logistics system, the Company provides customized services tailored to customer needs, including 3PL and drop shipping. It operates open markets based on its distribution expertise to ensure consistent sales.

(e) Marketing business

To capitalize on the global spread of the K-beauty trend, the Company is prioritizing influencer marketing, content marketing, and various cultural marketing initiatives. The establishment of its own content studio has particularly strengthened its ability to execute seamless content marketing strategies.

[The Company's Studio]



(Source: Company data)

The Company is conducting diversified content marketing on multiple platforms, including the YouTube channel Beauty Cookie, which features specialized beauty content, and StyleKorean Instagram and TikTok, focusing on branded content. In addition to online marketing, the Company is organizing offline events to introduce K-Beauty to countries where it is less familiar, providing an opportunity to experience the full range of K-Beauty products.

The strategic and systematic marketing strategy for K-Beauty aims to establish a strong online presence, complemented by offline marketing to enhance brand awareness. This approach effectively increases local accessibility to K-Beauty through tailored marketing strategies.

Additionally, the Company operates a V-commerce business utilizing local influencers in the expanding global influencer marketing market. An affiliate marketing strategy is used to share revenue generated from influencers as well as utilizing a video commerce business to provide in-house video production services to K-Beauty brands.

B. Average selling price changes of major products (services), etc.

As a platform company, its role is to establish a platform facilitating interaction and connection between brands and consumers, generating mutual value and benefits. This occurs through market-oriented pricing tailored to customer size, market conditions, currency exchange rates, and SKU variations across different countries.

Moreover, with approximately 13,600 SKUs, the Company does not have a set price of its services on a per-SKU basis, making it challenging to predict price unit trends over time.

3. Production Materials and Production Facilities

A. Purchase status

(Unit: mil KRW, %)

Classification	2023 (22nd)		2022 (21st)		In 2021 (20th)	
	Amount	Portion	Amount	Portion	Amount	Portion
CA	228,566	79.35%	94,034	77.41%	80,224	79.33%
PA	14,741	5.12%	17,209	14.17%	15,988	15.81%
Fulfillment	44,736	15.53%	10,233	8.42%	4,914	4.86%
Total	288,043	100.00%	121,476	100.00%	101,126	100.00%

Note 1) The Company records purchases based on total purchases rather than revenue type. Purchases are allocated based on the percentage of revenue recognized by each revenue type.

B. Changes in production material prices

Unlike the general manufacturing industry, the Company's business model revolves around purchasing and selling goods rather than manufacturing through the acquisition of raw materials. Therefore, calculating production capacity and production performance is challenging.

C. Production and Facilities, Capacity and quality of production, etc.

Unlike the general manufacturing industry, the nature of its business is to purchase and sell goods rather than produce them through production facilities, so it is difficult to calculate production capacity and production performance.

(1) Matters concerning Key Facilities

(a) Key facilities for production

(Unit: mil KRW)

Operations	Asset type	Owned (Leased)	Location	Beginning book value (Jan. 2023.01)	Gain or loss for the period	Depreciation for the period	Ending book value (2023.12.31)	Location
Headquarters	Land			3,651	2,171	-	5,822	231, Pangyo Yeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea Room 905,906,907,908,909,910, and 911
	Buildings	Owned	Rooms 905 through 911	9,399	8,068	421	17,046	
	Land, buildings	Leased	Room 904	117	184	85	205	
STYLEKOREA N INC	Land	Owned	10928 Bloomfield Ave	4,687	82	-	4,769	10928 Bloomfield Ave. Santa Fe Springs CA 90670
	Buildings			3,332	58	89	3,301	
Warehouse	Warehouse	Leased	Opo CS Warehouse	726	3,099	1,037	2,382	650-23, Opo-ro, Opo-eup, Gwangju-si, Gyeonggi-do, Republic of Korea
	AGV	Owned		1,660	-	557	1,103	
Warehouse (under construction)	Land	Owned	Hakwoon Complex 5	18,649	862	-	19,510	1170, Hanun-ri, Yangcheon-eup, Gimpo-si, Gyeonggi-do, Republic of Korea

(b) Changes in the last three years

(Unit: mil KRW, 1,000 USD)

Asset name	Acquisition (disposal) value	Acquisition (disposal) date	Reason for acquisition (disposition)	Purpose	Acquired (disposed of) by
Land 911	602	Apr. 19, 2019	Headquarters expansion	Office	Doing C&S Co., Ltd.
Building 911	1,405	Apr. 19, 2019	Headquarters expansion	Office	Doing C&S Co., Ltd.
AGV Construction	16	Sep. 20, 2019	Build an automated logistics facility	Logistics automation	SHINSEGAE E&C.
AGV Equipment	2,634	Dec. 28, 2020	AGV installation and Operation	Logistics automation	SHINSEGAE E&C.
US office building	6,480	Dec. 1, 2020	Branch office expansion	Offices and warehouses	Voit Real Estate Services
Warehouse land	14,098	May. 4, 2022	Warehouse expansion	New warehouse	Hakwoon 5 General Industrial Complex Co.,Ltd.
Lot 701	1,258	May. 24, 2022	Headquarters expansion	Office	UNI-SOLUTIONS
Building 702	4,546	May. 24, 2022	Headquarters expansion	Office	UNI-SOLUTIONS
Warehouse land	18,784	Nov. 30, 2022	Warehouse expansion	New warehouse	Hakwoon 5 General Industrial Complex Co.,Ltd.
908,909,910 Land	3,430	May. 31, 2023	Headquarters expansion	Office	Doing C&S Co., Ltd.
Building 908,909,910	12,491	May. 31, 2023	Headquarters expansion	Office	Doing C&S Co., Ltd.
701,702 parcels of land	(1,258)	May. 31, 2023	New office replacement	Office	Doing C&S Co., Ltd.
Building 701,702	(4,546)	May. 31, 2023	New office replacement	Office	Doing C&S Co., Ltd.

(2) Plans for construction or acquisition of equipment and facilities

(Unit mil KRW)

Classification	Purpose and details of investments	Duration	Total funds required	Expenditures	Expected outcomes	Note
Facilities	Strengthen logistics capabilities by building warehouses	2022 - 2026	100,000	19,510	Increase product availability and accelerate fulfillment business	-
	Build automated facilities such as AGV systems	2022 - 2026	10,000	-	Increase logistics inventory management and shipping efficiency	-

The Company intends to utilize the proceeds from the public offering and financing to invest in acquiring its own warehouse, replacing the current leased warehouse in Gwangju, Gyeonggi-do. Expanding its logistics base is crucial to meet the increasing volume of global customer orders and the growing diversity of brands and product SKUs.

In May 2022, the Company acquired land valued at 20 billion won located at 1169 Hakwoon-ri, Yangchon-eup, Gimpo-si, Gyeonggi-do. The warehouse investment is slated for completion by 2026, which the Company believes will significantly enhance its operational capabilities by expanding its product range and boosting its fulfillment business.

Additionally, the Company plans to invest approximately 10 billion won in new warehouses to implement automated cargo flow systems, including AGV systems, creating an environment similar to its existing logistics warehouse in Gwangju. This strategic investment is expected to reduce labor costs in logistics and inventory management while enhancing overall efficiency in inventory control and logistics operations.

4. Revenue and Long-term Contracts

A. Sales

(Unit: mil KRW)

Business unit	Revenue types	Services (Customer)	Classification	2023 (22nd)		2022 (21st)		2021 (20th)	
				Sales	Portion	Sales	Portion	Sales	Portion
CA (Corporate Account)	Product sales	Company A	Export	33,927	9.9	16,056	9.71	17,601	13.44
			Domestic	-	0	-	0	-	0
			Subtotal	33,927	9.9	16,056	9.71	17,601	13.44
		Company B	Export	15,515	4.53	8,471	5.13	8,304	6.34
			Domestic	-	0	-	0	-	0
			Subtotal	15,515	4.53	8,471	5.13	8,304	6.34
		Company C	Export	5,026	1.47	3,831	2.32	-	0
			Domestic	-	0	-	0	5,494	4.19
			Subtotal	5,026	1.47	3,831	2.32	5,494	4.19
		Other	Export	187,976	54.82	86,032	52.05	64,873	49.52
			Domestic	29,521	8.61	13,359	8.08	7,608	5.81
			Subtotal	217,497	63.43	99,391	60.14	72,481	55.33
		Subtotal	Export	242,444	70.71	114,390	69.21	90,778	69.3

			Domestic	29,521	8.61	13,359	8.08	13,102	10
			Subtotal	271,965	79.33	127,749	77.3	103,880	79.3
PA (Personal Account)	Product sales	Company A	Export	13,855	4.04	14,042	8.5	9,959	7.6
			Domestic	-	0	-	0	-	0
			Subtotal	13,855	4.04	14,042	8.5	9,959	7.6
		Company B	Export	3,321	0.97	5,731	3.47	6,462	4.93
			Domestic	-	0	-	0	-	0
			Subtotal	3,321	0.97	5,731	3.47	6,462	4.93
		Company C	Export	-	0	1,486	0.9	2,744	2.09
			Domestic	274	0.08	-	0	-	0
			Subtotal	274	0.08	1,486	0.9	2,744	2.09
		Other	Export	90	0.02	1,760	1.06	1,537	1.17
			Domestic	-	0	360	0.22	-	0
			Subtotal	90	0.02	2,120	1.28	1,537	1.17
		Subtotal	Export	17,266	5.04	23,019	13.93	20,702	15.8
			Domestic	274	0.08	360	0.22	-	0
			Subtotal	17,540	5.11	23,379	14.15	20,702	15.8
Fulfillment	Product sales	Company A	Export	33,244	9.7	4,434	2.68	2,226	1.7
			Domestic	-	0	-	0	-	0
			Subtotal	33,244	9.7	4,434	2.68	2,226	1.7
		Company B	Export	8,557	2.5	2,523	1.53	953	0.73
			Domestic	-	0	-	0	-	0
			Subtotal	8,557	2.5	2,523	1.53	953	0.73
		Company C	Export	2,877	0.84	2,074	1.25	714	0.55
			Domestic	-	0	-	0	-	0
			Subtotal	2,877	0.84	2,074	1.25	714	0.55
		Other	Export	8,361	2.43	4,386	2.66	1,523	1.16
			Domestic	192	0.05	485	0.29	947	0.72
			Subtotal	8,553	2.48	4,871	2.95	2,470	1.89
		Subtotal	Export	53,039	15.47	13,417	8.12	5,416	4.13
			Domestic	192	0.06	485	0.29	947	0.72
			Subtotal	53,231	15.52	13,902	8.41	6,363	4.86
Others	Other revenues	-	-	125	0.04	242	0.14	57	0.04
Total				342,861	100.0%	165,272	100.0%	131,002	100.0%

Note 1) Based on audited K-IFRS consolidated financial statements.

Note 2) Revenue for each business unit includes revenues from Company A, B, and C, the top three largest customers for each year.

Note 3) Other revenue for each business unit comprises revenues from customers excluding Company A, B, and C, the top three largest customers for each business unit.

Note 4) Other revenues encompass advertising revenues.

B. Sales channels

(As of Dec. 31, 2023)

(Unit: mil KRW)

Revenue type	Item	Classification	Sales channel	Revenue, by channel	Sales ratio
CA Revenue	Cosmetics	Sales	Revenue from supply contracts through the wholesale site, which serves retail partners worldwide	271,965	79.33
PA Sales			Revenue from direct sales to consumers worldwide via the StyleKorean Retail platform, operational across global, Japan, Russia, Indonesia, and U.S. websites.	17,540	5.11
Fulfillment sales			Revenue from fulfillment services, including operations outsourcing and drop shipping (DS).	53,231	15.52
Others	Others		Ad revenue, etc.	125	0.04
Total				342,861	100.00%

Note) Revenue is based on IFRS consolidated financial statements in 2023.

Of its sales, CA sales are generated through the wholesale platform, and PA sales are generated through the StyleKorean platform (Global, Japan, Russia, etc.), and sales activities are based on purchased inventory.

In the case of fulfillment revenue, K-Beauty generates revenue from outsourcing overseas e-commerce operations of K-Beauty brands and consignment, such as drop shipping.

C. Sales methods

The Company's sales methods by business segment are as follows:

(1) CA business

In the CA division, the Company collaborates with brand partners from its headquarters to develop tailored brand strategies and leverage local market insights. Continuously scouting new markets, they engage local influencers and YouTubers to promote and launch new products. Upon market discovery, the Company registers with local regulatory bodies such as the respective FDAs, facilitating customs clearance and document preparation accordingly for each country.

The success of the CA business hinges on differentiated marketing strategies that align with each country's unique characteristics. To achieve this, the division supports local marketing efforts to expand existing brands and foster the growth of new ones. Customized portfolios are provided based on sales data and assist in procuring necessary documents and materials for official customs clearance and sales in each market.

Operating with a focus on small-volume sales across diverse products, the Company manages inventory for varied product offerings. Sales are conducted through the StyleKorean wholesale platform, where they devise country-specific sales strategies and curate product portfolios tailored to local market demands.

(2) PA business

In addition to StyleKorean.com (www.StyleKorean.com), which sells K-beauty products in over 120 countries worldwide, the PA division operates spin-offs like StyleKorean.jp and StyleKorean.ru for Japan and Russia. These platforms are managed with optimized systems for local markets, including tailored delivery and payment options. Sales are also facilitated through a mobile application that was developed last year.

The Company offers customized payment systems and shipping carriers tailored to nearly 120 countries worldwide to optimize sales. Each country has its own payment systems with varying rates, and systems have been implemented accordingly to provide the most convenient payment services for customers, thereby enhancing StyleKorean's accessibility.

In addition to its primary markets such as the U.S., Russia, and Southeast Asia, the Company actively promotes its products and brands globally, adapting them to meet the specific demands of each market. The Company's social media strategy includes active engagement on Instagram, YouTube, TikTok, and Facebook, attracting new members through targeted content and advertisements. The Company also utilizes Google Keywords ads to effectively boost brand visibility.

With over 1 million social media followers and subscribers, marketing content encompasses brand sales news, StyleKorean magazine features (covering fashion, trends, vlogs, and dining), authentic product reviews, and influencer-driven promotional content. Local staff are employed in each country to ensure accurate and timely identification of market needs, trends, and analysis

(3) Fulfillment businesses

The Company's Fulfillment business division specializes in assisting companies entering major online platforms like Amazon, Qoo10, and Shopee. The Company primarily provides services to K-beauty companies seeking entry into these platforms, managing their sales and delivery processes. Additionally, the Company supports firms that have difficulty entering these markets directly.

The Company also offers tailored strategies for entering each platform based on brand characteristics, recommending Korean cosmetics brands suitable for overseas online marketplaces. Furthermore, the Company facilitates local delivery through drop shipping to alleviate inventory burdens for its international partners.

D. Sales strategy

The Company's sales strategies are centered around leveraging the wholesale platform of the CA division and the retail platform of the PA division. These efforts are supported by localized strategies tailored for each country, aimed at pioneering both B2B and B2C sales in local markets, detailed as follows:

(1) Localized strategy with country-specific sales organizations

The Company employs local personnel and operates country-specific sales organizations to offer tailored consulting services to local CA partners, facilitating their local business operations. Additionally, the Company recommends products aligned with national trends to every consumer accessing the StyleKorean website.

(2) Real-time order fulfillment via StyleKorean platform

The Company has implemented a system allowing consumers and overseas partners to check inventory and place orders in real-time through the StyleKorean platform, ensuring prompt product availability.

(3) Social media marketing and influencer collaborations

The Company enhances brand awareness and supports the growth of various small and medium-sized brands through strategically planned content tailored for global marketing. This includes leveraging its own channels to promote marketing efforts and sharing self-generated content with its extensive follower base of over 1 million. Additionally, The Company extends its reach through partnerships with over 500 global influencers across 13 countries and engages in localized marketing initiatives through collaborations with local CA partners.

(4) Export, customs, and logistics expertise

The Company offers expertise in export, customs clearance, and logistics to support K-Beauty brands seeking to expand overseas, facilitating entry into challenging international markets that may be difficult to navigate independently.

(5) Building a global distribution chain with logistics and operational excellence

Utilizing its e-commerce expertise, the Company facilitates the entry of K-Beauty brands into overseas platforms, manages their operations abroad, and optimizes logistics. This allows brands to focus on producing high-quality products. The Company has implemented a pioneering logistics system using automated guided vehicles (AGV), enhancing systematic inventory management and operational efficiency.

(6) Driving trends with localization strategies

With a global presence spanning countries such as the United States, Indonesia, Malaysia, the Netherlands, and Poland, The Company shares its platform and network to drive worldwide market expansion of K-Beauty brands.

E. Major customers

(As of Dec. 31, 2023)

(Unit: mil KRW)

Revenue types	Customer	Revenue amount	Revenue ratio
CA sales	iHerb, Inc	33,927	9.9%
DA sales	Amazon.com	33,244	9.7%
PA sales	Style Korea USA (formerly Independent online store)	13,855	4.04%
Other		261,835	76.36%
Total		342,861	100.00%

Major customers are defined as those contributing 5% or more to the Company's revenue. Given the Company's business model, which involves sales to both the general public and trade partners, estimating the number of other revenue sources is challenging.

F. Long-term contracts

Not applicable as the Company's business model does not involve ordering contracts.

5. Risk Management and Derivative Transactions

A. Market Risk

(1) Foreign Exchange Risk

The consolidated entity operates internationally and is therefore exposed to foreign exchange risk, particularly due to fluctuations in USD and JPY exchange rates. These foreign exchange risk arises from anticipated future transactions and recognized assets and liabilities.

The management of the consolidated entity has established policies to manage foreign exchange risk for each currency, aiming to mitigate this risk. Foreign exchange risk occurs when anticipated future transactions and recognized assets and liabilities are denominated in currencies other than the functional currency. The consolidated entity prohibits speculative foreign exchange transactions and regularly monitors, evaluates, and manages foreign exchange risk.

As of the end of the reporting period, the book value of monetary assets denominated in major foreign currencies other than the functional currency are as follows.

(Unit: KRW, USD, EUR, etc.)

Account	Current Year End			Previous Year End		
	Currency	Foreign currency	KRW equivalent	Currency	Foreign currency	KRW equivalent
Cash equivalent assets	USD	6,495,166.38	8,374,867,529	USD	8,800,877.85	11,153,352,498
	EUR	1,229,544.31	1,754,055,617	EUR	-	-
	Others	21,820,726.86	272,978,638	Others	41,206.06	7,476,427
Accounts receivable	USD	42,970,427.49	55,406,069,192	USD	11,427,184.91	14,481,671,423
	EUR	3,839,967.64	5,478,059,435	EUR	-	-
	Others	168,552,239.53	489,055,311	Others	18,375,434.47	275,734,306
Total	-	244,908,072.21	71,775,085,722	-	38,644,703.29	25,918,234,654

Assuming all other variables remain constant, the impact of a 10% change in the exchange rates of each foreign currency against the functional currency on profit before tax for the first half of the current year and the previous year is as follows.

(Unit: KRW)

Item	December 31, 2023		December 31, 2022	
	FX increase	FX decrease	FX increase	FX decrease
Increase (decrease) in profit and loss before tax	7,177,508,572	(7,177,508,57)	2,591,823,465	(2,591,823,465)

The sensitivity analysis above focuses on the monetary assets denominated in foreign currencies other than the functional currency of the consolidated entity as of the end of the reporting period.

(2) Interest Rate Risk

The consolidated entity's exposure to interest rate risk arises primarily from deposits and floating rate borrowings. The entity has established and put in place policies to manage uncertainties and minimize financial costs resulting from interest rate fluctuations.

As of the end of the reporting period, no floating rate borrowings are exposed to interest rate risk.

Assuming all other variables remain constant, the impact of a 1% change in interest rates on profit before tax for the current and previous years is as follows.

B. Credit Risk

(1) Risk Management

To manage credit risk, the consolidated entity only conducts transactions with counterparties that maintain at least a specific level of creditworthiness. The entity also has policies and procedures in place to enhance the creditworthiness of its financial assets.

Credit risk refers to the potential financial loss that the consolidated entity could incur if a counterparty fails to meet its contractual obligations. This risk arises not only from counterparties but also from cash and cash equivalents and deposits with financial institutions.

Regarding financial institutions, the consolidated entity transacts with counterparties with good credit ratings. Therefore, credit risk stemming from financial institutions is limited. In terms of general counterparties, the entity deals with those with a certain level of creditworthiness, has established policies and procedures to enhance the credit quality of financial assets, and evaluates the creditworthiness of counterparties.

The entity's level of credit risk exposure as of the end of the reporting period is as follows.

(Unit: KRW)

Item	Current Year End	Previous Year End
Accounts receivable	21,282,743,325	6,123,604,544
Short-term other financial assets	17,103,561,266	16,745,635,242
Other financial assets	1,296,330,857	726,164,674
Total	39,682,635,448	23,595,404,460

C. Liquidity Risk

The consolidated entity maintains an adequate level of unused borrowing capacity and continuously monitors liquidity forecasts to ensure there are no breaches of borrowing limits or covenants, thereby meeting operational funding requirements.

The table below categorizes the consolidated entity's financial liabilities based on their maturities from the end of the reporting period to contractual maturity. The cash flows presented in the table are undiscounted amounts. Balances maturing within 12 months are shown at their book value as the effect of discounting is not significant.

1) Current Period

(Unit: KRW)

Current Year End	Less than 1 year	1 year - 2 years or less	2 year - 5 years or less	Total
Accounts payable	501,545,548	-	-	501,545,548
Other current financial liabilities	2,356,176,495	-	-	2,356,176,495
Short-term borrowings	56,050,804,384	-	-	56,050,804,384
Current portion of long-term debt	230,984,127	-	-	230,984,127
Long term borrowings (*)	-	234,901,083	3,719,730,829	3,954,631,912
Rental deposits	-	-	-	-
Lease liabilities	2,702,330,011	1,459,287,011	316,706,485	4,478,323,507
Total	61,841,840,565	1,694,188,094	4,036,437,314	67,572,465,973

(*) Includes cash flows from the current portion of long-term debt.

D. Capital Risk Management

The objective of the consolidated entity's capital management is to safeguard its ability to providing ongoing benefits to shareholders and stakeholders while minimizing the cost of capital by maintaining an optimal capital structure. In order to maintain or adjust the capital structure the entity may adjust dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The entity manages its capital based on the gearing ratio, which is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings less cash and cash equivalents, and total capital is the sum of equity as shown in the balance sheet plus net debt.

As of the end of the reporting period, the consolidated entity's gearing ratio is as follows.

(Unit: KRW)

Item	December 31, 2023	December 31, 2022
Total Borrowings	58,762,207,426	23,807,728,754
Deductions: Cash and cash equivalents	(17,217,510,020)	(1,188,944,927)
Net liabilities (a)	41,544,697,406	2,618,783,827
Total stockholders' equity (b)	134,951,936,183	96,386,863,307
Total Assets (c=a+b)	176,496,633,589	99,005,647,134
Gearing ratio (a/c)	23.54%	2.65%

E. Status of Derivative Transactions and Putback Options

As of the submission date of this report, the Company has no such relevant transactions.

6. Major Contracts and R&D Activities

As of the date of this report, the Company's significant non-recurring contracts outside the ordinary course of business are as follows:

Contractual counterparty	Purpose of the contract	Details of the contract	Contract date	Acquisition Amount
Oneand Inc.	Enhance brand image through share subscription agreements	Acquisition of shares through stock purchase agreements (number of shares) : 80,000 shares (23.39%)	Mar 10, 2016	400,000,000 KRW
Benton, Inc.	Enhance brand image through share subscription agreements	Acquisition of shares under stock purchase agreements (number of shares): 645,000 shares (25%)	1st: November 18, 2016 2nd: Jan 5, 2021	1st : 200,100,000 KRW 2nd : 99,905,000 KRW
FYunkang Oriental Medicine Dermatology Research Institute	Enhance brand image through share subscription agreements	Acquisition of shares through stock purchase agreements (number of shares) : 8,889 shares (10%)	Dec 15 , 2017	300,002,750 KRW
Hello Skin, Inc.	Enhance brand image through share subscription agreements	Acquisition of shares through stock purchase agreements (number of shares) : 6,667 shares (25%)	Feb 7, 2018	50,002,500 KRW
Be The Skin Co., Ltd.	Enhance brand image through share subscription agreements	Acquisition of shares through stock purchase agreements (number of shares) : 8,572 shares (30%)	Feb 8, 2018	100,000,952 KRW
TOCOBO Corporation	Enhance brand image through share subscription agreements	Acquisition of shares under stock purchase agreement (number of shares) : 30,000 shares (30%)	May 24, 2021	30,000,000 KRW
Corporation JC&Company	Enhance brand image through share subscription agreements	Acquisition of shares under stock purchase agreement (number of shares) : 3,000 shares (20%)	July 23, 2021	99,999,000 KRW
Corporation Plant Base	Enhance brand image through share subscription agreements	Acquisition of shares under stock purchase agreement (number of shares): 500 shares (20%)	July 28, 2021	200,000,000 KRW
Aid Korea Company	Enhance brand image through share subscription agreements	Acquisition of shares under stock purchase agreement (number of shares): 20,000 shares (25%)	Oct 28, 2021	1,000,000,000KRW
Hanteo Global, Inc.	Launch new business through new and existing share subscription agreements	Acquisition of shares through stock purchase agreements (number of shares) : 91,227 (12.23%)	Feb 28, 2022	5,000,072,828KRW
Aid Korea Company	Elevate the brand image through existing share subscription agreements	Acquisition of shares under stock purchase agreement (number of shares) : 5000 (6.25%)	Aug 4, 2022	300,000,000 KRW
TOCOBO Corporation	Elevate the brand image through new share subscription agreements	Acquisition of shares under stock purchase agreements (number of shares): 270,000 shares (27%)	Aug 12, 2022	270,000,000 KRW
TOCOBO Corporation	Elevate the brand image through new share subscription agreements	Acquisition of shares under stock purchase agreements (number of shares): 400,000 shares (29.70%)	Mar 24, 2022	700,000,000 KRW

B. Research and Development Activities

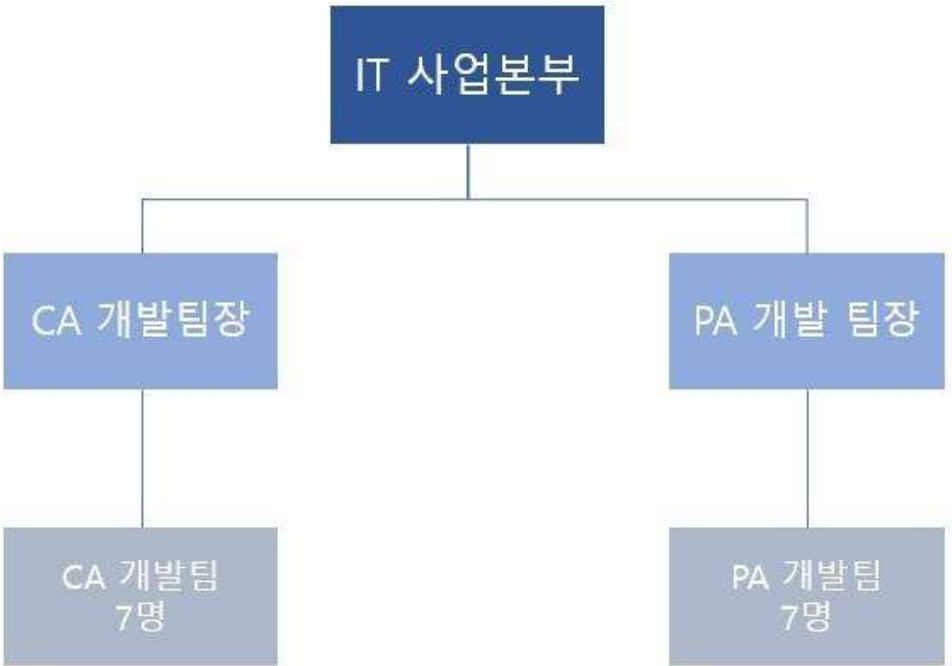
(1) Overview of R&D activities

The Company has an internal IT team R&D organization that focuses on developing and maintaining its own ERP, building and maintaining its own store, and improving the quality of its mobile application services, among other projects.

The IT team's R&D personnel are organized into the PA development team and the CA development team. Both teams strive to produce optimal results by directly engaging with marketing experts from each other from the initial construction, planning, and implementation of new business projects.

In addition to new business projects, the Company is also focusing on improving the quality of the service of using StyleKorean's online store by providing various development and maintenance services such as cross-border shopping and overseas logistics services, overseas delivery agency, and mobile application development.

(2) R&D organizations



*그림파일

IT 사업본부	IT Business Division
CA 개발팀장	CA Development Team Lead
PA 개발팀장	PA Development Team Lead
CA 개발팀 7 명	CA Development Team (7 members)
PA 개발팀 7 명	PA Development Team (7 members)

Organizations	Main tasks
CA Development Team	<ul style="list-style-type: none"> - Development and maintenance of in-house developed ERP systems. - Development of the StyleKorean wholesale platform - Development and integration of warehouse management system including logistics reorganization for AGV logistics system
PA Development Team	<ul style="list-style-type: none"> - Development and maintenance of StyleKorean retail platform features and functionality - Mobile app development - Server management - Development of middleware that works with external programs

(3) Research and development expenses

(Unit: 1,000 KRW)

Subject	2023 (22nd)	2022 (21st)	2021 (20th)	Remarks
Research and development expense account (*1)	871,345	657,815	405,780	-
(Government subsidy)	-	-	-	-
R&D expense as a percentage of sales [R&D expense /current FY sales×100].	0.26%	0.41%	0.32%	-

Note 1) R&D expenses are calculated based on the labor costs of the Company's IT team personnel.

Note 2) Includes labor costs for employees who have resigned from the Company.

(4) R&D performance

The PA Development Team and CA Development Team operate as separate units. The PA Development Team focusing on developing and maintaining features of StyleKorean.com, the retail platform, and is also developing a mobile app of the site. Meanwhile, the CA Development Team is developing and maintaining its own ERP system and conducting various IT-related R&D, including logistics reorganization through the newly introduced AGV logistics system in 2020.

StyleKorean has established three in-house online stores(GLOBAL, JAPAN, and RUSSIA), each tailored to its respective country and optimized for SEO (Search Engine Optimization). This ensures the site ranks high for relevant search terms, making it easy for overseas customers to access. Additionally, a CS system has been developed to handle customer service inquiries through automatic responses. To facilitate overseas purchases, the Company is continually integrating various international payment methods and unifying logic for easier site management.

The CA Development Team introduced a new logistics model by implementing an AGV system at the logistics center and developing related programs. They also developed the StyleKorean Wholesale platform, allowing overseas buyers to check inventory and place orders in real time. This system enables sales representatives to confirm and deliver orders, ensuring processing within 24 hours from order to delivery.

7. Other Information

A. Significant business impact of trademark management policies, customer care policies, etc.

There are none as of the date of filing this report.

B. Status of intellectual property rights such as patents, utility model rights, design rights, trademarks, and copyrights

The Company does not have any intellectual property rights as of the date of filing this report.

C. Laws and regulations that materially affect business operations

There are various regulations on finished cosmetic products and customs clearance in different countries, including regulations on the ingredients used in cosmetics. Although regulations vary from country to country, the main purpose is consumer safety and the provision of accurate information. Specifically in light of recent chemical scandals, consumer safety regulations for cosmetics are becoming increasingly stringent.

The Company helps K-Beauty brands manage distribution to various countries through its pool of local employees who can handle cosmetics and customs clearance in each country. With certifications such as BPOM and many years of know-how and experience, the Company ensures smooth distribution operations.

Country	Regulatory matters
Korea	The Ministry of Food and Drug Safety (MFDS) serves as the primary regulatory authority. General finished cosmetics products can be sold immediately after completing the required notification process. However, for functional cosmetics (including types like whitening, wrinkle reduction, and sun protection) certified by the MFDS, a formal license is mandatory before they can be sold. This makes the regulation for functional products slightly stricter.
Japan	In Japan, local companies (e.g. from prefectures) must obtain a “Manufacturing and Sales License (For Cosmetic Products)” while satisfying three key requirements simultaneously: adequate human resources (including a designated manufacturing and sales manager), compliance with GQP (Good Quality Practice) and GVP (Good Clinical Practice for Drugs). Each manufacturing and sales business license remains valid for five years post-renewal. Additionally, for cosmetics manufactured and sold abroad to enter the Japanese market, registration with the Overseas Pharmaceuticals and Medical Devices Agency (PMDA) is mandatory. Japan Customs oversees the customs clearance process for imported cosmetics, involving several stages: pre-departure report and manifest submission, import declaration, customs inspection, payment of duties, and obtaining an import license. Nippon Automated Cargo and Port Consolidated System (NACCS) is integral to each step of pre-departure reporting, import declaration, and document inspection, necessitating familiarity with its procedures and methods.
United States	Although cosmetic products do not require FDA approval before entering the market, the FDA imposes strict regulations on their ingredients. The use of prohibited ingredients or the sale of improper products can lead to legal action by the FDA. In essence, while the FDA does not pre-regulate cosmetics, it holds manufacturers fully accountable for any unsafe or incorrect products. One effective strategy to mitigate these risks is to obtain OTC certification. OTC, or over-the-counter, products like sunscreen in the U.S. are classified under this category rather than as cosmetics. Therefore, exporting OTC products to the U.S. requires compliance with U.S. drug GMP regulations and rigorous FDA standards for safety and efficacy. Importing cosmetics into the U.S. involves several steps: pre-submission of a manifest to CBP, declaration of goods for an export license, FDA inspection, tax filing, and payment of duties. Understanding the inspections conducted by U.S. Customs and Border Protection (CBP) for imported cosmetics and complying with FDA labeling regulations are crucial. Products failing these inspections are deemed non-

	compliant and barred from entry. Adherence to cosmetic import and export requirements is essential to prevent such import bans.
Europe	CPNP registration is the initial step for Korean cosmetics companies preparing to enter the European market. CPNP, which stands for 'Cosmetic Products Notification Portal,' is an online registration platform established in response to new regulations from the European Union (EU) Parliament. Since July 11, 2013, it has been mandatory to register all cosmetic products on CPNP before selling them in Europe. This system enables the EU to oversee and regulate the ingredients of cosmetic products distributed across EU and partner countries.
Russia	Russia has distinct regulations for cosmetics marketing, differing from those in the EU. These regulations involve TRCU (Technical Regulation of the Customs Union) certification. TRCU certification is part of the unified certification system of the Eurasian Economic Union, which initially included Russia, Kazakhstan, and Belarus, and now encompasses five countries, including Belarus, Kyrgyzstan, and Armenia. It applies to consumer goods, including cosmetics and perfumes that are not intended for inhalation or injection.
Indonesia	In Indonesia, obtaining BPOM certification is mandatory for importing and selling food, drugs, and cosmetics directly related to human health. BPOM stands for Badan Pom, which translates to the Indonesian Food and Drug Agency. Compliance with its certification regulations is necessary to distribute cosmetics within Indonesia. Non-compliance may lead to the revocation of certification for unlawfully distributed items. Additionally, the Indonesian government has a rigorous system that includes publicizing violations of BPOM regulations on local government websites, underscoring the critical importance of BPOM certification for entering the Indonesian market.
India	The Company has enrolled in the "Korea-India Simplified Certified Exporter" program, which enables the export of products to India without requiring six specific types of documents. This program is designed to facilitate trade by granting benefits to exporters certified by customs authorities, streamlining the issuance of certificates of origin and other necessary documents. Being certified as an exporter under this program provides the simplified documentation benefit.

D. Sales of environmental substances or compliance with regulations related to environmental protection in connection with business operations and capital expenditure plans for environmental improvements

None as of the date of filing of this report.

E. Overview of market conditions and business

(1) Industry characteristics

(a) Products that sell culture and image

K-Beauty products have evolved beyond mere functionality to embody cultural narratives and image appeal. Fashion and cosmetics exemplify products where cultural resonance significantly influences pricing and sales volumes. The perceived image and added value of the product play a pivotal role in consumer purchasing decisions, often outweighing considerations of price-performance ratios. Therefore, effective marketing strategies should leverage cultural narratives and imagery, going beyond product quality alone.

The Korean Wave, extending beyond Asia to include global audiences, has propelled Korean idols like BTS and Stray Kids to international stardom, acknowledged by Billboard, a globally renowned music ranking platform. Similarly, acclaimed Korean content such as Squid Game and Parasite has garnered global acclaim. This cultural phenomenon has heightened global interest in Korean cosmetics, particularly K-Beauty.

Alongside their technological advancements, K-Beauty products have gained cultural cachet through associations with Korean pop culture icons appearing in K-Pop, K-Movies, and K-Dramas. As a result,

K-Beauty products, blending technology with cultural appeal, are rapidly expanding into markets across Southeast Asia, Japan, the United States, Europe, and Africa.

(b) A strong manufacturing base

The Korean cosmetics market boasts world-class cosmetics manufacturing infrastructure and technology, with major global cosmetics Original Design Manufacturers (ODMs) based in the country. This robust manufacturing infrastructure supports the creation of cosmetics products from innovative concepts. In the Korean cosmetics industry, the process of planning (by brands/venture brands), production (ODM/OEM), and distribution (various companies) are often separated. This environment has fostered the emergence of numerous small and medium-sized companies known for their innovative planning capabilities, competing vigorously in the industry by constantly launching new products with cutting-edge designs.

Since 2017, this trend has been notably accentuated, marked by the introduction of numerous venture brands that leverage rich creative ideas supported by skilled talent pools and ODM capabilities. These venture brands have played a pivotal role in driving growth in the domestic cosmetics market over the past three to four years.

2) Industry growth

(a) Growth in the size of the cosmetics market

The global beauty industry was valued at \$536.5 billion in 2022, reflecting a 5% increase YoY. It is projected to maintain a CAGR of 5.2% from 2024 to 2032.

(b) Growth in e-commerce distribution channels

As the non-luxury, mid-to-low priced cosmetics market launched by venture brands has grown, there has been an increasing need for outsourced distribution channels of most products due to the market's pricing structure. Consequently, a robust distribution channel is essential for their sale. E-commerce has emerged as a prominent distribution platform for venture-backed companies. With the ascent of e-commerce, there is a notable separation between branding and distribution. The growth rate of single-brand stores, which traditionally managed both distribution and branding, has slowed due to increased fixed costs.

The COVID-19 pandemic has accelerated the shift towards non-face-to-face transactions, influencing consumer behavior towards preferring online purchases of cosmetics over offline options.

Moreover, given the tactile nature of cosmetics, live commerce—a form of contactless marketing that enhances consumer engagement through real-time interactions during e-commerce sessions—is gaining traction. Unlike conventional home shopping or online channels, live commerce allows for direct consumer engagement through live comments, particularly appealing to younger demographics.

Despite the surge in e-commerce during the COVID-19 era, the offline market, which had previously stagnated, is now experiencing revitalization. This resurgence is seen as complementary rather than a complete shift from e-commerce to offline channels.

3) Domestic economic fluctuations

In the past, the cosmetics market was characterized as a luxury consumer goods industry directly influenced by the domestic economy. This meant it was a typical domestic industry affected by economic indicators, with the growth of the cosmetics market being directly proportional to domestic economic growth.

However, since 2007, the growth rate of the cosmetics market has shown mixed and inelastic responses to economic fluctuations, especially when compared to GDP growth. This is analyzed as a result of consumers expanding their spending on value, as cosmetics have become essential consumer goods.

While the cosmetics market exhibits variations in growth due to industry competition, distribution, and regional specificity, the industry as a whole has remained robust and resilient against economic fluctuations.

4) Seasonal factors

In the beginning of each year, the sales growth rate staggers due to relatively large sales spike during the year-end events in December.

The cosmetics market typically experiences seasonal fluctuations in sales, with sales generally decreasing in the winter compared to the summer. However, the Company does not experience significant seasonal fluctuations as its operations are conducted globally. In the southern hemisphere, seasons are opposite to those in the northern hemisphere, and regions like the Middle East and Southeast Asia experience minimal winter temperature drops, further mitigating seasonal impacts.

Moreover, the recent surge in demand for sun blocks has offset much of the decline in summer sales, leading the Company to believe that seasonal impacts are now minimal.

F. Domestic and international market conditions

(1) Market stability

According to the Ministry of Trade, Industry and Energy, exports of Korean cosmetics are poised to grow in the coming years. This is attributed to several factors, including the strong brand value and unique product concepts of Korean cosmetics, heightened awareness of K-beauty in the U.S. market, diversified marketing strategies utilizing influencers and social media, and favorable economic conditions in the U.S., China, and the ASEAN region.

Additionally, the Ministry of SMEs and Startups has observed an increase in demand for cosmetic exports, particularly in the U.S. and Japan, focusing on basic cosmetics. Furthermore, the expansion of exports to emerging markets such as Vietnam and Russia have significantly contributed to market growth. Consequently, the cosmetics industry, expanding actively into markets like the U.S., Japan, Vietnam, and Russia, is anticipated to continue its growth trajectory and achieve notable milestones in the future.

(2) Competition

The Company distributes K-Beauty products globally through its e-commerce platform. Unlike domestic cosmetics distribution markets such as department stores, hypermarkets, and road shops, etc., global distribution of Korean cosmetics involves duty-free and e-commerce channels. However, for individual K-Beauty brands aiming to enter the global market via direct export or to supply duty-free stores in Korea, strong global brand recognition and financial stability are essential. Many venture brands, benefiting from the capabilities of cosmetics OEMs in producing diverse cosmetic products, aspire to export globally but face challenges due to limited brand awareness and sales volume.

To address these challenges, the Company focuses on globally distributing these K-Beauty venture brand products through e-commerce. The entire business process from product planning and production to logistics management is overseen, including overseas customs clearance, inventory control, and brand marketing management.

For K-Beauty brand companies, production can be facilitated through OEMs, making it relatively accessible to start a business with modest funds. As a result, various small and medium-sized brands, as well as venture brands, have emerged and flourished. Unlike these brand companies, which face low entry barriers in the local market, global distribution platforms for K-Beauty brands present significant hurdles to entry.

This is primarily due to the need for a global customer base interested in K-Beauty products, a network of brand companies seeking distribution, and comprehensive capabilities in sales, logistics, and marketing across multiple countries. Establishing such a platform involves significant investments in infrastructure, including logistics systems and warehouses to ensure timely product delivery.

Given the challenges in building such capabilities independently, many brand companies opt to distribute their products through established platforms like one from the Company. Consequently, the high entry barriers contribute to an oligopoly in the K-Beauty global distribution platform, limiting opportunities for new entrants to emerge.

(3) Market share trends

The Company operates as a comprehensive K-beauty platform and a global distributor of K-beauty products. However, there is no specific market share data available from recognized organizations for this particular business segment. The Company believes it is unique in Korea for specializing in the global distribution of K-beauty products through e-commerce channels.

To estimate its market share, the Company has derived its sales figures from the general statistics on cosmetics exports published by the Korea Cosmetic Industry Institute.

(Unit: 100 million KRW)

Classification	2023	2022	2021	2020
Direct international sales of cosmetics products online (*1)	110,958	103,268	105,156	89,337
Revenue of the Company	3,429	1,653	1,310	994
Market share estimation	3.09%	1.6%	1.25%	1.11%

Note 1) Source: Korea Cosmetic Industry Institute, 2020-2023 cosmetics exports (annual average exchange rate applied)

Note 2) The Company's sales figures are based on audited K-IFRS consolidated financial statements.

G. The competitive landscape

(1) Competitive factors

In the case of K-Beauty brand companies, production can be outsourced through OEMs, making it relatively easy to enter the market with limited funds. As a result, various small and medium-sized brands and venture brands have emerged and flourished. However, unlike K-Beauty brand companies, which face low entry barriers, global distribution platforms for K-Beauty brands present substantial hurdles. This is because successful global distribution necessitates a global customer base that demands K-beauty products, a network of K-Beauty brand companies seeking distribution, as well as comprehensive capabilities in sales, logistics, and marketing across different countries. Establishing such a global infrastructure includes setting up logistics systems and warehouses for timely product delivery. Due to these economies of scale, individual brand companies often opt to distribute their products through established platforms like ours. Consequently, new entrants find it challenging to overcome these high barriers to entry. The Company believes that the K-Beauty global distribution platform exhibits oligopolistic characteristics.

(2) The Company's competitive advantage

(a) The growing e-commerce market and its global distribution platform

As a leading K-Beauty global distribution platform, the Company strives to set a new standard in distribution that goes beyond mere sales. By integrating sales, logistics, marketing, and IT systems through platforms like 'StyleKorean.com', the Company aims to revolutionize K-Beauty global distribution. Unlike traditional K-Beauty distribution models, which are often fragmented, the Company leverages e-commerce to capitalize on the expanding global market and the shift towards Untact interactions.

(b) Providing solutions in all areas of the K-Beauty value chain

Historically, K-Beauty's global distribution has been fragmented, with individual brands struggling to efficiently navigate diverse markets and regulatory environments. To streamline this process and minimize resource consumption, the Company aggregates multiple brands under its robust global distribution network. It provides K-Beauty brands with extensive export know-how and infrastructure in each country, facilitating their global reach. Simultaneously, its platform enables overseas consumers to access a wide range of K-Beauty products from various brands at any time.

The Company excels by offering comprehensive solutions across the entire K-Beauty value chain, encompassing personalized sales (PA), corporate sales (CA), logistics management (DS), sales fulfillment, marketing, media content creation, and brand management. This holistic approach distinguishes it from other global beauty distributors that focus solely on customs clearance and export.

With its expertise in managing the complete value chain—from logistics and inventory to marketing strategies—the Company empowers K-Beauty brands to concentrate on what they do best: innovating and diversifying their product offerings for global markets. This strategic focus on differentiated product development enhances brand recognition and drives growth across its platform.

(c) Building a long-tail portfolio to avoid one-pipeline risk

In the dynamic beauty industry, product and brand lifecycles are inherent due to the diverse range of offerings and consumer preferences. As consumer trends evolve, products and brands that once enjoyed popularity may experience declining sales over time. Therefore, while it is crucial to feature trending products and brands, it is equally vital to maintain a diverse portfolio to safeguard the longevity of the business.

The risk of one-pipeline dependency arises when a company relies solely on a single product or brand. Even if a product initially enjoys success, its sales may falter as public interest wanes over its lifecycle.

The Company's business structure is designed to mitigate against this risk. By managing and collaborating with a diverse array of K-beauty brands for global distribution, the Company avoids dependence on any single brand or product. Its diversified business model spans the entire value chain—from logistics management to distribution and marketing—enabling the Company to maintain stability and resilience. This approach contrasts sharply with firms that focus exclusively on distribution.

