

# Table of Contents

<b>BUSINESS REPORT .....</b>	<b>1</b>
<b>“CONFIRMATION OF THE REPRESENTATIVE DIRECTOR, ETC.” .....</b>	<b>2</b>
<b>I. Company Overview .....</b>	<b>3</b>
1. Company Overview .....	3
2. Company History .....	4
3. Change of Equity Capital.....	8
4. Total Number of Shares, etc. ....	9
5. Matters Related to Articles of Incorporation .....	9
<b>II. Business Contents .....</b>	<b>15</b>
1. Business Overview .....	15
2. Major Products and Services .....	16
3. Raw Materials and Production Facilities .....	17
4. Statuses of Revenue and Order .....	19
5. Risk Management and Derivative Transactions .....	22
6. Major Contracts and R&D Activities .....	24
7. Other Notes .....	28
<b>III. Matters Related to Financial Matters .....</b>	<b>29</b>
1. Financial Matters Summary .....	29
2. Consolidated Financial Statements .....	30
3. Notes of Consolidated Financial Statements .....	30
4. Financial Statement.....	30
5. Notes of Financial Statements .....	35
6. Matters Related to Dividends.....	81
7. Matters on Financing through Issuance of Securities .....	82
8. Matters related to other financial matters .....	84
<b>IV. Management's Discussion and Analysis (MD&amp;A) .....</b>	<b>91</b>
1. Cautionary Notes on Forecast Information.....	91
2. Overview.....	91
3. Financial Position and Operating Performance .....	91
4. Matters related to Liquidity, Funding Sources, and Major Cash Expenditures .....	92
<b>V. Audit opinion from a financial auditor, etc. ....</b>	<b>94</b>
1. Matters related to External Audits .....	94
2. Matters related to internal control.....	95
<b>VI. Matters Related to Company Organizations Including the Board of Directors .....</b>	<b>96</b>
1. Matters Related to the Board of Directors .....	96
2. Matters related to the Audit System.....	99
3. Matters Related to General Meeting of Shareholders, Etc.....	101
<b>VII. Matters Related to Shareholders.....</b>	<b>103</b>
1. Status of Share Ownership of Largest Shareholder and Affiliate Person .....	103
2. Overview of the Largest Shareholder .....	103
3. Ownership of Shareholders Owning 5% or More.....	104
4. Status of Minority Shareholders Owning Less than 1% .....	105
5. Share Affairs .....	105
<b>VIII. Matters Related to Executives, Employees, Etc. ....</b>	<b>107</b>
1. Status of Executives, Employees, Etc.....	107
2. Compensation for Executives, Etc. ....	109

<b>IX.</b>	<b>Matters Related to Subsidiary Companies, Etc. ....</b>	<b>113</b>
<b>X.</b>	<b>Transaction Content With Largest Shareholders, Etc. ....</b>	<b>115</b>
<b>XI.</b>	<b>Other Necessary Matters to Protect Investors .....</b>	<b>116</b>
1.	Disclosure Progress and Changes .....	116
2.	Matters Related to Contingent Liability, Etc. ....	117
3.	Matters Related to Sanctions, Etc. ....	118
4.	Other Matters Including Major Matters Occurring After the Base Date .....	118
<b>XII.</b>	<b>Detailed Table .....</b>	<b>119</b>
1.	Status of Subsidiary Companies Subject to Consolidation (Details) .....	119
2.	Status of Subsidiary Companies (Details) .....	119
3.	Status of Investments in Other Corporations (Details) .....	119
<b>“</b>	<b>CONFIRMATION OF THE EXPERT“ .....</b>	<b>120</b>
1.	Confirmation of the Expert .....	120
2.	Interests Regarding the Expert.....	120

# Business Report

(The 28th period)

Fiscal Year      January 1, 2022      to  
December 31, 2022      Until

Financial Services Commission

Messrs. Korea Exchange

March 21, 2023

Type of Company subject to submission:      Stock-listed corporation

Occurrence of reason for exemption: Not applicable

Company Name:      Tokai Carbon Korea Co., Ltd.

Representative Director:      Shin Hideo, Younghee Kim

Location of head office:      71, Gaejeongsaneopdanji-ro, Miyang-myeon,  
Anseong-si, Gyeonggi-do, South Korea, (Tel)  
031-677-0277

(Website) <http://www.tck.co.kr>

Person in charge of preparation:      (Post) Head of Strategic Management Division      (Name) Gwangjae Park  
(Tel) 031-678-0046

# **“Confirmation of the Representative Director, etc.”**

## **[Confirmation/Signature of the Representative Director, etc.]**

As the Representative Director and the person in charge of reporting tasks of the Company, we have directly confirmed and reviewed the contents of this official document with due diligence and have confirmed that there is no omission regarding the statements of important matters or designations, no false statements or designations, and no statements or designations that may stir up major misunderstandings in the ones who are using the statements and designations indicated in this official document.

In addition, the Company confirms that we have prepared and are operating the internal accounting control system in accordance with Article 8 of the "Act on External Audit of Stock Companies, Etc."

March 21, 2023

Tokai Carbon Korea Co., Ltd.

Representative Director, Younghee Kim (Signature)

Executive in charge of reporting duties, Gwangjae Park (Signature)

# I. Company Overview

## 1. Company Overview

### 1. Overview of Subsidiary Companies Subject to Consolidation

- Not applicable
- Status of subsidiary companies subject to consolidation

(Unit: Company)

Classification	Number of Companies Subject to Consolidation				Number of Major Subsidiary Companies
	Beginning of Period	Increase	Decrease	End of Period	
Listed	-	-	-	-	-
Non-listed	-	-	-	-	-
Total	-	-	-	-	-

※ For detailed status, refer to 'Detailed Table-1. Status of Subsidiary Companies Subject to Consolidation (Details)'

### 1-1. Changes in Companies Subject to Consolidation

Classification	Subsidiary	Reason
New Consolidation	-	-
	-	-
Excluding Consolidation	-	-
	-	-

### B. Legal and Commercial Names of the Company

The Company is referred to as [주식회사 티씨케이] in Korean, [韓國東海カ-ボン株式會社] in Japanese, and [TOKAI CARBON KOREA CO., LTD. (TCK)] in English.

### C. Date of Establishment and Period of Existence

The Company was established on August 7, 1996, under the name 'KOREA Tokai Carbon Co., Ltd.' to manufacture, import, and sell high-purity graphite products. It manufactures and imports artificial graphite and carbon products and acts as a trading agent.

The Company has its headquarters, factory, and Business-Affiliated Research Institute located in Anseong-si, Gyeonggi-do. In August 2003, it listed its shares on the KRX KOSDAQ market, which was opened by the Korea Exchange.

### D. Head Office Address, Tel. Number, Website Address

- Address: 71, Gaejeongsaneopdanji-ro, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea
- Tel.: 031-677-0277
- Website: <http://www.tck.co.kr>

### E. Applicable as Small and Medium Enterprise, etc.

<b>Applicable as Small and Medium Enterprise</b>	<b>Not</b>
--	------------

	Applicable as Venture Company	Not applicable
Applicable as Middle Market Enterprise		Applicable

## F. Key Business Contents

The Company specializes in semiconductors, solar cells, and LED parts. It is the first in Korea to produce semiconductor and solar cell grower equipment parts, such as high-purity graphite manufactured through processing, purification, and CVD SiC-Coating processes. It also successfully localized LED chip production susceptor, SiC-Ring, and SiC-Wafer for semiconductor equipment. A detailed breakdown of the Company's business sections and revenue composition can be found in the 'Business Contents' section of this disclosure document.

## G. Credit Rating Information

- Rating Date: October 11, 2022
- Credit Rating Agency: Ecredible Co., Ltd.
- Credit Rating: A+ (Among a total of 23 grades, it is the fifth highest grade with a cumulative distribution of 0.5%)
- Definition of Assigned Credit Rating: Good debt repayment capacity but can be easily affected by the economic recession and environmental changes as compared to the higher grades

## H. Matters Regarding Whether the Company is Listed (or Registered/Designated) and Special Listing

Whether the Company is Listed (or Registered/Designated)	Date of Listing of the Company (or Registration/Designation)	Whether there has been a Special Listing	Applied Laws and Regulations such as Special Listing, etc.
Listed on the KOSDAQ Market	2003-08-18	-	-

## 2. Company History

August 1996: Established as "Korea Tokai Carbon Co., Ltd." with an equity capital of KRW 3,000,000,000 12, Je 2 Gongdan 3-gil, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea

April 1997: Filed for tax exemption (Ministry of Finance and Economy)

September 1997: Completion of the factory construction

October 1998: ISO9001 certification (AC-01248)

February 2000: Confirmation of a dedicated research department (Korea Industrial Technology Promotion Association)

April 2000: Start of SiC Wafer production

March 2001: Prime Minister Award (Commendation for Industrial and Commercial Development)

July 2001: Selected as a promising small and medium-sized enterprise (Gyeonggi-do)

October 2001: Name change (Tokai Carbon Korea Co., Ltd.)

December 2001: Paid-in capital increase of KRW 1,670,000,000 (Equity capital: KRW 4,670,000,000)

October 2002: Investment in CVD-SiC equipment

August 2003: Listing on KOSDAQ - Paid-in capital increase of KRW 1,167,500,000 (Equity capital: KRW 5,837,500,000)

February 2004: Awarded for New Technology and Management (Korea Herald)

October 2005: Certification as a specialized parts and materials Company (Ministry of Commerce,

Industry and Energy)

November 2005: Export Tower Award - Exports reaching USD 1 million (Korea International Trade Association)

November 2006: Export Tower Award - Exports reaching USD 3 million (Korea International Trade Association)

December 2006: ISO14001 certification

January 2007: Digital Innovation Award (Minister of Commerce, Industry and Energy Award)

March 2008: Excellent Green Energy Company Award 2008 (Solar Cell High-Purity Graphite Product Category)

April 2008: Awarded as an Excellent Company in the "Carbon Material Industry" category

June 2008: KOSDAQ Grand Prize - "Best Techno-Management Award"

November 2008: Export Tower Award - Exports reaching USD 5 million (Korea International Trade Association)

March 2010: Grand Prize at the Vibrant KOSDAQ Awards - Technology Category (IT Equipment Parts)

March 2010: Prime Minister's Commendation as an Exemplary Business (Korea Chamber of Commerce and Industry)

March 2011: Minister of Strategy and Finance Award (Exemplary Taxpayer)

April 2011: Completion of the Factory 2 construction

March 2012: Establishment of Business-Affiliated Research Institute

August 2012: Registration of the Factory 2 branch

March 2015: Registration of headquarters relocation

(Before: 12 Je 2 Gongdan 3-gil, Miyang-myeon, Anseong-si, Gyeonggi-do) (After: 71 Gaejeongsaneopdanji-ro, Miyang-myeon, Anseong-si, Gyeonggi-do)

October 2015: Excellence Award for Technological Cooperation between Large and Small Companies (Small and Medium Business Administration)

November 2015: Commendation for Contributions to Venture Activation (Ministry of Trade, Industry and Energy)

December 2015: Minister Award at the Korea Technology Awards (Ministry of Trade, Industry and Energy)

March 2016: Prime Minister Award for Exemplary Taxpayer

December 2016: Export Tower Award - Exports reaching USD 20 million (Korea International Trade Association)

December 2017: Export Tower Award - Exports reaching USD 30 million (Korea International Trade Association)

December 2017: Selected as 2018 Youth-friendly Small and Medium-sized Enterprise

October 2018: Export Merit National Assembly Award

November 2018: KRW 100 Billion Business Venture Award

December 2018: Export Tower Award - Exports reaching USD 70 million (Korea International Trade Association)

December 2018: Selected as 2019 Youth-friendly Small and Medium-sized Enterprise

June 2019: KOSDAQ Grand Prize - "Best Transparency Management Award"

October 2019: "Minister of Ministry of Trade, Industry and Energy Award" at the Tech Inside Show

December 2019: Selected as a Company recognized for contributions to the local community by the Ministry of Health and Welfare

June 2020: Selected as a sincere taxpayer in Gyeonggi-do

December 2020: SEMI INNOVATION Award

December 2020: SK Siltron Best Partner Award

October 2021: LAM Research 2020 Best Supplier Award

December 2021: Export Tower Award - Exports reaching USD 100 million (Korea International Trade Association)

January 2022: TEL Korea Contribution Award

February 2022: AMEC 2019&2021 Excellent Cooperative Company Award

May 2022: SEMES Excellent Cooperative Company Award in the Quality Category  
October 2022: SK Siltron Best Partner Award  
November 2022: Listing on the KOSDAQ Global Segment

A. Location of head office:

71, Gaejeongsaneopdanji-ro, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea

B. Major Changes in Management and Auditor

Date of Change	Type of Stockholders' Meeting	Appointment		Expiration of Term or Dismissal
		New	Reappointment	
March 26, 2019	Regular general meeting of shareholders	Fulltime Auditor, Jeonghoon Lee	Internal Director, Tsuji Masahumi Internal Director, Murofushi Nobuyuki	-
March 26, 2019	-	-	Representative Director (Chairman), Tsuji Masahumi	-
October 17, 2019	-	-	-	Internal Director, Midori Hajikano / Internal Director, Sosik Kim External Director, Anggu Lee
March 25, 2020	Regular general meeting of shareholders	Internal Director, Takahashi Hiroshi	Internal Director, Youngsoon Park External Director, Mori Takeshi	Internal Director, Murofushi Nobuyuki
March 25, 2020	-	-	Representative Director (CEO), Youngsoon Park	-
December 18, 2020	-	Representative Director (CEO), Takahashi Hiroshi	-	Internal Director, Youngsoon Park Representative Director (CEO), Youngsoon Park
March 31, 2021	Regular general meeting of shareholders	Executive Director, Younghee Kim	Internal Director, Tsuji Masahumi / Internal Director, Takahashi Hiroshi External Director, Mori Takeshi	-
March 31, 2021	-	Representative Director (CEO), Younghee Kim	Representative Director (Chairman), Takahashi Hiroshi	-
March 29, 2022	Regular general meeting of shareholders	Internal Director: Shin Hideo / External Director: Shiotsubo Aceke	Representative Director (Chairman), Takahashi Hiroshi / Representative Director (CEO), Younghee Kim Fulltime Auditor, Jeonghoon Lee	Internal Director, Tsuji Masahumi / External Director, Mori Takeshi
September 1, 2022	-	Representative Director (Chairman), Shin Hideo	-	Representative Director (Chairman), Takahashi Hiroshi

▲ At the 28th Regular General Meeting of Shareholders scheduled to be held on March 29, 2023, the reappointment of Shin Hideo as Representative Director (Chairman), Younghee Kim as Representative Director (CEO), Takahashi Hiroshi as Internal Director, and Shiotsubo Aceke as



External Director will be presented. In the event of rejection or modification of these appointments at the upcoming regular general meeting, a revised report will be submitted to reflect the details and reasons.

#### C. Changes in Largest Shareholder

The largest shareholder of our Company is Tokai Carbon Co., Ltd. from Japan, and there have been no changes in the largest shareholder as of December 31, 2022.

Tokai Carbon Co., Ltd. holds 5,533,250 shares, which accounts for 47.4% of the total issued shares of 11,675,000.

#### D. Change in Names

Date of Change	Before Change	After Change	Reason for Change
2001.10	Korea Tokai Carbon Co., Ltd.	Tokai Carbon Korea Co., Ltd.	To transition from a foreign investment corporation's image and strengthen independent corporate activities

#### E. Merger, Division (Merger), Comprehensive Stock Exchange/Transfer, Acquisition of Major Business

##### (1) Asset (Land) Acquisition

In order to proactively respond to the expansion of the CVD SiC Coating market, including semiconductors, solar power, and LED parts, we have purchased land for the construction of a new plant.

- Contract counterpart: Anseong-si, Gyeonggi-do
- Contract date: October 31, 2008
- Date of contract completion (registration date): May 20, 2010
- Contract amount: KRW 4 billion
- Purpose and details of the contract
  - Ⓐ Purpose: Acquisition of land for the expansion of the new plant
  - Ⓑ Location: 71, Gaejeongsaneopdanji-ro, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea
  - Ⓒ Area: 21,528m<sup>2</sup>

##### (2) Asset (Land) Transfer

- Contract counterpart: KC Co., Ltd.
- Contract date: September 1, 2015
- Contract amount: KRW 4.89 billion
- Location: 12, Je 2 Gongdan 3-gil, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea
- Area: 9,852.2m<sup>2</sup>

##### (3) Asset (Land, Building) Acquisition

- Contract counterpart: KCENC Co., Ltd.
- Contract date: July 19, 2018
- Date of contract completion (registration date): July 19, 2018

- Contract amount: KRW 4.4 billion
- Purpose and details of the contract
- Ⓐ Purpose: Acquisition of land and building for the expansion of the new plant
- Ⓑ Location: 758, 759-1 Gaejeong-ri, Miyang-myeon, Anseong-si, Gyeonggi-do
- Ⓒ Area: Land 10,728m<sup>2</sup>, Building 2,140m<sup>2</sup>

#### F. Other Details of Major Matters Related to Management Activities

##### (1) Expansion of New Factory

Since the second half of 2010, our Company has been expanding a new factory (Factory 2) in the Gaejeong Industrial Complex in Anseong City, Gyeonggi-do, and completed the expansion in April 2011. The total investment amount was KRW 34 billion (KRW 4 billion for land, KRW 30 billion for buildings and machinery), financed entirely through internal funds.

##### (2) Integration of Factory 1 and Factory 2

In 2014, the integration process of Factory 1 (Gyereuk-ri, Miyang-myeon) and Factory 2 (Gyereuk-ri, Miyang-myeon) was carried out, and in September 2015, Factory 1 was sold.

##### (3) Investment in Machinery and Auxiliary Facilities for Increased Production

From December 2014 to March 2016, our Company invested in machinery and auxiliary facilities to increase production capacity, using internal funds for the entire investment.

##### (4) Additional Investment in Machinery and Auxiliary Facilities for Increased Production

From April 2016 to March 2017, our Company carried out additional investments in machinery and auxiliary facilities to further increase production capacity, using internal funds for the entire investment.

##### (5) Investment in New Factory Construction and Auxiliary Facilities for Increased Production

Starting in July 2018, our Company made investments in new factory construction, machinery, and auxiliary facilities expansion, completing the expansion in March 2020. The total investment amount was KRW 36.3 billion, financed entirely through internal funds.

## 3. Change of Equity Capital

#### Trend of Equity Capital

(Unit: KRW, shares)

Type	Classification	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
Common Share	Total number of issued shares	11,675,000	11,675,000	11,675,000
	Face value per share	500	500	500
	Equity capital	5,837,500,000	5,837,500,000	5,837,500,000
Preferred Share	Total number of issued shares	-	-	-
	Face value per share	-	-	-

	Equity capital	-	-	-
Others	Total number of issued shares	-	-	-
	Face value per share	-	-	-
	Equity capital	-	-	-
Total	Equity capital	5,837,500,000	5,837,500,000	5,837,500,000

## 4. Total Number of Shares, etc.

### A. Total Number of Shares

As of December 31, 2022, the total authorized number of shares to be issued is 24,000,000 shares, and the total number of shares currently issued is 11,675,000 common shares. Our Company has not issued any shares other than common shares.

#### Status of Total Number of Shares

(Base Date: December 31, 2022)

(Unit: shares)

Classification		Type of shares			Notes
		Common Share	-	Total	
I. Total number of shares authorized for issuance		24,000,000	-	24,000,000	-
II. Total number of issued shares as of now		11,675,000	-	11,675,000	-
III. Total number of decreased shares as of now		-	-	-	-
	1. Capital reduction	-	-	-	-
	2. Profit retirement	-	-	-	-
	3. Repayment of redeemable shares	-	-	-	-
	4. Others	-	-	-	-
IV. Total number of issued shares (II-III)		11,675,000	-	11,675,000	-
V. Treasury shares		-	-	-	-
VI. Number of outstanding shares (IV-V)		11,675,000	-	11,675,000	-

### B. Acquisition/Disposition Status of Treasury Shares

As of December 31, 2022, the Company does not hold any treasury shares.

## 5. Matters Related to Articles of Incorporation

### A. History of Changes Made to Articles of Incorporation

Date of Change Made to Articles of Incorporation	Name of Applicable Meeting of Shareholders	Major Changes	Reasons for Change
March 26, 2019	The 24th Regular General Meeting of Shareholders	Article 9 <Deleted>	- Deleted in accordance with the obligation of electronic registration of shares (Electronic Securities Act,

			Article 25 (1))
March 26, 2019	The 24th Regular General Meeting of Shareholders	<p>Article 9-2 (Electronic Registration of Stocks, etc.)</p> <p>When the Company issues shares, bonds, etc., as defined in Article 2, Subparagraph 1 of the [Act on Electronic Registration of Stocks, Bonds, etc.], it must electronically register the shares, etc., in the electronic registration account of the electronic registration institution.</p>	- Due to the obligation of electronic registration for all shares, etc., issued in accordance with the Electronic Securities Act, effective from September 2019, the provision was established.
March 26, 2019	The 24th Regular General Meeting of Shareholders	<p>Article 52 (Appointment of External Auditor)</p> <p>The Company appoints an external auditor in accordance with the provisions of the [Act on Electronic Registration of Stocks, Bonds, etc.], obtains approval from the Audit Committee, and reports such appointment at the first regular general meeting of shareholders held after the appointment or gives written or electronic notice to the shareholders as of the most recent date of shareholder registry closure or publishes it on the Company's website.</p>	<p>– Amendment of the phraseology due to changes in legal terminology</p> <p>– Reflecting the revision of the authority to appoint external auditors in accordance with Article 10 of the [Act on Electronic Registration of Stocks, Bonds, etc.]</p>
March 25, 2020	The 25th Regular General Meeting of Shareholders	<p>Article 2 (Purpose)</p> <p>The purpose of this Company is to engage in the following businesses:</p> <p>① - ⑦ Remains the same</p> <p>⑧ Manufacturing and sale of TaC products and coatings</p> <p>⑨ Manufacturing and sale of materials, parts, and consumables related to energy storage devices</p> <p>⑩ Manufacturing and sale of materials, parts, and consumables related to optical devices</p> <p>⑪ Manufacturing and sale of materials, parts, and by-products related to carbon</p> <p>⑫ Import and export and agency business related to the above</p> <p>⑬ Ancillary businesses related to the above</p>	- Amendment of the business purpose due to the expansion of the business scope
March 25, 2020	The 25th Regular General Meeting of Shareholders	<p>Article 32 (Term of Directors)</p> <p>① The term of directors is one year. However, if the term expires after the end of the final fiscal year and before the regular general meeting of shareholders regarding that fiscal year, it will be extended until the conclusion of that meeting.</p>	- Change in the term of directors

March 31, 2021	The 26th Regular General Meeting of Shareholders	<p>Article 17 (Closure and Base Date of Shareholder Registry)</p> <p>① The Company may, through a resolution of the Board of Directors, determine a specific period or a specific day to suspend changes in the shareholder registry in order to determine the individuals, including shareholders and pledgees, who are entitled to exercise voting rights or receive dividends.</p> <p>② If the Company determines a specific period or day as mentioned in Paragraph 1, it may suspend the registration changes in the shareholder registry concerning rights for a certain period not exceeding three months or consider the shareholders listed in the shareholder registry on the day specified within three months as the shareholders entitled to exercise such rights.</p> <p>③ When the determines a specific period or day as mentioned in Paragraph 1, it shall announce it two weeks prior to the period or date.</p>	- The provisions were revised to ensure flexibility in the timing of regular general meetings of shareholders.
March 31, 2021	The 26th Regular General Meeting of Shareholders	<p>Article 18 (Timing of Convening)</p> <p>The Company is required to convene regular general meetings of shareholders for each fiscal year and may also convene extraordinary general meetings as necessary.</p>	- The provisions were revised to ensure flexibility in the timing of regular general meetings of shareholders.

March 31, 2021	The 26th Regular General Meeting of Shareholders	<p>Article 45 (Appointment and Dismissal of Auditors)</p> <p>① Auditors shall be appointed or dismissed at the general meeting of shareholders.</p> <p>② A separate proposal for the appointment or dismissal of auditors shall be submitted and resolved separately from the proposal for the appointment or dismissal of directors.</p> <p>③ The appointment of auditors requires a majority of voting rights of attending shareholders, provided that it represents more than one-fourth of the total issued shares. However, if the exercise of voting rights through electronic means is permitted pursuant to Article 368-4, Paragraph 1 of the Commercial Act, the appointment of auditors may be resolved by a majority of voting rights of attending shareholders.</p> <p>④ The dismissal of auditors requires a two-thirds majority of voting rights of attending shareholders, provided that it represents more than one-third of the total issued shares.</p> <p>⑤ In the appointment or dismissal of auditors, as stated in Paragraphs 3 and 4, shareholders who hold shares exceeding three percent of the total issued shares (including special relationships with major shareholders, individuals who hold shares based on the calculation of special relationships with major shareholders, and individuals who delegate voting rights to major shareholders or their special relationships) shall not exercise their voting rights that exceed three over a hundred of the voting shares.</p>	<ul style="list-style-type: none"> <li>– Amendments regarding the appointment of auditors</li> <li>– Incorporation of provisions related to easing the requirements for resolution of the shareholder meeting on the appointment of auditors in case of introducing electronic voting</li> <li>– Inclusion of provisions regarding restrictions on voting rights in the appointment or dismissal of auditors</li> </ul>
March 31, 2021	The 26th Regular General Meeting of Shareholders	<p>Article 54 (Dividends)</p> <p>② Dividends of Paragraph 1 shall be paid to the shareholders registered in the shareholders' registry of the Company or registered pledgees as of the dividend base date.</p> <p>※ The dividend base date may be set on a different day than the date specified in Article 17, Paragraph 1, which designates the base date for regular general meetings of shareholders.</p>	<ul style="list-style-type: none"> <li>– The dividend base date may be set as the day determined by the resolution of the board of directors.</li> <li>– Addition of a Note regarding the establishment of the dividend base date.</li> </ul>

March 29, 2022	The 27th Regular General Meeting of Shareholders	<p>Article 16-2 (Preparation and Retention of Shareholder Registry)</p> <p>① The Company shall prepare and retain the shareholder registry, specifying the information received and the date of receipt, when it receives a notification of ownership from an electronic registration agency.</p> <p>② When necessary, such as in cases where there are changes in the status of shareholders (including related parties) holding 5% or more of the shares, the Company may request the electronic registration agency to prepare the ownership details.</p> <p>③ The Company's shareholder registry shall be prepared in electronic form in accordance with Article 352-2 of the "Commercial Act."</p>	<p>– Reflecting the provisions of Article 37 (6) of the Electronic Financial Transaction Act</p> <p>– Establishing provisions based on Article 31 (4) 3 A. of the Enforcement Decree of the Electronic Financial Transaction Act to enable the Company to request the preparation of ownership details</p>
----------------	--	---	--

March 29, 2022	The 27th Regular General Meeting of Shareholders	<p>Article 17 (Closure and Base Date of Shareholder Registry)</p> <p>① The Company shall consider shareholders listed in the shareholder registry as of December 31 each year as the shareholders entitled to exercise their rights at the regular general meeting of shareholders.</p> <p>※ The regular general meeting of shareholders must be held within three months from the date specified in Paragraph 1.</p> <p>② In the event of convening an extraordinary general meeting of shareholders or for any other necessary reasons, the Company may designate the shareholders listed in the shareholder registry as of the date determined by the Board of Directors as the shareholders entitled to exercise their rights. The Company shall publicly announce this decision at least two weeks prior to the date determined by the Board of Directors.</p>	<p>- Intended to enhance convenience in the operation of the base date system.</p>
March 29, 2022	The 27th Regular General Meeting of Shareholders	<p>Article 54 (Dividends)</p> <p>① (Remains the same as the current provision)</p> <p>② Dividends of Paragraph 1 shall be paid to the shareholders registered in the shareholders' registry of the Company or registered pledgees as of the date determined in accordance with</p>	<p>- Intended to enhance convenience in the operation of the base date system.</p>

		<p>Article 17 (1).</p> <p>※ The Company may operate by aligning the base date for regular general meetings of shareholders and the dividend base date without a separate resolution from the Board of Directors.</p>	
--	--	--	--

▲ Here is the change history of the Articles of Incorporation up to the disclosure period and the submission date of this report.

#### B. Date of Articles of Incorporation Amendment

The most recent amendment date of the Articles of Incorporation attached to the business report is March 29, 2022, and there are no agenda items regarding the amendment of the Articles of Incorporation in the 28th regular general meeting of shareholders (scheduled to be held on March 29, 2023).



