

SIMMTECH Co., Ltd. and Subsidiaries

Consolidated Financial Statements

December 31, 2023 and 2022

SIMMTECH Co., Ltd. and Subsidiaries
Index
December 31, 2023 and 2022

	Page(s)
Independent Auditor's Report	1 - 4
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Changes in Equity	7
Consolidated Statements of Cash Flows	8 - 9
Notes to the Consolidated Financial Statements	10 - 89



Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
SIMMTECH Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of SIMMTECH Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Occurrence of revenue recognition due to sale of goods

Reason why the matter was determined to be a Key Audit Matter

The Group's sales are one of the key performance indicators that management of the Group focuses on, and sales represent the Group's operating performance or expected future sales from the perspective of users of consolidated financial statements. Accordingly, the Group has a potential risk that the revenue recognition is not appropriate as the inherent risk is high such as the occurrence of fraud to meet the targets or expectation of sales. Therefore, we have identified this area as key audit matter because we determined that there is a significant risk in relation to occurrence of revenue due to sale of goods.

How our audit addressed the Key Audit Matter

We performed the following audit procedures to respond to the key audit matter:

- Obtained an understanding of and assessed the revenue recognition process, the Company's accounting policies and related internal controls
- Reviewed the adequacy of accounting treatment by analyzing journal entries in relation to opposite account of sales
- Performed substantive test by examining supporting documents of revenue transactions on a sample basis
- Obtained external party confirmations for outstanding balances of trade receivables on a sample basis

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Byoung-il Oh, Certified Public Accountant.

Seoul, Korea
March 21, 2024

This report is effective as of March 21, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

SIMMTECH Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	7	₩ 9,983,475,277	₩ 119,810,060,113
Trade and other receivables	4,5,8,35	115,248,042,215	139,013,499,410
Inventories	9	142,029,419,654	144,677,492,754
Other financial assets	4,5,10	1,130,000,000	80,434,235,000
Other current assets	11	8,646,282,123	6,913,919,969
Current tax assets		29,995,473	153,380,832
Assets held for sale	15	3,155,837,865	13,720,794,666
		<u>280,223,052,607</u>	<u>504,723,382,744</u>
Non-current assets			
Trade and other receivables	4,5,8,35	170,080,934,892	106,924,633,767
Other financial assets	10	5,405,781,994	4,880,232,551
Property, plant and equipment	12	625,184,147,699	586,727,198,498
Intangible assets	13	26,127,237,680	26,453,386,720
Right-of-use assets	14	14,514,761,714	13,589,130,530
Other non-current assets	11	455,229,836	394,088,690
Deferred tax assets	24	54,069,402,932	22,641,192,490
		<u>895,837,496,747</u>	<u>761,609,863,246</u>
Total assets		<u>₩ 1,176,060,549,354</u>	<u>₩ 1,266,333,245,990</u>
Liabilities			
Current liabilities			
Trade and other payables	4,5,16,35	₩ 328,344,569,440	₩ 301,035,052,381
Lease liabilities	4,5,17	2,651,020,842	2,666,047,455
Borrowings	4,5,18	125,844,638,010	26,219,312,896
Convertible notes	4,5,19	-	29,207,730,065
Derivative liabilities	4,5,20	-	22,863,896,943
Other financial liabilities	10	1,677,502,077	-
Other current liabilities	11	28,451,541,956	22,697,454,917
Current tax liabilities		1,475,824,482	69,690,379,620
		<u>488,445,096,807</u>	<u>474,379,874,277</u>
Non-current liabilities			
Trade and other payables	4,5,16,35	2,257,372,919	5,935,170
Lease liabilities	4,5,17	3,702,874,395	4,026,469,926
Net defined benefit liabilities	21	74,409,647,510	58,947,888,006
Borrowings	4,5,18	80,959,080,037	38,071,176,464
Other financial liabilities	4,5,10	370,000,000	370,000,000
Other non-current liabilities	11	54,063,604,908	76,826,409,667
Deferred tax liabilities	24	1,415,053,113	1,103,930,722
		<u>217,177,632,882</u>	<u>179,351,809,955</u>
Total liabilities		<u>705,622,729,689</u>	<u>653,731,684,232</u>
Equity			
Share capital	25	17,079,214,000	17,079,214,000
Reserves	25	110,416,743,768	110,416,743,768
Other components of equity	26	(93,820,666)	(93,820,666)
Accumulated other comprehensive income	26	3,505,322,183	3,761,268,541
Retained earnings	27	337,766,875,297	479,347,289,526
Equity attributable to owners of the Parent Company		<u>468,674,334,582</u>	<u>610,510,695,169</u>
Non-controlling interest		<u>1,763,485,083</u>	<u>2,090,866,589</u>
Total equity		<u>470,437,819,665</u>	<u>612,601,561,758</u>
Total liabilities and equity		<u>₩ 1,176,060,549,354</u>	<u>₩ 1,266,333,245,990</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

SIMMTECH Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Sales	23,35,36	₩ 1,041,895,724,977	₩ 1,697,452,348,000
Cost of sales	29,35	<u>1,013,450,112,715</u>	<u>1,216,347,937,718</u>
Gross profit		28,445,612,262	481,104,410,282
Selling and administrative expenses	28,29,35	<u>116,569,731,720</u>	<u>128,750,162,167</u>
Operating profit (loss)		(88,124,119,458)	352,354,248,115
Other non-operating income	30	17,445,126,619	10,009,070,232
Other non-operating expenses	30	64,687,340,143	10,483,846,289
Finance income	31	52,574,285,615	69,149,784,425
Finance costs	31	<u>61,899,164,538</u>	<u>74,762,766,703</u>
Profit (Loss) before income tax		(144,691,211,905)	346,266,489,780
Income tax expense (income)	24	<u>(29,547,340,128)</u>	<u>100,165,478,684</u>
Profit (Loss) for the year		<u>₩ (115,143,871,777)</u>	<u>₩ 246,101,011,096</u>
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences		(390,415,865)	(3,866,001,904)
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income		44,065,682	(44,065,682)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	21	(10,796,070,477)	5,022,951,869
Gain on valuation of financial assets at fair value through other comprehensive income		<u>45,488,844</u>	<u>34,320,716</u>
Other comprehensive income for the year, net of tax		<u>(11,096,931,816)</u>	<u>1,147,204,999</u>
Total comprehensive income for the year		<u>₩ (126,240,803,593)</u>	<u>₩ 247,248,216,095</u>
Profit (Loss) attributable to:			
Owners of the Parent Company		₩ (114,860,094,595)	₩ 245,820,150,142
Non-controlling interests		(283,777,182)	280,860,954
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		₩ (125,913,422,087)	₩ 247,173,037,385
Non-controlling interest		(327,381,506)	75,178,710
Earnings per share attributable to the equity holders of the Parent Company			
Basic and diluted earnings per share	32	₩ (3,607)	₩ 7,719