The Company's platform is highly valued by its global corporate (CA) customers, who appreciate the ability to purchase small quantities of K-beauty products in real-time and across multiple varieties. These CA customers, typically local merchants operating on a small scale, rely on the Company's platform as their primary source for acquiring diverse K-beauty products to meet local market demands. As these customers expand their businesses, their purchases through the Company increase accordingly.

By cultivating a long-tail market featuring a wide range of K-beauty brands rather than concentrating on a single brand, the Company attracts a substantial number of CA customers. This strategy sets it apart from other distributors and strengthens its position in the global K-beauty industry.

(d) IT-enabled global logistics infrastructure capabilities

[AVG at its warehouse]



물류센터1

Warehouse1



Warehouse2

Source: Company data

In September 2020, the Company became the first Korean beauty retailer to install an AGV system on the first floor of a 4,495-pyeong (approx.. 14,860 m²) logistics warehouse in Gwangju, Gyeonggi-do, with a KRW 2.92 billion investment. The AGV system is a robotic logistics system similar to the 'KIVA system' operated by Amazon, a global e-commerce company, in its warehouses. The Company's AGV system and robots navigate between the aisles of shelves to locate and transport items, ensuring that products are dispatched seamlessly in response to the numerous orders received daily. These AGV systems maximize the efficiency of its warehouses, resulting in significant cost savings.

By implementing these AGV systems, the Company has established a more organized inventory system and enhanced efficiency through rapid and accurate processing. The Company believes that its efficient logistics and inventory system will continue to provide a competitive advantage that sets it apart from other retailers.

(e) Expanding international footprint and strengthening local dominance through localization strategies

In addition to its platform and domestic distribution centers, the Company owns and operates local logistics centers overseas, including in the United States, Indonesia, and Malaysia. The operation of these local logistics centers has significantly decreased the time and cost of global shipping.

[The Company's global logistics infrastructure network]



(Source: Company data)

*그림파일

글로벌 거점 가속화	Accelerating the global footprint
현지화 확대	Expand localization
플랫폼 공유	Share platforms
현지 정보 공유	Share local information
네트워크 공유	Share networks
네덜란드	Netherlands
폴란드	Poland
러시아	Russia
베트남	Vietnam
인도네시아	Indonesia
말레이시아	Malaysia
일본	Japan
미국	United States
국내 no.1. 역량, 글로벌 확대	No. 1 capabilities at home, expanding globally
신규 국가 및 국가간 서비스 확대	Expanding into new countries and cross-border services
글로벌 최적화 물류 시스템 및 현지화 구축	Establish globally optimized logistics systems and localization

미국(캘리포니아)	United States (California)
미국(뉴저지)	USA (New Jersey)
인도네시아	Indonesia
한국(광주시)	Korea (Gwangju)
미국(산타페)	United States (Santa Fe)
말레이시아	Malaysia
일본	Japan
네덜란드, 폴란드, 러시아	Netherlands, Poland, Russia
인도, 남미 지사 설립 등 글로벌 유통망 확대	Expand global distribution network, including establishing branches in India and South America
전략적 제휴 및 축적된 노하우를 통해 글로벌 오픈 풀필먼트 플랫폼 제공	Provide a global open fulfillment platform through strategic alliances and accumulated know-how
글로벌 물류 인프라 네트워크 강화	Strengthen global logistics infrastructure network

In addition, the shorter delivery times enhance buyer satisfaction for those purchasing through its platform, leading to higher repurchase rates and customer loyalty. Operating local warehouses overseas provides a distinct competitive advantage over companies lacking such infrastructure.

Furthermore, the Company is bolstering local control by expanding sales, marketing, and networks through local bases to enhance its competitive edge in the global market.

Presently, the Company has localization initiatives underway in the United States, Indonesia, Malaysia, the Netherlands, and Poland. Future plans include expansion into regions with complex logistics such as Russia, the Middle East, and South America through further localization efforts.

(f) New businesses

The Company is currently expanding into various new business ventures, including the global distribution of K-Culture products such as K-Food and K-POP through its StyleKorean.com platform.

Moreover, since 2022, the Company has been exporting K-POP music via the StyleKorean.com platform as part of its entry into the K-POP market. In February 2022, The Company also acquired a stake in Hanteo Global, a company specializing in K-POP charts, to initiate overseas distribution of K-POP.

Currently, the Company is developing a K-POP wholesale website and organizing events to sell K-POP merchandise featuring various K-POP stars.

(3) Adopting logistics automation technology

In its distribution centers, the Company utilizes logistics automation technology and AGV systems to manage multi-product, low-volume inventory. This enables quick and flexible adjustments and expansions in product variety according to demand.

The Company currently leases a 4,495 square meter warehouse in Gwangju, Gyeonggi-do. In September 2020, the Company introduced the first automated guided vehicle (AGV) system in the K-beauty industry in Korea, with a significant investment of \$2.92 billion. This AGV system enhances warehouse efficiency, leading to substantial cost savings.

(4) Branded equity investment business

Utilizing its expertise in fostering diverse K-Beauty brands, the Company aims to broaden its equity investment portfolio by actively investing in promising new K-Beauty brands. As of the date of this report, the Company has made minority investments in nine brands. These brands exhibit substantial potential for international expansion and success in the global market. Moving forward, the Company plans to expand its investment portfolio further by identifying and supporting brands that align with current market trends.

III. Financial Statements

1. Abridged Financial Statements

A. Abridged Consolidated Financial Statements

(Unit: KRW)

Year of business	22nd	21st	20th
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
[Current assets]	136,394,594,980	73,230,909,481	68,848,134,772
• Quick assets	57,857,995,621	44,628,603,354	47,066,948,336
• Inventories	78,536,599,359	28,602,306,127	21,781,186,436
[Non-current assets]	78,875,966,099	55,985,406,547	28,544,349,513
• Investment assets	16,230,428,752	10,354,117,315	4,801,599,893
• Property, plant, and equipment	59,208,762,860	44,113,068,737	22,953,411,549
• Intangible assets	660,690,211	90,829,875	165,464,193
• Other non-current assets	2,776,084,276	1,427,390,620	623,873,878
Total Assets	215,270,561,079	129,216,316,028	97,392,484,285
[Current liabilities]	74,179,193,067	28,605,613,290	6,463,033,110
[Non-current liabilities]	6,139,431,829	4,223,839,431	4,635,796,556
Total Liabilities	80,318,624,896	32,829,452,721	11,098,829,666
[Capital stock]	30,295,340,000	30,189,340,000	5,012,382,000
[Capital surplus]	30,176,344,833	29,625,573,816	52,765,535,387
[Accumulated other comprehensive income]	2,836,862,823	2,708,863,492	2,228,427,733
[Other capital items]	837,480,621	1,070,382,365	886,499,535
[Retained earnings]	70,805,907,906	32,792,703,634	25,400,809,964
Total Capital	134,951,936,183	96,386,863,307	86,293,654,619
How to evaluate invested stocks of subsidiaries, associates, and joint ventures	Equity Method	Equity Method	Equity Method
	(Jan. 1, 2023 - Dec. 31, 2023)	(Jan. 1, 2022 - Dec. 31, 2022)	(Jan. 1, 2021 - Dec. 31, 2021)
Revenue	342,860,997,946	165,272,164,547	131,001,972,745
Operating profit (loss)	47,809,343,470	14,239,439,136	8,758,923,145
Profit from continuing operations (loss)	48,123,416,307	14,267,181,469	10,262,710,819
Net profit (net loss)	38,013,204,272	11,155,656,520	8,254,206,052
Earnings per share (loss per share)	631	186	149
Number of companies subject to consolidation accounting	5	3	2

Note: The above financial statements have been prepared in accordance with the Korean International Financial Reporting Standards. (K-IFRS)

B. Abridged Separate Financial Statements

(Unit: KRW)

Year of business	22nd	21st	20th
	31-Dec-23	31-Dec-22	31-Dec-21
[Current assets]	129,371,378,163	69,027,574,235	65,257,273,314
• Quick assets	91,540,763,997	52,040,768,483	46,833,353,076
• Inventories	37,830,614,166	16,986,805,752	18,423,920,238
[Non-current assets]	70,043,994,534	51,365,849,563	24,397,777,331
• Investment assets	20,619,683,508	15,289,526,692	9,472,209,952
• Property, plant, and equipment	47,473,752,480	34,791,858,327	14,139,647,550
• Intangible assets	658,708,790	60,092,400	67,832,400
• Other non-current assets	1,291,849,756	1,224,372,144	718,087,429
Total Assets	199,415,372,697	120,393,423,798	89,655,050,645
[Current liabilities]	72,085,450,258	27,539,175,282	4,816,976,756
[Non-current liabilities]	1,231,673,218	466,746,574	969,463,774
Total Liabilities	73,317,123,476	28,005,921,856	5,786,440,530
[Capital stock]	30,295,340,000	30,189,340,000	5,012,382,000
[Capital surplus]	30,176,344,833	29,625,573,816	52,765,535,387
[Accumulated other comprehensive income]	2,036,595,837	2,036,595,837	2,036,595,837
[Other capital items]	837,480,621	1,070,382,365	886,499,535
[Retained earnings]	62,752,487,930	29,465,609,924	23,167,597,356
Total Capital	126,098,249,221	92,387,501,942	83,868,610,115
How to evaluate invested stocks of subsidiaries, associates, and joint ventures	Cost Method	Cost Method	Cost Method
	(Jan. 1, 2023 - Dec. 31, 2023)	(Jan. 1, 2022 - Dec. 31, 2022)	(Jan. 1, 2021 - Dec. 31, 2021)
Revenue	331,539,726,901	161,752,951,005	124,481,308,609
Operating profit (loss)	42,331,865,455	12,851,672,041	7,861,020,074
Profit from continuing operations (loss)	40,583,254,539	12,665,275,140	9,029,609,472
Net profit (net loss)	33,286,878,006	10,061,775,418	7,365,284,908
Earnings per share (loss per share)	552	167	133

Note: The above financial statements have been prepared in accordance with the Korean International Financial Reporting Standards. (K-IFRS)

2. Consolidated Financial Statements

2-1. 1. Consolidated Financial Statements

22nd (As of Dec. 31, 2023)

21st (As of Dec. 31, 2022)

20th (As of Dec. 31, 2021)

(Unit: KRW)

	22 nd December 31, 2023	21 st December 31, 2022	20 th December 31, 2021
Asset			
Current assets	136,394,594,980	73,230,909,481	68,848,134,772
Cash and cash equivalents (Notes 5, 6, 7)	17,217,510,020	21,188,944,927	16,087,635,297
Accounts receivable (Notes 5, 6, 7, 8, 32)	21,282,743,325	6,123,604,544	5,430,957,957
Short-term other financial assets (Notes 5, 6, 7, 8, 32)	17,103,561,266	16,745,635,242	25,139,842,570
Other current assets (Note 14)	1,316,781,292	556,951,044	355,246,811
Current income tax assets (Note 24)	937,399,718	13,467,597	53,265,701
Inventories (Note 9)	78,536,599,359	28,602,306,127	21,781,186,436
Non-current assets	78,875,966,099	55,985,406,547	28,544,349,513
Financial assets at fair value through profit or loss (Notes 6, 7)		313,363,280	3,748,319
Other financial assets (Notes 5, 6, 7, 8)	1,296,330,857	726,164,674	620,125,559
Equity investments in subsidiaries (Note 10)		6,062,000	6,062,000
Equity investments in associates (Note 10)	16,230,428,752	10,348,055,315	4,795,537,893
Property, plant, and equipment (Note 11)	54,127,549,015	42,809,500,040	20,748,465,052
Right-of-use assets (Note 12)	5,081,213,845	1,303,568,697	2,204,946,497
Intangible assets (Note 13)	660,690,211	90,829,875	165,464,193
Deferred income tax assets (Note 24)	1,479,753,419	387,862,666	
Total assets	215,270,561,079	129,216,316,028	97,392,484,285
Liabilities			
Current liabilities	74,179,193,067	28,605,613,290	6,463,033,110
Accounts payable (Notes 5, 6, 7, 18, 32)	501,545,548	1,081,730,859	60,874,033
Contract liabilities (Note 16)	1,231,347,058	549,872,789	286,269,140
Short-term borrowings (Notes 5, 6, 7, 17)	55,000,000,000	20,001,490,659	1,007,675,000
Current portion of long-term liabilities (Notes 5, 6, 7, 17)	125,053,387	120,047,413	109,159,204
Short-term other financial liabilities (Notes 5, 6, 7, 18)	2,356,176,495	1,911,222,594	1,298,561,025
Other current liabilities (Note 19)	4,620,604,383	1,852,708,430	1,361,576,742
Current income tax liabilities (Note 24)	7,642,136,185	2,135,995,125	1,115,599,196
Current lease liabilities (Notes 5, 6, 7, 12)	2,702,330,011	952,545,421	1,223,318,770
Non-current liabilities	6,139,431,829	4,223,839,431	4,635,796,556

Long-term borrowings (Notes 5, 6, 7, 17)	3,637,154,039	3,686,190,682	3,557,210,043
Other financial liabilities (Notes 6, 7)		94,000,000	
Non-current lease liabilities (Notes 5, 6, 7, 12)	2,330,484,542	330,087,096	898,283,329
Net defined benefit liabilities	50,261,766		
Deferred income tax liabilities			66,035,848
Restoration provision (Note 15)	121,531,482	113,561,653	114,267,336
Total liabilities	80,318,624,896	32,829,452,721	11,098,829,666
Equity			
Equity attributable to owners of the parent company			
Issued capital (Note 20)	30,295,340,000	30,189,340,000	5,012,382,000
Capital surplus (Note 20)	30,176,344,833	29,625,573,816	52,765,535,387
Accumulated other comprehensive income (Note 21)	2,836,862,823	2,708,863,492	2,228,427,733
Other capital items (Note 20, 23)	837,480,621	1,070,382,365	886,499,535
Retained earnings (Note 22)	70,805,907,906	32,792,703,634	25,400,809,964
Non-controlling interest			
Total equity	134,951,936,183	96,386,863,307	86,293,654,619
Total liabilities and equity	215,270,561,079	129,216,316,028	97,392,484,285

2-2. Consolidated Statements of Comprehensive Income

22nd (Jan. 01, 2023 - Dec. 31, 2023)

21st (Jan. 01, 2022 - Dec. 31, 2022)

20th (Jan. 01, 2021 - Dec. 31, 2021)

(Unit: KRW)

	22nd	21st	20th
Revenue (Notes 4, 25, 32)	342,860,997,946	165,272,164,547	131,001,972,745
COGs (Note 26, 32)	227,772,503,183	112,512,543,184	92,315,943,067
Gross profit	115,088,494,763	52,759,621,363	38,686,029,678
Selling general and administrative expenses (Notes 26, 27, 32)	67,279,151,293	38,520,182,227	29,927,106,533
Operating profit	47,809,343,470	14,239,439,136	8,758,923,145
Non-operating profit(loss)	314,072,837	27,742,333	1,503,787,674
Interest income (Notes 7, 28, 32)	720,462,660	795,078,938	65,277,344
Other financial income (Notes 7, 28)	3,885,720,849	4,132,476,567	2,080,102,997
Interest expenses (Notes 7, 28)	(711,092,251)	(285,846,458)	(249,391,869)
Other financial expenses (Notes 7, 28)	(4,607,579,900)	(4,906,897,604)	(1,239,395,836)
Other income (Note 29)	240,974,254	201,763,565	437,347,144
Other expenses (Note 29)	(736,309,845)	(292,486,907)	(157,190,080)
Equity method profit(loss)	1,521,897,070	383,654,232	567,037,974
Equity method profit (Note 10)	2,023,315,421	877,155,866	591,123,644
Equity method loss (Note 10)	(501,418,351)	(493,501,634)	(24,085,670)
Net income before income tax expense	48,123,416,307	14,267,181,469	10,262,710,819
Income tax expense (Note 24)	10,110,212,035	3,111,524,949	2,008,504,767
Net Income	38,013,204,272	11,155,656,520	8,254,206,052
Other comprehensive income	127,999,331	480,435,759	683,884,161
Items that will not be reclassified to profit(loss) (other post-tax comprehensive income)			
Items that will be reclassified to profit(loss) (other post-tax comprehensive income)	127,999,331	480,435,759	683,884,161
Capital changes in equity method	33,446,113	-30,826,466	70,535,703
Overseas business profit(loss) in KRW	94,553,218	511,262,225	613,348,458
Total comprehensive income	38,141,203,603	11,636,092,279	8,938,090,213
Earnings per share			
Basic EPS (Unit: KRW) (Note 33)	631	186	149
Diluted EPS (Unit: KRW) (Note 33)	623	178	149

2-3. Consolidated Statements of Changes in Equity

22nd (Jan. 01, 2023 - Dec. 31, 2023)

21st (Jan. 01, 2022 - Dec. 31, 2022)

20th (Jan. 01, 2021 - Dec. 31, 2021)

(Unit: KRW)

		Equity					
		Issued capital	Capital surplus	Accumulated other comprehensive income	Other components of equity	Retained earnings	Total capital
Balance as of January 1, 2021		4,208,000,000	11,399,706,807	1,544,543,572	1,306,460,626	17,146,603,912	35,605,314,917
Total comprehensive income	Net Income					8,254,206,052	8,254,206,052
	Capital changes in equity method			70,535,703			70,535,703
	Overseas business profit(loss) in KRW			613,348,458			613,348,458
Transaction with owners	Paid-in capital increase	798,382,000	41,319,426,156				42,117,808,156
	Free capital increase						
	Cancellation of treasury shares						
	Exercise of stock options	6,000,000	46,402,424		(41,818,424)		10,584,000
	Stock-based compensation				703,842,733		703,842,733
	Acquisition of own shares				(1,081,985,400)		(1,081,985,400)
Balance as of December 31, 2021		5,012,382,000	52,765,535,387	2,228,427,733	886,499,535	25,400,809,964	86,293,654,619
Balance as of January 1, 2022		5,012,382,000	52,765,535,387	2,228,427,733	886,499,535	25,400,809,964	86,293,654,619
Total comprehensive income	Net Income					11,155,656,520	11,155,656,520
	Capital changes in equity method			(30,826,466)			(30,826,466)
	Overseas business profit(loss) in KRW			511,262,225			511,262,225
Transaction with owners	Paid-in capital increase						
	Free capital increase	25,073,847,500	(25,261,638,580)				(187,791,080)
	Cancellation of treasury shares				3,763,762,850	(3,763,762,850)	
	Exercise of stock options	103,110,500	2,121,677,009		(1,323,969,554)		900,817,955
	Stock-based compensation				425,866,984		425,866,984
	Acquisition of own shares				(2,681,777,450)		(2,681,777,450)
Balance as of December 31, 2022		30,189,340,000	29,625,573,816	2,708,863,492	1,070,382,365	32,792,703,634	96,386,863,307
Balance as of January 1, 2023		30,189,340,000	29,625,573,816	2,708,863,492	1,070,382,365	32,792,703,634	96,386,863,307
Total comprehensive income	Net Income					38,013,204,272	38,013,204,272
	Capital changes in equity method			33,446,113			33,446,113
	Overseas business profit(loss) in KRW			94,553,218			94,553,218
Transaction with owners	Paid-in capital increase						
	Free capital increase						
	Cancellation of treasury shares						
	Exercise of stock options	106,000,000	550,771,017		(262,974,577)		393,796,440
	Stock-based compensation				30,072,833		30,072,833
	Acquisition of own shares						
Balance as of December 31, 2023		30,295,340,000	30,176,344,833	2,836,862,823	837,480,621	70,805,907,906	134,951,936,183

2-4. Consolidated Statements of Cash Flows

22nd (Jan. 01, 2023 - Dec. 31, 2023)

21st (Jan. 01, 2022 - Dec. 31, 2022)

20th (Jan. 01, 2021 - Dec. 31, 2021)

(Unit: KRW)

	22nd	21st	20th
Cash flow from operating activities	(18,474,116,929)	9,847,553,799	2,480,554,573
Cash flow generated from operating activities	(14,306,277,761)	11,734,616,741	4,393,707,918
Net Income	38,013,204,272	11,155,656,520	8,254,206,052
Profit(loss) adjustment (Note 30)	14,675,356,882	8,251,204,608	4,737,278,353
Increase or decrease in assets and liabilities (Note 30)	(66,994,838,915)	(7,672,244,387)	(8,597,776,487)
Interest received	358,931,577	641,681,808	23,940,762
Interest paid	38,400,417	(195,507,988)	(84,608,421)
Dividends paid		125,775,000	136,300,000
Income tax paid	(4,565,171,162)	(2,459,011,762)	(1,988,785,686)
Cash flow from investing activities	(18,384,947,630)	(20,130,650,888)	(29,430,396,182)
Cash inflow from investing activities	172,567,568,010	174,717,521,774	1,627,338,676
Decrease in short-term financial instruments (Note 30)	166,914,283,103	174,287,593,780	1,092,292,290
Decrease in short-term loans (note 30)	133,877,452	375,230,400	258,000,000
Disposal of property, plant, and equipment	5,501,685,455	54,597,594	234,672,828
Decrease in lease deposits			42,373,558
Decrease in other deposits	17,722,000	100,000	
Cash outflow from investing activities	(190,952,515,640)	(194,848,172,662)	(31,057,734,858)
Increase in short-term financial instruments	(166,886,418,437)	(166,392,122,691)	(24,945,753,425)
Increase in short-term loans (Note 30)	(43,999,000)		(807,385,659)
Acquisition of invested stocks in associates and joint ventures (Note 30)	(4,654,898,576)	(5,594,370,578)	(1,974,040,952)
Acquisition of property, plant, and equipment (Note 30)	(18,287,688,379)	(22,755,869,851)	(3,229,731,591)
Acquisition of intangible assets	(606,624,985)	(632,262)	(40,823,231)
Increase in lease deposit (Note 30)	(419,644,576)	(76,155,749)	(60,000,000)
Increase in other deposits	(53,241,687)	(29,021,531)	
Cash flow from financing activities	32,913,785,383	15,569,589,450	33,940,148,469
Cash inflow from financing activities	55,551,740,000	24,495,455,534	44,492,058,224
Borrowing of short-term loans (Note 30)	55,000,000,000	23,499,238,659	1,007,675,000
Paid-in capital increase	394,740,000	902,216,875	43,484,383,224
Increase in lease deposits	157,000,000	94,000,000	

Cash outflow from financing activities	(22,637,954,617)	(8,925,866,084)	(10,551,909,755)
Repayment of short-term borrowings (note 30)	(20,001,456,060)	(4,574,953,000)	(5,000,000,000)
Repayment of long-term borrowings (note 30)	(111,999,347)	(116,691,235)	(1,802,268,125)
Lease payments	(2,272,555,650)	(1,363,254,399)	(1,311,665,162)
Capital transaction costs	(943,560)	(2,870,967,450)	(2,437,976,468)
Decrease in lease deposits	(251,000,000)		
Change in cash assets due to foreign currency translation	(26,155,731)	(185,182,731)	(6,431,161)
Increase (or decrease) in cash and cash equivalents	(3,971,434,907)	5,101,309,630	6,983,875,699
Cash and cash equivalents (Beginning of the year)	21,188,944,927	16,087,635,297	9,103,759,598
Cash and cash equivalents (End of the year)	17,217,510,020	21,188,944,927	16,087,635,297

3. Notes to Consolidated Financial Statements

Ending of the 22nd (Current) Year: as of December 31, 2023

Ending of the 21st (Previous) Year: as of December 31, 2022

SILICON2 Co., Ltd. and its subsidiaries

1. General information

According to the “Consolidated Financial Statements” clause of K-IFRS No. 1110, “SILICON2 Co., Ltd.” (hereinafter referred to as the “Controlling Company”) and its “subsidiaries subject to the Consolidated Financial Statements” (hereinafter, including SILICON2, collectively referred to as “Consolidated Entity”) are both included in the Consolidated Financial Statements.

(1) Overview of the Controlling Company

SILICON2 was established on October 15, 2002, and its main business item is cosmetics distribution. SILICON2’s Headquarters is located at Room 907, Building S, H Square, 231, Pangyoeyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do.

The Controlling Company since its establishment went through a number of paid-in capital increases and free capital increases, and its capital at the closing of the current year is 30,295. (Unit: 1 million KRW) The status of major shareholders at the current closing is as follows:

(Unit: Shares)

Shareholder Type (Name)	Number of Shares	Percentage of Ownership	Note
Kim, Sung Woon	19,352,960	32.05%	CEO
Shin, Eun-ha	5,927,190	9.81%	
SON ROBERT INHO	2,425,920	4.02%	
Securities Finance (distribution)	1,972,174	3.27%	
Choi, Jin-Ho	1,609,728	2.67%	
Other shareholders	29,101,262	48.18%	
Total	60,389,234	100%	

(2) Status of subsidiaries applicable to Consolidated Financial Statements

The status of subsidiaries applicable to CFS as of the closing period is as follows:

(Unit: %)

Subsidiaries	Business Location	Percentage of Ownership (%)		Main Business
		Dec. 31, 2023	Dec. 31, 2022	
StyleKorean Inc.	U.S.	100	100	Cosmetics sales & distribution
STYLEKOREAN MY SDN. BHD.	Malaysia	100	100	Cosmetics sales & distribution
STYLEKOREAN EU B.V.	The Netherlands	100	-	Cosmetics sales & distribution
SKO Sp. z o.o.	Poland	100	-	Logistics
MOIDA LLC (*1)	Russia	100	-	Cosmetics sales & distribution

STYLEKOREAN VIETNAM CO., LTD(*1)	Vietnam	100	100	Cosmetics sales & distribution
SILICON 2 TW CO., LTD(*2)	Taiwan	100	100	Cosmetics sales & distribution

(*1) Excluded from the consolidation scope due to the low proportion regarding its representation in the consolidated financial statements.

(*2) De facto business has ended, and liquidation procedures are in progress.

(3) Key financial statements of subsidiaries applicable to Consolidated Financial Statements

The summarized status of subsidiaries applicable to CFS as of the closing period is as follows:

(Unit: KRW)

Classification	Dec. 31, 2023			Dec. 31, 2022		
	Asset	Liabilities	Capital	Asset	Liabilities	Capital
StyleKorean Inc.	65,838,911,380	47,078,583,231	18,760,328,149	23,862,196,951	14,269,484,002	9,592,712,949
STYLEKOREAN MY SDN, BHD	8,315,243,436	8,324,576,719	(9,333,283)	2,310,429,902	1,826,975,981	483,453,921
STYLEKOREAN EU B.V.	8,001,811,944	6,412,702,807	1,589,109,137	-	-	-
SKO Sp. z o.o.	1,157,436,302	655,876,688	501,559,614	-	-	-
STYLEKOREAN VIETNAM CO.,LTD	21,645,560	1,360,590	20,284,970	-	-	-
MOIDA LLC	13,645,667	-	13,645,667	-	-	-

(Unit: KRW)

Classification	Dec. 31, 2023		Dec. 31, 2022	
	Sales	Net Profit	Sales	Net Profit
StyleKorean Inc.	110,936,041,123	9,112,085,006	41,714,841,705	1,350,609,684
STYLEKOREAN MY SDN, BHD	12,746,015,945	(492,905,402)	1,131,234,610	(2,889,652)
STYLEKOREAN EU B.V.	8,375,178,958	513,988,021	-	-
SKO Sp. z o.o.	444,288,530	(31,581,846)	-	-
STYLEKOREAN VIETNAM CO.,LTD	-	(27,445,656)	-	-
MOIDA LLC	-	(8,711,543)	-	-

(4) Changes in the scope of consolidation target

Changes in the scope of consolidation target in the current year are as follows:

Company name	Change(s)
STYLEKOREAN EU B.V.	New investment
SKO Sp. z o.o.	New investment

Change in the scope of consolidation target in the previous year is as follows:

Company name	Change(s)
STYLEKOREAN MY SDN. BHD.	New investment

2. Significant Accounting Policies

The following are the significant accounting policies applied in preparing the consolidated financial statements. Unless otherwise stated, these policies have been consistently applied during the periods presented herein.

2.1 Criteria

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS). K-IFRS refers to the standards and interpretations adopted by the Republic of Korea among those issued by the International Accounting Standards Board (IASB).

Aside from the following, the financial statements have been prepared on a historical cost basis.

- Certain financial assets and liabilities (including derivative instruments), certain types of property, plant and equipment, and investment property measured at fair value
- Non-current assets classified as held for sale, measured at net fair value

K-IFRS permits the use of significant accounting estimates in preparing financial statements and requires management to exercise judgment when applying accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and Amended Standards and Interpretations Adopted by the Consolidated Entity

The consolidated entity has adopted the following new and amended standards and interpretations effective for the fiscal year beginning on January 1, 2023.

(1) K-IFRS No. 1117 'Insurance Contracts'

This standard introduces a comprehensive new accounting model for insurance contracts, covering their recognition, measurement, presentation, and disclosure. K-IFRS No. 1117 'Insurance Contracts' replaces K-IFRS No. 1104 'Insurance Contracts'. K-IFRS No. 1117 applies to all types of insurance contracts (e.g., life insurance, non-life insurance, direct insurance, and reinsurance contracts) issued by entities, regardless of the type of entity issuing the contract, and also applies to certain guarantees and investment contracts with discretionary participation features, with very few exceptions from its scope. The overall objective of this standard is to provide a consistent, comprehensive accounting model that addresses useful and relevant information about insurance contracts to the users of financial statements. The core of the standard is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable fee approach)
- A simplified approach for contracts with short coverage periods (premium allocation approach)

These amendments have no impact on the consolidated entity's financial statements.

(2) Amendment to K-IFRS No. 1008 'Accounting Policies, Changes in Accounting Estimates, and Errors' - Definition of Accounting Estimates

This amendment clarifies the distinction between changes in accounting estimates, changes in accounting policies, and the correction of errors. Additionally, it provides clear guidance on how companies should use measurement techniques and inputs to develop accounting estimates. This amendment does not have a material impact on the consolidated entity's financial statements.

(3) Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' - Disclosure of Accounting Policies

This amendment provides guidance and requirements for applying materiality judgments to disclose accounting policies. It changes the disclosure of "meaningful" accounting policies to the disclosure of "material" accounting policies, allowing the consolidated entity to disclose more useful accounting policies. The amendment also provides guidance on applying the concept of materiality when deciding which accounting policies to disclose. While this amendment affects the disclosure of accounting policies, it does not have a material impact on the measurement, recognition, and presentation of items in the consolidated entity's financial statements.

(4) Amendment to K-IFRS No. 1012 'Income Taxes' - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

This amendment narrows the scope of the initial recognition exemption in K-IFRS No. 1012 so that it does not apply to transactions that give rise to equal temporary taxable and deductible differences. This amendment does not have a material impact on the consolidated entity's financial statements.

(5) Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' - Disclosure of Gains and Losses on Financial Liabilities with Conditions for Adjusting the Exercise Price

This amendment requires the disclosure of the book value and related gains or losses of financial liabilities that are either fully or partially classified as such, with conditions for adjusting the exercise price based on the issuer's share price movements. This amendment is applicable for fiscal years beginning on or after January 1, 2023, with early application permitted. The consolidated entity does not anticipate this amendment will have a material impact on its financial statements.

2.2.2 New and Amended Standards and Interpretations Not Yet Adopted by the Consolidated Entity

As of the end of the reporting period, the following new and amended standards and interpretations have been issued but are not yet effective for the fiscal year beginning January 1, 2023, and have not been early adopted by the consolidated entity:

(1) Amendment to K-IFRS No. 1116 'Leases' - Lease Liabilities in a Sale and Leaseback
The amendment to K-IFRS No. 1116 'Leases' clarifies the requirements for measuring lease liabilities in a sale and leaseback transaction, specifying that no gain or loss is recognized on the retained right-of-use asset.

This amendment is effective for fiscal periods beginning on or after January 1, 2024, and applies retrospectively to sale and leaseback transactions entered after the initial application of K-IFRS No. 1116. Early application is permitted and must be disclosed. This amendment is not expected to have a material impact on the financial statements.

(2) Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current

The amendment to paragraphs 69-76 of K-IFRS No. 1001 clarifies the following requirements for classifying liabilities as current or non-current.

- The meaning of the right to defer settlement
- The right to defer settlement existing at the end of the reporting period
- The possibility of exercising the right to defer settlement does not affect current/non-current classification
- The conditions of the liabilities do not affect current/non-current classification only if the embedded derivatives of convertible liabilities themselves are equity instruments

Additionally, the amendment introduces disclosure requirements when an entity classifies a liability arising from a loan covenant as non-current and if the right to defer settlement affects the entity's ability to comply with the conditions of the covenant within 12 months after the reporting period. This

amendment is effective for fiscal years beginning on or after January 1, 2024 and applies retrospectively. The consolidated entity evaluates the impact on current practices and whether any existing loan agreements need to be renegotiated.

(3) Amendments to K-IFRS No. 1007 'Statement of Cash Flows' and K-IFRS No. 1107 'Financial Instruments: Disclosures' - Supplier Finance Arrangements

These amendments describe the characteristics of supplier finance arrangements and introduce additional disclosure requirements in K-IFRS No. 1007 'Statement of Cash Flows' and K-IFRS No. 1107 'Financial Instruments: Disclosures'. The amendments aim to help users of financial statements understand the effects of such arrangements on an entity's liabilities, cash flows, and liquidity risks.

The amendments are effective for fiscal years beginning on or after January 1, 2024. Early application is permitted and must be disclosed. These amendments are not expected to have a material impact on the financial statements.

(4) Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' - Disclosure of Crypto Assets

This amendment requires entities to disclose significant information about their accounting policies, the impact on financial statements, and other important information related to the holding, issuance, or custody of crypto assets. Entities must disclose relevant information separately for directly held crypto assets, crypto assets held on behalf of customers, and issuances of crypto assets. The amendment is effective for fiscal years beginning on or after January 1, 2024 and applies retrospectively.

(5) Amendments to K-IFRS No. 1021 'The Effects of Changes in Foreign Exchange Rates' and K-IFRS No. 1101 'First-time Adoption of K-IFRS' - Lack of Exchangeability

The amendments to K-IFRS No. 1021 'The Effects of Changes in Foreign Exchange Rates' and K-IFRS No. 1101 'First-time Adoption of K-IFRS' require entities to assess the exchangeability of a currency with other currencies, estimate the spot exchange rate when exchangeability is lacking, and disclose the impact thereof. Additionally, these amendments introduce disclosure requirements to help users of financial statements understand the risks and effects associated with the lack of exchangeability. These amendments are effective for fiscal years beginning on or after January 1, 2025. Early application is permitted and must be disclosed. This amendment is not expected to have a material impact on the financial statements.

2.3 Consolidation

The consolidated financial statements of the entity are prepared in accordance with K-IFRS No. 1110 'Consolidated Financial Statements'.

(1) Subsidiaries

Subsidiaries are entities controlled by the parent company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and can impact those returns by exercising its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is established until the date control ceases.

Business combinations of the group are accounted for using the acquisition method. The consideration transferred is measured at fair value on the acquisition date. Identifiable assets, liabilities, and contingent liabilities acquired are initially measured at their fair values on the acquisition date. Non-controlling interests, which provide a proportionate share of the net assets upon liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets on a case-by-case basis. All other components of non-controlling interests are measured at fair value unless required otherwise as per another standard. Acquisition-related costs are recognized as expenses in the period they are incurred.

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net asset value as of the acquisition date. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in current profit or loss.

Balances of payables and receivables, as well as income and expenses arising from intercompany transactions within the consolidated entity, have been eliminated in full. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the consolidated entity.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, and the difference between the fair value of any consideration paid or received and the relevant share acquired or disposed of is recognized in equity attributable to owners of the parent company.

When control over a subsidiary is lost, any interest retained in the former subsidiary is remeasured at its fair value, with the change in book value recognized in profit or loss.

(2) Associates

Associates are entities over which the consolidated entity has significant influence. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method. Unrealized gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's share in the associates. When the consolidated entity's share of losses in an associate equal or exceeds its share in the associate, including any long-term interests that, in substance, form part of the investor's net investment in the associate, the equity method ceases to apply. The consolidated entity does not recognize further losses once equity reaches zero (0) unless it has incurred legal or constructive obligations or made payments on behalf of the associate, in which case the corresponding amount is recognized as losses and liabilities. Furthermore, if there is objective evidence of impairment in the value of the investment in an associate, the difference between the recoverable amount of the investment in the associate and the book value is recognized as impairment loss. When applying the equity method with the financial statements of the associates, adjustments may be made to align the accounting policies of the associates with those of the consolidated entity when necessary regarding identical transactions or events that occurred under similar circumstances.

(3) Joint Arrangements

Joint arrangements where two or more parties have joint control are classified either as joint operations or joint ventures. Joint operators retain the rights and obligations to the assets and liabilities of the joint operation and recognize their share of the assets, liabilities, revenues, and expenses. Joint ventures are accounted for using the equity method, and participants in the joint venture have rights to the net assets.

(4) Scope of Exclusion from Consolidation

The consolidated entity excludes subsidiaries from the consolidation scope when the following three conditions are met.

- A. The total assets of the subsidiary account for less than 1% of the total assets in the parent company's consolidated statement of financial position (after consolidation adjustments).
- B. The subsidiary's profit before tax accounts for less than 1% of the parent company's consolidated income statement. The qualitative elements, such as contingent liabilities and significant violations of relevant laws, are not material.

2.4 Foreign Currency Conversion

(1) Functional Currency and Presentation Currency

The consolidated entity measures items included in the financial statements using the currency of the primary economic environment in which the respective operations are conducted ("functional currency"). The functional currency of the consolidated entity is the Korean Won (KRW), and the financial statements are presented in Korean Won.

(2) Foreign Currency Transactions and Translation at the End of the Reporting Period

Foreign currency transactions are recognized in the functional currency using the exchange rates prevailing at the dates of the transactions or, if items are remeasured, at the dates of remeasurement. Foreign exchange differences arising from the settlement of such transactions and the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. However, exchange differences pertaining to qualifying cash flow hedges or net investment hedges that are effective, as well as those arising from monetary items that form part of the net investment in a foreign operation, are recognized in other comprehensive income.

Foreign exchange differences related to borrowings are presented in the income statement as finance costs, while other foreign exchange differences are presented as other income or other expenses.

Foreign exchange differences arising from non-monetary financial assets and liabilities are recognized as part of fair value gains or losses. In particular, exchange differences on equity instruments measured at fair value through profit or loss are recognized in profit or loss for the current period, while those on equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

2.5 Financial Assets

(1) Classification

The consolidated entity classifies financial assets into the following measurement categories:

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

Financial assets are classified based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Gains and losses on financial assets measured at fair value are recognized either in profit or loss or in other comprehensive income. Investments in debt instruments are recognized in profit or loss or other comprehensive income depending on the business model. The consolidated entity reclassifies debt instruments only if the business model for managing those financial assets changes.

For equity investments that are not held for trading purposes, the consolidated entity may irrevocably elect at initial recognition to present subsequent changes in fair value in other comprehensive income. Changes in fair value for equity instruments not designated for this election are recognized in profit or loss.

(2) Measurement

Financial assets are initially measured at fair value plus transaction costs directly attributable to the acquisition, except for those financial assets measured at fair value through profit or loss, where transaction costs are recognized in profit or loss.

For a hybrid contract containing intrinsic derivatives, the entire contract is taken into account when determining whether the contractual cash flows consist solely of payments of principal and interest.

① Debt Instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the cash flow characteristics of the asset. The consolidated entity classifies debt instruments into the following three categories:

a. Amortized Cost

Financial assets are measured at amortized cost if they are held under a business model where the objective is to hold assets to collect contractual cash flows, and the contractual terms generate cash flows that consist solely of payments of principal and interest. Gains or losses on financial assets measured at amortized cost and not subject to hedging are recognized in profit or loss when the assets are derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

b. Fair Value Through Other Comprehensive Income

Financial assets are measured at fair value through other comprehensive income if they are held under a business model where the objective is achieved by both collecting contractual cash flows and disposing of financial assets, and the contractual terms generate cash flows that consist solely of payments of principal and interest. All gains or losses on these assets, except for impairment losses (reversals), interest income, and foreign exchange profit and loss, are recognized in other comprehensive income. 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 'financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other financial income' or 'other financial expenses', and impairment losses are presented in 'other financial expenses'.

c. 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 and loss. Gains and losses on these debt instruments that are not subject to hedging are recognized in profit or loss and presented in the income statement as 'other financial income' or 'other financial expenses' in the period in which they arise.

② Equity Instruments

All equity investments are subsequently measured at fair value. The consolidated entity can irrevocably elect to present subsequent changes in fair value in other comprehensive income for long-term or strategic investments. For these investments, gains and losses are not reclassified to profit or loss on derecognition. Dividends are recognized in profit or loss when the consolidated entity's right to receive payment is finalized.

For equity investments measured at fair value through profit or loss, changes in fair value are recognized in 'other financial income' or 'other financial expenses' in the income statement. Impairment losses and reversal of impairment losses on equity investments measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

(3) Impairment

The consolidated entity assesses expected credit losses on financial assets measured at amortized cost or fair value through other comprehensive income. The impairment method depends on whether there has been a material increase in credit risk. For accounts receivables and lease receivables, the consolidated entity applies a simplified approach, recognizing expected lifetime credit losses from the initial recognition of the receivables.

(4) Recognition and Derecognition

Regular purchases and sales of financial assets are recognized or derecognized on the date of transaction. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred, and the consolidated entity has transferred substantially all risks and rewards pertaining ownership.

Even if the consolidated entity retains a majority of the risks and rewards of ownership of the transferred financial assets by retaining right of recourse upon default among others, it continues to recognize the transferred assets in their entirety without derecognition and recognizes the received consideration as a financial liability.

(5) Offsetting Financial Instruments

Financial assets and liabilities are offset and reported as the net amount in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. In this case, 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.

2.6 Derivative Instruments

Derivative instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivative instruments that do not meet the criteria for hedge accounting are recognized in the income statement as 'other non-operating income (expenses)' or 'other financial income (expenses)', depending on the nature of the transaction.

2.7 Accounts Receivable

Accounts receivable is initially recognized at the transaction price if they do not contain a material financing component. If they do contain a material financing component, accounts receivable are recognized at fair value. Subsequently, accounts receivable is measured at amortized cost using the effective interest method, less any allowance for doubtful accounts.

2.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined using the first-in, first-out (FIFO) method.

2.9 Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenses directly attributable to the acquisition of the asset.

Except for land, assets are depreciated using the straight-line method over their estimated useful lives, from the initial acquisition cost less residual value. The estimated useful lives are as follows.

Item	Estimated useful life
Buildings	40 years
Machinery and equipment	5 to 15 years
Vehicles	5 years
Furniture and fixtures	5 years
Supplies	5 years

Depreciation methods, residual values, and useful lives of property, plant, and equipment are reviewed at the end of each fiscal year and adjusted as necessary to reflect any changes in estimates.

2.10 Intangible Assets

Intangible assets, excluding goodwill, are initially recognized at historical cost and are subsequently measured at cost less accumulated amortization and impairment losses.

Internally generated intangible assets, such as software development costs, are capitalized only if and when they meet the criteria for recognition as an asset, including technical feasibility and the probability of future economic benefits. The accumulated expenses incurred after these criteria are met are capitalized. Contractual customer relationships acquired in business combinations are recognized at their fair value at the acquisition date. Membership rights, which have indefinite useful lives, are not amortized. Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method.

2.11 Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, and tangible assets are tested whenever events or changes in circumstances indicate that their book value may not be recoverable. Impairment losses are recognized to the extent that the book value of an asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. For non-financial assets other than goodwill, impairment losses are reviewed for possible reversal at the end of each reporting date.

2.12 Accounts Payable and Other Payables

Accounts payables and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the reporting period that remain unpaid for. These payables are unsecured and are usually settled within 30 days of recognition. Account payables and other payables are classified as current liabilities if payment is due within 12 months after the reporting period. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Financial Liabilities

(1) Classification and Measurement

The consolidated entity's financial liabilities measured at fair value through profit or loss are financial instruments held for trading. Financial liabilities incurred principally for the purpose of repurchasing in the near term are classified as financial liabilities held for trading. In addition, derivative instruments that are not designated as hedging instruments and embedded derivatives separated from financial instruments are classified as financial liabilities held for trading.

All non-derivative financial liabilities, except those classified as liabilities measured at fair value through profit or loss, financial guarantee contracts, and liabilities arising when a transfer of a financial asset does not qualify for derecognition, are measured at amortized cost.

Preferred shares that are mandatorily redeemable on a specific date are classified as liabilities. The interest expense on these preferred shares, calculated using the effective interest method, is recognized in the income statement as 'interest expense' along with other interest expenses on financial liabilities.

(2) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled, or expired or when the terms of an existing financial liability are substantially modified. The difference between the book value of a financial liability discharged or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2.14 Compound Financial Instruments

The consolidated entity issues compound financial instruments, such as convertible bonds that can be converted into equity at the option of the holder.

The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option and is subsequently recognized at the amortized cost until the date of conversion or maturity. The equity component is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component and is not subsequently remeasured. Direct transaction costs related to the issuance of the compound financial instrument are allocated to the liability and equity components in proportion to their initial book values.

2.15 Provisions

Provisions such as warranty provisions, restoration provisions, and litigation provisions are recognized when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, and the increase in the provision due to the passage of time is recognized as interest expense.

2.16 Current and Deferred Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or in equity.

(1) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as of the reporting date in the countries where the consolidated entity operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. The consolidated entity reflects the impact of uncertainty in income taxes by using either the most likely amount or the expected value, depending on which method better predicts the resolution of the uncertainty.

(2) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their book value in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, associates, and joint ventures, except where the consolidated entity is able to control the timing of the reversal of the temporary difference, and it is highly probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized on deductible temporary differences arising from such investments only to the extent that it is highly probable that the temporary differences will reverse in the foreseeable future and that there will be sufficient taxable profit against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3) Recognition of Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profit or loss, except when they arise from transactions or events recognized directly in other comprehensive income or equity during the same accounting period or in the case of initial recognition of a business combination unless they relate to items that are recognized in profit or loss. In the case of a business combination, the tax effect is considered in determining the amount by which the book value of the non-controlling interests in the identifiable assets, liabilities, and contingent liabilities recognized exceeds the fair value of the consideration transferred and any non-controlling interests in the acquiree. Current income tax expense is calculated based on the tax rates or tax laws that have been enacted or substantively enacted as of the reporting date in the countries where the consolidated entity operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

2.17 Employee Benefits

(1) Retirement Benefits

The consolidated entity's retirement pension system is a defined contribution plan.

Under this plan, the consolidated entity pays fixed contributions into a separate fund, which are recognized as expenses when the employees render services.