## II. Business Contents

### 1. Business Overview

#### A. Industry Overview

The semiconductor industry is divided into semiconductor manufacturing (device industry) and semiconductor peripheral industries (upstream industries), which manufacture semiconductor chips, often referred to as the 'rice of industries.'

Among them, the semiconductor peripheral industry (upstream industry) is further divided into the semiconductor equipment industry (machinery, apparatus, electronic equipment for device production), the semiconductor device industry (clean rooms, etc.), and the semiconductor material industry that supplies materials for device production.

Although the concept of parts for semiconductor processes related to our Company is not clearly distinguished in this classification method, it is generally described as consumables used in the production process of semiconductor devices and falls under the category of semiconductor material industry.

The products produced by our Company are parts for equipment used in the manufacturing process of semiconductors and solar wafers (silicon wafers), as well as parts for LED and semiconductor device manufacturing process equipment.

#### B. Characteristics of Business Fluctuations and Seasonality

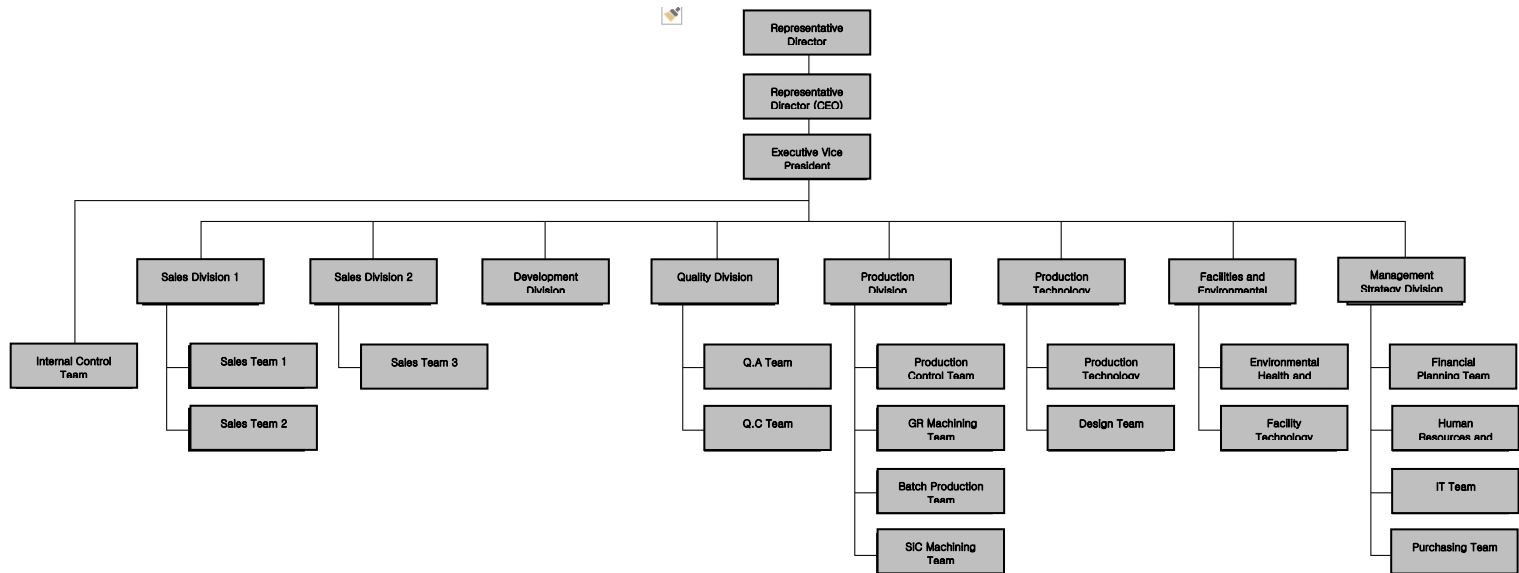
The semiconductor industry has high fixed costs and a time lag between investment and mass production, making it difficult to respond flexibly to price changes, resulting in price volatility.

However, the semiconductor material industry is relatively less sensitive to fluctuations in the semiconductor market compared to the equipment industry. This is because the equipment industry is directly related to the facility investment of the device industry, whereas the material industry is composed of a consumption-oriented structure.

#### C. Market Conditions and Competitive Landscape

Before our establishment in 1996, high-purity graphite products for semiconductor use were 100% imported and used. However, due to high prices and procurement issues, the need for domestic production companies arose, leading to the establishment of our Company based on a joint venture agreement with Tokai Carbon Co., Ltd. of Japan, and KC Co., Ltd. and Schunk Carbon Technology Ltd. of South Korea. Since its establishment, we have continued to sell high-purity graphite products with the steady expansion of the semiconductor market. Furthermore, with recent advancements in fine semiconductor processes, SiC coating technology has gained competitiveness.

#### D. Organization Chart (as of December 31, 2022)



## 2. Major Products and Services

### A. Status of Major Products, etc.

Our Company specializes in parts for semiconductors, solar cells, and LEDs. Specifically, we produce high-purity graphite parts (hereinafter referred to as 'high-purity graphite products') for growing equipment used in producing silicon ingots for semiconductors and solar cells. We are the first domestic Company to localize the production and sale of high-purity graphite products. Additionally, we sell solid SiC wafers and rings used in semiconductor device manufacturing. Furthermore, we are involved in the SiC coating business, manufacturing and selling susceptors for semiconductor ALD equipment and wafer carriers for LED chip production.

[Types of Revenue by Product Category]  
million, %)

(Unit: KRW

Business Section	Types of Revenue	Product Category	The 28th (Current) period		The 27th (Previous) period	
			Sales	Percentage	Sales	Percentage
Graphite Section	Product	High-purity graphite products for semiconductors	30,450	9.5%	25,121	9.3%
		High-purity graphite products for solar cells	900	0.3%	379	0.1%
Susceptor Section		LED and semiconductor parts and others	16,886	5.3%	15,441	5.7%
Solid SiC Section		Semiconductor process parts	268,530	84.0%	227,036	83.9%
Other Section	Goods	HEATER, etc.	2,797	0.9%	2,789	1.0%
Total			319,563	100.0%	270,767	100.0%

### B. Changes in Prices of Major Products

Our products are produced and sold based on customer orders. Therefore, the prices vary depending on the quantity, timing, and form of customer orders. It is not appropriate to provide changes in prices due to these factors, so the information has been omitted.

### 3. Raw Materials and Production Facilities

#### A. Purchase Status of Major Raw Materials

Our Company has Graphite as the largest proportion among the major procurement items, and we purchase all of the Graphite from Tokai Carbon Co., Ltd., our largest shareholder. We negotiate the purchase prices for raw materials with Tokai Carbon Co., Ltd. with each product at the beginning of each year.

(Unit: KRW million, %)

Business Section	Purchasing Type	Item	Applications	Purchase Amount (Cost)	Percentage	Remarks
Carbon Products	Raw Materials	Graphite	Product Manufacturing	27,023	99.1%	-
	Raw Materials	Graphite Foil, etc.	Product Manufacturing	248	0.9%	-
Total				27,271	100.0%	-

▲ These figures are based on the annual cumulative results until December 31, 2022.

▲ The aforementioned purchase amounts include import duties and ancillary costs.

#### B. Changes in Prices of Major Raw Materials

Our Company is purchasing Graphite material from our largest shareholder, Tokai Carbon Co., Ltd., in Japanese Yen (JPY).

(Unit: KRW 1,000)

Item	Classification	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
Graphite A	Import	5,595	5,329	5,329

#### ▲ Pricing Criteria

- Since there are various types of Graphite materials, representative prices have been provided.
- Exchange rate effects have been excluded from verifying the

changes in prices. C. Production Capacity and Production

#### Performance

(Unit: KRW 100 million)

Business Section	Item	Business Site	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
Ceramic Products	Rings and others	Anseong Plant	1,687	1,466	1,293
Total			1,687	1,466	1,293

▲ The production capacity and performance are presented based on the cost

of goods sold. D. Rate of Operation

(Unit: Time, %)

Business Site (Business Section)	Operating Time	Actual Operating Time	Rate of Operation
Anseong Plant (Ceramic Products)	2,016	1,984	98%

▲ The operating rate was calculated based on 8 hours per day and

21 working days per month. E. Matters Related to Facilities

▲ Since the second half of 2010, our Company has been expanding a new factory in the Gaejeong-ri in Anseong City, Gyeonggi-do, and completed the expansion in April 2011. Additionally, investments of KRW 10.2 billion and KRW 22 billion were made in 2015 and 2016, respectively, for expansion purposes. Furthermore, an additional investment of KRW 36.3 billion was made in 2020, completing the expansion projects.

(1) The details of the Company's tangible assets as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Acquisition cost	12,741,765	37,064,409	8,455,045	130,861,359	103,759	1,680,689	5,023,825	29,591,997	225,522,848
Accumulated depreciation	-	(5,386,577)	(4,665,803)	(81,766,203)	(46,515)	(1,137,499)	(3,574,133)	-	(96,576,730)
Profit from government grants	-	-	-	(56,169)	-	(4,071)	-	-	(60,240)
Net Book Value	12,741,765	31,677,832	3,789,242	49,038,987	57,244	539,119	1,449,692	29,591,997	128,885,878

(Unit: KRW 1,000)

The 27th (Previous) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Acquisition cost	12,741,765	32,693,259	8,455,045	121,692,207	43,518	1,603,653	4,373,516	10,297,564	191,900,527
Accumulated depreciation	-	(4,478,183)	(3,820,286)	(70,905,000)	(43,516)	(1,049,122)	(3,062,913)	-	(83,359,020)
Profit from government grants	-	-	-	(107,585)	-	(5,447)	(116)	-	(113,148)
Net Book Value	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359

(2) Changes in the Company's tangible assets during the current period and the previous period are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Net Book Value (Beginning of Period)	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359
Acquisition	-	1,024,451	-	8,484,560	60,241	89,466	521,359	28,478,489	38,658,566
Disposal	-	-	-	(832,431)	-	-	(347)	(3,184,308)	(4,017,086)
Replacement cost	-	3,346,700	-	1,740,857	-	-	155,368	(5,999,748)	(756,823)
Depreciation expenses	-	(908,395)	(845,517)	(11,033,621)	(2,999)	(99,431)	(537,175)	-	(13,427,138)
Net Book Value (End of Period)	12,741,765	31,677,832	3,789,242	49,038,987	57,244	539,119	1,449,692	29,591,997	128,885,878

(\*) This includes the amount of replacements for assets under construction in the main accounts and other accounts.

(Unit: KRW 1,000)

The 27th (Previous) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Net Book Value (Beginning of Period)	12,663,568	28,722,670	5,013,558	45,539,253	2	559,811	1,317,150	12,741,902	106,557,914
Acquisition	78,197	293,043	271,692	7,073,480	-	84,974	428,344	5,737,418	13,967,148
Disposal	-	-	(6,758)	(2,801)	-	-	(72)	-	(9,631)
Replacement cost	-	13,500	190,400	7,885,673	-	19,353	39,830	(8,181,756)	(33,000)
Depreciation expenses	-	(814,137)	(834,133)	(9,815,983)	-	(115,054)	(474,765)	-	(12,054,072)
Net Book Value (End of Period)	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359

(3) The depreciation expense recognized by the Company during the current and previous periods is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Cost of sales	12,176,604	10,910,964
Selling general administrative expenses (*)	1,250,534	1,143,108
Total	13,427,138	12,054,072

(\*) The depreciation expense recognized as current ordinary research and development expenses is KRW 719,553,000 (previous period: KRW 694,746,000).

#### F. Major Plan for Facility Investment

▲ Starting in July 2018, our Company made investments in new factory construction, machinery, and auxiliary facilities expansion, completing the expansion in March 2020. The total investment amount was KRW 36.3 billion, financed entirely through internal funds.

## 4. Statuses of Revenue and Order

### A. Revenue Performance

(As of December 31, 2022)

(Unit: KRW million)

Business Section	Types of Revenue	Item		The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
Carbon Products	Product	Semiconductor-related	Export	9,694	9,576	7,458
			Domestic	20,756	15,545	15,679
			Total	30,450	25,121	23,137
		Solar power-related	Export	313	-	-
			Domestic	587	379	140
			Total	900	379	140
			Export	6,274	1,360	515

		Susceptor-related (LED and semiconductor parts)	Domestic	10,612	14,082	9,363
			Total	16,886	15,441	9,878
		Solid SiC-related	Export	181,901	135,863	101,421
			Domestic	86,629	91,173	91,309
			Total	268,530	227,036	192,731
	Goods	HEATER, etc.	Export	113	16	85
			Domestic	2,684	2,773	2,240
			Total	2,797	2,789	2,325
	Total			Export	198,295	146,814
Domestic				121,268	123,953	118,731
Total				319,563	270,767	228,210

## B. Sales Method and Conditions

### (1) Sales Organization

As of December 31, 2022, our sales division is divided into three teams. Each team is assigned to handle technical sales of specific products to designated customers.

(Unit: person)

Classification		Position	Number of Persons	Assigned tasks
Sales Division 1	Head of the Division	Department Head	1	Overall management of Sales Division 1
	Division Employees	Assistant Manager	2	In charge of sales
		Associate	1	In charge of sales
	Sales Team 1	Manager	2	Sales Team Leader/Manager
		Assistant Manager	1	In charge of sales
		Associate	1	In charge of sales
	Sales Team 2	Assistant Manager	2	In charge of sales
		Associate	2	In charge of sales
	Total		12	-
Sales Division 2	Head of the Division	Department Head	1	Overall management of Sales Division 2
	Sales Team 3	Department Head	1	Sales Team Leader
		Deputy Department Head	1	In charge of sales
		Assistant Manager	1	In charge of sales

		Associate	2	In charge of sales
		<b>Total</b>	<b>6</b>	-
		<b>Total</b>	<b>18</b>	-

## (2) Sales Channel

Our main sales channels include direct delivery of our products to customers in the semiconductor manufacturing and solar energy sectors, as well as LED chip and semiconductor production companies, with imported goods being delivered after customs clearance and our internal import inspection.

Types of Revenue	Item	Sales Channel	Portion of Sales
Graphite and others	Semiconductor equipment parts and others	Receiving Company purchase orders → Establishing production plans → Production → Delivery to customers	99.1%
Other products	HEATER and others	Receiving Company purchase orders → Placing product orders → Import customs clearance and bonded transportation of goods → Import inspection → Delivery to customers	0.9%

▲ Based on the cumulative performance as of 2022.

## (3) Sales Strategy

### ① High-Purity Graphite Products

As the first domestic manufacturer, we differentiate ourselves from competitors through swift response to customer needs and strong capabilities in design modification. We foster differentiation by engaging in joint development with customers.

### ② LED

In the second half of 2007, we collaborated with Company S on a national project (conditional purchase) and successfully developed LED MOCVD Susceptors, becoming the first in Korea to do so by the end of 2008.

After a year of mass production testing, we started generating sales in the second quarter of 2010.

### ③ Solid SiC Products

By introducing the first domestic CVD-SiC and achieving localization of CVD SiC Coating parts, we have enhanced our image as a Company and successfully expanded the range of new alternative products in this field, increasing revenue through swift delivery response and quality enhancement strategies.

We have achieved a high market share through the domestic production of SiC Cathodes and SiC Rings, which are related to semiconductor process parts.

## (4) Status of Order

(Unit: KRW 100 million)

Item	Order Backlog
Graphite-related	395.6
Susceptor-related	85.1
Solid SiC-related	470.6
Total	951.3

▲ Since we receive continuous orders from our customers, we have not specified the individual delivery amounts separately.

▲ The base date for recording the order backlog is December 31, 2022.

## 5. Risk Management and Derivative Transactions

### A. Major Market Risks

The Company is exposed to exchange rate risk due to foreign currency-denominated sales and purchase transactions. To ensure financial stability and sustainable management, the Company manages exchange rate risk.

### B. Risk Management Method

The Company has established foreign exchange management regulations and assigned personnel to perform related tasks, aiming for systematic and continuous management of exchange risk. The Company practices debt-free management for financial soundness, and as of December 31, 2022, there are no outstanding borrowings from external sources.

▲ Supporting stable operational activities in response to volatile exchange rate fluctuations is the objective

▲ Utilization of foreign exchange derivative transactions based on internal control standards and communication with external institutions

▲ Management of exchange risk for future expected export and import proceeds

### C. Derivative Transactions Status and Profit and Loss from Derivative Contracts

The Company has entered into currency forward contracts to avoid risks associated with fluctuations in the USD and JPY exchange rates. As of the end date of the reporting period, the outstanding currency forward contracts are as follows:

(Unit: KRW 1000, USD, JPY)

Banks being Used	Maturity	Currency	Contract Amount	Agreed Exchange Rate	Market Value
Mizuho Bank	January 5, 2023	USD	868,575	1,412.80	126,335
	January 10, 2023	USD	1,624,680	1,298.70	51,127
	January 20, 2023	USD	651,200	1,433.62	108,363
	January 25, 2023	USD	1,468,673	1,325.60	86,234
	January 25, 2023	USD	1,167,925	1,280.80	16,378
	January 31, 2023	USD	528,760	1,411.00	76,146
	February 10, 2023	USD	953,862	1,297.15	29,422



	February 20, 2023	USD	950,247	1,279.70	13,160
	February 24, 2023	USD	510,820	1,323.10	29,199
	March 20, 2023	USD	568,000	1,278.10	7,690
	January 20, 2023	JPY	96,737,280	9.39	17,839
	January 20, 2023	JPY	14,421,260	9.56	241
Shinhan Bank	January 10, 2023	USD	344,472	1,314.71	15,939
	January 16, 2023	USD	1,169,250	1,307.20	45,066
	January 20, 2023	USD	655,839	1,335.90	44,029
	January 25, 2023	USD	546,310	1,413.75	79,116
	January 31, 2023	USD	884,300	1,298.60	27,022
	January 31, 2023	USD	262,100	1,258.06	(2,570)
	February 15, 2023	USD	324,230	1,334.17	21,562
	February 15, 2023	USD	882,248	1,305.70	33,696
	February 28, 2023	USD	547,120	1,296.93	16,421
	February 28, 2023	USD	854,026	1,257.02	(8,216)
	March 15, 2023	USD	381,080	1,304.44	14,537
	March 31, 2023	USD	127,800	1,255.32	(1,230)
	January 20, 2023	JPY	20,404,048	9.63	(1,599)
	January 20, 2023	JPY	16,309,076	9.70	(2,112)
	January 20, 2023	JPY	70,985,544	9.58	(612)
	February 20, 2023	JPY	154,324,689	9.59	1,240
	February 20, 2023	JPY	24,235,123	9.73	(3,646)
	Total		USD	16,271,517	829,426
			JPY	397,417,020	11,351

(2) Derivative Transaction History (as of December 31, 2022)

(Unit: KRW 1,000)

Product Name	Objective	Trading Profit	Trading Loss
Forward Exchange	For trading	1,558,170	4,355,426

## 6. Major Contracts and R&D Activities

### A. Major Contracts

On April 24, 2019, our Company entered into a technology license agreement with Tokai Carbon Co., Ltd., a related party. The agreement has a duration of 10 years, starting from January 1, 2019, and will be automatically extended for 1 year if no termination notice is given at the end of each term.

Additionally, we entered into a commission payment contract with KC Co., Ltd. on April 18, 2018, regarding the sales support of Solid SiC Rings. The contract is valid until December 31, 2024, with an automatic renewal provision for subsequent terms unless otherwise modified.

Counterparties	Items	Contents
Tokai Carbon Co., Ltd.	Type of contract	Technology transfer contract
	Date and duration of conclusion	Signed on April 24, 2019 Effective from January 1, 2019, for a period of 10 years → Automatic renewal for subsequent years in the absence of any changes
	Purpose and details	Manufacturing and sale of products through the utilization of technology
	Payment method:	-
	Other major details	-
KC Co., Ltd.	Type of contract	Commission contract for sales support
	Date and duration of conclusion	Initially signed on April 18, 2018 Effective until December 31, 2024 → Automatic renewal for subsequent years in the absence of any changes
	Purpose and details	Support for product sales
	Payment method:	-
	Other major details	-

### B. R&D Activities

#### (1) Overview of R&D Activities

Our Company is actively expanding the acquisition of key technical personnel and investment for the development of core parts used in the semiconductor process, solar cell, and LED process parts, which are our main production areas.

#### (2) Organization Responsible for R&D

Our Company obtained approval from the Korea Industrial Technology Association in March 2009 to establish a 'dedicated department for research and development.' We have been operating a dedicated research department since then. In March 2012, we obtained authorization from the Korea Industrial Technology Association for a 'Business-Affiliated Research Institute' and are conducting research on the development of new products using CVD-SiC coating.

– R&D Personnel Status (as of December 31, 2022)

R&D Department Organization		Dedicated Research Personnel	Remarks
Research Institute	Executive in Charge of Research Institute	1	-
	Researchers	20	

	Total	21	

### (3) R&D Expenses

(Unit: KRW 1,000)

Account		The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period	Notes
Raw Materials Expenses		224,591	590,423	1,170,516	-
Employee Expenses		1,634,331	1,444,318	1,620,258	-
Depreciation Expenses		719,553	702,356	676,970	-
Consigned Service Expenses		100,102	37,885	63,973	-
Others		2,150,114	2,040,799	1,400,320	-
Total R&D Expenses		4,828,691	4,815,781	4,932,036	-
Accountings	Selling and Administrative Expenses	4,828,691	4,815,781	4,932,036	-
	Manufacturing Expenses	-	-	-	-
	R&D Costs (Intangible assets)	-	-	-	-
R&D Expenses / Sales Ratio [Total R&D Expenses ÷ Sales of Current Period × 100]		1.51%	1.78%	2.16%	-

### (4) R&D Performance

#### – Localization of SiC Dummy Wafer

Classifica tion	Conte nts	Note s
Research Project	Processing Technology for 8-inch, 6-inch, and SiC Wafers	-
Research Institution	R&D Department of Tokai Carbon Korea Co., Ltd.	-
Research Results and Expected Effects	<p>▶ Product Overview</p> <p>– SiC Wafer is used as a substitute for Silicon Wafer in semiconductor device production processes for the purpose of matching the conditions inside the chamber for dummy purposes.</p> <p>Silicon Wafer forms a film on the surface due to chemical deposition depending on its usage in the process, and post-processing is required to etch off the film and clean it for reuse, resulting in process losses. To address these issues, we have developed SiC Wafer that can be used for a long time without the need for post-processing due to its minimal deposition during the process.</p> <p>▶ Product Features</p> <p>– No deformation due to high temperature and high chemical resistance.</p> <p>– Minimal outgassing and long lifetime.</p> <p>▶ Applications</p> <p>– Dummy use in diffusion, LP-CVD, sputter, etc.</p>	-
Commerciali zation of Research Results	Major Customers: Domestic and international semiconductor manufacturers	-

## – Localization of SiC Monitoring Wafer

Classification	Contents	Notes
Research Project	Surface Treatment and Planarization Technology for SiC Wafer	-
Research Institution	R&D Department of Tokai Carbon Korea Co., Ltd.	-
Study results and Expected effect	<p>▶ Product Overview</p> <p>- Monitoring Wafer is a wafer used to verify the film state on the surface of Silicon Wafer during the process. Once used, it cannot be reused and needs to be discarded. To address this issue, we have developed SiC Wafer that can be reused in the process.</p> <p>▶ Product Features</p> <p>- Minimal diffusion with metals.</p> <p>- Extremely high purity with no particle generation.</p> <p>▶ Applications</p> <p>- Monitoring purposes in diffusion processes</p>	-

## – Localization of 12-inch SiC Wafer

Classification	Contents	Notes
Research Project	Development of 12-inch SiC Wafer	-
Research Institution	R&D Department of Tokai Carbon Korea Co., Ltd.	-
Research Results and Expected Effects	<p>▶ Product Overview</p> <p>- We have successfully developed and mass-produced 8-inch SiC Wafers, and based on this foundation, we have developed 12-inch SiC Wafers as part of our applied technology.</p> <p>Considering the demand for SiC Wafers during the transition from 8-inch to 12-inch Silicon Wafers, we have initiated the development.</p> <p>▶ Applications</p> <p>- Dummy use in diffusion, LP-CVD, sputter, etc.</p>	-
Commercialization of Research Results	Major Customers: Domestic and international semiconductor manufacturers	-

## – Development of CVD-SiC Ring for Semiconductor Processes

Classification	Contents	Notes
Research Project	Development of CVD-SiC Ring for Semiconductor Processes	-
Research Institution	Business-Affiliated Research Institute of Tokai Carbon Korea Co., Ltd.	-

Research Results and Expected Effects	<p>► Product Overview</p> <p>– The Ring, which is positioned on the outer edge of the semiconductor wafer during the wafer process, plays a role in increasing the production yield of devices. Currently, Rings are predominantly made of Silicon, which is the same material as the wafer. However, they are consumable parts that are rapidly eroded by plasma ions and other factors.</p> <p>To address these issues, the development of SiC material with excellent resistance to plasma etching is urgently needed. In some processes, attempts have been made to replace Silicon with reaction-bonded SiC Rings, but impurities and particle problems limit the use of reaction-bonded SiC. To fundamentally address these issues, we have developed CVD-SiC Rings with a longer lifetime than Silicon and without impurities.</p> <p>► Product Features</p> <p>– High resistance to plasma etching and abrasion.</p> <p>– Extremely high purity product with no particle generation.</p> <p>– Almost no diffusion with metals such as Silicon and Aluminum.</p> <p>► Applications</p> <p>– Semiconductor process</p>	-
Commercialization of Research Results	Major Customers: Domestic and international semiconductor equipment companies and semiconductor manufacturers	-

## – Susceptor for Semiconductor Processes

Classification	Contents	Notes
Research Project	Development of Susceptor for Semiconductor Processes	-
Research Institution	Business-Affiliated Research Institute of Tokai Carbon Korea Co., Ltd.	-
Research Results and Expected Effects	<p>► Product Overview</p> <p>– The Susceptor is a consumable part used as a wafer susceptor in semiconductor thin film deposition equipment. To enhance its abrasion resistance and chemical resistance, we have developed a Susceptor product by applying CVD-SiC coating technology to graphite material.</p> <p>► Product Features</p> <p>– No deformation due to high temperature and high chemical resistance.</p> <p>– Minimal particle generation.</p> <p>► Applications</p> <p>– Susceptor for semiconductor deposition equipment</p>	-
Commercialization of Research Results	Major Customers: Domestic semiconductor equipment companies and semiconductor manufacturers	-

## – Heater for Semiconductor Processes

Classification	Contents	Notes
Research Project	Development of Heater for Semiconductor Processes	-
Research Institution	Business-Affiliated Research Institute of Tokai Carbon Korea Co., Ltd.	-

Research Results and Expected Effects	<p>▶ Product Overview</p> <p>– A Heater used in semiconductor processing equipment was developed by applying the CVD-SiC method on top of lightweight and strong C/C composite material (Carbon/Carbon Composites) to suppress particle generation, replacing the previously used Graphite material.</p> <p>▶ Product Features</p> <p>– Lightweight and high impact resistance.</p> <p>– Low particle generation.</p> <p>▶ Applications</p> <p>– Heater for Semiconductor Processes</p>	-
Commercialization of Research Results	Major Customers: Domestic semiconductor equipment companies	-

## – Susceptor for LED

Classification	Contents	Notes
Research Project	Development of Susceptor for LED (Light Emitting Diode)	-
Research Institution	Business-Affiliated Research Institute of Tokai Carbon Korea Co., Ltd.	-
Research Results and Expected Effects	<p>▶ Product Overview</p> <p>– The Susceptor is a consumable part used for LED (Light Emitting Diode), LD (Laser Diode), and EPI (Epitaxial) applications. It is a critical part required for the production of light-emitting devices, playing a crucial role in controlling temperature deviations and warping, which significantly impact the yield of the devices.</p> <p>Prior to our development, this product was solely imported from foreign sources. Our domestically produced Susceptor is coated using the CVD-SiC method on Graphite, achieving localization.</p> <p>▶ Product Features</p> <p>– The first domestically developed Susceptor with strong chemical resistance.</p> <p>– No deformation and low particle generation at high temperatures.</p> <p>▶ Applications</p> <p>– Manufacturing of light-emitting devices</p>	-
Commercialization of Research Results	Major Customers: Domestic and international manufacturers of light-emitting devices and equipment	-

## 7. Other Notes

▲ Not applicable.