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

SIMMTECH Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in Korean won)

(in Korean won)

	Attributable to owners of the Parent Company															
	Share capital		Share premium		Other Components of Equity		Accumulated Other Comprehensive Income		Retained Earnings		Total		Non-controlling Interest		Total Equity	
Balance at January 1, 2022	₩	17,079,214,000	₩	110,440,951,435	₩	(93,820,666)	₩	7,433,655,023	₩	244,424,804,159	₩	379,284,803,951	₩	1,991,480,212	₩	381,276,284,163
Total comprehensive income																
Profit(Loss) for the year		-		-		-		-		245,820,150,142		245,820,150,142		280,860,954		246,101,011,096
Other comprehensive income																
Gain (loss) on valuation of financial assets at fair value through other comprehensive income		-		-		-		(10,242,616)		-		(10,242,616)		497,650		(9,744,966)
Remeasurements of net defined benefit liabilities		-		-		-		-		5,025,273,725		5,025,273,725		(2,321,856)		5,022,951,869
Exchange differences		-		-		-		(3,662,143,866)		-		(3,662,143,866)		(203,858,038)		(3,866,001,904)
Total other comprehensive income		-		-		-		(3,672,386,482)		5,025,273,725		1,352,887,243		(205,682,244)		1,147,204,999
Total comprehensive income for the year		-		-		-		(3,672,386,482)		250,845,423,867		247,173,037,385		75,178,710		247,248,216,095
Transactions with owners																
Dividends paid		-		-		-		-		(15,922,938,500)		(15,922,938,500)		-		(15,922,938,500)
Effect of changes in percentage of ownership in subsidiaries		-		(24,207,667)		-		-		-		(24,207,667)		24,207,667		-
Total transactions with owners		-		(24,207,667)		-		-		(15,922,938,500)		(15,947,146,167)		24,207,667		(15,922,938,500)
Balance at December 31, 2022	₩	17,079,214,000	₩	110,416,743,768	₩	(93,820,666)	₩	3,761,268,541	₩	479,347,289,526	₩	610,510,695,169	₩	2,090,866,589	₩	612,601,561,758
Balance at January 1, 2023	₩	17,079,214,000	₩	110,416,743,768	₩	(93,820,666)	₩	3,761,268,541	₩	479,347,289,526	₩	610,510,695,169	₩	2,090,866,589	₩	612,601,561,758
Total comprehensive income																
Profit(Loss) for the year		-		-		-		-		(114,860,094,595)		(114,860,094,595)		(283,777,182)		(115,143,871,777)
Other comprehensive income																
other comprehensive income		-		-		-		88,898,286		-		88,898,286		656,240		89,554,526
Remeasurements of net defined benefit liabilities		-		-		-		-		(10,797,381,134)		(10,797,381,134)		1,310,657		(10,796,070,477)
Exchange differences		-		-		-		(344,844,644)		-		(344,844,644)		(45,571,221)		(390,415,865)
Total other comprehensive income		-		-		-		(255,946,358)		(10,797,381,134)		(11,053,327,492)		(43,604,324)		(11,096,931,816)
Total comprehensive income for the year		-		-		-		(255,946,358)		(125,657,475,729)		(125,913,422,087)		(327,381,506)		(126,240,803,593)
Transactions with owners																
Dividends paid		-		-		-		-		(15,922,938,500)		(15,922,938,500)		-		(15,922,938,500)
Total transactions with owners		-		-		-		-		(15,922,938,500)		(15,922,938,500)		-		(15,922,938,500)
Balance at December 31, 2023	₩	17,079,214,000	₩	110,416,743,768	₩	(93,820,666)	₩	3,505,322,183	₩	337,766,875,297	₩	468,674,334,582	₩	1,763,485,083	₩	470,437,819,665

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

SIMMTECH Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(in Korean won)