In the event of a plan amendment, curtailment, or settlement, the resulting past service expenses or gains/losses from settlement are recognized in profit or loss. During the current year, the amount recognized as an expense related to the defined contribution plan was KRW 854,510,000 (previous year: KRW 602,020,000).

(2) Share-based Compensation

Equity-settled share-based compensation granted to employees is measured at the fair value of the equity instruments at the grant date and is recognized as employee compensation expense over the vesting period. The number of equity instruments expected to be vested is remeasured at each reporting date considering non-market performance conditions, with changes from the initial estimates recognized in profit or loss and equity.

When stock options are exercised, the proceeds received net of any directly attributable transaction costs are credited to equity capital (par value) and share premium.

2.18 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consolidated entity recognizes revenue when control of the goods or services is transferred to the customer. The consolidated entity primarily sells to

corporate and individual customers through its website and recognizes revenue from the following major sources.

(1) Sales of Goods - Corporate Customers

For corporate customers, revenue is recognized when the goods are transported (delivered) to a specific location of the corporate customer, and control of the goods is transferred. Once delivered, the corporate customer has full discretion over the distribution and pricing of the goods, assumes primary responsibility for selling the goods, and bears the risks of loss or obsolete inventory. Therefore, the consolidated entity recognizes receivables at the point in time when the goods are delivered to the corporate customer.

(2) Sales of Goods - Individual Customers

For individual customers, revenue is recognized when the goods are purchased, and control is transferred to the individual customer. Payment of the transaction price is made immediately upon purchasing the goods. According to the contract terms, individual customers retain the right to return the goods within a specified period. At the time of sale, a refund liability and a corresponding adjustment to revenue are recognized for the expected returns. At the same time, the consolidated entity recognizes the right to recover the goods and a corresponding adjustment to the cost of sales for the returned products.

(3) Sales of Goods - Customer Loyalty Program

The consolidated entity has a customer loyalty program in place. Points are awarded to individual customers for purchases made and can be redeemed for discounts on future purchases. These points provide a significant discount that the customers would otherwise not receive without purchasing the goods. Therefore, the promise to provide discounts constitutes a separate performance obligation.

The transaction price is allocated based on the relative standalone selling prices of the goods and the points. The standalone selling price per point is estimated based on the discount provided and the likelihood of redemption based on the consolidated entity's historical experience. Revenue related to the points is initially recognized as a contract liability at the time of the initial sale transaction. Revenue from the points is recognized when the points are redeemed by the customer. Revenue from points not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

2.19 Leases

(1) Lessee

The consolidated entity leases warehouses, office equipment, and similar assets. Lease contracts typically have fixed terms, although extension options may be available.

Lease agreements may encompass both lease and non-lease components. The consolidated entity allocates the consideration in the lease contract between lease and non-lease components based on their relative standalone prices. However, a practical expedient is applied for real estate leases where the consolidated entity acts as the lessee, treating lease and non-lease components as a single lease component without differentiation.

Lease terms are negotiated individually and may include various contractual terms. While lease agreements do not impose specific restrictions, the lessee cannot use the leased assets as collateral for borrowings.

The lease term is determined, taking into account periods for which it is reasonably certain that the lessee will exercise extension options within the enforceable period and periods for which it is reasonably certain that the lessee will not exercise termination options. If either the lessee or the lessor has the right to terminate the contract without the consent of the other party, the enforceable period is assessed, taking into consideration the economic penalties that would be incurred upon termination.

Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the present value of the following.

- Fixed lease payments (including substantial fixed payments) less lease incentives to be received
- Variable lease payments based on an index or rate, initially measured using the index or rate at the commencement date of the lease
- Amounts expected to be paid by the consolidated entity (lessee) under residual value guarantees
- Exercise price of purchase options if it is reasonably certain that the consolidated entity (lessee) will exercise the option
- Costs to terminate the lease if the lease term incorporates an option to terminate by the lessee

Lease payments are discounted using the interest rate implicit in the lease when readily determinable. Otherwise, the lessee's incremental borrowing rate, which is the rate the lessee would have to pay to borrow funds to obtain an asset of similar value in a similar economic environment with similar collateral over a similar term, is used.

The incremental borrowing rate is determined as follows.

- If available, recent third-party financing rates received by individual lessees, adjusted for subsequent changes in the lessee's financial position
- Adjustments for specific risks associated with the lease, such as country, currency, collateral, and/or guarantee

When a lessee can easily observe the interest rate for a debt with a repayment schedule and terms similar to that of the lease (using recent financial or market data), the incremental borrowing rate at the commencement date is used.

The lessee is exposed to potential future increases in variable lease payments that are not included in the lease liability until the index or rate becomes effective. Adjustments to variable lease payments due to changes in an index or rate are reassessed, and the lease liability and right-of-use asset are adjusted at the effective date of the index or rate.

Each lease payment is allocated between the lease liability and cost of financing. The cost of financing represents a constant periodic interest rate applied to the book value of the lease liability over the lease term, recognized in profit or loss.

Right-of-use assets are measured at cost and comprise the following.

- The initial measurement of the lease liability
- Lease payments made at or before the commencement date, less any lease incentives received
- Initial direct costs incurred by the lessee
- Estimates of restoration costs

Right-of-use assets are depreciated from the commencement date to the end of the shorter of the asset's useful life and the lease term. Lease payments for short-term leases of equipment and vehicles and leases of low-value assets are recognized in profit or loss on a straight-line basis.

Lease payments for short-term leases of equipment and vehicles and leases of low-value assets are recognized in profit or loss on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less, and low-value leased assets typically comprise items such as office equipment.

2.20 Sales Division

Information by sales division is disclosed based on internal reporting to the chief sales decision maker. The chief sales decision maker is responsible for evaluating the resources to be allocated to the sales department and the performance of the sales department, and the consolidated entity views the CEO, who makes strategic decisions, as the top decision maker.

2.21 Approval of Financial Statements

The Company's financial statements were approved by the Board of Directors on February 20, 2024, and are subject to final approval at the annual general meeting.

3. Significant Accounting Estimates and Assumptions

Preparing financial statements requires using assumptions and estimates about future conditions, and management's judgment is necessary in applying the consolidated entity's accounting policies. Estimates and assumptions are continuously evaluated based on historical experience and reasonable expectations of future events. Given that actual outcomes rarely match assumptions, there is a significant risk of material adjustments.

The following are the critical judgments and estimates that could affect the book values of assets and liabilities in the next fiscal year. Additional information on significant judgments and estimates for specific items is included in the respective notes.

(1) Income Taxes

The income taxes on the consolidated entity's taxable income are calculated based on the tax laws and decisions of tax authorities in various countries, leading to inherent uncertainties when determining the final impact of taxes.

The consolidated entity incurs additional income taxes for periods where taxable income is not used for purposes such as investments or wage increases, as specified by tax laws. Consequently, the current and deferred corporate taxes for these periods reflect this tax effect. The corporate tax liability of the consolidated entity varies depending on the levels of investment and wage increases each year, which introduces uncertainties in calculating the final tax effect.

(2) Impairment of Financial Assets

The allowance for credit losses on financial assets is measured based on assumptions regarding default risk and expected loss rates. In setting these assumptions and selecting inputs for the impairment model, the consolidated entity considers past experiences, current market conditions, and forward-looking information as of the reporting date.

(3) Revenue Recognition

For products sold to customers with expected returns, the consolidated entity recognizes a refund liability and a corresponding right to recover the goods. Return rates are predicted using the expected value method based on cumulative historical data at the portfolio level, which affects revenue recognition.

Loyalty points provided to customers represent significant rights that would not be available if a contract had not been concluded, making the provision of points a separate performance obligation. The transaction price is allocated to products and points based on their relative standalone selling prices. Management estimates the standalone selling price of points based on the discount granted upon redemption and historical redemption patterns, while the standalone selling price of products is estimated based on retail prices.

(4) Leases

When determining the lease term, management considers all relevant facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Periods covered by an extension option (or a termination option) are included in the lease term only if it is reasonably certain that the lessee will exercise (or not exercise) the option.

4. Segment Information

Management determines the operating segments based on the reporting information reviewed by the chief operating decision maker, who is responsible for developing business strategies. The chief operating decision maker reviews operational information from a product perspective within each business division.

The consolidated entity operates in a single segment, and the information provided to the chief operating decision-maker is the same as the disclosed information.

(1) The consolidated entity's regional sales revenue for the current and previous fiscal years is as follows.

(Unit: KRW)

Region	Dec. 31, 2023	Dec. 31, 2022
United States	121,694,489,807	48,350,399,153
South Korea	30,113,871,682	14,000,604,515
Indonesia	17,183,816,643	9,488,387,743
Malaysia	16,967,269,160	8,305,867,911
Australia	14,397,518,149	8,221,849,559
Cambodia	13,705,858,338	8,959,133,011
Netherlands	11,188,637,492	4,679,646,805
Japan	5,363,561,098	9,818,514,496
Russia	5,174,223,630	7,041,424,918
Other countries	107,071,751,947	46,406,336,436
Total	342,860,997,946	165,272,164,547

(2) No external customers accounted for more than 10% of the Company's sales revenue in the current and previous fiscal years.

5. Risk Management

The consolidated entity is exposed to various financial risks due to its activities, including market risk (e.g., foreign exchange risk, fair value interest rate risk, price risk), credit risk, and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on financial performance.

Risk management is conducted in accordance with policies approved by the Board of Directors. The Board reviews and approves documented policies for overall risk management, including policies addressing specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investments exceeding liquidity requirements.

5.1 Market Risk

(1) Foreign Exchange Risk

Since the consolidated entity operates globally, it is exposed to foreign exchange risk, particularly from fluctuations in USD and EUR exchange rates. This risk arises from anticipated future transactions and recognized assets and liabilities.

The consolidated entity's management has established policies to manage foreign exchange risk for each currency, aiming to mitigate this risk. Foreign exchange risk occurs when anticipated future transactions and recognized assets and liabilities are denominated in currencies other than the

functional currency. The consolidated entity prohibits speculative foreign exchange transactions and regularly monitors, evaluates, and manages foreign exchange risk.

As of the end of the reporting period, the book value of monetary assets and liabilities denominated in major foreign currencies other than the functional currency are as follows.

(Unit: KRW, USD, EUR, etc.)

Classification	Dec. 31, 2022			Dec. 31, 2022		
	Currency	Foreign currency	KRW equivalent	Currency	Foreign currency	KRW equivalent
Demand deposits	USD	6,495,166.38	8,374,867,529	USD	8,800,877.85	11,153,352,498
	EUR	1,229,544.31	1,754,055,617	EUR	-	-
	Others	21,820,726.86	272,978,638	Others	41,206.06	7,476,427
Accounts Receivable	USD	42,970,427.49	55,406,069,192	USD	11,427,184.91	14,481,671,423
	EUR	3,839,967.64	5,478,059,435	EUR	-	-
	Others	168,552,239.53	489,055,311	Others	18,375,434.47	275,734,306
Total			71,775,085,722	Total		25,918,234,654

As of the end of the reporting period, the impact of a 10% change in the exchange rate of each foreign currency against the functional currency on earnings before income tax, assuming all other variables remain constant, is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023		Dec. 31, 2022	
	FX increase	FX decrease	FX increase	FX decrease
Increase (decrease) in profit and loss before tax	7,177,508,572	(7,177,508,572)	2,591,823,465	(2,591,823,465)

The sensitivity analysis above is based on the monetary assets denominated in foreign currencies other than the functional currency of the consolidated entity as of the end of the reporting period.

(2) Interest Rate Risk

The consolidated entity's exposure to interest rate risk arises primarily from deposits and floating rate borrowings. The entity has established and operates policies to minimize uncertainties and financial costs associated with interest rate fluctuations.

As of the end of the reporting period, there are no floating rate borrowings exposed to interest rate risk.

5.2 Credit Risk

(1) Risk Management

To manage credit risk, the consolidated entity only conducts transactions with counterparties that maintain at least a specific level of creditworthiness. The entity also has policies and procedures in place to enhance the creditworthiness of its financial assets.

Credit risk refers to the potential financial loss that the consolidated entity could incur if a counterparty fails to meet its contractual obligations. This risk arises not only from counterparties but also from cash and cash equivalents, and deposits with financial institutions.

Regarding financial institutions, the consolidated entity transacts with counterparties with good credit ratings. Therefore, credit risk stemming from financial institutions is limited. In terms of general

counterparties, the entity deals with those that have a certain level of creditworthiness, has established policies and procedures to enhance the credit quality of financial assets, and evaluates the creditworthiness of counterparties.

The entity's level of credit risk exposure as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Accounts Receivable	21,282,743,325	6,123,604,544
Short-term other financial assets	17,103,561,266	16,745,635,242
Other financial assets	1,296,330,857	726,164,674
Total	39,682,635,448	23,595,404,460

5.3 Liquidity Risk

The consolidated entity maintains an adequate level of unused borrowing capacity and continuously monitors liquidity forecasts to ensure there are no breaches of borrowing limits or covenants, thereby meeting operational funding requirements.

The table below categorizes the consolidated entity's financial liabilities based on their maturities from the end of the reporting period to contractual maturity. The cash flows presented in the table are undiscounted amounts. Balances maturing within 12 months are shown at their book value, as the effect of discounting is not significant.

1) As of Dec. 31, 2023

(Unit: KRW)

Current Year End	Less than 1 year	1 year - 2 years or less	2 year - 5 years or less	Total
Accounts payable	501,545,548	-	-	501,545,548
Other current financial liabilities	2,356,176,495	-	-	2,356,176,495
Short-term borrowings	56,050,804,384	-	-	56,050,804,384
Current portion of long-term debt	230,984,127	-	-	230,984,127
Long term borrowings (*)	-	234,901,083	3,719,730,829	3,954,631,912
Lease liabilities	2,702,330,011	1,459,287,011	316,706,485	4,478,323,507
Total	61,841,840,565	1,694,188,094	4,036,437,314	67,572,465,973

(*) Includes cash flows from current portion of long-term debt.

2) As of Dec. 31, 2022

(Unit: KRW)

Previous Year End	Less than 1 year	1 year - 2 years or less	2 year - 5 years or less	Total
Accounts payable	1,081,730,859	-	-	1,081,730,859
Other current financial liabilities	1,911,222,594	-	-	1,911,222,594
Short-term borrowings	20,204,964,632	-	-	20,204,964,632
Current portion of long-term debt	120,047,413	-	-	120,047,413
Long term borrowings (*)	-	230,412,138	3,885,842,924	4,116,255,062

Rental deposits	-	94,000,000	-	94,000,000
Lease liabilities	952,545,421	146,125,132	119,045,529	1,217,716,082
Total	24,270,510,919	470,537,270	4,004,888,453	28,745,936,642

(*) Includes cash flows from current portion of long-term debt.

The cash flows included in the maturity classification based on the remaining period until the contract expiration date are amounts that include interest expenses.

5.4 Capital Risk Management

The objective of the consolidated entity's capital management is to safeguard its ability to continue as a going concern and to continuously provide benefits to shareholders and other stakeholders while maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the entity may adjust dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The consolidated entity manages capital based on the gearing ratio, which is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings less cash and cash equivalents, and total capital is the sum of equity as shown in the balance sheet plus net debt.

As of the end of the reporting period, the consolidated entity's gearing ratio is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Total borrowings	58,762,207,426	23,807,728,754
Deductions: Cash and cash equivalents	(17,217,510,020)	(21,188,944,927)
Net liabilities (a)	41,544,697,406	2,618,783,827
Total stockholders' equity (b)	134,951,936,183	96,386,863,307
Total assets (c=a+b)	176,496,633,589	99,005,647,134
Gearing ratio (a/c)	23.54%	2.65%

6. Fair Value of Financial Instruments

(1) The book values and fair values of financial instruments by category are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023		Dec. 31, 2022	
	Book value	Fair value	Book value	Fair value
Financial Assets				
Cash and cash equivalents	17,217,510,020	17,217,510,020	21,188,944,927	21,188,944,927
Accounts Receivable	21,282,743,325	21,282,743,325	6,123,604,544	6,123,604,544
Short-term other financial assets	17,103,561,266	17,103,561,266	16,745,635,242	16,745,635,242
Derivative assets	-	-	313,363,280	313,363,280
Other financial assets	1,296,330,857	1,296,330,857	726,164,674	726,164,674
Total	56,900,145,468	56,900,145,468	45,097,712,667	45,097,712,667
Financial Liabilities				
Accounts payable	501,545,548	501,545,548	1,081,730,859	1,081,730,859
Short-term other financial liabilities	2,356,176,495	2,356,176,495	1,911,222,594	1,911,222,594
Current lease liabilities	2,702,330,011	2,702,330,011	952,545,421	952,545,421
Short-term borrowings	55,000,000,000	55,000,000,000	20,001,490,659	20,001,490,659
Current portion of long-term debt	125,053,387	125,053,387	120,047,413	120,047,413
Long term borrowings	3,637,154,039	3,637,154,039	3,686,190,682	3,686,190,682
Other financial liabilities	-	-	94,000,000	94,000,000
Non-current lease liabilities	2,330,484,542	2,330,484,542	330,087,096	330,087,096
Total	66,652,744,022	66,652,744,022	28,177,314,724	28,177,314,724

(2) Fair Value Hierarchy

Financial instruments measured at fair value are classified according to the fair value hierarchy, which is defined as follows.

-Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

-Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

-Level 3: Unobservable inputs for the asset or liability.

As of the end of the reporting period, the fair value hierarchy for financial assets and financial liabilities measured at fair value on the statement of financial position is as follows.

(Unit: KRW)

Dec. 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets measured at fair value through profit or loss	-	-	-	-

(Unit: KRW)

Dec. 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets measured at fair value through profit or loss	-	-	313,363,280	313,363,280

7. Financial Instruments by Category

(1) The classification of financial instruments by category as of the end of the reporting period is as follows.

(Unit: KRW)

Category	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at amortized cost		
Cash and cash equivalents	17,217,510,020	21,188,944,927
Accounts Receivable	21,282,743,325	6,123,604,544
Short-term other financial assets	17,103,561,266	16,745,635,242
Other financial assets	1,296,330,857	726,164,674
Subtotal	56,900,145,468	44,784,349,387
Financial assets at fair value through profit or loss		
Financial assets measured at fair value	-	313,363,280
Total financial assets	56,900,145,468	45,097,712,667
Financial liabilities measured at amortized cost		
Accounts payable	501,545,548	1,081,730,859
Short-term other financial liabilities	2,356,176,495	1,911,222,594
Current lease liabilities	2,702,330,011	952,545,421
Short-term borrowings	55,000,000,000	20,001,490,659
Current portion of long-term debt	125,053,387	120,047,413
Long term borrowings	3,637,154,039	3,686,190,682
Other financial liabilities	-	94,000,000
Non-current lease liabilities	2,330,484,542	330,087,096
Total financial liabilities	66,652,744,022	28,177,314,724

(2) The breakdown of net profit/loss by financial product category for the current and previous fiscal years is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at fair value through profit or loss		
Derivative valuation gains	-	313,363,280
Foreign exchange gains and losses on futures forward contracts	(283,249,437)	(1,040,415,307)
Subtotal	(283,249,437)	(727,052,027)
Financial assets measured at amortized cost		
Interest income	720,462,660	795,078,938
Foreign exchange gains	3,626,743,113	3,324,957,024
Foreign exchange loss	(2,717,119,861)	(1,892,821,326)
Foreign currency conversion gains	132,081,860	2,590,617
Foreign currency conversion loss	(1,480,314,726)	(1,482,095,325)
Provision for bad debts	(157,049,015)	-
Subtotal	124,804,031	747,709,928
Financial liabilities measured at amortized cost		
Interest expenses	(711,092,251)	(285,846,458)
Subtotal	(711,092,251)	(285,846,458)
Total	(869,537,657)	(265,188,557)

8. Accounts Receivable and Other Financial Assets

(1) As of the reporting period end date, the book value and provision for accounts receivable losses are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Accounts Receivable	21,551,728,309	6,236,856,566
Deductions: Provision for losses	(268,984,984)	(113,252,022)
Total	21,282,743,325	6,123,604,544

(2) As of the reporting period end date, the book value of other financial assets is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023		Dec. 31, 2022	
	Current	Non-current	Current	Non-current
Short-term financial assets	15,000,000,000	-	10,000,000,000	-
Accounts receivable	1,959,506,465	-	1,465,952,204	-
Accrued revenue	54,054,801	-	99,804,586	-
Short-term loans	90,000,000	-	179,878,452	-
Short-term trading securities	-	-	5,000,000,000	-
Lease deposits	-	1,216,247,455	-	681,057,143
Other deposits	-	80,083,402	-	45,107,531
Total	17,103,561,266	1,296,330,857	16,745,635,242	726,164,674

(3) Changes in the provision for losses on accounts receivable during the current and previous fiscal years are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Beginning book value	113,252,022	85,045,893
Provision for bad debts (reversal of allowance for bad debts)	157,049,015	258,726,785
Write-off of accounts receivable	(1,316,053)	(230,520,656)
Ending book value	268,984,984	113,252,022

The provision for setting aside bad debt allowances and deductions is included as selling and administrative expenses on the income statement (Note 27). Receivables with no additional cash recovery potential are written off as bad debt allowances.

(4) The aging analysis of accounts receivable as of the reporting period end date is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Unimpaired receivables		
Within 1 month	17,988,093,653	4,327,300,472
Within 1 to 3 months	2,385,029,838	684,592,093
Within 3 to 6 months	1,048,513,407	1,224,699,634
Within 6 to 12 months	129,720,968	264,367
1 year or more	370,443	-
Subtotal	21,551,728,309	6,236,856,566
Impaired receivables	-	-
Total	21,551,728,309	6,236,856,566
Allowances for bad debt on accounts receivable	268,984,984	113,252,022

(5) The accounts receivable and other receivables of the consolidated entity are diversified among multiple counterparties, with no significant concentration of credit risk. The maximum exposure to credit risk as of the end of the reporting period is the book value of receivables by type mentioned above.

9. Inventories

(1) Details of inventory assets as of the reporting period end date are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Goods	79,310,651,760	29,554,931,692
Provision for valuation of goods	(774,052,401)	(952,625,565)
Total	78,536,599,359	28,602,306,127

(2) Valuation losses recognized with regard to inventory assets during the current and previous fiscal years are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Inventory valuation loss	(197,015,992)	520,702,175

10. Investments Shares in Subsidiaries and Associates

(1) The current status of key associates as of the reporting period end date is as follows.

(Unit: KRW)

Company name	Ownership(%)		Book value		Main place of business	Main business activities
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022		
ONEAND Co., Ltd.	24%	24%	1,404,866,707	920,038,017	South Korea	Cosmetics manufacturing and sales
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. (*1)	10%	10%	1,035,958,514	808,573,038	South Korea	Cosmetics manufacturing and sales
Benton Co., Ltd.	25%	25%	449,147,581	189,809,061	South Korea	Cosmetics manufacturing and sales
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	20%	20%	147,412,445	152,505,887	Kuwait	Cosmetics distribution and sales
PT. Style Korean Indonesia	49%	49%	1,898,936,281	1,508,474,926	Indonesia	Cosmetics distribution and sales
BE THE SKIN Co., Ltd.	30%	30%	189,314,788	187,939,777	South Korea	Cosmetics distribution and sales
Pigton Co., Ltd.	32.52%	30%	1,176,553,904	107,851,802	South Korea	Cosmetics distribution and sales
JC & Company Co., Ltd.	20%	20%	55,900,988	52,932,374	South Korea	Cosmetics distribution and sales
Plant Base Co., Ltd.	20%	20%	57,745,702	91,127,374	South Korea	Cosmetics distribution and sales
AIDKOREA COMPANY Co., Ltd.	31.25%	31.25%	1,727,018,979	1,397,152,962	South Korea	Cosmetics distribution and sales
HANTEO GLOBAL, INC. (*2)	14.83%	14.83%	4,108,376,537	4,907,352,347	South Korea	Software development and supply
SILICON2 JAPAN CO.,LTD	50%	50%	24,297,750	24,297,750	Japan	Cosmetics distribution and sales
Sukoshi Mart Holdings Inc.(*2)	11.83%	-	3,954,898,576	-	Canada	Cosmetics distribution and sales
HELLO SKIN Co., Ltd. (*3)	25%	25%	-	-	South Korea	Cosmetics distribution and sales
ARUMI KOREAN COSMETICS SPA. (*3)	35%	35%	-	-	Chile	Cosmetics distribution and sales
Total			16,230,428,752	10,348,055,315		

(*1) As of the end of the reporting period, although the ownership percentage is below 20%, the reliance of the parent company on its associates for sales is significant, and executives of the parent company have been appointed as executives of the associates, enabling significant influence.

(*2) As of the end of the reporting period, although the ownership percentage is below 20%, active participation in the board of directors or decision-making bodies is evident, with involvement in essential technical information and significant transactions, thus exercising significant influence.

(*3) As of the end of the reporting period, impairment recognition has been made for the entire investment due to sustained operating losses or difficulties in obtaining reliable financial statements, resulting in the cessation of equity method accounting.

(2) Key financial information of material equity investments in associates as of the reporting period end date is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023			Dec. 31, 2022		
	Assets	Liabilities	Capital	Assets	Liabilities	Capital
ONEAND Co., Ltd.	13,210,279,995	8,239,812,597	4,970,467,398	10,094,574,423	7,236,210,147	2,858,364,276
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	10,362,704,201	1,667,107,279	8,695,596,922	7,790,096,874	1,299,688,303	6,490,408,571
Benton Co., Ltd.	5,123,747,755	3,259,677,280	1,864,070,475	4,734,083,603	3,793,009,351	941,074,252
HELLO SKIN Co., Ltd.	2,572,285,635	1,316,005,441	1,256,280,194	381,288,436	496,810,467	(115,522,031)
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	790,945,802	11,259,970	779,685,832	818,580,610	13,427,565	805,153,045
PT. Style Korean Indonesia	9,765,249,044	5,071,460,201	4,693,788,843	5,950,691,380	2,532,239,914	3,418,451,466
BE THE SKIN Co., Ltd.	2,834,677,600	2,739,191,944	95,485,656	1,501,593,671	1,413,530,218	88,063,453
TOBOCO Co., Ltd.	4,897,582,360	2,799,297,950	2,098,284,410	1,495,439,719	2,282,041,186	(786,601,467)
Plant Base Co., Ltd.	463,651,695	741,093,870	(277,442,175)	589,898,202	727,379,607	(137,481,405)
JC & Company Co., Ltd.	225,139,105	302,811,767	(77,672,662)	96,019,540	188,354,132	(92,334,592)
AIDKOREA COMPANY Co., Ltd.	7,292,105,953	3,542,314,363	3,749,791,590	4,892,591,547	2,378,942,085	2,513,649,462
HANTEO GLOBAL, INC. (*2)	7,814,680,532	4,365,637,468	3,449,043,064	9,309,067,461	3,711,710,479	5,597,356,982

(Unit: KRW)

Classification	Dec. 31, 2023			Dec. 31, 2022		
	Assets	Liabilities	Capital	Assets	Liabilities	Capital
ONEAND Co., Ltd.	14,221,506,420	2,219,325,040	2,219,325,040	12,015,940,576	1,688,437,479	1,688,437,479
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	22,927,123,930	2,205,188,351	2,205,188,351	17,106,833,464	1,249,459,103	1,249,459,103
Benton Co., Ltd.	12,638,619,287	922,996,223	922,996,223	8,652,385,669	(431,019,088)	(431,019,088)
HELLO SKIN Co., Ltd.	5,951,286,816	371,802,225	371,802,225	2,043,799,021	(31,512,462)	(31,512,462)
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	537,194,988	(36,812,736)	(36,812,736)	562,734,191	(218,762,854)	(218,762,854)
PT. Style Korean Indonesia	18,164,102,324	1,190,418,268	1,186,284,651	12,048,941,074	313,939,097	309,747,614
BE THE SKIN Co., Ltd.	6,822,777,000	7,422,201	7,422,201	4,332,629,387	110,916,439	110,916,439
TOBOCO Co., Ltd.	11,728,287,458	1,279,491,877	1,279,491,877	1,913,337,417	(1,412,002,708)	(1,412,002,708)
Plant Base Co., Ltd.	673,171,586	(139,960,770)	(139,960,770)	618,737,150	(269,493,672)	(269,493,672)
JC & Company Co., Ltd.	1,222,906,187	14,661,930	14,661,930	331,557,707	(112,853,694)	(112,853,694)
AIDKOREA COMPANY Co., Ltd.	15,521,675,844	1,236,142,128	1,236,142,128	11,032,486,746	408,125,216	408,125,216
HANTEO GLOBAL, INC. (*2)	23,697,302,244	(2,231,102,522)	(2,231,102,522)	18,328,556,178	418,257,205	418,257,205

(3) The equity method evaluation of investments in associates for the current and previous fiscal years is as follows.

1) As of Dec. 31, 2023

(Unit: KRW)

Company name	Jan. 01, 2023	Acquisition	Equity method valuation for the current period			Dec. 31, 2023
			Equity method profit or loss	Changes in equity (equity method)	Impairment, etc.	
Benton Co., Ltd.	189,809,061	-	259,338,520	-	-	449,147,581
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	808,573,038	-	227,385,476	-	-	1,035,958,514
ONEAND Co., Ltd.	920,038,017	-	484,828,690	-	-	1,404,866,707
PT. Style Korean Indonesia	1,508,474,926	-	348,850,991	41,610,364	-	1,898,936,281
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	152,505,887	-	(7,362,547)	2,269,105	-	147,412,445
BE THE SKIN Co., Ltd.	187,939,777	-	1,375,011	-	-	189,314,788
TOBOCO Co., Ltd.	107,851,802	700,000,000	368,702,102	-	-	1,176,553,904
Plant Base Co., Ltd.	91,127,374	-	(33,381,672)	-	-	57,745,702
JC & Company Co., Ltd.	52,932,374	-	2,968,614	-	-	55,900,988
AIDKOREA COMPANY Co., Ltd.	1,397,152,962	-	329,866,017	-	-	1,727,018,979
HANTEO GLOBAL, INC. (*2)	4,907,352,347	-	(60,674,132)	-	(338,301,678)	4,108,376,537
SILICON2 JAPAN CO.,LTD	24,297,750	-	-	-	-	24,297,750
Sukoshi Mart Holdings Inc.	-	3,954,898,576	-	-	-	3,954,898,576
Total	10,348,055,315	4,654,898,576	1,521,897,070	43,879,469	(338,301,678)	16,230,428,752

2) As of Dec. 31, 2022

(Unit: KRW)

Company name	Jan. 01, 2022	Acquisition	Equity method valuation for the previous period				Dec. 31, 2022
			Equity method profit or loss	Changes in equity (equity method)	Impairment, etc.	Dividends	
Benton Co., Ltd.	402,494,819	-	(86,910,758)	-	-	(125,775,000)	189,809,061
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	690,301,364	-	118,271,674	-	-	-	808,573,038
ONEAND Co., Ltd.	499,491,907	-	420,546,110	-	-	-	920,038,017
PT. Style Korean Indonesia	1,355,136,782	-	205,480,651	(52,142,507)	-	-	1,508,474,926
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	365,878,713	-	(43,752,571)	12,439,957	(182,060,212)	-	152,505,887
BE THE SKIN Co., Ltd.	152,235,308	-	35,704,469	-	-	-	187,939,777
TOBOCO Co., Ltd.	30,000,000	270,000,000	(192,148,198)	-	-	-	107,851,802
Plant Base Co., Ltd.	200,000,000	-	(54,436,313)	-	(54,436,313)	-	91,127,374
JC & Company Co., Ltd.	99,999,000	-	(23,533,313)	-	(23,533,313)	-	52,932,374
AIDKOREA COMPANY Co., Ltd.	1,000,000,000	300,000,000	97,152,962	-	-	-	1,397,152,962
HANTEO GLOBAL, INC. (*2)	-	5,000,072,828	(92,720,481)	-	-	-	4,907,352,347
SILICON2 JAPAN CO.,LTD	-	24,297,750	-	-	-	-	24,297,750
Total	4,795,537,893	5,594,370,578	383,654,232	(39,702,550)	(260,029,838)	(125,775,000)	10,348,055,315

(4) The reconciliation of material financial information amounts for associates to the book value of equity investments for the current and previous fiscal years is as follows.

1) As of December 31, 2023

(Unit: KRW)

Company name	Net assets at the end of the current period	Ownership percentage of the consolidated entity	Equity value of net assets	Elimination difference of investments (*)	Unrealized gains, etc.	Book value
	(a)	(b)	(a×b)			
Benton Co., Ltd.	1,864,070,475	25%	466,017,619	52,302,616	(69,172,654)	449,147,581
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	8,695,596,922	10%	869,559,692	212,910,120	(46,511,298)	1,035,958,514
ONEAND Co., Ltd.	4,970,467,398	24%	1,197,702,987	305,043,362	(97,879,642)	1,404,866,707
PT. Style Korean Indonesia	4,693,788,843	49%	2,299,956,533	10,938,741	(411,958,993)	1,898,936,281
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	779,685,832	20%	155,937,166	-	(8,524,721)	147,412,445
BE THE SKIN Co., Ltd.	95,485,656	30%	28,645,697	163,730,041	(3,060,950)	189,314,788
TOBOCO Co., Ltd.	2,098,284,410	33%	682,368,914	580,125,193	(85,940,203)	1,176,553,904
Plant Base Co., Ltd.	(277,442,175)	20%	(55,488,435)	119,161,234	(5,927,097)	57,745,702
JC & Company Co., Ltd.	(77,672,662)	20%	(15,534,532)	72,361,867	(926,347)	55,900,988
AIDKOREA COMPANY Co., Ltd.	3,749,791,590	31%	1,171,809,872	642,023,673	(86,814,566)	1,727,018,979
HANTEO GLOBAL, INC.	3,449,043,064	14.83%	511,569,448	3,636,700,046	(39,892,957)	4,108,376,537
SILICON2 JAPAN CO.,LTD	48,595,500	50%	24,297,750	-	-	24,297,750
Sukoshi Mart Holdings Inc.	33,516,089,627	11.80%	3,954,898,576	-	-	3,954,898,576
Total	63,605,784,480		11,291,741,287	5,795,296,893	(856,609,428)	16,230,428,752

(*) The difference from eliminating investments has been accounted for as goodwill, intangible assets, etc.

2) As of December, 31, 2022

(Unit: KRW)

Company name	Net assets at the end of the previous period	Ownership percentage of the consolidated entity	Equity value of net assets	Elimination difference of investments (*)	Unrealized gains, etc.	Book value
	(a)	(b)	(a×b)			
Benton Co., Ltd.	941,074,252	25%	235,268,563	52,302,616	(97,762,118)	189,809,061
Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	6,490,408,571	10%	649,040,857	212,910,120	(53,377,939)	808,573,038
ONEAND Co., Ltd.	2,858,364,276	24%	688,762,476	305,043,362	(73,767,821)	920,038,017
PT. Style Korean Indonesia	3,418,451,466	49%	1,675,041,218	10,938,741	(177,505,033)	1,508,474,926
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	805,153,045	20%	161,030,609	-	(8,524,722)	152,505,887
BE THE SKIN Co., Ltd.	88,063,453	30%	26,419,036	163,729,924	(2,209,183)	187,939,777
TOBOCO Co., Ltd.	(786,601,467)	30%	(235,980,440)	382,379,628	(38,547,386)	107,851,802
Plant Base Co., Ltd.	(137,481,405)	20%	(27,496,281)	119,161,234	(537,579)	91,127,374
JC & Company Co., Ltd.	(92,334,592)	20%	(18,466,918)	72,361,867	(962,575)	52,932,374
AIDKOREA COMPANY Co., Ltd.	2,513,649,462	31%	785,515,457	642,023,673	(30,386,168)	1,397,152,962
HANTEO GLOBAL, INC.	5,597,356,982	14.83%	830,211,966	4,087,206,904	(10,066,523)	4,907,352,347
SILICON2 JAPAN CO.,LTD	48,595,500	50%	24,297,750	-	-	24,297,750
Total	21,744,699,543		4,793,644,293	6,048,058,069	(493,647,047)	10,348,055,315

(*) The difference from the elimination of investments has been accounted for as goodwill, intangible assets, etc.

11. Property, Plant, and Equipment

(1) As of the end of the reporting period, the detailed breakdown of property, plant, and equipment is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023			Dec. 31, 2022		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Land	10,591,662,658	-	10,591,662,658	8,338,507,711	-	8,338,507,711
Building	21,650,945,050	(1,303,627,925)	20,347,317,125	13,644,338,021	(912,892,254)	12,731,445,767
Vehicles	181,371,027	(114,591,215)	66,779,812	180,548,977	(79,491,862)	101,057,115
Furniture	1,843,513,788	(1,272,283,238)	571,230,550	1,502,894,953	(1,065,747,914)	437,147,039
Machinery and equipment	1,213,326,152	(34,426,535)	1,178,899,617	84,259,042	(5,565,425)	78,693,617
Logistics automation facility	3,739,022,665	(1,877,929,955)	1,861,092,710	3,698,884,093	(1,224,718,242)	2,474,165,851
Assets under construction	19,510,566,543	-	19,510,566,543	18,648,482,940	-	18,648,482,940
Total	58,730,407,883	(4,602,858,868)	54,127,549,015	46,097,915,737	(3,288,415,697)	42,809,500,040

(2) The changes in the book value of property, plant, and equipment during the current and previous fiscal years are as follows.

1) As of December 31, 2023

(Unit: KRW)

Classification	Land	Building	Vehicles	Furniture	Machinery and equipment	Logistics Automation facility	Assets under construction	Total
Book value (Jan 1, 2023)	8,338,507,711	12,731,445,767	101,057,115	437,147,039	78,693,617	2,474,165,851	18,648,482,940	42,809,500,040
Acquisition	3,429,792,496	12,490,826,455	-	350,231,683	1,112,164,190	42,589,952	862,083,603	18,287,688,379
Disposal	(1,258,373,962)	(4,422,413,847)	-	(3,993,572)	-	-	-	(5,684,781,381)
Depreciation expense	-	(510,650,726)	(34,735,590)	(214,678,411)	(116,587,881)	(563,832,004)	-	(1,440,484,612)
Others (*)	81,736,413	58,109,476	458,287	2,523,811	104,629,691	(91,831,089)	-	155,626,589
Book value (Dec. 31, 2023)	10,591,662,658	20,347,317,125	66,779,812	571,230,550	1,178,899,617	1,861,092,710	19,510,566,543	54,127,549,015

(*) Foreign currency conversion difference amount.

2) As of December 31, 2022

(Unit: KRW)

Classification	Land	Building	Vehicles	Furniture	Machinery and equipment	Logistics Automation facility	Assets under construction	Total
Book value (Jan 1, 2022)	6,777,598,067	8,294,514,800	161,245,095	609,549,295	-	2,890,848,609	2,014,709,186	20,748,465,052
Acquisition	1,258,373,962	4,545,521,727	-	24,199,837	21,300,000	148,482,322	16,653,771,951	22,651,649,799
Replacement	-	-	-	-	-	20,043,617	(20,043,617)	-
Disposal	-	-	(31,516,544)	(26,700,335)	-	-	-	(58,216,879)
Depreciation expense	-	(329,347,239)	(48,154,235)	(207,776,301)	(2,840,000)	(641,716,602)	-	(1,229,834,377)
Others (*)	302,535,682	220,756,479	19,482,799	37,874,543	60,233,617	56,507,905	45,420	697,436,445
Book value (Dec. 31, 2022)	8,338,507,711	12,731,445,767	101,057,115	437,147,039	78,693,617	2,474,165,851	18,648,482,940	42,809,500,040

(*) Foreign currency conversion difference amount.

(3) Depreciation expenses for property, plant, and equipment during the current and previous fiscal years have been fully recognized in selling and administrative expenses.

(4) The official land values are as follows.

(Unit: KRW)

Address	Area (m ²)	Official land value (KRW/m ²)	Current Year End	Previous Year End
680 Sampyeong-dong, Bundang-gu, Seongnam-si, Gyeonggi-do 9th Floor, H Square JS Building	500.61	5,606,000.00	2,806,419,660	1,559,293,500

(5) The details of insurance coverage are as follows.

(Unit: KRW)

Classification	Insured assets	Insurer	Insured amount
Fire insurance	Buildings, inventory assets, etc.	KB Insurance	20,011,000,000
Disaster liability insurance	Personal liability (per person)	DB Insurance	150,000,000
	Property damage (per accident)		1,000,000,000
Fire insurance	Building	The Harford	5,051,740,260
Fire insurance	Inventory assets, buildings	CM VANTAGE SPECIALTY INSURANCE COMPANY	7,091,700,000
Fire insurance	Inventory Assets	Allianz General Insurance	3,518,453,304

(6) The details of property, plant, and equipment provided as collateral are as follows.

(Unit: KRW)

Classification	Book value	Max. pledge amount	Creditor
Land, buildings	22,869,241,761	24,000,000,000	Hana Bank
Land, buildings	8,069,738,022	-	Bank of America

(7) Borrowing Costs

During the current fiscal year, the capitalized borrowing costs for qualifying assets classified as property, plant, and equipment amount to KRW 648,372,000, with a capitalization rate of 3.52% used for determining the amount of borrowing costs eligible for capitalization.

In the previous fiscal year, the capitalized borrowing cost was KRW 204,727,000, with a capitalization rate of 2.56% used for determining the amount of borrowing costs eligible for capitalization.

12. Leases

(1) As of the end of the reporting period, the amounts recognized in the balance sheet as assets and liabilities related to leases are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Right-of-use assets		
Buildings	6,247,928,221	2,608,619,446
Vehicles	421,461,868	373,870,993
Accumulated depreciation and amortization	(1,588,176,244)	(1,678,921,742)
Total	5,081,213,845	1,303,568,697
Lease liabilities		
Current	2,702,330,012	952,545,421
Non-current	2,330,484,541	330,087,096
Total	5,032,814,553	1,282,632,517

(2) The maturity analysis of lease liabilities as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	Current Year End	Previous Year End
Lease liabilities		
Within 1 year	2,702,330,012	952,545,421
Over 1 year and within 5 years	2,330,484,541	330,087,096
Total	5,032,814,553	1,282,632,517

(3) The consolidated entity has entered into non-cancelable lease agreements for certain logistics warehouses, etc., and the major changes in the book value of right-of-use assets during the current and previous fiscal years are as follows.

As of December 31, 2023

(Unit: KRW)

Classification	Beginning balance	Acquisition	Disposal	Depreciation and amortization	Others	Ending balance
Buildings	1,010,288,636	5,996,464,745	(43,893,018)	(2,116,840,625)	(4,277,277)	4,841,742,461
Vehicles	293,280,061	47,590,875	-	(101,399,552)	-	239,471,384
Total	1,303,568,697	6,044,055,620	(43,893,018)	(2,218,240,177)	(4,277,277)	5,081,213,845

As of December 31, 2022

(Unit: KRW)

Classification	Beginning balance	Acquisition	Disposal	Depreciation and amortization	Others	Ending balance
Buildings	2,045,445,317	337,851,885	(63,514,173)	(1,322,018,781)	12,524,388	1,010,288,636
Vehicles	159,501,180	191,583,937	-	(57,805,056)	-	293,280,061
Total	2,204,946,497	529,435,822	(63,514,173)	(1,379,823,837)	12,524,388	1,303,568,697

(4) Depreciation expenses for right-of-use assets during the current and previous fiscal years have been fully recognized in selling and administrative expenses.

(5) The amounts recognized in the income statement related to leases during the current and previous fiscal years are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Amortization of right-of-use assets	2,218,240,177	1,379,823,837
Interest expenses related to lease liabilities (included in financial expenses)	116,498,944	54,675,413
Short-term lease expense	62,201,460	17,200,000
Lease expense for non-short term small assets	25,115,678	46,182,672
Total	2,422,056,259	1,497,881,922

(6) Total cash outflows for leases during the current fiscal year amount to KRW 2,272,555,650, and total cash outflows for leases during the previous fiscal year amount to KRW 1,363,254,399.

13. Intangible Assets

(1) As of the end of the reporting period, the detailed breakdown of intangible assets is as follows.

(Unit: KRW)

Classification	December 31, 2023			December 31, 2022		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
Facility usage rights (*)	638,753,790	-	638,753,790	32,397,400	-	32,397,400
Software	59,537,317	(37,600,896)	21,936,421	141,835,307	(83,402,832)	58,432,475
Total	698,291,107	(37,600,896)	660,690,211	174,232,707	(83,402,832)	90,829,875

(*) As there are no foreseeable constraints on the expected duration for which facilities can be utilized, the useful life of the facility usage rights is indefinite, and therefore, no amortization has been recognized for these rights.

(2) The changes in the book value of intangible assets during the current and previous fiscal years are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Beginning book value (Net)	90,829,875	165,464,193
Acquisition	606,552,285	588,256
Amortization expense	(37,600,896)	(83,402,832)
Effect of exchange rate fluctuations	908,947	8,180,258
Ending book value (Net)	660,690,211	90,829,875

(3) Amortization expenses for intangible assets during the current and previous fiscal years have been fully recognized in selling and administrative expenses.

14. Other Current Assets

The detailed breakdown of other assets as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Advance payments	1,117,392,038	423,011,375
Prepaid expenses	156,703,832	133,939,669
Prepaid taxes	42,685,422	-
Total	1,316,781,292	556,951,044

15. Restoration Provisions

The changes in restoration provisions during the current and previous fiscal years are as follows and are classified as non-current liabilities.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value	113,561,653	114,267,336
Increase	7,969,829	17,342,075
Decrease	-	(18,047,758)
Ending book value	121,531,482	113,561,653

16. Contractual Liabilities

The changes in contractual liabilities during the current and previous fiscal years are as follows.

(1) As of December 31, 2023

(Unit: KRW)

Classification	Customer loyalty program	Others	Total
Beginning balance	272,402,203	277,470,586	549,872,789
Incurred	542,183,761	612,568,876	1,154,752,637
Utilized	(161,879,688)	-	(161,879,688)
Extinguished, etc.	(33,928,094)	(277,470,586)	(311,398,680)
Ending balance	618,778,182	612,568,876	1,231,347,058

(2) As of December 31, 2022

(Unit: KRW)

Classification	Customer loyalty program	Others	Total
Beginning balance	265,653,343	20,615,797	286,269,140
Incurred	(118,924,555)	277,470,586	158,546,031
Utilized	66,428,994	-	66,428,994
Extinguished, etc.	59,244,421	(20,615,797)	38,628,624
Ending balance	272,402,203	277,470,586	549,872,789

17. Borrowings

(1) The detailed breakdown of borrowings as of the end of the reporting period is as follows.