### III. Matters Related to Financial Matters

#### 1. Financial Matters Summary

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
<b>I. Current assets</b>	<b>343,235,703</b>	<b>274,927,628</b>	<b>197,978,286</b>
1. Cash and cash equivalents	44,664,322	53,718,532	39,102,306
2. Derivatives financial assets	860,762	23,728	174,846
3. Trade receivables	38,008,630	34,663,888	27,661,435
4. Other current financial assets	207,567,720	150,620,706	100,398,104
5. Other current assets	1,985,111	739,587	388,236
6. Inventory	50,149,158	35,161,187	30,253,359
<b>II. Non-current assets</b>	<b>137,307,356</b>	<b>114,778,343</b>	<b>110,600,217</b>
1. Other non-current financial assets	3,487,935	1,260,315	1,997,041
2. Tangible asset	128,885,878	108,428,359	106,557,914
3. Intangible assets	1,841,733	1,866,147	1,750,051
4. Deferred income tax assets	2,684,832	2,645,470	-
5. Right-of-use assets	406,977	578,051	295,212
<b>Total assets</b>	<b>480,543,059</b>	<b>389,705,971</b>	<b>308,578,503</b>
<b>I. Current liabilities</b>	<b>62,254,946</b>	<b>48,768,265</b>	<b>36,813,969</b>
1. Derivative financial liabilities	19,985	48,801	4,280
2. Trade payables	9,390,213	5,903,818	3,236,235
3. Other current financial liabilities	30,089,960	24,398,854	19,531,179
4. Other current liabilities	848,887	647,196	642,876
5. Current corporate income tax liabilities	20,401,047	16,295,825	12,555,264
6. Current Provisions	1,271,076	1,195,513	699,954
7. Current lease liabilities	233,778	278,258	144,181
<b>II. Non-current liabilities</b>	<b>1,414,468</b>	<b>1,425,258</b>	<b>1,300,215</b>
1. Non-current Provisions	1,228,967	1,118,137	1,007,881
2. Non-current lease liabilities	185,501	307,121	159,031
3. Deferred income tax liabilities	-	-	133,303
<b>Total liabilities</b>	<b>63,669,414</b>	<b>50,193,524</b>	<b>38,114,184</b>
I. Equity capital	5,837,500	5,837,500	5,837,500
II. Capital surplus	6,035,002	6,035,002	6,035,002
III. Other capital components	233,169	233,169	233,169
IV. Retained earnings	404,767,974	327,406,776	258,358,648
<b>Total equities</b>	<b>416,873,645</b>	<b>339,512,447</b>	<b>270,464,319</b>
<b>Total liabilities and equities</b>	<b>480,543,059</b>	<b>389,705,971</b>	<b>308,578,503</b>

Sales	319,562,836	270,766,568	228,209,745
Operating income	127,026,641	103,400,362	80,266,434
Profit before tax	127,921,797	106,324,889	80,232,997
Current net income	94,056,448	81,890,628	60,513,890
Basic earnings per share	KRW 8,056/share	KRW 7,014/share	KRW 5,183/share

▲ The financial statements of December 31, 2022, in the above table are provisional financial statements pending approval at the meeting of stockholders. If there are any rejections or modifications regarding the approval of the financial statements at the regular meeting of stockholders in the future, the details, reasons, and other relevant information will be reflected in an amended report.

## 2. Consolidated Financial Statements

Our Company is not a corporation subject to the preparation of consolidated financial statements under Article 1-2 of the Act on External Audit of Stock Companies, Etc. during the recent three fiscal years.

## 3. Notes of Consolidated Financial Statements

Our Company is not a corporation subject to the preparation of consolidated financial statements under Article 1-2 of the Act on External Audit of Stock Companies, Etc. during the recent three fiscal years.

## 4. Financial Statement

### Statement of Financial Position

The 28th period	December 31, 2022 (present)
The 27th period	December 31, 2021 (present)
The 26th period	December 31, 2020 (present)



(Unit: KRW)

	The 28th period	The 27th period	The 26th period
Asset			
I. Current assets	343,235,703,465	274,927,628,093	197,978,285,590
1. Cash and cash equivalents	44,664,321,980	53,718,532,398	39,102,305,547
2. Derivatives	860,762,352	23,728,306	174,846,006
3. Trade receivables	38,008,629,810	34,663,887,834	27,661,435,456
4. Other current financial assets	207,567,720,318	150,620,705,915	100,398,103,511
5. Other current assets	1,985,111,071	739,586,907	388,236,217
6. Inventory	50,149,157,934	35,161,186,733	30,253,358,853
II. Non-current assets	137,307,355,798	114,778,342,544	110,600,217,300
1. Other non-current financial assets	3,487,935,424	1,260,315,454	1,997,040,574
2. Tangible asset	128,885,878,090	108,428,359,196	106,557,913,747
3. Intangible assets	1,841,733,375	1,866,147,369	1,750,050,759
4. Deferred income tax assets	2,684,831,721	2,645,469,923	0
5. Right-of-use assets	406,977,188	578,050,602	295,212,220
Total assets	480,543,059,263	389,705,970,637	308,578,502,890
Liabilities			
I. Current liabilities	62,254,946,331	48,768,265,224	36,813,969,241
1. Derivative financial liabilities	19,984,959	48,800,824	4,280,202
2. Trade payables	9,390,212,781	5,903,818,307	3,236,235,102
3. Other current financial liabilities	30,089,959,932	24,398,854,145	19,531,179,039
4. Other current liabilities	848,887,089	647,195,889	642,875,944
5. Current corporate income tax liabilities	20,401,046,731	16,295,825,152	12,555,264,239
6. Current Provisions	1,271,076,441	1,195,513,216	699,953,660
7. Current lease liabilities	233,778,398	278,257,691	144,181,055
II. Non-current liabilities	1,414,467,851	1,425,258,330	1,300,214,620
1. Non-current Provisions	1,228,967,209	1,118,137,285	1,007,880,681
2. Non-current lease liabilities	185,500,642	307,121,045	159,031,113
3. Deferred income tax liabilities	0	0	133,302,826
Total liabilities	63,669,414,182	50,193,523,554	38,114,183,861
Equity			
I. Equity capital	5,837,500,000	5,837,500,000	5,837,500,000
II. Capital surplus	6,035,001,920	6,035,001,920	6,035,001,920
III. Other capital components	233,168,836	233,168,836	233,168,836
IV. Retained earnings	404,767,974,325	327,406,776,327	258,358,648,273
Total equities	416,873,645,081	339,512,447,083	270,464,319,029

Total liabilities and equities	480,543,059,263	389,705,970,637	308,578,502,890
--------------------------------	-----------------	-----------------	-----------------

### Statement of Comprehensive Income

From January 1, 2022, to December 31, 2022

From January 1, 2021, to December 31, 2021

From January 1, 2020, to December 31, 2020

(Unit: KRW)

	The 28th period	The 27th period	The 26th period
I. Sales	319,562,836,196	270,766,567,696	228,209,744,995
II. Cost of sales	168,677,585,875	146,642,802,049	129,340,882,641
III. Gross profit	150,885,250,321	124,123,765,647	98,868,862,354
Selling general administrative expenses	23,827,832,354	20,723,897,030	18,652,097,930
Bad debt expenses	30,776,617	(493,068)	(49,669,972)
IV. Operating income	127,026,641,350	103,400,361,685	80,266,434,396
Other revenues	8,602,329,711	3,171,157,328	2,249,300,201
Other expenses	12,342,538,783	1,829,779,627	3,651,723,400
Financial income	4,654,856,331	1,599,785,703	1,382,570,022
Financial costs	19,491,840	16,635,921	13,584,149
V. Profit before tax	127,921,796,769	106,324,889,168	80,232,997,070
Corporate income tax expense	33,865,348,771	24,434,261,114	19,719,107,217
VI. Current net income	94,056,447,998	81,890,628,054	60,513,889,853
VII. Other comprehensive income	0	0	0
VIII. Total comprehensive income	94,056,447,998	81,890,628,054	60,513,889,853
IX. Earnings per share			
Basic earnings per share (Unit: KRW)	8,056	7,014	5,183
Basic and diluted earnings per share (Unit: KRW)	8,056	7,014	5,183

### Statement of change in equity

From January 1, 2022, to December 31, 2022

From January 1, 2021, to December 31, 2021

From January 1, 2020, to December 31, 2020

(Unit: KRW)

	Equity				
	Equity capital	Capital surplus	Other capital components	Retained earnings	Total capital
January 1, 2020 (capital at beginning of period)	5,837,500,000	6,035,001,920	233,168,836	208,352,258,420	220,457,929,176
Total comprehensive income (loss)					
Current net income	0	0	0	60,513,889,853	60,513,889,853

Other comprehensive income	0	0	0	0	0
Transactions with owners					
Capital investment and distribution					
Dividends paid				10,507,500,000	10,507,500,000
December 31, 2020 (capital at the end of the period)	5,837,500,000	6,035,001,920	233,168,836	258,358,648,273	270,464,319,029
January 1, 2021 (capital at beginning of period)	5,837,500,000	6,035,001,920	233,168,836	258,358,648,273	270,464,319,029
Total comprehensive income (loss)					
Current net income	0	0	0	81,890,628,054	81,890,628,054
Other comprehensive income	0	0	0	0	0
Transactions with owners					
Capital investment and distribution					
Dividends paid				12,842,500,000	12,842,500,000
December 31, 2021 (capital at the end of the period)	5,837,500,000	6,035,001,920	233,168,836	327,406,776,327	339,512,447,083
January 1, 2022 (capital at beginning of period)	5,837,500,000	6,035,001,920	233,168,836	327,406,776,327	339,512,447,083
Total comprehensive income (loss)					
Current net income	0	0	0	94,056,447,998	94,056,447,998
Other comprehensive income	0	0	0	0	0
Transactions with owners					
Capital investment and distribution					
Dividends paid	0	0	0	16,695,250,000	16,695,250,000
December 31, 2022 (capital at the end of the period)	5,837,500,000	6,035,001,920	233,168,836	404,767,974,325	416,873,645,081

### Statement of Cash Flows

From January 1, 2022, to December 31, 2022

From January 1, 2021, to December 31, 2021

From January 1, 2020, to December 31, 2020

(Unit: KRW)

	The 28th period	The 27th period	The 26th period
I. Cash flow from operating activities	87,311,102,557	78,650,104,268	65,884,382,110
1. Cash generated resulting from operation activities	130,331,664,226	113,561,538,958	90,191,173,930
(1) Current Net income	94,056,447,998	81,890,628,054	60,513,889,853
(2) Adjustment	53,847,884,504	37,493,856,904	31,629,248,343
(3) Changes in assets/liabilities resulting from operating activities	(17,572,668,276)	(5,822,946,000)	(1,951,964,266)
2. Profit from interest	3,029,087,891	1,420,174,181	1,368,915,166
3. Interest payment	(19,491,840)	(16,635,921)	0
4. Dividends paid	(16,695,250,000)	(12,842,500,000)	(10,483,004,066)
5. Corporate income tax payment	(29,334,907,720)	(23,472,472,950)	(15,192,702,920)
II. Cash flow from investing activities	(96,045,963,737)	(63,738,558,950)	(53,741,918,473)

1. Cash inflows resulting from investing activities	150,848,252,661	100,840,715,847	69,402,127,352
(1) Disposition of short-term financial instruments	148,137,000,000	99,000,000,000	68,000,006,147
(2) Decrease in short-term loan assets	279,266,650	222,996,200	201,369,400
(3) Decrease in long-term loan assets	2,027,720	32,284,670	77,637,260
(4) Decrease in lease deposits	815,060,000	378,720,000	1,111,960,000
(5) Disposition of tangible assets	33,000,000	31,200,000	11,154,545
(6) Disposition of intangible assets	0	795,454,545	0
(7) Decrease in derivative assets	1,581,898,291	380,060,432	0
2. Cash outflows resulting from investing activities	(246,894,216,398)	(164,579,274,797)	(123,144,045,825)
(1) Purchase of short-term financial instruments	(204,000,000,000)	(148,000,000,000)	(99,137,000,000)
(2) Increase in long-term loan assets	(441,000,000)	(323,000,000)	(223,000,000)
(3) Increase in lease deposits	(2,300,000,000)	(834,102,000)	(1,606,406,000)
(4) Purchase of tangible assets	(35,525,133,026)	(13,578,370,128)	(22,621,585,238)
(5) Purchase of intangible assets	(223,856,281)	(572,218,960)	(198,363,226)
(6) Decrease in derivative instrument liabilities	(4,404,227,091)	(1,271,583,709)	642,308,639
III. Cash flows from financing activities	(316,495,086)	(298,710,033)	(250,927,931)
1. Cash inflows resulting from financing activities	0	0	0
2. Cash outflows resulting from financing activities	(316,495,086)	(298,710,033)	(250,927,931)
(1) Repayment of lease liabilities	(316,495,086)	(298,710,033)	(228,952,182)
(2) Repayment of government grants	0	0	(21,975,749)
IV. Increase (decrease) in cash and cash equivalents before reflecting the effect of exchange rate fluctuations	(9,051,356,266)	14,612,835,285	11,891,535,706
V. Cash and cash equivalents at beginning of period	53,718,532,398	39,102,305,547	27,712,422,570
VI. Effects of exchange rate changes in cash and cash equivalents	(2,854,152)	3,391,566	(501,652,729)
VII. Cash and cash equivalents at the end of the period	44,664,321,980	53,718,532,398	39,102,305,547

### Statement of Appropriation of Retained Earnings

From January 1, 2022, to December 31, 2022 (planned disposal date: March 29, 2023),

From January 1, 2021, to December 31, 2021 (final disposal date: March 29, 2022),

From January 1, 2020, to December 31, 2020 (final disposal date: March 31, 2021)

(Unit: KRW)

Items	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period
Unappropriated retained earnings	392,275,520,925	316,583,847,927	248,819,969,873
Retained earnings carried forward from the previous period	298,219,072,927	234,693,219,873	188,306,080,020
Current net income	94,056,447,998	81,890,628,054	60,513,889,853
Appropriated amount of earned surplus	21,832,250,000	18,364,775,000	14,126,750,000
Surplus reserve	1,984,750,000	1,669,525,000	1,284,250,000
Cash dividends [dividend per share (%)]:			
Common Share: Current period:	19,847,500,000	16,695,250,000	12,842,500,000
KRW 1,700 (340%)			
Previous period: KRW 1,430 (286%)			
Period prior to previous period: KRW 1,100 (220%)			
Retained earnings carried forward to the	370,443,270,925	298,219,072,927	234,693,219,873

next period			
-------------	--	--	--

▲ The financial statements of the 28th period, are provisional financial statements pending approval at the meeting of stockholders. If there are any rejections or modifications of the financial statements at the regular meeting of stockholders in the future, the details, reasons, and other relevant information will be reflected in an amended report.

## 5. Notes of Financial Statements

As of December 31, 2022, and as of December 31, 2021

Tokai Carbon Korea Co., Ltd.

### 1. General Information

TCK Co., Ltd. (hereinafter referred to as the "Company") was established on August 7, 1996, under a joint investment agreement signed on August 3, 1996, with KC Tech Corporation and Schunk Carbon Technology Ltd. of Korea, and Tokai Carbon Co., Ltd. of Japan. The Company was established to manufacture, import, and sell high-purity graphite products. Since 1997, the Company has been manufacturing and importing synthetic graphite and other carbon products, which are government-approved items by the Ministry of Economy and Finance (formerly the Ministry of Finance and Economy), and conducts trading agency businesses.

On October 23, 1996, the Company was registered as a foreign-invested corporation with the Ministry of Economy and Finance (formerly the Ministry of Finance and Economy) in accordance with the Foreign Investment Promotion Act.

As of the end of the current period, the equity capital of the Company is KRW 5,837,500,000, and the largest shareholder of the Company is Tokai Carbon Co., Ltd. (Equity Ratio: 47.4%). On October 9, 2001, the Company changed its name from Korea Tokai Carbon Co., Ltd. to Tokai Carbon Korea Co., Ltd., and in August 2003, the Company's shares were listed on the KRX KOSDAQ Market, established by the Korea Exchange. Furthermore, on July 22, 2005, at an extraordinary general meeting of shareholders, the fiscal year end was changed from September 30 to December 31. As of the end of the current period, the Company does not have any subsidiaries, associated companies, or joint ventures.

### 2. Major Accounting Policies

The following are the significant accounting policies applied in the preparation of the financial statements. Unless otherwise stated, these policies have been consistently applied to the periods presented.

#### 2.1 Standards for Financial Statements Preparation

The Company's financial statements have been prepared in accordance with the Korean-International Financial Reporting Standards (K-IFRS). K-IFRS represents the Korean adoption of the standards and interpretations issued by the International Accounting Standards Board (IASB).

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

- Derivatives measured at fair value
- The long-term employee benefits liability for the present value of future salary amounts obtained as compensation for provided employment services

K-IFRS allows for the use of significant accounting estimates in the preparation of financial statements and requires management's judgment in the application of accounting policies. More complex and judgmental areas or areas requiring significant assumptions and estimates are described in Note 3.

## 2.2 Changes in Accounting Policies and Disclosures

### 2.2.1 Adoption of New/Revised Standards and Interpretations

The Company has applied the following new/revised standards for the accounting period beginning as of January 1, 2022.

(1) K-IFRS No. 1116 'Lease' (Revised) - Discounts on lease payments continuing after June 30, 2021, related to COVID-19

The scope of the practical expedient allowing for the non-evaluation of lease modifications that result from COVID-19-related rent concessions has been expanded to include lease payment reductions affecting lease payments due before June 30, 2022. The amendment to this standard has no significant impact on the financial statements.

(2) K-IFRS No. 1103, 'Business Combinations' (Revised) - Reference to the System of Concepts

In the case of a business combination, the standard was revised to have its definition of perceived assets and liabilities take reference from the amended system of concepts for financial reports; however, for liabilities and contingent liabilities included in the K-IFRS No. 1037, 'Provisions, Contingent Liabilities, and Contingent Assets' and Interpretation No. 2121 'Exposure,' exceptions were added to apply the standard thereof and clarified that contingent assets are not perceived at the date of purchase. The amendment to this standard has no significant impact on the financial statements.

(3) K-IFRS No. 1016 'Tangible assets' (Revised) - Sales Amount Before Intended Use

The prohibition of deducting the 'net selling price of goods produced during the testing period (before intended use)' from the cost of tangible assets has been introduced, and the proceeds from the sale and related costs are recognized in the profit or loss for the current period. The amendment to this standard has no significant impact on the financial statements.

(4) K-IFRS No. 1037, 'Provisions, Contingent Liabilities, and Contingent Assets' (Revised) - Onerous Contract: Incremental Costs of Fulfillment

When identifying an onerous contract, it has been clarified that the scope of the cost of contract performance includes incremental costs incurred for contract performance and the allocation of other costs directly related to contract performance. The amendment to this standard has no significant impact on the financial statements.

(5) K-IFRS Annual Improvements from 2018 to 2020

This annual improvement includes certain amendments related to K-IFRS No. 1101 'First-time Adoption of K-IFRS,' K-IFRS No. 1109 'Financial Instruments,' K-IFRS No. 1116 'Lease,' and K-IFRS No. 1041 'Agriculture, Forestry and Fishery.'

The amendment to this standard has no significant impact on the financial statements.

K-IFRS No. 1101 'First-time Adoption of K-IFRS': Subsidiary to Become the First Company of Adoption

K-IFRS 1109, 'Financial instrument': Fees related to the 10% test for the purpose of derecognizing

financial liabilities

K-IFRS No. 1116, 'Lease': Lease Incentives

K-IFRS No. 1041 'Agriculture, Forestry and Fishery': Measurement of Fair Value

### 2.2.2 Unapplied New/Revised Standards

The following key new/revised standards and interpretations have been formulated/published but have not become effective for accounting periods commencing on or after January 1, 2022. The Company has not early adopted the following standards and interpretations in preparing its financial statements:

- (1) K-IFRS No. 1001 'Financial statement mark' (Revised) - classification of current/non-current liabilities

Liabilities are classified as current or non-current based on the rights that exist at the end of the reporting period, without considering the exercise possibility of the right to defer payment or management's expectations. Furthermore, the transfer of equity instruments as part of the settlement of liabilities is included. However, if an option exists within a compound financial instrument to settle the liability by transferring equity instruments, and this option meets the definition of an equity instrument, the liability is recognized separately and not as part of the equity instrument. The revision shall be applied onward from the fiscal year that starts first after January 1, 2023; early application of the revision shall be allowed. The Company is currently assessing the impact of this revision on its financial statements.

- (2) K-IFRS No. 1001, 'Indication of Financial Statement' (Revised) - Disclosure of an 'Accounting Policy'

To define major accounting policies, mandate the announcement thereof, and provide guidelines on the means to apply the concept of importance, the 'Decision of Importance' clause of the International Financial Standard Workbook 2 has been revised. The revision shall be applied onward from the fiscal year that starts first after January 1, 2023; early application of the revision shall be allowed. The Company is currently assessing the impact of this revision on its financial statements.

- (3) K-IFRS No. 1008, 'Accounting Policies and the Change and Errors of Accounting Estimates' - Definition of 'Accounting Estimates'

The amendment clarifies the definition of accounting estimates and distinguishes them from changes in accounting policies. The revision shall be applied onward from the fiscal year that starts first after January 1, 2023; early application of the revision shall be allowed. The Company is currently assessing the impact of this revision on its financial statements.

- (4) K-IFRS No. 1012 'Corporate Income Taxes' - Deferred Income Taxes for Assets and Liabilities Arising from Single Transactions

The amendment adds a condition that assets or liabilities should not generate temporary differences to be recognized simultaneously with the initial recognition of the transaction in order to qualify as an exception to the initial recognition requirements for assets or liabilities. The revision shall be applied onward from the fiscal year that starts first after January 1, 2023; early application of the revision shall be allowed. The Company is currently assessing the impact of this revision on its financial statements.

### 2.3 Foreign Currency Translation

- (1) Functional Currency and Presentation Currency

The Company measures the items included in the financial statements in the currency ("functional currency") of the primary economic environment in which its operations are conducted. The functional

currency of the Company is the South Korean Won (KRW), and the Company's financial statements are presented in KRW.

## (2) Foreign Currency Transactions and Translation at Reporting Date

Foreign currency transactions are recognized in the functional currency using the exchange rates on the valuation date if the item is being remeasured. Exchange differences arising from the settlement of foreign currency transactions or the translation of monetary foreign currency assets and liabilities are recognized in the profit or loss for the current period. However, profits or losses arising from cash flow hedges that meet certain conditions or from a portion of net investments in foreign operations of a reporting entity that represents a monetary item are recognized in other comprehensive income.

The foreign exchange differences arising from non-monetary financial assets or liabilities are considered as part of the fair value changes in equity instruments and are recognized in profit or loss. Specifically, the foreign exchange differences arising from the fair value changes in equity instruments measured at fair value through profit or loss are recognized in the profit or loss for the current period. However, the foreign exchange differences arising from equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

## 2.4 Cash and cash equivalents

Cash and cash equivalents include cash in possession, bank deposit, and short-term investment in which the current expiration date is within 3 months.

## 2.5 Financial assets

### (1) Classification

The Company classifies financial assets into the following measurement categories:

- Financial assets measured at fair value through profits and losses for the current period
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortized cost

The classification of financial assets is based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Profits or losses on financial assets measured at fair value through profit or loss are recognized in profit or loss for the current period or other comprehensive income. Investments in debt instruments are recognized in profit or loss for the current period or other comprehensive income based on the business model under which the assets are held. The Company only reclassifies debt instruments when there is a change in the business model for managing financial assets.

For investments in equity instruments that are not held for trading in the short term, an irrevocable election may be made at initial recognition to present subsequent fair value changes in other comprehensive income. Fair value changes in unclassified equity instruments are recognized in profit or loss.

### (2) Measurement

The Company measures financial assets at fair value at initial recognition, except for financial assets measured at fair value through profit or loss for the current period, the transaction cost that is directly related to the acquisition of such financial asset shall be added to the fair value. Transaction costs of financial assets measured at fair value through profit or loss are expensed in the profit or loss for the current period.

The entire composite contract is considered when determining whether a composite contract, including embedded derivatives, has only principal and interest cash flows.



## ① Debt Instruments

The subsequent measurement of financial assets is based on the contractual cash flow characteristics of the financial assets and the business model under which they are managed. The Company classifies debt instruments into the following categories:

### (A) Amortized Cost Measurement Financial Assets:

Under the business model, where the purpose is to hold financial assets to collect contractual cash flows, financial assets with cash flows consisting solely of principal and interest are measured at amortized cost. The profits or losses of financial assets measured at amortized cost that are not subject to the application of the effective interest rate method are recognized in the profit or loss for the current period when the financial assets are derecognized or impaired. Interest income on financial assets recognized under the effective interest rate method is included in 'financial income.'

### (B) Financial assets measured at fair value through other comprehensive income

Under the business model, where the purpose is achieved through both the collection of contractual cash flows and the sale of financial assets, financial assets with cash flows consisting solely of principal and interest are measured at fair value through other comprehensive income. Except for impairment losses (reversals), interest income, and foreign exchange profits or losses, the fair value changes of financial assets measured at fair value are recognized in other comprehensive income. When financial assets are derecognized, the accumulated balance of other comprehensive income related to those assets is reclassified from equity to the profit or loss for the current period. Interest income on financial assets recognized under the effective interest rate method is included in 'financial income.' Foreign exchange profits or losses are presented as 'other income' or 'other expenses,' while impairment losses are presented as 'other expenses.'

### (C) Financial assets measured at fair value through profits and losses for the current period

Debt instruments that are neither measured at amortized cost nor measured at fair value through other comprehensive income are measured at fair value through the profit or loss for the current period. The profits or losses of debt instruments measured at fair value through the profit or loss for the current period, for which no hedge relationship applies, are recognized in profit or loss for the period they arise and are presented as 'other income or other expenses' on the income statement.

## ② Equity Instruments

The Company measures all equity instruments at fair value subsequent to initial recognition. The amount recognized in other comprehensive income for equity instruments with a long-term or strategic investment purpose where fair value changes are presented in other comprehensive income is not reclassified to the profit or loss for the current period upon derecognition of those equity instruments. Dividend income from such equity instruments is recognized as 'financial income' in profit or loss for the current period when the right to receive the dividend is established for consolidated subsidiaries.

The fair value changes of financial assets measured at fair value through profit or loss for the current period are presented as 'other income' or 'other expenses' on the income statement. Impairment losses (reversals) on equity instruments measured at fair value through other comprehensive income are not separately recognized.

## (3) Impairment

The Company evaluates the expected credit losses for debt instruments measured at amortized cost or measured at fair value through other comprehensive income based on forward-looking information. The impairment approach is determined based on whether there has been a significant increase in credit risk. However, for trade receivables, the Company applies the simplified approach of recognizing expected

credit losses for the entire period from the initial recognition of the receivables. (The method of determining whether there has been a significant increase in credit risk is referred to in Note 4.1.2.)

#### (4) Recognition and Derecognition

Structured purchases or sales of financial assets are recognized or derecognized on the trade date. A financial asset is derecognized when the contractual rights to cash flows expire or when the asset is transferred, and a significant portion of the risks and rewards of ownership are transferred.

Even if the Company transfers a financial asset, if it retains a significant portion of the risks and rewards of ownership through rights of recourse in the event of the debtor's default, the transferred financial asset is not derecognized. Instead, the entire transferred asset continues to be recognized, and the consideration received is recognized as a financial liability.

#### (5) Offsetting of Financial Instruments

Financial assets and liabilities are offset and presented as a net amount in the statement of financial position when the Company has a legally enforceable right to set off the recognized assets and liabilities, and intends to settle the net amount or realize the assets and settle the liabilities simultaneously. A legally enforceable right to set off is not dependent on future cases and applies in normal business operations, as well as in cases of default, insolvency, or bankruptcy.

### 2.6 Derivatives

Derivatives are initially recognized at fair value upon entering into derivative contracts and subsequently remeasured at fair value. Changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized as 'Other income (expense)' in the statement of comprehensive income.

### 2.7 Trade receivables

Trade receivables are initially recognized at the fair value of unconditional consideration when significant financing components are not present. Subsequently, trade receivables are measured using the effective interest rate method, applying the effective interest rate to the amortized cost and reducing it by loss allowance. (Additional matters regarding the accounting treatment of trade receivables by the Company can be found in Note 8, and the accounting policy for impairment is referenced in Note 4.1.2.)

### 2.8 Inventory

Inventory assets are valued using the weighted average method (specific identification method for goods to arrive), determining the unit cost. The cost of inventory includes purchase cost, conversion cost, and other costs necessary to prepare the inventory for saleable condition. For products or work-in-process items, the Company allocates fixed manufacturing overhead based on the actual utilization of production facilities.

Inventory is calculated at the lower of acquisition cost or net realizable value. The net realizable value is calculated by deducting the estimated additional cost of completion and selling expenses from the estimated selling price in the ordinary course of business. The valuation losses resulting from the reduction of inventory assets to their net realizable value and all impairment losses are recognized as expenses in the period in which the reduction or impairment occurs. Conversely, the reversal of inventory valuation losses due to an increase in the net realizable value of inventory assets is recognized as a reduction in the cost of sales in the period in which the reversal occurs.

