

Table of Contents

| | |
|---|-----|
| Business Report | 3 |
| Disclaimer | 4 |
| 【CEO's Verification etc. 】 | 5 |
| I. Company Overview | 7 |
| 1. Overview | 7 |
| 2. Company history..... | 9 |
| 3. Changes in paid-in capital..... | 14 |
| 4. Total number of shares, etc..... | 14 |
| 5. History of Articles Incorporation..... | 15 |
| II. Business Overview | 22 |
| 1. Overview | 22 |
| 2. Key products and services | 23 |
| 3. Production materials and production facilities..... | 30 |
| 4. Revenue and long-term contracts..... | 32 |
| 5. Risk Management and Derivative Transactions | 37 |
| 6. Major contracts and R&D activities | 40 |
| 7. Other information | 43 |
| III. Financial Statements..... | 48 |
| 1. Abridged Financial Statements | 48 |
| 2. Consolidated Financial Statements | 50 |
| 2-1. Consolidated Statements of Financial Position | 50 |
| 2-2. Consolidated Statements of Comprehensive Income..... | 52 |
| 2-3. Consolidated Statements of Changes in Equity | 53 |
| 2-4. Consolidated Statements of Cash Flows | 54 |
| 3. Notes to Consolidated Financial Statements..... | 56 |
| 4. Financial Statements | 94 |
| 4-1. Financial Statements | 94 |
| 4-2. Comprehensive income statement | 96 |
| 4-3. Changes in Equity | 97 |
| 4-4. Cash flow..... | 98 |
| 5. Notes for Financial Statements | 100 |
| 6. Dividends..... | 136 |
| 7. Matters related to Financing through the Issuance of Securities | 137 |
| 7-1. Status of Financing through Issuance of Securities | 137 |
| 7-2. Usage Status of Funds raised through Issuance of Securities | 140 |
| 8. Other Financial Matters | 141 |
| IV. The Board's Managerial Diagnosis and Analysis..... | 146 |
| V. Auditor's Report | 146 |
| 1. Matters Concerning External Audit..... | 146 |
| 2. Matters Concerning Internal Control..... | 148 |
| VI. Matters Regarding Executive Organizations Including the Board of Directors..... | 149 |
| 1. Matters Regarding the Board of Directors..... | 149 |
| 2. Matters Regarding Audit System..... | 152 |
| 3. Matters regarding the General Meeting of Shareholders | 155 |
| VII. Matters Regarding Shareholders..... | 158 |

| | |
|---|-----|
| VIII. Matters Regarding Executive Directors and Employees | 160 |
| 1. Overview of Executive Directors and Employees | 160 |
| 2. Remuneration of Executive Directors..... | 162 |
| IX. Matters Regarding the Affiliated Companies..... | 165 |
| X. Transactions with Major Shareholders | 167 |
| XI. Other Matters Required for Investor Protection..... | 168 |
| XII. Detailed Table | 172 |
| 1. Overview of Consolidated Subsidiary Companies (Details)..... | 172 |
| 2. Overview of Affiliated Companies (Details) | 172 |
| 3. Overview of Investment in Other Corporations(Details) | 172 |
| 【 Expert Confirmation】 | 174 |

Business Report

(The 23rd Annual Report)

Business FY From January 1, 2024
To September 30, 2024

SUBMITTED TO
Financial Services Commission

November 14, 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:

S-907, H-SQUARE 231, Pangyoyeok St , Bundang-Gu, Seongnam-City,
Gyeonggi-Do, Republic of Korea

(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 11월 14일

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.”

November 14, 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 | 4 | - | - | 4 | 2 |
| Total | 4 | - | - | 4 | 2 |

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 | - | - |
| | - | - |
| 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, Pangyoeyeok-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 |

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발급번호 : 0010-2024-384413

중소기업 확인서 [중기업]

기업명 : 실리콘투
 사업자등록번호 : 214-87-03359 법인등록번호 : 110111-2425448
 대표자명 : 김성운
 주 소 : 경기 성남시 분당구 판교역로 231, S동 906,906,907,911호
 (삼평동, 에이치스퀘어 에스동)
 유효기간 : 2024-04-01 ~ 2025-03-31
 용 도 : 공공기관 입찰 이외 용도

위 기업은 「중소기업기본법」 제2조에 의한 중소기업임을 확인합니다.

2024년 04월 23일

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 자료들 통해 발급받은 경우 중소기업기본법 제28조에 따라 500만원 이하의 과태료 및 시책기관의 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 170 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 Pyunkang 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 SEOULKOOOL, 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 Picton Co., 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 Picton 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 Picton 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 |
| June 2024 | Subsidiary Establishment | <ul style="list-style-type: none"> - Established STYLEKOREAN UK LTD. in the United Kingdom |
| June 2024 | Subsidiary Establishment | <ul style="list-style-type: none"> - Established STYLEKOREAN SG PTE. LTD. in Singapore |
| July 2024 | Subsidiary Establishment | <ul style="list-style-type: none"> - Established STYLEKOREAN FR SAS.. in France |
| Sep. 2024 | Brand Investments | <ul style="list-style-type: none"> - Equity investment in the ' Hyaah' brand of Only Ni Co., Ltd. |

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 Sangho Lee Inside Director Eunha Shin Inside Director Jieun Cho Auditor Jaebok Kim | - | Inside Director Kyungja Lee |
| Feb. 1, 2017 | AGM | Inside Director Yeonkyu Park Inside Director Jinho Choi Inside Director Robert Inho Son (American) Auditor Joonkyu Kang | Inside Director Sungwoon Kim | Inside Director Kyungja Lee Inside Director Eunha Shin Auditor Jaebok Kim |
| Dec. 31, 2017 | AGM | - | - | Inside Director Yunkyung 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 Taeksoon Lee | - | Outside Director Yoon Mark Manjoong |
| Mar.30, 2023 | AGM | Auditor Obin Kwon | Inside Director Sungwoon Kim Inside Director Jinho Choi Inside Director Robert Inho Son (American) | Auditor Junkyu Kang (term expiration) |

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 | |
| Jun. 30, 2003 | Sangho Lee | 8,000 | 40.00% | Sungwoon Kim | 14,000 | 70.00% | Stock Acquisition |

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 | 23 rd (September 30, 2024) | 22 nd (December 31, 2023) | 21 st (December 31, 2022) |
|---------------|-------------------------|--|---|---|
| Common | Number of issued shares | 60,873,234 | 60,389,234 | 60,177,234 |
| | Par value | 500 | 500 | 500 |
| | Paid-in capital | 30,537,340,000 | 30,295,340,000 | 30,189,340,000 |
| Preferred | Number of issued shares | - | - | - |
| | Par value | - | - | - |
| | Paid-in capital | - | - | - |
| Others | Number of issued shares | - | - | - |
| | Par value | - | - | - |
| | Paid-in capital | - | - | - |
| Total | Paid-in capital | 30,537,340,000 | 30,295,340,000 | 30,189,340,000 |

4. Total Number of Shares, etc.

Total number of shares

(As of: September 30, 2024)

(Unit: Shares)

| Classification | Types of stocks | | | Remarks | |
|--|----------------------|-----------|-------------|-----------|---|
| | Common | Preferred | Total | | |
| I. Authorized shares | 100,000,000 | - | 100,000,000 | - | |
| II. Issued shares (cumulative) | 61,074,680 | 1,261,520 | 62,336,200 | - | |
| 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) | 60,873,234 | - | 60,873,234 | - | |
| V. Treasury shares | - | - | - | - | |
| VI. Outstanding shares(IV-V) | 60,873,234 | - | 60,873,234 | - | |

5. History of Articles of Incorporation

A. Recent changes to Articles of Incorporation

The Articles of Incorporation have recently been changed during the Annual General Meeting held on March 30, 2023.

B. 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 |

C. 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 |

D. 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 |
| Added | Mar. 30, 2023 | - | 1. Manufacturing Cosmetics and Beauty-related Products |
| | | | 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 |

1. 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 |

E. 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 2022, there were 32,000 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 160 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 170 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) | September 30, 2024 (23 rd) | | 2023 (22 nd) | | 2022 (21 st) | |
|---------------|--|---------------------|--|---------|--------------------------|---------|--------------------------|---------|
| | | | Revenue | Portion | Revenue | Portion | Revenue | Portion |
| CA | A platform for Enterprise clients to introduce and operate their brands in different countries. | Company A | 59,988 | 11.58% | 33,927 | 9.9% | 16,056 | 9.71% |
| | | Company B | 22,470 | 4.34% | 15,515 | 4.53% | 8,471 | 5.13% |
| | | Company C | 17,388 | 3.36% | 5,026 | 1.47% | 3,831 | 2.32% |
| | | Other | 346,347 | 66.87% | 217,497 | 63.43% | 99,391 | 60.14% |
| | | Subtotal | 446,193 | 86.15% | 271,965 | 79.33% | 127,749 | 77.3% |
| PA | Cross-border e Commerce stores by country that supply products to individual customers who buy K-Beauty products | Company A | 14,889 | 2.87% | 13,855 | 4.04% | 14,042 | 8.5% |
| | | Company B | 1,119 | 0.22% | 3,321 | 0.97% | 5,731 | 3.47% |
| | | Company C | 615 | 0.12% | 274 | 0.08% | 1,486 | 0.9% |
| | | Other | 30 | 0.01% | 90 | 0.02% | 2,120 | 1.28% |
| | | Subtotal | 16,653 | 3.22% | 17,540 | 5.11% | 23,379 | 14.15% |
| Fulfillment | K-Beauty products on external online platforms Sales agency and shipping agency business | Company A | 28,765 | 5.55% | 33,244 | 9.7% | 4,434 | 2.68% |
| | | Company B | 7,325 | 1.41% | 8,557 | 2.5% | 2,523 | 1.53% |
| | | Company C | 5,916 | 1.14% | 2,877 | 0.84% | 2,074 | 1.25% |
| | | Other | 12,533 | 2.42% | 8,553 | 2.48% | 4,871 | 2.95% |
| | | Subtotal | 54,539 | 10.52% | 53,231 | 15.52% | 13,902 | 8.41% |
| Other revenue | Rental revenue, etc. | - | 577 | 0.11% | 125 | 0.04% | 242 | 0.14% |
| Revenue total | | | 517,962 | 100.00% | 342,861 | 100.00% | 165,272 | 100.00% |

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

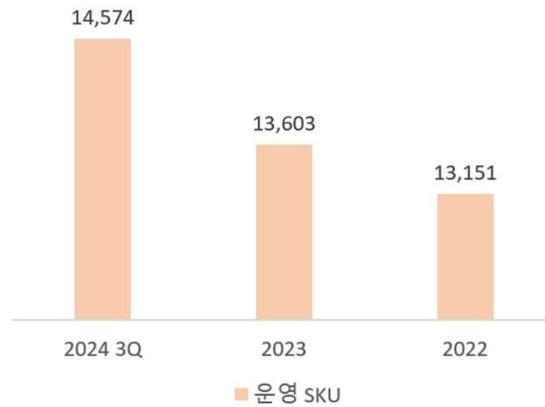
Note 2) Revenue for each business unit represents the revenue from the top three major customers for each business unit by year.

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 14,000 SKUs in operation as of September 30, 2024, 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 | 100 ea | 740.00 | Wishlist Remove |
| <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 | 100 ea | 740.00 | Wishlist Remove |
| <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 | 100 ea | 740.00 | Wishlist Remove |
| <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 | 100 ea | 740.00 | Wishlist Remove |

CA 고객들의 **실시간 주문** 서비스 제공

Brands

Search Condition

Brand Function

Available Stock



Select All Products

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 140 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.

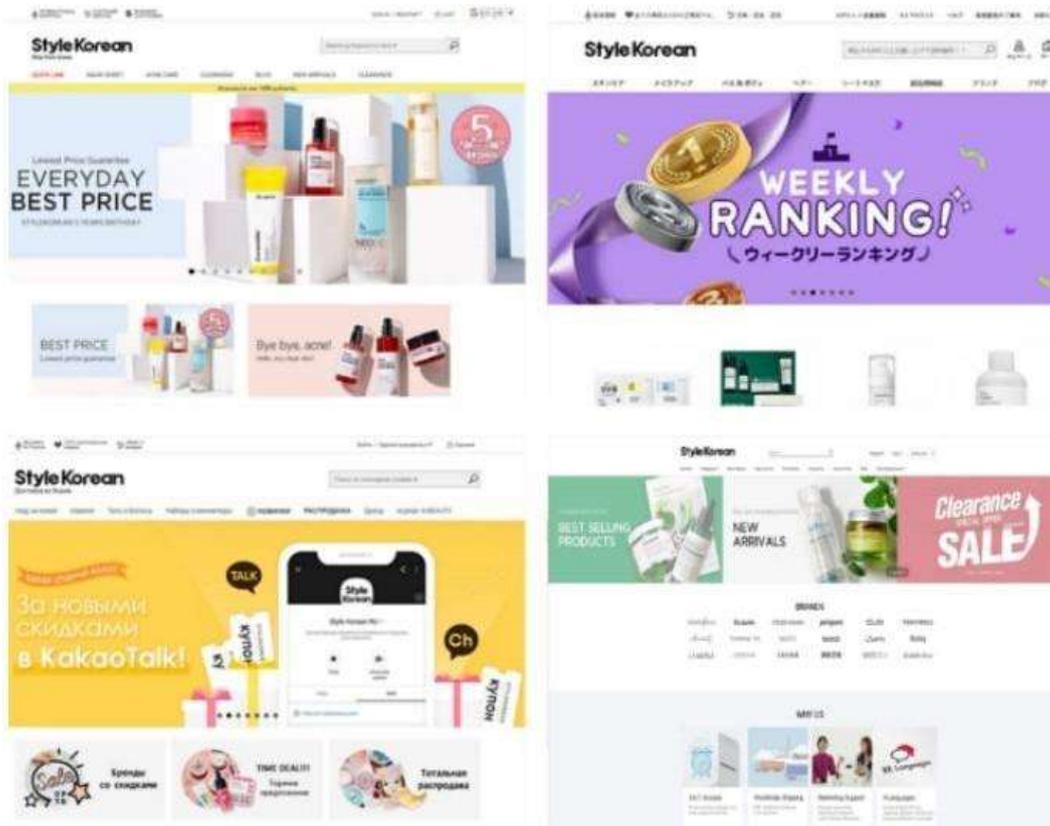
Additionally, to help CA partners succeed in their local business, the Company provides not just product supply, but also sales strategy support and marketing resources in order to enable CA partners to grow and support K-Beauty's local expansion, rather than being partners for simple sales.

(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 2024, 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

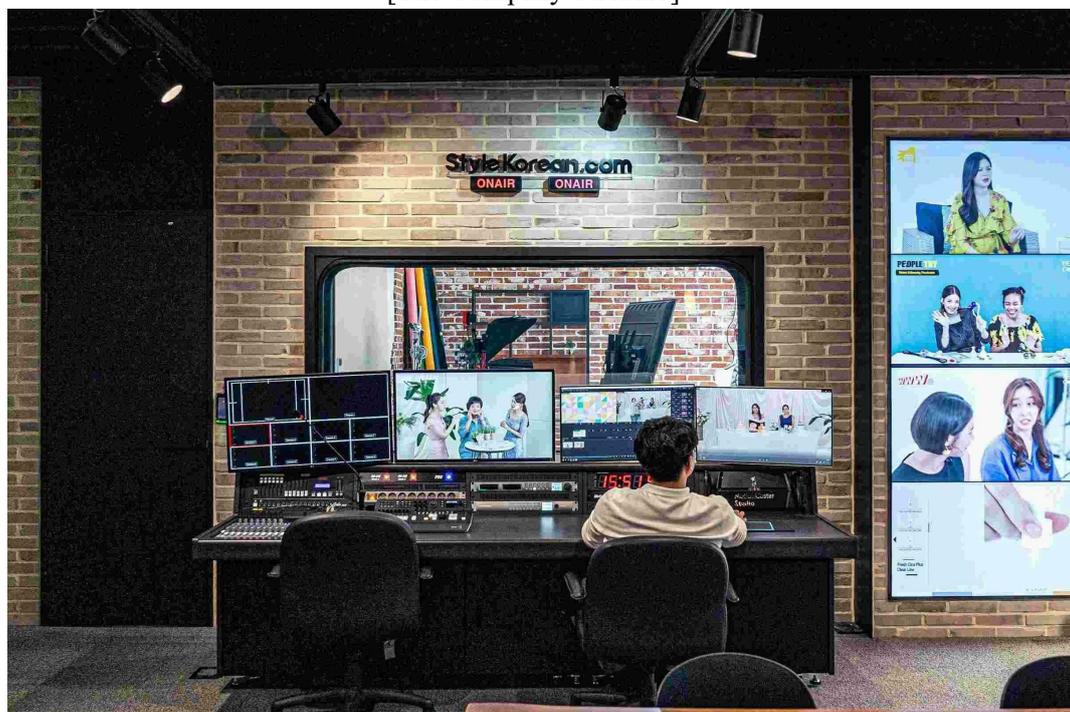
The fulfillment business is a business that provides operation outsourcing and consignment/delivery for small K-beauty brands that have difficulties entering and managing operations the open market on its own. Additionally, the Company facilitates entry into open markets tailored to each brand's characteristics. To facilitate the entry and sales of K-Beauty brands in overseas online marketplaces, the brands deliver their products to the Company, 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 14,000 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 | September 30, 2024 (23rd) | | 2023 (22nd) | | 2022 (21st) | |
|----------------|------------------------------|---------|----------------|---------|----------------|---------|
| | Amount | Portion | Amount | Portion | Amount | Portion |
| CA | 334,064 | 86.24% | 228,566 | 79.35% | 94,034 | 77.41% |
| PA | 12,468 | 3.22% | 14,741 | 5.12% | 17,209 | 14.17% |
| Fulfillment | 40,833 | 10.54% | 44,736 | 15.53% | 10,233 | 8.42% |
| Total | 387,365 | 100.00% | 288,043 | 100.00% | 121,476 | 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.

(1) Production and Quality of facilities, 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.

(2) Matters concerning Key Facilities

(a) Key facilities for production

(Unit: mil KRW)

| Operations | Asset type | Owned (Leased) | Location | Beginning book value (Jan. 2024.01) | Gain or loss for the period | Depreciation for the period | Ending book value (2024.09.30) | Location |
|--------------------------------|-----------------|----------------|-----------------------|-------------------------------------|-----------------------------|-----------------------------|--------------------------------|---|
| Headquarters | Land | Owned | Rooms 905 through 911 | 5,822 | 62 | - | 5,885 | 231, Pangyo Yeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea Room 905,906,907,908,909,910, and 911 |
| | Buildings | | | 17,046 | 158 | 359 | 16,845 | |
| | Land, buildings | Leased | Room 904 | 205 | - | 56 | 150 | 231, Pangyo Yeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea Room 904 |
| STYLEKOREA N INC | Land | Owned | 10928 Bloomfield Ave | 4,769 | 54,878 | - | 59,647 | 10928 Bloomfield Ave. Santa Fe Springs CA 90670 |
| | Buildings | | | 3,301 | 15,704 | 145 | 18,860 | |
| Warehouse | Warehouse | Leased | Opo CS Warehouse | 2,382 | 947 | 901 | 2,427 | 650-23, Opo-ro, Opo-eup, Gwangju-si, Gyeonggi-do, Republic of Korea |
| | AGV | Owned | | 1,103 | - | 418 | 685 | |
| Warehouse (under construction) | Land | Owned | Hakwoon Complex 5 | 19,510 | 532 | - | 19,829 | 1170, Hanun-ri, Yangchon-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. |

(3) 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 | 32,882 | 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 | September 30, 2024 (23rd) | | 2023 (22nd) | | 2022 (21st) | |
|---------------------------|---------------|---------------------|----------------|---------------------------|---------|-------------|---------|-------------|---------|
| | | | | Sales | Portion | Sales | Portion | Sales | Portion |
| CA (Corporate Account) | Product sales | Company A | Export | 59,988 | 11.58% | 33,927 | 9.9% | 16,056 | 9.71% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 59,988 | 11.58% | 33,927 | 9.9% | 16,056 | 9.71% |
| | | Company B | Export | 22,470 | 4.34% | 15,515 | 4.53% | 8,471 | 5.13% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 22,470 | 4.34% | 15,515 | 4.53% | 8,471 | 5.13% |
| | | Company C | Export | 17,388 | 3.36% | 5,026 | 1.47% | 3,831 | 2.32% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 17,388 | 3.36% | 5,026 | 1.47% | 3,831 | 2.32% |
| | | Other | Export | 312,270 | 60.29% | 187,976 | 54.82% | 86,032 | 52.05% |
| | | | Domestic | 34,077 | 6.58% | 29,521 | 8.61% | 13,359 | 8.08% |
| | | | Subtotal | 346,347 | 66.87% | 217,497 | 63.43% | 99,391 | 60.14% |

| | | | | | | | | | |
|--------------------------|----------------|-----------|----------|---------|--------|---------|--------|---------|--------|
| | | Subtotal | Export | 412,116 | 79.56% | 242,444 | 70.71% | 114,390 | 69.21% |
| | | | Domestic | 34,077 | 6.58% | 29,521 | 8.61% | 13,359 | 8.08% |
| | | | Subtotal | 446,193 | 86.15% | 271,965 | 79.33% | 127,749 | 77.3% |
| PA (Personal Account) | Product sales | Company A | Export | 14,889 | 2.87% | 13,855 | 4.04% | 14,042 | 8.50% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 14,889 | 2.87% | 13,855 | 4.04% | 14,042 | 8.50% |
| | | Company B | Export | 1,119 | 0.22% | 3,321 | 0.97% | 5,731 | 3.47% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 1,119 | 0.22% | 3,321 | 0.97% | 5,731 | 3.47% |
| | | Company C | Export | 615 | 0.12% | - | 0.00% | 1,486 | 0.9% |
| | | | Domestic | - | 0.00% | 274 | 0.08% | - | 0.00% |
| | | | Subtotal | 615 | 0.12% | 274 | 0.08% | 1,486 | 0.9% |
| | | Other | Export | 21 | 0.01% | 90 | 0.02% | 1,760 | 1.06% |
| | | | Domestic | 9 | 0.00% | - | 0.00% | 360 | 0.22% |
| | | | Subtotal | 30 | 0.01% | 90 | 0.02% | 2,120 | 1.28% |
| | | Subtotal | Export | 16,644 | 3.21% | 17,266 | 5.04% | 23,019 | 13.93% |
| | | | Domestic | 9 | 0.00% | 274 | 0.08% | 360 | 0.22% |
| | | | Subtotal | 16,653 | 3.22% | 17,540 | 5.11% | 23,379 | 14.15% |
| Fulfillment | Product sales | Company A | Export | 28,765 | 5.55% | 33,244 | 9.7% | 4,434 | 2.68% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 28,765 | 5.55% | 33,244 | 9.7% | 4,434 | 2.68% |
| | | Company B | Export | 7,325 | 1.41% | 8,557 | 2.5% | 2,523 | 1.53% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 7,325 | 1.41% | 8,557 | 2.5% | 2,523 | 1.53% |
| | | Company C | Export | 5,916 | 1.14% | 2,877 | 0.84% | 2,074 | 1.25% |
| | | | Domestic | - | 0.00% | - | 0.00% | - | 0.00% |
| | | | Subtotal | 5,916 | 1.14% | 2,877 | 0.84% | 2,074 | 1.25% |
| | | Other | Export | 12,400 | 2.39% | 8,361 | 2.43% | 4,386 | 2.66% |
| | | | Domestic | 133 | 0.03% | 192 | 0.05% | 485 | 0.29% |
| | | | Subtotal | 12,533 | 2.42% | 8,553 | 2.48% | 4,871 | 2.95% |
| | | Subtotal | Export | 54,406 | 10.50% | 53,039 | 15.47% | 13,417 | 8.12% |
| | | | Domestic | 133 | 0.03% | 192 | 0.06% | 485 | 0.29% |
| | | | Subtotal | 54,539 | 10.52% | 53,231 | 15.52% | 13,902 | 8.41% |
| Others | Other revenues | - | - | 577 | 0.11% | 125 | 0.04% | 242 | 0.14% |
| Total | | | | 517,962 | 100.0% | 342,861 | 100.0% | 165,272 | 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 September 30, 2024)

(Unit: mil KRW)

| Revenue type | Item | Classification | Sales channel | Revenue, by channel | Revenue ratio |
|-------------------|-----------|----------------|---|---------------------|---------------|
| CA Revenue | Cosmetics | Sales | Revenue from supply contracts through the wholesale site, which serves retail partners worldwide | 446,193 | 86.15% |
| PA Sales | | | Revenue from direct sales to consumers worldwide via the StyleKorean Retail platform, operational across global, Japan, Russia, Indonesia, and U.S. websites. | 16,653 | 3.22% |
| Fulfillment sales | | | Revenue from fulfillment services, including operations outsourcing and drop shipping (DS). | 54,539 | 10.52% |
| Others | Others | | Ad revenue, etc. | 577 | 0.11% |
| Total | | | | 517,962 | 100.00% |

Note) Revenue is based on IFRS consolidated financial statements in the 3rd quarter of 2024.

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 4 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 4 million. Additionally, the Company extends its reach through partnerships with over 25,000 global influencers across 68 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 September 30, 2024)

(Unit: mil KRW)

| Revenue types | Customer | Revenue amount | Revenue ratio |
|---------------|---|----------------|---------------|
| CA Sales | iHerb, Inc | 59,988 | 11.58% |
| DA Sales | Amazon.com | 28,765 | 5.55% |
| PA Sales | Style Korea USA (formerly Independent online store) | 14,889 | 2.87% |
| | Other | 414,320 | 80.00% |
| | Total | 517,962 | 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 risks arise 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 | September 30, 2024 | | | December 31, 2023 | | |
|------------------------|--------------------|------------------|------------------|-------------------|------------------|----------------|
| | Currency | Foreign currency | KRW equivalent | Currency | Foreign currency | KRW equivalent |
| Cash equivalent assets | USD | 14,850,078.10 | 19,596,163,061 | USD | 6,495,166.38 | 8,374,867,529 |
| | EUR | 338,191.90 | 498,515,152 | EUR | 1,229,544.31 | 1,754,055,617 |
| | Others | - | - | Others | 21,820,726.86 | 272,978,638 |
| Short-term loan | USD | 30,000,000.00 | 39,588,000,000 | - | - | - |
| Accounts receivable | USD | 45,860,171.66 | 60,517,082,523 | USD | 42,970,427.49 | 55,406,069,192 |
| | EUR | 22,633,438.10 | 33,363,045,766 | EUR | 3,839,967.64 | 5,478,059,435 |
| | Others | 29,081,777.96 | 683,091,281 | Others | 168,552,239.53 | 489,055,311 |
| Short-term borrowings | USD | (30,000,000.00) | (39,588,000,000) | - | - | - |
| Total | | | 114,657,897,783 | Total | | 71,775,085,722 |

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 | September 30, 2024 | | December 31, 2023 | |
|---|--------------------|------------------|-------------------|-----------------|
| | FX increase | FX decrease | FX increase | FX decrease |
| Increase (decrease) in profit and loss before tax | 11,465,789,778 | (11,465,789,778) | 7,177,508,572 | (7,177,508,572) |

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.