(Unit: KRW)

Classification		Financial Institutions	Maximum maturity date	Annual Interest rate (%)	Dec. 31, 2023	Dec. 31, 2022
				as of Dec. 31, 2023		
Short-term borrowings	Working capital	KB Kookmin Bank (*1)	Mar. 20, 2024	3.92%	10,000,000,000	10,000,000,000
		Shinhan Bank	Mar. 31, 2024	3.86%	10,000,000,000	10,000,000,000
		Shinhan Bank (*2)	May 24, 2024	3.81%	15,000,000,000	-
		KEB Hana Bank (*3)	Nov. 27, 2024	3.56%	20,000,000,000	-
Total					55,000,000,000	20,000,000,000
Long-term borrowings	Facility funds	Bank of America(*4)	Dec. 4, 2027	2.80%	3,762,207,426	3,806,238,095
Deductions: Maturity within 1 year					(125,053,387)	(120,047,413)
Total					3,637,154,039	3,686,190,682

(*1) Borrowings are guaranteed by the CEO, etc.

(*2) Borrowings are secured by Property, Plant, and Equipment - Kimpo Hakwoon 5 General Industrial Complex.

(*3) The above borrowings are secured by tangible assets, including land and buildings.

(*4) Borrowings are guaranteed by BLOOMING KOCO LLC.

(2) The repayment schedule for long-term borrowings is as follows.

(Unit: KRW)

Type	Repayment				
	Less than 1 year	1 year - 2 years or less	2 years - 5 years or less	More than 5 years	Total
Long term borrowings (*)	-	234,901,083	3,719,730,829	-	3,954,631,912

(*) This amount includes interest expenses to be repaid.

(3) The collateral details of the borrowings are as follows.

(Unit: KRW)

Classification	Book value	Max. pledge amount	Creditor
Land, buildings	22,869,241,761	24,000,000,000	Hana Bank
Land, buildings	8,069,738,022	-	Bank of America

18. Accounts Payable and Other Short-term Financial Liabilities

(1) The book value of accounts payable as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accounts payable	501,545,548	1,081,730,859

(2) The book value of other short-term financial liabilities as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accrued payables	1,142,620,063	463,406,858
Accrued Expenses	1,213,556,432	1,447,815,736
Total	2,356,176,495	1,911,222,594

19. Other current liabilities

The book value of short-term other financial liabilities as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Advance payments	4,504,140,626	1,786,878,411
Withholdings	71,721,800	58,098,288
VAT withheld	44,741,957	3,345,064
Unearned revenue	-	4,386,667
Total	4,620,604,383	1,852,708,430

20. Capital Stock and Capital Surplus

(1) Details related to the equity of the consolidated entity as of the end of the reporting period are as follows.

(Unit: Shares/KRW)

Classification	December 31, 2023	December 31, 2022
Par value per share	500	500
Number of issued shares	60,389,234	60,177,234
Number of treasury shares	-	-
Issued Capital(*)	30,295,340,000	30,189,340,000

(*1) The consolidated entity decided on a bonus issue through a board resolution on June 30, 2022, and allocated 50,147,695 shares at a ratio of 5 shares per share on July 15, 2022. The total number of shares issued before and after the bonus issue was 10,029,539 and 60,177,234 shares, respectively.

(*2) During the current period, the consolidated entity repurchased and retired 201,446 common shares in accordance with a board resolution, resulting in a difference of KRW 100,723,000 between the total par value of issued shares and the capital stock in the balance sheet.

(2) Changes in capital stock and excess of issuance over par value are as follows.

(Unit: Shares/KRW)

Classification	Date	Number of shares	Capital	Issuance over par value
January 01, 2022				
Beginning balance	Jan. 1, 2022	10,024,764	5,012,382,000	52,765,535,387
Exercise of Stock Purchase rights	Apr. 28, 2022	206,221	103,110,500	2,123,075,929
Retirement of Treasury stocks	Jun. 30, 2022	(201,446)	-	-
Bonus issuance	Jul. 15, 2022	50,147,695	25,073,847,500	(25,263,037,500)
December 31, 2022	Dec. 31, 2022	60,177,234	30,189,340,000	29,625,573,816
January 01, 2023				
Beginning balance	Jan. 1, 2023	60,177,234	30,189,340,000	29,625,573,816
Exercise of Stock Purchase rights	Apr. 21, 2023	153,850	76,925,000	421,271,814
Exercise of Stock Purchase rights	Dec. 6, 2023	58,150	29,075,000	129,499,203
December 31, 2023	Dec. 31, 2023	60,389,234	30,295,340,000	30,176,344,833

(3) Details of capital surplus as of the end of the reporting period are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Share Premium	30,176,344,833	29,625,573,816

(4) Changes in capital surplus during the current and previous periods are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning balance	29,625,573,816	52,765,535,387
Bonus issuance	-	(25,263,037,500)
Exercise of stock options	550,771,017	2,123,075,929
Ending balance	30,176,344,833	29,625,573,816

(5) Details of other capital items as of the end of the reporting period are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Shareholders' equity (*)	-	-
Stock options	837,480,621	1,070,382,365
Total	837,480,621	1,070,382,365

(*) During the previous period, the consolidated entity acquired 144,560 treasury shares (acquired 56,886 shares during the previous period) and retired all 201,446 shares.

21. Accumulated Other Comprehensive Income

The detailed breakdown of accumulated other comprehensive income of the consolidated entity as of the end of the reporting period is as follows.

1) As of December 31, 2023

(Unit: KRW)

Classification	Before income tax	Income tax	After income tax
Surplus from revaluation of real estate	2,611,020,304	(574,424,467)	2,036,595,837
Foreign operation translation gains/losses	755,640,534	-	755,640,534
Changes in equity (equity method)	56,489,180	(11,862,728)	44,626,452
Total	3,423,150,018	(586,287,195)	2,836,862,823

2) As of December 31, 2022

(Unit: KRW)

Classification	Before income tax	Income tax	After income tax
Surplus from revaluation of real estate	2,611,020,304	(574,424,467)	2,036,595,837
Foreign operation translation gains/losses	661,087,316	-	661,087,316
Changes in equity (equity method)	14,333,768	(3,153,429)	11,180,339
Total	3,286,441,388	(577,577,896)	2,708,863,492

22. Retained Earnings

Details of retained earnings of the consolidated entity as of the end of the reporting period are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Undistributed Retained earnings	70,805,907,906	32,792,703,634

23. Share-based Compensation

(1) The consolidated entity granted stock options to its employees through a resolution at the annual general meeting, and the main details are as follows.

Classification	1st grant	2nd grant	3rd grant (*)	4th grant (*)
Grant date	Nov. 12, 2016	Dec. 14, 2017	Apr. 22, 2019	Mar. 31, 2021
Payment method	Stock assignment (registered common shares)	Stock assignment (registered common shares)	Stock assignment (registered common shares)	Stock assignment (registered common shares)
Initial grant quantity	504,000	148,000	400,000	32,000
Exercise Price (Unit: KRW)	882 KRW per share	882 KRW per share	729 KRW per share	1,980 KRW per share
Exercise period	Nov. 12, 2018 – Nov. 12, 2023	Dec. 14, 2019 – Dec. 13, 2024	Apr. 22, 2022 – Apr. 21, 2025	Mar. 31, 2023 – Mar. 30, 2027
Ending balance (unit: shares)	-	-	782,674	-
Exercisable shares (unit: Shares)	-	-	782,674	-

(*) Due to the 5:1 bonus issuance on July 15, 2022, the exercise price and quantity for the 3rd and 4th grants were adjusted, and there were no changes to the 1st and 2nd grants as they were fully exercised before the bonus issuance.

(2) Changes in stock option grants for the previous and current periods are as follows, with no changes for the 1st and 2nd grants as they were fully exercised before the previous period. The 4th grant was exercised during the current period.

(Unit: Shares/KRW)

Classification	3rd grant		4th grant	
	Shares	Price	Shares	Price
Previous FY				
Beginning balance (Jan. 1, 2022)	2,040,000	729	-	-
Exercised	(1,237,326)	(729)	-	-
Granted	-	-	192,000	1,980
Expired	-	-	-	-
Ending balance (Dec. 31, 2022)	802,674	729	192,000	1,980
Current FY				
Beginning balance (Jan. 1, 2023)	802,674	729	192,000	1,980
Exercised	(20,000)	-	(192,000)	1,980
Granted	-	-	-	-
Expired	-	-	-	-
Ending balance (Dec. 31, 2023)	782,674	729	-	-

(3) The consolidated entity determined the fair value of the granted stock options using the fair value approach based on the binomial model, and the following assumptions and variables were used to determine the fair value.

Classification	1st grant	2nd grant	3rd grant	4th grant
Fair value of stock Options (Unit: KRW)	278,789	278,196	513,612	7,549
Valuation of shares at grant date (Unit: KRW)	341,566	341,566	769,534	16,250
Share price volatility	40.05%	38.90%	45.54%	37.46%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected rights exercise period	5 years	5 years	3 years	3 years
Vesting terms and conditions	Terms of service: 2 years	Terms of service: 2 years	Terms of service: 2 years	Terms of service: 2 years
Risk-free rate of return	1.68%	2.27%	1.82%	1.60%

(4) As of the end of the reporting period, the stock options recognized as equity (other equity items) are as follows.

1) As of December 31, 2023

(Unit: KRW)

Classification	3rd grant	4th grant	Total
Beginning balance	858,881,118	211,501,247	1,070,382,365
Stock compensation expense	-	30,072,833	30,072,833
Exercised	-	(262,974,57)	(262,974,577)
Ending balance	858,881,118	(21,400,497)	837,480,621

2) As of December 31, 2022

(Unit: KRW)

Classification	3rd grant	4th grant	Total
Beginning balance	1,877,605,493	90,879,442	1,968,484,935
Stock compensation expense	305,245,179	120,621,805	425,866,984
Exercised	(1,323,969,554)	-	(1,323,969,554)
Ending balance	858,881,118	211,501,247	1,070,382,365

24. Income Tax Expense

(1) The main components of corporate income tax expense for the current and previous periods for the consolidated entity are as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Current income tax		
Current income tax on current income	12,552,835,517	3,559,162,604
Corporate tax refund	(1,355,412,069)	-
Adjustments recognized in the current period for income tax expense on income for prior periods	647,334	2,735,363
Deferred corporate income tax		
Increase or decrease in temporary differences	(1,091,890,753)	(453,898,514)
Direct adjustment to equity	(13,405,345)	(2,971,989)
Effect of exchange rate fluctuations	17,437,351	6,497,485
Income tax expense	10,110,212,035	3,111,524,949

(2) The difference between the theoretical calculation, using the tax rate applicable to the pre-tax income before deduction of corporate income tax expense, and the actual corporate income tax expense applied to the profits of the consolidated entity is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Income before income taxes	48,123,416,307	14,267,181,469
Income tax calculated at the domestic corporate tax rate	11,813,022,789	3,181,480,955
Income tax effects:		
- Non-taxable income	(133,487,38)	(78,356,86)
- Non-deductible expense	69,307,455	289,587,020
- Tax deductions	(718,714,272)	(533,534,029)
- Unrecognized deferred tax liabilities	418,406,980	54,606,266
- Adjustments recognized in the current period for corporate income tax expense on income for prior periods	647,334	2,735,363
- Others (additional tax credits, rural special tax, etc.)	(1,338,970,865)	195,006,242
Income tax expense	10,110,212,035	3,111,524,949

(3) The effect of corporate income tax on equity is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023			Dec. 31, 2022		
	Before	Income tax	After	Before	Income tax	After
Changes in equity (equity method)	58,031,797	(13,405,345)	44,626,452	14,152,328	(2,971,989)	11,180,339

(4) The timing of recovery and settlement of deferred corporate income tax assets and liabilities as of the end of the reporting period is as follows.

(Unit: KRW)

Classification	Dec. 31, 2023	Dec. 31, 2022
Deferred tax assets		
Deferred tax assets to be recovered after 12 months	698,685,434	433,501,470
Deferred tax assets to be recovered within 12 months	2,928,180,489	1,032,587,304
Deferred tax liabilities		
Deferred tax liabilities to be settled after 12 months	(2,131,870,222)	(991,645,580)
Deferred tax liabilities to be settled within 12 months	(15,242,282)	(86,580,528)
Net deferred tax liabilities (assets)	1,479,753,419	387,862,666

(5) The changes in deferred corporate income tax assets and liabilities before offsetting amounts related to the same taxing authority during the current and previous periods are as follows.

1) As of December 31, 2023

(Unit: KRW)

Account	Cumulative temporary difference				Deferred tax liabilities (assets)			
	Beginning balance	Changes	Incorporation of Other Comprehensive P/L	Ending balance	Beginning balance	Incorporation of P/L	Incorporation of other comprehensive P/L	Ending balance
Temporary differences to be deducted								
Allowance for bad debt	147,152,170	524,891,771	-	672,043,941	34,465,469	127,429,027	-	161,894,496
Allowance for Product valuation	971,725,758	(197,674,105)	-	774,051,653	248,358,464	(50,565,860)	-	197,792,604
Depreciation expense for business and passenger vehicles	-	32,740,009	-	32,740,009	-	7,562,942	-	7,562,942
Accrued vacation pay payable	273,013,339	67,543,401	-	340,556,740	57,332,801	21,335,806	-	78,668,607
Foreign Currency Translation losses	1,482,095,325	(1,809,256)	-	1,480,286,069	311,240,018	30,706,064	-	341,946,082
Unpaid Retirement benefits	68,658,333	(68,658,333)	-	-	14,418,250	(14,418,250)	-	-
Accounts Receivable (Allowance for	270,623,123	-	-	270,623,123	56,830,856	5,683,085	-	62,513,941

bad debt)								
Provisions	306,480,220	241,203,620	-	547,683,840	64,360,846	62,154,121	-	126,514,967
Marketable securities	1,207,228,500	973,805,010	-	2,181,033,510			-	-
Leases	1,226,522,862	1,765,466,181	-	2,991,989,043	257,569,801	433,579,668	-	691,149,469
Depreciation And Amortization expense	167,161,843	71,546,545	-	238,708,388	35,103,987	20,037,651	-	55,141,638
Stock options	1,070,382,365	(232,901,744)	-	837,480,621	224,780,297	(224,780,297)	-	-
Unrealized gains	1,910,656,052	7,115,902,511	-	9,026,558,563	401,237,771	1,494,339,527	-	1,895,577,298
Others	158,938,229	(129,994,281)	-	28,943,948	35,827,354	(27,723,475)	-	8,103,879
Subtotal	9,260,638,119	10,162,061,329	-	19,422,699,448	1,741,525,914	1,885,340,009	-	3,626,865,923
Temporary differences to be added								
Accrued revenue	(98,784,854)	44,730,053	-	(54,054,801)	(20,744,819)	8,258,160	-	(12,486,659)
Depreciation And Amortization expense	(81,216,049)	(1,261,001,060)	-	(1,342,217,109)	(22,639,293)	(338,500,550)	-	(361,139,843)
Property, Plant, and Equipment	(2,450,611,934)	304,996,503	-	(2,145,615,431)	(514,628,506)	18,991,341	-	(495,637,165)
Equity Method investments	(2,042,987,840)	4,692,733,501	(58,031,797)	2,591,713,864	(446,737,009)	(138,543,548)	(13,405,345)	(598,685,902)
Foreign Currency Translation gains	(140,096)	(11,789,009)	-	(11,929,105)	(29,420)	(2,726,203)	-	(2,755,623)
Derivatives	(313,363,280)	313,363,280	-	-	(65,806,289)	65,806,289	-	-
Right-of-use assets	(1,268,554,142)	(1,659,616,041)	-	(2,928,170,183)	(275,437,140)	(400,970,172)	-	(676,407,312)
Others	(36,384,626)	36,384,626	-	-	(7,640,772)	7,640,772	-	-
Subtotal	(6,292,042,821)	2,459,801,853	(58,031,797)	(3,890,272,765)	(1,353,663,248)	(780,043,911)	(13,405,345)	(2,147,112,504)
Total	2,968,595,298	12,621,863,182	(58,031,797)	15,532,426,683	387,862,666	1,105,296,098	(13,405,345)	1,479,753,419

2) As of December 31, 2022

(Unit: KRW)

Account	Cumulative temporary difference				Deferred tax liabilities (assets)			
	Beginning balance	Changes	Incorporation of Other Comprehensive P/L	Ending balance	Beginning balance	Incorporation of P/L	Incorporation of other comprehensive P/L	Ending balance
Temporary differences to be deducted								
Allowance for bad debt	48,592,256	98,559,914	-	147,152,170	13,539,072	20,926,397	-	34,465,469
Allowance for Product valuation	450,454,395	521,271,363	-	971,725,758	100,456,667	147,901,797	-	248,358,464
Depreciation expense for business and passenger vehicles	215,023,560	57,989,779	-	273,013,339	47,305,183	10,027,618	-	57,332,801
Accrued vacation pay payable	26,811,478	1,455,283,847	-	1,482,095,325	5,898,525	305,341,493	-	311,240,018
Foreign Currency Translation losses	5,922,099	62,736,234	-	68,658,333	1,302,862	13,115,388	-	14,418,250
Unpaid Retirement benefits	276,708,528	(6,085,405)	-	270,623,123	60,875,876	(4,045,020)	-	56,830,856
Accounts Receivable (Allowance for	286,269,140	20,211,080	-	306,480,220	62,979,211	1,381,635	-	64,360,846

bad debt)								
Provisions	947,198,662	260,029,838	-	1,207,228,500	-	-	-	-
Marketable securities	2,095,542,973	(869,020,111)	-	1,226,522,862	(28,539,912)	10,672,573	-	(17,867,339)
Leases	74,602,226	92,559,617	-	167,161,843	16,412,490	18,691,497	-	35,103,987
Depreciation And Amortization expense	1,968,484,935	(898,102,570)	-	1,070,382,365	433,066,686	(208,286,389)	-	224,780,297
Stock options	1,094,287,352	816,368,700	-	1,910,656,052	229,800,344	171,437,427	-	401,237,771
Unrealized gains	56,903,199	102,035,030	-	158,938,229	14,487,418	21,339,936	-	35,827,354
Others	7,546,800,803	1,713,837,316	-	9,260,638,119	1,447,143,788	294,382,126	-	1,741,525,914
Subtotal								
Temporary Differences To be added	-	(98,784,854)	-	(98,784,854)	-	(20,744,819)	-	(20,744,819)
Accrued revenue	(154,716,864)	73,500,815	-	(81,216,049)	(43,107,648)	20,468,355	-	(22,639,293)
Depreciation And Amortization expense	(2,463,401,525)	12,789,591	-	(2,450,611,934)	(541,948,336)	27,319,830	-	(514,628,506)
Property, Plant, and Equipment	(1,770,956,280)	(257,879,232)	(14,152,328)	(2,042,987,840)	(389,610,381)	(54,154,639)	(2,971,989)	(446,737,009)
Equity Method investments	(142,662,443)	142,522,347	-	(140,096)	(31,385,737)	31,356,317	-	(29,420)
Foreign Currency Translation gains	(3,748,319)	(309,614,961)	-	(313,363,280)	(824,630)	(64,981,659)	-	(65,806,289)
Derivatives	(38,925,561)	38,925,561	-	-	(8,563,623)	8,563,623	-	-
Right-of-use assets	(2,191,868,840)	923,314,698	-	(1,268,554,142)	(489,559,366)	214,122,226		(275,437,140)
Others	(38,951,974)	2,567,348	-	(36,384,626)	(8,179,915)	539,143	-	(7,640,772)
Subtotal	(6,805,231,806)	527,341,313	(14,152,328)	(6,292,042,821)	(1,513,179,636)	162,488,377	(2,971,989)	(1,353,663,248)
Total	741,568,997	2,241,178,629	(14,152,328)	2,968,595,298	(66,035,848)	456,870,503	(2,971,989)	387,862,666

(6) Temporary differences not recognized as deferred corporate income tax assets due to the unlikely disposal of investments in subsidiary shares and other equity investments within a foreseeable future period as of the end of the reporting period are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Equity investments in subsidiaries	439,749,665	439,749,665
Equity investments in associates	1,741,283,845	767,478,835
Stock options	837,480,621	-
Temporary differences to be deducted	3,018,514,131	1,207,228,500

25. Sales

The composition of revenue for the current and previous periods for the consolidated entity is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Sale of goods	342,735,628,417	164,993,272,751
Provision of services	5,536,196	210,898,453
Rent income	119,833,333	67,993,343
Total	342,860,997,946	165,272,164,547

26. Cost Classification by Category

Cost classification by nature for the current and previous periods is as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Changes in inventory assets	(60,269,776,269)	(8,963,891,626)
Cost of goods sold	288,042,279,452	121,476,434,810
Employee wages	14,408,484,414	10,731,039,884
Depreciation and amortization expenses	3,700,101,384	2,706,556,946
Advertising and sales promotion expenses	8,701,849,377	3,882,933,602
Commission expenses	23,885,552,148	7,261,298,032
Transportation costs	10,940,103,119	9,729,674,302
Other expenses	5,643,060,851	4,208,679,461
Total operating expense (*)	295,051,654,476	151,032,725,411

(*) This amount represents the sum of cost of goods sold and selling, general, and administrative expenses in the income statement.

27. Selling General & Administrative Expenses

Details of the consolidated entity's SG&A expenses for the current and previous FYs are as follows:

(Unit: KRW)

Account	December 31, 2023	December 31, 2022
Salaries	13,553,974,180	10,129,019,955
Pension benefits	854,510,234	602,019,929
Employee benefits	864,722,539	516,855,924
Transportation costs	10,940,103,119	9,729,674,302
Rent	97,414,893	65,704,766
Commissions	23,885,552,148	7,261,298,032
Depreciation (*)	3,662,500,488	2,623,154,114
Intangible asset amortization cost	37,600,896	83,402,832
Tax and utilities	983,430,875	682,104,520
Advertising expenses	7,072,861,972	3,296,311,355
Provision for bad debts (reversal of allowance for bad debts)	157,049,015	26,333,986
Stock compensation cost	30,072,833	425,866,984
Other	5,139,358,101	3,078,435,528
Total of SG&A	67,279,151,293	38,520,182,227

(*) Amortization of right-of-use assets is included.

28. Financial Income and Financial Expenses

Details of the consolidated entity's financial income and financial expenses for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Financial income		
Interest income	720,462,660	795,078,938
Foreign exchange profit	3,626,743,113	3,324,957,024
Foreign exchange conversion profit	132,081,860	2,590,617
Foreign exchange profit from futures forward contracts	126,895,876	491,565,646
Derivatives valuation gains	-	313,363,280
Total	4,606,183,509	4,927,555,505
Financial expenses		
Amortized interest cost of financial liability	565,146,324	229,537,547
Interest expense (*)	145,945,927	56,308,911
Foreign exchange loss	2,717,119,861	1,892,821,326
Foreign exchange conversion loss	1,480,314,726	1,482,095,325
Foreign exchange losses on futures forward contracts	410,145,313	1,531,980,953
Total	5,318,672,151	5,192,744,062

(*) The capitalization interest rate used to calculate the amount of borrowing costs to be capitalized is the weighted average interest rate applied to the Company's general borrowings during the current period and is 3.52%

29. Other non-operating profits and losses

Details of other non-operating income and loss of the consolidated entity for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Other non-operating income		
Profit from disposal of tangible assets	2,847,117	29,262,399
Government subsidies	-	16,700,000
Redemptions of provision for liability costs	110,798,587	7,585,719
Other	127,328,550	148,215,447
Subtotal	240,974,254	201,763,565
Other non-operating expenses		
Loss on disposal of tangible assets	181,328,329	22,724,481
Impairment loss on invested stocks of associates and joint ventures	338,301,678	260,029,838
Donation	1,305,410	4,753,472
Other	215,374,428	4,979,116
Subtotal	736,309,845	292,486,907
Total	(95,335,591)	(90,723,342)

30. Cash flow statement

(1) Details of adjustments to costs and profits for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Interest income	(356,682,400)	(768,660,593)
Interest cost	711,092,251	285,846,458
Dividend income	-	(125,775,000)
Income tax expense	10,110,212,035	3,111,524,949
Bad debt expense	157,049,015	26,333,986
Depreciation (*)	3,662,500,441	2,623,110,108
Foreign currency conversion gain or loss	1,348,232,866	1,479,504,708
Current profit or loss - profit or loss on disposal of fair value financial assets	283,249,437	1,040,415,307
Current profit or loss - fair value financial asset valuation gain or loss	-	(313,363,280)
Impairment loss on stocks invested in subsidiaries/associates	338,301,678	260,029,838
Equity method profit	501,418,351	493,501,634
Equity method loss	(2,023,315,421)	(877,155,866)
Intangible asset amortization cost	37,600,896	83,446,838
Profit and loss on disposal of tangible and intangible assets	178,481,211	(6,537,919)
Redemptions of provision for liability costs	(110,798,587)	(7,585,719)
Inventory disposal and valuation loss	(192,057,724)	520,702,175
Stock-based compensation expense	30,072,833	425,866,984
Total	14,675,356,882	8,251,204,608

(*) Amortization of right-of-use assets is included.

(2) Details of changes in assets and liabilities due to expenses and operating activities during the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Decrease (increase) in accounts receivable	(17,870,584,296)	(2,015,174,693)
Decrease (increase) in other receivables	(447,804,476)	(786,182,364)
Decrease (increase) in inventories	(49,755,720,068)	(7,342,391,122)
Decrease (increase) in other assets	(1,683,196,720)	(161,906,129)
Increase (decrease) in accounts payable	(580,185,311)	1,300,042,574
Increase (decrease) in other financial liabilities	679,213,205	166,896,013
Increase (decrease) in contract liabilities	681,474,269	263,603,649
Increase (decrease) in other liabilities	1,931,702,716	902,867,685
Payment of retirement benefits	50,261,766	-
Total	(66,994,838,915)	(7,672,244,387)

(3) Among transactions with no cash inflow or outflow during the current and previous FYs, important matters are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Bonus issue	-	25,176,958,000
Conversion of short-term loans into equity	(6,062,000)	-
Increase in right-of-use assets due to recognition of lease liabilities, etc.	7,560,675,838	585,191,622
Liquidity classification of lease liabilities	1,772,419,194	254,976,357
Exercise of stock options	262,974,577	1,323,969,554
Tangible asset account reclassification	15,910,746	20,043,617
Liquidity replacement for long-term borrowings	2,912,755	3,356,178

(4) Details of adjustments to liabilities arising from financial activities during the current and previous FYs are as follows:

(Unit: KRW)

Classification	Lease liabilities(*1)	Short-term borrowings	Liquid long-term liabilities	Long-term borrowings
Beginning of previous FY	2,121,602,099	1,007,675,000	109,159,204	3,557,210,043
Cash flow	(1,005,854,399)	18,924,285,659	3,356,178	(120,047,413)
Other non-financial changes (*2)	166,884,817	69,530,000	7,532,031	249,028,052
Net liabilities at end of previous FY	1,282,632,517	20,001,490,659	120,047,413	3,686,190,682
Current Year's ending	1,282,632,517	20,001,490,659	120,047,413	3,686,190,682
Cash flow	(2,272,555,650)	34,998,543,940	2,912,755	(114,912,102)
Other non-financial changes (*2)	6,022,737,686	(34,599)	2,093,219	65,875,459
Net liabilities at end of current FY	5,032,814,553	55,000,000,000	125,053,387	3,637,154,039

(*1) Is the sum of current lease liabilities and non-current lease liabilities.

(*2) Includes interest expense recognition for lease liabilities, interest expense recognition for redeemable convertible preferred stock(RCPS), liquidity replacement, etc.

31. Contingent Liabilities and Agreements

(1) As of the end of the reporting period, the details of the consolidated entity's agreements with financial institutions are as follows:

(Original Currency Unit: KRW, Foreign Currency Unit: USD)

Financial Institution	Classification	Currency	Contract Limit	Executed Amount
Kookmin bank	Over-the-counter derivatives trading (forwards)	KRW	2,354,000,000	-
Hana Bank	Trade finance	KRW	1,000,000,000	-
KDB	Working capital	KRW	500,000,000	-
Shinhan Bank	Trade finance	KRW	5,000,000,000	-
Total (KRW)		KRW	8,854,000,000	-

(2) Details of collateral provision as of the end of the current period are as follows.

(Unit: KRW)

Classification	Book value	Maximum receivables	Secured creditor
Land, building	22,869,241,761	24,000,000,000	Hana Bank
Land, building	8,069,738,022	-	Bank of America

(3) Details of payment guarantee subscription for others are as follows:

(Unit: KRW)

Beneficiary	Guarantees	Guaranteed	Period	Description
Korea SMEs and Startups Agency	385,871,620	Seoul Guarantee Insurance	2023-12-31	Business agreement on the implementation of the 「2023 Online Export Joint Logistics」 project
Korea SMEs and Startups Agency	173,632,290	Seoul Guarantee Insurance	2023-12-31	「2023 Media Content Marketing Project」 Business Agreement
Kakao Pay Co., Ltd.	10,000,000	Seoul Guarantee Insurance	2024-05-01	Kakao Pay Service Agreement
Eximbay Co., Ltd.	60,000,000	Seoul Guarantee Insurance	2024-09-06	Electronic payment Agency service contract
KG Inicis Co., Ltd.	300,000,000	Seoul Guarantee Insurance	2024-10-28	KG Inicis INIPAY Service Use Agreement
Korea Electric Power Corporation	7,200,000	Seoul Guarantee Insurance	2025-03-19	Electricity supply contract
Sum	936,703,910			

32. Related party transactions

(1) As of the end of the reporting period, associates and other related parties with whom the consolidated entity has transactions such as sales or receivables and debt balances are as follows:

Classification	December 31, 2023	December 31, 2022	Note
Related companies and joint ventures	SILICON2 JAPAN CO.,LTD	SILICON2 JAPAN CO.,LTD	
	PT. Style Korean Indonesia	PT. Style Korean Indonesia	
	One And Co., Ltd.	One And Co., Ltd.	
	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	
	Benton Co., Ltd.	Benton Co., Ltd.	
	Hello Skin Co., Ltd.	Hello Skin Co., Ltd.	Impaired
	ARUMI KOREAN COSMETICS SPA.	ARUMI KOREAN COSMETICS SPA.	Impaired
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	
	Be The Skin Co., Ltd.	Be The Skin Co., Ltd.	
	TOBOCO Co., Ltd.	TOBOCO Co., Ltd.	
	JC&Company Co., Ltd.	JC&Company Co., Ltd.	
	Plant Base Co., Ltd.	Plant Base Co., Ltd.	
	Aid Korea Company Co., Ltd.	Aid Korea Company Co., Ltd.	
	Hanteo Global Co., Ltd.	Hanteo Global Co., Ltd.	
	Sukoshi Mart Holdings Inc.	-	
Key management team	Kim Sungwoon	Kim Sungwoon	
	Son In-ho	Son In-ho	

(2) Transactions such as sales and purchases with related parties

1) As of December 31, 2023

(Unit: KRW)

Classification	Company name	Receivable(*1)	Payable(*2)	Interest profit	SG&A	Miscellaneous loss
Related companies	PT. Style Korean Indonesia	15,515,398,554	-	-	15,049,778	212,895
	One And Co., Ltd.	-	10,599,811,574	-	9,620,454	-
	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	271,909	11,263,072,606	-	-	-
	Benton Co., Ltd.	1,440,298	3,510,235,099	-	300,000	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	129,391,400	-	-	-	-
	Be The Skin Co., Ltd.	-	254,166,834	-	-	-
	TOCOBO Ltd.	-	6,816,800,900	-	1,946,900	-
	JC&Company Co., Ltd.	24,224,832	259,648,560	-	-	-
	Plant Base Co., Ltd.	-	110,645,816	-	-	-
	Aid Korea Company Co., Ltd.	-	5,887,421,371	-	-	-
	Hanteo Global Co., Ltd.	-	117,638,638	-	1,968,762,747	-
Others	Hello Skin Co., Ltd.	-	4,418,044,750	-	-	-
	ARUMI KOREAN COSMETICS SPA.	2,615,029	-	-	-	-
	STYLEKOREAN VIETNAM CO.,LTD	-	-	189,535	-	285,350
Total		15,673,342,022	43,237,486,148	189,535	1,995,679,879	498,245

(*1) Sales include sales of goods and provision of services. Goods and services are traded on terms and conditions that would have been determined in transactions with third parties.

(*2) The purchase amount includes the purchase of goods and services, which are purchased from associates and joint ventures under normal transaction conditions.

2) As of December 31, 2022

(Unit: KRW)

Classification	Company name	Receivable(*1)	Payable(*2)	Interest profit	SG&A	Dividend income
Related companies	PT. Style Korean Indonesia	8,471,413,390	-	-	40,119,272	-
	One And Co., Ltd.	1,418,182	6,894,803,380	-	3,360,770	-
	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	1,774,366	8,280,200,562	-	-	-
	Benton Co., Ltd.	3,283,431	3,628,264,749	-	-	125,775,000
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	131,130,020	-	-	-	-
	Be The Skin Co., Ltd.	-	221,403,145	-	-	-
	TOCOBO Ltd.	18,816,000	1,207,061,975	-	-	-
	JC&Company Co., Ltd.	-	193,427,473	-	-	-
	Plant Base Co., Ltd.	-	40,586,634	-	-	-
	Aid Korea Company Co., Ltd.	24,400,000	2,850,622,599	-	-	-
	Hanteo Global Co., Ltd.	58,027,727	546,413,606	-	12,323,308	-
Others	Hello Skin Co., Ltd.	5,000,000	1,480,318,736	-	-	-
	ARUMI KOREAN COSMETICS SPA.	156,642,186	-	-	12,053	-
	STYLEKOREAN VIETNAM CO.,LTD	-	-	437,849	-	-
Total		8,871,905,302	25,343,102,859	437,849	55,815,403	125,775,000

(*1) Sales include sales of goods and provision of services. Goods and services are traded on terms and conditions that would have been determined in transactions with third parties.

(*2) The purchase amount includes the purchase of goods and services, which are purchased from associates and joint ventures under normal transaction conditions.

(3) Balance of major receivables and liabilities to related parties

1) As of December 31, 2023

(Unit: KRW)

Classification	Company name	Receivable		Liability	
		Account receivable	Other receivables	Account payables	Other payables
Related companies	PT. Style Korean Indonesia	4,858,623,701	-	-	-
	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	-	-	1	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	-	-	-	565
	JC&Company Co., Ltd.	-	-	-	820,000
	Aid Korea Company Co., Ltd.	-	-	430,939,489	-
	Hanteo Global Co., Ltd.	-	-	-	45,376,531
Others	Hello Skin Co., Ltd.	-	100,595,000	-	-
	ARUMI KOREAN COSMETICS SPA.	2,136,535	-	-	-
	MOIDA LLC	-	8,468,740	-	-
Total		4,860,760,236	109,063,740	430,939,490	46,197,096

2) As of December 31, 2022

(Unit: KRW)

Classification	Company name	Receivable			Liability	
		Account receivables	Lendings	Other receivables	Account payables	Other payables
Related companies	PT. Style Korean Indonesia	2,687,704,388	-	-	-	-
	One And Co., Ltd.	-	-	336,077	-	3,696,847
	Previous FYunkang Oriental Medicine Dermatology Research Institute Co., Ltd.	29,948	-	-	450,001	-
	Benton Co., Ltd.	88,000	-	16,327,400	-	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	-	-	-	-	8,696,641
	Be The Skin Co., Ltd.	-	-	-	12,625,000	-
	Picton Co., Ltd.	-	-	-	-	-
	JC&Company Co., Ltd.	-	-	47,255,240	-	-
	TOCOBO Ltd .	-	-	-	-	-
	Aid Korea Company Co., Ltd.	-	-	-	177,102,269	-
	Hanteo Global Co., Ltd.	-	-	-	33,319,164	1,333,819
Others	STYLEKOREAN VIETNAM CO.,LTD	-	9,518,452	1,019,732	-	-
	Hello Skin Co., Ltd.	-	-	86,991,280	-	-
	ARUMI KOREAN COSMETICS SPA.	-	-	-	-	-
Total		2,687,822,336	9,518,452	151,929,729	223,496,434	13,727,307

(4) Financial transactions with related parties

1) As of December 31, 2023

(Unit: KRW)

Classification	Company name	Fund lending transaction	Capital transaction
		Collected	Cash investment, etc.
Subsidiary	STYLEKOREAN VIETNAM CO.,LTD	9,518,452	58,720,500
Subsidiary	SKO Sp. z o.o.	-	517,231,250
Subsidiary	STYLEKOREAN EU B.V.	-	1,052,126,500
Subsidiary	MOIDA LLC	-	20,985,000
Related companies	TOCOBO Ltd .	-	700,000,000
Related companies	Sukoshi Mart Holdings Inc.	-	3,954,898,576
Total		9,518,452	6,303,961,826

2) As of December 31, 2022

(Unit: KRW)

Classification	Company name	Capital transaction
		Cash investment, etc.
Subsidiary	STYLEKOREAN MY SDN. BHD.	482,976,000
JV	SILICON2 JAPAN CO.,LTD	24,297,750
Related companies	TOCOBO Ltd .	270,000,000
	Aid Korea Company Co., Ltd.	300,000,000
	Hanteo Global Co., Ltd.	5,000,072,828
Total		6,077,346,578

(5) Compensation for key executives

Key executives include directors (registered and non-registered), members of the Board of Directors, the financial manager, and the internal audit manager. The amount of compensation paid or to be paid to key executives in exchange for employee services is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefits	1,191,666,674	689,333,324
Stock-based compensation	-	222,828,981
Total	1,191,666,674	912,162,305

(6) Provision of collateral

The consolidated entity receives guarantees for borrowings from the CEO and BLOOMING KOCO LLC. Additionally, tangible assets are provided as collateral. (See Note 17 and Note 31)

33. Earnings per share

(1) Net profit per common share

Primary earnings per share was calculated by dividing the consolidated entity's net profit per common share by the weighted average number of common shares outstanding for the current FY.

(Unit: Share/KRW)

Classification	December 31, 2023	December 31, 2022
Net income	38,013,204,272	11,155,656,520
Net profit attributable to common stocks	38,013,204,272	11,155,656,520
Weighted average number of common shares in circulation (*)	60,288,861	60,088,347
Beginning earnings per share	631	186

(*) The weighted average number of common shares in circulation reflects the effect of deciding on Bonus issue through a resolution of the board of directors on June 30, 2022, and allocating 50,147,695 shares at the rate of 5 shares per share on July 15, 2022, the date of new share allocation.

(2) Diluted earnings per share

The calculation details of diluted earnings per share for the current and previous FYs are as follows:

(Unit: Share/KRW)

Classification	December 31, 2023	December 31, 2022
Net income	38,013,204,272	11,155,656,520
Diluted profit on common stock	37,989,446,734	10,819,221,605
Weighted average number of common shares outstanding for calculating diluted earnings per share	60,977,342	60,740,453
Weighted average number of common shares in circulation	60,288,861	60,088,347
Potentially dilutive common stock (*)	688,481	652,106
Diluted earnings per share	623	178

(*) Common stock options that have the potential to dilute beginning earnings per share in the future are stock options.

4. Financial statements

4-1. Financial statements

Financial statements

The 22nd, as of December 31, 2023

The 21st, as of December 31, 2022

The 20th, as of December 31, 2021

(Unit: KRW)

	22 nd December 31, 2023	21 st December 31, 2022	20 th December 31, 2021
Asset			
Current assets	129,371,378,163	69,027,574,235	65,257,273,314
Cash and cash equivalents (Notes 5, 6, 7)	12,823,953,095	20,197,648,575	15,657,915,921
Account receivable (Notes 5,6,7,8,32)	60,645,740,634	14,634,948,330	5,693,013,822
Short-term other financial assets (Note 5, 6, 7, 8, 32)	17,039,023,242	16,745,635,242	25,139,842,570
Other current assets (Note 14)	1,032,047,026	462,536,336	342,580,763
Inventories (Note 9)	37,830,614,166	16,986,805,752	18,423,920,238
Non-current assets	70,043,994,534	51,365,849,563	24,397,777,331
Financial assets at fair value through profit or loss (Note 6,7)		313,363,280	3,748,319
Other financial assets (Note 5,6,7,8)	971,695,000	671,644,000	606,186,000
Equity investments in subsidiaries (Note 10)	7,954,773,630	6,305,710,380	5,822,734,380
Equity investments in associates (Note 10)	12,664,909,878	8,983,816,312	3,649,475,572
Tangible assets (Note 11)	44,545,582,297	33,655,074,346	12,073,111,958
License assets (Note 12)	2,928,170,183	1,136,783,981	2,066,535,592
Intangible assets (Note 13)	658,708,790	60,092,400	67,832,400
Deferred income tax assets (Note 14)	320,154,756	239,364,864	108,153,110
Total assets	199,415,372,697	120,393,423,798	89,655,050,645
Liabilities			
Current liabilities	72,085,450,258	27,539,175,282	4,816,976,756
Accounts Payable (Note 5,6,7,18,32)	501,545,548	902,565,618	60,874,033
Contract liabilities (Note 16)	547,683,840	306,480,220	286,269,140
Short-term borrowings (Note 5, 6, 7, 17)	55,000,000,000	20,000,000,000	
Short-term other financial liabilities (Notes 5, 6, 7, 18)	3,086,688,653	1,680,717,079	1,154,820,513
Other current liabilities (Note 19)	3,703,815,322	1,765,464,304	1,073,977,062
Current income tax liabilities (Note 25)	7,485,401,070	2,030,171,773	1,114,956,809
Current lease liabilities (Notes 5, 6, 7, 12)	1,760,315,825	853,776,288	1,126,079,199
Non-current liabilities	1,231,673,218	466,746,574	969,463,774
Other financial liabilities (Note 6, 7, 18)		94,000,000	
Non-current lease liabilities (Notes 5, 6, 7, 12)	1,110,141,736	259,184,921	855,196,438
Restoration provision (Note 15)	121,531,482	113,561,653	114,267,336
Total liabilities	73,317,123,476	28,005,921,856	5,786,440,530
Equity			

Issued capital (Note 20)	30,295,340,000	30,189,340,000	5,012,382,000
Capital surplus (Note 20)	30,176,344,833	29,625,573,816	52,765,535,387
Accumulated other comprehensive income (Note 21)	2,036,595,837	2,036,595,837	2,036,595,837
Other capital items (Note 20, 23)	837,480,621	1,070,382,365	886,499,535
Retained earnings (Note 22)	62,752,487,930	29,465,609,924	23,167,597,356
Total equity	126,098,249,221	92,387,501,942	83,868,610,115
Total liabilities and equity	199,415,372,697	120,393,423,798	89,655,050,645

4-2. Comprehensive income statement

Comprehensive income statement

The 22nd, 2023.01.01 to 2023.12.31

The 21st, 2022.01.01 to 2022.12.31

The 20th, 2021.01.01 to 2021.12.31

(Unit: KRW)

	22 nd December 31, 2023	21 st December 31, 2022	20 th December 31, 2021
Revenue (Notes 4,25,32)	331,539,726,901	161,752,951,005	124,481,308,609
Cost of sales (Notes 26,32)	252,629,015,996	118,659,746,616	91,234,905,974
Gross profit	78,910,710,905	43,093,204,389	33,246,402,635
Selling general and administrative expenses (Notes 26, 27, 32)	36,578,845,450	30,241,532,348	25,385,382,561
Operating profit	42,331,865,455	12,851,672,041	7,861,020,074
Non-operating profit (loss)	(1,748,610,916)	(186,396,901)	1,168,589,398
Interest income (Notes 7, 28, 32)	713,768,175	794,810,039	65,277,344
Other financial income (Notes 7,28)	3,727,977,780	4,255,801,046	2,216,402,997
Interest expenses (Notes 7,28)	(568,159,091)	(156,230,375)	(137,218,232)
Other financial expenses (Notes 7,28)	(4,451,631,070)	(4,890,478,478)	(1,239,395,836)
Other income (Note 29)	198,030,157	97,434,302	406,293,410
Other expenses (Note 29)	(1,368,596,867)	(287,733,435)	(142,770,285)
Net income before income tax expense	40,583,254,539	12,665,275,140	9,029,609,472
Income tax expense (Note 24)	7,296,376,533	2,603,499,722	1,664,324,564
Net Income	33,286,878,006	10,061,775,418	7,365,284,908
Other comprehensive income			
Total comprehensive income	33,286,878,006	10,061,775,418	7,365,284,908
Earnings per share			
Basic EPS (Unit: KRW) (Note 33)	552	167	133
Diluted EPS (Unit: KRW) (Note 33)	545	160	133

4-3. Changes in Equity

Changes in Equity

The 22nd, 2023.01.01 to 2023.12.31

The 21st, 2022.01.01 to 2022.12.31

The 20th, 2021.01.01 to 2021.12.31

(Unit: KRW)

		Equity					
		Issued capital	Capital surplus	Accumulated other comprehensive income	Other components of equity	Retained earnings	Total equity
Balance as of January 1, 2021		4,208,000,000	11,399,706,807	2,036,595,837	1,306,460,626	15,802,312,448	34,753,075,718
Total comprehensive income	Net Income					7,365,284,908	7,365,284,908
Transactions with Owners	Bonus issue						
	Cancellation of treasury shares						
	Recapitalization	798,382,000	41,319,426,156				42,117,808,156
	Exercise of stock options	6,000,000	46,402,424		(41,818,424)		10,584,000
	Stock-based compensation				703,842,733		703,842,733
	Treasury stock				(1,081,985,400)		(1,081,985,400)
Balance as of December 31, 2021		5,012,382,000	52,765,535,387	2,036,595,837	886,499,535	23,167,597,356	83,868,610,115
Balance as of January 1, 2022		5,012,382,000	52,765,535,387	2,036,595,837	886,499,535	23,167,597,356	83,868,610,115
Total comprehensive income	Net Income					10,061,775,418	10,061,775,418
Transactions with Owners	Bonus issue	25,073,847,500	(25,261,638,580)				(187,791,080)
	Cancellation of treasury shares				3,763,762,850	(3,763,762,850)	
	Recapitalization						
	Exercise of stock options	103,110,500	2,121,677,009		(1,323,969,554)		900,817,955
	Stock-based compensation				425,866,984		425,866,984
	Treasury stock				(2,681,777,450)		(2,681,777,450)
Balance as of December 31, 2022		30,189,340,000	29,625,573,816	2,036,595,837	1,070,382,365	29,465,609,924	92,387,501,942
Balance as of January 1, 2023		30,189,340,000	29,625,573,816	2,036,595,837	1,070,382,365	29,465,609,924	92,387,501,942
Total comprehensive income	Net Income					33,286,878,006	33,286,878,006
Transactions with Owners	Bonus issue						
	Cancellation of treasury shares						
	Recapitalization						
	Exercise of stock options	106,000,000	550,771,017		(262,974,577)		393,796,440
	Stock-based compensation				30,072,833		30,072,833
	Treasury stock						
Balance as of December 31, 2023		30,295,340,000	30,176,344,833	2,036,595,837	837,480,621	62,752,487,930	126,098,249,221

4-4. Cash flow

Cash flow

The 22nd, 2023.01.01 to 2023.12.31

The 21st, 2022.01.01 to 2022.12.31

The 20th, 2021.01.01 to 2021.12.31

(Unit: KRW)

	22 nd December 31, 2023	21 st December 31, 2022	20 th December 31, 2021
Cash flow from operating activities	(22,004,971,402)	8,221,062,643	2,206,293,774
Cash flow generated from operating activities	(20,379,175,123)	9,356,281,742	3,801,570,888
Net Income	33,286,878,006	10,061,775,418	7,365,284,908
Profit (loss) adjustment (Note 30)	13,892,793,806	7,069,380,867	4,322,994,180
Increase or decrease in assets and liabilities (Note 30)	(67,558,846,935)	(7,774,874,543)	(7,886,708,200)
Interest received	358,931,577	641,681,808	24,964,850
Interest paid	(62,790,728)	(83,179,395)	(22,434,194)
Dividends paid		125,775,000	136,300,000
Income tax paid	(1,921,937,128)	(1,819,496,512)	(1,734,107,770)
Cash flow from investing activities	(19,315,727,702)	(20,433,426,229)	(28,479,158,413)
Cash inflow from investing activities	172,567,568,010	174,710,924,180	1,435,928,654
Decrease in short-term financial instruments	166,914,283,103	174,287,593,780	1,092,292,290
Decrease in short-term loans	133,877,452	375,230,400	258,000,000
Disposal of property, plant and equipment	5,501,685,455	48,000,000	85,636,364
Decrease in other deposits	17,722,000	100,000	
Cash outflow from investing activities	(191,883,295,712)	(195,144,350,409)	(29,915,087,067)
Increase in short-term financial instruments	(166,886,418,437)	(166,392,122,691)	(24,945,753,425)
Increase in short-term loans	(43,999,000)		(807,385,659)
Acquisition of subsidiary investment stocks	(1,649,063,250)	(482,976,000)	
Acquisition of invested stocks in associates and joint ventures	(4,654,898,576)	(5,594,370,578)	(1,974,040,952)
Acquisition of property, plant, and equipment	(17,724,787,059)	(22,609,323,140)	(2,089,207,031)
Acquisition of intangible assets	(606,356,390)		(38,700,000)
Increase in lease deposit	(278,375,000)	(60,000,000)	(60,000,000)
Increase in other deposits	(39,398,000)	(5,558,000)	
Cash flow from financing activities	33,616,073,580	16,911,129,525	32,945,396,856
Cash inflow from financing activities	55,551,740,000	20,996,216,875	43,484,383,224
Borrowing of short-term loans	55,000,000,000	20,000,000,000	
Paid-in capital increase	394,740,000	902,216,875	43,484,383,224
Increase in lease deposits	157,000,000	94,000,000	
Cash outflow from financing activities	(21,935,666,420)	(4,085,087,350)	(10,538,986,368)
Repayment of short-term borrowings	(20,000,000,000)		(5,000,000,000)
Repayment of long-term borrowings			2,000,000,000
Lease payments	(1,683,722,860)	(1,214,119,900)	(1,101,009,900)
Capital transaction costs	(943,560)	(2,870,967,450)	(2,437,976,468)
Decrease in lease deposits	(251,000,000)		
Changes in cash due to foreign currency translation	330,930,044	(159,033,285)	(6,431,161)
Increase (decrease) in cash and cash equivalents	(7,373,695,480)	4,539,732,654	6,666,101,056
Cash and cash equivalents (Beginning of the year)	20,197,648,575	15,657,915,921	8,991,814,865
Cash and cash equivalents (End of the year)	12,823,953,095	20,197,648,575	15,657,915,921

5. Notes for Financial Statements

Ending of the 22nd (Current) Year: as of December 31, 2023

Ending of the 21st (Previous) Year: as of December 31, 2022

SILICON2 Co., Ltd.