### 2.9 Tangible asset

Tangible assets are initially recognized at cost and include the costs directly attributable to bringing the assets to the location and condition necessary for their intended use, as well as the estimated costs of dismantling, derecognizing, or restoring the assets.

After initial recognition, tangible assets are measured at the book value, which is the amount obtained by deducting the accumulated depreciation and accumulated impairment losses from the cost.

Land, as a type of tangible asset, is not subject to depreciation, while other tangible assets are depreciated using the straight-line method over their estimated useful lives, which best reflect the pattern of consumption of the future economic benefits inherent in the assets, after deducting their residual value zero from the acquisition cost.

If a significant portion of the cost of a component of an asset is deemed significant compared to the total cost of the asset, the depreciation of that portion is separately identified and depreciated.

Any profit and loss due to the derecognition of tangible assets is determined by the difference between the net disposal amount and the book value, and the difference is recognized as the current net profit and loss.

Classification	Estimated useful lives
Buildings	40 years
Structures:	10 years
Machinery and equipment:	8 years
Vehicles and transportation equipment	5 years
Tools	10 years
Miscellaneous equipment	5 years

The Company reviews assets' residual value, durable years, and depreciation method at the end of each reporting period. When it is determined that it is appropriate to change them, the accounting estimate shall be changed.

Subsequent expenditures are capitalized only if they meet the criteria of inflow of future economic benefits to the Company.

#### 2.10 Profit from government grants

The Company recognizes the government grants only if they are certain that they can be in compliance with the condition for the government grants and when they are certain of the recipient of such grants.

The Company receives government grants that are specifically tied to the acquisition or construction of non-current assets. When calculating the book value of the respective assets, the government grants are deducted, and the resulting depreciation expense is recognized as part of the profit or loss for the current period over the useful life of the related asset.

The Company recognizes the costs related to preserving the government grants as a deduction from the related costs over the period in which these costs are incurred.

#### 2.11 Intangible assets

Intangible assets are measured at cost upon initial recognition, and the value deducting subsequent accumulated depreciation and accumulated impairment losses from the cost after the initial recognition

is recognized as book value.

The residual value of intangible assets is zero from the time when it is usable and is depreciated by the straight-line method for durable years listed below. However, the period expected for some intangible assets to be utilized is not predictable and the durable years for the intangible assets during the year are evaluated as non-determinative and not amortized.

Classification	Estimated useful lives
Patents	10 years
Software	5 years
Exclusive license	5 years

In relation to intangible assets with limited durable years, the period and method of depreciation are reviewed at the end of each reporting period, and in relation to intangible assets with unlimited durable years, the justifiability of the evaluation that the assets' durable years are unlimited is reviewed at the end of each reporting period, and when it is determined that it is appropriate to change them, the accounting estimate is changed.

#### (1) Research and Development

Expenditures incurred during the research phase of research or internal projects are recognized as expenses when they are incurred.

Expenditures incurred during the development phase are recognized as intangible assets if all of the following criteria are met: the technical feasibility of completing the asset, the Company's intention and ability to use or sell the completed asset, the likelihood of obtaining the necessary resources, the future economic benefits associated with the intangible asset can all be reliably demonstrated, along with the ability to reliably measure the related expenditures. Other development-related expenditures are recognized as expenses when they are incurred.

#### (2) Subsequent Expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits associated with a specific asset. Other expenditures, including internally generated assets such as trademarks and trade names, are expensed immediately when incurred.

### 2.12 Impairment of Non-Financial Assets

For all non-financial assets, excluding inventory assets and deferred income tax assets, indications of impairment are reviewed at the end of each reporting period. If such indications exist, the recoverable amount of the asset is estimated. The impairment loss is recognized in the profit or loss for the current period to the extent that it exceeds the recoverable amount (higher of fair value, after deducting the value in use or costs of disposal). On the other hand, impairment losses on non-financial assets are reversed only if there is a change in the estimates used to determine the recoverable amount after the recognition of the previous impairment loss. The increased book value due to the reversal of impairment losses cannot exceed the depreciation or amortization of the book value before recognizing the impairment loss.

### 2.13 Trade Payables and Other Payables

Trade payables and other payables represent liabilities for goods or services received by the Company but not yet paid at the end of the reporting period. Trade payables and other payables are classified as current liabilities unless the payment is due more than 12 months after the reporting period. These liabilities are initially recognized at fair value and subsequently measured at amortized cost using the

effective interest rate method.

## 2.14 [Financial liabilities]

### (1) Classification and Measurement

Financial liabilities measured at fair value through the profit or loss for the current period are short-term financial instruments. Financial liabilities incurred primarily for the purpose of being repurchased within a short period are classified as financial liabilities measured at fair value through the profit or loss for the current period. Additionally, embedded derivatives that are not designated as hedging instruments and separated from derivative or financial instruments are also classified as financial liabilities measured at fair value through the profit or loss for the current period.

All non-derivative financial liabilities, excluding financial liabilities arising from financial assets measured at fair value through the profit or loss for the current period, financial guarantee contracts, and financial liabilities that do not meet the derecognition criteria, are classified as financial liabilities measured at amortized cost. These are presented as "Trade payables" and "Other financial liabilities" in the statement of financial position.

### (2) Derecognition

Financial liabilities are derecognized from the statement of financial position when the contractual obligations are fulfilled, canceled, or expired, resulting in their extinguishment, or when there is a substantial modification to the terms of the existing financial liability. The difference between the book value of financial liabilities extinguished or transferred to third parties and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized as a profit or loss in the current period.

## 2.15 Provisions

Provisions for liabilities are recognized when there is a present obligation (legal or constructive) as a result of past events, and an outflow of economic resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount that is recognized as provisions is the best estimate that can be made at the end of each reporting period about the expenses incurred for the performance of the current obligation at the end of the reporting period, considering the inevitable risk and uncertainty of the circumstance and the relevant incident.

. If the time value of money is significant, the provisions are measured at the current value of the expenditure estimated to incur in performing the obligations.

If it is expected that a third party will reimburse a portion or all of the expenditure required to settle the provision, when settlement is virtually certain, the reimbursement amount is recognized as a separate asset and accounted for accordingly.

The Company reviews the residue of the provisions at the end of each reporting period and adjusts it considering the current best estimate at the end of the reporting period. When the possibility of an outflow of resources embodying economic benefits is no longer high to fulfill the obligation, the related provision is reversed.

Provisions for sales warranty obligations are recognized when products or services are sold or provided, and they are estimated based on past warranty data, considering all possible outcomes and their associated probabilities using a weighted average approach. Provisions are only used for expenditures related to the initial recognition.

## 2.16 Current Corporate Income Tax and Deferred Income Tax

Corporate income tax expense is composed of current income tax and deferred income tax. For items directly recognized in other comprehensive income or equity, the amounts related to corporate income

tax are directly recognized in those items. Except for those items, corporate income tax is recognized in the profit or loss for the current period.

Interest and penalties related to corporate income tax are assessed to determine if they are attributable to corporate income tax. If they are attributable to corporate income tax, the provisions of K-IFRS No. 1012 'Corporate Income Tax' are applied. If they are not attributable to corporate income tax, the provisions of K-IFRS No. 1037 'Provisions, Contingent Liabilities, and Contingent Assets' are applied.

#### (1) Current Corporate Income Tax

The current corporate income tax expense is measured based on the tax laws and regulations that have been enacted or substantively enacted by the end of the reporting period. The management periodically evaluates the tax policies applied by the Company regarding situations where applicable tax regulations may vary depending on interpretation. They also consider the likelihood of tax authorities accepting uncertain corporate income tax treatments. When measuring corporate income taxes, the Company uses the most likely amount or the expected value, whichever better predicts the resolution of uncertainties, to reflect the impact of uncertainties.

Current corporate income tax is calculated based on taxable profit for the period. Taxable income differs from profit and loss on the statement of other comprehensive income as the profit and loss that may be added or deducted in other taxation periods or tax-free income or non-deductible income are excluded from the net profit before corporate income tax expense. The unpaid corporate tax related to the corporate tax of the current period is calculated by applying the tax rates that are enacted or enacted in practice.

Current corporate income tax assets and liabilities are offset only when all of the following conditions are met:

- The Company has a legally enforceable right to set off the recognized amounts.
- The intention is to settle the net amount or to simultaneously settle the asset and liability by realizing the asset.

#### (2) Deferred Income Tax

Deferred income tax is recognized for temporary differences between the book value of assets and liabilities and their tax base, and it represents the expected tax effects when the book value is recovered or settled. However, deferred income tax assets and liabilities arising from transactions other than business combinations are not recognized if the transaction does not affect accounting profit or taxable income.

Deferred income tax assets are recognized when it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The deferred income tax assets and liabilities are measured by using the tax rate that is expected to be applied at the reporting period, based on the tax law that is enacted at the end of the reporting period or is enacted in practice.

Deferred income tax assets and liabilities are offset when the Company has a legally enforceable right to set off the current corporate income tax assets against the current corporate income tax liabilities, and they relate to income taxes levied by the same taxation authority. Current corporate income tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts, and there is an intention to settle the net amount or to simultaneously settle the asset and liability by realizing the asset.

#### 2.17 Paid-in Capital

Common Share is classified as capital, and the incremental cost directly related to capital transactions is deducted from capital as the net amount reflecting tax effects.

When the Company repurchases treasury shares, such treasury shares are directly deducted from capital as a separate item of treasury shares. The profits or losses from purchasing, selling, issuing, or retiring treasury shares are not recognized in the profit or loss for the current period. When the Company's subsidiaries acquire and hold treasury shares, the consideration paid or received is directly recognized in equity.

## 2.18 Earnings Per Share

The Company calculates basic earnings per share and diluted earnings per share based on the current net income and presents them in the statement of comprehensive income. Basic earnings per share are calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted average number of common shares outstanding during the reporting period.

## 2.19 Employee Benefits

### (1) Short-term Employee Benefits

The short-term employee benefits that are to be paid within 12 months from the end of the reporting period, which is when the employees provided the service in question, are recognized as the current net profit and loss when the estimated amount is paid when the service was provided. Short-term employee Benefits are measured at undiscounted amounts. If the Company has a legal or constructive obligation as a result of past services by an employee, and the amount of the obligation can be reliably estimated, the amount expected to be paid as profit sharing and bonuses is recognized as a liability.

### (2) Retirement Benefits: Defined Contribution System

The Company's retirement pension plan is a defined contribution system. A defined contribution system is a retirement benefit plan in which the Company makes fixed contributions to a separate fund, and except for cases where the contributions are included in the cost of assets, they are recognized in the profit or loss for the current period.

### (3) Other Long-Term Employee Benefits

The Company provides long-term employee benefits to long-serving employees. Other long-term employee benefits that will not be paid within 12 months from the end of reporting period of when the employee provided the relevant service are discounted to the current value of the future remuneration obtained in return for the service provided in the current or past period.

Changes following the re-valuation are recognized as the current net profit and loss of the period when the changes occurred.

## 2.20 Revenue Recognition

### (1) Identification of Performance Obligations

The Company engages in the manufacturing of parts for semiconductors, solar panels, and LED equipment. The Company identifies performance obligations that are distinct for the sale of goods and transportation services in contracts with customers.

### (2) Performance Obligation Satisfied at a Point in Time: Sale of Goods

The Company recognizes revenue when it transfers control of goods to the customer, which occurs upon delivery of the goods. Control of the goods is considered transferred when the goods are physically transported to a specified location, the risks of loss and deterioration of the goods are transferred to the customer, and the customer has an unconditional right to payment upon receipt of the products.

### (3) Performance Obligation Satisfied over Time: Shipping Service

The service contracts provided by the Company to customers, as per the contractual agreement, involve the transfer of control over time. Therefore, revenue is recognized over time as the performance obligation is satisfied. To determine whether control over the goods or services is replaced over time,

the Company assesses whether the customer simultaneously receives and consumes the benefits provided by the Company's performance, whether the Company creates or enhances an asset controlled by the customer as the Company performs, or whether the Company's performance creates an asset with no alternative use to the Company and the Company has a right to payment for performance completed to date.

#### (4) Financial Considerations

The Company does not expect to have any contracts in which the payment of promised goods or services to customers extends beyond one year. Therefore, the Company does not adjust the time value of the transaction price.

#### 2.21 Lease

The Company determines whether a contract is a lease or contains a lease by considering whether control over the identified asset is transferred to the Company in exchange for consideration for a specified period of time at the inception of the contract.

##### Accounting Treatment as a Lessee

On the commencement date or the effective date of a contract that includes lease components, the Company allocates the consideration in the contract to each lease component based on their relative standalone prices. However, for real estate leases, the Company applies a practical expedient of not separating non-lease components and accounts for them as a single lease component.

On the lease commencement date, the Company recognizes the right-of-use asset and lease liability. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, lease payments made before or at the lease commencement date (net of lease incentives received), initial direct costs, and an estimate of costs to dismantle and derecognize the underlying asset or restore the underlying asset or the leased property.

Subsequently, the right-of-use asset is depreciated on a straight-line method from the lease commencement date to the lease term end date.

However, if ownership of the right-of-use asset is transferred or the exercise price of a purchase option is reflected in the cost of the right-of-use asset at the lease term end date, the depreciation of the right-of-use asset is based on the same method as for tangible assets until the expected end of the useful life of the underlying asset. The right-of-use asset may also be adjusted for impairment losses or lease liability remeasurement.

The lease liability is initially measured at the present value of the lease payments not yet paid at the lease commencement date. The lease payments are discounted using the implicit interest rate of the lease when readily determinable; otherwise, the Company's incremental borrowing rate is used as the discount rate.

Typically, the Company uses its incremental borrowing rate as the discount rate.

The Company determines the incremental borrowing rate by adjusting interest rates obtained from various external sources to reflect the terms of the lease and the characteristics of the leased asset.

The lease payments included in the measurement of the lease liability consist of the following:

- Fixed lease payments (including substantive fixed lease payments)
- Variable lease payments that vary based on an index or a rate. Initially measured using the index or rate as of the lease commencement date
- Amounts expected to be payable under residual value guarantees
- Exercise price of a purchase option when the exercise of the purchase option is reasonably certain, lease payments for the extension period when the exercise of the extension option is reasonably certain,



and payments incurred to terminate the lease if it reflects the termination of the lease

The lease liability is amortized using the effective interest method. It is remeasured when there is a change in lease payments resulting from a change in index or rate, a change in amounts expected to be payable under residual value guarantees, a change in the assessment of whether a purchase option, extension option, or termination option is reasonably certain, or a change in substantive fixed lease payments.

When remeasuring the lease liability, the related right-of-use asset is adjusted, and if the book value of the right-of-use asset becomes zero, the remeasurement amount is recognized in the profit or loss for the current period.

If there are changes in the valuation or modifications to the substantive fixed lease payments, the lease liability will be remeasured.

For short-term leases with a lease term of 12 months or less and leases of low-value assets, including IT equipment, the Company has elected a practical expedient not to recognize right-of-use assets and lease liabilities. The lease payments related to these leases are recognized as an expense on a straight-line basis over the lease term.

## 2.22 Approval of Financial Statements

The Company's financial statement was approved by the Board of Directors on February 10, 2023, and it will be approved at the general meeting of shareholders on March 29, 2023.

## 3. Major Accounting Estimates and Assumptions

The preparation of financial statements requires the use of assumptions and estimates about the future, and management's judgment is required to apply the Company's accounting policies.

These estimates and assumptions are continually evaluated and are based on reasonable predictions of future events considering the past experience and current circumstances. The results of accounting estimates may deviate from actual results, and therefore, they inherently carry significant risks that could lead to major adjustments.

The following are management's estimates and assumptions regarding items that could impact the adjustment of asset and liability book values in the next accounting year. Additional information concerning significant judgments and estimates for specific items is disclosed in the individual notes.

### (1) Corporate tax

The provision for corporate income taxes is determined based on tax laws and the tax authorities' decisions, resulting in uncertainties in calculating the final tax effect (Note 28).

The Company bears additional corporate income taxes calculated based on the method prescribed by tax laws when a certain amount of taxable income is not utilized for investments, wage increases, and other purposes during a specific period. Consequently, when measuring current corporate taxes and deferred income taxes for the period, the tax effects arising from this provision should be considered. The amount of corporate income taxes the Company will bear depends on the level of investments, wage increases, and other factors in each year, introducing uncertainties in determining the final tax effect.

### (2) Impairment of Financial Assets

The loss allowance on financial assets is measured based on assumptions regarding credit risk and expected loss rates.

The Company selects these assumptions and the input variables for impairment models based on its past

experience, current market conditions, and future outlook information as of the financial reporting date (Note 4.1.2).

### (3) Sales Warranty Provision

The Company has an obligation to provide warranty coverage for its products. The Company recognizes warranty provisions based on the best estimates deemed necessary to fulfill future and current warranty obligations as of the end of each reporting period. This best estimate is determined based on past experience (Note 17).

### (4) Loss Allowance for Inventory Asset

The Company estimates its inventory at the lower of cost or net realizable value. The estimation is based on the most reliable evidence available as of the estimation date (Note 11).

### (5) Other Long-Term Employee Benefits

Other long-term employee benefits are measured using the same method as defined benefit plans. The measurement of these benefits is influenced by various factors, particularly changes in the discount rate, which is determined using an insurance actuarial approach (Note 18).

## 4. Risk Management

### 4.1 Financial Risk Management Factors

The financial risks to which the Company is exposed and the potential impact of these risks on the Company's future performance are as follows:

Risk	Exposure to such risk	Measurement	Management
Market Risk - Exchange Rate	Future trading Financial assets and liabilities denominated in functional currencies other than the presentation currency	Cash flow estimation, sensitivity analysis	Currency forwards
Credit Risk	Cash equivalents, trade receivable, derivatives, and debt instruments	Default rate analysis, credit ratings	Diversification of bank deposits, credit limits, L/Cs Investment guidelines for debt instruments

Risk management is conducted by the Financial Planning team in accordance with the policies approved by the Board of Directors. The Financial Planning team closely collaborates with the operational departments of the Company to identify, assess, and avoid financial risks. The Board of Directors reviews and approves documented policies not only for specific areas such as foreign exchange risk, credit risk, the use of derivatives and non-derivative financial instruments, and investments exceeding liquidity, but also for overall risk management.

#### 4.1.1 Market risk

##### (1) Foreign Currency Risk

The Company engages in international business activities and is exposed to foreign exchange risk, particularly related to fluctuations in major currencies such as the US dollar, Japanese yen, and Chinese yuan. Foreign exchange risk primarily arises in connection with identified assets and liabilities.

objective of the Company's foreign exchange risk management is to minimize uncertainty and profit fluctuations resulting from exchange rate movements, thereby maximizing the Company's value.

The main cashable foreign currency details of the Company, expressed in foreign currencies other than the functional currencies as of the end of the current and previous period, are the following:

(Unit: USD 1,000, JPY 1,000, CNY 1,000, EUR 1,000, KRW 1,000)

Classification	Currency	The 28th (Current) period		The 27th (Previous) period	
		Foreign currency amount	Converted to KRW	Foreign currency amount	Converted to KRW
Financial assets					
Cash and cash equivalents	USD	99	126,002	2,574	3,050,913
	JPY	9,569	91,212	3,729	38,413
Trade receivables	USD	20,778	26,331,513	18,443	21,864,600
	JPY	1,131	10,780	1,506	15,515
	CNY	19,584	3,553,402	10,301	1,918,607
Other current financial assets	JPY	36	343	-	-
[Financial liabilities]					
Trade payables	JPY	538,960	5,137,256	258,198	2,660,062
Other current financial liabilities	USD	52	65,848	313	371,007
	JPY	19,545	186,295	11,582	119,325
	EUR	157	212,476	150	201,351

The impact on the Company's post-tax profit and equity due to a 10% fluctuation in the exchange rate of each foreign currency to the KRW, assuming all other variables remain constant as of the end of the current and previous period, is as follows:

(Unit: KRW 1,000)

Classification		Impact on post-tax profit		Impact on capital	
		The 28th (Current) period	The 27th (Previous) period	The 28th (Current) period	The 27th (Previous) period
USD /KRW	In case of an increase	2,058,550	1,914,471	2,058,550	1,914,471
	In case of a decrease	(2,058,550)	(1,914,471)	(2,058,550)	(1,914,471)
JPY/KRW	In case of an increase	(407,255)	(212,586)	(407,255)	(212,586)
	In case of a decrease	407,255	212,586	407,255	212,586
CNY /KRW	In case of an increase	277,165	149,651	277,165	149,651
	In case of a decrease	(277,165)	(149,651)	(277,165)	(149,651)
EUR /KRW	In case of an increase	(16,573)	(15,705)	(16,573)	(15,705)
	In case of a decrease	16,573	15,705	16,573	15,705

The sensitivity analysis mentioned above was conducted on currency-denominated assets and liabilities, other than the functional currency, as of the end of the reporting period.

## (2) Price Risk

The Company is not exposed to price risk as it does not hold any equity securities on its statement of financial position.

### 4.1.2 Credit Risk

#### (1) Risk Management

Credit risk is managed at the Company-wide level. It encompasses not only the credit risk associated with trade receivables, including those from wholesale and retail customers, but also cash and cash equivalents, contractual cash flows of financial liabilities, favorable derivative instruments, and financial institution deposits.

For financial institutions such as banks, the credit risk from these entities is limited as the Company deals with institutions with excellent credit ratings. For general counterparties, their creditworthiness is evaluated based on factors such as their financial condition and past experience. Individual risk limits are determined based on internally or externally assigned credit ratings, and the utilization of credit limits is periodically reviewed.

All debt instruments held by the Company correspond to low credit risk. The credit ratings of these debt instruments are monitored to assess any potential decline in credit risk.

#### ① Exposure to Credit Risk

The book values of financial assets represent the maximum exposure to credit risk. The exposure to credit risk at the end of the current and previous period is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Cash and cash equivalents (*)	44,659,527	53,713,381
Trade receivables	38,008,630	34,663,888
Other financial assets	211,055,655	151,881,021
Derivative assets	860,762	23,728
Total	294,584,574	240,282,018

(\*) The cash held by the Company, which is not deposited with financial institutions, is not exposed to credit risk. Therefore, it has been excluded from the exposure amount to credit risk.

#### (2) Credit Enhancement

For certain trade receivables, the Company has obtained credit enhancements such as guarantees or credit insurance that allow for the demand of performance in case of contract default.

#### (3) Impairment of Financial Assets

The Company holds the following financial assets that are subject to expected credit loss models:

- Trade receivables arising from the provision of goods or services
- Other financial assets measured at amortized cost

Cash and cash equivalents are also subject to impairment regulations, but no significant expected credit losses have been identified.

## ① Trade Receivables

The Company applies a simplified approach to recognize the loss allowance for trade receivables, considering the expected credit losses for the entire period.

Trade receivables are classified based on their credit risk characteristics and days past due to measuring the expected credit losses. The expected credit loss rate is derived from payment information and confirmed credit loss data related to sales for the preceding 36 months from the end of the reporting period.

The loss allowance for trade receivables as of the end of the current and previous periods is as follows:

(Unit: KRW 1,000)

Classification	Within 3 month	Within 6 month	Within 9 month	Within 12 month	More than 12 months	Total
December 31, 2022 (end of current period)						
Expected loss rate	0.00%	1.91%	1.91%	12.25%	100.00%	
Total book value - Accounts receivable	36,339,199	1,701,938	-	-	-	38,041,137
Loss allowance	-	32,507	-	-	-	32,507

(Unit: KRW 1,000)

Classification	Within 3 month	Within 6 month	Within 9 month	Within 12 month	More than 12 months	Total
December 31, 2021 (end of previous period)						
Expected loss rate	0.00%	0.01%	0.84%	18.92%	100.00%	
Total book value - Accounts receivable	33,426,376	1,237,726	-	-	16,679	34,680,781
Loss allowance	100	114	-	-	16,679	16,893

The changes in the loss allowance for trade receivables during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	Trade receivables	
	The 28th (Current) period	The 27th (Previous) period
Beginning of period	16,893	17,386
Target	30,777	(493)
Write-off, etc.	(15,163)	-
End of period	32,507	16,893

The impairment of trade receivables is presented as a net allowance for bad debt expenses on the income statement. Trade receivables and contract assets are written off when it is determined that the collection cannot be reasonably expected. The subsequent recovery of written-off amounts is recognized as a reduction in the same account.

## ② Other Financial Assets Measured at Amortized Cost

The category of other financial assets measured at amortized cost includes employee loans, short-term financial instruments, lease deposits, and other outstanding amount.

Other financial assets are also subject to impairment regulations, but no significant expected credit losses have been identified. All other financial assets measured at amortized cost are considered to have low credit risk. Financial instruments are considered to have low credit risk if there is a low risk of default and the issuer has sufficient capacity to make contractual cash flows within a short period.

(4) Financial assets measured at fair value through profits and losses for the current period

The Company is also exposed to credit risk related to financial assets measured at fair value through the profit or loss for the current period.

#### 4.1.3 Liquidity Risk

The Company's financial planning team constantly reviews liquidity forecasts to ensure the fulfillment of operational funding requirements. When estimating liquidity, the Company considers factors such as its funding plans, compliance with agreements, internal target financial ratios, and external regulations or legal requirements related to currency.

##### (1) Maturity Analysis

In the liquidity risk analysis, the Company classifies the following financial liabilities based on their contractual maturities:

① All non-derivative financial liabilities

② If contractual maturities among net and total payment derivatives are needed to understand the timing of cash flows

The fair value of the Company's derivative liabilities for trading is included in the category of maturities less than one year, amounting to KRW 19,985,000 (KRW 48,801,000 in the previous period). These derivatives are managed based on net fair value, and their contractual maturities are not necessary to understand the timing of cash flows.

Furthermore, as of the end of the current period, the Company has neither received nor provided any collateral or guarantees.

(Unit: KRW  
1,000)

The 28th (Current) period	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total	Book Value
Non-derivatives						
Trade payables	9,390,213	-	-	-	9,390,213	9,390,213
Other current financial liabilities	30,089,960	-	-	-	30,089,960	30,089,960
Lease liabilities	233,778	122,259	69,609	-	425,646	419,279
Total non-derivatives	39,713,951	122,259	69,609	-	39,905,819	39,899,452
Derivatives						
Derivatives for trading	19,985	-	-	-	19,985	19,985
Total derivatives	19,985	-	-	-	19,985	19,985

(Unit: KRW  
1,000)

The 27th (Previous) period	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total	Book Value
Non-derivatives						
Trade payables	5,903,818	-	-	-	5,903,818	5,903,818
Other current financial liabilities	24,398,854	-	-	-	24,398,854	24,398,854
Lease liabilities	290,837	229,660	109,714	-	630,211	585,379
Total non-derivatives	30,593,509	229,660	109,714	-	30,932,883	30,888,051
Derivatives						
Derivatives for trading	48,801	-	-	-	48,801	48,801
Total derivatives	48,801	-	-	-	48,801	48,801

#### 4.2 Capital Risk Management

The purpose of equity management by the Company is to protect the capacity for continuous provision of profit for shareholders and stakeholders with going concern and to maintain the optimal capital structure for reducing equity expense. Accordingly, the Company aims to minimize borrowings and manage its capital structure by adjusting dividend payments to shareholders.

The Company manages its capital based on the gearing ratio. The gearing ratio is calculated by dividing net debt by total capital. Net liability is the amount obtained by deducting cash and cash equivalents from total borrowings (this includes short-term and long-term borrowings in the statement of financial position), and total equity is the amount obtained by adding net liability to 'equity' in the statement of financial position.

It should be noted that the Company did not disclose the gearing ratio as there were no borrowings as of the end of the current and previous periods.

### 5. Fair Value

There are no significant fluctuations in the business environment and economic conditions that affect the fair value of the Company's financial assets and financial liabilities during the current period.

#### 5.1 Fair Value by Type of Financial Instruments

The book value and fair value of current financial products as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period		The 27th (Previous) period	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets (*1)				
Cash and cash equivalents	44,664,322	(*3)	53,718,532	(*3)
Derivatives financial assets	860,762	<b>860,762</b>	23,728	23,728
Trade receivables	38,008,630	(*3)	34,663,888	(*3)
Other current financial assets	207,567,720	(*3)	150,620,706	(*3)
Other non-current financial assets	3,487,935	(*3)	1,260,315	(*3)
Total	294,589,369	<b>860,762</b>	240,287,169	23,728
[Financial liabilities] (*2)				

Derivative financial liabilities	19,985	<b>19,985</b>	48,801	48,801
Trade payables	9,390,213	(*3)	5,903,818	(*3)
Other current financial liabilities	30,089,960	(*3)	24,398,854	(*3)
Lease liabilities	419,279	(*3)	585,379	(*3)
Total	39,919,437	<b>19,985</b>	30,936,852	48,801

(\*1) Financial assets, excluding derivative financial assets, are measured at amortized cost.