	2023	2022
Cash flows from operating activities		
Cash generated from operations		
Profit for the year	₩ (115,143,871,777)	₩ 246,101,011,096
Adjustments for:		
Post-employment benefits	18,346,703,089	17,021,243,814
Loss (gain) on valuation of inventories	30,310,224,617	(1,222,674,191)
(Reversal of) Impairment loss	7,316,277	349,169,913
Loss on adjustment of receivables	55,713,834,360	-
Gain on foreign currency translation	(6,217,658,992)	(11,542,498,284)
Loss on foreign currency translation	7,418,408,944	16,849,808,486
Depreciation	79,917,626,281	81,183,067,668
Amortization	735,102,509	778,815,567
Gain on disposal of property, plant and equipment	(165,817,262)	(310,431,692)
Loss on disposal of property, plant and equipment	37,521,901	431,445,051
Loss on retirement of property, plant and equipment	-	1,889,137,015
Gain on valuation of derivatives	(2,123,376,822)	(5,376,265,967)
Loss on valuation of derivatives	-	7,171,272,398
Gain on redemption of debentures	-	(2,043,167,782)
Loss on redemption of debentures	402,508,866	-
Gain on disposal of financial assets at fair value through other comprehensive income	(114,228,631)	(24,418,495)
Loss on disposal of financial assets at fair value through other comprehensive income	62,231,778	34,932
Gain on disposal of assets held for sale	(3,053,879,622)	(2,828,453,162)
Dividend income	(6,146,184)	(6,490,704)
Interest income	(2,599,232,019)	(2,246,254,555)
Interest expenses	10,847,598,305	8,075,623,093
Others	12,320,736	-
Income tax expenses (incomes)	(29,547,340,128)	100,165,478,684
	<u>159,983,718,003</u>	<u>208,314,441,789</u>
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	7,377,566,038	(48,373,473,001)
Decrease (increase) in non-trade receivables	(73,773,092,572)	(48,494,717,437)
Decrease (increase) in advance payments	(461,256,560)	(3,157,955,091)
Decrease (increase) in prepaid expenses	(732,840,624)	(230,100,165)
Decrease (increase) in right to recover returned goods	(2,612,401,011)	(485,785,324)
Decrease (increase) in inventories	(25,413,719,195)	(1,680,527,737)
Decrease (increase) in long-term prepaid expenses	-	(221,905,092)
Decrease (increase) in other non-current assets	206,580,558	(208,820,879)
Increase (decrease) in trade payables	38,082,136,766	44,654,009,015
Increase (decrease) in non-trade payables	29,513,580,086	51,930,520,469
Increase (decrease) in advances from customers	(18,656,421,905)	54,934,730,324
Increase (decrease) in withholdings	(1,640,041,411)	1,231,088,085
Increase (decrease) in accrued expenses	(218,907,224)	(5,934,265,187)
Increase (decrease) in other long-term employee benefit liabilities	638,585,743	(1,017,435,914)
Increase (decrease) in defined benefit obligations	(13,175,001,658)	(3,152,761,016)
Increase (decrease) in refund liabilities	2,375,581,475	749,831,731
Increase in plan assets	(3,445,794,587)	(5,036,843,059)
Increase (decrease) in long-term non-trade payables	102,094,118	(2,285,209)
	<u>(61,833,351,963)</u>	<u>35,503,304,513</u>
Interest received	1,762,278,666	1,243,318,551
Interest paid	(11,367,779,765)	(4,694,724,407)

SIMMTECH Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

Income taxes paid	(66,807,853,159)	(51,000,981,758)
Dividends received	6,146,184	6,490,704
Net cash inflow(outflow) from operating activities	₩ (93,400,713,811)	₩ 435,472,860,488
Cash flows from investing activities		
Decrease in short-term financial instruments	₩ 130,600,000,000	₩ 20,000,000,000
Collection of short-term loans	2,902,566,664	2,255,295,670
Collection of long-term loans	-	5,930,000,000
Decrease in financial assets at fair value through other comprehensive income	9,956,228,775	53,360,398,283
Decrease in financial assets at fair value through profit or loss	4,828,115,967	-
Increase in government grants	3,398,933,976	7,510,000,000
Proceeds from disposal of property, plant and equipment	4,088,897,774	4,610,937,455
Decrease in leasehold deposits	26,279,593	43,570,711
Increase in short-term financial instruments	(60,000,000,000)	(90,030,000,000)
Increase in long-term financial instruments	(385,000,000)	(330,000,000)
Increase in financial assets at fair value through other comprehensive income	(93,124)	(63,255,018,546)
Increase in financial assets at fair value through profit or loss	(4,828,115,967)	-
Increase in short-term loans	(4,700,000,000)	(787,182,500)
Increase in long-term loans	(1,000,000,000)	(3,430,000,000)
Payments for assets held for sale	(33,454,190,953)	(42,552,307,223)
Payments for property, plant and equipment	(139,284,265,188)	(158,947,043,538)
Payments for intangible assets	(1,168,130,264)	(1,262,575,160)
Increase in leasehold deposits	(1,273,825,730)	(1,514,066,073)
Net cash outflow due to business combination	-	(397,487,350)
Net cash outflow from investing activities	(90,292,598,477)	(268,795,478,271)
Cash flows from financing activities		
Proceeds from short-term borrowings	465,270,360,000	53,794,600,000
Proceeds from long-term borrowings	112,942,200,000	-
Increase in guarantee deposit received	-	160,000,000
Repayments of short-term borrowings	(414,200,000,000)	(53,794,600,000)
Repayments of current portion of long-term borrowings	(6,851,521,152)	(7,468,193,453)
Repayments of long-term borrowings	(13,197,000,000)	(3,417,186,158)
Dividends paid	(15,922,938,500)	(15,922,938,500)
Repayments of lease liabilities	(3,494,610,282)	(4,390,183,979)
Redemption of convertible notes	(50,695,920,000)	(31,737,716,029)
Net cash inflow(outflow) from financing activities	73,850,570,066	(62,776,218,119)
Net increase (decrease) in cash and cash equivalents	(109,842,742,222)	103,901,164,098
Cash and cash equivalents at the beginning of the financial year	119,810,060,113	16,724,588,508
Effects of exchange rate changes on cash and cash equivalents	16,157,386	(815,692,493)
Cash and cash equivalents at the end of the year	₩ 9,983,475,277	₩ 119,810,060,113

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. General Information

SIMMTECH Co., Ltd. (the Company) and its subsidiaries (collectively referred to as “the Group”) was incorporated on July 1, 2015, after its spin-off from SIMMTECH HOLDINGS Co., Ltd. to engage in manufacturing various electronic products and parts, including print circuitry-base (“PCB”) plates. The Company was listed on the KOSDAQ market in the Korea Exchange (“KRX”) on August 7, 2015. The head office of the Company is located in 73, Sandan-ro, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, Korea.

As at December 31, 2023, the amount of ordinary shares is ₩ 17,079,214 thousand and the largest shareholder of the Group is SIMMTECH HOLDINGS Co., Ltd. who owns 33.05% of the shares issued.