1. General information

The Company was established on October 15, 2002 and its main business item is cosmetics distribution. On September 29, 2021, the Company was listed on the KOSDAQ market by the Korea Exchange through an initial public offering.

SILICON2's Headquarters is located at Room 907, Building S, H Square, 231, Pangyoyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do.

The Company since its establishment went through a number of paid-in capital increases and free capital increases, and its capital at the closing of the current year is 30,295. (Unit: 1 million KRW) The status of major shareholders at the current closing is as follows:

(Unit: Share)

Shareholder name	Number of shares	Percentage of Ownership	Note
Kim Sungwoon	19,352,960	32.05%	CEO
Shin Eunha	5,927,190	9.81%	
SON ROBERT INHO	2,425,920	4.02%	
Korea Securities Finance (distribution)	1,972,174	3.27%	
Jinho Choi	1,609,728	2.67%	
Other shareholders	29,101,262	48.18%	
Total	60,389,234	100%	

2. Significant Accounting Policies

The following are significant accounting policies applied in preparing the financial statements. Unless otherwise stated, these policies have been consistently applied during the periods presented herein.

2.1 Criteria

The Company's financial statements have been prepared in accordance with the Korean International Financial Reporting Standards (hereinafter referred to as "Korean International Financial Reporting Standards (K-IFRS)"). The Korean International Financial Reporting Standards are the content adopted by the Republic of Korea out of the standards and interpretations published by the International Financial Reporting Standards Board ("IASB").

Aside from the following, the financial statements have been prepared on a historical cost basis

- Certain financial assets and financial liabilities (including derivatives), certain tangible assets and types of investment properties measured at fair value
- Assets held for sale measured at fair value

Korean International Financial Reporting Standards(K-IFRS) allow the use of significant accounting estimates when preparing financial statements and require management's judgment when applying accounting policies. Parts that require more complex and high-level judgment or that require important assumptions and estimates are explained in Note 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and Amended Standards and Interpretations Adopted by the Company

The Company has newly applied the following established and revised standards and interpretations from the accounting period beginning on January 1, 2023.

(1) K-IFRS No. 1117 ‘Insurance Contract’

This standard is a comprehensive new accounting standard for insurance contracts, including recognition, measurement, presentation and disclosure of insurance contracts. Standard No. 1117 ‘Insurance Contracts’ replaces Standard No. 1104 ‘Insurance Contracts’. This Standard applies to all types of insurance contracts (e.g. life insurance, non-life insurance, primary insurance contracts and reinsurance contracts) regardless of the type of entity issuing the insurance contract, and investments with certain guarantees and discretionary participation characteristics and very few contracts are excluded from its scope. The overall objective of this standard is to provide a consistent, comprehensive accounting model that addresses useful and relevant information about insurance contracts to the users of financial statements. The core of this standard is based on a general model, supplemented by :

- Special application to contracts with direct participation characteristics (variable fee approach)
- Simple method for contracts with mainly short coverage periods (premium distribution approach)

This amendments have no impact on the Company’s financial statements.

(2) Amendment to K-IFRS No. 1008 'Accounting Policies, Changes in Accounting Estimates, and Errors' - Definition of Accounting Estimates

This amendment clearly distinguishes between changes in accounting estimates, changes in accounting policies, and corrections of accounting errors. The revised standard also clarifies how companies use measurement techniques and input variables to develop accounting estimates. This amendment does not have a material impact on the Company's financial statements.

(3) Amendment to K-IFRS No. 1001 ‘Financial Statement Presentation’ – Accounting Policy Disclosure

This amendment provides requirements and guidance for companies to use as a reference in applying materiality judgments to accounting Policy disclosures. The amendments change the disclosure of ‘meaningful’ accounting policies to the disclosure of ‘significant’ accounting policies so that companies can disclose more useful accounting policies, requiring companies to disclose significant accounting policies, and allowing companies to determine which accounting policies to disclose and providing guidance on how to apply the concept of materiality. These amendments have an impact on the disclosure of the Company's accounting policies but do not have a material impact on the measurement, recognition and presentation of the Company's financial statement items.

(4) Amendment to K-IFRS No. 1012 ‘Corporate Tax’ - Deferred corporate tax when assets and liabilities are created simultaneously in a single transaction

This amendment reduces the scope of application of the initial recognition exception in accordance with Corporate Accounting Standard No. 1012 so that it does not apply to transactions that result in temporary differences to be added and temporary differences to be deducted in the same amount. There is no material impact of this amendment on the Company's financial statements.

(5) Amendment to K-IFRS No. 1001 'Financial Statement Presentation' - Disclosure of profit and loss on valuation of financial liabilities subject to exercise price adjustment conditions

If all or part of a financial product with a condition where the exercise price is adjusted according to changes in the issuer's stock price is classified as a financial liability, the book value of the financial liability and related profits and losses must be disclosed. This amendment is effective for fiscal FYs beginning on or after January 1, 2023, and early application is permitted. The consolidated company does not expect this amendment to have a significant impact on its financial statements.

2.2.2 New and Amended Standards and Interpretations Not Yet Adopted by the Company

The enacted and revised corporate accounting standards and interpretations that were enacted and announced as of the end of the reporting period, but whose effective date has not arrived for accounting periods starting after January 1, 2023, and that the Company did not apply early, are as follows:

(1) Amendments to K-IFRS No. 1116 'Lease' - Lease liabilities arising from sale-and-lease As per the amendments to K-IFRS No. 1116 'Lease' require the seller-lessee to measure lease liabilities arising from sale-and-lease transactions where no gain or loss amount be recognized for continuously held usage rights, the Company has clarified the requirement.

This amendment will be applied from the first fiscal FY beginning on or after January 1, 2024, and will be applied retroactively to sale and lease transactions concluded after the date of initial application of Korean IFRS 1116. Early adoption is permitted and this fact must be disclosed. This amendment is not expected to have a material impact on the financial statements.

(2) Amendments to K-IFRS No. 1001 'Presentation of Financial Statements' - Classification of liabilities as current and non-current

The amendments to paragraphs 69 to 76 of Korean IFRS 1001 clarify the following requirements for classification of liabilities as current or non-current:

- Meaning of the right to postpone payment
- The right to postpone exists as of the end of the reporting period.
- The possibility of exercising a company's right to postpone does not affect its liquidity classification.
- The terms of the liability do not affect the liquidity classification only if the embedded derivative of the convertible liability itself is an equity instrument.

Additionally, requirements for disclosure of relevant information have been introduced when an entity classifies liabilities arising from borrowing commitments as non-current liabilities and the right to defer payment depends on compliance with the commitments within 12 months after the reporting period. This amendment is effective for fiscal FYs beginning on or after January 1, 2024, and is applied retroactively. The Company is assessing the impact of the revisions on its current practices and whether existing loan covenants require renegotiation.

(3) Amendments to K-IFRS No. 1007 'Cash Flow Statement' and No. 1107 'Financial Products: Disclosure' - Supplier Finance Agreement

Korean Financial Accounting Standards No. 1007 'Statement of Cash Flows' and No. 1107 'Financial Instruments: Disclosure' have been revised to describe the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. This amendment is intended to help financial statement users understand the impact of supplier financing arrangements on the Company's liabilities, cash flow, and liquidity risk.

This amendment is effective for fiscal FYs beginning on or after January 1, 2024. Early application is permitted and this fact must be disclosed. This amendment is not expected to have a material impact on the financial statements.

(4) Amendment to K-IFRS No. 1001 'Financial Statement Presentation' - Disclosure of virtual assets

This amendment requires the disclosure of important information to users of financial statements, such as the Company's accounting policies and impact on financial statements according to the holding and issuance of virtual assets. When holding virtual assets directly, holding them on behalf of a customer, or issuing them, related information must be disclosed separately. This amendment is effective for the first fiscal FY beginning on or after January 1, 2024, and is applied retroactively.

(5) Amendments to K-IFRS No. 1021 'Effect of Exchange Rate Fluctuations', No. 1101 'Initial Adoption of Korean International Financial Reporting Standards' - Lack of exchangeability

Corporate Accounting Standards No. 1021 'Effects of Exchange Rate Fluctuations' and No. 1101 'First adoption of the Korean International Financial Reporting Standards', which assess exchangeability with other currencies, estimate spot exchange rates when exchangeability is lacking, and require additional disclosure of such effects, have been revised. This amendment is intended to help users of financial statements understand the risks and impacts to which companies are exposed due to the lack of convertibility with other currencies. This amendment is effective for fiscal FYs beginning on or after January 1, 2025. Early application is permitted and this fact must be disclosed. This amendment is not expected to have a material impact on the financial statements.

2.3 Subsidiaries, joint ventures and associates

The Company's financial statements are separate financial statements in accordance with Korea International Financial Reporting Standard No. 1027, 'Separate Financial Statements'. Investments in subsidiaries, joint ventures and associates are measured at cost based on direct equity investments, however, at the date of conversion to Korean International Financial Reporting Standards, the carrying amount in accordance with previous accounting standards at the date of conversion is calculated as deemed cost. In addition, dividends received from subsidiaries are recognized in profit or loss at the time the right to dividends is finalized.

2.4 Foreign Currency Conversion

(1) Functional Currency and Presentation Currency

The Company measures the items included in the financial statements using the currency of the primary economic environment in which each business operates (the "functional currency"). The Company's functional currency is Korean Won, and its financial statements are expressed in Korean Won.

(2) Conversion of Foreign Currency Transactions and Reporting End Date

Foreign currency transactions are recognized in the functional currency using the exchange rate on the transaction date or, in the case of remeasured items, the exchange rate on the valuation date. Exchange differences arising from the settlement of foreign currency transactions, or the translation of monetary foreign currency assets and liabilities are recognized in profit or loss. However, gains and losses arising from monetary items that are related to the effective portion of a qualifying cash flow hedge or net investment hedge or that are part of the reporting company's net investment in a foreign operation are recognized as other comprehensive income.

Exchange differences related to borrowings are reported in the income statement as finance costs, while other exchange differences are reported in other income or other expenses. Foreign exchange differences arising from non-monetary financial assets and liabilities are considered as part of fair value fluctuation gains and losses, and foreign exchange differences arising from equity instruments measured at fair

value through profit or loss are regarded as current profit or loss, and foreign exchange differences arising from equity instruments measured at fair value - other comprehensive income are considered as part of other comprehensive gains or losses.

2.5 Financial Assets

(1) Classification

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

- Financial assets measured at fair value through profit or loss
- Other comprehensive income - financial assets measured at fair value
- Financial assets measured at amortized cost

Financial assets are classified based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Gains and losses on financial assets measured at fair value are recognized in profit or loss or other comprehensive income. Investments in debt instruments are recognized in profit or loss or other comprehensive income depending on the business model that holds the asset. The Company reclassifies debt products only when the business model for managing financial assets changes.

For investments in equity instruments that are not held for trading, an irrevocable election may be made upon initial recognition to specify that subsequent changes in fair value be presented in other comprehensive income. Changes in the fair value of investments in undesignated equity instruments are recognized in profit or loss.

(2) Measurement

The Company measures financial assets at fair value at the time of initial recognition, and if the financial asset is not measured at fair value through profit or loss, transaction costs directly related to the acquisition of the financial asset are added to the fair value. Transaction costs for financial assets measured at fair value through profit or loss are expensed in profit or loss.

For complex contracts containing embedded derivatives, the entire complex contract is considered when determining whether the cash flows under the contract consist solely of principal and interest.

① Debt instruments

The subsequent measurement of a financial asset is based on the contractual cash flow characteristics of the financial asset and the business model that manages the financial asset. The Company classifies debt instruments into the following three categories:

(a) Amortized cost

Financial assets are held under a business model where the purpose is to hold them to receive contractual cash flows, and assets whose contractual cash flows consist only of principal and interest are measured at amortized cost. Gains and losses on financial assets measured at amortized cost that are not subject to a hedging relationship are recognized in profit or loss when the financial assets are removed or impaired. Interest income from financial assets recognized according to the effective interest rate method is included in 'interest income'.

(b) Other comprehensive income - financial assets measured at fair value

Financial assets are held under a business model that achieves the purpose through both the receipt of contractual cash flows and the sale of financial assets, and financial assets whose contractual cash flows consist only of principal and interest are measured at fair value through other comprehensive income.

Except for impairment losses (reversals), interest income and foreign exchange gains and losses, valuation gains and losses on financial assets measured at fair value are recognized in other comprehensive income. When de-recognizing a financial asset, the recognized accumulated other comprehensive income is reclassified from equity to profit or loss. Interest income from financial assets recognized according to the effective interest rate method is included in 'financial income'. Foreign exchange gains and losses are expressed as 'other financial income' or 'other financial expenses', and impairment losses are expressed as 'other financial expenses.'

(c) Financial assets measured at fair value through profit or loss

Debt instruments that are not financial assets measured at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains and losses on debt instruments measured at fair value through profit or loss to which the hedging relationship is not applicable are recognized as profit or loss and presented as 'other financial income' or 'other financial expenses' in the income statement in the period in which they occur.

② Equity Instruments

The Company subsequently measures its investments in all equity instruments at fair value. Amounts recognized as other comprehensive income for equity instruments for long-term or strategic investment purposes where changes in fair value have been chosen to be presented as other comprehensive income are not reclassified to current profit or loss even when the equity instruments are removed. Dividend income from such equity products is recognized in profit or loss as 'other financial income' when The Company's right to receive dividends is confirmed.

Changes in the fair value of financial assets measured at fair value through profit or loss are stated as 'other financial income' or 'other financial expenses' in the income statement. Impairment losses (reversals) on equity instruments measured at fair value through other comprehensive income are not recognized separately.

(3) Impairment

The Company evaluates expected credit losses on debt instruments measured at amortized cost or fair value through other comprehensive income based on forward-looking information. The manner of impairment is determined by whether there is a significant increase in credit risk. However, for trade receivables and lease receivables, The Company applies the simplified method of recognizing expected credit losses for the entire period from the time of initial recognition of the receivable.

(4) Recognition and Derecognition

Regular purchases or sales of financial assets are recognized or derecognized on the sale date. Financial assets are derecognized when the contractual rights to cash flows expire or when the financial asset is transferred and substantially all of the risks and rewards of ownership have been transferred.

Even if the Company transfers financial assets, if the Company retains most of the risks and rewards of owning the transferred financial assets due to the right of recourse in case of default by the debtor, they are not eliminated and will continue to retain all of the transferred assets, but the consideration received is recognized as a financial liability.

(5) Offsetting Financial Instruments

Financial assets and liabilities are offset and recorded on a net basis in the statement of financial position when there is currently a legally enforceable right of netting with respect to recognized assets and liabilities and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously. A legally enforceable right of set-off does not depend on future events and is enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy.

2.6 Derivative Instruments

Derivatives are initially recognized at fair value at the time the derivatives contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivatives that do not meet the requirements for hedge accounting are recognized in the income statement as 'other non-operating income (expenses)' or 'other financial income (expenses)' depending on the nature of the transaction.

2.7 Accounts Receivable

If trade receivables do not contain a significant financial element, they are initially recognized at the amount of unconditional consideration, and if they do contain a significant financial element, they are initially recognized at fair value. Account receivables are subsequently measured at amortized cost using the effective interest method, less loss allowances.

2.8 Inventories

Inventories are expressed at the lower of cost and net realizable value, and the cost of inventory is determined using the first-in, first-out method.

2.9 Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the asset.

Assets other than land are amortized on a straight-line basis over the following estimated economic lives, excluding acquisition cost and residual value.

Item	Estimated lifespan
Building	40 Years
Facility equipment	5 ~10 Years
Vehicle transport	5 Years
Tools and utensils	5 Years
Fixtures	5 Years

The depreciation method, residual value and economic life of tangible assets are reviewed at the end of each fiscal year and, if necessary, adjusted for changes in estimates.

2.10 Intangible Assets

Intangible assets, excluding goodwill, are initially recognized at historical cost and stated at cost less accumulated amortization and accumulated impairment losses.

Software development costs, which are internally created intangible assets, are the sum of expenditures incurred after the asset recognition requirements, including technical feasibility and future economic benefits, are met. Contractual customer relationships are intangible assets acquired in a business combination and are recognized at fair value at the acquisition date. Memberships have an indefinite useful life and are not amortized because there is no foreseeable limit to the period of use. Intangible assets with a finite useful life are amortized using the straight-line method over their estimated useful lives.

2.11 Impairment of Non-Financial Assets

Goodwill or intangible assets with indefinite useful lives are tested for impairment every FY, and depreciable assets are tested for impairment when there are signs suggesting asset impairment. Impairment losses are recognized for the carrying amount that exceeds the recoverable amount (value in use or fair value less costs of disposal, whichever is higher), and impairment losses on non-financial assets other than goodwill are reviewed for the possibility of reversal at the end of each reporting period.

2.12 Accounts Payable and Other Payables

Account payables and other payables are liabilities for which the Company has received goods or services before the reporting end date but have not been paid. These liabilities are unsecured and are usually paid within 30 days of recognition. Account payables and other liabilities are presented as current liabilities unless they are due more than 12 months after the reporting period. These liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Financial Liabilities

(1) Classification and measurement

The Company's financial liabilities measured at fair value through profit or loss are financial products for short-term trading purposes. Financial liabilities incurred primarily for the purpose of repurchasing within a short period of time are classified as short-term trading financial liabilities. In addition, derivatives that are not designated as hedge accounting tools or embedded derivatives separated from financial products are also classified as financial liabilities for trading.

All non-derivative financial liabilities, excluding financial liabilities measured at fair value through profit or loss, financial guarantee contracts, and financial liabilities arising when the transfer of financial assets does not meet the derecognition conditions, are classified as financial liabilities measured at amortized cost.

Preferred stocks that must be repaid on a specific date are classified as liabilities. Interest expense based on the effective interest rate method for these preferred stocks is recognized as 'interest expense' on the income statement along with interest expense recognized on other financial liabilities.

(2) Derecognition

Financial liabilities are removed from the statement of financial position when they are extinguished when contractual obligations are fulfilled, canceled or expire, or when the terms of existing financial liabilities are substantially changed. The difference between the carrying amount of financial liabilities extinguished or transferred to a third party and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss for the current period.

2.14 Compound Financial Instruments

Compound financial products issued by the Company are convertible bonds that can be converted into equity products at the holder's choice.

The liability component of this compound financial instrument is initially recognized at the fair value of a financial liability without the right to conversion on the same terms and is subsequently recognized at amortized cost until the date of conversion or maturity. The capital component is initially recognized as the difference between the fair value of the entire compound financial product and the fair value of the liability component and is not subsequently remeasured. Transaction costs directly related to the issuance of a compound financial instrument are distributed in proportion to the initial recognition amounts of the liability and equity components.

2.15 Provisions

A current legal or constructive obligation exists as a result of a past event, and if there is a high possibility of an outflow of the amount, and a reliable estimate of the amount can be made, sales warranty provisions, restoration provisions, and litigation provisions are recognized. Provisions are measured at the present value of the expenditures expected to fulfill obligations, and any increase in provisions over time is recognized as interest expense.

2.16 Current and Deferred Income Tax

Corporate tax expense consists of current corporate tax and deferred corporate tax. Income taxes are recognized directly in other comprehensive income or in capital, except for amounts related to items recognized directly in capital, and are recognized in current profit or loss.

(1) Current Income Tax

Current corporate tax expense is measured based on tax laws enacted or substantively enacted as of the reporting end date. Management periodically evaluates the tax policies applied by the Company in its tax returns for situations where applicable tax provisions may vary depending on interpretation and considers whether tax authorities are likely to accept uncertain corporate tax treatment. When measuring income taxes, the Company reflects the impact of uncertainty using the most likely amount or expected value, whichever is expected to better predict the resolution of the uncertainty.

(2) Deferred Income Tax

Deferred income tax is recognized as the expected income tax effect when the carrying amount is recovered or settled for temporary differences arising from differences between the carrying amount of assets and liabilities and their tax base. However, deferred tax assets and liabilities that arise when assets and liabilities are initially recognized in a transaction other than a business combination are not recognized unless the transaction affects accounting profit or taxable income.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which the temporary differences to be deducted can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the timing of reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, for deductible temporary differences arising from these assets, deferred tax assets are recognized only when it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be generated against which the temporary difference can be used.

Deferred corporate tax assets and liabilities are netted when the Company has the legal right to offset current corporate tax assets and current corporate tax liabilities, and when the deferred corporate tax assets and liabilities relate to corporate tax imposed by the same taxing authority. Current corporate tax assets and liabilities are offset when the Company has the legal right to offset and there is an intention to settle on a net basis or to realize the assets and settle the liabilities at the same time.

(3) Recognition of Current Deferred Income Taxes

Current and deferred corporate income taxes are recognized as revenue or expenses, except when they arise from initial recognition as a result of a transaction or event or business combination that is recognized directly in other comprehensive income or equity in the same or different accounting period. Included in current profit or loss. In the case of a business combination, the corporate tax effect is considered when calculating goodwill or determining the amount by which the Company's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination. Current corporate tax expense is calculated based on the tax rates or tax

laws enacted or substantively enacted as of the reporting end date in the countries where the subsidiary or associate of the parent company operates and generates tax profits. Management periodically evaluates the positions taken by the Company in tax reporting when applicable tax provisions are subject to interpretation and records amounts expected to be payable to tax authorities as a liability.

2.17 Employee Benefits

(1) Retirement Benefits

The Company's retirement pension system is a defined contribution system. The defined contribution plan is a retirement pension system in which the Company pays a fixed amount of contribution to a separate fund, and the contribution is recognized as an expense when employees provide work services.

When a system amendment, curtailment or settlement occurs, past service costs or gains or losses resulting from settlement are recognized in current profit or loss. The amount recognized as an expense related to the defined contribution system during the current term is KRW 805,520,000 (previous FY: KRW 602,020,000).

(2) Share-based Compensation

Equity-settled stock-based compensation granted to employees is measured at the fair value of the equity instrument at the grant date and recognized as employee benefit expense over the obtaining period. The quantity of equity instruments expected to be obtained is remeasured at each reporting end date, taking into account non-market performance conditions, and any changes from the original estimate are recognized in profit or loss and equity.

When issuing new shares at the time of exercise of stock options, the net inflow, excluding transaction costs directly related to them, is recognized as capital (nominal value) and share issuance premium.

2.18 Revenue Recognition

Revenue is measured based on the consideration set out in the customer contract and excludes amounts recovered on behalf of third parties. The Company also recognizes revenue when control of goods or services is transferred to the customer. Meanwhile, the Company mainly sells to corporate and individual customers through the Company's website and recognizes revenue from the following major sources.

(1) Sales of goods - Corporate Customers

In the case of corporate customers, revenue is recognized when the goods are transported (delivered) to the corporate customer's specific location and control of the goods is transferred to the corporate customer. After the goods are delivered, the corporate customer has complete discretion in determining the price and method of distributing the goods, takes primary responsibility for selling the goods, and bears the risk of loss or obsolescence associated with the goods. Therefore, the Company recognizes receivables when the goods are delivered to the corporate customer.

(2) Sales of goods - Individual Customers

For individual customers, revenue is recognized when the individual customer purchases the product and control of the product is transferred to the individual customer. Payment of the transaction price is made immediately at the time the individual customer purchases the product. Depending on the terms of the contract, individual customers have the right to return goods for a certain period of time. For goods expected to be returned at the time of sale, a refund liability and corresponding revenue adjustment are recognized. Additionally, at the same time, when an individual customer exercises the right to return, the Company recognizes the right to collect the product, a right to return inventory, and a corresponding adjustment to cost of goods sold.

(3) Sales of goods - Customer Loyalty System

The Company operates a customer loyalty system that grants individual customers points when purchasing goods and provides discounts on future purchases. These points provide customers with important discount benefits that cannot be received unless they purchase goods. Therefore, the promise to provide a discount to customers is a separate execution obligation.

Transaction prices are allocated based on the relative individual selling prices of goods and points. The individual selling price per point is estimated based on the Company's past experience and the availability and discounts offered when customers use points. At the time of the first sales transaction, revenue related to points is recognized as a contract liability. Revenue generated from points is recognized when customers use them. Revenue generated from points that are not expected to be used is recognized in proportion to the way customers exercise their rights.

2.19 Lease

(1) Lessee

The Company leases warehouses and office equipment. Lease contracts are generally for a fixed period, but may have extension options.

A contract may contain both lease and non-lease elements. The Company allocated the contract consideration to the lease and non-lease components based on the relative individual prices. However, in the case of real estate leases in which the Company is the lessee, the practical simplicity of accounting for the lease elements and non-lease elements as a single lease element was applied instead of separating them.

Lease terms are negotiated individually and include a variety of contractual terms and conditions. There are no other restrictions imposed by the lease agreement, but the leased asset cannot be used as collateral for the loan.

The Company calculates the lease period within the enforceable period of the contract, including the target period when it is reasonably certain that the lessee will exercise the extension option and the target period when it is reasonably certain that the lessee will not exercise the termination option during the non-cancellable period. The Company calculates the enforceable period by considering the economic disadvantages that will be incurred when terminating the contract when the lessee and the lessor each have the right to terminate without the consent of the other party.

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

- Fixed lease fee excluding lease incentives to be received (including actual fixed lease fee)
- Variable lease payments that vary depending on the index or rate (interest rate), initially measured using the index or rate as of the commencement date.
- Amount expected to be paid by the Company (lessee) according to the residual value guarantee
- Exercise price of the purchase option when it is reasonably certain that the Company (lessee) will exercise the purchase option
- Amount paid to terminate the lease when the lease period reflects the exercise of the Company's (lessee's) termination option.

If the implied interest rate of the lease can be easily calculated, the lease fee is discounted using that interest rate. In cases where the implied interest rate cannot be easily calculated, an incremental borrowing rate, which is the interest rate that the lessee would have to pay if the lessee borrowed the funds necessary to acquire an asset of similar value to the right-of-use asset with similar collateral over a similar period of time in a similar economic environment, is used.

The Company calculates the incremental borrowing interest rate as follows:

- If possible, the most recent third-party financing interest rate received by an individual lessee should reflect changes in financial position since receiving third-party financing.
- Reflects lease-specific adjustments such as country, currency, collateral, and guarantees

If an individual lessee can readily observe (through recent financial or market data) the interest rate on an amortized loan with a payment schedule similar to that of the lease, the Company uses that rate as a starting point when calculating the incremental borrowing rate.

The Company is exposed to the risk of potential future increases in variable lease payments that are dependent on an index or rate and are not included in the lease liability until the index or rate becomes effective. At the point when the adjustment amount of the lease fee, which varies depending on the index or rate, is effective, the lease liability is reassessed and the right-of-use asset is adjusted.

Each lease payment is allocated to repayment of lease liabilities and finance costs. Finance costs are recognized in profit or loss over the lease period as an amount calculated to produce a constant interest rate for each period on the balance of the lease liability.

Right-of-use assets are measured at cost, which consists of the following items:

- Initial measurement amount of lease liability
- Lease payments paid on or before the lease commencement date, deducting the lease incentives received
- Lease opening direct costs borne by the lessee
- Estimate of restoration cost

Right-of-use assets are depreciated over the period from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease period. If it is reasonably certain that the Company will exercise the purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Lease payments related to short-term leases of equipment and vehicles and leases of all low-value assets are recognized in profit or loss on a straight-line basis. A short-term lease is a lease with a lease term of 12 months or less without a purchase option, and small lease assets consist of small amounts of office equipment, etc.

2.20 Sales Division

Information by sales division is disclosed based on internal reporting to the chief sales decision maker. The chief sales decision maker is responsible for evaluating the resources to be allocated to the sales department and the performance of the sales department, and the Company views the CEO, who makes strategic decisions, as the top decision maker.

2.21 Approval of Financial Statements

The Company's financial statements were approved by the board of directors as of February 20, 2024, and may be revised and approved at the regular general shareholders' meeting.

3. Significant Accounting Estimates and Assumptions

Preparing financial statements requires assumptions and estimates about the future, and management is required to make judgments to apply the Company's accounting policies. Estimates and assumptions are continuously evaluated and consider reasonably foreseeable future events in light of past experience and current circumstances. Since the results of accounting estimates are rarely the same as actual results, there is a significant risk that significant adjustments may be made.

Management judgment and estimates and assumptions that have significant risks that could affect the adjustment of the carrying amounts of assets and liabilities in the next fiscal FY are as follows: Additional information regarding significant judgments and estimates for some items is included in the individual notes.

(1) Income Taxes

Since corporate tax on a company's taxable income is calculated by applying the tax laws and decisions of tax authorities in various countries, there is uncertainty in calculating the final tax effect.

When a certain amount of taxable income is not used for investment, wage increase, etc. during a certain period, the Company is additionally liable for corporate tax calculated according to the method prescribed by the tax law. Therefore, when measuring current corporate tax and deferred corporate tax for the relevant period, the resulting tax effect must be reflected. As a result, the corporate tax to be borne by the Company varies depending on the level of investment, wage increase, etc. in each FY, so the final tax effect must be determined. There is uncertainty in the calculation.

(2) Impairment of Financial Assets

Loss allowances for financial assets are measured based on assumptions about default risk and expected loss rates. When setting these assumptions and selecting input variables used in the impairment model, The Company considers its past experience, current market conditions, and forward-looking information as of the financial reporting date.

(3) Revenue Recognition

After selling a product to a customer, the Company recognizes refund liabilities and the right to recover goods for products expected to be returned by the customer. The return rate is predicted using the expected value method based on accumulated experience at the portfolio level at the time of sale, and the Company's profits are affected by changes in the predicted return rate.

Since the points provided to customers provide important rights that cannot be received without entering into a contract, the promise to provide points is a separate performance obligation. The transaction price is distributed to products and points according to their relative individual selling prices. Management estimates the individual selling price of points based on the discount granted when points are redeemed and the likelihood of redemption based on historical experience. The individual selling price of a product is estimated based on the retail price.

(4) Leases

In determining the lease term, management considers all relevant facts and circumstances that would create an economic incentive to exercise the extension option or not to exercise the termination option. The period covered by the extension option (or the period covered by the termination option) is included in the lease term only if it is reasonably certain that the lessee will (or will not) exercise the extension option.

4. Segment Information

Management determines sales divisions based on reported information reviewed by the top sales decision maker who establishes sales strategies. Top sales decision makers review sales information from the product perspective of each business division.

The Company operates in a single division, and the information provided to top operating decision makers is identical to publicly disclosed information.

(1) Sales by region for the current and previous FYs are as follows:

(Unit: KRW)

Region	December 31, 2023	December 31, 2022
United States	105,183,345,689	43,648,405,661
Korea	30,113,871,682	14,000,604,515
Indonesia	17,183,816,643	9,488,387,743
Malaysia	16,034,881,100	9,488,647,861
Australia	14,397,518,149	8,221,849,559
Cambodia	13,705,858,338	8,959,133,011
Netherlands	25,426,510,677	4,679,646,805
Japan	5,363,561,098	9,818,514,496
Russia	5,174,223,630	7,041,424,918
Other overseas countries	98,956,139,895	46,406,336,436
Sum	331,539,726,901	161,752,951,005

(2) There are no external customers accounting for more than 10% of the sales during the current and previous FYs.

5. Risk Management

Due to various activities, the Company is exposed to various financial risks such as market risk (exchange rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out in accordance with policies approved by the Board of Directors. The Board of Directors reviews and approves policies on overall risk management and written policies on specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investments in excess of liquidity.

5.1 Market Risk

(1) Foreign exchange risk

As the Company conducts business internationally, it is exposed to foreign exchange risk, especially exchange rate fluctuation risk mainly related to USD and EUR. Foreign exchange risk arises in connection with future transactions and recognized assets and liabilities.

Management avoids foreign exchange risk by establishing a Policy to manage foreign exchange risk for each currency. Foreign exchange risk occurs when future transactions and recognized assets and liabilities are expressed in a currency other than the functional currency. The Company prohibits

speculative foreign exchange transactions and regularly monitors, evaluates, and manages foreign exchange risks.

As of the end of the reporting period, the carrying amounts of monetary assets and liabilities denominated in major foreign currencies other than the functional currency are as follows:

(Unit: KWR, USD, EUR, etc.)

Classification	Current Year End			Previous Year End		
	Currency	Foreign currency	KRW equivalent	Currency	Foreign currency	KRW equivalent
Ordinary deposit	USD	6,495,166.38	8,374,867,529	USD	8,800,877.85	11,153,352,498
	EUR	1,229,544.31	1,754,055,617	EUR	-	-
	Other	21,820,726.86	272,978,638	Other	41,206.06	7,476,427
Accounts receivable	USD	42,970,427.49	55,406,069,192	USD	11,427,184.91	14,481,671,423
	EUR	3,839,967.64	5,478,059,435	EUR	-	-
	Other	168,552,239.53	489,055,311	Other	18,375,434.47	275,734,306
Total			71,775,085,722	Total		25,918,234,654

As of the end of the reporting period, if all other variables are constant and the exchange rate of the functional currency for each foreign currency fluctuates by 10%, the impact of exchange rate fluctuations on net profit before income tax is as follows:

(Unit: KRW)

Classification	December 31, 2023		December 31, 2022	
	FX increase	FX decrease	FX increase	FX decrease
Increase (decrease) in profit and loss before tax	7,177,508,572	(7,177,508,572)	2,591,823,465	(2,591,823,465)

The sensitivity analysis above was conducted on monetary assets denominated in a foreign currency other than the Company's functional currency as of the end of the reporting period.

(2) Interest rate risk

The Company's interest rate fluctuation risk mainly arises from deposits and floating interest rate borrowings, and policies have been established and operated to minimize uncertainty and financial costs resulting from interest rate fluctuations.

As of the end of the reporting period, there are no borrowings with variable interest rates exposed to interest rate risk.

5.2 Credit Risk

(1) Risk management

In order to manage credit risk, the Company only conducts transactions with counterparties that maintain at least a specific level of creditworthiness. The Company also has policies and procedures in place to enhance the creditworthiness of its financial assets.

Credit risk refers to the risk that the other party to the contract defaults on its contractual obligations and causes financial loss to the Company. Credit risk arises not only from the credit risk of business partners, but also from cash and cash equivalents and deposits at financial institutions.

In the case of financial institutions, credit risk from financial institutions is limited because the Company deals with partners with excellent credit ratings. In the case of general partners, in order to manage credit risk, the Company deals with partners whose credit rating is above a certain level. The Company establishes and operates policies and procedures to strengthen the credit of financial assets and evaluate the credit of transaction partners.

The level of exposure to credit risk as of the end of the reporting period is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accounts receivable	60,645,740,634	14,634,948,330
Short-term other financial assets	17,039,023,242	16,745,635,242
Other financial assets	971,695,000	671,644,000
Total	78,656,458,876	32,052,227,572

5.3 Liquidity Risk

The Company maintains the limit on unused borrowings at an appropriate level and constantly monitors liquidity forecasts to ensure that there are no violations of borrowing limits or agreements in order to meet operating capital needs.

The table classifies the Company's financial liabilities by maturity according to the remaining period from the end of the reporting period to the contract maturity date is as follows: The cash flows shown in the table below are without present value discount. Balances due within 12 months are equal to the carrying amount because the effect of discount is not significant.

(Unit: KRW)

December 31, 2023	Less than 1 year	1 to 2 years	2 to 5 years	Total
Account payables	501,545,548	-	-	501,545,548
Short-term other financial liabilities	3,086,688,653	-	-	3,086,688,653
short-term borrowings	56,050,804,384	-	-	56,050,804,384
Lease liability	1,760,315,825	1,081,971,488	58,588,101	2,900,875,414
Total	61,399,354,410	1,081,971,488	58,588,101	62,539,913,999

(Unit: KRW)

December 31, 2022	Less than 1 year	1 to 2 years	2 to 5 years	Total
Account payables	902,565,618	-	-	902,565,618
Short-term other financial liabilities	1,680,717,079	-	-	1,680,717,079
short-term borrowings	20,203,473,973	-	-	20,203,473,973
Rental deposit	-	94,000,000	-	94,000,000
Lease liability	853,776,288	130,958,200	119,045,529	1,103,780,017
Total	23,640,532,958	224,958,200	119,045,529	23,984,536,687

5.4 Capital Risk Management

The Company's capital management objective is to maintain an optimal capital structure to reduce the cost of capital and to continue to provide benefits to shareholders and stakeholders. In order to maintain or adjust the capital structure, the Company adjusts dividends paid to shareholders and is considering issuing new shares and selling assets to reduce debt. The Company manages capital based on the capital financing ratio. The capital financing ratio is calculated by dividing net debt by total capital. Net debt is the amount obtained by deducting cash and cash equivalents from total borrowings, and total capital is the amount obtained by adding net debt to the capital in the statement of financial position.

The Company's gearing ratio as of the end of the current and previous FY is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Total borrowings	55,000,000,000	20,000,000,000
Deduction: Cash and cash equivalents	(12,823,953,095)	(20,197,648,575)
Net liabilities (a)	42,176,046,905	(197,648,575)
Total stockholders' equity (b)	126,098,249,221	92,387,501,942
Total assets (c=a+b)	168,274,296,126	92,189,853,367
Gearing ratio (a/c) (*)	25.06%	-

(*) In the previous period, the capital financing ratio was not calculated because net debt was a negative amount.

6. Fair Value of Financial Instruments

(1) The book value and fair value of each type of financial product are as follows:

(Unit: KRW)

Classification	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Financial Assets				
Cash and cash equivalents	12,823,953,095	12,823,953,095	20,197,648,575	20,197,648,575
Accounts Receivable	60,645,740,634	60,645,740,634	14,634,948,330	14,634,948,330
Short-term other financial assets	17,039,023,242	17,039,023,242	16,745,635,242	16,745,635,242

Derivatives Assets	-	-	313,363,280	313,363,280
Other financial assets	971,695,000	971,695,000	671,644,000	671,644,000
Sum	91,480,411,971	91,480,411,971	52,563,239,427	52,563,239,427
Financial liabilities				
Accounts payable	501,545,548	501,545,548	902,565,618	902,565,618
Short-term other financial liabilities	3,086,688,653	3,086,688,653	1,680,717,079	1,680,717,079
Current lease liabilities	1,760,315,825	1,760,315,825	853,776,288	853,776,288
Short-term borrowings	55,000,000,000	55,000,000,000	20,000,000,000	20,000,000,000
Other financial liabilities	-	-	94,000,000	94,000,000
Non-current lease liabilities	1,110,141,736	1,110,141,736	259,184,921	259,184,921
Total	61,458,691,762	61,458,691,762	23,790,243,906	23,790,243,906

(2) Fair Value Hierarchy

Financial products measured at fair value are classified according to the fair value hierarchy, and the defined levels are as follows:

-Level 1: Quoted price (unadjusted) in an active market for the same asset or liability at the measurement date

-Level 2: Input variables that can be directly or indirectly observed for assets or liabilities in addition to the quoted prices in Level 1

-Level 3: Unobservable inputs to assets or liabilities

The fair value hierarchy of financial assets and financial liabilities measured at fair value in the statement of financial position at the end of the reporting period for the current period and the previous period's hierarchy is as follows:

(Unit: KRW)

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Assets measured at fair value through profit or loss	-	-	-	-

(Unit: KRW)

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	313,363,280	313,363,280

7. Financial Instruments by Category

(1) The classification details by financial product category as of the end of the reporting period are as follows:

(Unit: KRW)

Category	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost		
Cash and cash equivalents	12,823,953,095	20,197,648,575
Accounts receivable	60,645,740,634	14,634,948,330
Short-term other financial assets	17,039,023,242	16,745,635,242
Other financial assets	971,695,000	671,644,000
Subtotal	91,480,411,971	52,249,876,147
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value	-	313,363,280
Total financial assets	91,480,411,971	52,563,239,427
Financial liabilities measured at amortized cost		
Accounts payable	501,545,548	902,565,618
Short-term other financial liabilities	3,086,688,653	1,680,717,079
Current lease liabilities	1,760,315,825	853,776,288
Short-term borrowings	55,000,000,000	20,000,000,000
Other financial liabilities	-	94,000,000
Non-current lease liabilities	1,110,141,736	259,184,921
Total financial liabilities	61,458,691,762	23,790,243,906

(2) The breakdown of net profit and loss by financial product category for the current and previous FYs is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Financial assets measured at fair value through profit or loss		
Derivatives valuation gains and losses	-	313,363,280
Futures repurchase foreign exchange difference profit and loss	(283,249,437)	(1,040,415,307)
Subtotal	(283,249,437)	(727,052,027)
Other comprehensive income - fair value financial assets		
Dividend income	-	125,775,000
Subtotal	-	125,775,000
Financial assets measured at amortized cost		
Interest income	713,768,175	794,810,039
Foreign exchange gains	3,589,152,799	3,324,957,024
Foreign exchange loss	(2,561,199,688)	(1,876,402,200)
Foreign currency conversion gains	11,929,105	140,096
Foreign currency conversion loss	(1,480,286,069)	(1,482,095,325)
Provision for bad debts	(895,808,714)	(201,302,887)
Subtotal	(622,444,392)	560,106,747
Financial liabilities measured at amortized cost		
Interest expenses	(568,159,091)	(156,230,375)
Subtotal	(568,159,091)	(156,230,375)
Total	(1,473,852,920)	(197,400,655)

8. Accounts Receivable and Other Financial Assets

(1) As of the reporting end date, the book value of trade receivables and loss allowance are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accounts Receivable	61,800,357,446	14,893,756,428
Deduction: Provision for Loss	(1,154,616,812)	(258,808,098)
Total	60,645,740,634	14,634,948,330

(2) The book value and loss allowance of other financial assets as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Short-term financial assets	15,000,000,000	-	10,000,000,000	-
Accounts receivable	1,894,968,441	-	1,465,952,204	-
Accrued revenue	54,054,801	-	99,804,586	-
Short-term loans	90,000,000	-	179,878,452	-
Short-term trading securities	-	-	5,000,000,000	-
Lease deposits	-	928,375,000	-	650,000,000
Other deposits	-	43,320,000	-	21,644,000
Total	17,039,023,242	971,695,000	16,745,635,242	671,644,000

(3) Changes in loss allowance for account receivables for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value	258,808,098	57,505,211
Provision for bad debts (reversal of allowance for bad debts)	895,808,714	201,302,887
Ending book value	1,154,616,812	258,808,098

Provisions and deductions for impaired receivables are included in selling and administrative expenses (Note 27) in the income statement. Receivables from which there is no possibility of additional cash recovery are written off as loss allowance.