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 | September 30, 2024 | December 31, 2023 |
|-----------------------------------|--------------------|-------------------|
| Accounts receivable | 58,534,152,019 | 21,282,743,325 |
| Short-term other financial assets | 6,768,224,828 | 17,103,561,266 |
| Other financial assets | 2,026,752,749 | 1,296,330,857 |
| Total | 67,329,129,596 | 39,682,635,448 |

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 Reporting Period

(Unit: KRW)

| Current Year End | Less than 1 year | 1 year - 2 years or less | 2 year - 5 years or less | Total |
|-------------------------------------|------------------|--------------------------|--------------------------|------------------|
| Non-derivatives | | | | |
| Accounts payable | 6,923,996,882 | - | - | 6,923,996,882 |
| Other current financial liabilities | 3,980,393,651 | - | - | 3,980,393,651 |
| Short-term borrowings | 188,908,099,931 | - | - | 188,908,099,931 |
| Current portion of long-term debt | 163,802,317 | - | - | 163,802,317 |
| Long term borrowings (*) | 105,193,818 | 341,433,942 | 3,732,430,173 | 4,179,057,933 |
| Lease liabilities | 3,611,995,307 | 1,477,096,953 | 1,865,238,228 | 6,954,330,488 |
| Total Non-derivatives | 203,693,481,906 | 1,818,530,895 | 5,597,668,401 | 211,109,681,202 |
| Derivatives | | | | |
| FX Swap | (3,000,000,000) | - | - | (3,000,000,000) |
| Inflow | (44,682,000,000) | - | - | (44,682,000,000) |
| Outflow | 41,682,000,000 | - | - | 41,682,000,000 |
| Total Derivatives | (3,000,000,000) | - | - | (3,000,000,000) |

(*) 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 provide 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 | September 30, 2024 | December 31, 2023 |
|---------------------------------------|--------------------|-------------------|
| Total Borrowings | 148,344,922,089 | 58,762,207,426 |
| Deductions: Cash and cash equivalents | (62,611,744,567) | (17,217,510,020) |
| Net liabilities (a) | 85,733,177,522 | 41,544,697,406 |
| Total stockholders' equity (b) | 222,763,704,223 | 134,951,936,183 |
| Total Assets (c=a+b) | 308,496,881,745 | 176,496,633,589 |
| Gearing ratio (a/c) | 27.79% | 23.54% |

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 | 1st : 200,100,000 KRW |
| | | | 2nd: Jan 5, 2021 | 2nd : 99,905,000 KRW |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 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 |
| Picton Co., Ltd | 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 shares (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) : 5,000 shares (6.25%) | Aug 4, 2022 | 300,000,000 KRW |
| Picton Co., Ltd | 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 |
| Picton Co., Ltd | 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, 2023 | 700,000,000 KRW |
| Sukoshi Mart | Acquisition of overseas distribution channel through share subscription agreements | Acquisition of shares under stock purchase agreements (number of shares): 1,315,789 shares (11.83%) | Dec. 31, 2023 | 2,999,998,92 USD |
| Sukoshi Mart | Acquisition of overseas distribution channel through share subscription agreements | Acquisition of shares under stock purchase agreements (number of shares): 1,184,211 shares (20.33%) | June 11, 2024 | 2,700,001.08 USD |
| ONLY Ni CO.,LTD | Enhance brand image through share subscription agreements | Acquisition of shares under stock purchase agreement (number of shares) : 400 shares (16.67%) | Sep. 23, 2024 | 1,000,000,000 KRW |

B. Research and Development Activities

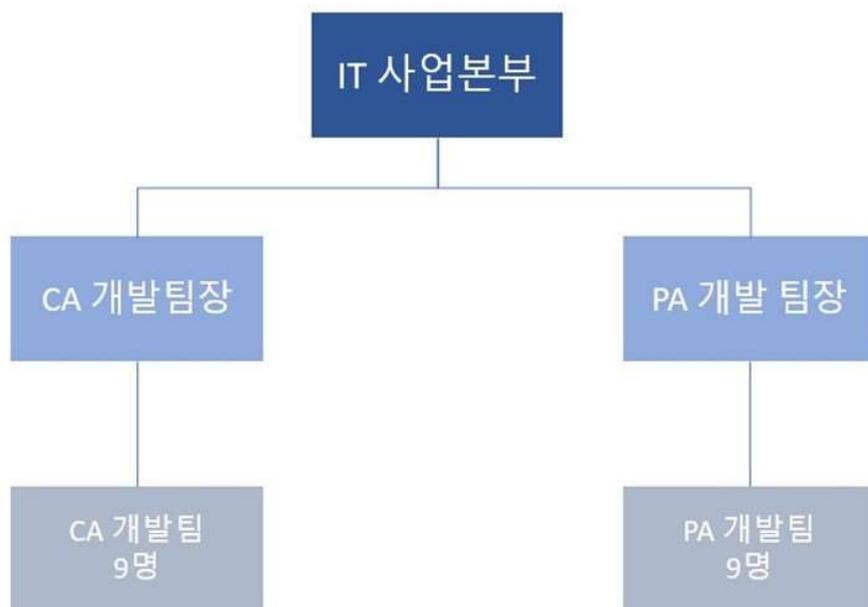
(1) Overview of R&D activities

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 9명 | CA Development Team (9 members) |
| PA 개발팀 9명 | PA Development Team (9 members) |

| Organizations | Main tasks |
|---------------------|--|
| CA Development Team | - 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 | - 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 | September 30, 2024 (23rd) | 2023 (22nd) | 2022 (21st) | Remarks |
|---|---------------------------|-------------|-------------|---------|
| Research and development expense account (*1) | 733,217 | 871,345 | 657,815 | - |
| (Government subsidy) | - | - | - | - |
| R&D expense as a percentage of sales [R&D expense /current FY sales×100]. | 0.15% | 0.26% | 0.41% | - |

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% for 8 years 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 sales. 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 | September 30, 2024 | 2023 | 2022 | 2021 |
|--|--------------------|---------|---------|---------|
| Direct international sales of cosmetics products online (*1) | 100,275 | 110,958 | 103,268 | 105,156 |
| Revenue of the Company | 5,180 | 3,429 | 1,653 | 1,310 |
| Market share estimation | 5.17% | 3.09% | 1.60% | 1.25% |

Note 1) Source: Korea Cosmetic Industry Institute, 2021-2024 3Q cosmetics exports (annual average exchange rate applied)

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

III. Financial Statements

1. Abridged Financial Statements

A. Abridged Consolidated Financial Statements

1. Statement of Financial Position - Consolidated Financial Statements

(Unit: KRW)

| Year of business | 23rd | 22nd | 21st |
|---|-----------------|-----------------|-----------------|
| | Sep. 30, 2024 | Dec. 31, 2023 | Dec. 31, 2022 |
| [Current assets] | 258,008,067,151 | 136,394,594,980 | 73,230,909,481 |
| • Quick assets | 134,955,609,232 | 57,857,995,621 | 44,628,603,354 |
| • Inventories | 123,052,457,919 | 78,536,599,359 | 28,602,306,127 |
| [Non-current assets] | 159,113,526,420 | 78,875,966,099 | 55,985,406,547 |
| • Investment assets | 24,406,681,768 | 16,230,428,752 | 10,354,117,315 |
| • Property, plant, and equipment | 131,926,765,725 | 59,208,762,860 | 44,113,068,737 |
| • Intangible assets | 1,518,387,611 | 660,690,211 | 90,829,875 |
| • Other non-current assets | 1,261,691,316 | 2,776,084,276 | 1,427,390,620 |
| Total Assets | 417,121,593,571 | 215,270,561,079 | 129,216,316,028 |
| [Current liabilities] | 184,141,883,792 | 74,179,193,067 | 28,605,613,290 |
| [Non-current liabilities] | 9,994,312,756 | 6,139,431,829 | 4,223,839,431 |
| Total Liabilities | 194,136,196,548 | 80,318,624,896 | 32,829,452,721 |
| [Capital stock] | 30,537,340,000 | 30,295,340,000 | 30,189,340,000 |
| [Capital surplus] | 30,803,107,255 | 30,176,344,833 | 29,625,573,816 |
| [Accumulated other comprehensive income] | 1,782,497,878 | 2,836,862,823 | 2,708,863,492 |
| [Other capital items] | 319,588,599 | 837,480,621 | 1,070,382,365 |
| [Retained earnings] | 159,542,863,291 | 70,805,907,906 | 32,792,703,634 |
| Total Capital | 222,985,397,023 | 134,951,936,183 | 96,386,863,307 |
| How to evaluate invested stocks of subsidiaries, associates, and joint ventures | Equity Method | Equity Method | Equity Method |

2. Statement of Comprehensive Income – Consolidated Financial Statements

(Unit: KRW)

| | 23 rd 3Q | 22 nd 3Q | 22 nd | 21 st |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | (Jan. 1, 2024 - Sep. 30, 2024) | (Jan. 1, 2023 - Sep. 30, 2023) | (Jan. 1, 2023 - Dec. 31, 2023) | (Jan. 1, 2022 - Dec. 31, 2022) |
| Revenue | 517,962,077,636 | 237,183,698,247 | 342,860,997,946 | 165,272,164,547 |
| Operating profit (loss) | 110,986,335,140 | 32,928,100,592 | 47,809,343,470 | 14,239,439,136 |
| Profit from continuing operations (loss) | 110,577,039,587 | 36,200,851,672 | 48,123,416,307 | 14,267,181,469 |
| Net profit (net loss) | 88,736,955,385 | 28,031,925,970 | 38,013,204,272 | 11,155,656,520 |
| Comprehensive income | 87,682,590,440 | 28,965,704,640 | 38,013,204,272 | 11,636,092,279 |
| Earnings per share (loss per share) | 1,468 | 465 | 631 | 186 |
| Number of companies subject to consolidation accounting | 5 | 5 | 5 | 3 |

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

B. Abridged Separate Financial Statements

1. Statement of Financial Position – Separate Financial Statements

(Unit: KRW)

| Year of business | 23rd | 22nd | 21st |
|---|-----------------|-----------------|-----------------|
| | Sep. 30, 2024 | Dec. 31, 2023 | Dec. 31, 2022 |
| [Current assets] | 252,533,574,217 | 129,371,378,163 | 69,027,574,235 |
| • Quick assets | 193,507,854,285 | 91,540,763,997 | 52,040,768,483 |
| • Inventories | 59,025,719,932 | 37,830,614,166 | 16,986,805,752 |
| [Non-current assets] | 111,395,806,285 | 70,043,994,534 | 51,365,849,563 |
| • Investment assets | 62,992,851,323 | 20,619,683,508 | 15,289,526,692 |
| • Property, plant, and equipment | 46,593,573,093 | 47,473,752,480 | 34,791,858,327 |
| • Intangible assets | 1,489,227,113 | 658,708,790 | 60,092,400 |
| • Other non-current assets | 320,154,756 | 1,291,849,756 | 1,224,372,144 |
| Total Assets | 363,929,380,502 | 199,415,372,697 | 120,393,423,798 |
| [Current liabilities] | 174,106,113,942 | 72,085,450,258 | 27,539,175,282 |
| [Non-current liabilities] | 3,032,215,136 | 1,231,673,218 | 466,746,574 |
| Total Liabilities | 177,138,329,078 | 73,317,123,476 | 28,005,921,856 |
| [Capital stock] | 30,537,340,000 | 30,295,340,000 | 30,189,340,000 |
| [Capital surplus] | 30,803,107,255 | 30,176,344,833 | 29,625,573,816 |
| [Accumulated other comprehensive income] | 2,036,595,837 | 2,036,595,837 | 2,036,595,837 |
| [Other capital items] | 319,588,599 | 837,480,621 | 1,070,382,365 |
| [Retained earnings] | 123,094,419,733 | 62,752,487,930 | 29,465,609,924 |
| Total Capital | 186,791,051,424 | 126,098,249,221 | 92,387,501,942 |
| How to evaluate invested stocks of subsidiaries, associates, and joint ventures | Cost Method | Cost Method | Cost Method |

2. Statement of Comprehensive Income – Separated Financial Statements

(Unit: KRW)

| | 23 rd 3Q | 22 nd 3Q | 22 nd | 21 st |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | (Jan. 1, 2024 - Sep. 30, 2024) | (Jan. 1, 2023 - Sep. 30, 2023) | (Jan. 1, 2023 - Dec. 31, 2023) | (Jan. 1, 2022 - Dec. 31, 2022) |
| Revenue | 473,309,157,854 | 229,079,042,299 | 331,539,726,901 | 161,752,951,005 |
| Operating profit (loss) | 76,507,779,581 | 28,415,893,960 | 42,331,865,455 | 12,851,672,041 |
| Profit from continuing operations (loss) | 73,568,689,058 | 30,229,709,633 | 40,583,254,539 | 12,665,275,140 |
| Net profit (net loss) | 60,341,931,803 | 24,317,926,123 | 33,286,878,006 | 10,061,775,418 |
| Comprehensive income | 60,341,931,803 | 24,317,926,123 | 33,286,878,006 | 10,061,775,418 |
| Earnings per share (loss per share) | 998 | 403 | 552 | 167 |

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

23rd (As of September 30, 2024)

22nd (As of December 31, 2023)

(Unit: KRW)

| | 23rd September 30, 2024 | 22nd December 31, 2023 |
|---|----------------------------|---------------------------|
| Asset | | |
| Current assets | 258,008,067,151 | 136,394,594,980 |
| Cash and cash equivalents (Notes 5, 6, 7) | 62,611,744,567 | 17,217,510,020 |
| Accounts receivable (Notes 5, 6, 7, 8, 32) | 58,534,152,019 | 21,282,743,325 |
| Short-term other financial assets (Notes 5, 6, 7, 8, 32) | 6,768,224,828 | 17,103,561,266 |
| Other current assets (Note 14) | 2,384,053,851 | 1,316,781,292 |
| Current income tax assets | 4,657,433,967 | 937,399,718 |
| Inventories (Note 9) | 123,052,457,919 | 78,536,599,359 |
| Non-current assets | 159,113,526,420 | 78,875,966,099 |
| Financial assets at fair value through profit or loss (Notes 5, 6, 7, 8) | 1,000,000,000 | |
| Other financial assets (Notes 10) | 2,026,752,749 | 1,296,330,857 |
| Equity investments in associates (Note 10) | 21,379,929,019 | 16,230,428,752 |
| Property, plant, and equipment (Note 11) | 125,441,297,960 | 54,127,549,015 |
| Right-of-use assets (Note 12) | 6,485,467,765 | 5,081,213,845 |
| Intangible assets (Note 13) | 1,518,387,611 | 660,690,211 |
| Deferred income tax assets (Note 24) | 1,261,691,316 | 1,479,753,419 |
| Total assets | 417,121,593,571 | 215,270,561,079 |
| Liabilities | | |
| Current liabilities | 184,363,576,592 | 74,179,193,067 |
| Accounts payable (Notes 5, 6, 7, 18, 32) | 6,923,996,882 | 501,545,548 |
| Contract liabilities (Note 16) | 1,021,266,499 | 1,231,347,058 |
| Short-term borrowings (Notes 5, 6, 7, 17) | 144,588,000,000 | 55,000,000,000 |
| Current portion of long-term liabilities (Notes 5, 6, 7, 17) | 131,038,734 | 125,053,387 |
| Short-term other financial liabilities (Notes 5, 6, 7, 18) | 3,980,393,651 | 2,356,176,495 |
| Other current liabilities (Note 19) | 7,856,357,534 | 4,620,604,383 |
| Current income tax liabilities (Notes 24) | 16,767,856,654 | 7,642,136,185 |
| Current lease liabilities (Notes 5, 6, 7, 12) | 3,094,666,638 | 2,702,330,011 |
| Non-current liabilities | 9,994,312,756 | 6,139,431,829 |
| Long-term borrowings (Notes 5, 6, 7, 17) | 3,625,883,355 | 3,637,154,039 |
| Derivative liabilities (Notes 5, 6, 7) | 2,567,995,207 | |
| Non-current lease liabilities (Notes 5, 6, 7, 12) | 3,626,993,382 | 2,330,484,542 |
| Net defined benefit liabilities | 48,483,371 | 50,261,766 |

| | | |
|---|-----------------|-----------------|
| Restoration provision (Note 15) | 124,957,441 | 121,531,482 |
| Total liabilities | 194,357,889,348 | 80,318,624,896 |
| Equity | | |
| Equity attributable to owners of the parent company | | |
| Issued capital (Note 20) | 30,537,340,000 | 30,295,340,000 |
| Capital surplus (Note 20) | 30,803,107,255 | 30,176,344,833 |
| Accumulated other comprehensive income (Note 21) | 1,560,805,078 | 2,836,862,823 |
| Other capital items (Note 20, 23) | 319,588,599 | 837,480,621 |
| Retained earnings (Note 22) | 159,542,863,291 | 70,805,907,906 |
| Non-controlling interest | | |
| Total equity | 222,763,704,223 | 134,951,936,183 |
| Total liabilities and equity | 417,121,593,571 | 215,270,561,079 |

2-2. Consolidated Statements of Comprehensive Income

23rd (January 01, 2024 – September 30, 2024)

22nd (January 01, 2023 – September 30, 2023)

(Unit: KRW)

| | 23rd (September 30, 2024) | | 22 nd (September 30, 2023) | |
|---|---------------------------|------------------|---------------------------------------|-----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Revenue (Notes 4, 25, 32) | 186,674,420,221 | 517,962,077,636 | 100,951,476,394 | 237,183,698,247 |
| COGs (Note 26, 32) | 122,184,027,166 | 341,285,128,452 | 68,112,079,846 | 160,331,829,177 |
| Gross profit | 64,490,393,055 | 176,676,949,184 | 32,839,396,548 | 76,851,869,070 |
| Selling general and administrative expenses (Notes 26, 27, 32) | 21,894,230,973 | 65,690,614,044 | 17,710,095,802 | 43,923,768,478 |
| Operating profit | 42,596,162,082 | 110,986,335,140 | 15,129,300,746 | 32,928,100,592 |
| Non-operating profit(loss) | (5,040,897,439) | (409,295,553) | 1,911,984,970 | 3,272,751,080 |
| Interest income (Notes 7, 28, 32) | 476,382,877 | 1,217,914,970 | 138,400,860 | 575,609,347 |
| Other financial income (Notes 7, 28) | 3,394,595,240 | 10,270,111,661 | 1,886,405,942 | 3,821,181,522 |
| Interest expenses (Notes 7, 28) | (1,396,595,858) | (2,914,649,985) | (203,458,357) | (501,941,238) |
| Other financial expenses (Notes 7, 28) | (8,194,656,295) | (10,508,128,046) | (990,490,640) | (2,265,101,287) |
| Other income (Note 29) | 120,959,070 | 237,393,496 | 128,121,036 | 164,763,820 |
| Other expenses (Note 29) | 3,661,676 | (184,592,865) | (2,294,884) | (184,281,225) |
| Equity method profit(loss) | 554,755,851 | 1,472,655,216 | 955,301,013 | 1,662,520,141 |
| Equity method profit (Note 10) | 584,931,229 | 1,884,890,488 | 722,462,056 | 1,788,980,946 |
| Equity method loss (Note 10) | (30,175,378) | (412,235,272) | 232,838,957 | (126,460,805) |
| Net income before income tax expense | 37,555,264,643 | 110,577,039,587 | 17,041,285,716 | 36,200,851,672 |
| Income tax expense (Note 24) | 7,702,809,953 | 21,840,084,202 | 3,903,674,572 | 8,168,925,702 |
| Net Income | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Ownership shares of the parent company | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Non-controlling interest | | | | |
| Other comprehensive income | (3,283,827,257) | (1,276,057,745) | 389,236,844 | 933,778,670 |
| Items that will be reclassified to profit(loss) (other post-tax comprehensive income) | (3,283,827,257) | (1,276,057,745) | 389,236,844 | 933,778,670 |
| Capital changes in equity method | 51,731,656 | 80,629,996 | (11,897,043) | 106,507,056 |
| Overseas business profit(loss) in KRW | (3,335,558,913) | (1,356,687,741) | 401,133,887 | 827,271,614 |
| Total comprehensive income | 26,568,627,433 | 87,460,897,640 | 13,526,847,988 | 28,965,704,640 |
| Earnings per share | | | | |
| Basic EPS (Unit: KRW) (Note 33) | 493 | 1465 | 218 | 465 |
| Diluted EPS (Unit: KRW) (Note 33) | 490 | 1458 | 215 | 459 |

2-3. Consolidated Statements of Changes in Equity

23rd (January 01, 2024 – September 30, 2024)

22nd (January 01, 2023 - September 30, 2023)

(Unit: KRW)

| | | Equity | | | | | Total capital |
|----------------------------------|---------------------------------------|----------------|-----------------|--|----------------------------|-------------------|-----------------|
| | | Issued capital | Capital surplus | Accumulated other comprehensive income | Other components of equity | Retained earnings | |
| 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 | | | | | 28,031,925,970 | 28,031,925,970 |
| | Capital changes in equity method | | | 106,507,056 | | | 106,507,056 |
| | Overseas business profit(loss) in KRW | | | 827,271,614 | | | 827,271,614 |
| Transaction with owners | Exercise of stock options | 76,925,000 | 421,271,814 | | (193,573,814) | | 304,623,000 |
| | Stock-based compensation | | | | 30,072,833 | | 30,072,833 |
| Balance as of September 30, 2023 | | 30,266,265,000 | 30,046,845,630 | 3,642,642,162 | 906,881,384 | 60,824,629,604 | 125,687,263,780 |
| Balance as of January 1, 2024 | | 30,295,340,000 | 30,176,344,833 | 2,836,862,823 | 837,480,621 | 70,805,907,906 | 134,951,936,183 |
| Total comprehensive income | Net Income | | | | | 88,736,955,385 | 88,736,955,385 |
| | Capital changes in equity method | | | 80,629,996 | | | 80,629,996 |
| | Overseas business profit(loss) in KRW | | | (1,356,687,741) | | | (1,356,687,741) |
| Transaction with owners | Exercise of stock options | 242,000,000 | 626,762,422 | | (517,892,022) | | 350,870,400 |
| | Stock-based compensation | | | | | | |
| Balance as of September 30, 2024 | | 30,537,340,000 | 30,803,107,255 | 1,560,805,078 | 319,588,599 | 159,542,863,291 | 222,763,704,223 |

2-4. Consolidated Statements of Cash Flows

23rd (January 01, 2024 – September 30, 2024)

22nd (January 01, 2023 – September 30, 2023)

(Unit: KRW)

| | 23rd (September 30, 2024) | 22nd (September 30, 2023) |
|---|---------------------------|---------------------------|
| Cash flow from operating activities | 36,305,389,789 | (22,472,880,256) |
| Cash flow generated from operating activities | 54,099,444,626 | (21,147,633,628) |
| Net Income | 88,736,955,385 | 28,031,925,970 |
| Profit(loss) adjustment (Note 30) | 30,623,438,543 | 7,833,198,367 |
| Increase or decrease in assets and liabilities (Note 30) | (65,260,949,302) | (57,012,757,965) |
| Interest received | 1,574,592,657 | 323,991,823 |
| Interest paid | (3,199,777,555) | (147,919,258) |
| Dividends paid | 50,310,000 | |
| Income tax paid | (16,219,179,939) | (1,501,319,193) |
| Cash flow from investing activities | (80,477,580,099) | (5,504,885,166) |
| Cash inflow from investing activities | 178,461,237 | 126,928,916,491 |
| Decrease in short-term financial instruments (Note 30) | | 121,361,944,584 |
| Decrease in short-term loans | 90,000,000 | 59,878,452 |
| Disposal of property, plant, and equipment | 64,140,638 | 5,501,685,455 |
| Decrease in lease deposits | 24,320,599 | 5,408,000 |
| Cash outflow from investing activities | (80,656,041,336) | (132,433,801,657) |
| Increase in short-term financial instruments | | (114,087,348,059) |
| Acquisition of invested stocks in subsidiaries (Note 30) | | (58,720,500) |
| Acquisition of invested stocks in associates and joint ventures (Note 30) | (3,720,061,488) | (700,000,000) |
| Other cash payments to acquire equity or debt instruments of other entities, classified as investing activities (Note 30) | (1,000,000,000) | |
| Acquisition of property, plant, and equipment (Note 30) | (74,367,719,040) | (16,555,453,191) |
| Acquisition of intangible assets | (836,717,131) | (606,629,880) |
| Increase in lease deposit | (731,543,677) | (394,926,735) |
| Increase in other deposits | | (30,723,292) |
| Cash flow from financing activities | 89,697,183,906 | 13,874,199,336 |
| Cash inflow from financing activities | 107,283,114,800 | 35,461,623,000 |
| Borrowing of short-term loans (Note 30) | 106,703,000,000 | 35,000,000,000 |
| Paid-in capital increase | 352,836,000 | 304,623,000 |
| Increase in lease deposits | 227,278,800 | 157,000,000 |
| Cash outflow from financing activities | (17,585,930,894) | (21,587,423,664) |
| Repayment of short-term borrowings (Note 30) | (15,000,000,000) | (20,001,491,908) |
| Repayment of long-term borrowings (Note 30) | (97,905,403) | |
| Repayments of long term borrowings | | (95,385,319) |

| | | |
|---|-----------------|------------------|
| Lease payments | (2,486,059,891) | (1,396,546,437) |
| Capital transaction costs | (1,965,600) | |
| Decrease in lease deposits | | (94,000,000) |
| Change in cash assets due to foreign currency translation | (130,759,049) | (2) |
| Increase (or decrease) in cash and cash equivalents | 45,394,234,547 | (14,103,566,088) |
| Cash and cash equivalents (Beginning of the year) | 17,217,510,020 | 21,188,944,927 |
| Cash and cash equivalents (End of the year) | 62,611,744,567 | 7,085,378,839 |

3. Notes to Consolidated Financial Statements

Ending of the 23rd (Current) Year: as of September 30, 2024

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

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, Pangyojeok-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 30,537,340,000 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 | 18,924,639 | 31.09 % | CEO |
| Shin, Eun-ha | 4,916,111 | 8.08 % | |
| SON ROBERT INHO | 2,427,722 | 3.99 % | |
| Securities Finance (distribution) | 1,055,388 | 1.73 % | |
| Choi, Jin-Ho | 826,782 | 1.36 % | |
| MICHANG OIL IND. CO., LTD | 765,120 | 1.26 % | |
| Seo, Dong Suk | 655,277 | 1.08 % | |
| Other shareholders | 31,302,195 | 51.41 % | |
| Total | 60,873,234 | 100.00 % | |

(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 |
|--------------------------|-------------------|-----------------------------|---------------|--------------------------------|
| | | Sep. 30, 2024 | Dec. 31, 2023 | |
| StyleKorean Inc. | U.S. | 100.00 | 100.00 | Cosmetics sales & distribution |
| STYLEKOREAN MY SDN. BHD. | Malaysia | 100.00 | 100.00 | Cosmetics sales & distribution |
| STYLEKOREAN EU B.V. | Netherlands | 100.00 | 100.00 | Cosmetics sales & distribution |

| | | | | |
|----------------------------------|-----------|--------|--------|--------------------------------|
| SKO Sp. z o.o. | Poland | 100.00 | 100.00 | Cosmetics sales & distribution |
| MOIDA LLC (*1) | Russia | 100.00 | 100.00 | Cosmetics sales & distribution |
| STYLEKOREAN VIETNAM CO., LTD(*1) | Vietnam | 100.00 | 100.00 | Cosmetics sales & distribution |
| STYLEKOREAN UK LIMITED.(*1) | UK | 100.00 | - | Cosmetics sales & distribution |
| STYLEKOREAN FR SAS.(*1) | France | 100.00 | - | Cosmetics sales & distribution |
| STYLEKOREAN SG PTE. LTD.(*1) | Singapore | 100.00 | - | Cosmetics sales & distribution |
| SILICON 2 TW CO.,LTD(*2) | Taiwan | - | 100.00 | Cosmetics sales & distribution |

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

(*2) The business operations have effectively ceased, and the liquidation process is underway.

(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 | September 30, 2024 | | | December 31, 2023 | | |
|-----------------------------|--------------------|----------------|----------------|-------------------|----------------|----------------|
| | Asset | Liabilities | Capital | Asset | Liabilities | Capital |
| StyleKorean Inc. | 158,597,300,733 | 89,345,755,129 | 69,251,545,604 | 65,838,911,380 | 47,078,583,231 | 18,760,328,149 |
| STYLEKOREAN MY SDN, BHD | 15,437,575,806 | 12,397,102,988 | 3,040,472,818 | 8,315,243,436 | 8,324,576,719 | (9,333,283) |
| STYLEKOREAN EU B.V. | 7,473,452,050 | 3,606,965,941 | 3,866,486,109 | 8,001,811,944 | 6,412,702,807 | 1,589,109,137 |
| SKO Sp. z o.o. | 27,476,452,034 | 22,040,414,447 | 5,436,037,587 | 1,157,436,302 | 655,876,688 | 501,559,614 |
| STYLEKOREAN VIETNAM CO.,LTD | 1,563,104,578 | 937,967,925 | 625,136,653 | 21,645,560 | 1,360,590 | 20,284,970 |
| MOIDA LLC | 86,010,926 | 72,379,075 | 13,631,851 | 13,645,667 | - | 13,645,667 |
| STYLEKOREAN UK LIMITED. | 178,297,563 | - | 178,297,563 | - | - | - |
| STYLEKOREAN FR SAS. | 147,559,004 | - | 147,559,004 | - | - | - |
| STYLEKOREAN SG PTE. LTD. | 104,330,074 | - | 104,330,074 | - | - | - |

(Unit: KRW)

| Classification | September 30, 2024 | | December 31, 2023 | |
|-----------------------------|--------------------|----------------|-------------------|---------------|
| | Revenue | Net Profit | Revenue | Net Profit |
| StyleKorean Inc. | 160,036,807,197 | 17,491,725,204 | 74,039,146,216 | 7,145,737,386 |
| STYLEKOREAN MY SDN, BHD | 18,967,179,867 | 2,783,415,801 | 7,900,071,419 | (328,011,472) |
| STYLEKOREAN EU B.V. | 24,097,058,948 | 2,218,824,921 | 4,221,836,702 | 446,460,383 |
| SKO Sp. z o.o. | 33,493,897,831 | 4,863,100,316 | 45,811,379 | (144,752,389) |
| STYLEKOREAN VIETNAM CO.,LTD | 145,555,088 | (516,968,139) | - | - |
| MOIDA LLC | 39,485,127 | 570,760 | - | - |

(4) Changes in the scope of consolidation target

Changes in the scope of consolidation target in the current reporting period and previous reporting period is as follows:

1) Current reporting period

| Company name | Change(s) |
|--------------------------|----------------|
| STYLEKOREAN UK LIMITED. | New investment |
| STYLEKOREAN FR SAS. | New investment |
| STYLEKOREAN SG PTE. LTD. | New investment |

2) Previous reporting period

| Company name | Change(s) |
|---------------------|----------------|
| STYLEKOREAN EU B.V. | New investment |
| SKO Sp. z o.o. | 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 quarterly consolidated financial statements of the consolidated entity for the nine-month reporting period ending September 30, 2024, have been prepared in accordance with K-IFRS No. 1034, Interim Financial Reporting. These statements have been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS) effective as of September 30, 2024, or adopted early.