Ordinary shares of the Company as at December 31, 2023, consists of:

Shareholders	Type	Ordinary shares	
		Number of shares	Percentage of ownership
SIMMTECH HOLDINGS Co., Ltd.	Corporation	10,527,150	33.05%
National Pension Service	Investment trust	2,399,969	7.53%
Others	-	18,927,024	59.42%
		<u>31,854,143</u>	<u>100.00%</u>

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

	Location	Ownership interest held by the Group		Closing month	Main business
		2023	2022		
GLOBAL SIMMTECH Co., Ltd.	Korea	98.55%	98.55%	December	Holding company
Simmtech Hong Kong Holdings Limited ¹	Hong Kong	100.00%	100.00%	December	Holding company
Simmtech (Xian) Co., Ltd. ²	China	100.00%	100.00%	December	PCB manufacturing
STJ Holdings Co., Ltd. ³	Japan	100.00%	100.00%	December	Holding company
SIMMTECH GRAPHICS CO., Ltd. ⁴	Japan	99.26%	99.26%	December	PCB manufacturing
T.E. TECH(M) SDN. BHD. ⁵	Malaysia	99.89%	99.89%	December	PCB inspection
A.I. Tech Co., Ltd.	Korea	100.00%	100.00%	December	PCB inspection
Bestics Co., Ltd ⁶	Korea	100.00%	100.00%	December	Logistics service

¹ A subsidiary of GLOBAL SIMMTECH Co., Ltd., an intermediate parent company.

² An entity held by a subsidiary of GLOBAL SIMMTECH Co., Ltd., an intermediate parent company.

³ A subsidiary of GLOBAL SIMMTECH Co., Ltd., an intermediate parent company.

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

⁴ An entity held by a subsidiary of GLOBAL SIMMTECH Co., Ltd., an intermediate parent company.

⁵ The Group acquired additional 388,601 shares to reinforce control over the overseas affiliates and to simplify the equity structure during the year ended December 31, 2022.

⁶ The Group newly acquired 100% shares of the entity for ₩ 805,660 thousand during the year ended December 31, 2022.

Subsidiaries newly included in the consolidation for the year ended December 31, 2022:

Subsidiary	Reason
Bestics Co., Ltd	Newly acquired

Subsidiaries excluded from the consolidation for the year ended December 31, 2022:

Subsidiary	Reason
Nippon Via Co., Ltd.	Merged

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

1.2 Summarized Financial Information

Summarized financial information for consolidated subsidiaries as at and for the years ended December 31, 2023 and 2022, is as follows:

(in thousands of Korean won)

	2023			
	Assets	Equity	Sales	Profit (loss) for the year
GLOBAL SIMMTECH Co., Ltd.	₩ 194,595,466	₩ 104,584,518	₩ -	₩ (2,686,473)
Simmtech Hong Kong Holdings Limited	52,579,143	52,471,745	-	(32,783)
Simmtech (Xian) Co., Ltd.	167,541,774	117,648,994	166,081,274	9,156,090
STJ Holdings Co., Ltd.	64,525,114	57,270,690	-	(319,822)
SIMMTECH GRAPHICS CO., Ltd.	157,185,170	20,271,248	125,334,125	(17,120,424)
T.E. TECH(M) SDN. BHD.	4,305,034	1,704,900	2,063,826	(1,112,514)
A.I. Tech Co., Ltd.	3,804,385	(3,534,021)	4,932,105	(2,687,538)
Bestics Co., Ltd	1,383,661	653,903	3,153,792	(80,659)

(in thousands of Korean won)

	2022			
	Assets	Equity	Sales	Profit (loss) for the year
GLOBAL SIMMTECH Co., Ltd.	₩ 199,685,861	₩ 107,180,600	₩ -	₩ (22,442,734)
Simmtech Hong Kong Holdings Limited	51,677,410	51,604,218	-	(48,278)
Simmtech (Xian) Co., Ltd.	134,240,239	109,021,417	178,037,492	17,472,133
STJ Holdings Co., Ltd.	67,401,752	60,140,733	-	(339,091)
SIMMTECH GRAPHICS CO., Ltd.	172,792,598	38,647,594	238,401,305	14,823,249
T.E. TECH(M) SDN. BHD.	4,216,669	2,858,099	3,289,460	(171,070)
A.I. Tech Co., Ltd.	4,355,814	(746,928)	5,582,462	(545,400)
Bestics Co., Ltd	1,563,173	734,562	2,636,551	79,884

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

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

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

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

amendments do not have a significant impact on the financial statements.

(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the financial statements.

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the financial statements.

(d) Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. These Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the financial statements.

(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The impact of Pillar Two is disclosed in Note 24.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

(c) Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(e) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as available-for-sale equities are recognized in other comprehensive income.

(c) Translation to the presentation currency

The financial performance and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of profit or loss are translated at average exchange rates, and
- all resulting exchange differences from 1) and 2) are recognized in other comprehensive income.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any accumulated exchange differences recognized in the equity line item is reclassified to profit or loss at a point when the gain or loss on disposal is recognized.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

2.5 Financial Assets

(a) Classification

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

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

- those to be measured at amortized cost

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

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

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

(b) Measurement

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

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

A. Debt instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income or expenses' and impairment losses are presented in 'other non-operating expenses'.

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

B. Equity instruments

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

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

(c) Impairment

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

(d) Recognition and Derecognition

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

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

(e) Offsetting of financial instruments

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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

2.6 Derivative Instruments

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

2.7 Trade Receivables

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

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the gross average method.

2.9 Non-current Assets (or Disposal Group) Held for sale

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

2.10 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

	Useful lives
Buildings	30 - 40 years
Structures	8 - 10
Machinery	3 - 10
Vehicles	8
Tools and equipment	8
Facility equipment	20

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. In addition, when the assets' carrying amount exceeds the estimated recoverable amount, the assets' carrying amount is written down to its recoverable amount, immediately.

2.11 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.12 Government Grants

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

2.13 Intangible Assets

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	5 years
Industrial property rights	10
Trademark	5

2.14 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Trade and Other Payables

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

2.16 Financial Liabilities

(a) Classification and measurement

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

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

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of profit or loss as 'finance costs', together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

settlement of the liability for at least 12 months after the reporting period.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.17 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as 'other financial liabilities' in the statement of financial position.

2.18 Compound Financial Instruments

Compound financial instruments are convertible notes that can be converted into equity instruments at the option of the holder. The Group assesses the conditions of compound financial instrument and determines whether it holds both equity component and liability component.