(\*2) Financial liabilities, excluding derivative financial liabilities, are measured at amortized cost.

(\*3) The Company has excluded the book values from fair value disclosure as they reasonably approximate fair value.

## 5.2 Hierarchy of Fair Value

The Company classifies financial instruments measured at fair value into three levels defined in the reference standard, to provide information about the reliability of input variables used in determining fair value. Financial products measured at fair value are classified according to the fair value hierarchy, and the defined levels are as follows:

- Unadjusted quoted price in an active market accessible to the same asset or liability at the date of measurement  
(Level 1)
- Directly or indirectly observable inputs for an asset or liability other than the level 1 quoted price  
(Level 2)
- Unobservable inputs for an asset or liability (Level 3)

The classification of assets and liabilities measured at fair value into the fair value hierarchy as of the end of the current and previous period is as follows:

(Unit: KRW 1,000)

Classification		The 28th (Current) period			
		Level 1	Level 2	Level 3	Total
Asset	Financial assets				
	Derivatives financial assets	-	860,762	-	860,762
Liabilities	[Financial liabilities]				
	Derivative financial liabilities	-	19,985	-	19,985

(Unit: KRW 1,000)

Classification		The 27th (Previous) period			
		Level 1	Level 2	Level 3	Total
Asset	Financial assets				
	Derivatives financial assets	-	23,728	-	23,728
Liabilities	[Financial liabilities]				
	Derivative financial	-	48,801	-	48,801



	liabilities				
--	-------------	--	--	--	--

### 5.3 Valuation Methods and Input Variables

At the end of the current period, the Company is using the following valuation methods and input variables for the recurring fair value measurements classified as Level 2 in the fair value hierarchy.

(Unit: KRW 1,000)

Classification	Fair Value	Level	Valuation technique	Input variable
Financial assets measured at fair value through profits and losses for the current period				
Derivatives financial assets	860,762	2	Present value method	Interest rate, etc.
Financial liabilities measured at fair value through profits and losses for the current period				
Derivative financial liabilities	19,985	2	Present value method	Interest rate, etc.

## 6. Categorized Financial Instruments

(1) The categorization of the Company's financial instruments by category as of the end of the current and previous period is as follows:

(Unit: KRW 1,000)

Assets on the statement of financial position	The 28th (Current) period	The 27th (Previous) period
Financial assets measured at amortized cost		
Cash and cash equivalents	44,664,322	53,718,532
Trade receivables	38,008,630	34,663,888
Other financial assets	211,055,655	151,881,021
Financial assets measured at fair value through profits and losses for the current period		
Derivatives financial assets	860,762	23,728
Total	294,589,369	240,287,169

(Unit: KRW 1,000)

Liabilities on the statement of financial position	The 28th (Current) period	The 27th (Previous) period
Financial liabilities measured at amortized cost		
Trade payables	9,390,213	5,903,818
Other current financial liabilities	30,089,960	24,398,854
Lease liabilities	419,279	585,379
Financial liabilities measured at fair value through profits and losses for the current period		
Derivative financial liabilities	19,985	48,801
Total	39,919,437	30,936,852

- (2) The Company's categorized profit and loss of financial instruments during the current and previous period is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Financial assets measured at amortized cost		
Profit from interest	4,654,856	1,599,786
Bad debt expenses (reversal)	(30,777)	493
Profit and loss on foreign currency exchange	3,561,453	1,708,492
Foreign currency transaction profit and loss	(1,645,358)	72,422
Financial assets measured at fair value through profit or loss for the current period / Liabilities		
Valuation profit and loss	840,777	(25,073)
Profit and Loss of Disposal	(2,797,256)	(1,062,090)
Financial liabilities measured at amortized cost		
Profit and loss on foreign currency exchange	204,800	87,212
Foreign currency transaction profit and loss	48,138	28,705
Interest expense	(19,492)	(16,636)

## 7. Cash and cash equivalents

The Company's Cash and cash equivalents as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Cash in hand	4,795	5,151
Bank deposit	44,659,527	53,713,381
Total	44,664,322	53,718,532

## 8. Trade Receivable and Other Financial Assets

- (1) The details of the Company's trade receivables and loss allowance as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period		The 27th (Previous) period	
	Current	Non-current	Current	Non-current
Trade receivables	38,041,137	-	34,664,102	16,679
Loss allowance	(32,507)	-	(214)	(16,679)
Trade receivables (net amount)	38,008,630	-	34,663,888	-

Trade receivables represent the amounts customers owe for goods or services sold in the normal course of business. Generally, these amounts are expected to be settled within 1-2 months, and if no separate agreement exists, they are classified as current assets. When initially recognized, if trade receivables do not contain significant financing elements, they are measured at the transaction price, which is considered fair value.

The Company holds trade receivables with the purpose of collecting cash flows per contractual agreements, and therefore, they are measured at amortized cost.

At the end of the current period, the Company does not have any collateral held against trade receivables.

## (2) Other financial assets

(Unit: KRW 1,000)

Classi ficati on	The 28th (Current) period			The 27th (Previous) period		
	Curr ent	Non- current	Total	Curr ent	Non- current	Total
Short-term financial instruments	204,000,000	-	204,000,000	148,137,000	-	148,137,000
Loans	245,871	343,987	589,858	203,845	226,307	430,152
Outstanding amount	49,184	-	49,184	7,964	-	7,964
Accrued income	2,302,665	-	2,302,665	676,897	-	676,897
Deposits	970,000	3,143,948	4,113,948	1,595,000	1,034,008	2,629,008
Total	207,567,720	3,487,935	211,055,655	150,620,706	1,260,315	151,881,021

## (3) Impairment

The impairment and the Company's credit risk related to trade receivables and other financial assets are explained in Note 4.1.2.

## 9. Derivatives

(1) The details of the Company's derivatives as of the end of the current and previous period are as follows:

(Unit: KRW 1,000)

Classi ficati on	The 28th (Current) period		The 27th (Previous) period	
	Asset	Liabilities	Asse t	Liabi lities
Currency forwards	860,762	19,985	23,728	48,801

(2) The Company has entered into currency forward contracts to avoid risks associated with fluctuations in the USD and JPY exchange rates. As of the end date of the reporting period, the outstanding currency forward contracts are as follows:

(Unit: KRW 1000, USD, JPY)

Banks being Used	Maturity	Currency	Contract Amount	Agreed Exchange Rate	Market Value
---------------------	----------	----------	--------------------	-------------------------	--------------

Mizuho Bank	January 5, 2023	USD	868,575	1,412.80	126,335
	January 10, 2023	USD	1,624,680	1,298.70	51,127
	January 20, 2023	USD	651,200	1,433.62	108,363
	January 25, 2023	USD	1,468,673	1,325.60	86,234
	January 25, 2023	USD	1,167,925	1,280.80	16,378
	January 31, 2023	USD	528,760	1,411.00	76,146
	February 10, 2023	USD	953,862	1,297.15	29,422
	February 20, 2023	USD	950,247	1,279.70	13,160
	February 24, 2023	USD	510,820	1,323.10	29,199
	March 20, 2023	USD	568,000	1,278.10	7,690
	January 20, 2023	JPY	96,737,280	9.39	17,839
	January 20, 2023	JPY	14,421,260	9.56	241
Shinhan Bank	January 10, 2023	USD	344,472	1,314.71	15,939
	January 16, 2023	USD	1,169,250	1,307.20	45,066
	January 20, 2023	USD	655,839	1,335.90	44,029
	January 25, 2023	USD	546,310	1,413.75	79,116
	January 31, 2023	USD	884,300	1,298.60	27,022
	January 31, 2023	USD	262,100	1,258.06	(2,570)
	February 15, 2023	USD	324,230	1,334.17	21,562
	February 15, 2023	USD	882,248	1,305.70	33,696
	February 28, 2023	USD	547,120	1,296.93	16,421
	February 28, 2023	USD	854,026	1,257.02	(8,216)
	March 15, 2023	USD	381,080	1,304.44	14,537
	March 31, 2023	USD	127,800	1,255.32	(1,230)
	January 20, 2023	JPY	20,404,048	9.63	(1,599)
	January 20, 2023	JPY	16,309,076	9.70	(2,112)
	January 20, 2023	JPY	70,985,544	9.58	(612)

	February 20, 2023	JPY	154,324,689	9.59	1,240
	February 20, 2023	JPY	24,235,123	9.73	(3,646)
Total		USD	16,271,517		829,426
		JPY	397,417,020		11,351

## 10. Other current assets

The details of the Company's other current assets as of the end of the current and previous terms are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Advance payments	409,506	477,802
Prepaid expenses	337	9,894
Prepaid VAT	1,575,268	251,891
Total	1,985,111	739,587

## 11. Inventory

(1) The details of the Company's inventory assets as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Goods	596,102	761,792
Allowance for goods valuation loss	-	(8,332)
Product	14,584,329	7,510,750
Allowance for products valuation loss	(151,413)	(326,288)
Work in process	24,183,869	19,763,834
Allowance for work in process valuation loss	(361,581)	(300,594)
Raw Materials	8,427,688	6,375,151
Allowance for raw materials valuation loss	(143,099)	(554,199)
Stored materials	3,467,549	2,393,475
Allowance for stored materials valuation loss	(742,287)	(456,626)
Goods to arrive	288,001	2,224
Total	50,149,158	35,161,187

(2) The cost of inventories perceived as an expense during the current term and included under 'cost of sales' was KRW 166,008,021,000 (Previous term: KRW 143,881,934,000).

(3) The details of valuation losses (reversals) and losses on disposal recognized in relation to

inventory assets during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Cost of sales		
Inventory valuation loss (reversal)	(247,660)	501,034
Loss on disposals of inventories	2,917,225	2,259,834

## 12. Tangible asset

(1) The details of the Company's tangible assets as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Acquisition cost	12,741,765	37,064,409	8,455,045	130,861,359	103,759	1,680,689	5,023,825	29,591,997	225,522,848
Accumulated depreciation	-	(5,386,577)	(4,665,803)	(81,766,203)	(46,515)	(1,137,499)	(3,574,133)	-	(96,576,730)
Profit from government grants	-	-	-	(56,169)	-	(4,071)	-	-	(60,240)
Net Book Value	12,741,765	31,677,832	3,789,242	49,038,987	57,244	539,119	1,449,692	29,591,997	128,885,878

(Unit: KRW 1,000)

The 27th (Previous) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Acquisition cost	12,741,765	32,693,259	8,455,045	121,692,207	43,518	1,603,653	4,373,516	10,297,564	191,900,527
Accumulated depreciation	-	(4,478,183)	(3,820,286)	(70,905,000)	(43,516)	(1,049,122)	(3,062,913)	-	(83,359,020)
Profit from government grants	-	-	-	(107,585)	-	(5,447)	(116)	-	(113,148)
Net Book Value	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359

(2) Changes in the Company's tangible assets during the current period and the previous period are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Net Book Value (Beginning of Period)	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359
Acquisition	-	1,024,451	-	8,484,560	60,241	89,466	521,359	28,478,489	38,658,566
Disposal	-	-	-	(832,431)	-	-	(347)	(3,184,308)	(4,017,086)
Replacement cost (*)	-	3,346,700	-	1,740,857	-	-	155,368	(5,999,748)	(756,823)
Depreciation expenses	-	(908,395)	(845,517)	(11,033,621)	(2,999)	(99,431)	(537,175)	-	(13,427,138)
Net Book Value (End of Period)	12,741,765	31,677,832	3,789,242	49,038,987	57,244	539,119	1,449,692	29,591,997	128,885,878

(\*) This includes the amount of replacements for assets under construction in the main accounts and other accounts.

(Unit: KRW 1,000)

The 27th (Previous) period	Land	Building	Structure	Machinery	Vehicles and transportation equipment	Tools	Office equipment	Asset under construction	Total
Net Book Value (Beginning of Period)	12,663,568	28,722,670	5,013,558	45,539,253	2	559,811	1,317,150	12,741,902	106,557,914
Acquisition	78,197	293,043	271,692	7,073,480	-	84,974	428,344	5,737,418	13,967,148
Disposal	-	-	(6,758)	(2,801)	-	-	(72)	-	(9,631)
Replacement cost	-	13,500	190,400	7,885,673	-	19,353	39,830	(8,181,756)	(33,000)
Depreciation expenses	-	(814,137)	(834,133)	(9,815,983)	-	(115,054)	(474,765)	-	(12,054,072)
Net Book Value (End of Period)	12,741,765	28,215,076	4,634,759	50,679,622	2	549,084	1,310,487	10,297,564	108,428,359

(3) The depreciation expense recognized by the Company during the current and previous periods is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Cost of sales	12,176,604	10,910,964
Selling general administrative expenses (*)	1,250,534	1,143,108
Total	13,427,138	12,054,072

(\*) The depreciation expense recognized as current ordinary research and development expenses is KRW 719,553,000 (previous period: KRW 694,746,000).

### 13. Lease

The information regarding leases when the Company is the lessee is as follows:

(1) Amounts Recognized on the statement of financial position

The details of the right-of-use assets and lease liabilities recognized on the statement of financial position related to leases are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Right-of-use assets		
Real estate	161,300	148,860
Vehicles and transportation equipment	245,677	424,211
Others	-	4,980
Total	406,977	578,051
Lease liabilities		
Current	233,778	278,258
Non-current	185,501	307,121
Total	419,279	585,379

(2) Amounts Recognized on the Statement of Comprehensive Income

The key items recognized on the statement of comprehensive income related to leases are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Depreciation expense of the right-of-use asset		
Real estate	116,878	59,631
Vehicles and transportation equipment	202,131	211,848
Others	4,980	7,471
Total	323,989	278,950
Interest expense (included in finance costs) related to lease liabilities	19,492	16,636
Short-term, small lease payments	84,530	64,864

The cash outflow (financing activities) due to principal repayments related to lease liabilities during the current period amounted to KRW 316,495,000 (previous period: KRW 298,710,000), and the cash outflow (operating activities) for interest expenses amounted to KRW 19,492,000 (previous period: KRW 16,636,000).



(3) The changes in the right-of-use assets during the current and previous periods are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Acquisition cost	Accumulated depreciation	Book value
Beginning of period	971,148	(393,097)	578,051
Acquisition of right-of-use asset	282,339	-	282,339
Depreciation expenses	-	(323,989)	(323,989)
Derecognition of the right-of-use asset	(494,563)	365,139	(129,424)
End of period	758,924	(351,947)	406,977

(Unit: KRW 1,000)

The 27th (Previous) period	Acquisition cost	Accumulated depreciation	Book value
Beginning of period	421,585	(126,373)	295,212
Acquisition of right-of-use asset	604,880	-	604,880
Depreciation expenses	-	(278,950)	(278,950)
Derecognition of the right-of-use asset	(55,317)	12,226	(43,091)
End of period	971,148	(393,097)	578,051

#### 14. Intangible assets

(1) The details of the Company's intangible assets as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

The 28th (Current) period	Patents	Software	Facility usufruct (*)	Exclusive license	Total
Acquisition cost	547,375	2,844,402	1,373,799	52,633	4,818,209
Accumulated depreciation	(242,724)	(1,985,951)	-	(52,633)	(2,281,308)
Accumulated impairment loss	-	-	(689,167)	-	(689,167)
Profit from government grants	(6,001)	-	-	-	(6,001)
Net Book Value	298,650	858,451	684,632	-	1,841,733

(Unit: KRW 1,000)

The 27th (Previous) period	Patents	Software	Facility usufruct (*)	Exclusive license	Total
Acquisition cost	493,938	2,298,149	1,373,799	52,633	4,218,519
Accumulated depreciation	(152,460)	(1,475,106)	-	(52,633)	(1,680,199)

Accumulated impairment loss	-	-	(665,092)	-	(665,092)
Profit from government grants	(7,081)	-	-	-	(7,081)
Net Book Value	334,397	823,043	708,707	-	1,866,147

(\*) As there are no predictable constraints on the period during which the Company can utilize the membership rights it holds, and the duration of use is considered indefinite, no depreciation is recognized for this item.

(2) Changes in the Company's intangible assets during the current period and the previous period are as follows:

(Unit: KRW 1,000)

<b>The 28th (Current) period</b>	Patents	Software	Facility usufruct	Total
Net Book Value (Beginning of Period)	334,397	823,043	708,707	1,866,147
Acquisition	10,402	213,454	-	223,856
Replacement cost	-	122,000	-	122,000
Depreciation expenses	(46,149)	(300,046)	-	(346,195)
Impairment loss	-	-	(24,075)	(24,075)
Net Book Value (End of Period)	298,650	858,451	684,632	1,841,733

(Unit: KRW 1,000)

<b>The 27th (Previous) period</b>	Patents	Software	Facility usufruct	Total
Net Book Value (Beginning of Period)	248,160	556,803	945,087	1,750,050
Acquisition	128,180	444,039	-	572,219
Disposal	-	-	(345,174)	(345,174)
Replacement cost	-	33,000	-	33,000
Depreciation expenses	(41,943)	(210,799)	-	(252,742)
Reversal of impairment loss	-	-	108,794	108,794
Net Book Value (End of Period)	334,397	823,043	708,707	1,866,147

(3) The amortization of intangible assets recognized by the Company during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	<b>The 28th (Current) period</b>	<b>The 27th (Previous) period</b>
Cost of sales	100,555	59,447
Selling general administrative expenses (*)	245,640	193,295
Total	346,195	252,742

(\*) The amortization of intangible assets recognized as current ordinary research and development expenses is KRW 46,288,000 (previous period: KRW 42,081,000).

(4) The ordinary research and development expenses recognized as expenses are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Selling general administrative expenses	4,828,691	4,815,781

## 15. Other current financial liabilities

The details of the Company's other current financial liabilities as of the end of the current and previous terms are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Accrued payable	10,739,667	7,961,617
Accrued expense	19,350,293	16,437,237
Total	30,089,960	24,398,854

## 16. Other current liabilities

The details of the Company's other current liabilities as of the end of the current and previous terms are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Deposit	117,369	309,698
Advance payment	731,518	337,498
Total	848,887	647,196

## 17. Provisions

Changes in the Company's provisions during the current period and the previous period are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
----------------	---------------------------	----------------------------

	Current		Non-current	Total	Current		Non-current	Total
	Provisions for annual leave	Sales warranty provision	Short-term employee remuneration Provisions		Provisions for annual leave	Sales warranty provision	Short-term employee remuneration Provisions	
Beginning balance	715,795	479,719	1,118,137	2,313,651	625,773	74,182	1,007,881	1,707,836
Transferred-in amount (reversals)	117,060	63,818	121,830	302,708	90,022	533,722	338,620	962,364
Used amount	-	(105,315)	(11,000)	(116,315)	-	(128,185)	(228,364)	(356,549)
Balance on December 31	832,855	438,222	1,228,967	2,500,044	715,795	479,719	1,118,137	2,313,651

## 18. Retirement Benefits and Other Employee Benefits

### 18.1 Defined Contribution System

The amount recognized as an expense related to the defined contribution system for the current period is KRW 1,922 million (previous period: KRW 1,976 million).

### 18.2 Other Long/Short-Term Employee Benefits Liability

Short-term employee benefits liability represents the amounts recognized for services rendered during the current period in accordance with the accrued annual paid leave system. Other long-term employee benefits liability represents the amounts expected to be paid in relation to long-term paid leave expenses based on the length of service for long-serving employees.

Other long/short-term employee benefits liability as of the end of the current and previous periods is as follows:

(Unit: KRW 1,000)

Class ificati on	The 28th (Current) period	The 27th (Previous) period
Short-term employee benefits liability	832,856	715,796
Other long-term employee benefits liability	1,228,967	1,118,137
Total	2,061,823	1,833,933

## 19. Equity capital

The information on the Company's equity capital as of the end of the current and previous terms is as follows:

Classi ficati on	The 28th (Current) period	The 27th (Previous) period
Number of authorized stocks	24,000,000 shares	24,000,000 shares
Total Issued Shares	11,675,000 shares	11,675,000 shares
Face Value per Share	KRW 500	KRW 500
Equity capital	KRW 5,837,500,000	KRW 5,837,500,000

## 20. Capital Surplus and Other Components of Equity

The details of the Company's capital surplus and other components of equity as of the end of the current and previous terms are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Capital surplus		
Paid-in capital in excess of par value	6,035,002	6,035,002
Other capital components		
Profit on disposal of treasury shares	232,539	232,539
Other capital surpluses	630	630
Total	6,268,171	6,268,171

## 21. Retained earnings

(1) The details of the Company's retained earnings as of the end of the current period and the end of the previous period is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Statutory reserves (*)	2,918,750	2,918,750
Discretionary reserves	9,573,703	7,904,178
Unappropriated earned surplus	392,275,521	316,583,848
Total	404,767,974	327,406,776

(\*) Under the Commercial Act, the legal reserve is required to be accumulated by a Company until it reaches 50% of the equity capital, and each fiscal year, at least 10% of the profit distributed in cash dividends should be allocated to the legal reserve. The retained earnings cannot be distributed in cash and can only be used for the preservation of carried forward losses and capital transfers, subject to resolution at a general meeting of shareholders. As of the end of the reporting period, the Company's retained earnings have reached 50% of the paid-in capital, so there is no obligation to make additional appropriations.

(2) The details of the Company's statement of appropriation of retained earnings for the current and previous periods are as follows:

(Unit: KRW)

Account	The 28th (Current) period (Expected disposal date: March 29, 2023)		The 27th (Previous) period (Disposal confirmation date: March 29, 2022)	
Unappropriated earned surplus		392,275,520,925		316,583,847,927
Unappropriated retained earnings carried forward from previous period	298,219,072,927		234,693,219,873	
Current net income	94,056,447,998		81,890,628,054	
Appropriated amount of earned surplus		21,832,250,000		18,364,775,000
Surplus reserve	1,984,750,000		1,669,525,000	

Cash dividends (dividend per share (%)): Common Share: Current period: KRW 1,700 (340%) Previous period: KRW 1,430 (286%)	19,847,500,000		16,695,250,000	
Unappropriated retained earnings carried forward to the next period		370,443,270,925		298,219,072,927

## 22. Revenue and Contract Assets and Liabilities arising from Customer Contracts

### 22.1 Revenues arising from Customer Contracts

(1) The Company recognized the following amounts related to revenue in the statement of comprehensive income.

(Unit: KRW 1,000)

Classi ficati on	The 28th (Current) period	The 27th (Previous) period
Revenues arising from Customer Contracts	319,562,836	270,766,568

### (2) Types of Revenue Arising from Customer Contracts

The Company generates revenue by transferring control of goods or services over time or at a specific time.

(Unit: KRW  
1,000)

The 28th (Current) period	Single Section				Total
	Dom estic	Unit ed Stat es	Chin a	Othe rs	
Revenue Recognition Timing					
Recognized at a specific period	121,267,752	157,919,423	38,475,999	1,619,310	319,282,484
Recognized over a period	-	219,750	54,020	6,582	280,352
Total	121,267,752	158,139,173	38,530,019	1,625,892	319,562,836

(Unit: KRW  
1,000)

The 27th (Previous) period	Single Section				Total
	Dom estic	Unit ed Stat es	Chin a	Othe rs	
Revenue Recognition Timing					
Recognized at a specific period	123,897,374	128,495,029	17,619,858	706,546	270,718,807
Recognized over a period	-	27,298	15,805	4,658	47,761
Total	123,897,374	128,522,327	17,635,663	711,204	270,766,568

## 22.2 Assets and Liabilities Related to Customer Contracts

(1) The Company does not have any recognized contract assets, and the contract liabilities are as follows:

(Unit: KRW 1,000)

Classi ficati on	The 28th (Current) period	The 27th (Previous) period
Contract liability - Delivery of goods	729,007	330,413

## (2) Recognized Profit Related to Contract Liabilities

The amount of revenue recognized during the current period related to contract liabilities carried forward from the previous period and performance obligations satisfied (or partially satisfied) in prior reporting periods is as follows:

(Unit: KRW 1,000)

Classi ficati on	The 28th (Current) period	The 27th (Previous) period
Revenue recognized during the current period from the opening balance of contract liabilities		
Delivery of goods	330,413	84,257

## 23. Selling and Administrative Expenses and Bad Debt Expenses

The details of the Company's selling and administrative expenses and bad debt expenses during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Remuneration	6,321,785	5,469,629
Retirement benefits	309,670	375,162
Welfare benefits	306,051	328,637
Traveling expenses	198,290	43,550
Entertainment expenses	158,923	107,465
Water, electricity, and heating expenses	244,553	187,711
Taxes and utilities	511,089	425,969
Depreciation expenses	530,981	448,362
Business rights depreciation cost	209,386	222,355
Repair and maintenance expenses	-	73,377
Insurance premiums	532,982	552,370
Vehicle maintenance expenses	94,755	85,451
Ordinary R&D expenses	4,828,691	4,815,781
Transportation expenses	179,331	172,159
Consumables expenses	90,908	55,190
Commission Paid	8,583,704	6,344,147

Advertising expenses	61,111	2,970
IT operations expenses	213,097	184,970
Amortization of intangible assets	199,352	151,213
Sales warranty expenses	63,818	533,722
Bad debt expenses (reversal)	30,777	(493)
Others	189,355	143,707
Total	23,858,609	20,723,404

## 24. Classification of Expenses by Characteristics

The details of the Company's classification of expenses by characteristics in the statement of comprehensive income for the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Change in inventory assets	(26,409,274)	(14,027,322)
Purchases of raw materials and goods	38,549,047	21,005,312
Employee benefits	38,783,440	34,619,993
Welfare benefits	2,279,283	2,014,516
Depreciation expenses and amortization of intangible assets	13,773,333	12,306,814
Business rights depreciation cost	323,989	278,949
Consumables expenses	45,224,068	43,574,112
Commission Paid	10,116,759	8,269,405
Outsourcing expenses	47,244,906	39,512,119
Water, electricity, and heating expenses	9,845,987	8,058,903
Other expenses	12,804,657	11,753,899
Total	192,536,195	167,366,700

## 25. Employee benefits

The details of employee benefits incurred during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Remuneration	36,739,123	32,305,294
Retirement benefits	1,922,487	1,976,079
Long-term employee benefits	121,830	338,620
Total	38,783,440	34,619,993

## 26. Other revenues and expenses

(1) Details of the Company's other revenues during the current and previous periods are as follows:

(Unit: KRW 1,000)



Classification	The 28th (Current) period	The 27th (Previous) period
Profit on exchange	6,015,491	2,207,589
Profit on foreign currency transaction	53,107	131,817
Profit on derivatives transactions	1,558,170	205,214
Profit on valuation of derivatives	860,762	23,728
Profit on disposition of tangible assets	34,198	31,079
Profit on disposition of intangible assets	-	450,281
Reversal of intangible asset impairment loss	-	108,794
Miscellaneous income	80,602	12,655
Total	8,602,330	3,171,157

(2) Details of the Company's other expenses during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Loss on foreign exchange	2,249,238	411,885
Loss on foreign exchange translations	1,650,327	30,690
Loss from derivative transactions	4,355,426	1,267,304
Loss on valuation of derivatives	19,985	48,801
Intangible asset impairment loss	24,075	-
Donations	67,500	42,500
Loss on disposition of tangible assets	-	1,600
Loss on disposals of tangible assets	3,975,274	6,830
Miscellaneous losses	714	20,170
Total	12,342,539	1,829,780

## 27. Financial income and financial expense

(1) Details of the Company's financial income during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Profit from interest	4,654,856	1,599,786

(2) Details of the Company's financial expenses during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Interest expense	19,492	16,636

## 28. Corporate income tax expense

(1) Details of the Company's corporate income tax expenses during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
<b>Current Corporate Income Tax</b>		
Current income tax expense for the current period's profit or loss	29,464,172	25,578,930
Adjustments for corporate income tax from prior periods	1,892,224	1,634,104
Corporate income tax resulting from the Tax System for Promoting Investment and Cooperation (*)	2,548,315	-
Total current corporate income tax	33,904,711	27,213,034
<b>Deferred Income Tax</b>		
Increase/decrease in temporary differences	(39,362)	(2,778,773)
Corporate income tax expense	33,865,349	24,434,261

(\*) The Company has been subject to additional corporate income tax in accordance with the Tax System for Promoting Investment and Cooperation when a certain amount of taxable income was not used for investment, wage increases, dividends, etc. However, as the application period for this system ended on December 31, 2022, the Company will no longer incur additional corporate income tax under this system starting from 2023.