(1) New and Amended Standards and Interpretations Adopted by the Consolidated Entity

The consolidated entity has applied the following revised and newly issued standards and interpretations starting from the fiscal year beginning January 1, 2024:

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

This amendment clarifies that the classification of liabilities as current or non-current is based on the rights existing at the end of the reporting period, regardless of expectations about whether the entity will exercise its right to defer settlement. It specifies that compliance with covenants as of the reporting period's end ensures the existence of such rights and defines settlement as the transfer of cash, equity instruments, or other assets or services to the counterparty.

B. K-IFRS No. 1116 Leases (Amendment) — Sale and Leaseback Transactions

This amendment addresses subsequent measurement for sale and leaseback transactions. It requires the lessee to measure the lease liability in the same way as any other lease liability but does not recognize any gain or loss on the portion of the right-of-use asset retained by the seller-lessee. The amendment introduces the concept of “revised lease payments.”

C. K-IFRS No. 1001 Presentation of Financial Statements (Amendment) — Crypto Assets

This amendment requires disclosures regarding crypto assets directly held, held on behalf of clients, or issued, including accounting policies and the impact on the financial statements, to provide critical information to financial statement users.

D. K-IFRS No. 1007 Statement of Cash Flows and No. 1107 Financial Instruments: Disclosures (Amendment) — Supplier Finance Arrangements

This amendment requires separate disclosure of supplier finance arrangements, enabling financial statement users to evaluate their effects on liabilities and cash flows. It also mandates the disclosure of liquidity risks arising from these arrangements. Under transitional provisions, such disclosures are not required for interim periods in the first year of adoption. The amendments do not have a material impact on the financial statements.

(2) New and Amended Standards and Interpretations Not Yet Adopted by the Consolidated Entity

As of the reporting date, the following revised and newly issued standards and interpretations have been issued but are not yet effective for annual periods beginning on or after January 1, 2023. The consolidated entity has not adopted them early.

A. Amendments to K-IFRS No. 1021 ‘Effect of Exchange Rate Fluctuations’, No. 1101 ‘Initial Adoption of Korean International Financial Reporting Standards’ - Lack of exchangeability

This amendment establishes a consistent approach for assessing exchangeability between currencies and determining the spot exchange rate when exchangeability is lacking. It also requires the disclosure of relevant information.

This amendment is effective for annual periods beginning on or after January 1, 2025, with early application permitted.

2.2 Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended December 31, 2023, except for the changes due to the application of amendments of standards described below.

2.2.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

2.2.2 Borrowing Costs

For the consolidated entity, borrowing costs incurred for the acquisition or construction of qualifying assets are capitalized during the period necessary to prepare the qualifying assets for their intended use. Income arising from the temporary investment of specific-purpose borrowings obtained for the acquisition of qualifying assets is deducted from the capitalizable borrowing costs for the current accounting period. Other borrowing costs are recognized as current profit.

2.2.3 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 reporting period, the amount recognized as an expense related to the defined contribution plan was KRW 326,451,000 (previous reporting period: KRW 281,447,000).

2.2.4 Scope of Exclusion from Consolidation

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

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

3. Significant Accounting Estimates and Assumptions

In preparing the interim consolidated financial statements, the consolidated entity Company makes judgements, estimates and assumptions on future matters. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, may not equal the related actual results.

Material accounting estimates and assumptions made in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2023, except for the estimates used to determine the income tax expense.

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 | September 30, 2024 | September 30, 2023 |
|----------------------|--------------------|--------------------|
| United States | 171,188,135,194 | 80,044,292,520 |
| Poland | 49,641,959,775 | 5,183,825,674 |
| Korea | 33,741,046,579 | 22,867,891,582 |
| United Arab Emirates | 25,071,352,098 | 2,627,916,335 |
| Netherlands | 22,329,563,533 | 9,188,878,610 |
| Indonesia | 19,511,780,246 | 12,955,506,457 |
| Malaysia | 21,332,413,125 | 11,280,907,499 |
| Australia | 15,699,423,761 | 10,397,073,778 |
| Canada | 13,042,926,312 | 6,392,157,516 |

| | | |
|-------|-----------------|-----------------|
| Other | 146,403,477,012 | 76,245,248,276 |
| Total | 517,962,077,636 | 237,183,698,247 |

(2) External customers accounted for more than 10% of the Company's sales revenue in the current and previous fiscal years is as follows :

(Unit: KRW)

| Region | September 30, 2024 | September 30, 2023 |
|--------------|--------------------|--------------------|
| Customer (A) | 59,987,637,486 | - |

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 JPY 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 | September 30, 2024 | | | September 30, 2023 | | |
|-----------------------|--------------------|------------------|------------------|--------------------|------------------|----------------|
| | Currency | Foreign currency | KRW equivalent | Currency | Foreign currency | KRW equivalent |
| Demand deposits | USD | 14,850,078.10 | 19,596,163,061 | USD | 6,495,166.38 | 8,374,867,529 |
| | EUR | 338,191.90 | 498,515,152 | EUR | 1,229,544.31 | 1,754,055,617 |
| | Others | - | - | Others | 21,820,726.86 | 272,978,638 |
| Short-term loans | USD | 30,000,000.00 | 39,588,000,000 | - | - | - |
| Accounts Receivable | USD | 45,860,171.66 | 60,517,082,523 | USD | 42,970,427.49 | 55,406,069,192 |
| | EUR | 22,633,438.10 | 33,363,045,766 | EUR | 3,839,967.64 | 5,478,059,435 |
| | Others | 29,081,777.96 | 683,091,281 | Others | 168,552,239.53 | 489,055,311 |
| Short-term borrowings | USD | (30,000,000) | (39,588,000,000) | - | - | - |
| Total | | | 114,657,897,783 | Total | | 71,775,085,722 |

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 | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|------------------|--------------------|-----------------|
| | FX increase | FX decrease | FX increase | FX decrease |
| Increase (decrease) in profit and loss before tax | 11,465,789,778 | (11,465,789,778) | 7,177,508,572 | (7,177,508,572) |

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 | September 30, 2024 | December 31, 2023 |
|-----------------------------------|--------------------|-------------------|
| Accounts Receivable | 58,534,152,019 | 21,282,743,325 |
| Short-term other financial assets | 6,768,224,828 | 17,103,561,266 |
| Other financial assets | 2,026,752,749 | 1,296,330,857 |
| Total | 67,329,129,596 | 39,682,635,448 |

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 September 30, 2024

(Unit: KRW)

| September 30, 2024 | Less than 1 year | 1 year - 2 years or less | 2 year - 5 years or less | Total |
|-------------------------------------|------------------|--------------------------|--------------------------|------------------|
| Non-derivatives | | | | |
| Accounts payable | 6,923,996,882 | - | - | 6,923,996,882 |
| Other current financial liabilities | 3,980,393,651 | - | - | 3,980,393,651 |
| Short-term borrowings | 188,908,099,931 | - | - | 188,908,099,931 |
| Current portion of long-term debt | 163,802,317 | - | - | 163,802,317 |
| Long term borrowings (*1) | 105,193,818 | 341,433,942 | 3,732,430,173 | 4,179,057,933 |
| Lease liabilities | 3,611,995,307 | 1,477,096,953 | 1,865,238,228 | 6,954,330,488 |
| Total Non-derivatives | 203,693,481,906 | 1,818,530,895 | 5,597,668,401 | 211,109,681,202 |
| Derivatives | | | | |
| FX Swap | (3,000,000,000) | - | - | (3,000,000,000) |
| Inflow | (44,682,000,000) | - | - | (44,682,000,000) |
| Outflow | 41,682,000,000 | - | - | 41,682,000,000 |
| Total Derivatives | (3,000,000,000) | - | - | (3,000,000,000) |

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

2) As of December 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 (*1) | - | 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 |

(*1) 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 | September 30, 2024 | December 31, 2023 |
|---------------------------------------|--------------------|-------------------|
| Total borrowings | 148,344,922,089 | 58,762,207,426 |
| Deductions: Cash and cash equivalents | (62,611,744,567) | (17,217,510,020) |
| Net liabilities (a) | 85,733,177,522 | 41,544,697,406 |
| Total stockholders' equity (b) | 222,763,704,223 | 134,951,936,183 |
| Total assets (c=a+b) | 308,496,881,745 | 176,496,633,589 |
| Gearing ratio (a/c) | 27.79% | 23.54% |

6. Fair Value of Financial Instruments

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

(Unit: KRW)

| Classification | September 30, 2024 | | December 31, 2023 | |
|--|--------------------|-----------------|-------------------|----------------|
| | Book value | Fair value | Book value | Fair value |
| Financial Assets | | | | |
| Cash and cash equivalents | 62,611,744,567 | 62,611,744,567 | 17,217,510,020 | 17,217,510,020 |
| Accounts Receivable | 58,534,152,019 | 58,534,152,019 | 21,282,743,325 | 21,282,743,325 |
| Short-term other financial assets | 6,768,224,828 | 6,768,224,828 | 17,103,561,266 | 17,103,561,266 |
| Other financial assets | 2,026,752,749 | 2,026,752,749 | 1,296,330,857 | 1,296,330,857 |
| Total | 129,940,874,163 | 129,940,874,163 | 56,900,145,468 | 56,900,145,468 |
| Financial Liabilities | | | | |
| Accounts payable | 6,923,996,882 | 6,923,996,882 | 501,545,548 | 501,545,548 |
| Short-term other financial liabilities | 3,980,393,651 | 3,980,393,651 | 2,356,176,495 | 2,356,176,495 |
| Current lease liabilities | 3,094,666,638 | 3,094,666,638 | 2,702,330,011 | 2,702,330,011 |
| Short-term borrowings | 144,588,000,000 | 144,588,000,000 | 55,000,000,000 | 55,000,000,000 |
| Current portion of long-term debt | 131,038,734 | 131,038,734 | 125,053,387 | 125,053,387 |
| Long term borrowings | 3,625,883,355 | 3,625,883,355 | 3,637,154,039 | 3,637,154,039 |
| Other financial liabilities | 2,567,995,207 | 2,567,995,207 | - | - |
| Non-current lease liabilities | 3,626,993,382 | 3,626,993,382 | 2,330,484,542 | 2,330,484,542 |
| Total | 168,538,967,849 | 168,538,967,849 | 66,652,744,022 | 66,652,744,022 |

(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)

| September 30, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------------|---------------|
| Financial Assets | | | | |
| Financial assets at fair value through profit or loss | - | - | 1,000,000,000 | 1,000,000,000 |
| Financial Liabilities | | | | |
| Derivative Liabilities | - | - | 2,567,995,207 | 2,567,995,207 |

(3) Value Evaluation and Input Variables

(Unit: KRW)

| September 30, 2024 | Fair Value | Level | Evaluation Method | Variable |
|---------------------------------------|---------------|-------|---|--------------------------------|
| Financial Assets | | | | |
| Equity Instruments | 1,000,000,000 | 3 | Net asset valuation, etc. | Net asset value |
| Financial Liabilities | | | | |
| Foreign currency-linked currency swap | 2,567,995,207 | 3 | Cash flow discount using market observation variables | Exchange rates, interest rates |

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 | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | 62,611,744,567 | 17,217,510,020 |
| Accounts Receivable | 58,534,152,019 | 21,282,743,325 |
| Short-term other financial assets | 6,768,224,828 | 17,103,561,266 |
| Other financial assets | 2,026,752,749 | 1,296,330,857 |
| Subtotal | 129,940,874,163 | 56,900,145,468 |
| Financial assets at fair value through profit or loss | | |
| Financial assets at fair value | 1,000,000,000 | - |
| Total financial assets | 130,940,874,163 | 56,900,145,468 |
| Financial liabilities measured at amortized cost | | |
| Accounts payable | 6,923,996,882 | 501,545,548 |
| Short-term other financial liabilities | 3,980,393,651 | 2,356,176,495 |
| Current lease liabilities | 3,094,666,638 | 2,702,330,011 |
| Short-term borrowings | 144,588,000,000 | 55,000,000,000 |
| Current portion of long-term debt | 131,038,734 | 125,053,387 |
| Long term borrowings | 3,625,883,355 | 3,637,154,039 |
| Non-current lease liabilities | 3,626,993,382 | 2,330,484,542 |
| Subtotal | 165,970,972,642 | 66,652,744,022 |
| Financial assets at fair value through profit or loss | | |
| Derivative liabilities | 2,567,995,207 | - |
| Total financial liabilities | 168,538,967,849 | 66,652,744,022 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Financial assets measured at amortized cost | | |
| Interest income | 1,217,914,970 | 575,609,347 |
| Foreign exchange gains | 6,486,106,361 | 2,547,910,811 |
| Foreign exchange loss | (3,066,376,252) | (1,941,233,069) |
| Foreign currency conversion gains | 3,739,703,426 | 1,146,374,835 |
| Foreign currency conversion loss | (4,739,259,325) | (160,454,764) |
| Provision for bad debts | (566,077,821) | (118,402,297) |
| Subtotal | 3,072,011,359 | 2,049,804,863 |
| Financial assets measured at fair value through profit or loss | | |
| Foreign exchange gains on futures forward contracts | 44,301,874 | - |
| Foreign exchange losses on futures forward contracts | (134,497,262) | (36,517,578) |
| Subtotal | 44,301,874 | (36,517,578) |
| Financial liabilities measured at amortized cost | | |
| Interest expenses | (2,914,649,985) | (501,941,238) |
| Financial liabilities measured at fair value through profit or loss | | |
| Derivative valuation loss | (2,567,995,207) | - |
| Total | (2,366,331,959) | 1,511,346,047 |

8. Accounts Receivable and Other Financial Assets

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2024 |
|----------------------------------|--------------------|-------------------|
| Accounts Receivable | 59,312,851,048 | 21,551,728,309 |
| Deductions: Provision for losses | (778,699,029) | (268,984,984) |
| Total | 58,534,152,019 | 21,282,743,325 |

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

(Unit: KRW)

| Classification | September 30, 2024 | | December 31, 2023 | |
|-----------------------------|--------------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Short-term financial assets | - | - | 15,000,000,000 | - |
| Accounts receivable | 6,768,224,828 | - | 1,959,506,465 | - |
| Accrued revenue | - | - | 54,054,801 | - |
| Short-term loans | - | - | 90,000,000 | - |

| | | | | |
|----------------|---------------|---------------|----------------|---------------|
| Lease deposits | - | 1,968,067,952 | - | 1,216,247,455 |
| Other deposits | - | 58,684,797 | - | 80,083,402 |
| Total | 6,768,224,828 | 2,026,752,749 | 17,103,561,266 | 1,296,330,857 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Beginning book value | 268,984,984 | 113,252,022 |
| Bad debt expense (reversal of allowance for doubtful accounts) | 536,340,637 | 118,402,297 |
| Accounts Receivable Write-off | (72,225,766) | 5,365,751 |
| Effect of exchange rate fluctuations | 45,599,174 | - |
| Ending book value | 778,699,029 | 237,020,070 |

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 | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Unimpaired receivables | | |
| Within 1 month | 4,015,380,505 | 17,988,093,653 |
| Within 1 to 3 months | 27,843,842,767 | 2,385,029,838 |
| Within 3 to 6 months | 26,313,898,143 | 1,048,513,407 |
| Within 6 to 12 months | 625,449,243 | 129,720,968 |
| 1 year or more | 514,280,390 | 370,443 |
| Subtotal | 59,312,851,048 | 21,551,728,309 |
| Impaired receivables | - | - |
| Total | 59,312,851,048 | 21,551,728,309 |
| Allowances for bad debt on accounts receivable | 778,699,029 | 268,984,984 |

(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 | September 30, 2024 | December 30, 2023 |
|----------------------------------|--------------------|-------------------|
| Goods | 124,078,692,914 | 79,310,651,760 |
| Provision for valuation of goods | (1,026,234,995) | (774,052,401) |
| Total | 123,052,457,919 | 78,536,599,359 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--------------------------|--------------------|--------------------|
| Inventory valuation loss | 243,411,781 | (463,624,185) |

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 |
|--|---------------|---------------|----------------|----------------|------------------------|-----------------------------------|
| | Sep. 30, 2024 | Dec. 31, 2023 | Sep. 30, 2024 | Dec. 31, 2023 | | |
| ONEAND Co., Ltd. | 24.10% | 24% | 1,687,015,508 | 1,404,866,707 | South Korea | Cosmetics manufacturing and sales |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. (*1) | 10% | 10% | 1,018,994,449 | 1,035,958,514 | South Korea | Cosmetics manufacturing and sales |
| Benton Co., Ltd. | 25% | 25% | 319,556,040 | 449,147,581 | South Korea | Cosmetics manufacturing and sales |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 20% | 20% | 149,306,720 | 147,412,445 | Kuwait | Cosmetics distribution and sales |
| PT. Style Korean Indonesia | 49% | 49% | 2,001,271,249 | 1,898,936,281 | Indonesia | Cosmetics distribution and sales |
| BE THE SKIN Co., Ltd. | 30% | 30% | 215,989,661 | 189,314,788 | South Korea | Cosmetics distribution and sales |
| Picton Co., Ltd. | 32.52% | 32.52% | 2,182,308,731 | 1,176,553,904 | South Korea | Cosmetics distribution and sales |
| JC & Company Co., Ltd. | 20% | 20% | 146,344,073 | 55,900,988 | South Korea | Cosmetics distribution and sales |
| Plant Base Co., Ltd. | 20% | 20% | 63,909,596 | 57,745,702 | South Korea | Cosmetics distribution and sales |
| AIDKOREA COMPANY Co., Ltd. | 31.25% | 31.25% | 2,198,363,726 | 1,727,018,979 | South Korea | Cosmetics distribution and sales |
| HANTEO GLOBAL, INC. (*2) | 14.48% | 14.83% | 3,697,611,452 | 4,108,376,537 | 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) | 20.33% | 11.83% | 7,674,960,064 | 3,954,898,576 | Canada | Cosmetics distribution and sales |
| HELLO SKIN Co., Ltd. (*3) | 23.80% | 25% | - | - | South Korea | Cosmetics distribution and sales |
| ARUMI KOREAN COSMETICS SPA. (*3) | 35% | 35% | - | - | Chile | Cosmetics distribution and sales |
| Total | | | 21,379,929,019 | 16,230,428,752 | | |

(*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 | September 30, 2024 | | | December 31, 2023 | | |
|---|--------------------|----------------|---------------|-------------------|---------------|---------------|
| | Assets | Liabilities | Capital | Assets | Liabilities | Capital |
| ONEAND Co., Ltd. | 19,090,829,565 | 12,932,516,552 | 6,158,313,013 | 13,210,279,995 | 8,239,812,597 | 4,970,467,398 |
| Benton Co., Ltd. | 5,671,154,733 | 4,390,278,953 | 1,280,875,780 | 5,123,747,755 | 3,259,677,280 | 1,864,070,475 |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 15,933,452,285 | 7,010,894,053 | 8,922,558,232 | 10,362,704,201 | 1,667,107,279 | 8,695,596,922 |
| PT. Style Korean Indonesia | 17,660,952,356 | 12,240,514,480 | 5,420,437,876 | 9,765,249,044 | 5,071,460,201 | 4,693,788,843 |
| HELLO SKIN Co., Ltd. | 1,834,072,103 | 2,382,757,304 | (548,685,201) | 2,572,285,635 | 1,316,005,441 | 1,256,280,194 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 796,846,805 | 7,689,601 | 789,157,204 | 790,945,802 | 11,259,970 | 779,685,832 |
| BE THE SKIN Co., Ltd. | 2,986,302,782 | 2,807,257,295 | 179,045,487 | 2,834,677,600 | 2,739,191,944 | 95,485,656 |
| Picton Co., Ltd. | 16,819,176,532 | 10,663,662,685 | 6,155,513,847 | 4,897,582,360 | 2,799,297,950 | 2,098,284,410 |
| JC & Company Co., Ltd. | 568,958,228 | 125,092,654 | 443,865,574 | 225,139,105 | 302,811,767 | (77,672,662) |
| Plant Base Co., Ltd. | 413,928,675 | 686,650,713 | (272,722,038) | 463,651,695 | 741,093,870 | (277,442,175) |
| AIDKOREA COMPANY Co., Ltd. | 9,937,374,651 | 4,653,384,483 | 5,283,990,168 | 7,292,105,953 | 3,542,314,363 | 3,749,791,590 |
| HANTEO GLOBAL, INC. | 7,920,407,729 | 5,939,755,685 | 1,980,652,044 | 7,814,680,532 | 4,365,637,468 | 3,449,043,064 |

(Unit: KRW)

| Classification | September 30, 2024 | | | September 30, 2023 | | |
|---|--------------------|-----------------|----------------------------|--------------------|---------------|----------------------------|
| | Revenue | Net Income | Total Comprehensive Income | Revenue | Net Income | Total Comprehensive Income |
| ONEAND Co., Ltd. | 11,089,100,041 | 1,187,845,615 | 1,187,845,615 | 10,583,357,561 | 1,979,018,753 | 1,979,018,753 |
| Benton Co., Ltd. | 10,036,897,312 | (381,954,695) | (381,954,695) | 9,553,810,624 | 1,176,215,143 | 1,176,215,143 |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 27,964,724,643 | 226,961,310 | 226,961,310 | 16,895,556,741 | 1,986,578,283 | 1,986,578,283 |
| PT. Style Korean Indonesia | 19,187,229,412 | 522,619,018 | 370,432,559 | 13,899,921,594 | 1,169,502,896 | 1,165,350,000 |
| HELLO SKIN Co., Ltd. | 6,112,941,589 | (1,745,528,727) | (1,745,528,727) | 3,793,110,371 | 44,846,869 | 44,846,869 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 334,592,757 | (14,907,336) | (14,907,336) | 414,140,360 | (37,229,765) | (37,229,765) |
| BE THE SKIN Co., Ltd. | 5,441,818,054 | 83,559,831 | 21,605,032 | 4,553,692,526 | (28,506,292) | (28,506,292) |
| Picton Co., Ltd. | 22,117,218,905 | 4,063,741,437 | 4,063,741,437 | 8,263,346,330 | 859,633,187 | 859,633,187 |
| JC & Company Co., Ltd. | 2,020,212,270 | 521,538,232 | 521,538,232 | 592,790,258 | (62,584,932) | (62,584,932) |
| Plant Base Co., Ltd. | 247,924,302 | 4,720,137 | 4,720,137 | 555,201,577 | (25,863,474) | (25,863,474) |
| AIDKOREA COMPANY Co., Ltd. | 16,499,357,182 | 1,504,981,063 | 1,504,981,063 | 11,064,385,379 | 532,449,530 | 532,449,530 |
| HANTEO GLOBAL, INC. | 12,962,170,631 | (1,543,391,020) | (1,543,391,020) | 17,913,406,736 | 104,724,808 | 104,724,808 |

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

1) As of September 30, 2024

(Unit: KRW)

| Company name | Jan. 01, 2024 | Acquisition | Equity method valuation for the current period | | | September 30, 2024 |
|---|----------------|---------------|--|-----------------------------------|--------------|--------------------|
| | | | Equity method profit or loss | Changes in equity (equity method) | Dividend | |
| ONEAND Co., Ltd. | 1,404,866,707 | - | 282,148,802 | - | - | 1,687,015,508 |
| Benton Co., Ltd. | 449,147,581 | - | (79,281,541) | - | (50,310,000) | 319,556,040 |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 1,035,958,514 | - | (16,964,065) | - | - | 1,018,994,449 |
| PT. Style Korean Indonesia | 1,898,936,281 | - | 2,360,261 | 99,974,707 | - | 2,001,271,249 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 147,412,445 | - | (2,981,467) | 4,875,742 | - | 149,306,720 |
| BE THE SKIN Co., Ltd. | 189,314,788 | - | 26,674,873 | - | - | 215,989,661 |
| Picton Co., Ltd. | 1,176,553,904 | - | 1,005,754,827 | - | - | 2,182,308,731 |
| JC & Company Co., Ltd. | 55,900,988 | - | 90,443,084 | - | - | 146,344,073 |
| Plant Base Co., Ltd. | 57,745,702 | - | 6,163,894 | - | - | 63,909,596 |
| AIDKOREA COMPANY Co., Ltd. | 1,727,018,979 | - | 471,344,747 | - | - | 2,198,363,726 |
| HANTEO GLOBAL, INC. | 4,108,376,537 | (97,756,886) | (313,008,199) | - | - | 3,697,611,452 |
| SILICON2 JAPAN CO.,LTD | 24,297,750 | - | - | - | - | 24,297,750 |
| Sukoshi Mart Holdings Inc. | 3,954,898,576 | 3,720,061,488 | - | - | - | 7,674,960,064 |
| Total | 16,230,428,752 | 3,622,304,602 | 1,472,655,216 | 104,850,449 | (50,310,000) | 21,379,929,019 |

2) As of September 30, 2023

(Unit: KRW)

| Company name | Jan. 01, 2023 | Acquisition | Equity method valuation for the current period | | Sep. 30, 2023 |
|---|----------------|-------------|--|-----------------------------------|----------------|
| | | | Equity method profit or loss | Changes in equity (equity method) | |
| Benton Co., Ltd. | 189,809,061 | - | 305,868,594 | - | 495,677,655 |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 808,573,038 | - | 184,177,419 | - | 992,750,457 |
| ONEAND Co., Ltd. | 920,038,017 | - | 440,360,483 | - | 1,360,398,500 |
| PT. Style Korean Indonesia | 1,508,474,926 | - | 497,628,657 | 126,818,985 | 2,132,922,568 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 152,505,887 | - | (7,445,953) | 8,000,073 | 153,060,007 |
| BE THE SKIN Co., Ltd. | 187,939,777 | - | (9,025,811) | - | 178,913,966 |
| TOBOCO Co., Ltd. | 107,851,802 | 700,000,000 | 240,422,993 | - | 1,048,274,795 |
| Plant Base Co., Ltd. | 91,127,374 | - | (17,397,323) | - | 73,730,051 |
| JC & Company Co., Ltd. | 52,932,374 | - | (12,152,743) | - | 40,779,631 |
| AIDKOREA COMPANY Co., Ltd. | 1,397,152,962 | - | 129,548,611 | - | 1,526,701,573 |
| HANTEO GLOBAL, INC. (*2) | 4,907,352,347 | - | (89,464,786) | - | 4,817,887,561 |
| SILICON2 JAPAN CO.,LTD | 24,297,750 | - | - | - | 24,297,750 |
| Total | 10,348,055,315 | 700,000,000 | 1,662,520,141 | 134,819,058 | 12,845,394,514 |

(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 September 30, 2024

(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) | | | |
| ONEAND Co., Ltd. | 6,158,313,013 | 0.24 | 1,483,930,845 | 330,879,969 | (127,795,306) | 1,687,015,508 |
| Benton Co., Ltd. | 1,280,875,780 | 0.25 | 320,218,945 | 52,302,616 | (52,965,521) | 319,556,040 |
| Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 8,922,558,232 | 0.10 | 892,255,823 | 212,910,120 | (86,171,494) | 1,018,994,449 |
| PT. Style Korean Indonesia | 5,420,437,876 | 0.49 | 2,656,014,559 | 10,938,741 | (665,682,051) | 2,001,271,249 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 789,157,204 | 0.20 | 157,831,441 | - | (8,524,721) | 149,306,720 |
| BE THE SKIN Co., Ltd. | 179,045,487 | 0.30 | 53,716,152 | 163,729,924 | (1,456,415) | 215,989,661 |
| TOBOCO Co., Ltd. | 6,155,513,847 | 0.33 | 2,001,793,121 | 580,125,193 | (399,609,583) | 2,182,308,731 |
| JC & Company Co., Ltd. | 443,865,574 | 0.20 | 88,773,114 | 72,361,867 | (14,790,908) | 146,344,073 |
| Plant Base Co., Ltd. | (272,722,038) | 0.20 | (54,544,408) | 119,161,234 | (707,230) | 63,909,596 |
| AIDKOREA COMPANY Co., Ltd. | 5,283,990,168 | 0.31 | 1,651,246,928 | 642,023,673 | (94,906,875) | 2,198,363,726 |
| HANTEO GLOBAL, INC. | 1,980,652,044 | 0.14 | 286,784,323 | 3,437,808,018 | (26,980,889) | 3,697,611,452 |
| SILICON2 JAPAN CO.,LTD | 48,595,500 | 0.50 | 24,297,750 | - | - | 24,297,750 |
| Sukoshi Mart Holdings Inc. | 37,751,894,068 | 0.20 | 7,674,960,064 | - | - | 7,674,960,064 |
| Total | 74,142,176,755 | | 17,237,278,657 | 5,622,241,355 | (1,479,590,993) | 21,379,929,019 |

The difference from eliminating investments has been accounted for as goodwill

2) 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.