If compound financial instrument holds both equity component and liability component, the liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost until extinguished on conversion or maturity of the bonds. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

In other cases, the liability component of a compound financial instrument is recognized initially at fair value by each liability component. The debenture component is subsequently measured at amortized cost until extinguished on conversion or maturity of the debentures, and the conversion right component is remeasured at amortized cost until extinguished on its conversion or maturity. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

2.19 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.20 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

2.21 Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Other long-term employee benefits

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

2.22 Revenue Recognition

(a) Identifying performance obligation

The Group is mainly engaged in the business of sales of Printed Circuit Board (PCB) and others. For the product sales contract, the Group separates contracts to identify a performance obligation from service rendered, apart from sales of goods or products.

The Group determines standard warranty coverage periods per product and country, considering warranty periods required by law and others when entering into contracts with customers for the sales of products. If the Group provides an extended warranty beyond the standard warranty coverage

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

periods or a customer has the option to purchase an additional warranty separately, the Group identifies the warranty as a separate performance obligation and recognizes revenue.

(b) Performance obligation satisfied at a point in time

Revenues from sales of goods are recognized at the time the goods are delivered to the customer. The delivery of goods occurs only when the goods are transferred to a specific location, the risk of obsolescence and loss is transferred to the customer, and the customer either approves the goods under the sales contract, or the approval periods elapse, or the Group has objective evidence that its delivery has been met the acceptance requirements.

(c) Variable considerations

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Group does not expect to be entitled.

(d) Refund

A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue, and the Group has a right to recover the product from the customer when the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover the products.

(e) Significant financing component

In general, the period between the transfer of the promised goods or services to the customer and the payment made by the customer is less than one year. In this case, the Group uses the practical expedient in which the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

2.23 Leases

The Group leases various offices, warehouses, equipment cars and others. Lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension options as described in (b) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(a) Variable lease payments

The Group does not use leases that contain variable lease payment conditions related with sales.

(b) Extension and termination options

Extension and termination options are included in certain property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease period, the management of the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise the option.

2.24 Segment Reporting

The Group is engaged in the business of manufacture and sale of Printed Circuit Board (PCB), which is classified into HDI product group and SPS product group by the product's characteristics for internal purposes. However, two product groups are manufactured by the same manufacturing facility and labor and required technology and marketing strategies for each group are similar. In addition, the Group does not allocate resources or performs assessment by the product group. Accordingly, the Group is considered to have one reportable segment.

2.25 Approval of Issuance of the Financial Statements

The consolidated financial statements 2023 were approved for issue by the Board of Directors on March 8, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Estimated goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (Note 13).

(b) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 24).

If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System for Recirculation of Corporate Income*, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(c) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually as at December 31 either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. To calculate the value in use, the Group estimates the expected future cash inflows derived from the CGU and selects a discount rate for calculating the present value of the expected future cash inflows. Net fair value calculated by deduction of selling expenses from fair value is determined by an appropriate valuation model using stock prices traded in the open market or other available fair value valuation indicators.

(d) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 4).

(e) Valuation of Inventory

Inventories are evaluated at the lower of net realizable value and acquisition cost, and net realizable value is determined based on estimates of expected selling price and selling cost. In addition, obsolete inventories are also evaluated as estimate net realizable value. These estimates are based on market conditions and past history (Note 9).

(f) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 21).

4. Financial Risk Management and Fair Value

The Group is exposed to credit risk, liquidity risk and market risk related to financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Risk management activities

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables and investment securities.

(i) Trade receivables

Most of the Group's customers have been transacting with the Group for long period of time, and losses have occurred infrequently. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

and delivery terms and conditions are offered. The Group uses external ratings, when available, to reassess the creditworthiness. The Group establishes an allowance for impairment that represents its estimate of the expected life-time losses to be recognized from initial recognition of trade and other receivables and investments. In order to manage credit risk, the status of delinquent receivables and measures to collect them is reported, and appropriate actions are taken depending on the reasons for delay.

(ii) Investments

The Group limits its exposure to credit risk by investing only with counterparties that have a superior credit rating.

(iii) Exposure to credit risk

The book amount of financial instruments represents the maximum amount of credit exposures.

<i>(in thousands of Korean won)</i>	2023	2022
Cash and cash equivalents (excluding cash on hand)	₩ 9,968,675	₩ 119,797,983
Trade and other receivables (Current)	102,893,343	129,483,523
Trade and other receivables (Non-current)	170,080,935	106,924,634
Other financial assets (Current)	1,130,000	80,434,235
Other financial assets (Non-current) ¹	5,171,219	4,702,083
Payment guarantee	28,366,800	-
	<u>₩ 317,610,972</u>	<u>₩ 441,342,458</u>

¹ Equity instruments are excluded.

The aging analysis of the trade and other receivables as at December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Trade receivable	Other receivables	Trade receivable	Other receivables
Receivables not past due	₩ 92,320,259	₩ 237,373,796	₩ 102,105,829	₩ 134,328,144
Overdue receivables ¹				
Less than 3 months	231,419	-	1,267	-
Between 3 and 6 months	-	-	10,868	-
Over 6 months	-	-	19,010	-
	<u>231,419</u>	<u>-</u>	<u>31,145</u>	<u>-</u>
	<u>₩ 92,551,679</u>	<u>₩ 237,373,796</u>	<u>₩ 102,136,974</u>	<u>₩ 134,328,144</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The movements on provision for impairment of trade receivable for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 56,961	₩ -	₩ 56,543	₩ -
Impairment loss (reversal)	7,316	-	349,170	-
Collection / Elimination	-	-	(346,418)	-
Foreign currency translation effect	(33,872)	-	(2,334)	-
Ending balance	₩ 30,406	₩ -	₩ 56,961	₩ -

The movements on provision for impairment of other receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Beginning balance	₩ -	₩ -	₩ -	₩ 9,994,307
Impairment loss (reversal)	-	-	-	-
Collection / Elimination	-	-	-	(9,903,471)
Foreign currency translation effect	-	-	-	(90,837)
Ending balance	₩ -	₩ -	₩ -	₩ -

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flows through mid-to long-term management plan and short-term management strategy and holds cash enough to cover its generally expected operating expense. Those plan and strategy do not include potential effects from extreme situation that cannot be reasonably expected.