(4) The details of the age analysis of trade receivables as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Unimpaired receivables		
Within 1 month	15,318,350,749	2,789,931,157
Within 1~3 months	34,549,754,857	9,357,392,414
Within 3 to 6 months	10,752,456,525	2,746,168,490
Within 6 to 12 months	1,179,424,872	264,367
Over 1 FY	370,443	-
Subtotal	61,800,357,446	14,893,756,428
Impairment receivables	-	-
Total	61,800,357,446	14,893,756,428
Allowance for bad debt on accounts receivable	1,154,616,812	258,808,098

(5) The Company's account receivables and other receivables are distributed across multiple customers, so there is no significant concentration of credit risk. The maximum exposure to credit risk as of the end of the reporting period is the book value for each type of bond mentioned in the above item.

9. Inventories

(1) Details of inventory assets as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Goods	38,217,249,678	17,166,174,155
Provision for valuation of goods	(386,635,512)	(179,368,403)
Total	37,830,614,166	16,986,805,752

(2) The valuation loss recognized in relation to inventory assets during the current and previous FYs is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Inventory valuation loss	207,267,109	(78,145,137)

10. Investment Shares in Subsidiaries and Associates

(1) Details of subsidiary stocks as of the end of the reporting period are as follows:

(Unit: KRW)

Company name	Percentage of Ownership		Book value		Main place of business	Main business activities
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022		
StyleKorean Inc.	100%	100%	5,816,672,380	5,816,672,380	USA	Cosmetics distribution and sales business
STYLEKOREAN VIETNAM CO.,LTD	100%	100%	64,782,500	6,062,000	Vietnam	Cosmetics distribution and sales business
STYLEKOREAN MY SDN. BHD.	100%	100%	482,976,000	482,976,000	Malaysia	Cosmetics distribution and sales business
SKO Sp. z o.o.	100%	-	517,231,250	-	Poland	Logistics Agency business
STYLEKOREAN EU B.V.	100%	-	1,052,126,500	-	Netherlands	Cosmetics distribution and sales business
MOIDA LLC	100%	-	20,985,000	-	Russia	Cosmetics distribution and sales business
SILICON 2 TW CO.,LTD(*1)	100%	100%	-	-	Taiwan	Cosmetics distribution and sales business
Total			7,954,773,630	6,305,710,380		

(*1) Actual business has ended.

(2) Details of changes in subsidiary stocks during the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value	6,305,710,380	5,822,734,380
Acquisition(*)	1,649,063,250	482,976,000
Ending book value	7,954,773,630	6,305,710,380

(*) The additional investment of STYLEKOREAN VIETNAM CO.,LTD and the newly established SKO Sp. z o.o., STYLEKOREAN EU B.V. and MOIDA LLC.

(3) Key financial information on subsidiaries as of the end of the reporting period is as follows:

(Unit: KRW)

Classification	December 31, 2023			December 31, 2022		
	Assets	Liabilities	Capital	Assets	Liabilities	Capital
StyleKorean Inc.	65,838,911,380	47,078,583,231	18,760,328,14	23,862,196,951	14,269,484,002	9,592,712,949
STYLEKOREAN MY SDN, BHD	8,315,243,436	8,324,576,719	(9,333,283)	2,310,429,902	1,826,975,981	483,453,921
STYLEKOREAN EU B.V.	8,001,811,944	6,412,702,807	1,589,109,137	-	-	-
SKO Sp. z o.o.	1,157,436,302	655,876,688	501,559,614	-	-	-
STYLEKOREAN VIETNAM CO.,LTD	21,645,560	1,360,590	20,284,970	-	-	-
MOIDA LLC	13,645,667	-	13,645,667	-	-	-

(Unit: KRW)

Classification	December 31, 2023		December 31, 2022	
	Sales	Net income	Sales	Net income
StyleKorean Inc.	110,936,041,123	9,112,085,006	41,714,841,705	1,350,609,684
STYLEKOREAN MY SDN, BHD	12,746,015,945	(492,905,402)	1,131,234,610	(2,889,652)
STYLEKOREAN EU B.V.	8,375,178,958	513,988,021	-	-
SKO Sp. z o.o.	444,288,530	(31,581,846)	-	-
STYLEKOREAN VIETNAM CO.,LTD	-	(27,445,656)	-	-
MOIDA LLC	-	(8,711,543)	-	-

(4) The status of important associates as of the end of the reporting period is as follows:

(Unit: KRW)

Company name	Ownership ratio		Book value		Main place of business	Main business activities
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022		
One And Co., Ltd.	24%	24%	400,000,000	400,000,000	Korea	Cosmetics distribution and sales business
Previous FYunkang Oriental Medicine Dermatological Research Institute Co., Ltd.(*1)	10%	10%	300,002,750	300,002,750	Korea	Cosmetics distribution and sales business
Benton Co., Ltd.	25%	25%	300,005,000	300,005,000	Korea	Cosmetics distribution and sales business
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL(*3)	20%	20%	147,412,445	161,031,437		Cosmetics distribution and sales business
PT. Style Korean Indonesia	49%	49%	876,376,221	876,376,221	Kuwait	Cosmetics distribution and sales business
Be The Skin Co., Ltd.	30%	30%	100,000,952	100,000,952	Indonesia	Cosmetics distribution and sales business
TOCOBO Ltd.	32.52%	30%	1,000,000,000	300,000,000	Korea	Cosmetics distribution and sales business
JC&Company Co., Ltd. (*3)	20%	20%	55,900,988	76,465,687	Korea	Cosmetics distribution and sales business
Plant Base Co., Ltd. (*3)	20%	20%	57,745,702	145,563,687	Korea	Cosmetics distribution and sales business
Aid Korea Company Co., Ltd.	31.25%	31.25%	1,300,000,000	1,300,000,000	Korea	Cosmetics distribution and sales business
Hanteo Global Co., Ltd. (*2), (*3)	14.83%	14.83%	4,148,269,494	5,000,072,828	Korea	Cosmetics distribution and sales business
SILICON2 JAPAN CO.,LTD	50%	50%	24,297,750	24,297,750	Korea	Cosmetics distribution and sales business
Sukoshi Mart Holdings Inc.	11.83%	-	3,954,898,576	-	Japan	Cosmetics distribution and sales business
Hello Skin Co., Ltd. (*3)	25%	25%	-	-	Korea	Cosmetics distribution and sales business
ARUMI KOREAN COSMETICS SPA.(*3)	35%	35%	-	-	Chile	Cosmetics distribution and sales business
Total			12,664,909,878	8,983,816,312		

(*1) Although the shareholding ratio is less than 20% as of the end of the reporting period, the sales dependence of the affiliated company on the parent company is high and important, and an executive of the parent company was appointed as an executive of the affiliated company during the current period and could exercise significant influence.

(*2) Although the shareholding ratio is less than 20% as of the end of the reporting period, the Company is actively participating in the board of directors and decision-making bodies, and is involved in essential technical information and important transactions, so it was judged that it can exert significant influence.

(*3) As of the end of the reporting period, the full amount was recognized as impairment due to continuous operating losses or difficulties in securing reliable financial statements, and the application of the equity method was discontinued.

(5) As of the end of the reporting period, the main financial information of important affiliate investment stocks is as follows:

(Unit: KRW)

Classification	December 31, 2023			December 31, 2022		
	Assets	Liabilities	Capital	Assets	Liabilities	Capital
One And Co., Ltd.	13,210,279,995	8,239,812,597	4,970,467,398	10,094,574,423	7,236,210,147	2,858,364,276
Previous FYunkang Oriental Medicine Dermatological Research Institute Co., Ltd. (*1)	10,362,704,201	1,667,107,279	8,695,596,922	7,790,096,874	1,299,688,303	6,490,408,571
Benton Co., Ltd.	5,123,747,755	3,259,677,280	1,864,070,475	4,734,083,603	3,793,009,351	941,074,252
Hello Skin Co., Ltd. (*3)	2,572,285,635	1,316,005,441	1,256,280,194	381,288,436	496,810,467	(115,522,031)
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	790,945,802	11,259,970	779,685,832	818,580,610	13,427,565	805,153,045
PT. Style Korean Indonesia	9,765,249,044	5,071,460,201	4,693,788,843	5,950,691,380	2,532,239,914	3,418,451,466
Be The Skin Co., Ltd.	2,834,677,600	2,739,191,944	95,485,656	1,501,593,671	1,413,530,218	88,063,453
TOCOBO Ltd.	4,897,582,360	2,799,297,950	2,098,284,410	1,495,439,719	2,282,041,186	(786,601,467)
JC&Company Co., Ltd. (*3)	463,651,695	741,093,870	(277,442,175)	589,898,202	727,379,607	(137,481,405)
Plant Base Co., Ltd. (*3)	225,139,105	302,811,767	(77,672,662)	96,019,540	188,354,132	(92,334,592)
Aid Korea Company Co., Ltd.	7,292,105,953	3,542,314,363	3,749,791,590	4,892,591,547	2,378,942,085	2,513,649,462
Hanteo Global Co., Ltd. (*2), (*3)	7,814,680,532	4,365,637,468	3,449,043,064	9,309,067,461	3,711,710,479	5,597,356,982

(Unit: KRW)

Category	December 31, 2023			December 31, 2022		
	Sales	Net income	Total comprehensive income	Sales	Net income	Total comprehensive income
One And Co., Ltd.	14,221,506,420	2,219,325,040	2,219,325,040	12,015,940,576	1,688,437,479	1,688,437,479
Previous FYunkang Oriental Medicine Dermatological Research Institute Co., Ltd. (*1)	22,927,123,930	2,205,188,351	2,205,188,351	17,106,833,464	1,249,459,103	1,249,459,103
Benton Co., Ltd.	12,638,619,287	922,996,223	922,996,223	8,652,385,669	(431,019,088)	(431,019,088)
Hello Skin Co., Ltd. (*3)	5,951,286,816	371,802,225	371,802,225	2,043,799,021	(31,512,462)	(31,512,462)
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	537,194,988	(36,812,736)	(36,812,736)	562,734,191	(218,762,854)	(218,762,854)
PT. Style Korean Indonesia(*)	18,164,102,324	1,190,418,268	1,186,284,651	12,048,941,074	313,939,097	309,747,614
Be The Skin Co., Ltd.	6,822,777,000	7,422,201	7,422,201	4,332,629,387	110,916,439	110,916,439
TOCOBO Ltd	11,728,287,458	1,279,491,877	1,279,491,877	1,913,337,417	(1,412,002,708)	(1,412,002,708)
JC&Company Co., Ltd. (*3)	673,171,586	(139,960,770)	(139,960,770)	618,737,150	(269,493,672)	(269,493,672)
Plant Base Co., Ltd. (*3)	1,222,906,187	14,661,930	14,661,930	331,557,707	(112,853,694)	(112,853,694)
Aid Korea Company Co., Ltd.	15,521,675,844	1,236,142,128	1,236,142,128	11,032,486,746	408,125,216	408,125,216
Hanteo Global Co., Ltd. (*2), (*3)	23,697,302,244	(2,231,102,522)	(2,231,102,522)	18,328,556,178	418,257,205	418,257,205

(6) Changes in related (joint) corporate investment stocks during the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value	8,983,816,312	3,649,475,572
Acquisition	4,654,898,576	5,594,370,578
Damage assessment	-973,805,010	-260,029,838
Ending book value	12,664,909,878	8,983,816,312

11. Property, Plant, and Equipment

(1) Details of tangible assets as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023			December 31, 2022		
	Cost	Accumulated cost amortization (*)	Book value	Cost	Accumulated cost amortization (*)	Book value
Land	5,822,842,262	-	5,822,842,262	3,651,423,728	-	3,651,423,728
Building	18,074,330,250	(1,027,930,751)	17,046,399,499	10,129,025,522	(729,803,205)	9,399,222,317
Vehicles	96,723,850	(76,754,853)	19,968,997	96,723,850	(57,410,083)	39,313,767
Furniture	1,166,930,624	(994,307,717)	172,622,907	1,111,113,230	(873,131,469)	237,981,761
Logistics automation equipment	2,786,500,000	(1,683,610,167)	1,102,889,833	2,786,500,000	(1,126,310,167)	1,660,189,833
Facility equipment	1,109,236,364	(25,232,273)	1,084,004,091	21,300,000	(2,840,000)	18,460,000
Assets under construction (*1)	19,296,854,708	-	19,296,854,708	18,648,482,940	-	18,648,482,940
Total	48,353,418,058	(3,807,835,761)	44,545,582,297	36,444,569,270	(2,789,494,924)	33,655,074,346

(*) This is the sum of accumulated impairment losses.

(*1) The borrowing costs capitalized for tangible assets that are eligible assets during the current term are KRW 648,371,000 (KRW 204,727,000 for the previous FY), and the capitalized borrowing interest rate used to calculate borrowing costs eligible for capitalization is 3.52% (2.56% for electricity).

(2) Details of changes in the book value of tangible assets during the current and previous FYs are as follows:

1) As of December 31, 2023

(Unit: KRW)

Classification	Land	Building	Vehicles	Furniture	Equipment	Logistics Automation equipment	Assets under construction	Total
Book value (Jan 1, 2023)	3,651,423,728	9,399,222,317	39,313,767	237,981,761	18,460,000	1,660,189,833	18,648,482,940	33,655,074,346
Acquisition	3,429,792,496	12,490,826,455	-	67,859,976	1,087,936,364	-	648,371,768	17,724,787,059
Disposal	(1,258,373,962)	(4,422,413,847)	-	(848,339)	-	-	-	(5,681,636,148)
Depreciation	-	(421,235,426)	(19,344,770)	(132,370,491)	(22,392,273)	(557,300,000)	-	(1,152,642,960)
Book value (Dec. 31, 2023)	5,822,842,262	17,046,399,499	19,968,997	172,622,907	1,084,004,091	1,102,889,833	19,296,854,708	44,545,582,297

2) As of December 31, 2022

(Unit: KRW)

Classification	Land	Building	Vehicles	Furniture	Equipment	Logistics Automation equipment	Assets under construction	Total
Book value (Jan 1, 2022)	2,393,049,766	5,095,165,086	99,549,233	399,397,915	-	2,071,889,833	2,014,060,125	12,073,111,958
Acquisition	1,258,373,962	4,545,521,727	-	13,204,636	21,300,000	136,500,000	16,634,422,815	22,609,323,140
Disposal	-	-	(31,516,544)	(26,700,335)	-	-	-	(58,216,879)
Depreciation	-	(241,464,496)	(28,718,922)	(147,920,455)	(2,840,000)	(548,200,000)	-	(969,143,873)
Book value (Dec. 31, 2022)	3,651,423,728	9,399,222,317	39,313,767	237,981,761	18,460,000	1,660,189,833	18,648,482,940	33,655,074,346

(3) Depreciation costs for tangible assets for the current and previous FYs are fully recorded in selling and administrative expenses.

(4) Details of tangible assets provided as collateral by the Company are as follows:

(Unit: KRW)

Assets provided as collateral	Book value	Maximum amount of receivables	Secured creditor
Land, building	22,869,241,761	24,000,000,000	Hana Bank

(5) Details of the publicly announced land price are as follows:

(Unit: KRW)

Address	Area (m ²)	Official Land Value (KRW/m ²)	December 31, 2023	December 31, 2022
680 Sampyeong-dong, Bundang-gu, Seongnam-si, Gyeonggi-do 9th Floor, H Square JS Building	500.61	5,606,000	2,806,419,660	1,559,293,500

(6) Insurance subscription details are as follows:

(Unit: KRW)

Category	Insured Assets	Insurance Company	Insured Amount
Fire insurance	Buildings, inventory assets, etc.	KB Insurance	20,011,000,000
Disaster liability insurance	Personal liability (per person)	DB Insurance	150,000,000
	Property (per accident)		1,000,000,000

(7) Borrowing costs

The borrowing costs capitalized for tangible assets, which are eligible assets for the current FY, are KRW 648,372,000, and the capitalized borrowing interest rate used to calculate the cost of borrowing eligible for capitalization is 3.52%. Meanwhile, the capitalized borrowing costs incurred in the previous FY were KRW 204,727,000, and the capitalized borrowing interest rate used to calculate the capitalizable borrowing costs was 2.56%.

12. Leases

(1) The amounts of assets and liabilities recognized in the statement of financial position in relation to leases as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Right-of-use asset		
Buildings	3,443,089,050	2,354,982,699
Vehicles	421,461,868	373,870,993
Accumulated depreciation	(936,380,735)	(1,592,069,711)
Total	2,928,170,183	1,136,783,981
Lease Liabilities		
Current	1,760,315,825	853,776,288
Non-current	1,110,141,736	259,184,921
Total	2,870,457,561	1,112,961,209

(2) Maturity analysis of lease liabilities as of the end of the reporting period is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Lease liabilities		
Within 1 year	1,760,315,825	853,776,288
More than 1 year but less than 5 years	1,110,141,736	259,184,921
Total	2,870,457,561	1,112,961,209

(3) The Company has entered into an irrevocable lease contract to lease some logistics warehouses, etc., and the major changes in the book value of right-of-use assets during the current and previous FYs are as follows:

As of December 31, 2023

(Unit: KRW)

Division	Jan. 1, 2023	Acquisition	Disposal	Depreciation	Dec. 31, 2023
Buildings	843,503,920	3,443,089,050	(43,893,018)	(1,554,001,153)	2,688,698,799
Vehicles	293,280,061	47,590,875	-	(101,399,552)	239,471,384
Total	1,136,783,981	3,490,679,925	(43,893,018)	(1,655,400,705)	2,928,170,183

As of December 31, 2022

(Unit: KRW)

Division	Jan. 1, 2022	Acquisition	Disposal	Depreciation	Dec. 31, 2022
Buildings	1,907,034,412	175,442,996	(63,514,173)	(1,175,459,315)	843,503,920
Vehicles	159,501,180	191,583,937	-	(57,805,056)	293,280,061
Total	2,066,535,592	367,026,933	(63,514,173)	(1,233,264,371)	1,136,783,981

(4) Depreciation costs for right-of-use assets for the current and previous FYs are fully recorded in selling and administrative expenses.

(5) The amounts recognized in the income statement in relation to leases for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Amortization of right-of-use assets	1,655,400,705	1,233,264,371
Interest expenses related to lease liabilities (included in finance expenses)	114,670,202	49,778,171
Short-term lease expense	34,400,000	17,200,000
Lease expense for non-short term small assets	25,115,678	46,182,672
Total	1,829,586,585	1,346,425,214

(6) Total cash outflow from lease during the current period is KRW 1,683,722,860, and total cash outflow from lease during the previous FY is KRW 1,214,119,900.

13. Intangible Assets

(1) Details of intangible assets as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023			December 31, 2022		
	Cost	Accumulated cost amortization	Book value	Cost	Accumulated cost amortization	Book value
Facility usage rights (*)	638,753,790	-	638,753,790	32,397,400	-	32,397,400
Software	27,695,000	(7,740,000)	19,955,000	35,435,000	(7,740,000)	27,695,000
Total	666,448,790	(7,740,000)	658,708,790	67,832,400	(7,740,000)	60,092,400

(*) Since there is no predictable limit to the period during which the facility is expected to be available, the facility use right was evaluated as having an indefinite useful life, and therefore, the facility use right was not amortized.

(2) Changes in the book value of intangible assets during the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value (net)	60,092,400	67,832,400
Acquisition	606,356,390	-
Amortization	(7,740,000)	(7,740,000)
Ending book value (net)	658,708,790	60,092,400

(3) For the current and previous FYs, intangible asset amortization expenses are fully recorded in selling and administrative expenses.

14. Other Current Assets

Details of other assets as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Advance payments	918,270,816	349,020,106
Prepaid expenses	113,776,210	113,516,230
Total	1,032,047,026	462,536,336

15. Restoration Provisions

The changes in restoration provisions for the current and previous FYs are as follows and are classified as non-current liabilities.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning book value	113,561,653	114,267,336
Increase	7,969,829	17,342,075
Decrease	-	(18,047,758)
Ending book value	121,531,482	113,561,653

16. Contractual Liabilities

Details of changes in contract liabilities for the current and previous FYs are as follows:

(1) As of December 31, 2023

(Unit: KRW)

Classification	Customer Loyalty System	Other	Total
Beginning balance	272,402,203	34,078,017	306,480,220
Incurred	313,125,127	90,545,512	403,670,639
Utilized	(91,690,442)	-	(91,690,442)
Extinguished	(36,698,560)	(34,078,017)	(70,776,577)
Ending balance	457,138,328	90,545,512	547,683,840

(2) As of December 31, 2022

(Unit: KRW)

Classification	Customer Loyalty System	Other	Total
Beginning balance	265,653,343	20,615,797	286,269,140
Incurred	(118,924,555)	34,078,017	(84,846,538)
Utilized	66,428,994	-	66,428,994
Extinguished	59,244,421	(20,615,797)	38,628,624
Ending balance	272,402,203	34,078,017	306,480,220

17. Borrowings

(1) Details of borrowings as of the end of the reporting period are as follows:

(Unit: KRW)

Classification		Financial Institutions	Maximum maturity date	Annual interest rate (%) as of Dec. 31, 2023	December 31, 2023	December 31, 2022
Short-term borrowings	Working capital	KB Kookmin Bank (*1)	Mar. 20, 2024	3.92%	10,000,000,000	10,000,000,000
		Shinhan Bank	2024-03-31	3.86%	10,000,000,000	10,000,000,000
		Shinhan Bank (*2)	Mar. 31, 2024	3.81%	15,000,000,000	-
		KEB Hana Bank (*3)	2024-11-27	3.56%	20,000,000,000	-
Total					55,000,000,000	20,000,000,000

(*1) Guarantee for the above borrowings is provided by the CEO, etc.

(*2) Tangible assets - Gimpo Hakun 5 General Industrial Complex are provided as collateral for the above loans.

(*3) Tangible assets - land and buildings - are provided as collateral for the above loans.

(2) Collateral details as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	Book value	Collateral amount	Secured creditor
Land, buildings	22,869,241,761	24,000,000,000	KEB Hana Bank

18. Account Payables and Other Short-Term Financial Liabilities

(1) The book value of trade payables as of the end of the reporting period is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accounts payable	501,545,548	902,565,618

(2) The book value of short-term other financial liabilities as of the end of the reporting period is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Accounts payable	745,525,128	363,168,111
Unpaid expenses	2,341,163,525	1,317,548,968
Total	3,086,688,653	1,680,717,079

19. Other Current Liabilities

Details of other liabilities as of the end of the reporting period are as follows.

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Advance payments	3,632,093,522	1,702,979,349
Withholdings	71,721,800	58,098,288
Unearned revenue	-	4,386,667
Total	3,703,815,322	1,765,464,304

20. Issued Capital and Capital Surplus

(1) Matters related to the Company's capital as of the end of the reporting period are as follows:

(Unit: Share, KRW)

Classification	December 31, 2023	December 31, 2022
Par value per share	500	500
Number of issued shares	60,389,234	60,177,234
Number of treasury shares	-	-
Issued Capital(*)	30,295,340,000	30,189,340,000

(*) During the previous year, the Company canceled 201,446 shares of common stock purchased pursuant to a resolution of the Board of Directors. As a result, there is a difference of KRW 100,723,000 between the total par value of issued stocks and the capital in the statement of financial position.

(2) Details of changes in capital and stock issuance premium are as follows:

(Unit: Share, KRW)

Classification	Date	No. of shares	Equity	Share Premium
January 01, 2022				
Beginning balance	Jan. 1, 2022	10,024,764	5,012,382,000	52,765,535,387
Exercise of Stock Purchase rights	Apr. 28, 2022	206,221	103,110,500	2,123,075,929
Retirement of Treasury stocks	Jun. 30, 2022	(201,446)	-	-
Bonus issuance	Jul. 15, 2022	50,147,695	25,073,847,500	(25,263,037,500)
December 31, 2022	Dec. 31, 2022	60,177,234	30,189,340,000	29,625,573,816
January 01, 2023				
Beginning balance	Jan. 1, 2023	60,177,234	30,189,340,000	29,625,573,816
Exercise of Stock Purchase rights	Apr. 21, 2023	153,850	76,925,000	421,271,814
Exercise of Stock Purchase rights	Dec. 6, 2023	58,150	29,075,000	129,499,203
December 31, 2023	Dec. 31, 2023	60,389,234	30,295,340,000	30,176,344,833

(3) Details of capital surplus as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Share Premium	30,176,344,833	29,625,573,816

(4) Details of changes in capital surplus for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Beginning balance	29,625,573,816	52,765,535,387
Bonus issuance	-	(25,263,037,500)
Exercise of stock options	550,771,017	2,123,075,929
Ending balance	30,176,344,833	29,625,573,816

(5) Details of other capital items as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Stock options	837,480,621	1,070,382,365

21. Accumulated Other Comprehensive Income

Details of the accumulated other comprehensive income as of the end of the reporting period are as follows:

1) As of December 31, 2023

(Unit: KRW)

Classification	Before income tax	Income tax	After income tax
Real estate revaluation surplus	2,611,020,304	(574,424,467)	2,036,595,837

2) As of December 31, 2022

(Unit: KRW)

Classification	Before income tax	Income tax	After income tax
Real estate revaluation surplus	2,611,020,304	(574,424,467)	2,036,595,837

22. Retained Earnings

(1) Details of the Company's retained earnings as of the end of the reporting period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Unappropriated retained earnings	62,752,487,930	29,465,609,924

(2) Retained earnings appropriation statement

The statement of appropriation of retained earnings for the current period is scheduled to be disposed of at the general shareholders' meeting on March 28, 2024. (Confirmed date of previous FY appropriation: March 30, 2023)

(Unit: KRW)

Item	December 31, 2023		December 31, 2022	
Unappropriated retained earnings		62,752,487,930		33,229,372,774
Retained earnings carried forward from previous period	29,465,609,924		23,167,597,356	
Net income	33,286,878,006		10,061,775,418	
Burning of treasury stock profits		-		(3,763,762,850)
Unappropriated retained earnings carried forward		62,752,487,930		29,465,609,924

23. Share-based Compensation

(1) The Company granted stock options to executives and employees pursuant to a resolution at the general shareholders' meeting, the main details of which are as follows:

Classification	1st grant	2nd grant	3th grant(*)	4 th grant(*)
Grant date	Nov.12, 2016	Dec. 14, 2017	Apr. 22, 2019	Mar. 31, 2021
Payment method	Stock grant type (registered common stock)	Stock grant type (registered common stock)	Stock grant type (registered common stock)	Stock grant type (registered common stock)
Initial grant quantity	504,000	148,000	400,000	32,000
Exercise price (unit: KRW)	882 won per share	882 won per share	729 won per share	1,980 won per share
Exercise period	2018.11.12 – 2023.11.12	2019.12.14 – 2024.12.13	2022.04.22 – 2025.04.21	2023.03.31 – 2027.03.30
Ending balance (unit: shares)	-	-	782,674	-
Exercisable shares (unit: shares)	-	-	782,674	-

(*) As the 5:1 bonus issue was implemented on July 15, 2022, the exercise price and grant quantity for the 3rd and 4th grants were changed, and there is no change history for the 1st and 2nd grants as the exercise was completed.

(2) The details of changes in the stock option grants in the previous FY and current FY are as follows. The first and second grants were all exercised before the previous FY, so there are no changes. The 4th grant was completed in the current fiscal year.

(Unit: Share/KRW)

Classification	3th grant		4th grant	
	Shares	Price	Shares	Price
Previous FY				
Beginning balance (Jan. 1, 2022)	2,040,000	729	-	-
Exercised	(1,237,326)	(729)	-	-
Granted	-	-	192,000	1,980
Expired	-	-	-	-
Ending balance (Dec. 31, 2022)	802,674	729	192,000	1,980
Current FY				
Beginning balance (Jan. 1, 2023)	802,674	729	192,000	1,980
Exercised	(20,000)	-	(192,000)	1,980
Granted	-	-	-	-
Expired	-	-	-	-
Ending balance (Dec. 31, 2023)	782,674	729	-	-

(3) The Company calculated the compensation cost of the granted stock options by applying the fair value approach using the binomial model, and the various assumptions and variables for calculating the compensation cost are as follows:

Classification	1st grant	2nd grant	3th grant(*)	4th grant(*)
Fair value of stock options (unit: KRW)	278,789	278,196	513,612	7,549
Valuation of shares at grand date (Unit: KRW)	341,566	341,566	769,534	16,250
Stock price volatility	40.05%	38.90%	45.54%	37.46%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected rights exercise period	5 years	5 years	3 years	3 years
Vesting terms and conditions	Terms of service: 2 years	Terms of service: 2 years	Terms of service: 2 years	Terms of service: 2 years
Risk-free rate of return	1.68%	2.27%	1.82%	1.60%

(4) Stock options recognized as capital (other capital items) as of the end of the reporting period are as follows:

1) As of December 31, 2023

(Unit: KRW)

Classification	3th grant	4 th grant	Total
Beginning balance	858,881,118	211,501,247	1,070,382,365
Stock compensation expense	-	30,072,833	30,072,833
Exercised	-	(262,974,577)	(62,974,577)
Ending balance	858,881,118	(21,400,497)	837,480,621

2) As of December 31, 2022

(Unit: KRW)

Classification	3th grant	4 th grant	Total
Beginning balance	1,877,605,493	90,879,442	1,968,484,935
Stock compensation expense	305,245,179	120,621,805	425,866,984
Exercised	(1,323,969,554)	-	(1,323,969,554)
Ending balance	858,881,118	211,501,247	1,070,382,365

24. Income Tax Expense

(1) The main detail of the Company's income tax expenses for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Current income tax		
Current income tax on current income	8,731,931,160	2,731,976,113
Corporate tax refund	(1,355,412,069)	-
Adjustments recognized in the current period for income tax expense on income for prior periods	647,334	2,735,363
Deferred corporate income tax		
Increase or decrease in temporary differences	(80,789,892)	(131,211,754)
Income tax expense	7,296,376,533	2,603,499,722

(2) The difference between the corporate tax expense for the Company's net profit before corporate tax expense and the theoretically calculated amount using the tax rate applied to the Company's profit is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Income before income taxes	40,583,254,539	12,665,275,140
Income tax calculated at domestic corporate tax rate	8,912,731,798	2,764,360,530
Income tax effect:		
- Non-taxable income	(133,487,386)	(78,356,868)
- Non-deductible expense	63,628,869	288,588,791
- Tax deductions	(718,714,272)	(533,534,029)
- Unrecognized deferred tax liabilities	418,406,980	54,606,266
- Adjustments recognized in the current period for income tax expense on income for prior periods	647,334	2,735,363
- Effect of tax rate change	(23,936,484)	24,009,668
- Etc.	(1,222,900,306)	81,090,001
Income tax expense	7,296,376,533	2,603,499,722

(3) As of the reporting end date, the recovery and settlement times for deferred corporate tax assets and liabilities are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Deferred tax assets		
Deferred tax assets to be recovered after 12 months	536,250,001	399,921,151
Deferred tax assets to be recovered within 12 months	1,040,442,143	440,652,747
Deferred tax liabilities		
Deferred tax liability to be settled after 12 months	(1,241,295,106)	(514,628,506)
Deferred tax liabilities to be settled within 12 months	(15,242,282)	(86,580,528)
Net deferred tax liabilities (assets)	320,154,756	239,364,864

(4) Changes in deferred corporate tax assets and liabilities before netting amounts related to the same taxation authority during the current and previous fiscal years are as follows:

1) As of December 31, 2023

(Unit: KRW)

Accounting item	Cumulative temporary difference			Deferred tax assets/liabilities		
	Beginning balance	Changes	Ending balance	Beginning balance	Reflection of profit and loss for the current FY	Ending balance
Temporary difference to be deducted						
Product evaluation allowance	179,368,403	207,267,109	386,635,512	37,667,365	51,645,438	89,312,803
Business vehicle depreciation cost	-	32,740,009	32,740,009	-	7,562,942	7,562,942
Unpaid annual leave allowance	273,013,339	67,543,401	340,556,740	57,332,801	21,335,806	78,668,607
Foreign currency translation loss	1,482,095,325	(1,809,256)	1,480,286,069	311,240,018	30,706,064	341,946,082
Unpaid retirement pension	68,658,333	(68,658,333)	-	14,418,250	(14,418,250)	-
Accounts receivable (bad debt)	270,623,123	-	270,623,123	56,830,856	5,683,085	62,513,941
Provisions	306,480,220	241,203,620	547,683,840	64,360,846	62,154,121	126,514,967
Securities	1,207,228,500	973,805,010	2,181,033,510	-	-	-
Lease	1,226,522,862	1,765,466,181	2,991,989,043	18,845,165	672,304,304	691,149,469
Depreciation	167,161,843	71,546,545	238,708,388	35,103,987	20,037,651	55,141,638
Stock options	1,070,382,365	(232,901,744)	837,480,621	224,780,297	(224,780,297)	-
Provision for loan losses	95,211,012	441,073,383	536,284,395	19,994,313	103,887,382	123,881,695
Total	6,346,745,325	3,497,275,925	9,844,021,250	840,573,898	736,118,246	1,576,692,144
Temporary differences to be added						
Depreciation	-	(299,786,271)	(299,786,271)	-	(69,250,629)	(69,250,629)
Tangible assets	(2,450,611,934)	304,996,503	(2,145,615,431)	(514,628,506)	18,991,341	(495,637,165)
Foreign currency conversion profit	(140,096)	(11,789,009)	(11,929,105)	(29,420)	(2,726,203)	(2,755,623)
Derivatives	(313,363,280)	313,363,280	-	(65,806,289)	65,806,289	-
Right-of-use asset	(1,136,783,981)	(1,791,386,202)	(2,928,170,183)	-	(676,407,312)	(676,407,312)
Accrued revenue	(98,784,854)	44,730,053	(54,054,801)	(20,744,819)	8,258,160	(12,486,659)
Subtotal	(3,999,684,145)	(1,439,871,646)	(5,439,555,791)	(601,209,034)	(655,328,354)	(1,256,537,388)
Total	2,347,061,180	2,057,404,279	4,404,465,459	239,364,864	80,789,892	320,154,756

2) As of December 31, 2022

(Unit: KRW)

Accounting item	Cumulative temporary difference			Deferred tax assets/liabilities		
	Beginning balance	Beginning balance	Beginning balance	Beginning balance	Reflection of profit and loss for the current FY	Ending balance
Temporary difference to be deducted						
Product evaluation allowance	257,513,540	(78,145,137)	179,368,403	56,652,979	(18,985,614)	37,667,365
Unpaid annual leave allowance	215,023,560	57,989,779	273,013,339	47,305,183	10,027,618	57,332,801
Foreign currency translation loss	26,811,478	1,455,283,847	1,482,095,325	5,898,525	305,341,493	311,240,018
Unpaid retirement pension	5,922,099	62,736,234	68,658,333	1,302,862	13,115,388	14,418,250
Accounts receivable (bad debt)	276,708,528	(6,085,405)	270,623,123	60,875,876	(4,045,020)	56,830,856
Provisions	286,269,140	20,211,080	306,480,220	62,979,211	1,381,635	64,360,846
Securities	947,198,662	260,029,838	1,207,228,500	-	-	-
Lease	2,095,542,973	(869,020,111)	1,226,522,862	461,019,454	(203,449,653)	257,569,801
Provision for loan losses	-	95,211,012	95,211,012	-	19,994,313	19,994,313
Depreciation	74,602,226	92,559,617	167,161,843	16,412,490	18,691,497	35,103,987
Stock options	1,968,484,935	(898,102,570)	1,070,382,365	433,066,686	(208,286,389)	224,780,297
Subtotal	6,154,077,141	192,668,184	6,346,745,325	1,145,513,266	(66,214,732)	1,079,298,534
Temporary differences to be added						
Tangible assets	(2,463,401,525)	12,789,591	(2,450,611,934)	(541,948,336)	27,319,830	(514,628,506)
Foreign currency conversion profit	(142,662,443)	142,522,347	(140,096)	(31,385,737)	31,356,317	(29,420)
Derivatives	(3,748,319)	(309,614,961)	(313,363,280)	(824,630)	(64,981,659)	(65,806,289)
Short-term trading securities	(38,925,561)	38,925,561	-	(8,563,623)	8,563,623	-
Right-of-use asset	(2,066,535,592)	929,751,611	(1,136,783,981)	(454,637,830)	215,913,194	(238,724,636)
Accrued revenue	-	(98,784,854)	(98,784,854)	-	(20,744,819)	(20,744,819)
Subtotal	(4,715,273,440)	715,589,295	(3,999,684,145)	(1,037,360,156)	197,426,486	(839,933,670)
Total	1,438,803,701	908,257,479	2,347,061,180	108,153,110	131,211,754	239,364,864

(5) Temporary differences to be deducted that were not recognized as deferred tax assets in relation to investment shares such as subsidiary stocks as of the end of the reporting period due to the remote possibility of disposal within the foreseeable future period are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Equity investments in subsidiaries	439,749,665	439,749,665
Equity investments in associates	1,741,283,845	767,478,835
Stock options	837,480,621	-
Temporary differences to be deducted	3,018,514,131	1,207,228,500

25. Sales

Sales composition for the current and previous years is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Sale of goods	330,565,382,076	161,319,040,330
Provision of services	854,511,492	365,917,332
Rent income	119,833,333	67,993,343
Total	331,539,726,901	161,752,951,005

26. Cost Classification by Category

Cost classification by nature for the current and previous FYs is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Change in inventory assets	(23,296,008,090)	22,817,713
Cost of goods sold	275,925,024,086	118,636,928,903
Employee wages	10,702,561,775	8,552,395,328
Depreciation and amortization expenses	2,815,783,665	2,210,148,244
Advertising and sales promotion expenses	5,003,501,400	3,306,430,451
Commission expenses	4,845,258,415	4,413,101,175
Transportation costs	8,693,095,196	8,562,196,880
Other expenses	4,518,644,999	3,197,260,270
Total operating expense (*)	289,207,861,446	148,901,278,964

(*) = The sum of cost of sales, selling expenses, and administrative expenses in the Comprehensive Income Statement

27. Selling General & Administrative Expenses

Details of selling, general and administrative expenses for the current and previous years are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Salaries	9,897,041,382	7,950,375,399
Retirement benefits	805,520,393	602,019,929
Employee benefits	484,340,075	369,481,857
Transportation costs	8,693,095,196	8,562,196,880
Rent	59,515,678	63,382,672
Fees	4,845,258,415	4,413,101,175
Depreciation (*)	2,808,043,665	2,202,408,244
Intangible asset amortization cost	7,740,000	7,740,000
Taxes and utilities	645,321,083	360,372,020
Advertising expenses	4,007,607,212	2,734,784,295
Provision for bad debts (reversal of allowance for bad debts)	895,808,714	201,302,887
Stock compensation cost	30,072,833	425,866,984
Others	3,399,480,804	2,348,500,006
Total	36,578,845,450	30,241,532,348

(*) includes amortization of right-of-use assets.

28. Financial Income and Financial Expenses

Details of financial income and expenses for the current and previous years are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Financial income		
Interest income	713,768,175	794,810,039
Dividend income	-	125,775,000
Foreign exchange profit	3,589,152,799	3,324,957,024
Foreign currency conversion profit	11,929,105	140,096
Foreign exchange profit from futures forward contracts	126,895,876	491,565,646
Derivatives valuation gains	-	313,363,280
Total	4,441,745,955	5,050,611,085
Financial expenses		
Amortized interest costs of financial liability	453,488,889	106,452,204
Interest expense (*)	114,670,202	49,778,171
Foreign exchange loss	2,561,199,688	1,876,402,200
Foreign currency conversion loss	1,480,286,069	1,482,095,325
Foreign exchange losses on futures forward contracts	410,145,313	1,531,980,953
Total	5,019,790,161	5,046,708,853

(*) The capitalized interest rate used to calculate the amount of borrowing costs to be capitalized is 3.52%, which is the weighted average interest rate applied to the Company's general borrowings during the current FY.

29. Other Non-operating Profits and Loss

Details of other non-operating profits and loss of the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Other non-operating revenue		
Profit on disposal of tangible assets	2,847,117	13,113,024
Government subsidies	-	16,700,000
Redemptions of provision for liability costs	110,798,587	7,585,719
Others	84,384,453	60,035,559
Subtotal	198,030,157	97,434,302
Other non-operating expenses		
Loss on disposal of tangible assets	181,328,329	22,724,481
Impairment loss on invested stocks of associates and joint ventures	973,805,010	260,029,838
Others	213,463,528	4,979,116
Subtotal	1,368,596,867	287,733,435
Total	(1,170,566,710)	(190,299,133)

30. Cash Flow Statement

(1) The adjusted details of revenue and expenses for the current and previous years are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Interest income	(713,768,175)	(794,810,039)
Interest cost	568,159,091	156,230,375
Dividend income	-	(125,775,000)
Income tax expense	7,296,376,533	2,603,499,722
Bad debt expense	895,808,714	201,302,887
Depreciation (*)	2,808,043,665	2,202,408,244
Amortization of intangibles	7,740,000	7,740,000
Foreign currency conversion gain or loss	1,468,356,964	1,481,955,229
Current profit or loss - profit or loss on disposal of fair value financial assets	283,249,437	1,040,415,307
Current profit or loss – fair value financial asset valuation gain or loss	-	(313,363,280)
Impairment loss on stocks invested in subsidiaries/associates	973,805,010	260,029,838
Profit and loss on disposal of tangible and intangible assets	178,481,212	9,611,456

Redemptions of provision for liability costs	(110,798,587)	(7,585,719)
Inventory disposal and valuation loss	207,267,109	(78,145,137)
Stock-based compensation expenses	30,072,833	425,866,984
Total	13,892,793,806	7,069,380,867

(*)Amortization of right-of-use assets is included.

(2) The changes in expenses and assets/liabilities from operating activities for the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Decrease (increase) in accounts receivable	(48,348,802,251)	(10,440,009,893)
Decrease (increase) in other receivables	(383,266,452)	(786,182,364)
Decrease (increase) in inventories	(21,051,075,523)	1,515,259,623
Decrease (increase) in other assets	(569,510,690)	(119,955,573)
Increase (decrease) of accounts payable	(401,020,070)	841,691,585
Increase (decrease) of other financial liabilities	382,357,017	124,419,509
Increase (decrease) of contract liabilities	241,203,620	20,211,080
Increase (decrease) of other liabilities	1,938,351,018	691,487,242
Payment of retirement benefits	632,916,396	378,204,248
Total	(67,558,846,935)	(7,774,874,543)

(3) Important matters among transactions with no cash inflow/outflow during the current and previous FYs are as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Bonus issue	-	25,176,958,000
Increase in right-of-use assets due to recognition of lease liabilities, etc.	5,805,729,023	422,782,733
Liquidity classification of lease liabilities	1,695,770,995	130,982,255
Exercise of stock options	262,974,577	1,323,969,554
Profit cancellation of treasury shares	-	3,763,762,850

(4) The adjusted details of liabilities from financial activities for the current and previous FYs are as follows:

(Unit: KRW)

Classification	Lease liability (*1)	Short-term borrowings
Beginning of previous FY	1,981,275,637	-
Cash flow	(1,214,119,900)	20,000,000,000
Other non-financial changes (*2)	345,805,472	-
Net liabilities at end of previous FY	1,112,961,209	20,000,000,000
Current Year's ending	1,112,961,209	20,000,000,000
Cash flow	(1,683,722,860)	35,000,000,000
Other non-financial changes (*2)	3,441,219,212	-
Net liabilities at end of current FY	2,870,457,561	55,000,000,000

(*1) is the sum of current and non-current lease liabilities.

(*2) includes lease liability's recognized interest expenses among others.

31. Contingent Liabilities and Agreements

(1) The status quo of agreements with financial institutions as of the closing of the current FY is as follows:

(Unit of KRW: 1KRW, Unit of foreign currency: USD)

Financial Institution	Category	Currency	Contract Limit	Executed Amount
Kookmin Bank	Over-the-counter derivatives trading (forwards)	KRW	2,354,000,000	-
Hana Bank	Trade Finance	KRW	1,000,000,000	-
KDB Bank	Operating Fund	KRW	500,000,000	-
Shinhan Bank	Trade Finance	KRW	5,000,000,000	-
Total Amount (in KRW)		KRW	8,854,000,000	-

(2) Details of collateral provision as of the end of the current FY are as follows:

(Unit: KRW)

Classification	Book value	Maximum receivables	Secured creditor
Land & buildings	22,869,241,761	24,000,000,000	Hana Bank

(3) Details of payment guarantee subscriptions for other parties are as follows:

(Unit: KRW)

Beneficiary	Guaranteed Amount	Guarantor	Valid Until	Details
Korea SMEs and Startups Agency (KOSMES)	385,871,620	Seoul Guarantee Insurance (SGI)	Dec. 31, 2023	MOU on the Execution of the 「Joint Logistics of Online Export 2023」 Project
Korea SMEs and Startups Agency (KOSMES)	173,632,290	Seoul Guarantee Insurance (SGI)	Dec. 31, 2023	MOU on the 「2023 Media Content Marketing Project 2023」
Kakao Pay Co., Ltd.	10,000,000	Seoul Guarantee Insurance (SGI)	May 1, 2024	Kakao Pay T&C
Eximbay Co., Ltd.	60,000,000	Seoul Guarantee Insurance (SGI)	Sep. 6, 2024	E-payment outsourcing service agreement
KG Inicis Co., Ltd.	300,000,000	Seoul Guarantee Insurance (SGI)	Oct. 28, 2024	KG Inicis “INIPAY” Service T&C
Korean Electric Power Corporation (KEPCO)	7,200,000	Seoul Guarantee Insurance (SGI)	Mar. 19, 2025	Electricity Supply Contract
Total	936,703,910			

32. Related Party Transactions

(1) Subsidiaries, affiliates, and other related parties with whom the Company has sales or other transaction activities, or remaining balance of receivables or liabilities as of the ending date of the reporting period are as follows:

Classification	December 31, 2023	December 31, 2022	Note
Subsidiaries	StyleKorean Inc.	StyleKorean Inc.	
	SILICON 2 TW CO.,LTD	SILICON 2 TW CO.,LTD	Impaired
	STYLEKOREAN VIETNAM CO.,LTD	STYLEKOREAN VIETNAM CO.,LTD	
	STYLEKOREAN MY SDN. BHD.	STYLEKOREAN MY SDN. BHD.	
	SKO Sp. z o.o.	-	
	STYLEKOREAN EU B.V.	-	
	MOIDA LLC	-	
Associates & Joint Venture	SILICON2 JAPAN CO.,LTD	SILICON2 JAPAN CO.,LTD	
	PT. Style Korean Indonesia	PT. Style Korean Indonesia	
	ONEAND Co., Ltd.	ONEAND Co., Ltd.	
	Pyunkang Korean Medicine Skin Co., Ltd.	Pyunkang Korean Medicine Skin Co., Ltd.	
	Benton Co., Ltd.	Benton Co., Ltd.	
	HELLO SKIN Co., Ltd.	HELLO SKIN Co., Ltd.	Impaired
	ARUMI KOREAN COSMETICS SPA.	ARUMI KOREAN COSMETICS SPA.	Impaired
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	
	BE THE SKIN Co., Ltd.	BE THE SKIN Co., Ltd.	
	TOCOBO Ltd.	TOCOBO Ltd.	