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 | September 30, 2024 | | | December 31, 2023 | | |
|-------------------------------|--------------------|--------------------------|-----------------|-------------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Book value | Cost | Accumulated depreciation | Book value |
| Land | 65,531,787,035 | - | 65,531,787,035 | 10,591,662,658 | - | 10,591,662,658 |
| Building | 37,516,084,784 | (1,810,630,312) | 35,705,454,472 | 21,650,945,050 | (1,303,627,925) | 20,347,317,125 |
| Vehicles | 227,796,589 | (144,908,655) | 82,887,934 | 181,371,027 | (114,591,215) | 66,779,812 |
| Furniture | 2,126,520,634 | (1,441,620,081) | 684,900,553 | 1,843,513,788 | (1,272,283,238) | 571,230,550 |
| Machinery and equipment | 4,859,455,391 | (202,255,024) | 4,657,200,367 | 1,213,326,152 | (34,426,535) | 1,178,899,617 |
| Logistics automation facility | 1,338,109,939 | (2,409,961,416) | (1,071,851,477) | 3,739,022,665 | (1,877,929,955) | 1,861,092,710 |
| Assets under construction | 19,850,919,076 | - | 19,850,919,076 | 19,510,566,543 | - | 19,510,566,543 |
| Total | 131,450,673,448 | (6,009,375,488) | 125,441,297,960 | 58,730,407,883 | (4,602,858,868) | 54,127,549,015 |

(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 September 30, 2024

(Unit: KRW)

| Classification | Land | Building | Vehicles | Furniture | Machinery and equipment | Logistics automation facility | Assets under construction | Total |
|---------------------------------|-----------------|----------------|--------------|---------------|-------------------------|-------------------------------|---------------------------|-----------------|
| Book value (January 1, 2024) | 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 |
| Acquisition | 56,208,385,668 | 16,175,024,203 | 43,674,828 | 197,300,858 | 164,377,625 | 36,526,950 | 1,542,428,909 | 74,367,719,041 |
| Replacement | - | - | - | 122,771,914 | - | 1,089,265,468 | (1,212,042,382) | (5,000) |
| Disposal | - | - | - | (26,520,243) | (51,736,416) | - | - | (78,256,659) |
| Depreciation expense | - | (504,099,708) | (29,440,023) | (193,677,923) | (178,897,657) | (530,246,006) | - | (1,436,361,317) |
| Others (*1) | (1,268,261,291) | (312,787,148) | 1,873,317 | 13,795,397 | 23,211,746 | (7,145,147) | 9,966,006 | (1,539,347,120) |
| Book value (September 30, 2024) | 65,531,787,035 | 35,705,454,472 | 82,887,934 | 684,900,553 | 1,135,854,915 | 2,449,493,975 | 19,850,919,076 | 125,441,297,960 |

(*1) Difference from foreign currency conversion.

2) As of September 30, 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 | - | 233,016,182 | 24,192,952 | 7,168,500 | 347,013,404 | 16,532,009,989 |
| Replacement | - | - | - | - | - | - | - | - |
| Disposal | (1,258,373,962) | (4,422,413,847) | - | (847,339) | - | - | - | (5,681,635,148) |
| Depreciation expense | - | (345,661,575) | (26,526,605) | (156,114,525) | (76,573,555) | (422,760,802) | - | (1,027,637,062) |
| Others (*1) | 286,632,217 | 203,777,572 | 2,858,115 | 34,213,615 | 51,620,862 | (1,790,710) | - | 577,311,671 |
| Book value (September 30, 2023) | 10,796,558,462 | 20,657,974,372 | 77,388,625 | 547,414,972 | 77,933,876 | 2,056,782,839 | 18,995,496,344 | 53,209,549,490 |

(*1) Difference from foreign currency conversion.

(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) | September 30, 2024 | December 31, 2023 |
|--|------------------------|---|--------------------|-------------------|
| 680 Sampyeong-dong, Bundang-gu, Seongnam-si, Gyeonggi-do 9th Floor, H Square JS Building | 500.61 | 5,718,000.00 | 2,862,487,980 | 2,806,419,660 |

(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 | 20,411,000,000 |
| 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 | 5,442,746,680 |
| Fire insurance | Inventory assets, buildings | CM VANTAGE SPECIALTY INSURANCE COMPANY | 7,640,600,000 |
| Fire insurance | Inventory Assets | Allianz General Insurance | 3,700,756,584 |

(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 | 5,822,842,262 | 24,000,000,000 | Hana Bank |
| | | 14,000,000,000 | |
| Land, buildings | 8,235,992,982 | - | 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 532,216,000 with a capitalization rate of 3.84% used for determining the amount of borrowing costs eligible for capitalization.

In the previous fiscal year, the capitalized borrowing cost was KRW 648,372,000 with a capitalization rate of 3.52% 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 | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Right-of-use assets | | |
| Buildings | 9,998,449,955 | 6,247,928,221 |
| Vehicles | 421,461,868 | 421,461,868 |
| Accumulated depreciation and amortization | (3,934,444,058) | (1,588,176,244) |
| Total | 6,485,467,765 | 5,081,213,845 |
| Lease liabilities | | |
| Current | 3,094,666,638 | 2,702,330,012 |
| Non-current | 3,626,993,382 | 2,330,484,541 |
| Total | 6,721,660,020 | 5,032,814,553 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|--------------------------------|--------------------|-------------------|
| Lease liabilities | | |
| Within 1 year | 3,094,666,638 | 2,702,330,012 |
| Over 1 year and within 5 years | 3,626,993,382 | 2,330,484,541 |
| Total | 6,721,660,020 | 5,032,814,553 |

(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 September 30, 2024>

(Unit: KRW)

| Classification | Beginning balance | Acquisition | Disposal | Depreciation and amortization | Others | Ending balance |
|----------------|-------------------|---------------|----------|-------------------------------|--------------|----------------|
| Buildings | 4,841,742,461 | 4,016,660,993 | - | (2,512,149,918) | (21,233,060) | 6,325,020,476 |
| Vehicles | 239,471,384 | - | - | (79,024,095) | - | 160,447,289 |
| Total | 5,081,213,845 | 4,016,660,993 | - | (2,591,174,013) | (21,233,060) | 6,485,467,765 |

<As of September 30, 2023>

(Unit: KRW)

| Classification | Beginning balance | Acquisition | Depreciation and amortization | Others | Ending balance |
|----------------|-------------------|---------------|-------------------------------|-----------|----------------|
| Buildings | 1,010,288,636 | 4,376,565,923 | (1,300,604,139) | (692,885) | 4,085,557,535 |
| Vehicles | 293,280,061 | 47,590,875 | (75,058,187) | - | 265,812,749 |
| Total | 1,303,568,697 | 4,424,156,798 | (1,375,662,326) | (692,885) | 4,351,370,284 |

- (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 | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Amortization of right-of-use assets | 2,591,174,013 | 1,375,662,326 |
| Interest expenses related to lease liabilities (included in financial expenses) | 223,617,137 | 62,204,474 |
| Short-term lease expense | - | 120,640,621 |
| Lease expense for non-short term small assets | 53,837,215 | 46,237,355 |
| Total | 2,868,628,365 | 1,604,744,776 |

- (6) Total cash outflows for leases during the current reporting period is KRW 2,763,514,243, and total cash outflows for leases during the previous reporting period is KRW 1,625,628,887.

13. Intangible Assets

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

(Unit: KRW)

| Classification | September 30, 2024 | | | December 31, 2023 | | |
|----------------------------|--------------------|--------------------------|---------------|-------------------|--------------------------|-------------|
| | Cost | Accumulated depreciation | Book value | Cost | Accumulated depreciation | Book value |
| Facility usage rights (*1) | 1,470,968,780 | - | 1,470,968,780 | 638,753,790 | - | 638,753,790 |
| Software | 738,431,279 | (691,012,448) | 47,418,831 | 59,537,317 | (37,600,896) | 21,936,421 |
| Total | 2,209,400,059 | (691,012,448) | 1,518,387,611 | 698,291,107 | (37,600,896) | 660,690,211 |

(*1) 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 | September 30, 2024 | September 30, 2023 |
|--------------------------------------|--------------------|--------------------|
| Beginning book value (Net) | 660,690,211 | 90,829,875 |
| Acquisition | 836,717,131 | 606,585,782 |
| Amortization expense | (6,444,973) | (35,390,656) |
| Effect of exchange rate fluctuations | 27,425,242 | 837,173 |
| Ending book value (Net) | 1,518,387,611 | 662,862,174 |

- (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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Advance payments | 1,893,713,213 | 1,117,392,038 |
| Prepaid expenses | 320,493,637 | 156,703,832 |
| Prepaid taxes | 169,847,001 | 42,685,422 |
| Total | 2,384,053,851 | 1,316,781,292 |

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 | September 30, 2024 | December 31, 2023 |
|--------------------------------------|--------------------|-------------------|
| Beginning book value | 121,531,482 | 113,561,653 |
| Increase | 3,425,959 | 6,443,714 |
| Decrease | - | - |
| Effect of exchange rate fluctuations | - | - |
| Ending book value | 124,957,441 | 120,005,367 |

16. Contractual Liabilities

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

(1) As of September 30, 2024

(Unit: KRW)

| Classification | Customer loyalty program | Others | Total |
|--------------------------------------|--------------------------|---------------|-----------------|
| Beginning balance | 618,778,182 | 612,568,876 | 1,231,347,058 |
| Incurred | 654,549,880 | 423,276,977 | 1,077,826,857 |
| Utilized | (192,713,999) | - | (192,713,999) |
| Extinguished, etc. | (482,973,037) | (638,257,089) | (1,121,230,126) |
| Effect of exchange rate fluctuations | 6,526,373 | 19,510,336 | 26,036,709 |
| Ending balance | 604,167,399 | 417,099,100 | 1,021,266,499 |

(2) As of September 30, 2023

(Unit: KRW)

| Classification | Customer loyalty program | Others | Total |
|--------------------|--------------------------|---------------|-----------------|
| Beginning balance | 272,402,203 | 277,470,586 | 549,872,789 |
| Incurred | 2,002,495,545 | 1,062,062,314 | 3,064,557,859 |
| Utilized | (1,077,068,149) | - | (1,077,068,149) |
| Extinguished, etc. | (760,194,940) | (277,470,586) | (1,037,665,526) |
| Ending balance | 437,634,659 | 1,062,062,314 | 1,499,696,973 |

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 (%) | September 30, 2024 | December 31, 2023 |
|-------------------------------------|-----------------|------------------------|-----------------------|--------------------------|--------------------|-------------------|
| | | | | As of September 30, 2024 | | |
| Short-term borrowings | Working Capital | KB Kookmin Bank (*1) | 2025-03-20 | 4.21% | 10,000,000,000 | 10,000,000,000 |
| | | Shinhan Bank | 2025-03-31 | 4.21% | 10,000,000,000 | 10,000,000,000 |
| | | KEB Hana Bank(*3) | 2024-11-27 | 3.56% | 20,000,000,000 | 20,000,000,000 |
| | | Woori bank | 2025-03-18 | 3.80% | 30,000,000,000 | - |
| | | KEB Hana Bank | 2025-03-22 | 3.95% | 20,000,000,000 | - |
| | | KDB Bank | 2025-05-17 | 4.08% | 15,000,000,000 | - |
| | | Citi Bank | 2025-06-27 | 4.08% | 39,588,000,000 | - |
| | | Shinhan Bank(*2) | 2024-05-24 | 3.81% | - | 15,000,000,000 |
| Total | | | | | 144,588,000,000 | 55,000,000,000 |
| Long-term borrowings | Facility funds | Bank of America(*3) | 2027-12-04 | 2.80 | 3,756,922,089 | 3,762,207,426 |
| Deductions : Maturity within 1 year | | | | | (131,038,734) | (125,053,387) |
| Total | | | | | 3,625,883,355 | 3,637,154,039 |

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

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

(*3) 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 (*1) | 105,193,818 | 341,433,942 | 3,732,430,173 | - | 4,179,057,933 |

(*1) 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 | 22,630,253,531 | 24,000,000,000 | Hana Bank |
| | | 14,000,000,000 | |
| Land, buildings | 8,235,992,982 | - | 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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Accounts payable | 6,923,996,882 | 501,545,548 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Accrued payables | 957,331,388 | 1,142,620,063 |
| Accrued Expenses | 2,801,369,463 | 1,213,556,432 |
| Lease Deposits | 221,692,800 | - |
| Total | 3,980,393,651 | 2,356,176,495 |

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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Advance payments | 7,681,696,017 | 4,504,140,626 |
| Withholdings | 166,947,967 | 71,721,800 |
| VAT withheld | 7,713,550 | 44,741,957 |
| Total | 7,856,357,534 | 4,620,604,383 |

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 | September 30, 2024 | December 31, 2023 |
|------------------------------|--------------------|-------------------|
| Par value per share | 500 | 500 |
| Number of issued shares (*1) | 60,873,234 | 60,389,234 |
| Number of treasury shares | - | - |
| Issued Capital(*2) | 30,537,340,000 | 30,295,340,000 |

(*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, 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 |
| January 01, 2024 | | | | |
| Beginning balance | Jan. 1, 2024 | 60,389,234 | 30,295,340,000 | 30,176,344,833 |
| Exercise of Stock Purchase rights | Jun. 10, 2024 | 484,000 | 242,000,000 | 626,762,422 |
| September 30, 2024 | Sep. 30, 2024 | 60,873,234 | 30,537,340,000 | 30,803,107,255 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------|--------------------|-------------------|
| Share Premium | 30,803,107,255 | 30,176,344,833 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|---------------------------|--------------------|--------------------|
| Beginning balance | 30,176,344,833 | 29,625,573,816 |
| Exercise of stock options | 626,762,422 | 421,271,814 |
| Ending balance | 30,803,107,255 | 30,046,845,630 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------|--------------------|-------------------|
| Stock options | 319,588,599 | 837,480,621 |

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 September 30, 2024

(Unit: KRW)

| Classification | Before income tax | Income tax | After income tax |
|--|-------------------|---------------|------------------|
| Surplus from revaluation of real estate | 2,574,710,287 | (538,114,450) | 2,036,595,837 |
| Foreign operation translation gains/losses | (601,047,207) | - | (601,047,207) |

| | | | |
|-----------------------------------|---------------|---------------|---------------|
| Changes in equity (equity method) | 158,552,466 | (33,296,018) | 125,256,448 |
| Total | 2,132,215,546 | (571,410,468) | 1,560,805,078 |

2) 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 |

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 | September 30, 2024 | December 31, 2023 |
|---------------------------------|--------------------|-------------------|
| Undistributed Retained Earnings | 159,542,863,291 | 70,805,907,906 |

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) |
| 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) | - | - | 289,674 | - |
| Exercisable shares (unit: Shares) | - | - | 289,674 | - |

(*1) 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.

(Unit: Shares/KRW)

| Classification | 3rd grant | | 4th grant | |
|----------------------------------|-----------|-------|-----------|-------|
| | Shares | Price | Shares | Price |
| Previous 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 | - | - |
| Current FY | | | | |
| Beginning balance (Jan. 1, 2024) | 782,674 | 729 | - | - |
| Exercised | (484,000) | 729 | - | - |
| Granted | - | - | - | - |
| Expired | - | - | - | - |
| Ending balance (Sep. 30, 2024) | 298,674 | 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: 3 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 September 30, 2024

(Unit: KRW)

| Classification | 3rd grant |
|----------------------------|---------------|
| Beginning balance | 837,480,621 |
| Stock compensation expense | - |
| Exercised | (517,892,022) |
| Ending balance | 319,588,599 |

2) As of September 30, 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 | - | (193,573,814) | (193,573,814) |
| Ending balance | 858,881,118 | 48,000,266 | 906,881,384 |

24. Income Tax Expense

Income tax expenses were recognized on a basis of an estimate of the best weighted average income tax rate expected for the entire fiscal year.

25. Sales

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

(Unit: KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|-----------------------|--------------------|-----------------|--------------------|-----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Sale of goods | 186,074,180,938 | 517,258,264,053 | 100,901,687,305 | 237,067,592,296 |
| Provision of services | 600,239,283 | 703,813,583 | 1,445,756 | 4,122,618 |
| Rent income | - | - | 48,343,333 | 111,983,333 |
| Total | 186,674,420,221 | 517,962,077,636 | 100,951,476,394 | 237,183,698,247 |

26. Cost Classification by Category

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

(Unit: KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|------------------|--------------------|------------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Changes in inventory assets | (6,915,920,941) | (46,080,067,387) | (10,922,081,683) | (51,368,725,635) |
| Cost of goods sold | 129,099,948,107 | 387,365,195,839 | 79,034,161,529 | 211,700,554,812 |
| Employee wages | 5,133,601,082 | 14,683,427,858 | 3,372,845,832 | 8,905,855,003 |
| Depreciation and amortization expenses | 1,490,594,234 | 4,025,285,468 | 935,197,112 | 2,431,970,050 |
| Advertising and sales promotion expenses | 1,377,615,590 | 6,468,829,998 | 2,185,365,410 | 5,757,721,148 |
| Commission expenses | 6,541,519,546 | 22,655,762,493 | 6,673,133,934 | 15,009,705,534 |
| Transportation costs | 4,591,619,994 | 10,969,246,572 | 2,961,734,795 | 7,596,895,075 |
| Other expenses | 2,759,280,527 | 6,888,061,655 | 1,581,818,719 | 4,221,621,668 |
| Total operating expense (*1) | 144,078,258,139 | 406,975,742,496 | 85,822,175,648 | 204,255,597,655 |

(*1) 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)

| Classification | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Salaries | 4,834,347,035 | 13,930,154,496 | 3,188,322,491 | 8,394,879,837 |
| Retirement benefits | 299,254,047 | 753,273,362 | 184,523,341 | 510,975,166 |
| Employee benefits | 338,708,294 | 909,210,194 | 213,004,771 | 580,998,984 |
| Transportation costs | 4,591,619,994 | 10,969,246,572 | 2,961,734,795 | 7,596,895,075 |
| Rent | 139,577,883 | 294,950,351 | 78,970,507 | 148,689,406 |
| Fees | 6,541,519,546 | 22,655,762,493 | 6,673,133,934 | 15,009,705,534 |
| Depreciation (*1) | 1,488,345,320 | 4,018,840,495 | 932,982,064 | 2,396,579,394 |
| Intangible asset amortization cost | 2,248,914 | 6,444,973 | 2,215,048 | 35,390,656 |
| Tax and utilities | 543,271,195 | 1,197,814,221 | 190,124,984 | 738,718,805 |
| Advertising expenses | 1,441,190,342 | 4,528,345,035 | 1,761,102,869 | 4,862,602,666 |
| Provision for bad debts (reversal of allowance for bad debts) | 146,465,252 | 566,077,821 | 52,820,089 | 118,402,297 |
| Stock compensation cost | - | - | - | 30,072,833 |
| Other | 1,527,683,151 | 5,860,494,031 | 1,471,160,909 | 3,499,857,825 |
| Total of SG&A | 21,894,230,973 | 65,690,614,044 | 17,710,095,802 | 43,923,768,478 |

(*1) 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 | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|----------------|--------------------|---------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Financial income | | | | |
| Interest income | 476,382,877 | 1,217,914,970 | 138,400,860 | 575,609,347 |
| Foreign exchange profit | 1,669,234,448 | 6,486,106,361 | 682,936,685 | 2,547,910,811 |
| Foreign exchange conversion profit | 1,725,360,792 | 3,739,703,426 | 1,100,247,828 | 1,146,374,835 |
| Foreign exchange profit from futures forward contracts | - | 44,301,874 | 103,221,429 | 126,895,876 |
| Total | 3,870,978,117 | 11,488,026,631 | 2,024,806,802 | 4,396,790,869 |
| Financial expenses | | | | |
| Amortized interest cost of financial liability | 1,320,640,030 | 2,687,606,889 | 164,487,423 | 425,439,810 |

| | | | | |
|--|---------------|----------------|---------------|---------------|
| Interest expense (*1) | 75,955,828 | 227,043,096 | 38,970,934 | 76,501,428 |
| Foreign exchange loss | 1,761,756,605 | 3,066,376,252 | 832,603,523 | 1,941,233,069 |
| Foreign exchange conversion loss | 4,561,836,250 | 4,739,259,325 | 3,331,873 | 160,454,764 |
| Foreign exchange losses on futures forward contracts | - | 134,497,262 | 154,555,244 | 163,413,454 |
| Derivatives valuation loss | 1,871,063,440 | 2,567,995,207 | - | - |
| Total | 9,591,252,153 | 13,422,778,031 | 1,193,948,997 | 2,767,042,525 |

(*1) The capitalization interest rate used to calculate the amount of capitalized borrowing costs is the weighted average interest rate applied to the Company's general borrowings during the current period, 3.84%.

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 | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|-------------|--------------------|--------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Other non-operating income | | | | |
| Gains on disposal of tangible assets | - | - | 1,377,636 | 1,377,636 |
| Reversal of Restoration Provision | - | - | 98,351,388 | 98,351,388 |
| Other | 120,959,070 | 237,393,496 | 28,392,012 | 65,034,796 |
| Subtotal | 120,959,070 | 237,393,496 | 128,121,036 | 164,763,820 |
| Other non-operating expenses | | | | |
| Loss on disposal of tangible assets | 55,072,961 | 59,191,480 | 1,000 | 181,327,329 |
| Donations | - | - | 1,373,970 | 1,373,970 |
| Impairment loss on invested stocks of associates and joint ventures | - | 97,756,886 | - | - |
| Other | (58,734,637) | 27,644,499 | 919,914 | 1,579,926 |
| Subtotal | (3,661,676) | 184,592,865 | 2,294,884 | 184,281,225 |
| Total | 124,620,746 | 52,800,631 | 125,826,152 | (19,517,405) |

30. Cash flow statement

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--------------------|--------------------|--------------------|
| Interest income | (1,217,914,970) | (575,609,347) |
| Interest cost | 2,914,649,985 | 644,790,607 |
| Dividend income | 21,840,084,202 | 8,168,925,702 |
| Income tax expense | 566,077,821 | 118,402,297 |

| | | |
|--|-----------------|-----------------|
| Depreciation (*1) | 4,018,840,495 | 2,396,579,394 |
| Foreign currency conversion gain or loss | 999,555,899 | (985,920,071) |
| Current profit or loss - profit or loss on disposal of fair value financial assets | - | 36,517,578 |
| Current profit or loss - fair value financial asset valuation gain or loss | 2,567,995,207 | - |
| Impairment loss on stocks invested in subsidiaries/associates | 97,756,886 | - |
| Equity method gain (loss) | (1,472,655,216) | (1,662,520,141) |
| Intangible asset amortization cost | 6,444,973 | 35,390,656 |
| Profit and loss on disposal of tangible and intangible assets | 59,191,480 | 179,949,692 |
| Profit and loss on disposal of right of use assets | - | (98,351,388) |
| Inventory disposal and valuation loss | 243,411,781 | (455,029,445) |
| Stock-based compensation expense | - | 30,072,833 |
| Total | 30,623,438,543 | 7,833,198,367 |

(*1) 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 | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Decrease (increase) in accounts receivable | (41,254,704,415) | (14,125,803,392) |
| Decrease (increase) in other financial assets | 10,067,194,560 | (3,128,783,561) |
| Decrease (increase) in inventories | (42,569,947,382) | (43,657,138,727) |
| Decrease (increase) in other assets | (881,455,103) | (4,137,629,743) |
| Increase (decrease) in accounts payable | 4,941,438,229 | 4,703,675,917 |
| Increase (decrease) in other financial liabilities | (5,037,152) | 1,241,357,578 |
| Increase (decrease) in contract liabilities | (236,117,269) | 949,824,184 |
| Increase (decrease) in other liabilities | 4,680,709,316 | 1,141,739,779 |
| Payment of retirement benefits | (3,030,086) | - |
| Total | (65,260,949,302) | (57,012,757,965) |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Increase in right-of-use assets due to recognition of lease liabilities, etc. | 3,845,909,801 | 6,603,696,501 |
| Liquidity classification of lease liabilities | 1,485,472,599 | 1,244,478,596 |
| Exercise of stock options | 517,892,022 | 193,573,814 |
| Tangible asset account reclassification | 1,089,265,468 | 54,940 |
| Liquidity replacement for long-term borrowings | 101,038,793 | 1,496,588 |
| Accounts Receivable Write-off | 72,225,766 | - |

(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 | 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 previous FY | 5,032,814,553 | 55,000,000,000 | 125,053,387 | 3,637,154,039 |
| Current Year's ending | 5,032,814,553 | 55,000,000,000 | 125,053,387 | 3,637,154,039 |
| Cash flow | (2,486,394,632) | 92,700,500,000 | (97,905,403) | - |
| Other non-financial changes (*2) | 4,108,629,876 | (2,115,000,000) | 101,038,793 | (98,889,669) |
| Effect of exchange rate fluctuations | 66,610,223 | (997,500,000) | 2,851,957 | 87,618,985 |
| Net liabilities at end of current FY | 6,721,660,020 | 144,588,000,000 | 131,038,734 | 3,625,883,355 |

(*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:

(Unit: KRW)

| Financial Institution | Classification | Currency | Contract Limit | Executed Amount |
|-----------------------|---|----------|----------------|-----------------|
| Kookmin Bank | Over-the-counter derivatives trading (forwards) | KRW | 2,354,000,000 | - |

(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 | 5,822,842,262 | 24,000,000,000 | Hana Bank |
| Building | 16,687,917,153 | 14,000,000,000 | Hana Bank |
| Land, building | 8,235,992,982 | - | Bank of America |

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

(Unit: KRW)

| Beneficiary | Guarantees | Guaranteed | Period | Description |
|---|-------------|---------------------------|------------|--|
| Korea Health Industry Development Institute | 20,000,000 | Seoul Guarantee Insurance | 2024-12-31 | 2024 Small and Medium Cosmetics Overseas Expansion Support Program |
| Korea SMEs and Startups Agency | 306,227,590 | Seoul Guarantee Insurance | 2025-03-01 | Business agreement on the implementation of the 「2024 Online Export Joint Logistics」 project |
| Korea SMEs and Startups Agency | 285,703,030 | Seoul Guarantee Insurance | 2025-03-01 | 「2024 Media Content Marketing Project」 Business Agreement |
| Korea Health Industry Development Institute | 200,000,000 | Seoul Guarantee Insurance | 2025-03-31 | 2024 Small and Medium Cosmetics Overseas Expansion Support Program |
| Kakao Pay Co., Ltd. | 10,000,000 | Seoul Guarantee Insurance | 2025-05-01 | Kakao Pay Service Agreement |
| Korea Electric Power Corporation | 7,200,000 | Seoul Guarantee Insurance | 2025-06-19 | Electricity supply contract |
| Eximbay Co., Ltd. | 60,000,000 | Seoul Guarantee Insurance | 2025-09-06 | Electronic payment Agency service contract |
| KG Inicis Co., Ltd. | 300,000,000 | Seoul Guarantee Insurance | 2025-10-28 | KG Inicis INIPAY Service Use Agreement |

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 | September 30, 2024 | December 31, 2023 | Notes |
|--------------------------------------|---|---|----------|
| Related companies and joint ventures | PT. Style Korean Indonesia | PT. Style Korean Indonesia | - |
| | One And Co., Ltd. | One And Co., Ltd. | - |
| | Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | Pyunkang 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. | - |
| | Picton Co., Ltd | Picton 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. | - |
| | SILICON2 JAPAN CO.,LTD | SILICON2 JAPAN CO.,LTD | - |
| | Sukoshi Mart Holdings Inc. | 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 September 30, 2024

| Classification | Company name | Receivable(*1) | Payable(*2) | SG&A | Dividend Income |
|----------------------------|---|----------------|----------------|------------|-----------------|
| Related companies | PT. Style Korean Indonesia | 17,388,250,501 | - | - | - |
| | One And Co., Ltd. | - | 9,942,418,374 | - | - |
| | Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | - | 11,371,798,369 | 36,480,240 | - |
| | Benton Co., Ltd. | - | 2,249,552,217 | - | 50,310,000 |
| | Hello Skin Co., Ltd. | - | 4,224,062,500 | - | - |
| | ARUMI KOREAN COSMETICS SPA. | 14,900,474 | - | - | - |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 124,235,936 | - | - | - |
| | Be The Skin Co., Ltd. | - | 213,138,379 | 814,559 | - |
| | Picton Co., Ltd | - | 18,407,805,060 | 100,000 | - |
| | JC&Company Co., Ltd. | 13,764,838 | 844,106,737 | - | - |
| | Plant Base Co., Ltd. | - | 2,672,727 | - | - |
| | Aid Korea Company Co., Ltd. | - | 5,672,648,800 | - | - |
| | Hanteo Global Co., Ltd. | 1,760,000 | 659,898,755 | - | - |
| Sukoshi Mart Holdings Inc. | 5,947,278,697 | - | - | - | |
| Total | | 23,490,190,446 | 53,588,101,918 | 37,394,799 | 50,310,000 |

(*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.