The Group monitors its cash flows through designing and executing short-term business strategies and mid- to long-term business plans and has a sufficient amount of cash to support operating costs that are expected under normal circumstances. The potential effect from unusual events that cannot reasonably be foreseen has been considered.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The following is the contractual maturities of financial liabilities as at December 31, 2023 and 2022, including estimated interest payments and excluding the impact of netting agreements:

(in thousands of Korean won)

	2023			
	Contractual cash flows	12 months or less	1 to 2 years	More than 2 years
Non-derivative instruments				
Trade and other payables ¹	₩ 308,887,078	₩ 306,629,705	₩ 2,257,373	₩ -
Lease liabilities	7,376,152	2,655,829	1,002,656	3,717,667
Borrowings	219,765,897	131,416,769	45,374,770	42,974,358
Other financial liabilities	2,047,502	1,677,502	370,000	-
	<u>₩ 538,076,629</u>	<u>₩ 442,379,805</u>	<u>₩ 49,004,799</u>	<u>₩ 46,692,024</u>

¹ The liabilities related to employee benefits that are not included in financial liabilities are excluded.

(in thousands of Korean won)

	2022			
	Contractual cash flows	12 months or less	1 to 2 years	More than 2 years
Derivative instruments				
Derivative financial liabilities	₩ 22,863,897	₩ 22,863,897	₩ -	₩ -
Non-derivative instruments				
Trade and other payables ¹	289,804,471	289,798,536	5,935	-
Lease liabilities	8,200,307	2,829,529	1,614,613	3,756,165
Borrowings	66,730,156	27,282,475	7,921,377	31,526,304
Convertible notes	47,610,000	47,610,000	-	-
	<u>₩ 435,208,831</u>	<u>₩ 390,384,437</u>	<u>₩ 9,541,925</u>	<u>₩ 35,282,469</u>

¹ The liabilities related to employee benefits that are not included in financial liabilities are excluded.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Foreign Currency risk

The Group's foreign exchange risk management policy is to minimize its exposure from changes in the exchange rate and to secure steady and stable cash flows at any given time. The Group's policy prohibits trading based on speculation. The Group manages its foreign exchange risk by holding certain amounts of Korean won, US dollars and Japanese yen and reports its status of regarding foreign exchange risk management to the Board of Directors on a quarterly basis.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The Group's exposure to foreign currency risk based on notional amounts as at December 31, 2023 and 2022, is as follows:

*(in US dollars, and
Japanese yen)*

	2023		2022	
	USD	JPY	USD	JPY
Cash and cash equivalents	868,335	-	75,154,083	551,331,316
Deposits	51,942	-	180,000	5,802,000
Trade and other receivables	262,675,725	2,664,133,583	269,348,123	1,375,149,567
Trade and other payables	(161,911,864)	(3,161,713,675)	(113,950,045)	(4,777,559,335)
Other liabilities	(13,952,232)	-	(29,064,280)	-
Borrowings	(54,360,000)	-	(18,360,000)	-
Exposure, net	33,371,905	(497,580,092)	183,307,882	(2,845,276,452)

The following exchange rates were applied during 2023 and 2022:

(in Korean won)

	Average exchange rate		Ending exchange rate	
	2023	2022	2023	2022
USD	₩ 1,305.41	₩ 1,291.95	₩ 1,289.40	₩ 1,267.30
JPY	9.3124	9.8344	9.1266	9.5318

The impact of appreciated/depreciated Korean won by 5% against foreign currencies on the profit or loss before income tax as at December 31, 2023 and 2022, is as follows:

(in thousands of Korean won)

		2023	2022
USD	Increase 5%	₩ 2,151,487	₩ 11,615,304
JPY	Increase 5%	(227,061)	(1,356,030)

As at December 31, 2023, a depreciation of the Korean won against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The interest rate risk of the Group is the risk of fluctuating future cash flows relates primarily the Group's long-term borrowings with floating interest rates. The Group borrows long-term borrowings with floating interest rates when borrowing with floating interest is more favorable than borrowing with fixed interest rate.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The interest rate profile of the Group's interest-bearing financial instruments as at December 31, 2023 and 2022, was as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Fixed interest rate instruments:				
Trade and other receivables	₩	33,439,243	₩	128,800,135
Other financial assets		1,550,000		81,624,235
Borrowings		(25,253,200)		(9,531,800)
Convertible notes		-		(29,207,730)
	₩	<u>9,736,043</u>	₩	<u>171,684,840</u>
Floating interest rate instruments:				
Borrowings	₩	(181,550,518)	₩	(54,758,689)
	₩	<u>(181,550,518)</u>	₩	<u>(54,758,689)</u>

A change of 1% in interest rate at the reporting date would have increased (decreased) equity and profit or loss before income tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<i>(in thousands of Korean won)</i>	2023		2022	
	1% point increase	1% point decrease	1% point increase	1% point decrease
Variable rate financial instruments	₩ (1,815,505)	₩ 1,815,505	₩ (547,587)	₩ 547,587

(e) Capital management

The purpose of the Group's capital management is to maintain a stable capital structure and to maximize shareholders' benefit. In order to achieve optimal capital structure, the Group monitors its debt-to-equity and net borrowings-to-equity ratios. The debt-to-equity ratio is calculated by dividing the total equity by total liabilities, while the net borrowings-to-equity ratio is calculated by dividing the total equity by net borrowings.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The Group's debt-to-equity ratio and net borrowings-to-equity ratio as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Total liabilities	₩	705,622,730	₩	653,731,684
Total equity		470,437,820		612,601,562
Debt-to-equity ratio		149.99%		106.71%
Cash and cash equivalents	₩	9,983,475	₩	119,810,060
Borrowings		206,803,718		64,290,489
Convertible notes		-		29,207,730
Derivative liabilities		-		22,863,897
Net borrowings	₩	196,820,243	₩	(3,447,944)
Net borrowings-to-equity ratio		41.84%		(0.56)%