However, even after the expiration of this system, if the reserve to be refunded in the next period as of 2022 is not refunded in the future, the Company is required to pay corporate income tax on this reserve. Under the Tax System for Promoting Investment and Cooperation, the Company has transferred all of the current period's unrefunded income to the next period and recorded it as a reserve to be refunded in the next period. The Company reasonably estimated the amount of excess refundable income to be generated in the future as impracticable and recognized a corporate income tax expense of KRW 2,548,315,000 on the unrefunded income as corporate income tax expense.

(2) The difference between the theoretically calculated amount based on the corporate tax expense applied to the profit before tax for the current and previous periods and the actual corporate income tax expense and profit of the Company, using the weighted average tax rate, is as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Profit before tax	127,921,797	106,324,889
Income tax expense in pursuant to the applicable tax rate	30,498,390	25,268,623
<b>Corporate tax effect:</b>		
- Tax-free income	(4,466)	(3,802)
- Non-deductible expenses	43,679	2,460
- Adjustments for corporate income tax from prior periods	1,892,224	(405,236)
- Tax deduction	(1,504,339)	(949,185)
- Corporate income tax resulting from the Tax System for Promoting Investment and Cooperation	2,548,315	-

- Others	391,546	521,401
Adjustments for the current period	3,366,959	(834,362)
Corporate income tax expense	33,865,349	24,434,261
Effective tax rate	26.47%	22.98%

(3) The details of the Company's deferred income tax as of the end of the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Deferred income tax assets		
Deferred income tax assets to be paid after 12 months	455,029	456,842
Deferred income tax assets to be paid within 12 months	3,584,934	3,288,256
Sub-total	4,039,963	3,745,098
Deferred income tax liabilities		
Deferred income tax liabilities to be paid after 12 months	(786,106)	(823,540)
Deferred income tax liabilities to be paid within 12 months	(569,025)	(276,088)
Sub-total	(1,355,131)	(1,099,628)
Net Deferred income tax assets (liabilities)	2,684,832	2,645,470

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

(Unit: KRW 1,000)

The 28th (Current) period	Beginning balance	Recognition of current period's profit or loss	Balance on December 31
Deferred income tax assets			
Intangible asset impairment loss	146,320	(1,595)	144,725
Undetermined bonus	2,534,331	401,968	2,936,299
Inventory valuation loss	362,129	(68,469)	293,660
Sales warranty provision	105,538	(13,512)	92,026
Provisions for annual leave	157,475	17,425	174,900
Lease liabilities	128,783	(40,734)	88,049
Long-term employee benefits liability	245,990	12,093	258,083
Repair and maintenance expenses	64,532	(12,311)	52,221
Sub-total	3,745,098	294,865	4,039,963

Deferred income tax liabilities			
Accrued income	(148,917)	(334,643)	(483,560)
Right-of-use assets	(127,171)	41,706	(85,465)
Land revaluation surplus	(823,540)	37,434	(786,106)
Sub-total	(1,099,628)	(255,503)	(1,355,131)
Total	2,645,470	39,362	2,684,832

(Unit: KRW 1,000)

The 27th (Previous) period	Beginning balance	Recognition of current period's profit or loss	Balance on December 31
Deferred income tax assets			
Intangible asset impairment loss	170,255	(23,935)	146,320
Undetermined bonus	-	2,534,331	2,534,331
Inventory valuation loss	251,901	110,228	362,129
Sales warranty provision	16,320	89,218	105,538
Provisions for annual leave	137,670	19,805	157,475
Lease liabilities	66,707	62,076	128,783
Long-term employee benefits liability	221,734	24,256	245,990
Repair and maintenance expenses	-	64,532	64,532
Sub-total	864,587	2,880,511	3,745,098
Deferred income tax liabilities			
Accrued income	(109,403)	(39,514)	(148,917)
Right-of-use assets	(64,947)	(62,224)	(127,171)
Land revaluation surplus	(823,540)	-	(823,540)
Sub-total	(997,890)	(101,738)	(1,099,628)
Total	(133,303)	2,778,773	2,645,470

(5) There is no unrecognized deductible (additive) temporary differences in deferred income tax assets (liabilities) as of the end of the current and previous periods.

## 29. Earnings Per Share

- (1) The basic earnings per share is calculated by dividing the Company's net income by the weighted average number of outstanding common shares during the current period.
- (2) The calculation details of basic earnings per share at the current and previous periods are as follows:

Classification	The 28th (Current) period	The 27th (Previous) period
Net income of common shares	KRW 94,056,447,998	KRW 81,890,628,054

Weighted average number of outstanding common shares (*)	11,675,000 shares	11,675,000 shares
Basic earnings per common share	KRW 8,056/share	KRW 7,014/share

(\*) The Company had no changes in the number of outstanding common shares during the current and previous periods, so the weighted average number of outstanding common shares and the issued shares are the same.

(3) The Company did not issue any potential common shares; therefore, the basic earnings per share and diluted earnings per share are identical.

### 30. Dividends

The dividends paid in the current and previous years amounted to KRW 16,695,250,000 (KRW 1,430 per share) and KRW 12,842,500,000 (KRW 1,100 per share), respectively.

The projected dividend per share and total dividend amount for the current fiscal year are KRW 1,700 and KRW 19,847,500,000, respectively. These amounts are scheduled to be proposed as a resolution at the regular general meeting of shareholders scheduled for March 29, 2023.

### 31. Cash Flows Generated from Operations

(1) The cash flows generated from operations during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Current net income	94,056,448	81,890,628
Adjustment:		
Depreciation expenses	13,427,138	12,054,072
Business rights depreciation cost	323,989	278,949
Interest expense	19,492	16,636
Amortization of intangible assets	346,195	252,742
Intangible asset impairment loss (reversal)	24,075	(108,794)
Bad debt expenses (reversal)	30,777	(493)
Long-term employee benefits	121,830	338,620
Corporate income tax expense	33,865,349	24,434,261
Retirement benefits	-	169,597
Remuneration	117,060	90,022
Sales warranty expenses	63,818	533,722
Loss from derivative transactions	4,355,426	1,267,304
Loss on valuation of derivatives	19,985	48,801
Loss on foreign exchange translations	1,650,327	30,690
Loss on disposals of inventories	2,917,225	-
Inventory valuation loss (reversal)	(247,660)	501,034
Loss on disposition of tangible assets	-	1,600
Loss on disposals of tangible assets	3,975,274	6,830
Profit on foreign currency transaction	(53,107)	(131,817)

Miscellaneous losses	-	20,169
Profit on derivatives transactions	(1,558,170)	(205,214)
Profit on valuation of derivatives	(860,762)	(23,728)
Profit from interest	(4,654,856)	(1,599,786)
Profit on disposition of intangible assets	-	(450,281)
Profit on disposition of tangible assets	(34,198)	(31,079)
Miscellaneous income	(1,322)	-
Subtotal	53,847,885	37,493,857
Changes in assets/liabilities resulting from operating activities:		
Decrease (increase) in trade receivables	(5,019,540)	(6,930,712)
Decrease (increase) in outstanding amount	592	216,835
Decrease (increase) in advance payments	(396,285)	(195,915)
Decrease (increase) in prepaid expenses	(174,642)	96,457
Decrease (Increase) in VAT refundable	(1,321,860)	(251,891)
Decrease (increase) in inventories	(16,838,515)	(5,408,862)
Increase (decrease) in trade payables	3,514,116	2,696,324
Increase (decrease) in accrued payable	(353,702)	1,188,900
Increase (decrease) in accrued expenses	2,931,791	3,118,147
Decrease (increase) in deposit	(192,329)	(248,921)
Increase (decrease) in advance payment	394,020	253,241
Transferred-in amount of sales warranty provision (Used)	(105,315)	(128,185)
Transferred-in amount of long-term employee benefits liability (Used)	(11,000)	(228,364)
Subtotal	(17,572,669)	(5,822,946)
Cash generated resulting from operation activities	130,331,664	113,561,539

(2) The major matters regarding transactions with no cash inflows or outflows during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Replacement cost of tangible/intangible assets, etc. under construction	5,999,748	8,181,756
Increase (decrease) in accrued payable due to the purchase of tangible asset	3,133,433	388,778

(3) Changes in assets/liabilities resulting from financing activities:

(Unit: KRW 1,000)

Classification	Current lease liabilities	Non-current lease liabilities
----------------	---------------------------	-------------------------------

Beginning of period	278,258	307,121
Cash flows	(316,495)	-
Other non-financial changes	272,015	(121,620)
End of current period	233,778	185,501

### 32. Contingent Liabilities and Agreements

(1) On August 7, 1996, the Company entered into a technology transfer contract with Tokai Carbon Co., Ltd., a related party in Japan. The contract is automatically renewed annually from August 1 to July 31 of the following year.

Under the contract, Tokai Carbon Co., Ltd. provides all technical information to the Company for the manufacturing, use, and sale of the contracted products under the most favorable conditions, and the Company agrees to make payments as consideration. The contract period was amended to 10 years as of April 2, 2018, and it will be automatically renewed for one year at a time after the expiration of the contract period, provided that there are no changes. On April 24, 2019, the Company entered into a partial amendment to the contract regarding the royalty payment for certain product categories. The technology transfer fees incurred in the current and previous periods amount to KRW 7,984,182,000 and KRW 6,774,345,000, respectively.

(2) The Company entered into a sales support fee contract with KC Co., Ltd. on April 18, 2018, valid until December 31, 2024. Under the contract, the Company pays a sales support fee of 2% of the Solid SiC Ring sales. The payment fees incurred in the current and previous periods amount to KRW 4,883,731 million and KRW 4,334,419 million, respectively.

(3) As of the end of the current period, the Company has received a guarantee payment of KRW 30,417,000 from Seoul Guarantee Insurance Co., Ltd. for performance guarantees.

(4) The Company has entered into currency forward contracts with Shinhan Bank and Mizuho Bank for the purpose of avoiding foreign exchange risks. As of the end of the current period, the contract amounts for the currency forward contracts are USD 16,271,517 and JPY 397,417,020.

(5) As of the end of the current period, the Company is involved in two pending lawsuit cases, and it is impossible to predict the final outcomes of these cases. The Company's management expects that the final results of these lawsuits will not have a significant impact on the Company's financial position.

### 33. Transactions with Related Parties

(1) As of the end of the current period, the Company's parent Company is Tokai Carbon Co., Ltd.

(2) The details of transactions, including sales and purchases, with related parties during the current and previous periods, as well as the balances of receivables and payables with related parties as of the end of the current and previous periods, are as follows:

Classification	The 28th (Current) period	The 27th (Previous) period	Notes
Parent Company	Tokai Carbon Co., Ltd.	Tokai Carbon Co., Ltd.	Parent Company
	MWI, INC.	MWI, INC.	Affiliated Company of Tokai Carbon Co., Ltd.
	Tokai Carbon (Dalian) Co., Ltd.	Tokai Carbon (Dalian) Co., Ltd.	Subsidiaries of Tokai Carbon Co., Ltd.
	TOKAI CARBON EUROPE LTD.	TOKAI CARBON EUROPE LTD.	Subsidiaries of Tokai Carbon Co., Ltd.

Other affiliated parties	TOKAI CARBON U.S.A.,INC.	TOKAI CARBON U.S.A.,INC.	Subsidiaries of Tokai Carbon Co., Ltd.
	TOKAI FINE CARBON CO., LTD.	TOKAI FINE CARBON CO., LTD.	Subsidiaries of Tokai Carbon Co., Ltd.
	TOKAI KONETSU KOGYO CO., LTD.	TOKAI KONETSU KOGYO CO., LTD.	Subsidiaries of Tokai Carbon Co., Ltd.
	TOKAI KONETSU ENGINEERING CO., LTD.	TOKAI KONETSU ENGINEERING CO., LTD.	Subsidiaries of Tokai Carbon Co., Ltd.
	TOKAI COBEX SAVOIE SAS	TOKAI COBEX SAVOIE SAS	Subsidiaries of Tokai Carbon Co., Ltd.
	SHANGHAI TOKAI KONETSU CO., LTD.	SHANGHAI TOKAI KONETSU CO., LTD.	Subsidiaries of Tokai Carbon Co., Ltd.

(3) The major transactions with related parties during the current and previous periods are as follows:

(Unit: KRW  
1,000)

Classification	Related parties	The 28th (Current) period		
		Revenues	Purchase	Other expenses
Parent Company	Tokai Carbon Co., Ltd.	15,939	25,115,395	7,984,182
Other affiliated parties	MWI, INC.	-	-	38,271
	Tokai Carbon (Dalian) Co., Ltd.	10,463,836	-	736,295
	TOKAI CARBON EUROPE LTD.	1,402,294	-	-
	TOKAI CARBON U.S.A.,INC.	-	-	128,074
	TOKAI FINE CARBON CO., LTD.	156,733	-	-
	TOKAI KONETSU KOGYO CO.,LTD.	-	1,492,266	-
	TOKAI CARBON SAVOIE CO., LTD.	-	109,160	-
	SHANGHAI TOKAI KONETSU CO.,LTD.	-	121,738	-
Total		12,038,802	26,838,559	8,886,822

(Unit: KRW  
1,000)

Classification	Related parties	The 27th (Previous) period		
		Revenues	Purchase	Other expenses
Parent Company	Tokai Carbon Co., Ltd.	3,247	16,809,657	6,774,347
Other affiliated parties	MWI, INC.	-	-	15,414
	Tokai Carbon (Dalian) Co., Ltd.	4,485,274	-	265,739
	TOKAI CARBON EUROPE LTD.	686,504	-	-
	TOKAI CARBON U.S.A.,INC.	20,533	-	157,268
	TOKAI FINE CARBON CO., LTD.	9,865	-	-
	TOKAI KONETSU KOGYO CO.,LTD.	-	2,306,252	-
	TOKAI CARBON SAVOIE CO., LTD.	-	189,455	-
	SHANGHAI TOKAI KONETSU CO.,LTD.	-	67,963	-
Total		5,205,423	19,373,327	7,212,768

(4) Details of receivables and liabilities related to related parties as of the end of the current and previous periods are as follows:



(Unit: KRW 1,000)

Classification	Related parties	The 28th (Current) period			
		Receivables		Liabilities	
		Trade receivables	Other receivables	Trade payables	Other liabilities
Parent Company	Tokai Carbon Co., Ltd.	11,266	343	4,929,922	3,930,178
Other affiliated parties	MWI, INC.	-	-	-	6,518
	Tokai Carbon (Dalian) Co., Ltd.	3,553,402	-	-	212,343
	TOKAI CARBON EUROPE LTD.	267,958	-	-	-
	TOKAI CARBON U.S.A.,INC.	-	-	-	5,287
	TOKAI FINE CARBON CO., LTD.	10,780	-	-	-
	TOKAI KONETSU KOGYO CO.,LTD.	-	-	196,372	32,408
Total		3,843,406	343	5,126,294	4,186,734

(Unit: KRW 1,000)

Classification	Related parties	The 27th (Previous) period			
		Receivables		Liabilities	
		Trade receivables	Other receivables	Trade payables	Other liabilities
Parent Company	Tokai Carbon Co., Ltd.	3,214	-	2,657,845	3,529,004
Other affiliated parties	MWI, INC.	-	-	-	11,712
	Tokai Carbon (Dalian) Co., Ltd.	1,918,607	-	-	140,900
	TOKAI CARBON U.S.A.,INC.	10,539	-	-	25,607
	TOKAI FINE CARBON CO., LTD.	12,301	-	-	-
	TOKAI KONETSU KOGYO CO., LTD.	-	62	-	33,602
Total		1,944,661	62	2,657,845	3,740,825

(5) The dividends paid to related parties during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	Related parties	Paid dividends	
		The 28th (Current) period	The 27th (Previous) period
Parent Company	Tokai Carbon Co., Ltd.	7,412,048	5,701,575
Total		7,412,048	5,701,575

(6) The key management personnel includes directors (registered and unregistered), members of the board, chief financial officer, and internal audit manager. The compensation amounts paid or to be paid to the key management personnel are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Remuneration	3,409,983	1,912,271
Retirement benefits	261,328	267,895
Long-term employee benefits	54,599	41,397
Total	3,725,910	2,221,563

(7) There is no information available regarding collateral or guarantees received from or provided to related parties as of the end of the current and previous periods are as follows:

### 34. Information of Operating Section

(1) The Company evaluates its operational performance and makes related decisions by identifying a single reporting section in accordance with K-IFRS No. 1108, 'Operating Section.'

(2) The information on the Company's sales categories during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Product sales	316,384,681	267,802,458
Goods sales	2,796,747	2,788,678
Other sales	381,408	175,432
Total	319,562,836	270,766,568

(3) The information on the Company's sales by region during the current and previous periods are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Domestic sales	121,267,752	123,897,374
Overseas sales	198,295,084	146,869,194
United States	158,139,173	128,522,328
China	38,530,019	17,635,664
Others	1,625,892	711,202
Total	319,562,836	270,766,568

(4) The sales amount from major customers, accounting for more than 10% of the total sales revenue during the current and previous periods, are as follows:

(Unit: KRW 1,000)

Classification	The 28th (Current) period	The 27th (Previous) period
Customer 1	84,752,038	70,370,397
Customer 2	65,173,137	49,830,444
Customer 3	30,484,168	36,787,689
Total	180,409,343	156,988,530

### 35. Events After the Reporting Term

The Company entered into a land acquisition contract on September 28, 2022, for the acquisition of a research and development site for KRW 11,210 million. The acquisition was completed on January 10,

## 6. Matters Related to Dividends

The Company carries out dividend distributions based on resolutions made by the Board of Directors and the general meeting of shareholders in accordance with its Articles of Incorporation. The Company determines an appropriate dividend payout ratio considering an investment for growth and enhancement of shareholder value within the range of distributable profits. In the future, the Company plans to continue distributing dividends, taking into account balanced considerations for future growth and shareholder return on earnings. The Company plans to maintain a cash dividend payout ratio of over 20% of net income.

### Key Dividend Index

Classification	Type of shares	Current period	Previous period	Period prior to previous period
		The 28th period	The 27th period	The 26th period
Face value per share (KRW)		500	500	500
(Consolidated) Net income (KRW million)		98,468	81,891	60,514
(Separate) Net income (KRW million)		-	-	-
(Consolidated) Net income per share (KRW)		8,434	7,014	5,183
Total cash dividend (KRW million)		19,848	16,695	12,843
Total stock dividend (KRW million)		-	-	-
(Consolidated) Cash dividend payout ratio (%)		20.2	20.4	21.2
Cash dividend yield ratio (%)	Common Share	1.7	1.0	1.0
	Preferred Share	-	-	-
Stock dividend yield ratio (%)	Common Share	-	-	-
	Preferred Share	-	-	-
Cash dividend per share (KRW)	Common Share	1,700	1,430	1,100
	Preferred Share	-	-	-
Stock dividend per share (share)	Common Share	-	-	-
	Preferred Share	-	-	-

▲ Basis for calculating earnings per share: Net income/Weighted average number of outstanding common shares

▲ The cash dividend payout ratio represents the percentage of total cash dividends to net income. The cash dividend yield (%) is calculated as the percentage of dividend per share to the arithmetic average of the formation prices in the KOSDAQ market disclosed during the one-week period prior to the second trading day before the record date for convening the shareholder meeting related to dividends.

- ▲ Calculation period for market dividend yield in 2022: December 21, 2022 - December 27, 2022
- ▲ The cash dividends for the current period in the table are reported prior to approval at the regular meeting of stockholders. If they are subsequently rejected or modified at the regular meeting of stockholders, an amended report will be filed reflecting the revised information and reasons.

<Past Dividend History>

(Unit: times, %)

Number of consecutive dividends		Average dividend yield ratio	
Quarterly (interim) dividend	Settlement dividend	For the past 3 years	For the past 5 years
-	17	1.2	1.5

- ▲ The settlement dividend has been consistently paid since 2007.

## 7. Matters on Financing through Issuance of Securities

### 7-1. Performance of Financing through Issuance of Securities

[Matters related to the issuance of equity securities, etc.]

#### Capital increase (reduction) status

(Base Date: December 31, 2022 )

(Unit: KRW, shares)

Stocks issuance (decrease) date	Amount of issuance (decrease)	Content of issued (decreased) stock				
		Type	Quantity	Par value per share	Issued (decreased) value per share	Notes
August 11, 2003	Paid-in capital increase (general public offering)	Common Share	2,335,000	500	2,300	Registered public offering

[Matters related to the issuance of debt securities, etc.]

#### Performance of debt securities issuance

(Base Date: December 31, 2022 )

(Unit: KRW, %)

Publishing Company	Type of securities	Issuance methods	Issuing date	Total denomination (electronic registration)	Interest rate	Rating grade (Rating institute)	Maturity	Repayment status	Company in charge
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

#### Outstanding balance of corporate paper securities

(Base Date: December 31, 2022 )

(Unit: KRW)

Remaining maturity	10 days or less	More than 10 days 30 days or less	More than 30 days 90 days or less	More than 90 days 180 days or less	More than 180 days 1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years	Total
--------------------	-----------------	--------------------------------------	--------------------------------------	---------------------------------------	--------------------------------------	-------------------------------------	--------------------------------------	-------------------	-------

Outstanding Balance	Public offering	-	-	-	-	-	-	-	-	-
	Private equity	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

#### Outstanding balance of short-term debenture

(Base Date: December 31, 2022 )

(Unit: KRW)

Remaining maturity		10 days or less	More than 10 days 30 days or less	More than 30 days 90 days or less	More than 90 days 180 days or less	More than 180 days 1 year or less	Total	Issuance limit	Remaining limit
Outstanding Balance	Public offering	-	-	-	-	-	-	-	-
	Private equity	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

#### Outstanding balance of Company bonds

(Base Date: December 31, 2022 )

(Unit: KRW)

Remaining maturity		1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	Over 5 years 10 years or less	Over 10 years	Total
Outstanding Balance	Public offering	-	-	-	-	-	-	-	-
	Private equity	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

#### Outstanding balance of new capital securities

(Base Date: December 31, 2022 )

(Unit: KRW)

Remaining maturity		1 year or less	More than 1 year 5 years or less	Over 5 years 10 years or less	Over 10 years 15 years or less	More than 15 years 20 years or less	More than 20 years 30 years or less	Over 30 years	Total
Not repaid	Public offering	-	-	-	-	-	-	-	-
Balance	Private equity	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

#### Outstanding balance of conditional capital securities

(Base Date: December 31, 2022 )

(Unit: KRW)

Remaining maturity		1 year or less	More than 1 year 2 years or less	More than 2 years 3 years or less	More than 3 years 4 years or less	More than 4 years 5 years or less	Over 5 years 10 years or less	Over 10 years 20 years or less	More than 20 years 30 years or less	Over 30 years	Total
Outstanding Balance	Public offering	-	-	-	-	-	-	-	-	-	-
	Private equity	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-

## 7-2. The use of capital financed through the issuance of securities

– Not applicable

## 8. Matters related to other financial matters

The Company classifies financial instruments measured at fair value into three levels defined in the reference standard, to provide information about the reliability of input variables used in determining fair value. Financial products measured at fair value are classified according to the fair value hierarchy, and the defined levels are as follows:

- Unadjusted quoted price in an active market accessible to the same asset or liability at the date of measurement  
(Level 1)
- Directly or indirectly observable inputs for an asset or liability other than the level 1 quoted price  
(Level 2)
- Unobservable inputs for an asset or liability (Level 3)

The classification of assets and liabilities measured at fair value into the fair value hierarchy as of the end of the current and previous period is as follows:

(Unit: KRW 1,000)

Classification		The 28th (Current) period			
		Level 1	Level 2	Level 3	Total
Asset	Financial assets				
	Derivatives financial assets		860,762	-	860,762
Liabilities	[Financial liabilities]				
	Derivative financial liabilities		19,985	-	19,985

(Unit: KRW 1,000)

Classification		The 27th (Previous) period			
		Level 1	Level 2	Level 3	Total
Asset	Financial assets				
	Derivatives financial assets		23,728	-	23,728

Liabilities	[Financial liabilities]				
	Derivative financial liabilities	-	48,801	-	48,801

### Valuation Methods and Input Variables

At the end of the current period, the Company is using the following valuation methods and input variables for the recurring fair value measurements classified as Level 2 in the fair value hierarchy.

(Unit: KRW 1,000)

Classification	Fair Value	Level	Valuation technique	Input variable
Financial assets measured at fair value through profits and losses for the current period				
Derivative assets	860,762	2	Present value method	Interest rate, etc.
Financial liabilities measured at fair value through profits and losses for the current period				
Derivative instrument liabilities	19,985	2	Present value method	Interest rate, etc.

### A. Transition to K-IFRS

#### 1.1 Application K-IFRS

The transition date for the Company to adopt K-IFRS is January 1, 2010, and the adoption date of K-IFRS is January 1, 2011.

The annual financial statements of the Company are prepared in accordance with K-IFRS, specifically following the initial adoption of K-IFRS as per K-IFRS No. 1101, with certain mandatory exceptions and selective exemptions applied.

#### 1.2 Application of Exemptions under K-IFRS No. 1101

The Company has selectively applied for exemptions under K-IFRS No. 1101 as follows:

##### (1) Business Combinations

The Company has applied the exemption for business combinations according to K-IFRS No. 1101. Therefore, K-IFRS No. 1103 was not retrospectively applied to business combinations that occurred prior to January 1, 2010 (transition date).

##### (2) Fair Value as Deemed Cost

The Company has used fair value at the transition date as the deemed cost for the land attached to the factory. The details of tangible assets using fair value as deemed cost at the transition date are as follows:

(Unit: KRW 1,000)

Reporting amounts under the previous accounting standards	Adjustment amount	Fair value at the transition date
5,359,876	7,002,603	12,362,479

##### (3) Capitalization of Borrowing Costs

The Company has chosen to capitalize borrowing costs incurred in relation to the construction of qualifying assets only for qualifying assets in progress at or after the transition date in accordance with K-IFRS.

1.3. Application of Mandatory Exceptions for Retroactive Application of Other Accounting Standards  
The Company has applied the following exceptions:

(1) Derecognition of financial assets

The Company has proactively applied the derecognition criteria of K-IFRS No. 1039, 'Financial Instruments: Recognition and Measurement,' to transfer transactions of financial assets occurring after January 1, 2014. Accordingly, if the Company had previously derecognized financial assets in accordance with the previous accounting standards before January 1, 2014, even if the requirements for removal are not met under K-IFRS, the Company does not recognize them under K-IFRS.

(2) Exceptions for Estimates

Estimates under K-IFRS as of the transition date (January 1, 2010) have been prepared consistently with the estimates previously made under the previous accounting standards unless there is objective evidence of errors in the previous estimates (adjusted for differences in accounting policies).

1.4. Adjustments Resulting from the Transition from Previous Accounting Standards to K-IFRS

(1) Impact on the Company's Financial Position and Performance

1) The adoption of K-IFRS as of the transition date, January 1, 2010, has the following impact on the Company's financial position:

(Unit: KRW 1,000)

Classification	Asset	Liability	Capital
Previous accounting standards	48,277,343	4,082,798	44,194,545
Adjustment amount:			
Application of fair value as deemed cost for land (*1)	7,002,603	-	7,002,603
Change in depreciation method (*2)	2,817,696	-	2,817,696
Reversal of allowance for bad debts (*3)	83,954	-	83,954
Setup of provisions for annual leave (*4)	-	27,577	(27,577)
Other adjustments	-	-	-
Deferred income tax effect (*5)	-	2,153,792	(2,153,792)
Total adjustment amount	9,904,253	2,181,369	7,722,884
K-IFRS	58,181,596	6,264,167	51,917,429

2) The impact on the Company's financial position as of December 31, 2010, and the operating performance for the accounting period from January 1 to December 31, 2010, due to the adoption of K-IFRS, are as follows:



(Unit: KRW 1,000)

Classification	Asset	Liability	Capital	Current net income	Total comprehensive income (loss)
Previous accounting standards	72,989,849	18,696,146	54,293,703	10,465,943	10,465,943
Adjustment amount:					
Application of fair value as deemed cost for land (*1)	7,002,603	-	7,002,603	-	-
Change in depreciation method (*2)	2,681,296	-	2,681,296	(136,400)	(136,400)
Reversal of allowance for bad debts (*3)	221,563	-	221,563	137,609	137,609
Setup of provisions for annual leave (*4)	-	20,342	(20,342)	7,235	7,235
Other adjustments	(9,468)	-	(9,468)	(9,468)	(9,468)
Deferred income tax effect (*5)	(21,534)	2,132,000	(2,153,534)	259	259
Total adjustment amount	9,874,460	2,152,342	7,722,118	(765)	(765)
K-IFRS	82,864,309	20,848,488	62,015,821	10,465,178	10,465,178

(\*1) The Company has chosen to exempt land from fair value as deemed cost.