2) As of September 30, 2023

| Classification | Company name | Receivable(*1) | Payable(*2) | Interest profit | SG&A | Miscellaneous loss |
|-------------------|---|----------------|----------------|-----------------|------------|--------------------|
| Related companies | PT. Style Korean Indonesia | 11,725,320,322 | - | - | 15,049,778 | - |
| | One And Co., Ltd. | - | 7,282,113,974 | - | 9,620,454 | - |
| | Pyunkang Oriental Medicine Dermatology Research Institute Co., Ltd. | 271,909 | 8,679,944,318 | - | - | - |
| | Benton Co., Ltd. | 1,440,298 | 2,854,100,609 | - | 300,000 | - |
| | Hello Skin Co., Ltd. | - | 3,068,704,350 | - | - | - |
| | STYLEKOREAN VIETNAM CO.,LTD | - | - | 189,535 | - | 285,350 |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 87,348,582 | - | - | - | - |
| | Be The Skin Co., Ltd. | - | 200,314,103 | - | - | - |
| | Picton Co., Ltd | - | 5,350,430,900 | - | 1,946,900 | - |
| | JC&Company Co., Ltd. | 20,762,742 | 203,202,560 | - | - | - |
| | Plant Base Co., Ltd. | - | 110,645,816 | - | - | - |
| | Aid Korea Company Co., Ltd. | - | 3,949,873,131 | - | - | - |
| | Hanteo Global Co., Ltd. | 117,638,638 | 1,619,313,368 | - | - | - |
| Total | | 11,952,782,491 | 33,318,643,129 | 189,535 | 26,917,132 | 285,350 |

(*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 September 30, 2024

(Unit: KRW)

| Classification | Company name | Receivable | | Liability | |
|-------------------|--|---------------------|-----------|------------------|------------|
| | | Accounts Receivable | Other | Accounts Payable | Other |
| Related companies | PT. Style Korean Indonesia | 10,987,877,809 | - | - | - |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | - | - | - | 3,375 |
| | Picton Co., Ltd | - | - | 153,384,000 | - |
| | JC&Company Co., Ltd. | - | - | 13,988,630 | - |
| | Aid Korea Company Co., Ltd. | - | - | 479,099,744 | - |
| | Hanteo Global Co., Ltd. | - | 6,039,660 | - | - |
| | Sukoshi Mart Holdings Inc. | 506,351,443 | - | - | 52,587,355 |
| Total | | 11,494,229,252 | 6,039,660 | 646,472,374 | 52,590,730 |

2) 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 | - | - | - |
| | Pyunkang 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 |

(4) Financial transactions with related parties

1) As of September 30, 2024

(Unit: KRW)

| Classification | Company name | Loan Transaction | Capital transaction |
|-------------------|----------------------------|------------------|-----------------------|
| | | Collection | Cash investment, etc. |
| Related companies | Sukoshi Mart Holdings Inc. | - | 3,720,061,488 |

2) As of September 30, 2023

(Unit: KRW)

| Classification | Company name | Loan Transaction | Capital transaction |
|-------------------|-----------------|------------------|-----------------------|
| | | Collection | Cash investment, etc. |
| Related companies | Picton Co., Ltd | - | 700,000,000 |

(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 | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|-------------|--------------------|-------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Salaries and other short-term employee benefits | 232,499,996 | 764,999,988 | 180,833,336 | 536,666,672 |

33. Earnings per share

(1) Net profit per common share

Primary earnings per share were 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: Shares/KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Net income | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Net profit attributable to common stocks | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Weighted average number of common shares in circulation (*1) | 60,587,798 | 60,587,798 | 60,269,094 | 60,269,094 |
| Beginning earnings per share | 493 | 1,465 | 218 | 465 |

(*1) 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.

(*) Weighted average number of common shares in circulation for current period

| Duration | Changes | Days | No. of common shares | Value |
|---|---------------------------|------|----------------------|----------------|
| 2024.01.01 - 2024.06.09 | Beginning balance | 161 | 60,389,234 | 9,722,666,674 |
| 2024.06.10 - 2024.06.30 | Exercise of stock options | 112 | 60,873,234 | 6,817,802,208 |
| Total | | 273 | | 16,540,468,882 |
| Weighted average number of common shares(value / 273) | | | | 60,587,798 |

(*) Weighted average number of common shares in circulation for previous period

| Duration | Changes | Days | No. of common shares | Value |
|---|---------------------------|------|----------------------|----------------|
| 2023.01.01 - 2023.04.20 | Beginning balance | 110 | 60,177,235 | 6,619,495,850 |
| 2023.04.21 - 2023.09.30 | Exercise of stock options | 163 | 60,331,084 | 9,833,966,692 |
| Total | | 273 | | 16,453,462,542 |
| Weighted average number of common shares(value / 273) | | | | 60,269,094 |

(2) Diluted earnings per share

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

(Unit: Shares/KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Net income | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Diluted profit on common stock | 29,852,454,690 | 88,736,955,385 | 13,137,611,144 | 28,031,925,970 |
| Weighted average number of common shares outstanding for calculating diluted earnings per share | 60,876,829 | 60,876,829 | 60,964,937 | 60,964,937 |
| Weighted average number of common shares in circulation | 60,587,798 | 60,587,798 | 60,269,094 | 60,269,094 |
| Potentially dilutive common stock (*1) | 289,031 | 289,031 | 695,843 | 695,843 |
| Diluted earnings per share | 490 | 1,458 | 215 | 459 |

(*1) 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 23rd, as of September 30, 2024

The 22nd, as of December 31, 2023

(Unit: KRW)

| | 23rd September 30, 2024 | 22nd December 31, 2023 |
|--|----------------------------|---------------------------|
| Asset | | |
| Current assets | 252,533,574,217 | 129,371,378,163 |
| Cash and cash equivalents (Notes 5, 6, 7) | 52,015,585,847 | 12,823,953,095 |
| Account receivable (Notes 5,6,7,8,32) | 93,100,610,538 | 60,645,740,634 |
| Short-term other financial assets (Note 5, 6, 7, 8, 32) | 46,345,737,260 | 17,039,023,242 |
| Other current assets (Note 14) | 2,045,920,640 | 1,032,047,026 |
| Inventories (Note 9) | 59,025,719,932 | 37,830,614,166 |
| Non-current assets | 111,395,806,285 | 70,043,994,534 |
| Derivative assets (Note 6,7) | 1,000,000,000 | |
| Other financial assets (Note 5,6,7,8) | 1,319,695,000 | 971,695,000 |
| Equity investments in subsidiaries (Note 10) | 44,288,184,957 | 7,954,773,630 |
| Equity investments in associates (Note 10) | 16,384,971,366 | 12,664,909,878 |
| Tangible assets (Note 11) | 44,332,179,530 | 44,545,582,297 |
| Right of use assets (Note 12) | 2,261,393,563 | 2,928,170,183 |
| Intangible assets (Note 13) | 1,489,227,113 | 658,708,790 |
| Deferred income tax assets (Note 24) | 320,154,756 | 320,154,756 |
| Total assets | 363,929,380,502 | 199,415,372,697 |
| Liabilities | | |
| Current liabilities | 174,106,113,942 | 72,085,450,258 |
| Accounts Payable (Note 5,6,7,18,32) | 6,455,555,853 | 501,545,548 |
| Contract liabilities (Note 16) | 719,420,285 | 547,683,840 |
| Short-term borrowings (Note 5, 6, 7, 17) | 144,588,000,000 | 55,000,000,000 |
| Short-term other financial liabilities (Notes 5, 6, 7, 18) | 2,504,838,609 | 3,086,688,653 |
| Other current liabilities (Note 19) | 6,557,694,596 | 3,703,815,322 |
| Current income tax liabilities (Note 24) | 11,315,761,285 | 7,485,401,070 |
| Current lease liabilities (Notes 5, 6, 7, 12) | 1,964,843,314 | 1,760,315,825 |
| Non-current liabilities | 3,032,215,136 | 1,231,673,218 |
| Derivative liabilities (Note 5,6,7) | 2,567,995,207 | |
| Non-current lease liabilities (Notes 5, 6, 7, 12) | 339,262,488 | 1,110,141,736 |
| Restoration provision (Note 15) | 124,957,441 | 121,531,482 |

| | | |
|--|-----------------|-----------------|
| Total liabilities | 176,302,412,988 | 73,317,123,476 |
| Equity | | |
| Issued capital (Note 20) | 30,537,340,000 | 30,295,340,000 |
| Capital surplus (Note 20) | 30,803,107,255 | 30,176,344,833 |
| Accumulated other comprehensive income (Note 21) | 2,036,595,837 | 2,036,595,837 |
| Other capital items (Note 20, 23) | 319,588,599 | 837,480,621 |
| Retained earnings (Note 22) | 123,094,419,733 | 62,752,487,930 |
| Total equity | 186,791,051,424 | 126,098,249,221 |
| Total liabilities and equity | 363,929,380,502 | 199,415,372,697 |

4-2. Comprehensive income statement

Comprehensive income statement

23rd (January 01, 2024 - September 30, 2024)

22nd (January 01, 2023 - September 30, 2023)

(Unit: KRW)

| | 23rd (September 30, 2024) | | 22nd (September 30, 2023) | |
|--|---------------------------|------------------|---------------------------|-----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Revenue (Notes 4, 25, 32) | 162,513,047,294 | 473,309,157,854 | 96,806,295,360 | 229,079,042,299 |
| COGs (Note 26, 32) | 124,558,708,598 | 362,418,251,896 | 73,939,815,402 | 175,269,501,735 |
| Gross profit | 37,954,338,696 | 110,890,905,958 | 22,866,479,958 | 53,809,540,564 |
| Selling general and administrative expenses (Notes 26, 27, 32) | 12,129,168,066 | 34,383,126,377 | 9,075,913,324 | 25,393,646,604 |
| Operating profit | 25,825,170,630 | 76,507,779,581 | 13,790,566,634 | 28,415,893,960 |
| Non-operating profit(loss) | (7,107,817,693) | (2,939,090,523) | 1,035,471,116 | 1,813,815,673 |
| Interest income (Notes 7, 28, 32) | 667,921,560 | 1,399,953,237 | 136,411,624 | 573,583,093 |
| Other financial income (Notes 7, 28) | 1,602,249,482 | 8,433,725,720 | 1,886,000,481 | 3,783,359,698 |
| Interest expenses (Notes 7, 28) | (1,322,215,413) | (2,686,445,495) | (166,024,788) | (404,960,840) |
| Other financial expenses (Notes 7, 28) | (8,068,459,528) | (10,144,382,536) | (927,871,243) | (2,083,590,388) |
| Other income (Note 29) | 14,488,841 | 61,239,322 | 107,518,480 | 127,968,919 |
| Other expenses (Note 29) | (1,802,635) | (3,180,771) | (563,438) | (182,544,809) |
| Net income before income tax expense | 18,717,352,937 | 73,568,689,058 | 14,826,037,750 | 30,229,709,633 |
| Income tax expense (Note 24) | 3,365,152,852 | 13,226,757,255 | 2,944,911,900 | 5,911,783,510 |
| Net Income | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,317,926,123 |
| Other comprehensive income | | | | |
| Total comprehensive income | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,317,926,123 |
| Earnings per share | | | | |
| Basic EPS (Unit: KRW) (Note 33) | 253 | 996 | 197 | 403 |
| Diluted EPS (Unit: KRW) (Note 33) | 252 | 991 | 194 | 398 |

4-3. Changes in Equity

Changes in Equity

23rd (January 01, 2024 - September 30, 2024)

22nd (January 01, 2023 - September 30, 2023)

(Unit: KRW)

| | | Equity | | | | | Total capital |
|----------------------------------|---------------------------|----------------|-----------------|--|----------------------------|-------------------|-----------------|
| | | Issued capital | Capital surplus | Accumulated other comprehensive income | Other components of equity | Retained earnings | |
| 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 | | | | | 24,317,926,123 | 24,317,926,123 |
| Transaction with owners | Exercise of stock options | 76,925,000 | 421,271,814 | | (193,573,814) | | 304,623,000 |
| | Stock-based compensation | | | | 30,072,833 | | 30,072,833 |
| Balance as of September 30, 2023 | | 30,266,265,000 | 30,046,845,630 | 2,036,595,837 | 906,881,384 | 53,783,536,047 | 117,040,123,898 |
| Balance as of January 1, 2024 | | 30,295,340,000 | 30,176,344,833 | 2,036,595,837 | 837,480,621 | 62,752,487,930 | 126,098,249,221 |
| Total comprehensive income | Net Income | | | | | 60,341,931,803 | 60,341,931,803 |
| Transaction with owners | Exercise of stock options | 242,000,000 | 626,762,422 | | (517,892,022) | | 350,870,400 |
| | Stock-based compensation | | | | | | |
| Balance as of September 30, 2024 | | 30,537,340,000 | 30,803,107,255 | 2,036,595,837 | 319,588,599 | 123,094,419,733 | 186,791,051,424 |

4-4. Cash flow

Cash flow

23rd (January 01, 2024 - September 30, 2024)

22nd (January 01, 2023 – September 30, 2023)

(Unit: KRW)

| | 23rd (September 30, 2024) | 22nd (September 30, 2023) |
|---|---------------------------|---------------------------|
| Cash flow from operating activities | 33,346,078,265 | (26,714,907,655) |
| Cash flow generated from operating activities | 43,978,657,563 | (24,381,233,860) |
| Net Income | 60,341,931,803 | 24,317,926,123 |
| Profit(loss) adjustment (Note 30) | 23,139,970,400 | 7,469,945,969 |
| Increase or decrease in assets and liabilities (Note 30) | (39,503,244,640) | (56,169,105,952) |
| Interest received | 1,399,953,237 | 323,991,823 |
| Interest paid | (2,686,445,495) | (62,790,728) |
| Dividends paid | 50,310,000 | |
| Income tax paid | (9,396,397,040) | (2,594,874,890) |
| Cash flow from investing activities | (84,429,601,327) | (6,712,777,813) |
| Cash inflow from investing activities | 90,000,000 | 126,928,916,491 |
| Decrease in short-term financial instruments (Note 30) | | 121,361,944,584 |
| Decrease in short-term loans | 90,000,000 | 59,878,452 |
| Disposal of property, plant, and equipment | | 5,501,685,455 |
| Decrease in lease deposits | | 5,408,000 |
| Cash outflow from investing activities | (84,519,601,327) | (133,641,694,304) |
| Increase in short-term financial instruments | | (114,087,348,059) |
| Increase in short-term loans | (41,445,000,000) | |
| Acquisition of invested stocks in subsidiaries (Note 30) | (36,333,411,327) | (1,649,063,250) |
| Acquisition of invested stocks in associates and joint ventures (Note 30) | (3,720,061,488) | (700,000,000) |
| Acquisition of property, plant, and equipment (Note 30) | (836,663,522) | (16,323,943,605) |
| Acquisition of intangible assets | (836,464,990) | (606,356,390) |
| Increase in lease deposit | (348,000,000) | (248,375,000) |
| Increase in other deposits | | (26,608,000) |
| Other cash payments to acquire equity or debt instruments of other entities, classified as investing activities (Note 30) | (1,000,000,000) | |
| Cash flow from financing activities | 90,405,914,863 | 14,154,223,250 |
| Cash inflow from financing activities | 107,055,836,000 | 35,461,623,000 |
| Borrowing of short-term loans (Note 30) | 106,703,000,000 | 35,000,000,000 |
| Paid-in capital increase | 352,836,000 | 304,623,000 |
| Increase in lease deposits | | 157,000,000 |
| Cash outflow from financing activities | (16,649,921,137) | (21,307,399,750) |
| Repayment of short-term borrowings (Note 30) | (15,000,000,000) | (20,000,000,000) |

| | | |
|---|-----------------|------------------|
| Lease payments | (1,647,955,537) | (1,213,399,750) |
| Capital transaction costs | (1,965,600) | |
| Decrease in lease deposits | | (94,000,000) |
| Change in cash assets due to foreign currency translation | (130,759,049) | 140,823,113 |
| Increase (or decrease) in cash and cash equivalents | 39,191,632,752 | (19,132,639,105) |
| Cash and cash equivalents (Beginning of the year) | 12,823,953,095 | 20,197,648,575 |
| Cash and cash equivalents (End of the year) | 52,015,585,847 | 1,065,009,470 |

5. Notes for Financial Statements

Ending of the 23rd (Current) Year: as of September 30, 2024

Ending of the 22nd (Current) Year: as of September 30, 2023

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, Pangyoeyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do.

The Company since its establishment has gone through a number of paid-in capital increases and free capital increases, and its capital at the closing of the current year is 30,537,340,000 KRW. The status of major shareholders at the current closing is as follows:

(Unit: Share)

| Shareholder Type (Name) | Number of Shares | Percentage of Ownership | Note |
|--------------------------------------|------------------|-------------------------|------|
| Kim, Sung Woon | 18,924,639 | 31.09% | CEO |
| Shin, Eun-ha | 4,916,111 | 8.08% | |
| SON ROBERT INHO | 2,427,722 | 3.99% | |
| Securities Finance (distribution) | 1,055,388 | 1.73% | |
| Choi, Jin-Ho | 826,782 | 1.36% | |
| MICHANG OIL IND. CO., LTD | 765,120 | 1.26% | |
| Seo, Dong Suk | 655,277 | 1.08% | |
| Other shareholders | 31,302,195 | 51.41% | |
| Total | 60,873,234 | 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 interim financial statements for the nine-month period ended September 30, 2024 have been prepared in accordance with Korean IFRS 1034, Interim Financial Reporting. These interim financial statements have been prepared in accordance with the Korean IFRS which is effective as of September 30, 2024.

2.2 Changes in Accounting Policies and Disclosures

The Company applied the following amended standards for the first time for the annual reporting period commencing January 1, 2024:

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, 2024.

(1) Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments to Korean-IFRS 1001 clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also introduce a definition of settlement to make clear that settlement includes the transfer to the counterparty of the entity's own equity instruments, however, it would be excluded if an option to settle the liability by the transfer of the entity's own equity instruments is recognized separately from the liability as an equity component of a compound financial instrument. The application of amendments does not have a significant impact on the Company's interim financial statements.

(2) 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.

(3) Amendments to Korean IFRS 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 application of amendments does not have a significant impact on the Company's interim financial statements.

(4) 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. The changes do not need to be disclosed for the interim periods within the first financial year of application, in accordance with the transitional provisions. The application of amendments does not have a significant impact on the Company's interim financial statements.

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

(1) 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 Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim financial statements are consistent with those of the annual financial statements for the year ended December 31, 2023, except for the changes due to the application of amendments of standards described below.

2.3.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

2.3.2 Borrowing Costs

For the Company, borrowing costs incurred for the acquisition or construction of qualifying assets are capitalized during the period necessary to prepare the qualifying assets for their intended use. Income arising from the temporary investment of specific-purpose borrowings obtained for the acquisition of qualifying assets is deducted from the capitalizable borrowing costs for the current accounting period. Other borrowing costs are recognized as current profit.

2.3.3 Retirement Benefits

The Company's retirement pension system is a defined contribution plan. Under this plan, the Company 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 reporting period, the amount recognized as an expense related to the defined contribution plan was KRW 683,029 thousand won (previous reporting period: KRW 476,745 thousand won).

3. Significant Accounting Estimates and Assumptions

In preparing the interim financial statements, the Company makes judgements, estimates and assumptions on future matters. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, may not equal the related actual results.

The company has reviewed its exposure to climate-related and other business risks; however, as of the end of this quarter, no risks that could impact the company's financial performance or financial position have been identified. The company has sufficient financial flexibility to meet the covenants of its existing borrowings, and it holds adequate working capital and unused credit lines through financing agreements to support its operations and ongoing investments.

Material accounting estimates and assumptions made in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2023.

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 | September 30, 2024 | September 30, 2023 |
|----------------------|--------------------|--------------------|
| United States | 118,141,518,822 | 66,042,656,391 |
| Poland | 60,959,202,382 | 5,183,825,674 |
| South Korea | 33,741,046,579 | 22,867,891,582 |
| United Arab Emirates | 25,071,352,098 | 2,627,916,335 |
| Netherlands | 21,576,284,091 | 18,867,179,457 |
| Indonesia | 19,511,780,246 | 12,955,506,457 |
| Malaysia | 16,559,921,224 | 11,081,355,255 |
| Australia | 15,699,423,761 | 10,397,073,778 |
| Canada | 13,042,926,312 | 6,392,157,516 |
| Other | 149,005,702,339 | 72,663,479,854 |
| Total | 473,309,157,854 | 229,079,042,299 |

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

| Classification | September 30, 2024 | | | December 31, 2023 | | | |
|-----------------------|--------------------|------------------|------------------|-------------------|------------------|----------------|----------------|
| | Currency | Foreign currency | KRW equivalent | Currency | Foreign currency | KRW equivalent | |
| Ordinary deposit | USD | 14,850,078 | 19,596,163,058 | USD | 6,495,166 | 8,374,867,529 | |
| | EUR | 338,192 | 498,515,152 | EUR | 1,229,544 | 1,754,055,617 | |
| | Other | - | - | Other | 21,820,727 | 272,978,638 | |
| Short-term loans | USD | 30,000,000.00 | 39,588,000,000 | USD | - | - | |
| Accounts receivable | USD | 45,860,172 | 60,517,082,494 | USD | 42,970,427 | 55,406,069,192 | |
| | EUR | 22,633,438 | 33,363,045,764 | EUR | 3,839,968 | 5,478,059,435 | |
| | Other | 29,081,778 | 683,091,281 | Other | 168,552,240 | 489,055,311 | |
| Short-term borrowings | USD | (30,000,000) | (39,588,000,000) | USD | - | - | |
| Total | | | 114,657,897,749 | Total | | | 71,775,085,722 |

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 | September 30, 2024 | | December 31, 2023 | |
|---|--------------------|------------------|-------------------|-----------------|
| | FX increase | FX decrease | FX increase | FX decrease |
| Increase (decrease) in profit and loss before tax | 11,465,789,775 | (11,465,789,775) | 7,177,508,572 | (7,177,508,572) |

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 | September 30, 2024 | December 31, 2023 |
|-----------------------------------|--------------------|-------------------|
| Accounts receivable | 93,100,610,538 | 60,645,740,634 |
| Short-term other financial assets | 46,345,737,260 | 17,039,023,242 |
| Other financial assets | 1,319,695,000 | 971,695,000 |
| Total | 140,766,042,798 | 78,656,458,876 |

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 September 30, 2024

(Unit: KRW)

| 30-Sep-24 | Less than 1 year | 1 year - 2 years or less | 2 year - 5 years or less | Total |
|-------------------------------------|------------------|--------------------------|--------------------------|-----------------|
| Non-derivatives | | | | |
| Accounts payable | 6,455,555,853 | - | - | 6,455,555,853 |
| Other current financial liabilities | 2,504,838,609 | - | - | 2,504,838,609 |
| Contract liabilities | 719,420,285 | - | - | 719,420,285 |
| Short-term borrowings | 147,601,853,028 | - | - | 147,601,853,028 |
| Lease liabilities | 1,964,843,314 | 332,063,721 | 15,442,790 | 2,312,349,825 |

| | | | | |
|-----------------------|------------------|-------------|------------|------------------|
| Total Non-derivatives | 159,246,511,089 | 332,063,721 | 15,442,790 | 159,594,017,600 |
| Derivatives | | | | |
| FX Swap | (3,000,000,000) | - | - | (3,000,000,000) |
| Inflow | (44,682,000,000) | - | - | (44,682,000,000) |
| Outflow | 41,682,000,000 | - | - | 41,682,000,000 |
| Total Derivatives | (3,000,000,000) | - | - | (3,000,000,000) |

2) As of December 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 | 3,086,688,653 | - | - | 3,086,688,653 |
| Short-term borrowings | 56,050,804,384 | - | - | 56,050,804,384 |
| Lease liabilities | 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 |

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 | September 30, 2024 | December 31, 2023 |
|---------------------------------------|--------------------|-------------------|
| Total borrowings | 144,588,000,000 | 55,000,000,000 |
| Deductions: Cash and cash equivalents | (52,015,585,847) | (12,823,953,095) |
| Net liabilities (a) | 92,572,414,153 | 42,176,046,905 |
| Total stockholders' equity (b) | 186,791,051,424 | 126,098,249,221 |
| Total assets (c=a+b) | 279,363,465,577 | 168,274,296,126 |
| Gearing ratio (a/c) | 33.14% | 25.06% |

6. Fair Value of Financial Instruments

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

(Unit: KRW)

| Classification | September 30, 2024 | | December 31, 2023 | |
|--|--------------------|-----------------|-------------------|----------------|
| | Book value | Fair value | Book value | Fair value |
| Financial Assets | | | | |
| Cash and cash equivalents | 52,015,585,847 | 52,015,585,847 | 12,823,953,095 | 12,823,953,095 |
| Accounts Receivable | 93,100,610,538 | 93,100,610,538 | 60,645,740,634 | 60,645,740,634 |
| Short-term other financial assets | 46,345,737,260 | 46,345,737,260 | 17,039,023,242 | 17,039,023,242 |
| Other financial assets | 1,319,695,000 | 1,319,695,000 | 971,695,000 | 971,695,000 |
| Total | 192,781,628,645 | 192,781,628,645 | 91,480,411,971 | 91,480,411,971 |
| Financial Liabilities | | | | |
| Accounts payable | 6,455,555,853 | 6,455,555,853 | 501,545,548 | 501,545,548 |
| Short-term other financial liabilities | 2,504,838,609 | 2,504,838,609 | 3,086,688,653 | 3,086,688,653 |
| Current lease liabilities | 1,964,843,314 | 1,964,843,314 | 1,760,315,825 | 1,760,315,825 |
| Short-term borrowings | 144,588,000,000 | 144,588,000,000 | 55,000,000,000 | 55,000,000,000 |
| Derivative Liabilities | 2,567,995,207 | 2,567,995,207 | - | - |
| Non-current lease liabilities | 339,262,488 | 339,262,488 | 1,110,141,736 | 1,110,141,736 |
| Total | 158,420,495,471 | 158,420,495,471 | 61,458,691,762 | 61,458,691,762 |

(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)

| September 30, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------------|---------------|
| Financial Assets | | | | |
| Financial assets at fair value through profit or loss | - | - | 1,000,000,000 | 1,000,000,000 |
| Financial Liabilities | | | | |
| Derivative Liabilities | - | - | 2,567,995,207 | 2,567,995,207 |

(3) Value Evaluation and Input Variables

Value evaluation and input variables for the current period is as follows:

| September 30, 2024 | Fair Value | Level | Evaluation Method | Variable |
|---------------------------------------|---------------|-------|---|--------------------------------|
| Financial Assets | | | | |
| Equity Instruments | 1,000,000,000 | 3 | Net asset valuation, etc. | Net asset value |
| Financial Liabilities | | | | |
| Foreign currency-linked currency swap | 2,567,995,207 | 3 | Cash flow discount using market observation variables | Exchange rates, interest rates |

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 | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | 52,015,585,847 | 12,823,953,095 |
| Accounts Receivable | 93,100,610,538 | 60,645,740,634 |
| Short-term other financial assets | 46,345,737,260 | 17,039,023,242 |
| Other financial assets | 1,319,695,000 | 971,695,000 |
| Subtotal | 192,781,628,645 | 91,480,411,971 |
| Financial assets at fair value through profit or loss | | |
| Financial assets at fair value | 1,000,000,000 | - |
| Total financial assets | 193,781,628,645 | 91,480,411,971 |
| Financial liabilities measured at amortized cost | | |
| Accounts payable | 6,455,555,853 | 501,545,548 |
| Short-term other financial liabilities | 2,504,838,609 | 3,086,688,653 |
| Current lease liabilities | 1,964,843,314 | 1,760,315,825 |
| Short-term borrowings | 144,588,000,000 | 55,000,000,000 |
| Non-current lease liabilities | 339,262,488 | 1,110,141,736 |
| Subtotal | 155,852,500,264 | 61,458,691,762 |
| Financial assets at fair value through profit or loss | | |
| Derivative liabilities | 2,567,995,207 | - |
| Total financial liabilities | 158,420,495,471 | 61,458,691,762 |