	JC&Company Co., Ltd.	JC&Company Co., Ltd.	
	Plantbase Co., Ltd.	Plantbase Co., Ltd.	
	AIDKOREA COMPANY Co., Ltd.	AIDKOREA COMPANY Co., Ltd.	
	Hanteo Global Co., Ltd.	Hanteo Global Co., Ltd.	
	Sukoshi Mart Holdings Inc.	-	
Key Board Members	Kim, Seong Un	Kim, Seong Un	
	Son, Robert Inho	Son, Robert Inho	

(2) Sales, Purchases, or Other Transactions with Related Parties

1) As of December 31, 2023

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022	Note
Subsidiaries	StyleKorean Inc.	StyleKorean Inc.	
	SILICON 2 TW CO.,LTD	SILICON 2 TW CO.,LTD	Impaired
	STYLEKOREAN VIETNAM CO.,LTD	STYLEKOREAN VIETNAM CO.,LTD	
	STYLEKOREAN MY SDN. BHD.	STYLEKOREAN MY SDN. BHD.	
	SKO Sp. z o.o.	-	
	STYLEKOREAN EU B.V.	-	
	MOIDA LLC	-	
Associates & Joint Venture	SILICON2 JAPAN CO.,LTD	SILICON2 JAPAN CO.,LTD	
	PT. Style Korean Indonesia	PT. Style Korean Indonesia	
	ONEAND Co., Ltd.	ONEAND Co., Ltd.	
	Pyunkang Korean Medicine Skin Co., Ltd.	Pyunkang Korean Medicine Skin Co., Ltd.	
	Benton Co., Ltd.	Benton Co., Ltd.	
	HELLO SKIN Co., Ltd.	HELLO SKIN Co., Ltd.	Impaired
	ARUMI KOREAN COSMETICS SPA.	ARUMI KOREAN COSMETICS SPA.	Impaired
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	
	BE THE SKIN Co., Ltd.	BE THE SKIN Co., Ltd.	
	TOCOBO Ltd.	TOCOBO Ltd.	
	JC&Company Co., Ltd.	JC&Company Co., Ltd.	
	Plantbase Co., Ltd.	Plantbase Co., Ltd.	
	AIDKOREA COMPANY Co., Ltd.	AIDKOREA COMPANY Co., Ltd.	
	Hanteo Global Co., Ltd.	Hanteo Global Co., Ltd.	
	Sukoshi Mart Holdings Inc.	-	
Key Board Members	Kim, Seong Un	Kim, Seong Un	
	Son, Robert Inho	Son, Robert Inho	

(*1) Sales include provision of goods and services. Goods and services are traded on terms and conditions that would have been applied in transactions with any other third party.

(*2) The purchase amount includes goods and services, which were purchased from associates and joint ventures under normal trade terms and conditions.

2) As of December 31, 2022

(Unit: KRW)

Classification	Company Name	Sales (*1)	Purchases (*2)	Interest income	Selling and Administrative Expenses	Dividend income
Subsidiaries	StyleKorean Inc.	37,012,023,767	-	-	824,446	-
	STYLEKOREAN VIETNAM CO., LTD	-	-	437,849	-	-
	STYLEKOREAN MY SDN. BHD.	2,314,014,560	-	-	-	-
Associates	PT. Style Korean Indonesia	8,471,413,390	-	-	40,119,272	-
	ONEAND Co., Ltd.	1,418,182	6,894,803,380	-	3,360,770	-
	Pyunkang Korean Medicine Skin Co., Ltd.	1,774,366	8,280,200,562	-	-	-
	Benton Co., Ltd.	3,283,431	3,628,264,749	-	-	125,775,000
	HELLO SKIN Co., Ltd.	5,000,000	1,480,318,736	-	-	-
	ARUMI KOREAN COSMETICS SPA.	156,642,186	-	-	12,053	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	131,130,020	-	-	-	-
	BE THE SKIN Co., Ltd.	-	221,403,145	-	-	-
	TOCOBO Co., Ltd.	18,816,000	1,207,061,975	-	-	-
	JC&Company Co., Ltd.	-	193,427,473	-	-	-
	Plantbase Co., Ltd.	-	40,586,634	-	-	-
	AIDKOREA COMPANY Co., Ltd.	24,400,000	2,850,622,599	-	-	-
	Hanteo Global Co., Ltd.	58,027,727	546,413,606	-	12,323,308	-
	Total	48,197,943,629	25,343,102,859	437,849	56,639,849	125,775,000

(*1) Sales include provision of goods and services. Goods and services are traded on terms and conditions that would have been applied in transactions with any other third party.

(*2) The purchase amount includes goods and services, which were purchased from associates and joint ventures under normal trade terms and conditions.

(3) Balance of major loans and borrowings to related parties

1) As of December 31, 2023

(Unit: KRW)

Classification	Company Name	Receivables		Liabilities	
		Accounts receivable	Other receivables	Trade payables	Other liabilities
Subsidiaries	StyleKorean Inc.	40,822,361,785	-	-	61,249,049
	SILICON 2 TW CO., LTD	-	238,980	-	-
	STYLEKOREAN MY SDN. BHD.	9,011,195,598	-	-	-
	SKO Sp. z o.o.	2,609,483	-	-	-
	STYLEKOREAN EU B.V.	5,477,466,188	-	-	-
	MOIDA LLC	-	8,468,740	-	-
Associates	PT. Style Korean Indonesia	4,858,623,701	-	-	-
	Pyunkang Korean Medicine Skin Co., Ltd.	-	-	1	-
	HELLO SKIN Co., Ltd.	-	100,595,000	-	-
	ARUMI KOREAN COSMETICS SPA.	2,136,535	-	-	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	-	-	-	565
	JC&Company Co., Ltd.	-	-	-	820,000
	AIDKOREA COMPANY Co., Ltd.	-	-	430,939,489	-
	Hanteo Global Co., Ltd.	-	-	-	45,376,531
Total		60,174,393,290	109,302,720	430,939,490	107,446,145

2) As of December 31, 2022

(Unit: KRW)

Classification	Company Name	Receivables			Liabilities	
		Accounts receivable	Loans	Other receivables	Trade payables	Other liabilities
Subsidiaries	StyleKorean Inc.	9,725,666,217	-	-	-	-
	STYLEKOREAN VIETNAM CO., LTD	-	9,518,452	1,019,732	-	-
	SILICON 2 TW CO., LTD	-	-	238,980	-	-
	STYLEKOREAN MY SDN. BHD.	1,546,723,758	-	-	-	-
Associates	PT. Style Korean Indonesia	2,687,704,388	-	-	-	-
	ONEAND Co., Ltd.	-	-	336,077	-	3,696,847
	Pyunkang Korean Medicine Skin Co., Ltd.	29,948	-	-	450,001	-
	Benton Co., Ltd.	88,000	-	16,327,400	-	-
	HELLO SKIN Co., Ltd.	-	-	86,991,280	-	-
	SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	-	-	-	-	8,696,641
	BE THE SKIN Co., Ltd.	-	-	-	12,625,000	-
	JC&Company Co., Ltd.	-	-	47,255,240	-	-
	AIDKOREA COMPANY Co., Ltd.	-	-	-	177,102,269	-
	Hanteo Global Co., Ltd.	-	-	-	33,319,164	1,333,819
Total		13,960,212,311	9,518,452	152,168,709	223,496,434	13,727,307

(4) Financial transactions with related parties

1) As of December 31, 2023

(Unit: KRW)

Classification	Company Name	Loans	Capital Transactions
		Collected	Cash contribution, etc.
Subsidiaries	STYLEKOREAN VIETNAM CO., LTD	9,518,452	58,720,500
	SKO Sp. z o.o.	-	517,231,250
	STYLEKOREAN EU B.V.	-	1,052,126,500
	MOIDA LLC	-	20,985,000
Associates	TOCOBO Co., Ltd.	-	700,000,000
	Sukoshi Mart Holdings Inc.		3,954,898,576
Total		9,518,452	6,303,961,826

2) As of December 31, 2022

(Unit: KRW)

Classification	Company Name	Capital Transactions
		Cash contribution, etc.
Subsidiaries	STYLEKOREAN MY SDN. BHD.	482,976,000
Mutual Venture	SILICON2 JAPAN CO., LTD	24,297,750
Associates	TOCOBO Co., Ltd.	270,000,000
	AIDKOREA COMPANY Co., Ltd.	300,000,000
	Hanteo Global Co., Ltd.	5,000,072,828
Total		6,077,346,578

(5) Compensation for key board members

Key board members consist of directors (both registered and non-registered), members of Board of Directors, financial manager, and internal audit manager. The amount of compensation paid or to be paid to key board members in exchange for their services as employees is as follows:

(Unit: KRW)

Classification	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefits	1,191,666,674	689,333,324
Stock-based compensation	-	222,828,981
Total	1,191,666,674	912,162,305

(6) Provision of Collaterals

The Company receives a payment guarantee from the CEO for its borrowings.
(refer to notes 17 and 31).

33. Earnings Per Share

(1) Earnings per common share

Basic EPS was calculated by dividing the Company's net earnings per common share by the weighted average of common shares outstanding for the current FY.

(Unit: Shares/KRW)

Classification	December 31, 2023	December 31, 2022
Net Income	33,286,878,006	10,061,775,418
Net profit attributable to common shares	33,286,878,006	10,061,775,418
Weighted average of common shares outstanding (*)	60,288,861	60,088,347
Basic EPS	552	167

(*) The weighted average of common shares outstanding was calculated after the decision of a free capital increase through the Board of Directors' resolution on June 30, 2022, which allocated 50,147,695 shares on July 15, 2022, at the rate of 1:5.

(2) Diluted earnings per share

The calculated details of diluted EPS for the current and previous FYs are as follows:

(Unit: Shares/KRW)

Classification	December 31, 2023	December 31, 2022
Net Income	33,286,878,006	10,061,775,418
Diluted profit on common shares	33,263,120,468	9,725,340,501
Weighted average of common shares outstanding to calculate diluted EPS	60,977,342	60,740,453
Weighted average of common shares outstanding	60,288,861	60,088,347
Dilutive potential common shares (*)	688,481	652,106
Diluted EPS	545	160

(*) Dilutive potential common shares refer to stock options.

6. Dividends

A. Dividend Policy

Matters regarding dividends according to the Company's Terms and Conditions are as follows:

Article 52 (Disposal of Profits)

The Company disposes its retained earned surplus for each business year as follows:

1. Earned surplus reserves
2. Other statutory reserves

Article 53 (Dividends from Profit)

1. Dividends from profit may be provided in money or shares.
2. In the case of stock dividends, different types of stock shares may be provided if the Company has issued several types of stocks.
3. In order to payout dividends under Paragraph 1, the Company shall set a record date in accordance with the Board of Directors' resolution to finalize the list of shareholders whom to receive dividends, and the schedule shall be announced two weeks before the record date.
4. Dividends from profit shall be determined by resolution at the general shareholders' meeting. However, dividends may be determined by a resolution of the Board of Directors if the financial statements are approved by the Board of Directors pursuant to Article 50, Paragraph 6.

Article 57 (Interim Dividend)

1. The Company may, by the Board of Directors' resolution, pay interim dividends to their shareholders on a certain date not more than once each business year, pursuant to Article 462-3 of the Commercial Act of Korea. Interim dividends shall be in a form of cash payout.
2. The resolution of the Board of Directors under Paragraph 1 must be made within 45 days after the interim dividend payment date.
3. Interim dividends are limited to the amount deducting the followings from the net assets on the balance sheet of the immediately preceding fiscal year:
 - (1) Amount of capital in the immediately preceding fiscal year
 - (2) Total amount of capital surplus reserve and earned surplus reserve combined as of the immediately preceding fiscal year
 - (3) Amount determined to be paid out as dividends at the regular general meeting of shareholders of the immediately preceding fiscal year
 - (4) Voluntary reserves until the immediately preceding fiscal year, which was accumulated for a specific purpose in accordance with the provisions of the Articles of Incorporation or a resolution of general meeting of shareholders
 - (5) Total amount of earned surplus reserve to be accumulated in the current settlement period for interim dividends
4. In the case where new stocks were issued after the start of the fiscal year but before the interim dividend record date, - including cases due to capital transfer of reserves, stock dividends, requested conversion of convertible bonds, and exercise of new stock warrants for bonds - the new shares shall be deemed to have been issued at the end of the immediately preceding fiscal year with respect to interim dividends.

Key Dividend Indicators

Classification	Type of Shares	December 31, 2023	December 31, 2022	December 31, 2021
		22nd	21st	20th
Par value per share (KRW)		500	500	500
(Consolidated) Net Profit (unit: mn KRW)		38,013	11,156	8,254
(Separate) Net Profit (unit: mn KRW)		33,287	10,062	7,365
(Consolidated) EPS (KRW)		631	186	149
Total cash dividends (1mn KRW)		-	-	-
Total stock dividends (1mn KRW)		-	-	-
(Consolidated) Cash dividend payout ratio (%)		-	-	-
Cash dividend yield (%)	-	-	-	-
	-	-	-	-
Stock dividend yield (%)	-	-	-	-
	-	-	-	-
Cash dividend per share (KRW)	-	-	-	-
	-	-	-	-
Stock dividend per share (shares)	-	-	-	-
	-	-	-	-

C. Dividend History

Not applicable as of the date of submission.

7. Matters related to Financing through the Issuance of Securities

7-1. Status of Financing through Issuance of Securities

[Matters related to the issuance of equity securities, etc.]

A. Status of capital increase (reduction)

(As of Dec. 31, 2023) (Unit: KRW, Shares)

Stock issuance (reduction) date	Issuance (reduction) type	Details of stock issuance (reduction)				
		Type	Number of Shares	Par value per share	Issued (or reduced) price per share	Note
Apr. 21, 2023	Exercise of stock option	Common shares	153,850	500	1,980	-
Dec. 5, 2023	Exercise of stock option	Common shares	38,150	500	1,980	-

Dec. 5, 2023	Exercise of stock option	Common shares	20,000	500	729	-
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B. Issuance Status of Outstanding CBs

Not applicable as of the date of submission.

C. Issuance Status of outstanding bonds with warrants, etc.

Not applicable as of the date of submission.

D. Issuance status of unredeemed CoCos, etc.

Not applicable as of the date of report submission.

[Matters related to the issuance of debt securities, etc.]

Issuance Status of Debt Securities

(As of Dec. 31, 2023) (unit: KRW, %)

Issuer	Type	Method	Issued Date	Total Face Value (e-registered)	Interest rate	Rating (Rating Agency)	Exp. date	Repayment [Y/N]	Underwriter
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Outstanding Balance of Commercial Papers

(As of Dec. 31, 2023) (unit: KRW)

Days until Expiration		10- days	10+ days 30- days	30+ days 90- days	90+ days 180- days	180+ days 1- yr.	1+ yr. 2- yrs.	2+ yrs. 3- yrs.	3+ yrs.	Total
Outstanding Balance	Public	-	-	-	-	-	-	-	-	-
	Private	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

Outstanding Balance of Short-term Bonds

(As of Dec. 31, 2023) (unit: KRW)

Days until Expiration		10- days 10- days	10+ days 30- days	30+ days 90- days	90+ days 180- days	180+ days 1- yr.	Total	Issuance Limit	Remaining Limit
Outstanding Balance	Public	-	-	-	-	-	-	-	-
	Private	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding Balance of Corporate Bonds

(As of Dec. 31, 2023) (unit: KRW)

Days until Expiration		1- yr.	1+ yr. 2- yrs.	2+ yrs. 3- yrs.	3+ yrs. 4- yrs.	4+ yrs. 5- yrs.	5+ yrs. 10- yrs.	10+ yrs.	Total
Outstanding Balance	Public	-	-	-	-	-	-	-	-
	Private	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding Balance of Hybrid Capital Securities

(As of Dec. 31, 2023) (unit: KRW)

Days until Expiration		1- yr.	1+ yr. 5- yrs.	5+ yrs. 10- yrs.	10+ yrs. 15- yrs.	15+ yrs. 20- yrs.	20+ yrs. 30- yrs.	30+ yrs.	Total
Outstanding Balance	Public	-	-	-	-	-	-	-	-
	Private	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Outstanding Balance of CoCos

(As of Dec. 31, 2023) (unit: KRW)

Days until Expiration		1- yr.	1+ yr. 2- yrs.	2+ yrs. 0-3 yrs.	3+ yrs. 4- yrs.	4+ yrs. 5- yrs.	5+ yrs. 10- yrs.	10+ yrs. 20- yrs.	20+ yrs. 30- yrs.	30+ yrs.	Total
Outstanding Balance	Public	-	-	-	-	-	-	-	-	-	-
	Private	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-

E. Details and Status of Private Loan Management Contract, etc.

Not applicable as of the date of submission.

7-2. Usage Status of Funds raised through Issuance of Securities

A. Usage Status of Public Offering Funds

(As of Dec. 31, 2023) (Unit: 1,000 KRW)

Classification	Rounds	Transaction Date	Securities Usage Plans		Actual Usage of Funds		Reasons for Difference in Amount
			Purpose of Use	Amount	Note	Amount	
Facility Funds	1	Oct. 28, 2021	Facility Funds	30,000,000	Down Payment for Warehouse Sites	2,014,060	Down Payment and 1st, 2nd, 3rd Interim Payments for Warehouse Sites have been made (total: 20,140,601)
Facility Funds	2	May 31, 2022	Facility Funds	30,000,000	1st Interim Payment for Warehouse Sites	6,042,180	Down Payment and 1st, 2nd, 3rd Interim Payments for Warehouse Sites have been made (total: 20,140,601)
Facility Funds	3	Aug. 31, 2022	Facility Funds	30,000,000	2nd Interim Payment for Warehouse Sites	6,042,180	Down Payment and 1st, 2nd, 3rd Interim Payments for Warehouse Sites have been made (total: 20,140,601)
Facility Funds	4	Nov. 30, 2022	Facility Funds	30,000,000	3rd Interim Payment for Warehouse Sites	4,028,120	Down Payment and 1st, 2nd, 3rd Interim Payments for Warehouse Sites have been made (total: 20,140,601)
Facility Funds	5	Mar. 20, 2023	Facility Funds	30,000,000	Warehouse Rental Deposit	257,595	Additional Rental of Warehouse(s)
Facility Funds	6	May 31, 2023	Facility Funds	30,000,000	Office 908,909,910	15,160,000	Purchase of an office
Operating Fund	1	Apr. 18, 2022	Establishment of an overseas entity	2,000,000	Malaysia	482,976	Additional overseas entities are to be established
Operating Fund	2	Jun. 2, 2022	Establishment of an overseas entity	2,000,000	Japan	24,297	Additional overseas entities are to be established
Operating Fund	3	Mar. 6, 2023	Establishment of an overseas entity	2,000,000	Poland	1,472	Additional overseas entities are to be established
Operating Fund	4	Mar. 15, 2023	Increased Capital of Overseas Entity	2,000,000	Vietnam	58,720	Additional overseas entities are to be established
Operating Fund	5	May 17, 2023	Increased Capital of Overseas Entity	2,000,000	Poland	515,759	Additional overseas entities are to be established
Operating Fund	6	May 31, 2023	Establishment of an overseas entity	2,000,000	Netherlands	141,899	Additional overseas entities are to be established
Operating Fund	7	Jun. 30, 2023	Increased Capital of Overseas Entity	2,000,000	Netherlands	910,227	Additional overseas entities are to be established
Acquisition of Securities from Other Entities	1	Mar. 14, 2022	Equity Investment in Brands	3,000,000	Investment in Brands	5,000,072	Investment in a new business (music record industry)
Acquisition of Securities from Other Entities	2	Aug. 1, 2022	Equity Investment in Brands	3,000,000	Investment in Brands	300,000	Additional Equity Investment in growing brands (Aid Korea Company Co., Ltd.)
Acquisition of Securities from Other Entities	3	Aug. 16, 2022	Equity Investment in Brands	3,000,000	Investment in Brands	270,000	Additional Equity Investment in growing brands (Picton Co., Ltd.)
Acquisition of Securities from Other Entities	4	Mar. 28, 2023	Equity Investment in Brands	3,000,000	Investment in Brands	700,000	Additional Equity Investment in growing brands (Picton Co., Ltd.)
Debt Repayment	1	Oct. 1, 2021	Debt Repayment	4,115,000	Repayment of Borrowings	2,000,000	Part of the debt was repaid before issuing securities, and the remaining balance was repaid afterwards

Note 1) Total amount was entered for each purpose of use.

B. Details of Use of Private Equity Funds

Not applicable as of the date of submission.

C. Management Details of Unused Funds

Not applicable as of the date of submission.

8. Other Financial Matters

A. Precautions when restating Financial Statements, etc.

(1) Reasons for restatement, its content, and impact in the case of financial restatement

Not applicable as of the date of submission.

(2) Other precautions regarding the financial statements

Not applicable as of the date of submission.

B. Entry of Bad Debt Allowances

(1) Entry Status of Bad Debt Allowances by Account Category

Unit : KRW

Classification	Account Subject	Amount of Bond	Bad Debt Allowance (amount)	Bad Debt Allowance (%)
22 nd FY (2023)	Accounts receivable	21,551,728,309	(268,984,984)	1.25%
	Total	21,551,728,309	(268,984,984)	1.25%
21 st FY (2022)	Accounts receivable	6,236,856,566	(113,252,022)	1.82%
	Total	6,236,856,566	(113,252,022)	1.82%
20 th FY (2021)	Accounts receivable	5,516,003,850	(85,045,893)	1.54%
	Total	5,516,003,850	(85,045,893)	1.54%

(2) Status of Bad Debt Allowances

Unit : KRW

Classification	22 nd (2023)	21 st (2022)	20 th (2021)
1. Total amount of basic allowance for bad debt	113,252,022	85,045,893	57,617,586
2. Net written-off bad debt(①-②±③)	-	-	- 47,637,839
① Written-off bad debt (amortized receivables)	-	-	- 47,637,839
② Recovered amortized receivables	-	-	-
③ Other changes	-	-	-
3. Bad debt expense (reversal of bad debt allowance)	155,732,962	28,206,129	75,066,146
4. Total ending amount of bad debt allowance	268,984,984	113,252,022	85,045,893

(3) Bad debt allowance setting measures regarding accounts receivable

Provisions and deductions for Impaired receivables were included in Selling and Administrative Expenses on the income statement. Receivables with no possibility of additional cash recovery were written off as allowances for bad debt.

The Company's accounts receivables and other receivables were spread across multiple counter parties, which indicate there was no material concentration of credit risk. The maximum exposure to credit risk as of the ending of the reporting period was the book value for each receivable.

When setting up allowances for bad debt, the classification criteria shall be the age of the receivables.

Classification	Standard
1- month	1%
1-3 months	1%
3-6 months	5%
6-12 months	10%
1+ year	100%

(4) Balance status of accounts receivable by their age as of the ending of the current FY

(As of Dec. 31, 2023)

(Unit: KRW, %)

Age Category		6- mths.	6+ mths.	1+ yr.	Total
			1- yr.	3- yrs.	
Amount	General	16,563,013,197	129,720,968	370,443	16,693,104,608
	Related parties	4,858,623,701	-	-	4,858,623,701
	Total	21,421,636,898	129,720,968	370,443	21,551,728,309
Composition ratio		99.40%	0.60%	0.00%	100%

C. Status of Inventories, etc.

(1) Holding status of inventories by each division

(Unit: KRW, %)

Division	Account Subject	22 nd (2023)	21 st (2022)	20 th (2021)	Note
Cosmetics	Products	79,310,651,760	29,554,931,692	22,212,540,570	-
	Evaluated allowances for products	(774,052,401)	(952,625,565)	(431,354,134)	-
	Subtotal	78,536,599,359	28,602,306,127	21,781,186,436	-
Total	Products	79,310,651,760	29,554,931,692	22,212,540,570	-
	Evaluated allowances for products	(774,052,401)	(952,625,565)	(431,354,134)	-
	Total	78,536,599,359	28,602,306,127	21,781,186,436	-

Inventories to total assets ratio (%) [total inventories÷total ending assets]	36.48%	22.14%	22.36%	-
Inventory turnover (recovery) rate [Annualized cost of sales÷{(beginning Inventories+ending Inventories)÷2}]	4 times	4 times	5 times	-

(2) Details of Inventory Inspection Report

1) Inventory Inspection Report

Classification	Note
1. Date of Inspection	The inventory inspection was conducted on December 31, 2023, in the presence of the Company's relevant division as well as an inventory manager.
2. Attendance of independent experts or external auditors	The Company conducted an inventory checking in the presence of an external auditor (Shinwoo Accounting Corporation) on the inspection date.
3. Location of Inspection	Oppo Factory (Logistics Warehouse)
4. Inspection Method	A sampling method was conducted due to the huge volume of items, and only for items that were of high significance and total inventory value.

2)Holding status and assessment of long-term depleting inventories, obsolete inventories, or impaired inventories, etc.

(Unit: KRW)

Account Subject	Acquisition cost	Holding value	Current FY's reversal of assessment (impairment)	Ending balance	Note
Products	78,358,026,195	78,358,026,195	178,573,164	78,536,599,359	-
Total	78,358,026,195	78,358,026,195	178,573,164	78,536,599,359	-

D. Status of Order Contracts

Not applicable as the Company does not run an order-based business.

E. Details of Fair Value measurement

(1) Financial instrument's fair value and its measurement method

1) The book value and fair value of each financial instrument type are as follows:

The book value was viewed as a reasonable approximation of its fair value; the Company did not disclose the valuation method and input variables regarding the measurements.

(Unit: KRW)

Classification	December 31, 2023		December 31, 2022	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash and cash equivalents	17,217,510,020	17,217,510,020	21,188,944,927	21,188,944,927
Accounts receivable	21,282,743,325	21,282,743,325	6,123,604,544	6,123,604,544
Short-term other financial assets	17,103,561,266	17,103,561,266	16,745,635,242	16,745,635,242
Derivative assets	-	-	313,363,280	313,363,280
Other financial assets	1,296,330,857	1,296,330,857	726,164,674	726,164,674
Total	56,900,145,468	56,900,145,468	45,097,712,667	45,097,712,667
Financial liabilities				
Trade payables	501,545,548	501,545,548	1,081,730,859	1,081,730,859
Short-term other financial liabilities	2,356,176,495	2,356,176,495	1,911,222,594	1,911,222,594
Current lease liabilities	2,702,330,011	2,702,330,011	952,545,421	952,545,421
Short-term borrowings	55,000,000,000	55,000,000,000	20,001,490,659	20,001,490,659
Current long-term liabilities	125,053,387	125,053,387	120,047,413	120,047,413
Long-term borrowings	3,637,154,039	3,637,154,039	3,686,190,682	3,686,190,682
Other financial liabilities	-	-	94,000,000	94,000,000
Non-current lease liabilities	2,330,484,542	2,330,484,542	330,087,096	330,087,096
Total	66,652,744,022	66,652,744,022	28,177,314,724	28,177,314,724

(2) Fair Value Hierarchy

Financial products measured at fair value are classified according to the fair value hierarchy, and the defined details are as follows:

- “Level 1” inputs are unadjusted quoted prices in active markets for items identical to the asset or liability being measured.
- “Level 2” inputs are inputs other than quoted prices in active markets included within Level 1 that are directly or indirectly observable.
- “Level 3” inputs are unobservable inputs that are usually determined based on management’s assumptions.

(Unit: KRW)

As of the ending of the reporting period, the fair value hierarchy of the financial assets and liabilities measured at fair value in the financial statement is not applicable for the current FY, and is as follows for the previous FY:

Previous Year End	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through P/L	-	-	313,363,280	313,363,280

(3) Details of Re-evaluation on Tangible Assets

Not applicable as of the date of submission.

IV. The Board's Managerial Diagnosis and Analysis

The Board of Directors of Sillicon2 Co., Ltd. reported the monitoring of the Company's accounting and business for the 22nd FY -from January 1, 2023 to December 31, 2023 as follows:

1. Precautions Regarding Future Projections

Activities, events, or situations projected in the report to occur in the future were based on the Company's views on events and financial performances at the time of writing, and the projections of which were made in the current FY. The projections were based on various assumptions regarding the industrial environment in the future, which may ultimately turn out to be inaccurate. These assumptions also involve risks, uncertainties, and other factors that may cause material differences between projections and actual results. Details that may cause such material differences include, but are not limited to, factors related to the Company's internal management as well as its external environment.

The Company does not bear any obligation to notify corrections to revise its previously stated projections, nor to update risks or uncertainties that may arise after the time of publishing the report. In conclusion, the Company does not provide any assurance that the results or matters projected in the business report will be realized, nor that the events or impact originally projected by the Company will occur. The projections contained in the report were based on data at the time of writing, and please note that the Company has no plan to update any risk factors or projections that may occur after the date of the writing.

2. Overview

In order to identify the overall management of the Company, the ledgers and related documents were inspected and the financial statements and appendix were thoroughly reviewed. The Company's management was diagnosed in an appropriate manner, including a thorough review of matters that may have a material impact on the Company's business activities.

Also, the current fund management has sufficient liquidity, which is conservatively being managed. While continuing to pursue a strategy of prioritizing cash flow and profitability when receiving new orders and making new investments, flexible operations will be adapted in response to economic conditions and market changes.

3. Financial Status and Operating Performance

Summary of Consolidated Financial Statements for the Company's current FY is as follows:

(Unit: KRW, %)

Classification	22 nd	21 st	Amount of Inc./dec.	Growth Rate
[Current assets] (*1)	136,394,594,980	73,230,909,481	63,163,685,499	86.25%
[Non-current assets] (*2)	78,875,966,099	55,985,406,547	22,890,559,552	40.89%
Total assets	215,270,561,079	129,216,316,028	86,054,245,051	66.60%
[Current liabilities] (*3)	74,179,193,067	28,605,613,290	45,573,579,777	159.32%
[Non-current liabilities] (*4)	6,139,431,829	4,223,839,431	1,915,592,398	45.35%
Total liabilities	80,318,624,896	32,829,452,721	47,489,172,175	144.65%
Total capital	134,951,936,183	96,386,863,307	38,565,072,876	40.01%

(*1) Summary of Current Assets

Current Assets increased by 86.25%; quick assets decreased by 390 million KRW; and inventories increased by 49.9 billion KRW. Short-term other financial assets increased by 300 million KRW.

(*2) Summary of Non-Current Assets

Non-current assets increased by 40.89%. Investment assets increased by around 5.8 billion KRW due to associates' increased investment; and property, plant, and equipment increased by 11.3 billion KRW due acquisition.

(*3) Summary of Current Liabilities

Current liabilities increased by 159.32% YoY. Short-term borrowings for investment in property, plant, and equipment increased by 35 billion KRW; and accounts payable decreased by 580 million KRW.

(*4) Summary of Non-Current Liabilities

Non-current liabilities increased by 44.16% YoY, or around 2 billion KRW, due to new lease liabilities.

B. Summary of Consolidated Operating Performance

(Unit: KRW, %)

Classification	22 nd	21 st	Amount of Inc./dec.	Growth Rate
Sales	342,860,997,946	165,272,164,547	177,588,833,399	107.45%
Gross profit	115,088,494,763	52,759,621,363	62,328,873,400	118.14%
Operating Profit	47,809,343,470	14,239,439,136	33,569,904,334	235.75%
Profit before tax	48,123,416,307	14,267,181,469	33,856,234,838	237.30%
Net Income	38,013,204,272	11,155,656,520	26,857,547,752	240.75%
Total comprehensive income	38,141,203,603	11,636,092,279	26,505,111,324	227.78%

The Company's consolidated sales increased by 107.45%, which is an increase of 177 billion KRW compared to the previous FY. The top-ranking countries with increased sales were the United States (73.3 billion KRW), South Korea (16.1 billion KRW), Indonesia (7.7 billion KRW), Malaysia (8.6 billion KRW), and Australia (6.1 billion KRW). Operating profit recorded 47.8 billion KRW, which is a 235.75% increase over the previous FY. Net income increased by KRW 26.8 billion KRW to 38 billion KRW, which is an increase of 240.75% compared to the previous FY. Total comprehensive income for the current FY increased by 227.78% to 38.1 billion KRW.

C. Sales performance by Sector and Region

The increase/decrease in consolidated sales by sector and region is as follows:

1) Changes by sector

(Unit: KRW, %)

Classification	22 nd	21 st	Gain/Loss	Growth Rate
Cosmetics	342,860,997,946	165,272,164,547	177,588,833,399	107.45%
Total	342,860,997,946	165,272,164,547	177,588,833,399	107.45%

2) Changes by region/country

(Unit: KRW)

Country/Region	22 nd	21 st	Gain/Loss	Growth Rate
United States	121,694,489,807	48,350,399,153	73,344,090,654	151.69%
S. Korea	30,113,871,682	14,000,604,515	16,113,267,167	115.09%
Indonesia	17,183,816,643	9,488,387,743	7,695,428,900	81.10%
Malaysia	16,967,269,160	8,305,867,911	8,661,401,249	104.28%
Australia	14,397,518,149	8,221,849,559	6,175,668,590	75.11%
Cambodia	13,705,858,338	8,959,133,011	4,746,725,327	52.98%
Netherlands	11,188,637,492	4,679,646,805	6,508,990,687	139.09%
Japan	5,363,561,098	9,818,514,496	-4,454,953,398	-45.37%
Russia	5,174,223,630	7,041,424,918	-1,867,201,288	-26.52%
Others	107,071,751,947	46,406,336,436	60,665,415,511	130.73%
Total	342,860,997,946	165,272,164,547	177,588,833,399	107.45%

D. Asset Impairment

Not applicable as of the date of submission.

4. Liquidity and Funding

1) Details of changes in borrowings (consolidated basis)

(Unit: KRW)

Classification	22 nd FY	21 st FY	Amount of Inc./dec.
Short-term borrowings	55,000,000,000	20,001,490,659	34,998,509,341
Current long-term liabilities	125,053,387	120,047,413	5,005,974
Long-term borrowings	3,637,154,039	3,686,190,682	(49,036,643)
Total	58,762,207,426	23,807,728,754	34,954,478,672

2) Matters related to Liquidity

The Company's liquidity status as of the ending of the current FY is as follows: (consolidated basis)

(Unit: KRW)

Classification	22 nd	21 st	Gain/Loss
Cash and cash equivalents	17,217,510,020	21,188,944,927	(3,971,434,907)
Short-term financial assets	17,103,561,266	16,745,635,242	357,926,024
Other financial assets	1,296,330,857	726,164,674	570,166,183
Total	35,617,402,143	38,660,744,843	(3,043,342,700)

(*) Financial assets include term deposits, and short-term financial products among others.

3) Matters related to Private Loans

Not applicable as of the date of submission.

4) Financing Plan in 2024

The Company has a plan to raise funds through borrowing from financial institutions by the submission date of this report.

Note	Amount
Borrowing from financial institutions	30,000,000,000

Temporarily, operating funds among others may be additionally financed through ad hoc loans within the loan agreement limit.

5) Matters related to Fund Expenditure

- The important details of funds used in 2023 are as follows:

(Unit: KRW)

Note	Amount
Establishment of an overseas entity (STYLEKOREAN EU B.V.)	1,052,126,500
Establishment of an overseas entity (SKO Sp. z.o.o.)	515,759,200
Additional office purchase	15,160,000,000
Office construction	1,089,300,000
Rental deposit for additional logistics warehouse contracts	257,595,000

- The important details of funds spent or projected to be spent in 2024 by the time of submission of this report are as follows:

Current expenditure details (plans) are subject to change depending on operating conditions and internal/external economic changes.

(Unit: KRW)

Note	Amount
Overseas corporate capital increase (STYLEKOREAN VIETNAM CO., LTD)	601,065,000

5. Other necessary details for investment decisions

A. Matters related to important accounting policies and estimates

Please refer to “III. Financial Matters” of the document.

B. Other Details

Please refer to “XI. Other matters necessary for investor protection” of the document.

V. Auditor's Report

1. Matters Concerning External Audit

1. The name of the accounting auditor and their audit opinion (including review opinions, hereinafter referred to as such in this section) are as follows.

Fiscal Year	Auditor	Audit Opinion	Matters of Emphasis	Key Audit Matters
22nd (Current)	Shinwoo Accounting Corporation	Unqualified	N/A	(Consolidated Financial Statements) 1. Appropriateness of Revenue Recognition (Separate Financial Statements) 1. Appropriateness of Revenue Recognition
21st (Previous)	Shinwoo Accounting Corporation	Unqualified	N/A	(Consolidated Financial Statements) 1. Appropriateness of Revenue Recognition (Separate Financial Statements) 1. Appropriateness of Revenue Recognition
20th (Two years prior)	Shinwoo Accounting Corporation	Unqualified	N/A	(Consolidated Financial Statements) 1. Appropriateness of Revenue Recognition (Separate Financial Statements) 1. Appropriateness of Revenue Recognition

2. The status of audit service agreements is as follows.

(Unit: KRW 1,000 / hour)

Fiscal Year	Auditor	Description	Audit Contract		Actual Performance Details	
			Fee	Hours	Fee	Hours
22nd (Current)	Shinwoo Accounting Corporation	Audit of separate and consolidated financial statements, semi-annual review, and internal accounting management system audit	165,000	1,650	180,000	1,665
21st (Previous)	Shinwoo Accounting Corporation	Audit of separate and consolidated financial statements, semi-annual review, and internal accounting management system audit	130,000	1,300	130,000	1,327

20th (Two years prior)	Shinwoo Accounting Corporation	Audit of separate and consolidated financial statements, semi-annual review, and internal accounting management system audit	100,000	1,300	100,000	1,298
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3. The status of non-audit service contracts with the accounting auditor is as follows.

(Unit: KRW 1,000)

Fiscal Year	Contract Date	Service Description	Service Period	Fee	Remarks
22nd (Current)	Sep. 8, 2023	Tax adjustment	January 1, 2024 - March 31, 2024	12,000	-
21st (Previous)	Sep. 30, 2022	Tax adjustment	January 1, 2023 - March 31, 2023	11,000	-
20th (Two years prior)	Dec. 20, 2021	Tax adjustment	January 1, 2022 - March 31, 2022	10,000	-

4. The results of discussions between the internal audit function and the accounting auditor concerning matters in the financial statements that could significantly affect stakeholders' judgments are as follows.

No.	Date	Participants	Method	Key Discussion Points
1	06-Sep-23	Company: one auditor Accounting firm: one executive director and one other	Written Meeting	Audit plan for significant risks and key audit matters
2	12-Mar-24	Company: one auditor Accounting firm: one executive director and one other	Written Meeting	Significant findings from the audit, auditor's independence, etc.

5. Major discussion points of the Adjustment Committee

- As of the submission date of this report, there are no relevant matters to disclose.

2. Matters Concerning Internal Control

A. Internal Control

The results of the audit on the effectiveness of the Company's internal control are as follows.

Fiscal Year	Auditor's Opinion	Remarks
22nd (Current)	The internal audit system for the fiscal year ending December 31, 2023, is operating effectively according to the auditor's opinion. No material weaknesses in the internal control system have been found.	-
21st (Previous)	The internal audit system for the fiscal year ending December 31, 2022, is operating effectively according to the auditor's opinion. No material weaknesses in the internal control system have been found.	-
20th (Two years prior)	The internal audit system for the fiscal year ending December 31, 2022, is operating effectively according to the auditor's opinion. No material weaknesses in the internal control system have been found.	-

B. Internal Accounting Management System

Fiscal Year	Auditor	Audit and Review Opinion	Remarks
22nd (Current)	Shinwoo Accounting Corporation	We have audited the internal accounting management system of Silicon2 Co., Ltd. (hereinafter "the Company") as of December 31, 2023, based on the "Internal Accounting Management System Design and Operation Conceptual Framework". In our opinion, the Company's internal accounting management system is effectively designed and implemented as of December 31, 2023, in accordance with the "Internal Accounting Management System Design and Operation Conceptual Framework" from a materiality perspective.	-
21st (Previous)	Shinwoo Accounting Corporation	We have reviewed the internal accounting management system operational status evaluation report of Silicon2 Co., Ltd. as of December 31, 2022. Based on our review, nothing has come to our attention that causes us to believe that the management's operational status report is not prepared in accordance with the "Best Practices for Internal Accounting Management Systems" from a materiality perspective.	-
20th (Two years prior)	Shinwoo Accounting Corporation	Based on our review of the management's internal accounting management system operational status evaluation report, nothing has come to our attention that causes us to believe that the management's operational status report is not prepared in accordance with the "Best Practices for Internal Accounting Management Systems" from a materiality perspective.	-

C. Evaluation of Internal Control Structure

No evaluation of the internal control structure other than the internal accounting management system has been carried out during the reporting period.

VI. Matters Regarding Executive Organizations Including the Board of Directors

1. Matters Regarding the Board of Directors

(1) Overview of the Board of Directors

As of the submission date of this report, the Board of Directors of the Company is made up of a total of five directors, including three inside director, and two outside directors. The chairperson of the board of directors is CEO Sungwoon kim. A committee within the board of directors is not in place. The Board of Directors resolves matters stipulated by laws or Articles of Incorporation, matters delegated by the general meeting of shareholders, basic polities of company management, and important matters regarding business execution, and it supervises the performance of duties of directors and the management.

(2) Operation Rule of the Board of Directors

Category	Content
Authority (Article 3 of the Regulation of the Board of Directors)	<p>① The Board of Directors shall resolve matters stipulated by laws or Articles of Incorporation, matters delegated by the general meeting of shareholders, basic polities of company management, and important matters regarding business execution.</p> <p>② The Board of Directors shall supervises the performance of the directors' duties.</p>
Number of Directors (Article 31 of the Articles of Incorporation)	A total number of directors of the Company shall be not less than three and not more than 15, and outside director shall be not less than one-fourth of the total number of the directors.
Director's Duty (Article 34 of the Articles of Incorporation)	The Vice Presidents, Senior Managing Directors, Managing Directors, and Directors shall assist the CEO (President), allocate and execute company duties as determined by the Board of Directors, and, in the event of the CEO's (President's) incapacity or unavailability, directors perform the CEO's duties in the order specified above.
Director's Duties (Article 35 of the Articles of Incorporation)	<p>① Directors shall faithfully fulfill their duties for the Company in accordance with laws and Articles of Incorporation.</p> <p>② Directors shall conduct their duties for the Company with the care of a good manager.</p> <p>③ No director shall divulge any business secret of the Company, which has come to his/her knowledge in the course of performing his/her duty, not only while in the office but also after the retirement.</p> <p>If a director finds any fact that is likely to inflict a substantial loss on the Company, he/she shall immediately report such fact to its auditors.</p>
Constitution and Convocation of the Board of Directors (Article 37 of the Articles of Incorporation)	<p>① The Board of Directors shall be composed of directors.</p> <p>② A Board of Directors' meeting shall be convened by the CEO or a director designated by the Board of Directors, if any, by notifying each director and auditor three days prior to the date of the meeting.</p> <p>③ Any director who has not been designated as the director with the power to convene a board of directors' meeting under the proviso to paragraph (2) may request the director so designated to convene such meeting. Where the director so designated refuses to convene the meeting without justifiable grounds, other directors may convene a board of directors' meeting.</p> <p>④ When there is consent of all the directors and auditors, a board of directors' meeting may be held without undergoing the procedures set forth in paragraph (3).</p> <p>⑤ The chairperson of the Board of Director shall be the director designated with the power to convene a board of directors' meeting under the proviso to paragraph (2) and (3).</p> <p>⑥ Directors shall report on the progress of his/her duties to the board of directors more than once every three months.</p>
Resolution of the Board of Directors (Article 38 of the Articles of Incorporation)	<p>① Unless otherwise stipulated in the laws and regulations or the Articles of Incorporation of the Company, the resolutions of the Board of Directors shall be made in the presence of a majority of the directors in office and by the affirmative vote of a majority of the directors present, provided that resolutions of the Board of Directors shall be adopted by the affirmative vote of two-thirds or more of the directors present for any agenda which falls under Article 397-2 (Prohibition of Appropriation of Company's Opportunities and Assets) and/or Article 398 (Transaction between Director and Company) of the Commercial Act.</p>

- ② The Board of Directors may allow all or part of the directors in office to exercise his/her and/or their voting rights by telecommunication through which they may transmit and receive live audio at the same time, without personally attending the Board of Directors' meeting. In such case, the concerned director(s) shall be deemed as having attended the Board of Directors' meeting in person.
- ③ No director who has vested interest in a matter for resolution can exercise his/her vote upon such matter.

B. Key Resolution

Session	Date	Agenda	Approval Status
1	Jan. 17, 2023	Establishment of a branch office in Poland	Approved
2	Feb. 15, 2023	Approval of financial statements for the fiscal year 2022	Approved
3	Feb. 24, 2023	Approval of introduction of e-voting	Approved
4	Mar. 02, 2023	Holding an annual general meeting of shareholders	Approved
5	Mar. 03, 2023	Establishment of a branch office in the Netherlands	Approved
6	Mar. 24, 2023	Capital Increase of Picton	Approved
7	Mar. 31, 2023	Appointment of a CEO	Approved
8	Apr. 21, 2023	Issuance of new shares upon exercise of stock options	Approved
9	May 02, 2023	Capital Increase of SKO sp. z.o.o	Approved
10	May 18, 2023	Buying and selling an office	Approved
11	May 24, 2023	Approval for Shinhan Bank Loan	Approved
12	Jun. 15, 2023	Capital Increase of STYLEKOREAN EU B.V.	Approved
13	Jul. 12, 2023	Establishment of MOIDA Limited Liability Company	Approved
14	Sep. 25, 2023	Expense reimbursement agreements with offices of the Company in the U.S., Malaysia, Netherlands, Poland, Russia, and Indonesia	Approved
15	Nov. 27, 2023	Approval for KEB Hana Bank Loan	Approved
16	Dec. 05 2023	Issuance of new shares upon exercise of stock options	Approved
17	Dec. 07, 2023	Investment in Sukoshi Mart Holdings Inc. (Canada)	Approved
18	Dec. 20, 2023	Capital Increase of STYLEKOREAN VIETNAM CO.,LTD	Approved

C. Committee within the board of Directors

This is not applicable to the Company as of the submission date of this report.