(\*2) The depreciation method has been changed to the straight-line method, reflecting the consumption of future economic benefits of tangible assets such as machinery and vehicles.

(\*3) Only losses incurred as of the balance sheet date are recognized in the allowance for bad debts.

(\*4) Costs and liabilities related to accrued paid leave are recognized when employees provide services that increase their future entitlement to paid leave.

(\*5) The deferred income tax effect of the adjustments is reflected, and deferred income tax assets and liabilities are classified as non-current items.

## (2) Impact on the Company's Cash Flows

To separately disclose interest received, interest paid, dividend received, and corporate income tax paid, which were not separately presented under the previous accounting standards, adjustments were made to the cash flow statement for the related income, expenses, assets, and liabilities. Additionally, the effects of foreign exchange rate fluctuations on cash and cash equivalents denominated in foreign currency were separately presented in the cash flows from operating activities, investing activities, and financing activities.

Furthermore, any effects on the cash flow statement resulting from the transition to K-IFRS were reflected accordingly.

## B. Setup Status of Total Allowance for Bad

### Debt 1.1 Setup of allowance for bad debts

for each account

(1) As of the end of the reporting period, the details of the Company's trade receivables are as follows:

(Unit: KRW 1,000)

Classification	Receivables amount	Allowance for bad debts	Setup rate of allowance for bad debts
The 28th (Current) period	38,041,137	32,507	0.09%
The 27th (Previous) period	34,680,781	16,893	0.05%

▲ The recent 2-year status of allowance for bad debts is prepared in accordance with Korean International Financial Reporting Standards (K-IFRS).

## 1.2 Change of allowance for bad debts

(Unit: KRW 1,000)

Classification	Trade receivables	
	The 28th (Current) period	The 27th (Previous) period
Beginning of period	16,893	17,386
Target	30,777	(493)
Write-off, etc.	(15,163)	-
End of period	32,507	16,893

## 1.3 Allowance for Bad Debts Policy for Trade Receivables

The Company applies a simplified approach to recognize the loss allowance for trade receivables, considering the expected credit losses for the entire period.

Trade receivables are classified based on their credit risk characteristics and days past due to measuring the expected credit losses. The expected credit loss rate is derived from payment information and confirmed credit loss data related to sales for the preceding 36 months from the end of the reporting period.

## C. Details of Inventory Holdings and Inspection

### 1.1 Inventory Holdings by Business Section for the Past 3 Fiscal Years

The inventory holdings for the past 3 fiscal years are as follows: Our inventory consists of goods, products, raw materials, components, work-in-progress, stored materials, goods to arrive, and half-finished products. The total amount of inventory assets at the end of the current fiscal year is KRW 35,161,187 million, representing an increase of KRW 4,907,828 million compared to the previous year.

(Base Date: December 31, 2022)

(Unit: KRW 1,000)

Business Section	Accounts	The 28th (Current) period	The 27th (Previous) period	The 26th (Year prior to previous) period	Notes
Carbon product manufacturing business	Goods	596,102	753,460	186,789	-
	Products	14,432,915	7,184,462	5,396,629	-
	Raw Materials	8,284,589	5,820,951	9,401,107	-
	Work in process	1,543,767	1,035,772	680,720	-
	Half-finished products	22,278,521	18,427,468	11,768,410	-
	Stored materials	2,725,262	1,936,849	2,819,705	-

	Goods to arrive	288,002	2,225	-	-
Total		50,149,158	35,161,187	30,253,359	-
Composition ratio of inventory to total assets (%) [Total inventory asset ÷ Total asset at the end of period × 100]		10.5%	9.0%	9.8%	-
Inventory turnover (times) [Annualized sales costs ÷ { (Inventory at the beginning of period + Inventory at the end of period) ÷ 2}]		4.0 times	4.5 times	4.0 times	-

Due to the majority of inventory assets being commonly used across various business sections, they were not separately categorized and indicated by each business section.

## 2.2 Details of Inventory Inspection, etc.

### (1) Date of inspection

- Date of inspection: December 30, 2022
- Base Date: December 30, 2022
- Engaging institution: Samjong Accounting Corp.
- Inspection method: Closed Inventory Method

### (2) Participation and engagement of experts and auditors during the inventory inspection

The inventory count was conducted under the engagement of external auditors from Samjong Accounting Corp., who are certified public accountants.

### (3) Status of Long-term Stagnant Inventory, etc.

In cases where the fair value of inventory is lower than the acquisition cost, the lower of cost or market method is used to determine the balance sheet value of the inventory. The evaluation details of the current inventories as of the end of the current period are as follows:

(Base Date: December 31, 2022)  
1,000)

(Unit: KRW

Classification	Acquisition cost		Valuation amount using lower of cost or market method		Allowance for valuation loss		Valuation loss/Reversal	
	End of current period	End of Previous Period	End of current period	End of Previous Period	End of current period	End of Previous Period	End of current period	End of Previous Period
Goods	596,102	761,792	596,102	753,460	-	8,332	(8,332)	(44,062)
Product	14,584,329	7,510,750	14,432,915	7,184,462	151,413	326,288	(174,875)	(75,228)
Raw Materials	8,427,688	6,375,151	8,284,589	5,820,951	143,099	554,199	(411,100)	-
Work in process	1,543,767	1,035,772	1,543,767	1,035,772	-	-	-	(19,466)
Stored materials	3,467,549	2,393,475	2,725,262	1,936,849	742,287	456,626	285,661	-
Goods to arrive	288,002	2,225	288,002	2,225	-	-	-	-
Half-finished products	22,640,102	18,728,062	22,278,521	18,427,468	361,581	300,594	60,987	(14,597)
Total	51,547,538	36,807,226	50,149,158	35,161,187	1,398,380	1,646,040	(247,660)	(153,353)

## D. Matters Related to Asset Acquisition and Transfer

Our Company has entered into a contract with Anseong City, located in Miyang-myeon, Anseong City, Gyeonggi-do, for the purpose of increasing production capacity. The details are as follows:

The construction of a new plant expansion was completed in May 2011, and as of the end of December 2022, mass production is currently underway.

- 1) Counterparty: Anseong City
- 2) Transaction type: Asset acquisition and transfer
- 3) Transaction schedule:
  - Contract deposit - October 31, 2008
  - Intermediate payment (1st installment) - February 27, 2009
  - Intermediate payment (2nd installment) - June 30, 2009
  - Remaining balance - October 29, 2009
- 4) Subject of transaction: Factory site of 21,528 m<sup>2</sup> (71, Gaejeongsaneopdanji-ro, Miyang-myeon, Anseong-si, Gyeonggi-do, South Korea)
- 5) Purpose of transaction: Acquisition of land for our Company's factory expansion
- 6) Transaction amount: KRW 4,258 million
- 7) Basis for amount calculation: The transaction amount mentioned above represents the land sale price determined by Anseong City, and the valuation amount by an external appraisal institution, With Accounting Firm, was determined as KRW 4,258 million.
- 8) Impact on profit or loss from the transaction: None

## IV. Management's Discussion and Analysis (MD&A)

### 1. Cautionary Notes on Forecast Information

The anticipated activities, events, or phenomena that the Company expects or predicts in this business report reflect the Company's views on the events and financial performance at the time of preparing this disclosure document.

Such forecasts are based on various assumptions related to the future business environment, and these assumptions may ultimately prove to be inaccurate.

Furthermore, these assumptions include factors related to the Company's internal management and external environmental factors that can significantly differ between the expected figures stated in the forecast information and the actual results.

The Company is not obligated to disclose an amended report to reflect the risks or uncertainties that occur after the preparation of this forecast information.

In conclusion, the Company cannot provide any assurance that the anticipated results or situations stated in this business report will be realized or that the expected impact originally anticipated by the Company will occur. The forecast information provided in this report is based on the information available at the time of its preparation, and it should be noted that the Company has no plans to update such risk factors or forecast information.

### 2. Overview

The recent semiconductor market has evolved into an industry that demands not only increased productivity but also higher levels of quality and price competitiveness due to advancements in process technology and miniaturization.

Consequently, the quality requirements for wafers have been adjusted upwards, and technologies such as ultra-purity, chemical resistance, and abrasion resistance of manufacturing equipment parts have become increasingly important.

However, domestic and international uncertainties have increased due to factors such as the recent impact of COVID-19 and Russia's invasion of Ukraine.

Despite these rapidly changing circumstances, our Company will proactively respond to market changes and demands through continuous research and development, investment in equipment, and innovation in production processes based on our differentiated technological capabilities.

### 3. Financial Position and Operating Performance

#### A. Operating Performance

In 2022, our Company achieved a sales revenue of KRW 319,563 million and an operating profit of KRW 127,027 million (39.8%). This represents an increase of 18% in sales revenue and 23% in operating profit compared to 2021, where the sales revenue was KRW 270,767 million and the operating profit was KRW 103,400 million.

(Unit: KRW million)

Classification	The 28th (Current) period	The 27th (Previous) period	Increase/Decrease
I. Sales	319,563	270,767	48,796
II. Cost of sales	168,678	146,643	22,035
III. Gross profit	150,885	124,124	26,761
Selling general administrative expenses	23,828	20,724	3,104
Bad debt expenses	31	0	31
IV. Operating income	127,027	103,400	23,626

Other revenues	8,602	3,171	5,431
Other expenses	12,343	1,830	10,513

Financial income	4,655	1,600	3,055
Financial costs	19	17	3
V. Profit before tax	127,922	106,325	21,597
Corporate income tax expense	33,865	24,434	9,431
VI. Current net income	94,056	81,891	12,166

## B. Financial Position

At the end of 2022, the current assets amounted to KRW 343,236 million, showing an increase of KRW 68,308 million compared to the previous year. The non-current assets amounted to KRW 137,307 million, indicating an increase of KRW 22,529 million from the previous year.

The current liabilities at the end of 2022 amounted to KRW 62,255 million, reflecting an increase of KRW 13,487 million compared to the previous year. On the other hand, the non-current liabilities decreased by KRW 11 million to KRW 1,414 million. The total equity at the end of 2022 reached KRW **416,874** million, representing an increase of KRW **77,361** million compared to the previous year due to the occurrence of net income.

(Unit: KRW million)

Classification	The 28th (Current) period	The 27th (Previous) period	Increase/Decrease
I. Current assets	343,236	274,928	68,308
II. Non-current assets	137,307	114,778	22,529
<b>Total assets</b>	<b>480,543</b>	<b>389,706</b>	<b>90,837</b>
I. Current liabilities	62,255	48,768	13,487
II. Non-current liabilities	1,414	1,425	(11)
<b>Total liabilities</b>	<b>63,669</b>	<b>50,194</b>	<b>13,476</b>
I. Equity capital	5,838	5,838	0
II. Capital surplus	6,035	6,035	0
III. Other capital components	233	233	0
IV. Retained earnings	404,768	327,407	77,361
<b>Total equities</b>	<b>416,874</b>	<b>339,512</b>	<b>77,361</b>
Total liabilities and equities	480,543	389,706	90,837

## 4. Matters related to Liquidity, Funding Sources, and Major Cash

### Expenditures

At the end of 2022, the cash balance at the end of the period decreased by KRW 9,054 million to KRW 44,664 million compared to the previous period (KRW 53,719 million), primarily due to investment increases and other factors.

(Unit: KRW million)

<b>Classification</b>	<b>The 28th (Current) period</b>	<b>The 27th (Previous) period</b>	<b>Increase/Dec rease</b>
I. Cash flow from operating activities	87,311	78,650	8,661
II. Cash flow from investing activities	(96,046)	(63,739)	(32,307)
III. Cash flows from financing activities	(316)	(299)	(18)
IV. Increase (decrease) in cash and cash equivalents	(9,051)	14,613	(23,664)
V. Cash and cash equivalents at beginning of period	53,719	39,102	14,616
VI. Effects of exchange rate changes in cash and cash equivalents	(3)	3	(6)
VII. Cash and cash equivalents at end of period	44,664	53,719	(9,054)

## V. Audit opinion from a financial auditor, etc.

### 1. Matters related to External Audits

#### 1. Title of Financial auditor and Audit opinion

Business Year	Auditor	Auditor's Opinion	Emphasis of Matter	Key Audit Matters
The 28th (Current) period	Samjong Accounting Corp.	Unqualified Opinion	Not applicable	Appropriateness of period recognition of products and goods sales revenue
The 27th (Previous) period	Samil PricewaterhouseCoopers.	Unqualified Opinion	Not applicable	Occurrence due to products sales
The 26th (Year prior to previous) period	Samil PricewaterhouseCoopers.	Unqualified Opinion	Not applicable	Occurrence due to products sales

#### 2. The status of audit engagements shall be stated according to the following table.

Business Year	Auditor	Contents	Details of Audit Contract		Actual Performance	
			Compensation	Time	Compensation	Time
The 28th (Current) period	Samjong Accounting Corp.	Review of interim financial statements, audit of year-end financial statements, and audit of the internal control system for financial management	KRW 250,000,000	2,030	KRW 250,000,000	1,975
The 27th (Previous) period	Samil PricewaterhouseCoopers.	Review of interim financial statements, audit of year-end financial statements, and review of the internal control system for financial management	KRW 130,000,000	1,160	KRW 130,000,000	1,140
The 26th (Year prior to previous) period	Samil PricewaterhouseCoopers.	Review of interim financial statements, audit of year-end financial statements, and review of the internal control system for financial management	KRW 130,000,000	1,290	KRW 130,000,000	1,179

#### 3. The status of non-audit engagement contracts with the accounting auditor shall be stated according



to the following table.

Business Year	Date of Contract Conclusion	Details of Service	Period of Service Execution	Compensation for Service	Notes
The 28th (Current) period	April 18, 2022	Review of consolidated packages by quarter	January 1, 2022 - December 31, 2022	KRW 165,000,000	-
The 27th (Previous) period	-	-	-	-	-
The 26th (Year prior to previous) period	-	-	-	-	-

4. The outcomes of discussions between the internal audit department and the external auditors regarding matters that could have a significant impact on the judgments of stakeholders in the financial statements shall be documented according to the following table.

Classification	Date	Attendees	Method	Key discussion details
1	January 2, 2023	Company representative: Auditors Auditor representatives: Director in charge of operations, Responsible accountant (total of 2)	Face-to-face meeting	Audit team composition, audit engagement hours and fees, responsibilities of management and auditors, key audit matters, independence of auditors, etc.
2	March 16, 2023	Company representative: Auditors Auditor representatives: Director in charge of operations, Responsible accountant (total of 2)	Face-to-face meeting	Significant audit findings, deficiencies in significant internal controls, key audit matters, independence of the auditors, etc.

5. Minutes of the adjustment committee meeting and information on financial statement discrepancies  
– Not applicable

## 2. Matters related to internal control

### 1. Internal Control

[Results of the audit on the effectiveness of the Company's internal controls]

Business Year	Auditor's opinion	Inadequacy
The 28th (Current) period	Based on the audit opinion, the internal monitoring system of Tokai Carbon Korea Co., Ltd. for the accounting year ending on December 31, 2022, is effectively functioning.	-
The 27th (Previous) period	Based on the audit opinion, the internal monitoring system of Tokai Carbon Korea Co., Ltd. for the accounting year ending on December 31, 2021, is effectively functioning.	-
The 26th (Year prior to previous) period	Based on the audit opinion, the internal monitoring system of Tokai Carbon Korea Co., Ltd. for the accounting year ending on December 31, 2020, is effectively functioning.	-

## 2. Internal Accounting Control System (IACS)

[Auditor's review/opinion of the IACS audit]

Business Year	Auditor	Auditor's review/opinion	Inadequacy	Classification
The 28th (Current) period	Samjong Accounting Corp.	We have audited the internal accounting management system of Tokai Carbon Korea Co., Ltd. (hereinafter referred to as "Company") based on the "Conceptual System for Designing and Operating IACS" as of December 31, 2022.  In our opinion, the Company's internal accounting management system has been effectively designed and operated in accordance with the "Conceptual System for Designing and Operating IACS" as of December 31, 2022, considering its significance.	-	Auditors
The 27th (Previous) period	Samil Pricewaterhouse Coopers.	Based on our review of the management's operational status report on the IACS, we did not identify any findings that would lead us to conclude that the contents of the management's operational status report were not prepared in accordance with the provisions of the exemplary standards for IACS from the perspective of significance.	-	Review
The 26th (Year prior to previous) period	Samil Pricewaterhouse Coopers.	Based on our review of the management's operational status report on the IACS, we did not identify any findings that would lead us to conclude that the contents of the management's operational status report were not prepared in accordance with the provisions of the exemplary standards for IACS from the perspective of significance.	-	Review

## VI. Matters Related to Company Organizations Including the Board of Directors

### 1. Matters Related to the Board of Directors

#### A. Overview of the Composition of the Board of Directors

As of the reporting date, our Board of Directors consists of a total of four directors, including three internal directors and one external director. According to our Articles of Incorporation, Mr. Shin Hideo, the Representative Director and Chairman, serves as the Chairman of the Board.

The Board of Directors deliberates and makes decisions on matters specified by laws, regulations, and Articles of Incorporation, as well as matters delegated by the general meeting of shareholders, fundamental policies related to the Company's management, and important matters regarding the execution of business. It also receives reports on the execution of such matters.

Please refer to 'Chapter 8, Matters Related to Executives, Employees, Etc.' for the key backgrounds and responsibilities of each director.

▲ Our Company does not have separate committees within the Board

of Directors. B. External Directors and Status of Changes

(Unit: person)

Number of Directors	Number of External Directors	Status of External Director Changes		
		Appointment	Dismissal	Resignation (mid-term)
4	1	-	-	-

#### C. Key Decision Matters

Session	Meeting Date	Agenda	Result of the Vote	Name of directors			
				Shin Hideo (Attendance Rate: 100%)	Younghee Kim (Attendance Rate: 100%)	Takahashi Hiroshi (Attendance Rate: 100%)	Shiotsubo Aceke (Attendance Rate: 100%)
1st	March 29, 2022	① Appointment of respective representative directors	Approved	Approve	Approve	Approve	Approve
		② Approval of concurrent appointment of executives in other companies		Approve	Approve	Approve	Approve
		③ Approval of repair work on tangible assets (more than KRW 1 billion)		Approve	Approve	Approve	Approve
2nd	April 21, 2022	-	-	Attended	Attended	Attended	Attended
3rd	April 25, 2022	① Approval of investment in SiC product manufacturing equipment expansion	Approved	Approve	Approve	Approve	Approve
4th	May 27, 2022	① Approval of purchase of new factory site	Approved	Approve	Approve	Approve	Approve
5th	July 28, 2022	-	-	Attended	Attended	Attended	Attended
6th	August 8, 2022	① Appointment of respective representative chairman	Approved	Attended	Attended	Attended	Attended
		② Approval of changes in management (document) meeting members		Attended	Attended	Attended	Attended
7th	September 28, 2022	① Approval of investment in TaC manufacturing equipment	Approved	Attended	Attended	Attended	Attended
	September 28, 2022	② Approval of adjacent real estate purchase		Attended	Attended	Attended	Attended
8th	October 19, 2022	① Approval of amendment to audit duties regulations	Approved	Approve	Approve	Approve	Approve
		② Approval of amendment to employment rules		Approve	Approve	Approve	Approve
		③ ③ Report on final evaluation results of precision coating equipment and approval of future plans		Approve	Approve	Approve	Approve
		④ Approval of additional transaction limits with stakeholders for the 28th period		Approve	Approve	Approve	Approve
9th	December 15, 2022	① Approval of amendment to welfare support regulations	Approved	Approve	Approve	Approve	Approve
		② Approval of amendment to delegated decision-making regulations		Approve	Approve	Approve	Approve
		③ Approval of the business plan for the 29th period		Approve	Approve	Approve	Approve
		④ Approval of the transaction limit with stakeholders for the 29th period		Approve	Approve	Approve	Approve
10th	January 30, 2023	① Approval of the amendment to the business plan for the 29th period	Approved	Approve	Approve	Approve	Approve
		② Approval of investment in automated facilities		Approve	Approve	Approve	Approve
		③ Approval of organizational restructuring		Approve	Approve	Approve	Approve
		④ Approval of the addition of members to the management (document) meeting		Approve	Approve	Approve	Approve
		⑤ Approval of additional transaction limit with stakeholders for the 29th period		Approve	Approve	Approve	Approve
11th	February 10, 2023	① Approval of the settlement for the 28th period	Approved	Approve	Approve	Approve	Approve
		② Approval of the business report		Approve	Approve	Approve	Approve
		③ Approval of the convening of the regular general meeting of shareholders for the 28th period and related matters		Approve	Approve	Approve	Approve
		④ Approval of the purchase of a resort facility		Approve	Approve	Approve	Approve
		⑤ Approval of executive promotions		Approve	Approve	Approve	Approve
12th	March 20, 2023	-	-	Attended	Attended	Attended	Attended

▲ It is based on the 28th period

▲ The 2nd Board of Directors meeting held on April 21, 2022, the 5th Board of Directors meeting held on July 28, 2022, and the 12th Board of Directors meeting held on March 20, 2023, consisted only of reporting matters without any agenda items.

## D. Independence of Directors

### (1) Appointment of directors

Directors are appointed at the general meeting of shareholders, and director candidates to be appointed at the general meeting of shareholders are selected by the Board of Directors and are finalized as an agenda to be submitted to the general meeting of shareholders. If there is a shareholder proposal regarding the appointment of directors, the Board of Directors submits it to the general meeting of shareholders as a proposal within the legal limits. Directors appointed through this process are as follows:

[Base date: As of December 31, 2022]

Name of position	Name	Referrer	Area of Activity (Assigned tasks)	Transaction with the Company	Relationship with the largest shareholder or major shareholders	Term of Office	Status of consecutive terms	Numbers of consecutive terms
Internal Director  (Representative Director, Chairman)	Shin Hideo	Board of directors	Overall management of the Company	Not applicable	Employee of TOKAI CARBON	March 31, 2022 Until March 3, 2023  1	X	-
Internal Director  (Representative Director, CEO)	Younghee Kim	Board of directors	Overall management of the Company		Not applicable	March 31, 2022 Until March 3, 2023  1	O	1
Internal Director	Takahashi Hiroshi	Board of directors	Overall management of the Company		Employee of TOKAI CARBON  KRW	March 31, 2022 Until March 3, 2023  1	O	2
External Director	Shiotsubo Aceke	Board of directors	Overall management of the Company		Not applicable	March 31, 2022 Until March 3, 2023  1	X	-

### (2) External Director Candidate Recommendation Committee

Our Company does not have a separate External Director Candidate Recommendation Committee.

## D. Expertise of External Directors

- (1) There is no separate support organization within our Company to assist in the performance of duties by external directors.
- (2) Details on not providing the external director education

Status of providing the external director education	Reasons for not providing the external director education
Not provided	Note 1)

Note 1) The appointed external directors in our Company are experts in the fields of finance, accounting, economics, management, finance, and legal affairs. They possess sufficient expertise in their respective fields and have not received specific education or training targeted at external directors or completed any training provided by external organizations. If there are important business matters or

management-related issues in the future, we plan to conduct internal training.

## 2. Matters related to the Audit System

### A. Audit Committee

As of December 31, 2022, our Company does not have a separate audit committee in place due to the size of our assets not meeting the requirements.

### B. Auditors

#### (1) Matters related to Audits

As of December 31, 2022, our Company has one auditor appointed by a resolution of the general meeting of shareholders, who performs audit works.

The auditor attends the Board of Directors to supervise the directors' activities independently and has the authority to request relevant departments to submit books and documents related to their overall duties.

Additionally, the auditor can receive reports on business matters from the Company and access management information through appropriate means.

Our auditor is granted the following powers for accessing management information necessary for audit works:

- Reviewing the integrity, validity, and accuracy of corporate financial activities and financial reporting.
- Reviewing the validity of major accounting principles, accounting estimates, and changes.
- Evaluating internal accounting control systems, etc.

The auditor may also seek assistance from experts at the Company's expense for matters related to their audit duties. If necessary, the auditor can submit a written request to the director (or the convener, if applicable), specifying the purpose and reasons for convening the Board of Directors. If the director fails to convene the requested Board of Directors promptly, the auditor who made the request may convene the Board of Directors themselves.

Please refer to 'Chapter 8, Matters Related to Executives, Employees, Etc.' for the key backgrounds and responsibilities of auditors.

#### (2) Auditor's Personal Information

Name	Major Career Experience		Notes
	Period	Career	
Jeonghoon Lee	March 2019 - Present	Auditor at Tokai Carbon Korea Co., Ltd.	Full-time
(1960.07.02)	March 2017 - March 2019	Auditor at LOTVACUUM Co., Ltd.	Full-time
	April 2015 - April 2017	CEO at JL Enterprise	-
	April 2014 - March 2015	CEO at EST Co., Ltd.	-

### C. The Duties and Authorities of the Auditors

The duties and authorities of the auditors in our Company are determined in accordance with the Articles of Incorporation and the Audit Job Regulations. The following are the details:

(1) Duties

- 1) Formulation, execution, evaluation, reporting, and follow-up of the audit plan
- 2) Evaluation of the overall internal control system within the Company
- 3) Matters related to the appointment and performance of external auditors
- 4) Evaluation of the activities of external auditors
- 5) Confirmation of actions taken regarding audit findings
- 6) Handling of matters prescribed by relevant laws or the Articles of Incorporation
- 7) Audit of matters deemed necessary by the auditor

(2) Authorities

- 1) Right to demand business reports, investigation of the Company's operations, properties, and financial condition from directors, etc.
- 2) Right to access all information within the Company
- 3) Right to request attendance and responses from associated individuals
- 4) Inspection of warehouses, safes, books, and assets
- 5) Request and examination of data from the Company's business partners
- 6) Any other necessary requests related to the performance of audit duties

D. Independence of Auditors

The appointment of auditors in our Company follows the procedures outlined in the Commercial Act and other relevant laws. Candidates without disqualifications under the law are selected, and their personal information is disclosed prior to the general meeting of shareholders. An agenda is presented to the general meeting of shareholders for the final confirmation of the appointment. Additionally, in accordance with relevant laws and regulations, shareholders who own more than 3% of the voting shares are prohibited from exercising their voting rights regarding the appointment of auditors for shares exceeding that threshold. This ensures compliance with the procedures for the appointment of auditors and maintains their independence.

E. Expertise of Auditors

(1) Status of Auditor Education Implementation

Date of Training	Training Provider	Key Training Topic
June 1, 2022	Samjong KPMG	What are the Issues faced by mid-sized and small listed companies in internal accounting control system?
May 26, 2022	Samjong KPMG	Understanding of consolidated internal accounting control system
May 26, 2022	Samjong KPMG	Basics and considerations of IT control audits

## (2) Status of Auditors Supporting Organization

Name of the Department (Team)	Number of Employees (person)	Position (Job Tenure)	Major Activities
Internal Control Team	3	Junior Executive Director (12 years of experience), one Deputy Department Head (1 year of experience), and one Assistant Manager (2 years of experience)	<ul style="list-style-type: none"> <li>Support for overall management audit works</li> <li>Activities related to internal accounting control system</li> </ul>

## (3) Status of Compliance Officer Supporting Organization

– Not applicable

## 3. Matters Related to General Meeting of Shareholders, Etc.

### Status of Voting Systems

(Base Date: December 31, 2022 )

Types of voting systems	Concentrated Voting System	Voting in Writing	Electronics Voting
Status of introduction	Excluded	Not introduced	Introduced
Status of implementation	Not provided	Not provided	28th (2022) Regular General Meeting

### Status of Voting Rights

The total number of shares issued by the Company is 11,675,000 common shares, which represents 48.65% of the total number of shares authorized for issuance according to the Articles of Incorporation. As of December 31, 2022, there are 11,675,000 common shares eligible for exercising voting rights.

(Base Date: December 31, 2022 )

(Unit: shares)

Classification	Type of shares	Number of shares	Notes
Number of issued shares (A)	Common Share	11,675,000	-
	Preferred Share	-	-
Number of shares without voting rights (B)	Common Share	-	-
	Preferred Share	-	-
Number of shares whose voting rights were excluded according to the Articles of Incorporation (C)	Common Share	-	-
	Preferred Share	-	-
Number of shares whose	Common Share	-	-

voting rights were excluded according to the other relevant laws and regulations (D)	Preferred Share	-	-
Number of shares whose voting rights were revived (E)	Common Share	-	-
	Preferred Share	-	-
The number of shares eligible for exercising voting rights ( $F = A - B - C - D + E$ )	Common Share	11,675,000	-
	Preferred Share	-	-



## VII. Matters Related to Shareholders

### 1. Status of Share Ownership of Largest Shareholder and Affiliate Person

(Base Date: December 31, 2022 )

(Unit: Shares, %)

Name	Relation	Type of shares	Number of Owned Shares and Equity Ownership				Notes
			Beginning of period		End of period		
			Number of shares	Equity Ownership	Number of shares	Equity Ownership	
Tokai Carbon Co., Ltd.	Largest shareholder	Common Share	5,183,250	44.4	5,533,250	47.4	-
Total		Common Share	5,183,250	44.4	5,533,250	47.4	-
		Preferred Share	-	-	-	-	-

### 2. Overview of the Largest Shareholder

The largest shareholder of our Company, Tokai Carbon Co., Ltd., is a comprehensive maker of carbon products that has been engaged in the development of carbon materials essential in various industries since its establishment in 1918.