(f) Fair Value

(i) The carrying amount and fair value of financial instruments by category as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at amortized cost:				
Cash and cash equivalents	₩ 9,983,475	¹	₩ 119,810,060	¹
Trade and other receivables	230,735,379	¹	211,078,135	¹
Other financial assets	6,301,219	¹	75,277,083	¹
Financial assets at fair value through other comprehensive income				
Other financial assets	234,563	₩ 234,563	10,037,384	₩ 10,037,384
Trade and other receivables	42,238,898	¹	25,330,021	¹
Liabilities measured at amortized cost:				
Trade and other payables ²	₩ 308,887,078	¹	₩ 289,804,471	¹
Borrowings	206,803,718	¹	64,290,489	¹
Convertible notes	-	¹	29,207,730	¹
Other financial liabilities	2,047,502	¹	370,000	¹
Financial liabilities at fair value through profit or loss				
Derivative liabilities	-	₩ -	22,863,897	₩ 22,863,897

¹ Fair value is not disclosed as the carrying amount is a reasonable approximation of fair value.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

² The liabilities related to employee benefits that are not included in financial liabilities are excluded.

(ii) Fair value hierarchy

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

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

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income (other financial instruments)	₩ 215,123	₩ -	₩ 19,440	₩ 234,563

(in thousands of Korean won)

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income (other financial instruments)	₩ 156,989	₩ -	₩ 9,880,395	₩ 10,037,384
Financial liabilities at fair value through profit or loss				
Derivative liabilities	-	-	22,863,897	22,863,897

There's no transfer between levels.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(iii) Valuation technique and inputs

Valuation techniques and inputs used in the recurring fair value measurements categorized within Level 3 of the fair value hierarchy as at December 31, 2023 and 2022, are as follows:

		2023			
		Fair value	Valuation techniques	Inputs	Range of inputs
Financial assets at fair value through other comprehensive income (other financial instruments)	₩	19,440	Net asset value method	-	-

(in thousands of Korean won)

		2022			
		Fair value	Valuation techniques	Inputs	Range of inputs
Derivative liabilities (conversion right)	₩	22,988,818	Binomial Tree Model	Stock price volatility and discount rate	Stock price volatility: 44.51%
Derivative liabilities (call/put)		(124,921)			Risk-free discount rate: 3.73%
					Issuer's discount rate: 15.33%
					Company's discount rate: 9.82%
Financial assets at fair value through other comprehensive income (other financial instruments)		9,880,396	Present value method	Credit risk adjusted discount rate	Discount rate: 9.86%

(iv) Sensitivity analysis of the recurring fair value measurements

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique.

When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome.

Level 3 financial instruments subject to sensitivity analysis are (1) interest rate related derivatives and equity-related derivatives whose fair value changes are recognized in profit or loss, (2) equity securities and beneficiary certificates whose fair value changes are recognized in profit or loss or other comprehensive income or loss.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Results of the sensitivity analysis of changes in unobservable inputs as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023	
		Favorable changes	Unfavorable change
Financial liabilities:			
Derivative liabilities (conversion right)	₩	-	₩ -
Put option		-	-
Call option		-	-

<i>(in thousands of Korean won)</i>		2022	
		Favorable changes	Unfavorable change
Financial liabilities:			
Derivative liabilities (conversion right)	₩	(2,936,821)	₩ 2,729,802
Put option		(561,824)	1,093,058
Call option		826,111	(756,438)

For derivative liabilities, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate by $\pm 1\%$ and stock price volatility by $\pm 10\%$.

(g) Offsetting Financial Assets and Financial Liabilities

There are no recognized financial assets and liabilities subject to enforceable master offsetting arrangements or similar agreements.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

5. Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		2023	
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	₩ 9,983,475	₩ -	₩ 9,983,475
Trade and other receivables	230,735,380	42,238,898	272,974,278
Other financial assets	6,301,219	234,563	6,535,782
	<u>₩ 247,020,074</u>	<u>₩ 42,473,460</u>	<u>₩ 289,493,535</u>

(in thousands of Korean won)

(in thousands of Korean won)

	2023						
	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost		Others	Total	
Financial liabilities							
Trade and other payables ¹	₩	-	₩	308,887,078	₩	-	₩ 308,887,078
Borrowings		-		206,803,718		-	206,803,718
Other financial liabilities		-		370,000		1,677,502	2,047,502
Lease liabilities		-		-		6,353,895	6,353,895
	₩	-	₩	516,060,796	₩	8,031,397	₩ 524,092,193

¹ The liabilities related to employee benefits that are not included in financial liabilities are excluded.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

(in thousands of Korean won)		2022			
		Financial assets at fair value through other comprehensive income		Total	
Financial assets at amortized cost					
Financial assets					
Cash and cash equivalents	₩	119,810,060	₩	-	₩ 119,810,060
Trade and other receivables		211,078,135		25,330,021	236,408,156
Other financial assets		75,277,083		10,037,384	85,314,467
	₩	406,165,278	₩	35,367,405	₩ 441,532,683

(in thousands of Korean won)

(in thousands of Korean won)

	2022							
	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost		Others	Total		
Financial liabilities								
Trade and other payables ¹	₩	-	₩	289,804,471	₩	-	₩	289,804,471
Borrowings		-		64,290,489		-		64,290,489
Convertible notes		-		29,207,730		-		29,207,730
Derivative liabilities		22,863,897		-		-		22,863,897
Other financial liabilities		-		370,000		-		370,000
Lease liabilities		-		-		6,692,517		6,692,517
	₩	22,863,897	₩	383,672,690	₩	6,692,517	₩	413,229,105

¹ The liabilities related to employee benefits that are not included in financial liabilities are excluded.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Net gains or net losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

	2023		
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
Interest income	₩ 2,599,232	₩ -	₩ 2,599,232
Exchange differences, net	309,890	-	309,890
Gain on valuation of financial assets at fair value through other comprehensive income	-	44,066	44,066
Gain on disposal of financial assets at fair value through other comprehensive income	-	51,997	51,997
Impairment loss	7,316	-	7,316
Loss on adjustment of receivables	(55,713,834)	-	(55,713,834)
Loss on disposal of trade receivables	-	(4,553,462)	(4,553,462)
Dividend income	-	6,146	6,146