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

| Classification | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Financial assets measured at fair value through profit or loss | | |
| Foreign exchange gains on futures forward contracts | (90,195,388) | (36,517,578) |
| Subtotal | (90,195,388) | (36,517,578) |
| Financial assets measured at amortized cost | | |
| Interest income | 1,399,953,237 | 573,583,093 |
| Foreign exchange gains | 6,224,095,770 | 2,510,088,987 |
| Foreign exchange loss | (2,925,130,848) | (1,919,339,688) |
| Foreign currency conversion gains | 2,115,018,076 | 1,146,374,835 |
| Foreign currency conversion loss | (4,516,759,219) | (837,246) |
| Provision for bad debts | (806,465,847) | (683,956,199) |
| Dividend gains | 50,310,000 | - |
| Subtotal | 1,541,021,169 | 1,625,913,782 |
| Financial liabilities measured at fair value through profit or loss | | |
| Derivative valuation loss | (2,567,995,207) | - |
| Subtotal | (2,567,995,207) | - |
| Financial liabilities measured at amortized cost | | |
| Interest expenses | (2,686,445,495) | (404,960,840) |
| Subtotal | (2,686,445,495) | (404,960,840) |
| Total | (3,803,614,921) | 1,184,435,364 |

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 | September 30, 2024 | December 31, 2024 |
|----------------------------------|--------------------|-------------------|
| Accounts Receivable | 95,061,693,197 | 61,800,357,446 |
| Deductions: Provision for losses | (1,961,082,659) | (1,154,616,812) |
| Total | 93,100,610,538 | 60,645,740,634 |

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

(Unit: KRW)

| Classification | September 30, 2024 | | December 31, 2023 | |
|-----------------------------|--------------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Short-term financial assets | - | - | 15,000,000,000 | - |
| Accounts receivable | 6,757,737,260 | - | 1,894,968,441 | - |
| Accrued revenue | - | - | 54,054,801 | - |
| Short-term loans | 39,588,000,000 | - | 90,000,000 | - |

| | | | | |
|-----------------------|----------------|---------------|----------------|-------------|
| Short-term securities | - | - | - | - |
| Lease deposits | - | 1,276,375,000 | - | 928,375,000 |
| Other deposits | - | 43,320,000 | - | 43,320,000 |
| Total | 46,345,737,260 | 1,319,695,000 | 17,039,023,242 | 971,695,000 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Beginning book value | 1,154,616,812 | 258,808,098 |
| Bad debt expense (reversal of allowance for doubtful accounts) | 806,465,847 | 683,956,199 |
| Ending book value | 1,961,082,659 | 942,764,297 |

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 | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Unimpaired receivables | | |
| Within 1 month | 17,295,553,254 | 15,318,350,749 |
| Within 1 to 3 months | 54,515,448,593 | 34,549,754,857 |
| Within 3 to 6 months | 21,651,240,465 | 10,752,456,525 |
| Within 6 to 12 months | 1,598,933,631 | 1,179,424,872 |
| 1 year or more | 517,254 | 370,443 |
| Subtotal | 95,061,693,197 | 61,800,357,446 |
| Impaired receivables | - | - |
| Total | 95,061,693,197 | 61,800,357,446 |
| Allowances for bad debt on accounts receivable | 1,961,082,659 | 1,154,616,812 |

(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 | September 30, 2024 | December 30, 2023 |
|----------------------------------|--------------------|-------------------|
| Goods | 59,643,432,182 | 38,217,249,678 |
| Provision for valuation of goods | (617,712,250) | (386,635,512) |
| Total | 59,025,719,932 | 37,830,614,166 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--------------------------|--------------------|--------------------|
| Inventory valuation loss | 231,076,738 | 23,276,985 |

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 |
|-----------------------------|---------------|---------------|----------------|---------------|------------------------|----------------------------------|
| | Sep. 30, 2024 | Dec. 31, 2023 | Sep. 30, 2024 | Dec. 31, 2023 | | |
| StyleKorean Inc. | 100.00% | 100% | 40,569,172,380 | 5,816,672,380 | United States | Cosmetics distribution and sales |
| STYLEKOREAN VIETNAM CO.,LTD | 100.00% | 100% | 1,215,507,186 | 64,782,500 | Vietnam | Cosmetics distribution and sales |
| STYLEKOREAN MY SDN. BHD. | 100.00% | 100% | 482,976,000 | 482,976,000 | Malaysia | Cosmetics distribution and sales |
| SKO Sp. z o.o. | 100.00% | 100% | 517,231,250 | 517,231,250 | Poland | Cosmetics distribution and sales |
| STYLEKOREAN EU B.V. | 100.00% | 100% | 1,052,126,500 | 1,052,126,500 | Netherlands | Cosmetics distribution and sales |
| MOIDA LLC | 100.00% | 100% | 20,985,000 | 20,985,000 | Russia | Cosmetics distribution and sales |
| STYLEKOREAN UK LIMITED. | 100.00% | - | 178,297,563 | - | United Kingdom | Cosmetics distribution and sales |
| STYLEKOREAN FR SAS. | 100.00% | - | 147,559,004 | - | France | Cosmetics distribution and sales |
| STYLEKOREAN SG PTE. LTD. | 100.00% | - | 104,330,074 | - | Singapore | Cosmetics distribution and sales |
| Total | | | 44,288,184,957 | 7,954,773,630 | | |

(2) Details of changes in subsidiary stocks during the current and previous FYs are as follows:

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------------|--------------------|-------------------|
| Beginning book value | 7,954,773,630 | 6,305,710,380 |
| Acquisition(*) | 36,333,411,327 | 1,649,063,250 |
| Ending book value | 44,288,184,957 | 7,954,773,630 |

(*) The capital increased for Style Korean Inc. and STYLE KOREAN VIETNAM CO., LTD, as well as the newly established investments of STYLE KOREAN UK LIMITED and STYLE KOREAN SG PTE. LTD. and STYLE KOREAN FR SAS (Note 32).

(3) Key financial information on subsidiaries as of the end of the reporting period is as follows:

(Unit: KRW)

| Classification | September 30, 2024 | | | December 31, 2023 | | |
|-----------------------------|--------------------|----------------|----------------|-------------------|----------------|----------------|
| | Assets | Liabilities | Capital | Assets | Liabilities | Capital |
| StyleKorean Inc. | 158,597,300,733 | 89,124,062,329 | 69,473,238,404 | 65,838,911,380 | 47,078,583,231 | 18,760,328,149 |
| STYLEKOREAN MY SDN, BHD | 15,437,575,806 | 12,397,102,988 | 3,040,472,818 | 8,315,243,436 | 8,324,576,719 | (9,333,283) |
| STYLEKOREAN EU B.V. | 7,473,452,050 | 3,606,965,941 | 3,866,486,109 | 8,001,811,944 | 6,412,702,807 | 1,589,109,137 |
| SKO Sp. z o.o. | 27,476,452,034 | 22,040,414,447 | 5,436,037,587 | 1,157,436,302 | 655,876,688 | 501,559,614 |
| STYLEKOREAN VIETNAM CO.,LTD | 1,563,104,578 | 937,967,925 | 625,136,653 | 21,645,560 | 1,360,590 | 20,284,970 |
| MOIDA LLC | 86,010,926 | 72,379,075 | 13,631,851 | 13,645,667 | - | 13,645,667 |
| STYLEKOREAN UK LIMITED. | 178,297,563 | - | 178,297,563 | - | - | - |
| STYLEKOREAN FR SAS. | 147,559,004 | - | 147,559,004 | - | - | - |
| STYLEKOREAN SG PTE. LTD. | 104,330,074 | - | 104,330,074 | - | - | - |

(Unit: KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|-----------------------------|--------------------|----------------|--------------------|---------------|
| | Sales | Net income | Sales | Net income |
| StyleKorean Inc. | 160,036,807,197 | 17,491,725,204 | 74,039,146,216 | 7,145,737,386 |
| STYLEKOREAN MY SDN, BHD | 18,967,179,867 | 2,783,415,801 | 7,900,071,419 | (328,011,472) |
| STYLEKOREAN EU B.V. | 24,097,058,948 | 2,218,824,921 | 4,221,836,702 | 446,460,383 |
| SKO Sp. z o.o. | 33,493,897,831 | 4,863,100,316 | 45,811,379 | (144,752,389) |
| STYLEKOREAN VIETNAM CO.,LTD | 145,555,088 | (516,968,139) | - | (27,445,656) |
| MOIDA LLC | 39,485,127 | 570,760 | - | (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 |
|--|-----------------|---------------|---------------|---------------|------------------------|---|
| | Sep. 30, 2024 | Dec. 31, 2023 | Sep. 30, 2024 | Dec. 31, 2023 | | |
| One And Co., Ltd. | 24.10% | 24.10% | 400,000,000 | 400,000,000 | Korea | Cosmetics distribution and sales business |
| Benton Co., Ltd. | 25.00% | 25.00% | 300,005,000 | 300,005,000 | Korea | Cosmetics distribution and sales business |
| Pyunkang Oriental Medicine Dermatological Research Institute Co., Ltd.(*1) | 10.00% | 10.00% | 300,002,750 | 300,002,750 | Korea | Cosmetics distribution and sales business |
| PT. Style Korean Indonesia | 49.00% | 49.00% | 876,376,221 | 876,376,221 | Indonesia | Cosmetics distribution and sales business |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL(*3) | 20.00% | 20.00% | 147,412,445 | 147,412,445 | Kuwait | Cosmetics distribution and sales business |
| Be The Skin Co., Ltd. | 30.00% | 30.00% | 100,000,952 | 100,000,952 | Korea | Cosmetics distribution and sales business |
| Picton Co., Ltd | 32.52% | 32.52% | 1,000,000,000 | 1,000,000,000 | Korea | Cosmetics distribution and sales business |
| JC&Company Co., Ltd. (*3) | 20.00% | 20.00% | 55,900,988 | 55,900,988 | Korea | Cosmetics distribution and sales business |
| Plant Base Co., Ltd. (*3) | 20.00% | 20.00% | 57,745,702 | 57,745,702 | 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) | 14.48% | 14.83% | 4,148,269,494 | 4,148,269,494 | Korea | Cosmetics distribution and sales business |
| SILICON2 JAPAN CO.,LTD | 50.00% | 50.00% | 24,297,750 | 24,297,750 | Japan | Cosmetics distribution and sales business |
| Sukoshi Mart Holdings Inc. | 20.33% | 11.83% | 7,674,960,064 | 3,954,898,576 | Canada | Cosmetics distribution and sales business |

| | | | | | | |
|---------------------------------|--------|--------|----------------|----------------|-------|---|
| Hello Skin Co., Ltd. (*3) | 25.00% | 25.00% | - | - | Korea | Cosmetics distribution and sales business |
| ARUMI KOREAN COSMETICS SPA.(*3) | 35.00% | 35.00% | - | - | Chile | Cosmetics distribution and sales business |
| Total | | | 16,384,971,366 | 12,664,909,878 | | |

(*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 | September 30, 2024 | | | December 31, 2023 | | |
|---|--------------------|----------------|---------------|-------------------|---------------|---------------|
| | Assets | Liabilities | Capital | Assets | Liabilities | Capital |
| One And Co., Ltd. | 19,090,829,565 | 12,932,516,552 | 6,158,313,013 | 13,210,279,995 | 8,239,812,597 | 4,970,467,398 |
| Benton Co., Ltd. | 5,671,154,733 | 4,390,278,953 | 1,280,875,780 | 5,123,747,755 | 3,259,677,280 | 1,864,070,475 |
| Pyunkang Oriental Medicine Dermatological Research Institute Co., Ltd | 15,933,452,285 | 7,010,894,053 | 8,922,558,232 | 10,362,704,201 | 1,667,107,279 | 8,695,596,922 |
| PT. Style Korean Indonesia | 17,660,952,356 | 12,240,514,480 | 5,163,276,155 | 9,765,249,044 | 5,071,460,201 | 4,693,788,843 |
| Hello Skin Co., Ltd. | 1,834,072,103 | 2,382,757,304 | (548,685,201) | 2,572,285,635 | 1,316,005,441 | 1,256,280,194 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 796,846,805 | 7,689,601 | 847,780,790 | 790,945,802 | 11,259,970 | 779,685,832 |
| Be The Skin Co., Ltd. | 2,986,302,782 | 2,807,257,295 | 179,045,487 | 2,834,677,600 | 2,739,191,944 | 95,485,656 |
| Picton Co., Ltd | 16,819,176,532 | 10,663,662,685 | 6,155,513,847 | 4,897,582,360 | 2,799,297,950 | 2,098,284,410 |
| JC&Company Co., Ltd. | 568,958,228 | 125,092,654 | 443,865,574 | 225,139,105 | 302,811,767 | (77,672,662) |
| Plant Base Co., Ltd. | 413,928,675 | 686,650,713 | (272,722,038) | 463,651,695 | 741,093,870 | (277,442,175) |
| Aid Korea Company Co., Ltd. | 9,937,374,651 | 4,653,384,483 | 5,283,990,168 | 7,292,105,953 | 3,542,314,363 | 3,749,791,590 |
| Hanteo Global Co., Ltd. | 7,920,407,729 | 5,939,755,685 | 1,980,652,044 | 7,814,680,532 | 4,365,637,468 | 3,449,043,064 |

(Unit: KRW)

| Category | September 30, 2024 | | | December 31, 2023 | | |
|---|--------------------|-----------------|----------------------------|-------------------|---------------|----------------------------|
| | Sales | Net income | Total comprehensive income | Sales | Net income | Total comprehensive income |
| One And Co., Ltd. | 11,089,100,041 | 1,187,845,615 | 1,187,845,615 | 14,221,506,420 | 2,219,325,040 | 2,219,325,040 |
| Benton Co., Ltd. | 10,036,897,312 | (381,954,695) | (381,954,695) | 12,638,619,287 | 922,996,223 | 922,996,223 |
| Pyunkang Oriental Medicine Dermatological Research Institute Co., Ltd | 27,964,724,643 | 226,961,310 | 226,961,310 | 22,927,123,930 | 2,205,188,351 | 2,205,188,351 |
| PT. Style Korean Indonesia | 19,187,229,412 | 522,619,018 | 522,619,018 | 18,164,102,324 | 1,190,418,268 | 1,186,284,651 |
| Hello Skin Co., Ltd. | 6,112,941,589 | (1,745,528,727) | (1,745,528,727) | 5,951,286,816 | 371,802,225 | 371,802,225 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 334,592,757 | (14,907,336) | (14,907,336) | 537,194,988 | (36,812,736) | (36,812,736) |
| Be The Skin Co., Ltd. | 5,441,818,054 | 83,559,831 | 83,559,831 | 6,822,777,000 | 7,422,201 | 7,422,201 |

| | | | | | | |
|-----------------------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| Picton Co., Ltd | 22,117,218,905 | 4,063,741,437 | 4,063,741,437 | 11,728,287,458 | 1,279,491,877 | 1,279,491,877 |
| JC&Company Co., Ltd. | 2,020,212,270 | 521,538,232 | 521,538,232 | 1,222,906,187 | 14,661,930 | 14,661,930 |
| Plant Base Co., Ltd. | 247,924,302 | 4,720,137 | 4,720,137 | 673,171,586 | (139,960,770) | (139,960,770) |
| Aid Korea Company Co., Ltd. | 16,499,357,182 | 1,504,981,063 | 1,504,981,063 | 15,521,675,844 | 1,236,142,128 | 1,236,142,128 |
| Hanteo Global Co., Ltd. | 12,962,170,631 | (1,543,391,020) | (1,543,391,020) | 23,697,302,244 | (2,231,102,522) | (2,231,102,522) |

(6) Changes in related (joint) corporate investment stocks during the current and previous FYs are as follows:

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------------|--------------------|-------------------|
| Beginning book value | 12,664,909,878 | 8,983,816,312 |
| Acquisition | 3,720,061,488 | 4,654,898,576 |
| Damage assessment | - | (973,805,010) |
| Ending book value | 16,384,971,366 | 12,664,909,878 |

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 | September 30, 2024 | | | December 31, 2023 | | |
|-------------------------------|--------------------|-----------------------------|----------------|-------------------|-----------------------------|----------------|
| | Cost | Accumulated Depreciation(*) | Book value | Cost | Accumulated Depreciation(*) | Book value |
| Land | 5,884,681,942 | - | 5,884,681,942 | 5,822,842,262 | - | 5,822,842,262 |
| Building | 18,232,626,240 | (1,387,402,447) | 16,845,223,793 | 18,074,330,250 | (1,027,930,751) | 17,046,399,499 |
| Vehicles | 96,723,850 | (89,934,407) | 6,789,443 | 96,723,850 | (76,754,853) | 19,968,997 |
| Furniture | 1,244,038,404 | (1,080,421,655) | 163,616,749 | 1,166,930,624 | (994,307,717) | 172,622,907 |
| Machinery and equipment | 1,109,236,364 | (191,617,728) | 917,618,636 | 1,109,236,364 | (25,232,273) | 1,084,004,091 |
| Logistics automation facility | 2,786,500,000 | (2,101,321,267) | 685,178,733 | 2,786,500,000 | (1,683,610,167) | 1,102,889,833 |
| Assets under construction | 19,829,070,234 | - | 19,829,070,234 | 19,296,854,708 | - | 19,296,854,708 |
| Total | 49,182,877,034 | (4,850,697,504) | 44,332,179,530 | 48,353,418,058 | (3,807,835,761) | 44,545,582,297 |

(*1) The borrowing costs capitalized for tangible assets that are eligible assets during the current term are KRW 532,215 thousand won (KRW 204,727 thousand won for the previous FY), and the capitalized borrowing interest rate used to calculate borrowing costs eligible for capitalization is 3.84% (2.56% for electricity).

(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 September 30, 2024

(Unit: KRW)

| Classification | Land | Building | Vehicles | Furniture | Machinery and equipment | Logistics automation facility | Assets under construction | Total |
|---------------------------------|---------------|----------------|--------------|--------------|-------------------------|-------------------------------|---------------------------|-----------------|
| Book value (January 1, 2024) | 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 |
| Acquisition | 61,839,680 | 158,295,990 | - | 84,312,326 | - | - | 532,215,526 | 836,663,522 |
| Replacement | - | - | - | (5,000) | - | - | - | (5,000) |
| Depreciation expense | - | (359,471,696) | (13,179,554) | (93,313,484) | (166,385,455) | (417,711,100) | - | (1,050,061,289) |
| Book value (September 30, 2024) | 5,884,681,942 | 16,845,223,793 | 6,789,443 | 163,616,749 | 917,618,636 | 685,178,733 | 19,829,070,234 | 44,332,179,530 |

2) As of December 30, 2023

| Classification | Land | Building | Vehicles | Furniture | Machinery and equipment | Logistics automation facility | 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 expense | - | (421,235,426) | (19,344,770) | (132,370,491) | (22,392,273) | (557,300,000) | - | (1,152,642,960) |
| Book value (December 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 |

(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) 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 | 22,510,759,415 | 24,000,000,000 | Hana Bank |
| | | 14,000,000,000 | |

(5) The official land values are as follows.

(Unit: KRW)

| Address | Area (m ²) | Official land value (KRW/m ²) | September 30, 2024 | December 31, 2023 |
|--|------------------------|---|--------------------|-------------------|
| 680 Sampyeong-dong, Bundang-gu, Seongnam-si, Gyeonggi-do 9th Floor, H Square JS Building | 500.61 | 5,718,000.00 | 2,862,487,980 | 2,806,419,660 |

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

(Unit: KRW)

| Classification | Insured assets | Insurer | Insured amount |
|------------------------------|-----------------------------------|--------------|----------------|
| Fire insurance | Buildings, inventory assets, etc. | KB Insurance | 20,411,000,000 |
| Disaster liability insurance | Personal liability (per person) | DB Insurance | 150,000,000 |
| | Property damage (per accident) | | 1,000,000,000 |

(7) Borrowing Costs

During the current fiscal year, the capitalized borrowing costs for qualifying assets classified as property, plant, and equipment amount to KRW 532,216 thousand won with a capitalization rate of 3.84% used for determining the amount of borrowing costs eligible for capitalization.

In the previous fiscal year, the capitalized borrowing cost was KRW 204,727 thousand won 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 | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Right-of-use assets | | |
| Buildings | 4,390,051,426 | 3,443,089,050 |
| Vehicles | 421,461,868 | 421,461,868 |
| Accumulated depreciation and amortization | (2,550,119,731) | (936,380,735) |
| Total | 2,261,393,563 | 2,928,170,183 |
| Lease liabilities | | |
| Current | 1,964,843,314 | 1,760,315,825 |
| Non-current | 339,262,488 | 1,110,141,736 |
| Total | 2,304,105,802 | 2,870,457,561 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|--------------------------------|--------------------|-------------------|
| Lease liabilities | | |
| Within 1 year | 1,964,843,314 | 1,760,315,825 |
| Over 1 year and within 5 years | 339,262,488 | 1,110,141,736 |
| Total | 2,304,105,802 | 2,870,457,561 |

(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 September 30, 2024>

(Unit: KRW)

| Classification | Beginning balance | Acquisition | Depreciation and amortization | Ending balance |
|----------------|-------------------|-------------|-------------------------------|----------------|
| Buildings | 2,688,698,799 | 946,962,376 | (1,534,714,901) | 2,100,946,274 |
| Vehicles | 239,471,384 | - | (79,024,095) | 160,447,289 |
| Total | 2,928,170,183 | 946,962,376 | (1,613,738,996) | 2,261,393,563 |

<As of December 31, 2023>

(Unit: KRW)

| Classification | Beginning balance | Acquisition | Disposal | Depreciation and amortization | Ending balance |
|----------------|-------------------|---------------|--------------|-------------------------------|----------------|
| 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 |

(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 | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Amortization of right-of-use assets | 1,613,738,996 | 1,201,315,040 |
| Interest expenses related to lease liabilities (included in financial expenses) | 134,641,402 | 63,899,874 |
| Short-term lease expense | - | 25,800,000 |
| Lease expense for non-short term small assets | 53,837,215 | 46,237,355 |
| Total | 1,802,217,613 | 1,337,252,269 |

(6) Total cash outflows for leases during the current reporting period is KRW 1,647,955,537, and total cash outflows for leases during the previous reporting period is KRW 1,213,399,750.

13. Intangible Assets

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

(Unit: KRW)

| Classification | September 30, 2024 | | | December 31, 2023 | | |
|----------------------------|--------------------|--------------------------|---------------|-------------------|--------------------------|-------------|
| | Cost | Accumulated depreciation | Book value | Cost | Accumulated depreciation | Book value |
| Facility usage rights (*1) | 1,470,968,780 | - | 1,470,968,780 | 638,753,790 | - | 638,753,790 |
| Software | 42,950,000 | (24,691,667) | 18,258,333 | 27,695,000 | (7,740,000) | 19,955,000 |
| Total | 1,513,918,780 | (24,691,667) | 1,489,227,113 | 666,448,790 | (7,740,000) | 658,708,790 |

(*1) 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 | September 30, 2024 | December 31, 2023 |
|----------------------------|--------------------|-------------------|
| Beginning book value (Net) | 658,708,790 | 60,092,400 |
| Acquisition | 836,464,990 | 606,356,390 |
| Amortization expense | (5,946,667) | (7,740,000) |
| Ending book value (Net) | 1,489,227,113 | 658,708,790 |

(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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Advance payments | 1,835,150,135 | 918,270,816 |
| Prepaid expenses | 40,923,504 | 113,776,210 |
| Prepaid taxes | 169,847,001 | - |
| Total | 2,045,920,640 | 1,032,047,026 |

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 | September 30, 2024 | December 31, 2023 |
|----------------------|--------------------|-------------------|
| Beginning book value | 121,531,482 | 113,561,653 |
| Increase | 3,425,959 | 7,969,829 |
| Ending book value | 124,957,441 | 121,531,482 |

16. Contractual Liabilities

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

(1) As of September 30, 2024

(Unit: KRW)

| Classification | Customer loyalty program | Others | Total |
|--------------------|--------------------------|--------------|---------------|
| Beginning balance | 457,138,328 | 90,545,512 | 547,683,840 |
| Incurred | 578,614,366 | 171,916,378 | 750,530,744 |
| Utilized | (173,983,409) | - | (173,983,409) |
| Extinguished, etc. | (314,265,378) | (90,545,512) | (404,810,890) |
| Ending balance | 547,503,907 | 171,916,378 | 719,420,285 |

(2) As of December 31, 2023

(Unit: KRW)

| Classification | Customer loyalty program | Others | 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, etc. | (36,698,560) | (34,078,017) | (70,776,577) |
| Ending balance | 457,138,328 | 90,545,512 | 547,683,840 |

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 (%) | September 30, 2024 | December 31, 2023 |
|-----------------------|-----------------|------------------------|-----------------------|--------------------------|--------------------|-------------------|
| | | | | As of September 30, 2024 | | |
| Short-term borrowings | Working Capital | Shinhan Bank(*2) | 2024-05-24 | 3.81 | - | 15,000,000,000 |
| | | KEB Hana Bank(*2) | 2024-11-27 | 3.558 | 20,000,000,000 | 20,000,000,000 |
| | | Woori bank(*1) | 2025-03-18 | 3.80 | 30,000,000,000 | - |
| | | KB Kookmin Bank (*1) | 2025-03-20 | 4.21 | 10,000,000,000 | 10,000,000,000 |
| | | KEB Hana Bank (*2) | 2025-03-22 | 3.95 | 20,000,000,000 | - |
| | | Shinhan Bank(*1) | 2025-03-31 | 4.21 | 10,000,000,000 | 10,000,000,000 |
| | | KDB Bank | 2025-05-17 | 4.08 | 15,000,000,000 | - |
| | | Citi Bank | 2025-06-27 | 4.08 | 39,588,000,000 | - |
| Total | | | | | 144,588,000,000 | 55,000,000,000 |

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

(*2) Tangible assets - Gimpo Hakun 5 General Industrial Complex is provided as collateral for the borrowings above.

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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Accounts payable | 6,455,555,853 | 501,545,548 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Accrued payables | 578,944,774 | 745,525,128 |
| Accrued Expenses | 1,925,893,835 | 2,341,163,525 |
| Total | 2,504,838,609 | 3,086,688,653 |

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 | September 30, 2024 | December 31, 2023 |
|------------------|--------------------|-------------------|
| Advance payments | 6,467,236,369 | 3,632,093,522 |
| Withholdings | 90,458,227 | 71,721,800 |
| Total | 6,557,694,596 | 3,703,815,322 |

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 | September 30, 2024 | December 31, 2023 |
|------------------------------|--------------------|-------------------|
| Par value per share | 500 | 500 |
| Number of issued shares (*1) | 60,873,234 | 60,177,234 |
| Number of treasury shares | - | - |
| Issued Capital(*2) | 30,537,340,000 | 30,295,340,000 |

(*) 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, 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 |
| January 01, 2024 | | | | |
| Beginning balance | Jan. 1, 2024 | 60,389,234 | 30,295,340,000 | 30,176,344,833 |
| Exercise of Stock Purchase rights | Jun. 10, 2024 | 484,000 | 242,000,000 | 626,762,422 |
| September 30, 2024 | Sep. 30, 2024 | 60,873,234 | 30,537,340,000 | 30,803,107,255 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------|--------------------|-------------------|
| Share Premium | 30,803,107,255 | 30,176,344,833 |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|---------------------------|--------------------|--------------------|
| Beginning balance | 30,176,344,833 | 29,625,573,816 |
| Exercise of stock options | 626,762,422 | 550,771,017 |
| Ending balance | 30,803,107,255 | 30,176,344,833 |

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

(Unit: KRW)

| Classification | September 30, 2024 | December 31, 2023 |
|----------------|--------------------|-------------------|
| Stock options | 319,588,599 | 837,480,621 |

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 September 30, 2024

(Unit: KRW)

| Classification | Before income tax | Income tax | After income tax |
|---|-------------------|---------------|------------------|
| Surplus from revaluation of real estate | 2,574,710,287 | (538,114,450) | 2,036,595,837 |

2) 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 |

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 | September 30, 2024 | December 31, 2023 |
|---------------------------------|--------------------|-------------------|
| Undistributed Retained earnings | 123,094,419,733 | 62,752,487,930 |

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) |
| 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.