D. Independence of Directors

(1) Independence of Members of the Board of Directors

As the Articles of Incorporation of the Company stipulate matters regarding appointment of directors and composition of the Board of Directors in compliance with the Commercial Act, directors of the Company are appointed in a general meeting of shareholders. Candidates for the directors are selected by the Board of Directors and confirmed as agenda items to be submitted to the general meeting of shareholders. Moreover, to ensure independence, personal information of director candidates are disclosed to shareholders prior to the general meeting of shareholders. The directors of the Company are as follows as of the submission date of Registration Statement. For career history and personal information of each director, Please refer to 1.Overview of Executive Directors and Employees of VII. Matters regarding Executive Directors and Employees.

Title	Name	Referrer	Responsibility	Transaction with the Company	Relationship with the largest shareholder	Tenure	Reappointment Status (Number of times appointed)	Background of Appointment
CEO	Sungwoon Kim	-	CEO	N/A	The Largest shareholder himself	Jan,2002 ~ March,2026	Reappointed (8 times)	Recognized for his deep understanding of the industry concerned and innovative management skills as the founder of the Company, he has been appointed as a director. He is expected to play a crucial role in the Company's continued growth and expansion of global competitiveness.
Internal Director	SON ROBERT INHO	The Board of Directors	Business Strategy	N/A	Registered executive director	Feb, 2017 ~ March, 2026	Reappointed (3 times)	He has been appointed for his expertise in finance and banking industries. He is expected to provide proper supervision and productive vision for the financial state of the Company.
Internal Director	Jinho Choi	The Board of Directors	General Business	N/A	Registered executive director	Feb, 2017 ~ March, 2026	Reappointed (3 times)	He has been appointed for his rich management experience in the global markets and for his deep understanding of overseas markets. He is expected to contribute to enhancing competitiveness of the Company.
Outside Director	Sehun Lee	The Board of Directors	Outside Director	N/A	Registered executive director	March,2022 ~ March,2025	Newly Appointed	He was recommended by the Board of Directors as recognized for his experience in consumer goods companies in cosmetics and household products, and his experience in managing a listed company. He is expected to contribute to key management decisions.
Outside Director	Taek Soon Lee	The Board of Directors	Outside Director	N/A	Registered executive director	March,2022 ~ March,2025	Newly Appointed	He was recommended by the Board of Directors as recognized for his experience serving as the Chief of Police, and working with various companies and associations. He is expected to contribute to key management decisions.
Auditor	Oh Bin Kwon	The Board of Directors	Auditor	N/A	Auditor	March, 2023 ~ March, 2026	Newly Appointed	He was recommended by the Board of Directors to serve as an auditor for Silicon2 Co., Ltd., based on his accounting experience and experience in the cosmetics manufacturing industry. He is expected to provide professional opinions and guidance during key decision-making processes.

(2) Overview of Committee for Recommending Candidates for Outside Directors

This is not applicable to the Company as of the submission date of this report.

E. Outside Director and Other Changes

(Unit: HC)

Number of Directors	Number of Outside Director	Changes in Outside Director		
		Appointment	Dismissal	Early Retirement
5	2	-	-	-

List of Outside Director Training not implemented

Status of Training of outside directors	Reason for not implementing training for outside directors
Not implemented	Q&A sessions are regularly provided to thoroughly explain the Company's management status and the details of each agenda item.

2. Matters Regarding Audit System

A. Audit Committee

As of the submission date of this report, the Company does not have an audit committee in place. In accordance with Article 409 of the Commercial Act and Article 43 of the Articles of Incorporation, one full-time auditor appointed through the resolution of the general meeting of shareholders performs audit duties.

B. Auditor

(1) Personal Information of Auditors

Name	Career Highlight	Disqualification Status	Note
Oh Bin Kwon	July, 2019 ~ September, 2021 President of Amorepacific France Jan, 2016 ~ Jun, 2019 Head of Finance Division, Amorepacific Headquarters Oct, 2013 ~ Dec, 2015 CFO, Amorepacific France	N/A	-

(2) Independence of Auditors

Auditors may independently supervise directors' performance by attending the Board of Directors meeting. Auditors may also request the corresponding departments to submit books and documents associated with all related business matters. In addition, auditors may receive report on business matters by the Company if necessary, and may access management information through proper manner.

Category	Content	Note
Number of Auditors (Article 43 of the Articles of Incorporation)	A total number of auditors of the Company shall be not less than one and not more than two. At least one of them shall be full-time.	-
Appointment and Dismissal of Auditors (Article 44 of the Articles of Incorporation)	<p>① Auditors shall be appointed by the general meeting of shareholders.</p> <p>② The proposal for the appointment of auditors shall be presented and resolved separately from the one for the appointment of directors.</p> <p>③ The resolution of the appointment of auditors shall be made by the affirmative vote of a majority of the shareholders present that represent at least one-fourth of the total issued and outstanding shares, provided that the resolution of the appointment of auditors shall be adopted by the affirmative vote of a majority of the shareholders in the event of a company determining that a shareholder may exercise an absentee vote by electronic means in accordance with Article 368 (4) 1 of the Commercial Act.</p> <p>④ The resolution of the dismissal of auditors shall be made by the affirmative vote of two third of the shareholders present that represent at least one-third of the total issued and outstanding shares.</p> <p>⑤ The shareholder who owns more than 3% of the total number of issued and outstanding shares with voting rights is not allowed to exercise the voting rights for the shares exceeding 3 % of the total shares concerned in the appointment of auditors, provided that for calculating the number of shares owned by shareholders, the shares owned by the largest shareholders and their specially-related persons or those who hold shares on behalf of the largest shareholders or their specially related persons, and those who have delegated voting rights to the largest shareholder or their special related persons shall be added.</p>	-
Terms of Office and By-election of Auditors (Article 45 of the Articles of Incorporation)	<p>① The term of office of an auditor shall expire upon the closing of an ordinary general meeting of shareholders convened in respect of the last period for the settlement of accounts within three years after his/her inauguration.</p> <p>② When a vacancy occurs among the auditors, it shall be filled by an appointment at the general meeting of shareholders. However, if the number of auditor remaining in office would still meet the minimum number prescribed by Article 43 of the Articles of Incorporation, and there is no disturbance to the performance of duties, the backfilling shall not be necessary.</p>	-
Duties of Auditors and so forth (Article 46 of the Articles of Incorporation)	<p>① Auditors shall audit accounting and business operations of the Company.</p> <p>② Auditors may call for an extraordinary general meeting of shareholders by filing a written request that contains the purpose of the meeting and the reason for convening it to the Board of Directors.</p> <p>③ Auditors may request subsidiaries to submit business report when necessary to perform their duties. In such cases, the auditor may investigate the subsidiary's business operations and financial status if the subsidiary fails to provide the report without delay or if the contents of the report need to be verified.</p> <p>④ The provisions of Article 35, Paragraph 3 of the Articles of Incorporation shall apply mutatis mutandis to the auditors.</p> <p>⑤ Auditors may seek for expert assistance at the Company's expense.</p>	-

	<p>⑥ Auditors may call for an extraordinary general meeting of shareholders by filing a written request that contains the purpose of the meeting and the reason for convening it to directors.</p> <p>⑦ If the director who receives the request made by the auditor under the paragraph 6 fails to promptly convene the meeting, the auditor may convene the Board of Directors meeting.</p>	
Audit Records (Article 47 of the Articles of Incorporation)	Auditors shall prepare a record pertaining to the audit. A summary of audit process and the outcomes thereof shall be recorded in the audit record and auditors who have carried out such audit shall write their names and affix their seals, or shall affix their signatures, thereon.	-
Remuneration and Retirement Benefits of Auditors (Article 48 of the Articles of Incorporation)	<p>① The provisions of Article 36 (Remuneration and Retirement Benefits of Directors) shall apply mutatis mutandis to the remuneration and retirement benefits of auditors.</p> <p>② The proposal for determining the auditor's remuneration shall be presented and resolved separately from the one for determining the director's remuneration.</p>	-

(3) Main Activities of Auditors

Session	Date	Agenda	Approval Status	Attendance Status	Attendance Status
				Auditor Jungyu Kang	Auditor Oh Bin Kwon
				Attendance Rate: 100%	Attendance Rate: 100%
1	Jan.17,2023	Establishment of a branch office in Poland	Approved	Attended	-
2	Feb.15,2023	Approval of financial statements for the fiscal year 2022	Approved	Attended	-
3	Feb.24,2023	Approval of introduction of e-voting	Approved	Attended	-
4	Mar. 2, 2023	holding an annual general meeting of shareholders	Approved	Attended	-
5	Mar. 3, 2023	Establishment of a branch office in the Netherlands	Approved	Attended	-
6	Mar. 24, 2023	Capital Increase of Picton	Approved	Attended	-
7	Mar. 31, 2023	Appointment of a CEO	Approved	-	Attended
8	Apr. 21, 2023	Issuance of new shares upon exercise of stock options	Approved	-	Attended
9	May 2, 2023	Capital Increase of SKO sp. z.o.o	Approved	-	Attended
10	May 18, 2023	Buying and selling an office	Approved	-	Attended
11	May 24, 2023	Approval for Shinhan Bank Loan	Approved	-	Attended
12	Jun. 15, 2023	Capital Increase of STYLEKOREAN EU B.V.	Approved	-	Attended
13	Jul. 12, 2023	Establishment of MOIDA Limited Liability Company	Approved	-	Attended
14	Sep. 25, 2023	Expense reimbursement agreements with offices of the Company in the U.S., Malaysia, Netherlands, Poland, Russia, and Indonesia	Approved	-	Attended
15	Nov. 27, 2023	Approval for KEB Hana Bank Loan	Approved	-	Attended
16	Dec. 5, 2023	Issuance of new shares upon exercise of stock options	Approved	-	Attended
17	Dec. 7, 2023	Investment in Sukoshi Mart Holdings Inc. (Canada)	Approved	-	Attended
18	Dec. 20, 2023	Capital Increase of STYLEKOREAN VIETNAM CO.,LTD	Approved	-	Attended

(4) List of Auditor Training not implemented

Status of Training of Auditors	Reason for not implementing training for auditors
Not implemented	Q&A sessions are regularly provided to thoroughly explain the Company's management status and the details of each agenda item.

(5) Overview of Audit Support Organization

Team	Number of Employees	Title(Continuous Service Year)	Major Activities
Strategic Management Group	7	General Manager (3 years)	All tasks supporting the operation of the Board of Directors and performance of audit duties

(6) Compliance Support Personnel and so forth

There is no compliance support personnel appointed as of the submission date of this report.

3. Matters regarding the General Meeting of Shareholders

(1) Overview of Voting System

(As of Dec, 31, 2023)

Voting System Type	Cumulative Voting System	Written Voting System	Electronic Voting System
Adoption Status	Exclusion	Not adopted	adopted
Implementation Status	-	-	The 22nd (year of 2022) Regular General Meeting of Shareholders (March, 30, 2023)

(2) Right of the Minority Shareholders

The Company did not have any rights of minority shareholders exercised during the disclosure period.

(3) Corporate Control Competition

There was no corporate control competition taking place during the disclosure period.

(4) Overview of Voting Rights

(As of Dec, 31, 2023) (Unit: Share)

Category	Type of Share	Number of Shares	Note
The total issued and outstanding shares (A)	Common Shares	60,389,234	-
	Preferred Shares	-	-
The number of Shares without voting right (B)	Common Shares	-	-
	Preferred Shares	-	-
The number of shares excluded from voting rights under the Articles of Incorporation (C)	Common Shares	-	-
	Preferred Shares	-	-
The number of shares with restricted voting rights under other laws (D)	Common Shares	-	-
	Preferred Shares	-	-

The number of shares with revived voting rights (E)	Common Shares	-	-
	Preferred Shares	-	-
The number of shares with voting rights (F = A - B - C - D + E)	Common Shares	60,389,234	-
	Preferred Shares	-	-

(5) Stock Administration

Matters regarding Preemptive Right to New Shares	<p>① Shareholders the right to receive new shares in proportion to the number of shares they own.</p> <p>② Notwithstanding the provisions of paragraph 1, the Company may allocate new shares to persons other than shareholders by resolution of the Board of Directors in case of falling under any of the following subparagraphs.</p> <p>1 Where new shares are issued through capital increase by ordinary public offering in accordance with Article 165 (6) of Capital Markets and Financial Investment Business Act(CMFIBA) provided that the new shares to be issued do not exceed 50% of the total issued and outstanding shares.</p> <p>2 Where new shares are issued by the exercise of stock options under Article 542(3) of the Commercial Act.</p> <p>3. Where priority is given to the members of Employee Stock Ownership Association(ESOA) for new share allocation within a limit of 20% of the total issued and outstanding shares.</p> <p>4. Where new shares are issued to a counterpart for technology acquisition, research and development, sales and production, or capital alliance that have significance in business with a limit of 30% of the total issued and outstanding shares.</p> <p>5. Where new shares are issued in line with the issuance of Depositary Receipts (DR) in accordance with Article 165 (6) of Capital Markets and Financial Investment Business Act(CMFIBA) with a limit of 30% of the total issued and outstanding shares.</p> <p>6. Where new shares are issued to attract foreign investment in accordance with FOREIGN INVESTMENT PROMOTION ACT in cases where necessary to achieve managerial objectives of the Company.</p> <p>7. Where new shares are issued to domestic and foreign financial institutions or institutional and individual investors for urgent fund raising with a limit of 30% of the total issued and outstanding shares.</p> <p>8. Where new shares are issued by the exercise of Employees' Stock Option as stipulated in Article 39 of the BASIC WORKERS WELFARE ACT.</p> <p>9. When new shares are subscribed or acquired by underwriters for the purpose of listing the Company's stock certificates on KOSDAQ.</p> <p>10. Where new shares are allocated to the members of Employee Stock Ownership Association(ESOA).</p> <p>11. Where new shares are issued in accordance with Article 10 (2) (preemptive rights to new stocks) of REGULATIONS ON SECURITIES UNDERWRITING BUSINESS.</p> <p>③ In case of allocating new shares to persons other than shareholders in accordance with paragraph 2, the matters specified in Article 416 (1), (2), (2-2) (3) and (4) of the Commercial Act shall be notified or publicly announced to shareholders at least 2 weeks prior to the payment due date.</p> <p>④ In case of issuing new shares pursuant to any of subparagraphs in paragraph 2, the type and number of shares to be issued and their issuance price shall be determined by the resolution of the Board of Directors.</p> <p>⑤ How to deal with fractional shares resulting from a waiver or loss of preemptive rights to new shares or from new share allocation shall be determined by the resolution of the Board of Directors.</p>
Closing Date	31, Dec, every year
Regular General Meeting of Shareholders	Within 3 months after the end of each business year
The period for closing of the register of shareholder	Jan, 1 to 7 every year
Type of stock certificates	-
Transfer agent	KB Kookmin Bank, Securities Agency Department (3rd Floor, 26, International Finance Road 8-gil, Yeongdeungpo-gu, Seoul)
Privilege of Shareholders	N/A
Publication of Notice	The Company's website (www.siliconii.com) (if necessary, Korea Economic Daily)

(6) Summary of Minutes of General Meeting of Shareholders

Date of General Meeting of Shareholders	Agenda	Resolution	Note
The 18th Regular General Meeting of Shareholders (Mar. 29, 2019)	Agenda 1: Report on the 17th fiscal year's statement of account Agenda 2: Approval of remuneration limit for directors	Approved as proposed	-
The 18th Extraordinary General Meeting of Shareholders (Apr. 27, 2019)	Agenda 1: Granting of stock options	Approved as proposed	-
The 19th Regular General Meeting of Shareholders (Mar. 31, 2020)	Agenda 1: Approval of the 18th fiscal year's Financial Statement Agenda 2: Approval of Appropriation of Retained Earnings Agenda 3: Appointment of directors Agenda 4: Appointment of Auditors Agenda 5: Approval of remuneration limit for directors Agenda 6: Approval of remuneration limit for auditors	Approved as proposed	-
The 19th Extraordinary General Meeting of Shareholders (Sep. 10, 2020)	Agenda 1: Share split Agenda 2: Amendment of Articles of Incorporation	Approved as proposed	-
The 20th Regular General Meeting of Shareholders (Mar. 29, 2021)	Agenda 1: Approval of the 19th Fiscal Year Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft) Agenda 2: Partial Amendment of Articles of Incorporation Agenda 3: Appointment of Outside directors Agenda 4: determining the remuneration limit of directors Agenda 5: determining the remuneration limit of auditors Agenda 6: Granting of stock options	Approved as proposed	-
The 21st Regular General Meeting of Shareholders (Mar. 30, 2022)	Agenda 1: Approval of the 20th fiscal year's Financial Statement Agenda 2: Partial amendment of Articles of Incorporation Agenda 3: Appointment of Outside directors Agenda 4: determining the remuneration limit of directors Agenda 5: determining the remuneration limit of auditors	Approved as proposed	-
The 21st Extraordinary General Meeting of Shareholders (Sep. 29, 2020)	Agenda 1: Partial amendment of Articles of Incorporation	Approved as proposed	-
The 22th Regular General Meeting of Shareholders (Mar. 30, 2022)	Agenda 1: Approval of the Consolidated Financial Statements for the 21st Fiscal Year (January 1, 2022 - December 31, 2022) Agenda 2: Partial amendment of Articles of Incorporation Agenda 3: Appointment of directors Agenda 4: Appointment of Auditors Agenda 5: Approval of remuneration limit for directors Agenda 6: Approval of remuneration limit for auditors	Approved as proposed	-

VII. Matters Regarding Shareholders

A. Shareholding Status of the Largest shareholders and their Related Parties

(As of Dec, 31, 2023) (Unit: Share, %)

Name	Relationship	Type of Share	Number of Shares owned and ownership percentage				Note
			Beginning of year		End of year		
			Number Of Shares	Percentage of Ownership	Number Of Shares	Percentage of Ownership	
Sungwoon Kim	CEO	Common Shares	13,324,800	22.14	19,352,960	32.05	-
Eun Ha Shin	Wife of CEO	Common Shares	5,927,190	9.85	5,927,190	9.81	-
Kyungja Lee	Mother of CEO	Common Shares	4,794,582	7.97	694,582	1.15	-
Jaebok Kim	Father of CEO	Common Shares	2,528,160	4.2	0	0	-
SON ROBERT INHO	Registered executive director	Common Shares	2,425,920	4.03	2,425,920	4.02	-
Jinho Choi	Registered executive director	Common Shares	1,939,728	3.22	1,609,728	2.67	-
Yong-A Kim	Younger sister of the largest shareholder	Common Shares	268,800	0.45	268,800	0.45	-
Jinsoo Kim	Cousin of the largest shareholder	Common Shares	245,840	0.41	159,140	0.26	-
Woochang Kim	Offspring of the largest shareholder	Common Shares	108,484	0.18	408,484	0.68	-
Wooyong Kim	Offspring of the largest shareholder	Common Shares	108,480	0.18	408,480	0.68	-
Gangsoo Kim	Cousin of the largest shareholder	Common Shares	20,000	0.03	200	0	-
Total		Common Shares	31,691,984	52.66	31,255,484	51.76	-
		Preferred Shares	-	-	-	-	-

Not e1)

Due to the exercise of stock options on April 21, 2023, and December 15, 2023, there is a change in the ownership percentages of specially-related persons even when there is no change in the number of shares they hold.

B. Career Highlight and Overview of the Largest Shareholders

Name	Career Highlight	Note
Sungwoon Kim	<ul style="list-style-type: none">- Graduated from the Department of Welfare at Pusan National University- 1998~2000 Koryoong Electronics- 2000 MDI Korea- 2002~Present Founder and CEO of Silicon2 Co., Ltd	-

C. Overview of the Largest Shareholder's Largest Shareholder (Corporation or Organization)

This is not applicable to the Company as of the submission date of this report.

D. Changes in the Largest Shareholders

This is not applicable to the Company as of the submission date of this report.

E. Shareholding Status

(As of Dec, 31, 2023)

(Unit: Share)

Category	Name of Shareholder	Number of Shares Owned	Percentage of Ownership (%)	Note
Shareholders with 5% or more	Sungwoon Kim	19,352,960	32.05	-
	Eun Ha Shin	5,927,190	9.81	-
Employee Stock Ownership Association(ESOA)		3,300	0.01	-

Overview of Minority Shareholders

(As of Dec, 31, 2023)

(Unit: Share)

Category	Shareholders			Owned shares			Note
	Number of Minority Shareholders	Total number of shares issued	Ratio(%)	Number of Minority Shares	Total number of shares issued	Ratio(%)	
Minority Shareholders	48,516	48,523	99.99	27,792,560	60,389,234	46.02	-

Note1) Only the shareholders who hold less than 1% of the total issued shares have been listed as minority shareholders.

Note2) As of the submission date of this report, the total number of issued shares by the Company is 60,389,234 common shares, and those carrying voting rights are 60,389,234 shares.

F. Share Price and Trading Performance

(Unit: shares)

Type		July, 2023	August, 2023	September, 2023	October, 2023	November, 2023	December, 2023
Common Shares	The Highest	8,280	9,700	9,600	10,610	9,380	8,620
	The Lowest	6,150	7,420	7,550	7,650	7,330	7,340
Monthly Trading Volume		48,373,003	73,759,151	40,568,469	34,484,142	41,415,154	20,470,285

VIII. Matters Regarding Executive Directors and Employees

1. Overview of Executive Directors and Employees

A. Overview of Executive Directors

(As of Dec, 31, 2023) (Unit: Share)

Name	Sex	Birth Year and Month	Title	Registration Status	Full-Time Status	Responsibilities	Career Highlight	Number of Shares Owned		Relationship with the largest shareholder	Period of Employment	Term Expiration Date
								Shares with voting right	Shares Without voting right			
Sungwoon Kim	Male	1972 May	CEO	Internal Director	Full Time	CEO	- Graduated from the Department of Welfare at Pusan National University - 1998~2000 Koryong Electronics - 2000 MDI Korea - 2002~Present Founder and CEO of Silicon2 Co., Ltd	19,352,960	-	Largest Shareholder himself	21 years and 10 months	30-Mar-26
SON ROBERT INHO	Male	1969 Feb.	Internal Director	Internal Director	Full Time	Business Strategy	- Graduated from University of New York, Accounting BA (AICPA) - 1991~1994 Ernst & Young - 1995~1997 PwC Korea - 1997~1998 Dongbang Peregrine Securities - 1998~2000 IMM Investment, Co-Founder - 2000~2007 Macquarie IMM Asset Management, CFO - 2007~2009 Goldman Sachs Asset Management Korea, CMO - 2009~2014 Stonebridge Capital, CFO - 2014~2015 Quvat Korea, CEO - 2015~2016 Ajin Clean, CFO - 2016~Present Silicon2 Co., Ltd	2,425,920	-	Registered Executive director	6 years and 9 months	30-Mar-26
Jinho Choi	Male	1969 Mar.	Internal Director	Internal Director	Full Time	General Sales	- Myongji University Department of Materials Science and Engineering - 1996~1998 YPPC - 1998~2011 Dongwoon International - 2012~Present Silicon2 Co., Ltd	1,609,728	-	Registered Executive director	11 years and 3 months	30-Mar-26
Sehun Lee	Male	1962 Dec.	Outside Director	Outside Director	non-full time	Outside Director	- Former P&G Asia Group Manager Haircare/Beauty care Planning & Analysis Planning Manager - Former LG Household & Health Care Overseas Business Executive - Former ABLE C&C CEO - Current Board of Directors of Inner Bottle Co., Ltd.	-	-	Outside Director	1 years and 9 months	30-Mar-25
Taek Soon Lee	Male	1952 Feb.	Outside Director	Outside Director	non-full time	Outside Director	- Passed the 18th Administrative Examination - Former Commissioner General of Police - Former Advisor at Dongyang Express Co., Ltd. - Former Advisor of the Korea Construction Association - Former Visiting Professor at the College of Social Sciences, Dongguk University	-	-	Outside Director	1 years and 9 months	30-Mar-25
Oh Bin Kwon	Male	1967 Jun.	Auditor	Auditor	Full Time	Auditor	- Formerly worked at PwC Korea International Headquarters, Certified Public Accountant in Korea - Former Finance and Accounting Manager (Deputy Manager) at Tiffany & Co. Korea - Former Finance Manager (Director) at Lend Lease Korea (Australian PE) - Former Director of Funds Accounting at Umbrella Asset Korea (Citi group Private Equity Fund) - Formerly worked as CFO and General Manager at Amorepacific China Corporation in Shanghai - Former CFO and General Manager at Amorepacific France Corporation, based in Paris - Former Division Head of Finance Department at Amorepacific Headquarters (Managing Director), worked in Korea - Former General Manager (Managing Director) of Amorepacific France Corporation, worked in Paris	-	-	Auditor	9 months	30-Mar-26

B. Overview of Employees

(As of Dec, 31, 2023)

(Unit: KRW)

Employee										External contractors			Note
Business Division	Sex	HC				Total	Average Continuous Service Year	Total Annual Wage	Average Wage per person	Male	Female	Sum	
		Permanent employees		Fixed term employees									
		Total	(Part Time)	Total	(Part Time)								
IT	Male	10	-	-	-	10	2.29	580,865,456	58,086,546	13	56	69	-
IT	Female	6	-	-	-	6	1.02	206,186,264	34,364,377				-
Management Support	Male	8	-	-	-	8	2.95	344,187,817	43,023,477				-
Management Support	Female	18	-	-	-	18	5.01	1,005,399,221	55,855,512				-
Procurement	Male	5	-	-	-	5	4.16	379,093,349	75,818,670				-
Procurement	Female	7	-	-	-	7	2.14	291,857,540	41,693,934				-
Marketing	Male	3	-	1	-	4	0.83	154,098,063	38,524,516				-
Marketing	Female	10	-	4	-	14	1.78	444,443,973	31,745,998				-
Logistics	Male	23	-	-	-	23	2.75	1,073,376,619	46,668,549				-
Logistics	Female	19	-	-	-	19	3.54	621,481,148	32,709,534				-
Sales	Male	10	-	2	-	12	1.27	397,757,216	33,146,435				-
Sales	Female	85	-	3	-	88	2.47	3,781,515,029	42,971,762				-
Total		204	-	10	-	214	2.52	9,280,261,695	43,365,709				-

Note1) The number of employees, wages, and average continuous service year are based on the employees as of December 31, 2023.

Note2) Registered executives have been excluded, and the total annual wage amount reflects actual payments made from January to December 2023.

Note3) Taxation related to Stock options and withdraws of employee stocks have been excluded.

Note4) Fixed-term employees are interns.

External contractors are contract-based employees as of December 31, 2023.

C. Remuneration Status of Non-registered Executive Directors

(As of Dec, 31, 2023) (Unit: KRW)

Category	Number of Persons	Total Amount of Annual Remuneration	Average Remuneration per person	Note
Non-registered Executive Directors	3	474,155,963	158,051,988	-

2. Remuneration of Executive Directors

<Remuneration Status of All Directors and Auditors>

1. Amount Approved by the General Meeting of Shareholders

(Unit: KRW)

Category	Number of Persons	Amount Approved by the General Meeting of Shareholders	Note
Directors	5	2,500,000,000	-
Auditor	1	300,000,000	-

2. The Paid Remuneration

2-1. All Directors and Auditors

(Unit: KRW)

Number of Persons	A Total of Remuneration	Average Remuneration per person	Note
6	1,262,166,674	210,361,112	-

2-2. By Type

(Unit: KRW)

Category	HC	A Total of Remuneration	Average Remuneration Per person	Note
Registered Director (Outside Director and Members of the audit committee are excluded)	3	1,191,666,674	397,222,225	-
Outside Director (Members of the audit committee are excluded)	2	48,000,000	24,000,000	-
Members of the audit committee	-	-	-	-
Auditor	1	22,500,000	22,500,000	-

Note1) The total annual remuneration amount reflects actual payments made from January to December 2023.

Note2) On March 30, 2023, one auditor was appointed through the General Meeting of Shareholders.

<Remuneration Overview of Individual Directors and Auditors with a Paid Remuneration Amount of 500 Million KRW or More>

1. Paid Remuneration Amount per person

(Unit: KRW)

Name	Title	A Total of Remuneration	Remuneration not included in the Total Amount
Sungwoon Kim	CEO	545,000,000	-

2. Criteria and Method of Calculation

(Unit: KRW)

Name	Type of Remuneration		Total Amount	Criteria and Method of Calculation
Sungwoon Kim	Earned Income	Wage	300,000,000	Personnel Committee
		Bonus	245,000,000	-
		Gain from Exercise of Stock Option	-	-
		Other Earned Income	-	-
	Retirement income		-	-
	Other Income		-	-

<Remuneration Overview of Top 5 Individual Directors and Auditors with a Paid Remuneration Amount of 500 Million KRW or More>

1. Paid Remuneration Amount per person

(Unit: KRW)

Name	Title	A Total of Remuneration	Remuneration not included in the Total Amount
-	-	-	-

2. Criteria and Method of Calculation

(Unit: KRW)

Name	Type of Remuneration		Total Amount	Criteria and Method of Calculation
-	Earned Income	Wage	-	-
		Bonus	-	-
		Gain from Exercise of Stock Option	-	-
		Other Earned Income	-	-
	Retirement income		-	-
	Other Income		-	-

<Granting and Exercise Status of Stock Options>

<Table 1>

(Unit: 1,000 KRW)

Category	Number of Persons Granted	Total Fair Value of Stock Options	Note
Registered Director (Outside Director and Members of the audit committee are excluded)	2	837,480	-
Outside Director (Members of the audit committee are excluded)	-	-	-
Member of the audit committee or Auditor	-	-	-
Person responsible for executing tasks and so forth	-	-	-
Total	2	837,480	-

<Table2>

(As of Dec, 31, 2023) (Unit: KRW, shares)

Person Granted	Relation-ship	Grant Date	Grant Method	Type of Share	Quantit y of Initial Grant	Current Quantity Change		Total Quantity Change		Unexercis ed Quantity by the end of year	Exercise period	Exercis e price per share	Mandatory holding requirement	Mandator y Holding period
						Exercise d	Canceled	Exercise d	Canceled					
Jinho Choi	Registere d Executive director	22-Apr-19	New share issuance	Commo n Shares	322,674	20,000	-	20,000	-	302,674	April.22,2022.~ April.21,2025	729	X	-
SON ROBERT INHO	Registere d executive director	22-Apr-19	New share issuance	Commo n Shares	480,000	-	-	-	-	480,000	April.22,2022.~ April.21,2025	729	X	-

※ As of the reference date of the disclosure document creation (December 31, 2023), the closing price is 7,710 Korean won

IX. Matters Regarding the Affiliated Companies

(1). Overview of Affiliated Companies

(As of Dec, 31, 2023)

(Unit:

Company)

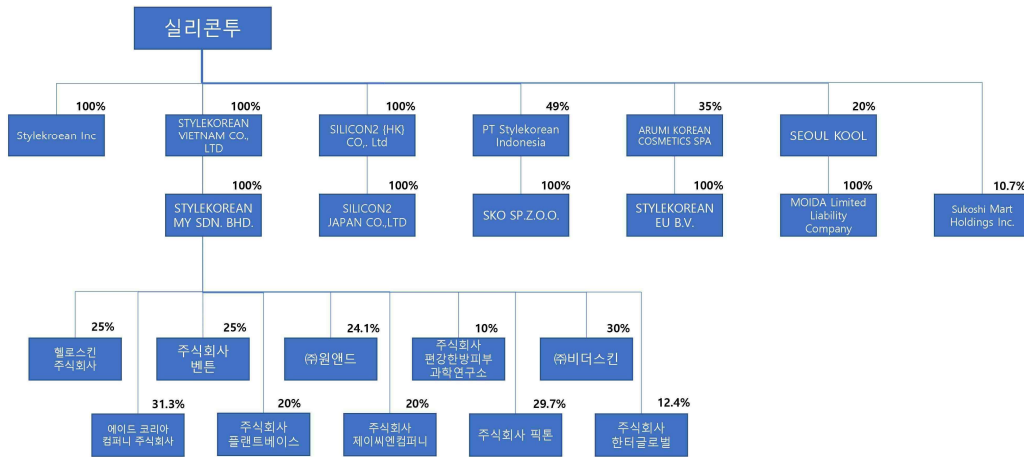
Name of Group Companies	Number of Affiliated Companies		
	Listed	Not listed	Sum
Silicon2's affiliated company	-	22	22

※ For details, refer to 'Detailed Table 2: Subsidiary Company Status (Detailed)

(2) Name of affiliated company (including corporate registration number or business registration number)

Name of Company	Corporate registration number
Stylekorean Inc.	-
STYLEKOREAN VIETNAM CO.,LTD	-
PT.Style Korean Indonesia	-
ARUMI KOREAN COSMETICS SPA	-
Silicon2 Taiwan Co., LTD	-
SEOUL KOOL FOR COSMETIC MATERIALS CO, WLL	-
STYLEKOREAN MY SDN. BHD.	-
SILICON2 JAPAN CO.,LTD	-
SKO SP.Z.O.O.	-
STYLEKOREAN EU B.V.	-
MOIDA Limited Liability Company	-
Sukoshi Mart Holdings Inc.	-
ONEAND Co., Ltd	152-81-00033
Benton Co., Ltd	463-88-00529
Pyun Gang Korean Medicine Dermatological Science Research Institute Co., Ltd.	367-88-00255
HelloSKIN Co., Ltd	888-88-00596
Be The Skin Co., Ltd	211-88-22602
TOBOCO Co., Ltd	196-81-02410
JC&C Company Co., Ltd	607-86-20887
Plant Base Co., Ltd	675-86-02198
AID KOREA COMPANY Co., Ltd	449-88-00372
HANTEO GLOBAL Co., Ltd	110111-6917102

(3) A organizational chart showing the relationships of control, subsidiaries, and investments among affiliated companies.



(4) Overview of mechanisms or organizations for coordinating business activities or interests among affiliated companies

This is not applicable to the Company as of the submission date of this report.

(5) Affiliated Company exerting direct or indirect influence on the management of the Company

This is not applicable to the Company as of the submission date of this report.

(6) Overview of Concurrent Position Status of Executive Directors between the Company and Its Affiliated Company

Name	Title in the Company	Name of the Company in which the concurrent position is held	Title in the Company in which the concurrent position is held
Sungwoon Kim	CEO	Stylekorean Inc.	CEO
		STYLEKOREAN VIETNAM CO., LTD	CEO
		PT Stylekorean Indonesia	Directors
		SKO SP.Z.O.O.	CEO
Jinho Choi	COO	Pyun Gang Korean Medicine Dermatological Science Research Institute Co., Ltd.	Outside Director
SON ROBERT INHO	CFO	PT Stylekorean Indonesia	Directors
		STYLEKOREAN EU B.V.	CEO

Overview of Investment in Other Corporations

(As of Dec, 31, 2023)

(Unit: KRW)

Purpose of Investment	Number of Corporations Invested			A Total Amount of Investment			
	Listed	Not listed	Total	Book at the Beginning of year	Increase(Decrease)		Book at the end of year
					Estimated Amount of Acquisition Valuation (Disposal)	Estimated Amount of Profit or Loss	
Management Participation	-	7	7	6,306	1,649	-	7,955
General Investment	-	15	15	8,983	4,655	-974	12,664
Simple Investment	-	-	-	-	-	-	-
Total	-	22	22	15,289	6,304	-974	20,619

X. Transactions with Major Shareholders

1. Transactions with the Largest Shareholders

A. Details of Provisional Payments and Loans (including Securities Loaned)

This is not applicable to the Company as of the submission date of this report.

B. Details of Collateral provided

This is not applicable to the Company as of the submission date of this report.

C. Details of Guarantee of Debt

This is not applicable to the Company as of the submission date of this report.

D. Details of Real estate transaction

This is not applicable to the Company as of the submission date of this report.

E. Details of Asset Transfer

This is not applicable to the Company as of the submission date of this report.

F. Details of Business transaction

This is not applicable to the Company as of the submission date of this report.

2. Transactions with stakeholders other than the largest shareholders

This is not applicable to the Company as of the submission date of this report.

XI. Other Matters Required for Investor Protection

1. Progress and Changes in Disclosures

This is not applicable to the Company as of the submission date of this report.

2. Matters regarding Contingent liabilities

A. Significant litigation cases

This is not applicable to the Company as of the submission date of this report.

B. Overview of promissory notes for pledging or collateral

(As of Dec, 31, 2023) (Unit: 1 mil KRW, paper)

Submission To	Quantity	Amount	Note
Bank	-	-	-
Financial Institution (Excluding Bank)	-	-	-
Corporation	-	-	-
Other(Individual)	-	-	-

C. Overview of Guarantee of Debt

This is not applicable to the Company as of the submission date of this report.

D. Overview of Debt Assumption Agreement

This is not applicable to the Company as of the submission date of this report.

E. Other Contingent liabilities

This is not applicable to the Company as of the submission date of this report.

3. Matters regarding Regulations

A. Overview of Sanctions

(1) Overview of Investigation and Judicial Sanctions

This is not applicable to the Company as of the submission date of this report.

(2) Overview of Administrative sanctions

A) Sanction by Financial Regulatory Authorities

This is not applicable to the Company as of the submission date of this report.

B. Sanction by Fair Trade Commission

This is not applicable to the Company as of the submission date of this report.

C. Sanction by Tax authorities (National Tax Service, Customs Service, etc.)

This is not applicable to the Company as of the submission date of this report.

D. Sanction by other administrative and public organizations

This is not applicable to the Company as of the submission date of this report.

E. Sanction by the Korea Exchange and others

As of August 17, 2023, the Company was fined 2 million KRW for non-compliance with disclosure requirements related to significant changes in revenue or profit/loss structure exceeding 30% (15% for large corporations exceeding) by the Korea Exchange.

To prevent recurrence, the Company will ensure compliance with disclosure regulations and complete specialized training programs, ensuring that similar incidents do not occur in the future.

F. Matters regarding the Occurrence and Return of Short-term Trading gains

This is not applicable to the Company as of the submission date of this report.

4. Other Matters regarding Significant Events Occurring After Report Creation Date

A. Significant Events Occurring After Report Creation Date

This is not applicable to the Company as of the submission date of this report.

C. Subsidiary Status of Foreign Holding Companies

This is not applicable to the Company as of the submission date of this report.

D. Legal Risk Fluctuations

This is not applicable to the Company as of the submission date of this report.

E. Matters regarding deposit protection of financial institutions

This is not applicable to the Company as of the submission date of this report.

F. Compliance with the requirements of a special purpose acquisition company

This is not applicable to the Company as of the submission date of this report.

G. Roles and obligations of financial investment firms in a special purpose acquisition company

This is not applicable to the Company as of the submission date of this report.

H. Post Information of M&A

This is not applicable to the Company as of the submission date of this report.

I. Green Management

This is not applicable to the Company as of the submission date of this report.

J. Matters regarding government certification and its revocation

This is not applicable to the Company as of the submission date of this report.

K. Changes Due to the conversion of contingent convertible bond and debt restructuring

This is not applicable to the Company as of the submission date of this report.

L. Overview of Lock-Up Shares

This is not applicable to the Company as of the submission date of this report.

M. Post Information of Specially Listed Company

This is not applicable to the Company as of the submission date of this report.

XII. Detailed Table

1. Overview of consolidated subsidiary companies (Details)

☞ Move to the main text

(Unit: KRW)

Name of Company	Foundation Date	Address	Major Business	At the end of the recent Business year, Total Asset	Basis of Control	Major Subsidiary Company Status
Stylekorean Inc.	28-Apr-15	10928 Bloomfield Ave, Santa Fe Springs, CA 90670	Cosmetics Distribution & sales business	65,838,911,380	Majority ownership of voting rights (No.K-iFRS 1110)	Yes
STYLEKOREAN MY SDN. BHD.	02-Jun-22	19, Jalan 8/91, Taman Shamelin Perkasa, 56100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	Cosmetics Distribution & sales business	8,315,243,436	Majority ownership of voting rights (No.K-iFRS 1110)	N/A
STYLEKOREAN EU B.V.	13-Mar-23	Keizersgracht 555, 1017 DR Amsterdam, Netherlands	Cosmetics Distribution & sales business	8,001,811,944	Majority ownership of voting rights (No.K-iFRS 1110)	N/A
SKO Sp. z o.o.	30-Jan-23	UL.SWIDNICKA,numer36,lokal 12, kod poczt. 50-068,poczta WROCLAW	Logistics Outsourcing Business	1,157,436,302	Majority ownership of voting rights (No.K-iFRS 1110)	N/A
STYLEKORAN VIETNAM CO.,LTD	06-Jun-19	No. 9, Thuy Phuong Street, Duc Thang Ward, Bac Tu Liem District, Ha Noi	Cosmetics Distribution & sales business	21,645,560	Majority ownership of voting rights (No.K-iFRS 1110)	N/A
MOIDA LLC	07-Aug-23	119331,MOSCOW CITY, Russia VN.TER.G. MUNICIPAL DISTRICT LOMONOSOVSKY, PR-KT VERNADSKY, D. 29, ROOM 1/14	Cosmetics	13,645,667	Majority ownership of voting rights (No.K-iFRS 1110)	N/A

2. Overview of Affiliated Companies (Details)

☞ Move to the main text

(As of Dec, 31, 2023)

(Unit: company)

Listing Status	Number of Company	Name of Company	Corporate registration number
Listed	-	-	-
		-	-
Not listed	22	Stylekorean Inc.	-
		STYLEKOREAN VIETNAM CO.,LTD	-
		PT.Style Korean Indonesia	-
		ARUMI KOREAN COSMETICS SPA	-
		Silicon2 Taiwan Co., LTD	-
		SEOUL KOOL FOR COSMETIC MATERIALS CO, WLL	-
		STYLEKOREAN MY SDN. BHD.	-
		SILICON2 JAPAN CO.,LTD	-
		SKO SP.Z.O.O.	-
		STYLEKOREAN EU B.V.	-
		MOIDA Limited Liability Company	-
		Sukoshi Mart Holdings Inc.	-
		ONEAND Co., Ltd	152-81-00033
		Benton Co., Ltd	463-88-00529
		Pyun Gang Korean Medicine Dermatological Science Research Institute Co., Ltd.	367-88-00255
		HelloSKIN Co., Ltd	888-88-00596
		Be The Skin Co., Ltd	211-88-22602
		Picton Co., Ltd	196-81-02410

		JC&C Company Co., Ltd	607-86-20887
		Plant Base Co., Ltd	675-86-02198
		AID KOREA COMPANY Co., Ltd	449-88-00372
		HANTEO GLOBAL Co., Ltd	110111-6917102

3. Overview of Investment in Other Corporations(Details)

☞ Move to the main text

(As of Dec, 31, 2023)

(Unit: 1 mil KRW, shares, %)

Name of Company	Listing Status	Initial Acquisit on Date	Purpose of Investment	Amount of Initial Acquisition	Balance at the beginning of year			Increase (Decrease)			Balance at the end of year			Recent Business Year Financial Status	
					Quantity	Percentage of Ownership	Book Value	Acquisition (Disposal)		Estimated Profit and Loss	Quantity	Percentage of Ownership	Book Value	Total Asset	Net Profit and Loss
								Quantity	Amount						
Stylekorean Inc.	Not listed	29-Apr-15	Participation in Management	3	5,000,000	100	5,817	-	-	-	5,000,000	100	5,817	65,839	9,112
STYLEKOREAN VIETNAM CO.,LTD	Not listed	06-Jun-19	Participation in Management	6	5,000	100	6	-	59	-	5,000	100	65	65	-
STYLEKOREAN MY SDN.BHD.	Not listed	02-Jun-22	Participation in Management	482	1,697,357	100	483	-	-	-	1,697,357	100	483	8,315	(493)
SKO Sp.z.o.o.	Not listed	23-Jan-23	Participation in Management	517	32,000	100	-	32,000	517	-	64,000	100	517	517	-
STYLEKOREAN EU B.V.	Not listed	13-Mar-23	Participation in Management	1,052	7,500	100	-	7,500	1,052	-	15,000	100	1,052	8,002	514
MOIDA Limited Liability Company	Not listed	18-Aug-23	Participation in Management	21	-	100	-	1	21	-	1	100	21	1,157	(32)
PT. Style Korean Indonesia	Not listed	21-Aug-18	General Investment	168	392,000	49	876	-	-	-	392,000	49	876	9,765	1,190
ONEAND Co., Ltd	Not listed	11-Mar-16	General Investment	200	80,000	23	400	-	-	-	80,000	24	400	13,210	2,219
Benton Co., Ltd	Not listed	25-Nov-16	General Investment	200	645,000	25	300	-	-	-	645,000	25	300	5,124	923
Pyun Gang Korean Medicine Dermatological Science Research Institute Co., Ltd	Not listed	20-Dec-17	General Investment	300	8,889	10	300	-	-	-	8,889	10	300	10,363	2,205
HELLOW SKIN	Not listed	07-Oct-16	General Investment	50	6,667	25	-	-	-	-	6,667	25	-	2,572	372
SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL	Not listed	20-Jan-20	General Investment	463	-	20	161	-	-	(14)	-	20	147	791	(37)
ARUMI KOREAN COSMETICS SPA	Not listed	26-Apr-17	General Investment	337	5,385	35	-	-	-	-	5,385	35	-	-	-
SILICON2 TAIWAN CO.,LTD	Not listed	07-Jul-17	Management Participation	34	-	100	-	-	-	-	-	100	-	-	-
Be The Skin Co., Ltd	Not listed	08-Feb-21	General Investment	100	8,572	30	100	-	-	-	8,572	30	100	2,835	7
Picton Co., Ltd	Not listed	25-May-21	General Investment	30	300,000	30	300	100,000	700	-	400,000	33	1,000	4,898	1,279
JC&C Company Co., Ltd	Not listed	23-Jul-21	General Investment	100	3,000	20	76	-	-	(20)	3,000	20	56	225	15
Plant Base Co., Ltd	Not listed	28-Jul-21	General Investment	200	500	20	146	-	-	(88)	500	20	58	464	(140)
AID KOREA COMPANY Co., Ltd	Not listed	28-Oct-21	General Investment	1,000	25,000	31	1,300	-	-	-	25,000	31	1,300	7,292	1,236
HANTEO GLOBAL Co., Ltd	Not listed	14-Mar-22	General Investment	5,000	91,277	15	5,000	-	-	(852)	91,277	15	4,148	7,815	(2,231)
SILICON2 JAPAN CO.,LTD	Not listed	18-Apr-22	General Investment	24	2,500	50	24	-	-	-	2,500	50	24	-	-
Sukoshi Mart Holdings Inc.	Not listed	12-Dec-23	General Investment	3,954	-	-	-	1,315,789	3,955	-	1,315,789	12	3,955	-	-
Total					8,310,647	-	15,289	1,455,290	6,304	(974)	9,765,937	-	20,619	(974)	9,765,937

【 Expert Confirmation 】

1. Expert Confirmation

This is not applicable to the Company as of the submission date of this report.

2. Conflict of Interest of Expert

This is not applicable to the Company as of the submission date of this report.