Some of the key products include carbon black, graphite electrodes, fine carbon, friction materials, and industrial furnace-related products.

1) Year of establishment: April 1918

2) Location: Minato, Tokyo, Japan

3) Industry: Manufacturing and sales of carbon black, graphite electrodes, fine carbon, friction materials, and industrial furnace-related products 4) Representative (as of December 31, 2022)

Classification	Details
Name	Nagasaka Hajime
Date of birth:	January 9, 1950
Final education	Keio University, Department of Commerce and Economics
Position	Representative Director (CEO), Executive Officer

## 5) Financial Status (As of January 1, 2022 - December 31, 2022)

Classification	Amount (JPY million)
Total assets	576,465
Total liabilities	275,597
Total equities	300,868
Sales	340,371
Operating income	40,588
Current net income	22,418

▲ The above financial status is based on the consolidated financial statements as of December 31, 2022.

## 6) Major Shareholders

- Major shareholders (as of December 31, 2022)  
shares, %]

[Unit: 1000

Shareholder	Shareholdings	Percentage
The Master Trust Bank of Japan, Ltd. (trust account)	45,341	21.27
Custody Bank of Japan, Ltd.(trust account)	28,365	13.3
MUFG Bank, Ltd.	7,958	3.73
Mitsubishi UFJ Trust and Banking Corporation	6,290	2.95
STATE STREET BANK WEST CLIENT - TREATY 505234	2,492	1.17
Tokio Marine & Nichido Fire Insurance Co.,Ltd.	2,426	1.14
SSBTC CLIENT OMNIBUS ACCOUNT	2,388	1.12
SMBC Nikko Securities Inc.	2,094	0.98
Meiji Yasuda Life Insurance Company	2,032	0.95
Nomura Trust and Banking Co., Ltd.	2,026	0.95

## Overview of the largest shareholder (corporation or organization)

## 3. Ownership of Shareholders Owning 5% or More

As of December 31, 2022, the shareholders who hold more than 5% of the Company's shares are the largest shareholder, Tokai Carbon Co., Ltd., and KC Co., Ltd.

## Status of Share Ownership

(Base Date: December 31, 2022 )

(Unit: shares)

Classification	Name of Shareholders	Number of Owned Shares	Equity ownership (%)	Notes
Shareholders with more than 5%	TOCAI CARBON CO., LTD.	5,533,250	47.4	-
	KC Co., Ltd.	1,305,250	11.2	-
	Employee Stockholders' Association	-	-	-

## 4. Status of Minority Shareholders Owning Less than 1%

### Status of Minority Shareholders

(Base Date: December 31, 2022 )

(Unit: shares)

Classification	Shareholder			Owned Shares			Remarks
	Number of Minority Shareholders	Total Number of Shareholders	Percentage (%)	Number of Minority Shares (Shares)	Number of Total Issued Shares	Percentage (%)	
Minority shareholders	15,039	15,046	99.9	3,909,528	11,675,000	33.5	-

## 5. Share Affairs

Details related to new shares in the Articles of Incorporation	Article 10 (New shares)		
	<p>① Shareholders of this Company have the right to receive new shares in proportion to the number of shares they own in the issuance of new shares.</p> <p>② Notwithstanding the provisions of Paragraph 1, in the following cases, the allocation of new shares to persons other than the shareholders may be made by resolution of the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Deletion (March 20, 2008)</li> <li>2. When issuing new shares through a general public offering method within the range not exceeding 20% of the total issued shares in accordance with Article 165-6 of the "Financial Investment Services and Capital Markets Act"</li> <li>3. When allocating shares preferentially to our shareholders' association members within the range not exceeding 20% of the total issued shares</li> <li>4. When issuing new shares due to the exercise of the share purchase option under Article 542-3 of the Commercial Act</li> <li>5. Deletion (March 20, 2008)</li> <li>6. When issuing new shares to domestic or foreign financial institutions or institutional investors within the range not exceeding 20% of the total issued shares for urgent funding</li> <li>7. When issuing new shares to the counterparty for the introduction of technology, research and development, production, sales, or equity alliance, which are critical to the business within the range not exceeding 20% of the total issued shares</li> </ol> <p>③ When issuing new shares under any of the provisions of Paragraph 2, the type, quantity, and issuance price of the shares to be issued shall be determined by the resolution of the Board of Directors.</p> <p>④ The method of handling fractional shares resulting from the waiver or loss of subscription rights and the allocation of new shares shall be determined by the resolution of the Board of Directors.</p> <p>⑤ In the case of allocating new shares to persons other than the shareholders pursuant to Paragraph 2, the Company shall notify the shareholders or publicly announce the matters specified in Article 416, Paragraph 1, Subparagraph 1, 2, 2-2, 3, and 4 of the Commercial Act by two weeks before the payment date.</p>		
Settlement date	December 31	Regular general meeting of shareholders	Within 3 months after the end of the period
Period of closing the shareholder registry	From January 1 to January 31		
Transfer Agency	Kookmin Bank Securities Agency		
Shareholder's benefits	-	Medium of announcement	Company website <a href="http://www.tck.co.kr">http://www.tck.co.kr</a> or MoneyToday

# 1. Share Prices and Trading Volume in Recent 6-month

## A. Domestic Securities Market

(Unit: KRW, shares)

Type		July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
Common Share	Highest	129,800	122,400	109,500	105,700	112,700	107,500
	Lowest	107,500	108,100	87,000	92,700	96,700	94,600
Monthly trading volume		561,221	687,925	567,561	572,983	516,620	598,759

## B. Overseas Securities Market

▲ Not applicable.

## VIII. Matters Related to Executives, Employees, Etc.

### 1. Status of Executives, Employees, Etc.

As of December 31, 2022, the Company has a total of 14 executives, including 5 registered executives and 9 unregistered executives. The detailed status of the executives is as follows:

#### Status of Executives

(Base Date: December 31, 2022)

(Unit: shares)

Name	Gender	DOB	Position	Executive Registration Status	Full-time Status	Assigned Tasks	Major Career Experience	Number of Owned Shares		Association With the Largest Shareholder	Tenure of Office	Termination Date of the Term
								Shares with Voting Rights	Shares without Voting Rights			
Shin Hideo	Male	1969.08	Representative Director (Chairman)	Internal Director	Non-resident	Overall management	Osaka University, major in Engineering Science, (Current) FC Business Director of Tokai Carbon Co., Ltd.	-	-	Employee of TOKAI CARBON (largest shareholder)	Less than 1 year	March 31, 2023
Youngee Kim	Male	1963.02	Representative Director (CEO)	Internal Director	Full-time	Overall management	Chung Ang University, major in Electronic Engineering, (Former) Infra & Environmental Safety Center Manager, Samsung Display Co., Ltd.	-	-	Not applicable	1 year or more	March 31, 2023
Takahashi Hiroshi	Male	March 1963	Internal Director	Internal Director	Full-time	Overall management	Aoyama Gakuin University, major in Business Management, Friction Material Business Manager of Tokai Carbon Co., Ltd.	-	-	Employee of TOKAI CARBON (largest shareholder)	1 year or more	March 31, 2023
Shiotsubo Aceke	Male	August 1952	External Director	External Director	Non-resident	External Director	Tokyo Technical High School, Department of Industrial Chemistry, (Former) Management Head of TOKAI Co., Ltd.	-	-	Not applicable	Less than 1 year	March 31, 2023
Jeonghoon Lee	Male	1960.07	Auditors	Auditors	Full-time	Auditors	Yonsei University, major in Business Administration, (Former) Auditor of LOTVACUUM Co., Ltd.	-	-	Not applicable	3 years or more	March 29, 2024
Sosik Kim	Male	1959.11	Executive Vice President	Unregistered	Full-time	Overall management	Gyeongnam National University, major in Electronic Engineering (Former) Researcher of Korea Fanuc Corporation	-	-	Not applicable	20 years or more	-
Kwangjae Park	Male	1965.09	Executive Director	Unregistered	Full-time	Head of Management Strategy Department	Yonsei University Graduate School, (Former) Management Strategy Manager of KCENC Co., Ltd.	-	-	Not applicable	15 years or more	-
Geuntae Kim	Male	1965.01	Executive Director	Unregistered	Full-time	Head of Production Department	Seoul School of Integrated Sciences & Technologies, (Former) Production General Manager of LG Siltron Co., Ltd.	-	-	Not applicable	5 years or more	-
Jeongil Kim	Male	1971.10	Junior Executive Director	Unregistered	Full-time	Head of Development Department	Yonsei University Graduate School, Doctor of Advanced Materials Engineering, (Former) Korea Atomic Energy Research Institute	-	-	Not applicable	15 years or more	-
Taeil Kim	Male	1969.01	Junior Executive Director	Unregistered	Full-time	Production Control Team Leader	Jeonnam National University, major in Metallurgical Engineering, (Former) Process Team of Barun Electronics	-	-	Not applicable	5 years or more	-
Inseok Cha	Male	1970.02	Junior Executive Director	Unregistered	Full-time	Internal Control Team Leader	Korea University, major in Business Administration, (Former) Accountant of LG Electronics Co., Ltd.	-	-	Not applicable	10 years or more	-
Kiwon Kim	Male	1969.03	Junior Executive Director	Unregistered	Full-time	Head of Production Technology Department	Hankyung University, major in Environmental Engineering, (Former) Production Division of Oriental Industry Co., Ltd.	-	-	Not applicable	15 years or more	-
Hyeongil Noh	Male	1972.03	Junior Executive Director	Unregistered	Full-time	Head of the Quality Department	Hanyang University Graduate School, (Former) Sales Team Leader of Tokai Carbon Korea Co., Ltd.	-	-	Not applicable	20 years or more	-
Younghwa Kim	Male	1969.05	Junior Executive Director	Unregistered	Full-time	Head of Facilities and Environmental Safety Division	Suwon Science College, major in Architectural Facilities, (Former) Environmental Safety Team Leader of Tokai Carbon Korea Co., Ltd.	-	-	Not applicable	15 years or more	-

#### Status of Candidates for Appointment and Individuals Subject to Dismissal of Registered Executives

(Base Date: December 31, 2022 )

Classification	Name	Gender	DOB	Eligibility of External Director Candidate	Major Career Experience	Appointment/Dismissal date:	Association With the Largest Shareholder
Appointment	Shin Hideo	Male	1969.08	Internal Director	September 2022 - Present: Representative Director (Chairman), Tokai Carbon Korea Co., Ltd. January 2020 - Present: Fine Carbon Business Director, Tokai Carbon Co., Ltd. October 2017 - December 2019: Tanoura Plant Manager, Tokai Carbon Co., Ltd. March 2013 - October 2017: Tokai Fine Carbon Co., Ltd.	March 29, 2023	Executives and employees
Appointment	Younghee Kim	Male	1963.02	Internal Director	March 2021 - Present: Representative Director (CEO), Tokai Carbon Korea Co., Ltd. December 2020 - March 2021: CEO of Tokai Carbon Korea Co., Ltd. December 2021 - December 2020: Infra & Environmental Safety Center Manager, Samsung Display Co., Ltd. December 1984 - December 2011: Common Technology Project Manager, Samsung Electronics Co., Ltd.	March 29, 2023	-
Appointment	Takahashi Hiroshi	Male	March 1963	Internal Director	March 2020 - Present: Internal Director of Tokai Carbon Korea Co., Ltd. (Previously served as Representative Director (Chairman) and Senior Vice President)March 2016 - January 2020: Friction Material Business Unit Manager, Tokai Carbon Co., Ltd.	March 29, 2023	Executives and employees
Appointment	Shiotsubo Aceke	Male	August 1952	External Director	March 2022 - Present: External Director of Tokai Carbon Korea Co., Ltd. March 2019 - May 2021: Office Manager of Carbon Society March 2017 - March 2019: Advisor of Tokai Carbon Co., Ltd. September 1999 - March 2017: Management Head of TOKAI Co., Ltd.	March 29, 2023	-

▲ As an agenda item for the upcoming 28th regular general meeting of shareholders, following the submission date of this report, the Company has selected the aforementioned directors as candidates for appointment. If there are any rejections or modifications regarding the approval of the financial statements at the future regular general meeting of shareholders, the amended report will include the details, reasons, and other relevant information.

#### Status of Employees, Etc.

(Base Date: December 31, 2022)

(Unit: KRW)

Empl oyee s								External Emplo yees			Notes
Business Section	Gende r	Number of Employee s			Averag e Years of Service	Total Annual Remuner ation	Average remuner ation per	Male	Female	Tota l	
		Permanent Employee	Fixed- term Emplo yee	Total							

		Total	(Short-term Employee)	Total	(Short-term Employee)				employee				
Registered Executive Directors	Male	5	-	-	-	5	2.0 years	580,693,795	116,138,759				-
Production Staff	Male	323	-	2	-	325	4.7 years	22,875,138,697	70,385,042				-
Production Staff	Female	1	-	1	-	2	4.5 years	111,310,320	55,655,160				-
Management Staff	Male	120	-	-	-	120	7.2 years	11,239,493,653	93,662,447				-
Management Staff	Female	16	-	1	-	17	2.5 years	928,988,130	54,646,361				-
Total		465	-	4	-	469	5.2 years	35,735,624,595	76,195,362				-

▲ The total salary amount is based on the criteria for employment

income according to Article 20 of the Income Tax Law. Status of

### Compensation for Unregistered Executives

(Base Date: December 31, 2022 )

(Unit: KRW)

Classification	Number of Persons	Total Annual Remuneration	Average remuneration per employee	Notes
Unregistered Executive Directors	9	2,123,361,533	235,929,059	-

▲ The number of personnel is as of the end of 2022, and the total salary amount is based on the criteria for employment income according to Article 20 of the Income Tax Law.

## 2. Compensation for Executives, Etc.

<Status of Compensation for All Directors and Auditors>

### 1. Approved Amount at the General Meeting of Shareholders

(Unit: KRW)

Classification	Number of Persons	Approved Amount at the General Meeting of Shareholders	Notes
Registered Director (including External Director)	4	1,500,000,000	-
(Members of the audit committee or auditors)	1	200,000,000	-

### 2. Amount of Compensation Payment

#### 2-1. All Directors/Auditors

(Unit: KRW)

Number of Persons	Total Compensation	Average Compensation Per Person	Notes
5	898,878,400	179,775,680	-

▲ The total compensation amount is the sum of employment income under Article 20 of the Income Tax Law, other income under Article 21 of the Income Tax Law, and pension income under Article 22 of the Income Tax Law, calculated according to their respective criteria.

## 2-2. By Type

(Unit: KRW)

Classification	Number of Persons	Total Compensation	Average Compensation Per Person	Notes
Registered Director (excluding external directors and members of the audit committee)	3	786,378,440	262,126,147	-
External Directors (excluding members of the audit committee)	1	36,000,000	36,000,000	-
Members of the Audit Committee	-	-	-	-
Auditors	1	76,499,960	76,499,960	-

<Individual Compensation Status of Directors/Auditors Whose Compensation Amount Is Over KRW 500 Million>

### 1. Compensation Payment Amount Per Individual

(Unit: KRW)

Name	Position	Total Compensation	Compensation Excluded from Total Compensation
Young hee Kim	Representative Director (CEO)	656,119,230	-

### 2. Calculation Criteria and Methods

(Unit: KRW)

Name	Type of Compensation		Total Amount	Calculation Criteria and Methods
		Remuneration	309,000,000	The basic salary is determined based on the criteria and methods for director compensation within the limit of the current period's director compensation. Factors such as position (Representative Director), leadership, expertise, and Company contribution are taken into account. A monthly payment of approximately KRW 25,000,000 is made.



Younghee Kim	Labor income	Compensation	166,938,950	The bonus is determined based on quantitative indicators consisting of sales, operating income, and net income, as well as a comprehensive evaluation of leadership, expertise, ethical management, and other contributions to the Company.  Considerations include achieving sales of KRW 319.6 billion, operating income of KRW 127 billion, and an operating profit margin of 39.8% for the year. The bonus amount also takes into account non-quantitative factors such as demonstrating leadership to achieve the Company's management goals.
		Profits from the exercise of the stock purchase option	-	-
		Others Labor income	4,512,680	Recognized bonus, etc., on the payroll statement
	Pension income		175,667,600	Calculation based on the executive retirement payment regulations (total salary for a period of 12 months x 1/12 x payment rate)
	Other incomes		-	-

<Individual Compensation Status of Top 5 Persons Whose Compensation Amount Is Over KRW 500 Million>

1. Compensation Payment Amount Per Individual

(Unit: KRW)

Name	Position	Total Compensation	Compensation Excluded from Total Compensation
Younghee Kim	Representative Director (CEO)	656,119,230	-

2. Calculation Criteria and Methods

(Unit: KRW)

Name	Type of Compensation		Total Amount	Calculation Criteria and Methods
Younghee Kim	Labor income	Remuneration	309,000,000	The basic salary is determined based on the criteria and methods for director compensation within the limit of the current period's director compensation. Factors such as position (Representative Director), leadership, expertise, and Company contribution are taken into account. A monthly payment of approximately KRW 25,000,000 is made.

		Compensation	166,938,950	<p>The bonus is determined based on quantitative indicators consisting of sales, operating income, and net income, as well as a comprehensive evaluation of leadership, expertise, ethical management, and other contributions to the Company.</p> <p>Considerations include achieving sales of KRW 319.6 billion, operating income of KRW 127 billion, and an operating profit margin of 39.8% for the year. The bonus amount also takes into account non-quantitative factors such as demonstrating leadership to achieve the Company's management goals.</p>
		Profits from the exercise of the stock purchase option	-	-
		Others Labor income	4,512,680	Recognized bonus, etc., on the payroll statement
	Pension income		175,667,600	Calculation based on the executive retirement payment regulations (total salary for a period of 12 months x 1/12 x payment rate)
	Other incomes		-	-

## IX. Matters Related to Subsidiary Companies, Etc.

### A. Status of Subsidiary Companies (Summary)

#### (1) Business Group to which the Company Belongs

▲ Not applicable.

(Base Date: December 31, 2022 )  
Company)

(Unit:

Name of Company	Number of Subsidiary Companies		
	Listed	Non-listed	Total
-	-	-	-

※ For detailed status, refer to 'Detailed Table-2. Status of Subsidiary Companies (Details)'

#### (2) Shareholding Status

(47.4%) (11.2%)

Tokai Carbon Co., Ltd. → Tokai Carbon Korea Co., Ltd. ← KC Co., Ltd.

▲ As of December 31, 2022.

▲ The largest shareholder, Tokai Carbon Co., Ltd., and the second-largest shareholder, KC Co., Ltd., acquired 217,500 shares and 174,000 shares (total of 391,500 shares), respectively, out of the 783,000 shares of TCKK Corporation held by Schunk Carbon Technology Ltd. through off-hours block trading on February 14, 2011.

▲ Tokai Carbon Co., Ltd. acquired 1,050,750 shares out of the 3,306,000 shares held by the second-largest shareholder, KC Co., Ltd., through over-the-counter trading on May 28, 2018.

▲ On September 4, 2020, the second-largest shareholder, KC Co., Ltd., sold 600,000 shares out of the 2,255,250 shares of Tokai Carbon Korea Co., Ltd. through a block deal on the stock exchange.

▲ Tokai Carbon Co., Ltd. acquired 350,000 shares out of the 1,655,250 shares held by the second-largest shareholder, KC Co., Ltd., through over-the-counter trading on May 11, 2022.

### B. Status of Investments in Other Companies (Summary)

– Not applicable

(Base Date: December 31, 2022 )

(Unit: KRW)

Purpose of Investment	Number of Mutual Investment Companies			Investment amount			
	Listed	Non-listed	Total	Book value at beginning of period	Increase (Decrease)		Book value at end of period
					Acquisition (Disposition)	Valuation Profit and Loss	
Management participation	-	-	-	-	-	-	-
General investment	-	-	-	-	-	-	-
Passive investment	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

※ For detailed status, refer to 'Detailed Table-3. Status of Investments in Other Companies (Details)'

## X. Transaction Content With Largest Shareholders, Etc.

1. Transaction Content With Largest Shareholders, Etc. (Business transactions with major shareholders)

▲ Purchase of raw materials (high-purity graphite), etc.

(1) Counterparty: Tokai Carbon Co., Ltd.

(2) Transaction type: Purchase of raw materials and sales of products, etc.

(3) Transaction date: Throughout the year

(4) Transaction details: Purchase of raw materials required for the production of high-purity graphite products

The 28th (Current) period  
1,000)

(Unit: KRW

Company Name	Revenues	Other revenues	Purchase	Other expenses, etc.	Dividends
Tokai Carbon Co., Ltd.	15,939	-	25,115,395	7,984,182	7,412,048

2. Transaction details with shareholders (excluding major shareholders), executives, employees, and other stakeholders

The 28th (Current) period  
1,000)

(Unit: KRW

Company Name	Revenues	Other revenues	Purchase	Other expenses, etc.	Dividends
KC Co., Ltd.	-	-	-	4,883,731	2,367,008

# XI. Other Necessary Matters to Protect Investors

## 1. Disclosure Progress and Changes

### A. Disclosure Progress and Changes

Reporting Date	Title	Details of Reporting	Progress of Reporting
June 16, 2008	Future Business Plan	Three-party contract for the supply of HotZone Parts for silicon wafer production Contract period: From January 1, 2008, to December 31, 2012	Completed
October 31, 2008	Acquisition Decision of Tangible Assets	Land Acquisition ▲ Purchase of land for a new factory, KRW4,258 million (From October 2008 to October 2009)	Completed - Final payment of remaining balance made on October 29, 2009 - Registration completed on May 20, 2010
April 30, 2010	Signing of Exclusive Supply Contract	Carbon Equipment Construction Contract Contract period: From April 27, 2010, to February 28, 2011 ▲ Disclosure of contract counterparty and contract amount withheld due to concerns about the exposure of trade secrets (facility scale and production methods) and potential operational damages	Completed - Amendment to the withholding disclosure on March 2, 2011
June 14, 2010	New Facility Investment, etc.	Expansion of a New Factory: Expansion of production capacity in response to increased demand for graphite and CVD coating products ▲ In order to proactively respond to the expansion of the CVD SiC Coating market, including semiconductors, solar power, and LED parts ▲ Investment in building, auxiliary facilities, and machinery. Construction started in the second quarter of 2010 and was completed in the first half of 2011.	Completed - Building registration and factory registration completed in June 2011
December 8, 2014	New Facility Investment, etc.	Investment in product manufacturing equipment (KRW 2.002 billion) ▲ Aimed at increasing production volume and improving quality	Completed
April 28, 2015	New Facility Investment, etc.	Investment in product manufacturing equipment (KRW 10.169 billion) ▲ Aimed at expanding production capacity in response to increased customer demand	Completed
March 30, 2016	New Facility Investment, etc.	Investment in product manufacturing equipment (KRW 22.504 billion) ▲ Aimed at expanding production capacity in response to increased customer demand	Completed
July 19, 2018	New Facility Investment, etc.	Investment in product manufacturing equipment (KRW 48.328 billion) ▲ Aimed at expanding production capacity in response to increased customer demand	Completed July 24, 2019: Completion of amendment disclosure due to amendment of investment amount (Previous: KRW 48.328 billion → Present: KRW 36.34 billion) September 26, 2019: Completion of amendment disclosure due to the amendment of the investment completion date (Previous: September 30, 2019 → Present: March 31, 2020)

### B. Summary of Minutes of Shareholder's Meeting

General meeting of shareholders (Date)	Agenda	Resolution	Remarks
Approval of the 24th Regular General Meeting of Shareholders (March 26, 2019)	1. Approval of the 24th Financial Statements 2. Appointment of Directors 3. Appointment of Auditors 4. Approval of Director Compensation Limit	Approved as proposed	-

	5. Approval of Auditor Compensation Limit 6. Approval of Amendment to Executive Retirement Payment Regulations 7. Approval of Articles of Incorporation Amendment		
Approval of the 25th Regular General Meeting of Shareholders  (March 25, 2020)	1. Approval of the 25th Financial Statements 2. Appointment of Directors  3. Approval of Director Compensation Limit 4. Approval of Auditor Compensation Limit 5. Approval of Articles of Incorporation Amendment	Approved as proposed	-
Approval of the 26th Regular General Meeting of Shareholders  (March 31, 2021)	1. Approval of the 26th Financial Statements 2. Appointment of Directors  3. Approval of Director Compensation Limit 4. Approval of Auditor Compensation Limit 5. Approval of Articles of Incorporation Amendment	Approved as proposed	-
The 27th Regular General Meeting of Shareholders  (March 29, 2022)	1. Approval of the 27th Financial Statements 2. Appointment of Directors 3. Appointment of Auditors  4. Approval of Director Compensation Limit 5. Approval of Auditor Compensation Limit 6. Approval of Articles of Incorporation Amendment	Approved as proposed	-

## 2. Matters Related to Contingent Liability, Etc.

### A. Major Lawsuits

#### – Lawsuit for Prohibition of Trade Secret Infringement and Compensation

On February 27, 2019, our Company filed a civil lawsuit with the Seoul Central District Court against one former employee of our outsourcing Company, two former employees of our Company, FerroTec Advanced Materials Korea (FTAK, subsidiary of FerroTec in Japan), and GJ Korea Co. Ltd., seeking a prohibition of trade secret infringement and compensation for damages. The trade secrets that require protection are related to core components used in the Etcher process of semiconductor companies, which our Company has commercialized through over six years of research and development. The individuals among the defendants were prosecuted for violation of the Unfair Competition Prevention and Trade Secret Protection Act and embezzlement in the course of duty in connection with the unauthorized acquisition, use, or disclosure of our Company's trade secrets on February 8, 2019, and the Pyeongtaek Branch of the Suwon District Court has convicted them.

#### – Patent Infringement Lawsuit

On September 23, 2019, our Company filed a lawsuit for the prohibition of patent infringement against Company D at the Seoul Central District Court, and as of December 31, 2022, the lawsuit is still ongoing.

On December 30, 2020, our Company filed a lawsuit for the prohibition of patent infringement against Companies Y and W at the Seoul Central District Court, and as of December 31, 2022, the lawsuit is still ongoing.

B. Status of Promissory Note/Check for Collateral

– Not applicable

C. Status of Guarantee Liabilities

– Not applicable

D. Status of Takeover of Liabilities Agreement

– Not applicable

E. Other Contingent Liabilities, Etc.

– Not applicable

F. Issuance of Debt Securities Recognized as Equity

– Not applicable

### **3. Matters Related to Sanctions, Etc.**

– Not applicable

### **4. Other Matters Including Major Matters Occurring After the Base Date**

A. Major Matters Occurring After the Base Date

– Not applicable

B. Status of Foreign Holding Company's Subsidiary Company, Etc.

– Not applicable



## XII. Detailed Table

### 1. Status of Subsidiary Companies Subject to Consolidation (Details)

☞ Move to the location of the text

(Unit: KRW)

Company Name	Date of Establishment	Address	Major Businesses	Total Assets at the End of Last Business Year	Basis for Dominant Relationship	Existence of Major Subsidiary Companies
-	-	-	-	-	-	-

### 2. Status of Subsidiary Companies (Details)

☞ Move to the location of the text

(Base Date: December 31, 2022)  
Company)

(Unit:

Listing Status	Number of Companies	Company Name	Corporate Registration Number
Listed	-	-	-
		-	-
Non-listed	-	-	-
		-	-

### 3. Status of Investments in Other Corporations (Details)

☞ Move to the location of the text

(Base Date: December 31, 2022 )  
share, %)

(Unit: KRW,

Company Name	Listing Status	Initial Acquisition Date	Purpose of Investment	Initial Acquisition Amount	Balance at the Beginning of Period			Increase (Decrease)			Remaining Balance at the End of Period			Financial Status of the Latest Business Year	
					Quantity	Equity Ownership	Book Value	Acquisition (Disposition)		Valuation Profit and Loss	Quantity	Equity Ownership	Book Value	Total Assets	Net Income or Loss
								Quantity	Amount						
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total					-	-	-	-	-	-	-	-	-	-	-

# **“ Confirmation of the Expert“**

## **1. Confirmation of the Expert**

- Not applicable

## **2. Interests Regarding the Expert**

- Not applicable