(Unit: Shares/KRW)

| Classification | 3rd grant | | 4th grant | |
|----------------------------------|-----------|-------|-----------|-------|
| | Shares | Price | Shares | Price |
| Previous 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 | - | - |
| Current FY | | | | |
| Beginning balance (Jan. 1, 2024) | 782,674 | 729 | - | - |
| Exercised | (484,000) | 729 | - | - |
| Granted | - | - | - | - |
| Expired | - | - | - | - |
| Ending balance (Sep. 30, 2024) | 298,674 | 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: 3 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 September 30, 2024

(Unit: KRW)

| Classification | 3rd grant |
|-------------------|---------------|
| Beginning balance | 837,480,621 |
| Exercised | (517,892,022) |
| Ending balance | 319,588,599 |

2) 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 | (21,400,497) | (241,574,080) | (262,974,577) |
| Ending balance | 837,480,621 | - | 837,480,621 |

24. Income Tax Expense

Income tax expenses were recognized on a basis of an estimate of the best weighted average income tax rate expected for the entire fiscal year.

25. Sales

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

(Unit: KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|-----------------------|--------------------|-----------------|--------------------|-----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Sale of goods | 161,751,259,972 | 472,245,026,175 | 96,678,052,145 | 228,714,939,068 |
| Provision of services | 761,787,322 | 1,064,131,679 | 79,899,882 | 252,119,898 |
| Rent income | - | - | 48,343,333 | 111,983,333 |
| Total | 162,513,047,294 | 473,309,157,854 | 96,806,295,360 | 229,079,042,299 |

26. Cost Classification by Category

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

(Unit: KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|------------------|--------------------|------------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Changes in inventory assets | 6,493,714,913 | (24,042,394,811) | (21,468,550,472) | (26,017,715,685) |
| Cost of goods sold | 118,064,993,685 | 386,460,646,707 | 109,668,112,351 | 201,287,217,420 |
| Employee wages | 3,198,851,029 | 9,870,989,649 | 1,095,263,459 | 6,736,968,920 |
| Depreciation and amortization expenses | 920,140,001 | 2,669,746,952 | 371,217,350 | 2,016,900,401 |
| Advertising and sales promotion expenses | 985,243,095 | 3,320,263,582 | 1,457,024,513 | 3,738,982,603 |
| Commission expenses | 1,966,795,638 | 5,325,372,688 | 246,072,495 | 3,543,757,151 |
| Transportation costs | 3,554,468,209 | 8,781,720,059 | (766,815,838) | 5,961,141,646 |
| Other expenses | 1,503,670,094 | 4,415,033,447 | 732,721,283 | 3,395,895,883 |
| Total operating expense (*1) | 136,687,876,664 | 396,801,378,273 | 91,335,045,141 | 200,663,148,339 |

(*1) 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)

| Classification | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Salaries | 2,924,613,766 | 9,187,959,892 | 2,292,012,599 | 6,260,223,695 |
| Retirement benefits | 274,237,263 | 683,029,757 | 170,757,530 | 476,745,225 |
| Employee benefits | 205,418,699 | 581,490,284 | 119,642,310 | 342,528,189 |
| Transportation costs | 3,554,468,209 | 8,781,720,059 | 2,144,921,564 | 5,961,141,646 |
| Rent | 20,373,183 | 53,837,215 | 21,559,985 | 46,938,355 |
| Fees | 1,966,795,638 | 5,325,372,688 | 1,149,110,349 | 3,543,757,151 |
| Depreciation (*) | 918,063,334 | 2,663,800,285 | 741,881,296 | 2,011,095,401 |
| Intangible asset amortization cost | 2,076,667 | 5,946,667 | 1,935,000 | 5,805,000 |
| Tax and utilities | 196,607,499 | 495,550,739 | 105,782,217 | 534,267,436 |
| Advertising expenses | 547,061,783 | 2,206,773,439 | 930,245,522 | 3,064,944,400 |
| Provision for bad debts (reversal of allowance for bad debts) | 146,949,437 | 806,465,847 | 518,861,410 | 683,956,199 |
| Stock compensation cost | - | - | - | 30,072,833 |
| Other | 1,372,502,588 | 3,591,179,505 | 879,203,542 | 2,432,171,074 |
| Total of SG&A | 12,129,168,066 | 34,383,126,377 | 9,075,913,324 | 25,393,646,604 |

(*) 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 | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|---------------|--------------------|---------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Financial income | | | | |
| Interest income | 667,921,560 | 1,399,953,237 | 136,411,624 | 573,583,093 |
| Dividend income | - | 50,310,000 | - | - |
| Foreign exchange profit | 1,409,618,729 | 6,224,095,770 | 682,531,224 | 2,510,088,987 |
| Foreign exchange conversion profit | 192,630,753 | 2,115,018,076 | 1,100,247,828 | 1,146,374,835 |
| Foreign exchange profit from futures forward contracts | - | 44,301,874 | 103,221,429 | 126,895,876 |
| Total | 2,270,171,042 | 9,833,678,957 | 2,022,412,105 | 4,356,942,791 |
| Financial expenses | | | | |

| | | | | |
|--|---------------|----------------|---------------|---------------|
| Amortized interest cost of financial liability | 1,279,523,168 | 2,548,378,134 | 136,045,922 | 341,060,966 |
| Interest expense (*) | 42,692,245 | 138,067,361 | 29,978,866 | 63,899,874 |
| Foreign exchange loss | 1,751,772,269 | 2,925,130,848 | 810,710,142 | 1,919,339,688 |
| Foreign exchange conversion loss | 4,445,623,819 | 4,516,759,219 | (37,394,143) | 837,246 |
| Foreign exchange losses on futures forward contracts | - | 134,497,262 | 154,555,244 | 163,413,454 |
| Derivatives valuation loss | 1,871,063,440 | 2,567,995,207 | - | - |
| Total | 9,390,674,941 | 12,830,828,031 | 1,093,896,031 | 2,488,551,228 |

(*) The capitalization interest rate used to calculate the amount of capitalized borrowing costs is the weighted average interest rate applied to the Company's general borrowings during the current period, 3.84%.

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 | September 30, 2024 | | September 30, 2023 | |
|--------------------------------------|--------------------|-------------|--------------------|--------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Other non-operating income | | | | |
| Gains on disposal of tangible assets | - | - | 1,377,636 | 1,377,636 |
| Reversal of Restoration Provision | - | - | 98,351,388 | 98,351,388 |
| Other | 14,488,841 | 61,239,322 | 7,789,456 | 28,239,895 |
| Subtotal | 14,488,841 | 61,239,322 | 107,518,480 | 127,968,919 |
| Other non-operating expenses | | | | |
| Loss on disposal of tangible assets | - | 5,000 | 1,000 | 181,327,329 |
| Other | 1,802,635 | 3,175,771 | 562,438 | 1,217,480 |
| Subtotal | 1,802,635 | 3,180,771 | 563,438 | 182,544,809 |
| Total | 12,686,206 | 58,058,551 | 106,955,042 | (54,575,890) |

30. Cash flow statement

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|--------------------|--------------------|--------------------|
| Interest income | (1,399,953,237) | (573,583,093) |
| Interest cost | 2,686,445,495 | 404,960,840 |
| Dividend income | (50,310,000) | - |
| Income tax expense | 13,226,757,255 | 5,911,783,510 |
| Bad debt expense | 806,465,847 | 683,956,199 |

| | | |
|--|----------------|-----------------|
| Depreciation (*) | 2,663,800,285 | 2,011,095,401 |
| Amortization of intangibles | 5,946,667 | 5,805,000 |
| Foreign currency conversion gain or loss | 2,401,741,143 | (1,145,537,589) |
| Current profit or loss - profit or loss on disposal of fair value financial assets | - | 36,517,578 |
| Current profit or loss – fair value financial asset valuation gain or loss | 2,567,995,207 | - |
| Profit and loss on disposal of tangible and intangible assets | 5,000 | 179,949,693 |
| Profit and loss on disposal of right of use assets | - | (98,351,388) |
| Inventory disposal and valuation loss | 231,076,738 | 23,276,985 |
| Stock-based compensation expenses | - | 30,072,833 |
| Total | 23,139,970,400 | 7,469,945,969 |

(*) 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 | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Decrease (increase) in accounts receivable | (35,790,317,845) | (34,721,620,276) |
| Decrease (increase) in other receivables | 10,191,285,982 | (2,986,042,179) |
| Decrease (increase) in inventories | (21,426,182,504) | (24,303,898,602) |
| Decrease (increase) in other assets | (1,013,873,614) | (831,918,691) |
| Increase (decrease) in accounts payable | 5,954,010,305 | 5,680,351,539 |
| Increase (decrease) in other financial liabilities | - | 146,864,483 |
| Increase (decrease) in contract liabilities | 171,736,445 | 204,409,519 |
| Increase (decrease) in other liabilities | 2,410,096,591 | 874,439,069 |
| Payment of retirement benefits | - | (231,690,814) |
| Total | (39,503,244,640) | (56,169,105,952) |

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

(Unit: KRW)

| Classification | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Increase in right-of-use assets due to recognition of lease liabilities, etc. | 946,962,376 | 5,428,984,115 |
| Liquidity classification of lease liabilities | 550,618,981 | 1,559,881,321 |
| Exercise of stock options | 517,892,022 | 193,573,814 |

(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 |
|---------------------------------------|-----------------------|-----------------------|
| Beginning of previous FY | 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 previous FY | 2,870,457,561 | 55,000,000,000 |
| Current Year's ending | 2,870,457,561 | 55,000,000,000 |
| Cash flow | (1,647,955,537) | 91,703,000,000 |
| Other non-financial changes (*2) | 1,081,603,778 | (2,115,000,000) |
| Net liabilities at end of current FY | 2,304,105,802 | 144,588,000,000 |

(*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:

(Unit: KRW)

| Financial Institution | Classification | Currency | Contract Limit | Executed Amount |
|-----------------------|---|----------|----------------|-----------------|
| Kookmin Bank | Over-the-counter derivatives trading (forwards) | KRW | 2,354,000,000 | - |

(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 | 22,510,759,415 | 24,000,000,000 | Hana Bank |
| | | 14,000,000,000 | |

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

| Beneficiary | Currency | Guarantees | Guaranteed | Period | Description |
|---|----------|-------------|---------------------------|------------|--|
| Korea Health Industry Development Institute | KRW | 20,000,000 | Seoul Guarantee Insurance | 2024-12-31 | 2024 Small and Medium Cosmetics Overseas Expansion Support Program |
| Korea SMEs and Startups Agency | KRW | 306,227,590 | Seoul Guarantee Insurance | 2025-03-01 | Business agreement on the implementation of the 「2024 Online |

| | | | | | |
|---|-----|---------------|---------------------------|------------|--|
| | | | | | Export Joint Logistics」 project |
| Korea SMEs and Startups Agency | KRW | 285,703,030 | Seoul Guarantee Insurance | 2025-03-01 | 「2024 Media Content Marketing Project」 Business Agreement |
| Korea Health Industry Development Institute | KRW | 200,000,000 | Seoul Guarantee Insurance | 2025-03-31 | 2024 Small and Medium Cosmetics Overseas Expansion Support Program |
| Kakao Pay Co., Ltd. | KRW | 10,000,000 | Seoul Guarantee Insurance | 2025-05-01 | Kakao Pay Service Agreement |
| Korea Electric Power Corporation | KRW | 7,200,000 | Seoul Guarantee Insurance | 2025-06-19 | Electricity supply contract |
| Eximbay Co., Ltd. | KRW | 60,000,000 | Seoul Guarantee Insurance | 2025-09-06 | Electronic payment Agency service contract |
| KG Inicis Co., Ltd. | KRW | 300,000,000 | Seoul Guarantee Insurance | 2025-10-28 | KG Inicis INIPAY Service Use Agreement |
| PDC Industrial Center 198 Sp. z o.o | EUR | 3,353,809 | SILICON2 Co., LTD. | 2025-03-22 | Solidarity guarantee under Polish corporate warehouse contract |
| Total | | 1,192,484,429 | | | |

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 | September 30, 2024 | December 31, 2023 | Note |
|----------------------------|--|--|----------|
| Subsidiaries | StyleKorean Inc. | StyleKorean Inc. | |
| | -(*) | 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. | SKO Sp. z o.o. | |
| | STYLEKOREAN EU B.V. | STYLEKOREAN EU B.V. | |
| | MOIDA LLC | MOIDA LLC | |
| | STYLEKOREAN UK LIMITED | - | |
| | STYLEKOREAN SG PTE. LTD. | - | |
| | STYLEKOREAN FR SAS | - | |
| 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. | |
| | Picton Co., Ltd | Picton Co., 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. | Sukoshi Mart Holdings Inc. | | |
| Key Board Members | Kim, Seong Un | Kim, Seong Un | |
| | Son, Robert Inho | Son, Robert Inho | |
| | Choi, Jin-Ho | Choi, Jin-Ho | |

(*1) Liquidation was completed during this reporting period.

(2) Sales, Purchases, or Other Transactions with Related Parties

1) As of September 30, 2024

(Unit: KRW)

| Classification | Company Name | Sales (*1) | Purchases (*2) | Interest income | Selling and Administrative Expenses | Other losses |
|----------------|--|-----------------|----------------|-----------------|-------------------------------------|--------------|
| Subsidiaries | StyleKorean Inc. | 106,990,505,794 | - | 356,677,687 | 44,131,244 | - |
| | STYLEKOREAN VIETNAM CO.,LTD | 905,954,622 | - | - | - | - |
| | STYLEKOREAN MY SDN. BHD. | 14,183,026,954 | - | - | 11,661,012 | - |
| | SKO Sp. z o.o. | 51,156,416,809 | - | - | - | - |
| | STYLEKOREAN EU B.V. | 10,452,197,867 | - | - | - | - |
| | MOIDA LLC | - | - | - | 36,621,500 | - |
| Associates | PT. Style Korean Indonesia | 17,388,250,501 | - | - | - | - |
| | ONEAND Co., Ltd. | - | 9,942,418,374 | - | - | - |
| | Pyunkang Korean Medicine Skin Co., Ltd. | - | 11,371,798,369 | - | 36,480,240 | - |
| | Benton Co., Ltd. | - | 2,249,552,217 | - | - | 50,310,000 |
| | HELLO SKIN Co., Ltd. | - | 4,224,062,500 | - | - | - |
| | ARUMI KOREAN COSMETICS SPA. | 14,900,474 | - | - | - | - |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 124,235,936 | - | - | - | - |
| | BE THE SKIN Co., Ltd. | - | 213,138,379 | - | 814,559 | - |
| | Picton Co., Ltd | - | 18,407,805,060 | - | 100,000 | - |
| | JC&Company Co., Ltd. | 13,764,838 | 844,106,737 | - | - | - |
| | Plantbase Co., Ltd. | - | 2,672,727 | - | - | - |
| | AIDKOREA COMPANY Co., Ltd. | - | 5,672,648,800 | - | - | - |
| | Hanteo Global Co., Ltd. | 1,760,000 | 659,898,755 | - | - | - |
| | Sukoshi Mart Holdings Inc. | 5,947,278,697 | - | - | - | - |
| Total | 207,178,292,492 | 53,588,101,918 | 356,677,687 | 129,808,555 | 50,310,000 | |

(*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.

2) As of September 30, 2023

(Unit: KRW)

| Classification | Company Name | Sales (*1) | Purchases (*2) | Interest income | Selling and Administrative Expenses | Other losses |
|----------------|-----------------------------|----------------|----------------|-----------------|-------------------------------------|--------------|
| Subsidiaries | StyleKorean Inc. | 60,036,630,640 | - | - | 879,447 | - |
| | STYLEKOREAN VIETNAM CO.,LTD | - | - | 189,535 | - | 285,350 |
| | STYLEKOREAN MY SDN. BHD. | 7,700,519,175 | - | - | - | - |
| | SKO Sp. z o.o. | 388,019 | - | - | - | - |
| | STYLEKOREAN EU B.V. | 10,317,981,108 | - | - | - | - |

| | | | | | | |
|------------|--|----------------|---------------|------------|------------|---|
| Associates | PT. Style Korean Indonesia | 11,725,320,322 | - | - | 15,049,778 | - |
| | ONEAND Co., Ltd. | - | 7,282,113,974 | - | 9,620,454 | - |
| | Pyunkang Korean Medicine Skin Co., Ltd. | 271,909 | 8,679,944,318 | - | - | - |
| | Benton Co., Ltd. | 1,440,298 | 2,854,100,609 | - | 300,000 | - |
| | HELLO SKIN Co., Ltd. | - | 3,068,704,350 | - | - | - |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | 87,348,582 | - | - | - | - |
| | BE THE SKIN Co., Ltd. | - | 200,314,103 | - | - | - |
| | Picton Co., Ltd | - | 5,350,430,900 | - | 1,946,900 | - |
| | JC&Company Co., Ltd. | 20,762,742 | 203,202,560 | - | - | - |
| | Plantbase Co., Ltd. | - | 110,645,816 | - | - | - |
| | AIDKOREA COMPANY Co., Ltd. | - | 3,949,873,131 | - | - | - |
| | Hanteo Global Co., Ltd. | 117,638,638 | 1,619,313,368 | - | - | - |
| Total | 90,008,301,433 | 33,318,643,129 | 189,535 | 27,796,579 | 285,350 | |

(*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 September 30, 2024

(Unit: KRW)

| Classification | Company Name | Receivables | | | Liabilities | |
|----------------|--|----------------|----------------|-------------------|----------------|-------------------|
| | | Accounts | Loans | Other receivables | Trade payables | Other liabilities |
| Subsidiaries | StyleKorean Inc. | 37,581,533,169 | 41,445,000,000 | - | - | - |
| | STYLEKOREAN VIETNAM CO.,LTD | 868,212,820 | - | - | - | - |
| | STYLEKOREAN MY SDN. BHD. | 9,937,087,956 | - | - | - | - |
| | SKO Sp. z o.o. | 33,190,833,905 | - | - | - | - |
| | STYLEKOREAN EU B.V. | 69,207 | - | - | - | - |
| | MOIDA LLC | - | - | 8,468,740 | - | - |
| Associates | PT. Style Korean Indonesia | 10,987,877,809 | - | - | - | - |
| | Pyunkang Korean Medicine Skin Co., Ltd. | - | - | - | 1 | - |
| | SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | - | - | - | - | 3,375 |
| | Picton Co., Ltd | - | - | - | 153,384,000 | - |
| | JC&Company Co., Ltd. | - | - | - | 13,988,630 | - |
| | AIDKOREA COMPANY Co., Ltd. | - | - | - | 479,099,744 | - |
| | Hanteo Global Co., Ltd. | - | - | 6,039,660 | - | - |
| | Sukoshi Mart Holdings Inc. | 506,351,443 | - | - | - | 52,587,355 |
| Total | 93,071,966,309 | 41,445,000,000 | 14,508,400 | 646,472,375 | 52,590,731 | |

2) As of December 30, 2023

(Unit: KRW)

| Classification | Company Name | Receivables | | Liabilities | |
|----------------|--|----------------|-------------------|----------------|-------------------|
| | | Accounts | 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 | |

(4) Financial transactions with related parties

1) As of September 30, 2024

(Unit: KRW)

| Classification | Company Name | Loan of funds | Capital Transactions |
|----------------|-----------------------------|----------------|-------------------------|
| | | Loans | Cash contribution, etc. |
| Subsidiaries | StyleKorean Inc. | 41,445,000,000 | 34,752,500,000 |
| | STYLEKOREAN VIETNAM CO.,LTD | - | 1,150,724,686 |
| | STYLEKOREAN UK LIMITED | - | 178,297,563 |
| | STYLEKOREAN SG PTE. LTD. | - | 104,330,074 |
| | STYLEKOREAN FR SAS | - | 147,559,004 |
| Associates | Sukoshi Mart Holdings Inc. | - | 3,720,061,488 |
| Total | | 41,445,000,000 | 40,053,472,815 |

2) 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 | Picton Co., Ltd | - | 700,000,000 |
| | Sukoshi Mart Holdings Inc. | - | 3,954,898,576 |
| Total | | 9,518,452 | 6,303,961,826 |

(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 | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|-------------|--------------------|-------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Salaries and other short-term employee benefits | 232,499,996 | 764,999,988 | 180,833,334 | 536,666,672 |

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 reporting period.

(Unit: Shares/KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|---|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Net Income | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,317,926,123 |
| Net profit attributable to common shares | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,317,926,123 |
| Weighted average of common shares outstanding (*) | 60,587,798 | 60,587,798 | 60,269,094 | 60,269,094 |
| Basic EPS | 253 | 996 | 197 | 403 |

(*) Weighted average number of common shares in circulation for current period

| Duration | Changes | Days | No. of common shares | Value |
|---|---------------------------|------|----------------------|----------------|
| 2024.01.01 - 2024.06.09 | Beginning balance | 161 | 60,389,234 | 9,722,666,674 |
| 2024.06.10 - 2024.09.30 | Exercise of stock options | 112 | 60,873,234 | 6,817,802,208 |
| Total | | 273 | | 16,540,468,882 |
| Weighted average number of common shares(value / 273) | | | | 60,587,798 |

(*) Weighted average number of common shares in circulation for previous period

| Duration | Changes | Days | No. of common shares | Value |
|---|---------------------------|------|----------------------|----------------|
| 2024.01.01 - 2024.04.20 | Beginning balance | 110 | 60,177,235 | 6,619,495,850 |
| 2024.04.21 - 2024.09.30 | Exercise of stock options | 163 | 60,331,084 | 9,833,966,692 |
| Total | | 273 | | 16,453,462,542 |
| Weighted average number of common shares(value / 273) | | | | 60,237,585 |

(2) Diluted earnings per share

The calculated details of diluted EPS for the current and previous FYs are as follows:

(Unit: Shares/KRW)

| Classification | September 30, 2024 | | September 30, 2023 | |
|--|--------------------|----------------|--------------------|----------------|
| | 3 months | Accumulated | 3 months | Accumulated |
| Net Income | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,317,926,123 |
| Diluted profit on common shares | 15,352,200,085 | 60,341,931,803 | 11,881,125,850 | 24,294,168,585 |
| Weighted average of common shares outstanding to calculate diluted EPS | 60,901,343 | 60,901,343 | 60,964,937 | 60,964,937 |
| Weighted average of common shares outstanding | 60,612,312 | 60,612,312 | 60,269,094 | 60,269,094 |

| | | | | |
|--------------------------------------|---------|---------|---------|---------|
| Dilutive potential common shares (*) | 289,031 | 289,031 | 695,843 | 695,843 |
| Diluted EPS | 252 | 991 | 194 | 398 |

(*) 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
3. Dividend
4. Voluntary reserves
5. Disposal of other retained earnings

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.

Article 55 (Statute of Limitations for Dividend Claims)

1. The right to claim dividends shall be extinguished if not exercised within 5 years.
2. Upon the expiration of the statute of limitations as stated in Paragraph 1, the dividends shall be forfeited to the Company.
3. No interest shall be paid on dividends.

B. Key Dividend Indicators

| Classification | Type of Shares | September 30, 2024 | December 31, 2023 | December 31, 2022 |
|---|----------------|--------------------|-------------------|-------------------|
| | | 23rd 3Q | 22nd | 21st |
| Par value per share (KRW) | | 500 | 500 | 500 |
| (Consolidated) Net Profit (unit: mil KRW) | | 88,737 | 38,013 | 11,156 |
| (Separate) Net Profit (unit: mil KRW) | | 60,342 | 33,287 | 10,062 |
| (Consolidated) EPS (KRW) | | 1,465 | 631 | 186 |
| Total cash dividends (unit : mil KRW) | | - | - | - |
| Total stock dividends (unit : mil 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 September 30, 2024) (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 |
| June 25, 2024 | Exercise of stock option | Common shares | 484,000 | 500 | 729 | - |

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 September 30, 2024)

(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 September 30, 2024)

(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 September 30, 2024)

(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 September 30, 2024)

(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 September 30, 2024)

(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 September 30, 2024)

(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 | Additional Rental of Warehouse(s) |
| 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 (%) |
|----------------------------------|---------------------|----------------|-----------------------------|------------------------|
| 23 rd FY (2024 3Q) | Accounts receivable | 59,312,851,048 | (778,699,029) | 1.31% |
| | Total | 59,312,851,048 | (778,699,029) | 1.31% |
| 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% |

(2) Status of Bad Debt Allowances

Unit : KRW

| Classification | 23 rd (2024 3Q) | 22 nd (2023) | 21 st (2022) |
|--|-------------------------------|-------------------------|-------------------------|
| 1. Total amount of basic allowance for bad debt | 268,984,984 | 113,252,022 | 85,045,893 |
| 2. Net written-off bad debt(①-②±③) | - | - | - |
| ① Written-off bad debt (amortized receivables) | - | - | - |
| ② Recovered amortized receivables | - | - | - |
| ③ Other changes | - | - | - |
| 3. Bad debt expense (reversal of bad debt allowance) | 509,714,045 | 155,732,962 | 28,206,129 |
| 4. Total ending amount of bad debt allowance | 778,699,029 | 268,984,984 | 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 indicates 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) Current Balance status of accounts receivable by duration

(As of September 30, 2024)

(Unit: KRW, %)

| Category | | 6- mths. | 6+ mths. | 1+ yr. | Total |
|-------------------|-----------------|----------------|----------------|-------------|----------------|
| | | | 1- yr. | 3- yrs. | |
| Amount | General | 24,455,105,379 | 23,355,587,470 | 514,280,390 | 48,324,973,239 |
| | Related parties | 7,404,117,893 | 3,583,759,916 | | 10,987,877,809 |
| | Total | 31,859,223,272 | 26,939,347,386 | 514,280,390 | 59,312,851,048 |
| Composition ratio | | 53.71% | 45.42% | 0.87% | 100.00% |

C. Status of Inventories, etc.

(1) Holding status of inventories by each division

(Unit: KRW, %)

| Division | Account Subject | 23 rd (2024.3Q) | 22 nd (2023) | 21 st (2022) | Note |
|-----------|-----------------------------------|-------------------------------|----------------------------|----------------------------|------|
| Cosmetics | Products | 124,078,692,914 | 79,310,651,760 | 29,554,931,692 | - |
| | Evaluated allowances for products | (1,026,234,995) | (774,052,401) | (952,625,565) | - |
| | Subtotal | 123,052,457,919 | 78,536,599,359 | 28,602,306,127 | - |
| Total | Products | 124,078,692,914 | 79,310,651,760 | 29,554,931,692 | - |
| | Evaluated allowances for products | (1,026,234,995) | (774,052,401) | (952,625,565) | - |
| | Total | 123,052,457,919 | 78,536,599,359 | 28,602,306,127 | - |

| | | | | |
|--|---------|---------|---------|---|
| Inventories to total assets ratio (%) [total inventories÷total ending assets] | 29.50% | 36.48% | 22.14% | - |
| Inventory turnover (recovery) rate [Annualized cost of sales÷{(beginning Inventories+ending Inventories)÷2}] | 4 times | 4 times | 4 times | - |

(2) Details of Inventory Inspection Report

1) Inventory Inspection Report

| Classification | Note |
|---|---|
| 1. Date of Inspection | The inventory inspection was conducted on July 31, 2024, 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 | 123,304,640,513 | 123,304,640,513 | (252,182,594) | 123,052,457,919 | - |
| Total | 123,304,640,513 | 123,304,640,513 | (252,182,594) | 123,052,457,919 | - |

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 | September 30, 2024 | | December 31, 2023 | |
|--|--------------------|-----------------|-------------------|----------------|
| | Book Value | Fair Value | Book Value | Fair Value |
| Financial Assets | | | | |
| Cash and cash equivalents | 62,611,744,567 | 62,611,744,567 | 17,217,510,020 | 17,217,510,020 |
| Accounts receivable | 58,534,152,019 | 58,534,152,019 | 21,282,743,325 | 21,282,743,325 |
| Short-term other financial assets | 6,768,224,828 | 6,768,224,828 | 17,103,561,266 | 17,103,561,266 |
| Other financial assets | 2,026,752,749 | 2,026,752,749 | 1,296,330,857 | 1,296,330,857 |
| Total | 129,940,874,163 | 129,940,874,163 | 56,900,145,468 | 56,900,145,468 |
| Financial liabilities | | | | |
| Trade payables | 6,923,996,882 | 6,923,996,882 | 501,545,548 | 501,545,548 |
| Short-term other financial liabilities | 3,980,393,651 | 3,980,393,651 | 2,356,176,495 | 2,356,176,495 |
| Current lease liabilities | 3,094,666,638 | 3,094,666,638 | 2,702,330,011 | 2,702,330,011 |
| Short-term borrowings | 144,588,000,000 | 144,588,000,000 | 55,000,000,000 | 55,000,000,000 |
| Current long-term liabilities | 131,038,734 | 131,038,734 | 125,053,387 | 125,053,387 |
| Long-term borrowings | 3,625,883,355 | 3,625,883,355 | 3,637,154,039 | 3,637,154,039 |
| Other financial liabilities | 2,567,995,207 | 2,567,995,207 | - | - |
| Non-current lease liabilities | 3,626,993,382 | 3,626,993,382 | 2,330,484,542 | 2,330,484,542 |
| Total | 168,538,967,849 | 168,538,967,849 | 66,652,744,022 | 66,652,744,022 |

(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.

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)

| Previous Year End | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------------|---------------|
| Financial Assets | | | | |
| Financial assets at fair value through profit or loss | - | - | 1,000,000,000 | 1,000,000,000 |
| Financial Liabilities | | | | |

| | | | | |
|------------------------|---|---|---------------|---------------|
| Derivative Liabilities | - | - | 2,567,995,207 | 2,567,995,207 |
|------------------------|---|---|---------------|---------------|

(3) Value Evaluation and Input Variables

Value evaluation and input variables for the current period is as follows:

| September 30, 2024 | Fair Value | Level | Evaluation Method | Variable |
|---------------------------------------|---------------|-------|---|--------------------------------|
| Financial Assets | | | | |
| Equity Instruments | 1,000,000,000 | 3 | Net asset valuation, etc. | Net asset value |
| Financial Liabilities | | | | |
| Foreign currency-linked currency swap | 2,567,995,207 | 3 | Cash flow discount using market observation variables | Exchange rates, interest rates |

(4) Details of Re-evaluation on Tangible Assets

Not applicable as of the date of submission.

IV. The Board's Managerial Diagnosis and Analysis

Not applicable as of the date of submission.

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 |
|------------------------------------|--------------------------------|---------------|---------------------|--|
| 23 rd (Current) | Shinwoo Accounting Corporation | - | - | - |
| 22 nd (Previous) | Shinwoo Accounting Corporation | Unqualified | N/A | (Consolidated Financial Statements) 1. Appropriateness of Revenue Recognition (Separate Financial Statements) 1. Appropriateness of Revenue Recognition |
| 21 st (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 |
| 23 rd (Current) | Shinwoo Accounting Corporation | Audit of separate and consolidated financial statements, semi-annual review, and internal accounting management system audit | 180,000 | 1,800 | - | - |
| 22 nd (Previous) | 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 |
| 21 st (Two years prior) | 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 |

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 |
|-------------------------------|---------------|---------------------|--|--------|---------|
| 23 rd (Current) | - | - | - | - | - |
| 22nd (Previous) | Sep. 8, 2023 | Tax adjustment | January 1, 2024 - March 31, 2024 | 12,000 | - |
| 21st (Two years prior) | Sep. 30, 2022 | Tax adjustment | January 1, 2023 - March 31, 2023 | 11,000 | - |

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 |
|------------------------|---|---------|
| 23rd (Current) | - | - |
| 22nd (Previous) | 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 (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 |
|------------------------|--------------------------------|--|---------|
| 23rd (Current) | Shinwoo Accounting Corporation | - | - |
| 22nd (Previous) | 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 (Two years prior) | 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. | - |

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

A. 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 directors, 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.

B. 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 3 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>④ 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> |

| | |
|---|---|
| <p>Resolution of the Board of Directors (Article 38 of the Articles of Incorporation)</p> | <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> <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.</p> <p>③ No director who has vested interest in a matter for resolution can exercise his/her vote upon such matter.</p> |
|---|---|

C. Key Resolution

| Session | Date | Agenda | Approval Status |
|---------|------------|--|-----------------|
| 1 | 2024.02.20 | Approval of financial statements for the fiscal year 2023 | Approved |
| 2 | 2024.02.28 | Holding the 23rd annual general meeting of shareholders | Approved |
| 3 | 2024.03.15 | Report on the status of internal accounting management system (2023) | Approved |
| 4 | 2024.03.15 | Approval for Woori Bank Loan | Approved |
| 5 | 2024.03.21 | Approval for KB Kookmin Bank Loan | Approved |
| 6 | 2024.03.21 | Approval for Hana Bank Loan | Approved |
| 7 | 2024.04.22 | Approval for payment contract with Russian branch | Approved |
| 8 | 2024.06.04 | Establishment of a branch office in England | Approved |
| 9 | 2024.06.10 | Issuance of new shares upon exercise of stock options | Approved |
| 10 | 2024.06.11 | Confirmation of schedule for 2nd Investment in Sukoshi Mart Holdings Inc. (Canada) | Approved |
| 11 | 2024.06.24 | Establishment of a branch office in Singapore | Approved |
| 12 | 2024.06.25 | Approval for Citi Bank Loan | Approved |
| 13 | 2024.06.26 | Capital Increase of Stylekorean Inc. | Approved |
| 14 | 2024.06.26 | Approval for loan concerning subsidiary Stylekorean Inc. | Approved |
| 15 | 2024.07.19 | 1. Establishment of STYLEKOREAN KR SAS (Subsidiary in France) 2. Capital Increase of STYLEKOREAN VIETNAM CO., LTD | Approved |
| 16 | 2024.08.02 | Approval for guarantee for SKO Sp. Z o.o. | Approved |
| 17 | 2024.08.22 | Proceeding with Escrow Agreement for Due Diligence Deposit Prior to Investment Review for ECOVICE | Approved |
| 18 | 2024.09.13 | Investment in ONLY Ni CO.,LTD. | Approved |

D. Committee within the board of Directors

This is not applicable to the Company as of the submission date of this report.

E. 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 position of 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 is 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.

F. Outside Director and Other Changes

(Unit: persons)

| Number of Directors | Number of Outside Director | Changes in Outside Director | | |
|---------------------|----------------------------|-----------------------------|-----------|------------------|
| | | Appointment | Dismissal | Early Retirement |
| 5 | 2 | - | - | - |

G. 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 reports 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) | The 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 auditors 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 |
|---------|------------|--|-----------------|-----------------------|
| | | | | Auditor Oh Bin Kwon |
| | | | | Attendance Rate: 100% |
| 1 | 2024.02.20 | Approval of financial statements for the fiscal year 2023 | Approved | Attended |
| 2 | 2024.02.28 | Holding the 23rd annual general meeting of shareholders | Approved | Attended |
| 3 | 2024.03.15 | Report on the status of internal accounting management system (2023) | Approved | Attended |
| 4 | 2024.03.15 | Approval for Woori Bank Loan | Approved | Attended |
| 5 | 2024.03.21 | Approval for KB Kookmin Bank Loan | Approved | Attended |
| 6 | 2024.03.21 | Approval for Hana Bank Loan | Approved | Attended |
| 7 | 2024.04.22 | Approval for payment contract with Russian branch | Approved | Attended |
| 8 | 2024.06.04 | Establishment of a branch office in England | Approved | Attended |
| 9 | 2024.06.10 | Issuance of new shares upon exercise of stock options | Approved | Attended |
| 10 | 2024.06.11 | Confirmation of schedule for 2nd Investment in Sukoshi Mart Holdings Inc. (Canada) | Approved | Attended |
| 11 | 2024.06.24 | Establishment of a branch office in Singapore | Approved | Attended |
| 12 | 2024.06.25 | Approval for Citi Bank Loan | Approved | Attended |
| 13 | 2024.06.26 | Capital Increase of Stylekorean Inc. | Approved | Attended |
| 14 | 2024.06.26 | Approval for loan concerning subsidiary Stylekorean Inc. | Approved | Attended |
| 15 | 2024.07.19 | 1. Establishment of STYLEKOREAN KR SAS (Subsidiary in France) 2. Capital Increase of STYLEKOREAN VIETNAM CO., LTD | Approved | Attended |
| 16 | 2024.08.02 | Approval for guarantee for SKO Sp. Z o.o. | Approved | Attended |
| 17 | 2024.08.22 | Proceeding with Escrow Agreement for Due Diligence Deposit Prior to Investment Review for ECOVICE | Approved | Attended |
| 18 | 2024.09.13 | Investment in ONLY Ni 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 | 8 | General Manager (4 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 September 30, 2024)

| 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 September 30, 2024)

(Unit: Share)

| Category | Type of Share | Number of Shares | Note |
|--|------------------|------------------|------|
| The total issued and outstanding shares (A) | Common Shares | 60,873,234 | - |
| | 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 | 60,873,234 | - |
| | 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 | On December 31 st 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 | On January 1 st to 7 th 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 | - |
| The 23rd Regular General Meeting of Shareholders (Mar. 28, 2024) | Agenda 1: Approval of the Consolidated Financial Statements for the 21st Fiscal Year (January 1, 2024 - December 31, 2023) Agenda 2: Approval of remuneration limit for directors Agenda 3: 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 September 30, 2024)

(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 | 19,352,960 | 32.05 | 18,924,639 | 31.09 | - |
| Eun Ha Shin | Spouse of CEO | Common Shares | 5,927,190 | 9.81 | 4,916,111 | 8.08 | - |
| Kyungja Lee | Mother of CEO | Common Shares | 694,582 | 1.15 | 497,582 | 0.82 | - |
| SON ROBERT INHO | Registered executive director | Common Shares | 2,425,920 | 4.02 | 2,427,722 | 3.99 | - |
| Jinho Choi | Registered executive director | Common Shares | 1,609,728 | 2.67 | 826,782 | 1.36 | - |
| Yong-A Kim | Younger sister of the largest shareholder | Common Shares | 268,800 | 0.45 | 200,000 | 0.33 | - |
| Jinsoo Kim | Cousin of the largest shareholder | Common Shares | 159,140 | 0.26 | 111,640 | 0.18 | - |
| Woochang Kim | Offspring of the largest shareholder | Common Shares | 408,484 | 0.68 | 288,484 | 0.47 | - |
| Wooyong Kim | Offspring of the largest shareholder | Common Shares | 408,480 | 0.68 | 269,771 | 0.44 | - |
| Gangsoo Kim | Cousin of the largest shareholder | Common Shares | 200 | 0.00 | 0 | 0.00 | - |
| Total | | Common Shares | 31,255,484 | 51.76 | 30,262,731 | 49.71 | - |
| | | Preferred Shares | - | - | - | - | - |

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 Kiryoong 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 September 30, 2024)

(Unit: Share)

| Category | Name of Shareholder | Number of Shares Owned | Percentage of Ownership (%) | Note |
|--|---------------------|------------------------|-----------------------------|------|
| Shareholders with 5% or more | Sungwoon Kim | 18,924,639 | 31.09 | - |
| | Eun Ha Shin | 4,916,111 | 8.08 | - |
| Employee Stock Ownership Association(ESOA) | | 858 | 0.01 | - |

Overview of Minority Shareholders

(As of September 30, 2024)

(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 | 72,678 | 72,685 | 99.99 | 31,302,195 | 60,873,234 | 51.42 | - |

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 60,873,234 common shares, and those carrying voting rights are 60,873,234 shares.

F. Share Price and Trading Performance

(Unit: Share, KRW)

| Type | April, 2024 | May, 2024 | June, 2024 | July, 2024 | August, 2024 | September, 2024 | |
|------------------------|-------------|------------|------------|------------|--------------|-----------------|--------|
| Common Shares | High | 14,970 | 41,350 | 54,200 | 50,100 | 47,550 | 47,700 |
| | Low | 11,640 | 14,340 | 38,600 | 40,250 | 32,150 | 38,100 |
| Monthly Trading Volume | 32,810,846 | 75,323,947 | 49,734,430 | 51,268,269 | 56,474,407 | 33,866,206 | |

VIII. Matters Regarding Executive Directors and Employees

1. Overview of Executive Directors and Employees

A. Overview of Executive Directors

(As of September 30, 2024)

(Unit: Shares)

| 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 Kiryong Electronics - 2000 MDI Korea - 2002-Present Founder and CEO of Silicon2 Co., Ltd | 18,924,639 | - | Largest Shareholder himself | 22 years and 7 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 | 2,427,722 | - | Registered Executive director | 7 years and 6 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 | 826,782 | - | Registered Executive director | 12 years | 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 & Anlys 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 | 2 years and 6 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 | 2 years and 6 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 | 1 year and 6 months | 30-Mar-26 |

B. Overview of Employees

(As of September 30, 2024)

(Unit: KRW)

| Employee | | | | | | | | | | External contractors | | | Note |
|--------------------|--------|---------------------|-------------|----------------------|-------------|-------|---------------------------------|-------------------|-------------------------|----------------------|--------|-----|------|
| Business Division | Sex | HC | | | | | Average Continuous Service Year | Total Annual Wage | Average Wage per person | Male | Female | Sum | |
| | | Permanent employees | | Fixed term employees | | Total | | | | | | | |
| | | Total | (Part Time) | Total | (Part Time) | | | | | | | | |
| IT | Male | 12 | - | 0 | - | 12 | 2.28 | 503,633,139 | 41,969,428 | 46 | 77 | 123 | - |
| IT | Female | 8 | - | 0 | - | 8 | 1.39 | 229,584,367 | 28,698,046 | | | | - |
| Management Support | Male | 8 | - | 0 | - | 8 | 3.18 | 289,107,466 | 36,138,433 | | | | - |
| Management Support | Female | 22 | - | 0 | - | 22 | 4.88 | 877,126,821 | 39,869,401 | | | | - |
| Procurement | Male | 3 | - | 0 | - | 3 | 3.93 | 120,849,999 | 40,283,333 | | | | - |
| Procurement | Female | 7 | - | 0 | - | 7 | 4.50 | 306,228,893 | 43,746,985 | | | | - |
| Marketing | Male | 6 | - | 0 | - | 6 | 2.05 | 236,347,162 | 39,391,194 | | | | - |
| Marketing | Female | 26 | - | 6 | - | 32 | 1.58 | 779,802,781 | 24,368,837 | | | | - |
| Logistics | Male | 26 | - | 2 | - | 28 | 2.80 | 832,869,890 | 29,745,353 | | | | - |
| Logistics | Female | 19 | - | 0 | - | 19 | 3.94 | 507,254,839 | 26,697,623 | | | | - |
| Sales | Male | 15 | - | 0 | - | 15 | 1.51 | 389,212,450 | 25,947,497 | | | | - |
| Sales | Female | 81 | - | 1 | - | 82 | 2.82 | 2,884,965,226 | 35,182,503 | | | | - |
| Total | | 233 | 0 | 9 | 0 | 242 | 2.96 | 7,956,983,033 | 32,880,095 | | | | - |

Note1) The number of employees, wages, and average continuous service year are based on the employees as of September 30, 2024.

Note2) Registered executives have been excluded, and the total annual wage amount reflects actual payments made from January to September 2024.

Note3) Taxation related to Stock options and withdrawals of employee stocks have been excluded.

Note4) Fixed-term employees are interns.

Note 5) External contractors are contract-based employees as of September 30, 2024.

C. Remuneration Status of Non-registered Executive Directors

(As of September 30, 2024)

(Unit: KRW)

| Category | Number of Persons | Total Amount of Annual Remuneration | Average Remuneration per person | Note |
|------------------------------------|-------------------|-------------------------------------|---------------------------------|------|
| Non-registered Executive Directors | 3 | 306,849,995 | 102,283,332 | - |

Note1) The total amount of remuneration is the actual salary paid from January to September 2024.

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 | 823,499,988 | 137,249,998 | - |

2-2. By Type

(Unit: KRW)

| Category | Number of Persons | A Total of Remuneration | Average Remuneration Per person | Note |
|---|-------------------|-------------------------|---------------------------------|------|
| Registered Director (Outside Director and Members of the audit committee are excluded) | 3 | 764,999,988 | 254,999,996 | - |
| Outside Director (Members of the audit committee are excluded) | 2 | 36,000,000 | 18,000,000 | - |
| Members of the audit committee | - | - | - | - |
| Auditor | 1 | 22,500,000 | 22,500,000 | - |

<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 |
|------|-------|-------------------------|---|
| - | - | - | - |

2. Criteria and Method of Calculation

(Unit: KRW)

| Name | Type of Remuneration | | Total Amount | Criteria and Method of Calculation |
|--------------|----------------------|------------------------------------|--------------|------------------------------------|
| Sungwoon Kim | Earned Income | Wage | - | - |
| | | Bonus | - | - |
| | | 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: mil 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) | 1 | 320 | - |
| 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 | 1 | 320 | - |

<Table2>

(As of September 30, 2024)

(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 | Registered Executive director | 22-Apr-19 | New share issuance | Common Shares | 548,895 | - | - | 250,221 | - | 298,674 | April.22,2022.~ April.21,2025 | 729 | X | - |
| SON ROBERT INHO | Registered executive director | 22-Apr-19 | New share issuance | Common Shares | 764,000 | - | - | 764,000 | - | 0 | April.22,2022.~ April.21,2025 | 729 | X | - |

※ As of the reference date of the disclosure document creation (September 30, 2024), the closing price is 46,200 Korean won

IX. Matters Regarding the Affiliated Companies

A. Overview of Affiliated Companies

(As of September 30, 2024)

(Unit: Company)

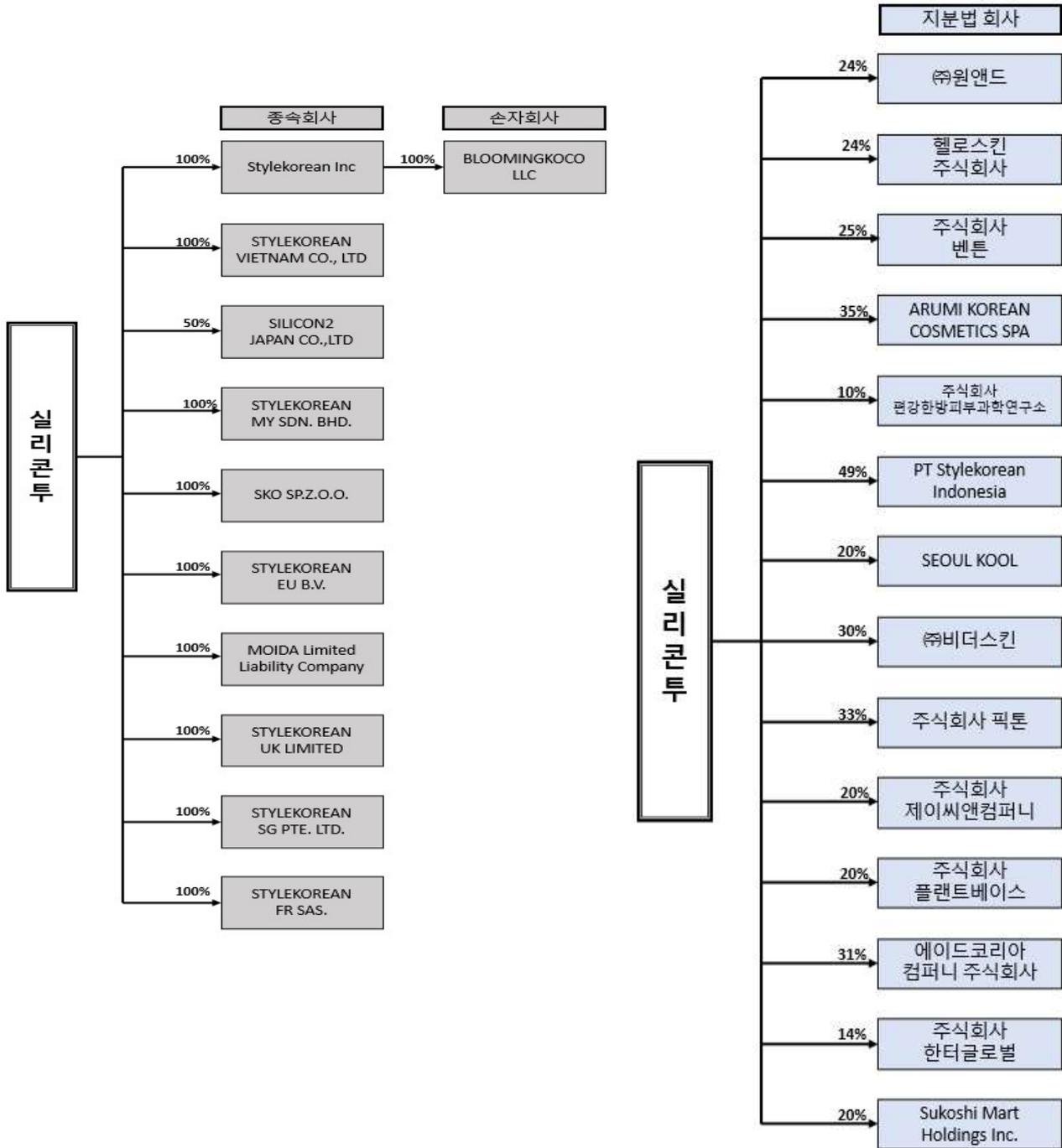
| Name of Group Companies | Number of Affiliated Companies | | |
|-------------------------------|--------------------------------|------------|-----|
| | Listed | Not listed | Sum |
| Silicon2's affiliated company | - | 24 | 24 |

※ For details, refer to 'Detailed Table 2: Subsidiary Company Status (Detailed)

(1) 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 | - |
| 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. | - |
| STYLEKOREAN UK LTD. | - |
| STYLEKOREAN SG PTE. LTD. | - |
| STYLEKOREAN FR SAS. | - |
| 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 |

(2) A organizational chart showing the relationships of control, subsidiaries, and investments among affiliated companies.



(3) 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.

(4) 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.

(5) 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 |
| | | PT Stylekorean Indonesia | Director |
| | | SKO SP.Z.O.O. | CEO |
| | | STYLEKOREAN UK LTD. | CEO |
| | | STYLEKOREAN SG PTE. LTD. | 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 |
| | | Stylekorean Inc. | CFO |

B. Overview of Investment in Other Corporations

(As of September 30, 2024)

(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 | - | 9 | 9 | 7,955 | 36,334 | - | 44,289 |
| General Investment | - | 15 | 15 | 12,664 | 3,720 | - | 16,384 |
| Simple Investment | - | - | - | - | - | - | - |
| Total | - | 24 | 24 | 20,619 | 40,054 | - | 60,673 |

※For detailed information, refer to "Detailed Table-3. Status of Investment in Other Corporations (Detailed)"

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.

2. Details of Asset Transfers with Major Shareholders

This is not applicable to the Company as of the submission date of this report.

3. Details of Business transaction

This is not applicable to the Company as of the submission date of this report.

4. Details of Stock-based Compensation Transaction

This is not applicable to the Company as of the submission date of this report.

5. 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 Sep. 30, 2024)

(Unit: KRW 1 million)

| 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.

B. 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.

C. 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 | 158,597,300,733 | 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 | 15,437,575,806 | 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 | 7,473,452,050 | 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 | 27,476,452,034 | Majority ownership of voting rights (No.K-iFRS 1110) | Yes |
| 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 | 1,563,104,578 | 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 Distribution & Sales business | 86,010,926 | Majority ownership of voting rights (No.K-iFRS 1110) | N/A |

2. Overview of Affiliated Companies (Details)

☞ Move to the main text

(As of September 30, 2024)

(Unit: Company)

| Listing Status | Number of Company | Name of Company | Corporate |
|--------------------------|-------------------|---|-----------|
| Listed | - | - | - |
| | | - | - |
| Not listed | 24 | Stylekorean Inc. | - |
| | | STYLEKOREAN VIETNAM CO.,LTD | - |
| | | PT.Style Korean Indonesia | - |
| | | ARUMI KOREAN COSMETICS SPA | - |
| | | 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. | - |
| | | STYLEKOREAN UK LTD. | - |
| STYLEKOREAN SG PTE. LTD. | - | | |

| | | | |
|--|--|---|----------------|
| | | STYLEKOREAN FR SAS. | - |
| | | 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 September 30, 2024)

(Unit: 1 mil KRW, shares, %)

| Name of Company | Listing Status | Initial Acquisition 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 | 100.00 | 5,817 | 25,000,000 | 34,753 | - | 30,000,000 | 100 | 40,570 | 158,597 | 17,492 |
| STYLEKOREAN VIETNAM CO.,LTD | Not listed | 06-Jun-19 | Participation in Management | 6 | 5,000 | 100.00 | 65 | 11,507 | 1,151 | - | 16,507 | 100 | 1,216 | - | - |
| STYLEKOREAN MY SDN. BHD. | Not listed | 02-Jun-22 | Participation in Management | 482 | 1,697,357 | 100.00 | 483 | - | - | - | 1,697,357 | 100 | 483 | 15,438 | 2,783 |
| SKO Sp. z o.o. | Not listed | 23-Jan-23 | Participation in Management | 517 | 96,000 | 100.00 | 517 | - | - | - | 96,000 | 100 | 517 | 27,476 | 4,863 |
| STYLEKOREAN EU B.V. | Not listed | 13-Mar-23 | Participation in Management | 1,052 | 22,500 | 100.00 | 1,052 | - | - | - | 22,500 | 100 | 1,052 | 7,473 | 2,783 |
| MOIDA Limited Liability Company | Not listed | 18-Aug-23 | Participation in Management | 21 | 2 | 100.00 | 21 | - | - | - | 2 | 100 | 21 | - | - |
| STYLEKOREAN UK LIMITED. | Not listed | 15-Jun-24 | Participation in Management | 168 | - | - | - | 100,000 | 178 | - | 100,000 | 100 | 178 | 178 | - |
| STYLEKOREAN FR SAS. | Not listed | 10-Jul-24 | Participation in Management | 200 | - | - | - | 100,000 | 148 | - | 100,000 | 100 | 148 | 148 | - |
| STYLEKOREAN SG PTE. LTD. | Not listed | 26-Jun-24 | Participation in Management | 200 | - | - | - | 100,000 | 104 | - | 100,000 | 100 | 104 | 104 | - |
| PT. Style Korean Indonesia | Not listed | 21-Aug-18 | General Investment | 300 | 392,000 | 49.00 | 876 | - | - | - | 392,000 | 49 | 876 | 17,661 | 523 |
| ONEAND Co., Ltd | Not listed | 11-Mar-16 | General Investment | 50 | 80,000 | 24.10 | 400 | - | - | - | 80,000 | 24.1 | 400 | 19,091 | 1,188 |
| Benton Co., Ltd | Not listed | 25-Nov-16 | General Investment | 463 | 645,000 | 25.00 | 300 | - | - | - | 645,000 | 25 | 300 | 5,671 | -382 |
| Pyun Gang Korean Medicine Dermatological Science Research Institute Co., Ltd. | Not listed | 20-Dec-17 | General Investment | 337 | 8,889 | 10.00 | 300 | - | - | - | 8,889 | 10 | 300 | 15,933 | 227 |
| HelloSKIN Co., Ltd | Not listed | 07-Oct-16 | General Investment | 34 | 6,667 | 25.00 | - | - | - | - | 6,667 | 23.8 | 0 | 1,834 | -1,746 |
| SEOUL KOOL FOR COSMETIC MATERIALS CO., WLL | Not listed | 20-Jan-20 | General Investment | 100 | - | 20.00 | 147 | - | - | - | - | 20 | 147 | 797 | -15 |
| ARUMI KOREAN COSMETICS SPA | Not listed | 26-Apr-17 | General Investment | 30 | 5,385 | 35.00 | 0 | - | - | - | 5,385 | 35 | - | - | - |
| Be The Skin Co., Ltd | Not listed | 08-Feb-21 | General Investment | 100 | 8,572 | 30.00 | 100 | - | - | - | 8,572 | 30 | 100 | 2,986 | 84 |
| Picton Co., Ltd | Not listed | 25-May-21 | General Investment | 200 | 500,000 | 32.52 | 1,000 | - | - | - | 500,000 | 32.52 | 1,000 | 16,819 | 4,064 |
| JC&C Company Co., Ltd | Not listed | 23-Jul-21 | General Investment | 1,000 | 3,000 | 20.00 | 56 | - | - | - | 3,000 | 20 | 56 | 569 | 522 |
| Plant Base Co., Ltd | Not listed | 28-Jul-21 | General Investment | 5,000 | 500 | 20.00 | 58 | - | - | - | 500 | 20 | 58 | 414 | 5 |

| | | | | | | | | | | | | | | | |
|----------------------------|------------|-----------|--------------------|------------|-----------|--------|------------|-----------|-------|------------|-----------|--------|---------|--------|--------|
| AID KOREA COMPANY Co., Ltd | Not listed | 28-Oct-21 | General Investment | 24 | 25,000 | 31.25 | 1,300 | - | - | - | 25000 | 31.25 | 1300 | 9,937 | 1,505 |
| HANTEO GLOBAL Co., Ltd | Not listed | 14-Mar-22 | General Investment | 3,954 | 91,277 | 14.48 | 4,148 | - | - | - | 91,277 | 14.48 | 4,148 | 7,920 | -1,543 |
| SILICON2 JAPAN CO.,LTD | Not listed | 18-Apr-22 | General Investment | - | 2,500 | 50.00 | 24 | - | - | - | 2,500 | 50 | 24 | - | - |
| Sukoshi Mart Holdings Inc. | Not listed | 12-Dec-23 | General Investment | - | 2,999,999 | 20.33 | 3,955 | 2,700,001 | 3,720 | - | 5,700,000 | 20.33 | 7,675 | - | - |
| Total | | | | 11,589,648 | - | 20,619 | 28,011,508 | 40,054 | - | 39,601,156 | - | 60,673 | 309,048 | 32,352 | |

【 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.