(in thousands of Korean won)

		2023		
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others	Total
Interest expenses	₩ -	₩ (10,567,853)	₩ (279,745)	₩ (10,847,598)
Exchange differences, net	-	(3,165,414)	-	(3,165,414)
Loss on redemption of debentures	-	(402,509)	-	(402,509)
Gain on valuation of derivatives	2,123,377	-	-	2,123,377
Financial guarantee income	-	-	150,224	150,224

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

	2022			
	Financial assets at amortized cost		Financial assets at fair value through other comprehensive income	
				Total
Interest income	₩	2,246,255	₩	- ₩ 2,246,255
Exchange differences, net		(548,544)		- (548,544)
Impairment loss		(349,170)		- (349,170)
Loss on disposal of trade receivables		-		(5,783,802) (5,783,802)
Dividend income		-		6,491 6,491
Loss on valuation of financial assets at fair value through other comprehensive income		-		(9,745) (9,745)
Gain on disposal of financial assets at fair value through other comprehensive income		-		24,384 24,384

(in thousands of Korean won)

	2022			
	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
			Others	Total
Interest expenses	₩	- ₩ (7,777,484)	₩ (298,139)	₩ (8,075,623)
Exchange differences, net		- 485,894	-	485,894
Loss on valuation of derivatives		(1,795,006)	-	(1,795,006)
Gain on redemption of debentures		-	2,043,168	- 2,043,168

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

6. Transfer of Financial Assets

(a) Transferred Financial Assets that are not Derecognized in Their Entirety

There were no trade receivables of the Group discounted through notes receivable factoring agreements with banks. As at December 31, 2023, the book amount of related trade receivables and borrowings is nil.

(b) Transferred Financial Assets that are Derecognized in Their Entirety

The Group transferred trade receivables to financial institutions and derecognized the trade receivables from the financial statements by transferring substantially all the risks and rewards. In relation to the transaction, loss on disposal amounting to ₩ 4,553,462 thousand (2022: ₩ 5,783,801 thousand) was recognized. As at December 31, 2023, the trade receivables derecognized and not matured amount to ₩ 89,595,551 thousand (2022: ₩ 114,174,012 thousand).

7. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2023 and 2022, consist of the following:

<i>(in thousands of Korean won)</i>	2023	2022
Cash on hand	₩ 14,800	₩ 12,077
Demand deposits	9,825,006	119,584,708
	<u>₩ 9,839,806</u>	<u>₩ 119,596,785</u>

Restricted financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Demand deposits	₩ 143,670	₩ 213,275

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

8. Trade and Other Receivables

Details of trade and other receivables as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 92,551,679	₩ -	₩ 102,136,974	₩ -
Provision for impairment	(30,406)	-	(56,961)	-
Non-trade receivables ¹	18,340,346	195,749,178	34,220,275	77,581,557
Present value discount ¹	-	(56,920,791)	-	-
Accrued income	47,180	2,152,548	549,718	868,077
Loans	4,339,243	29,100,000	2,163,495	28,475,000
	<u>₩ 115,248,042</u>	<u>₩ 170,080,935</u>	<u>₩ 139,013,501</u>	<u>₩ 106,924,634</u>

¹ The amount includes non-trade receivables and present value discount of SUSTIO SDN. BHD. due to purchase services of raw materials and proceeds from assets held for sale (Note 35).

9. Inventories

Details of inventories as at December 31, 2023 and 2022, are as follows:

(in thousands of
Korean won)

	2023			2022		
	Cost	Valuation allowance	Book amount	Cost	Valuation allowance	Book amount
Finished goods	₩ 75,328,669	₩ (28,890,151)	₩ 46,438,518	₩ 69,860,804	₩ (5,993,253)	₩ 63,867,551
Work in process	61,740,016	(12,341,874)	49,398,141	37,117,119	(6,410,864)	30,706,255
Raw materials	39,378,371	(2,524,540)	36,853,831	42,050,876	(1,240,635)	40,810,241
Sub-materials	3,585,548	(12,572)	3,572,977	3,156,578	-	3,156,578
Supplies	5,736,011	-	5,736,011	5,920,771	-	5,920,771
Goods in transit	29,942	-	29,942	216,097	-	216,097
	<u>₩ 185,798,557</u>	<u>₩ (43,769,137)</u>	<u>₩ 142,029,420</u>	<u>₩ 158,322,245</u>	<u>₩ (13,644,752)</u>	<u>₩ 144,677,493</u>

Inventories recognized as an expense during the year ended December 31, 2023, amounted to ₩ 1,013,450,113 thousand (2022: ₩ 1,216,347,938 thousand). These were included in 'cost of sales'.

The reversal of loss on valuation of inventories amounted to ₩ 30,310,225 thousand (2022: ₩ (-)1,222,674 thousand).

Inventories of the Parent Company are pledged as collateral for the loan agreement with the Export-Import Bank of Korea, and the collateral amount is USD 46,800,000.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

10. Other Financial Assets and Liabilities

Details of other financial assets and liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023		2022	
	Current	Non-current	Current	Non-current
Other financial assets:				
Long-term and short-term financial instruments ¹	₩ 1,130,000	₩ 420,000	₩ 70,575,000	₩ 1,190,000
Financial assets at fair value through other comprehensive income	-	234,563	9,859,235	178,149
Guarantee deposits	-	4,751,219	-	3,512,084
	₩ 1,130,000	₩ 5,405,782	₩ 80,434,235	₩ 4,880,233
Other financial liabilities:				
Leasehold deposits received	₩ -	₩ 370,000	₩ -	₩ 370,000
Financial guarantee liabilities	1,677,502	-	-	-
	₩ 1,677,502	₩ 370,000	₩ -	₩ 370,000

¹ Consists of time deposits and others.

Details of financial assets at fair value through other comprehensive income as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)	2023	2022
Current:		
MMT	₩ -	₩ 9,859,235
	-	9,859,235
Non-current:		
Listed stock		
The Hachijuni Bank, Ltd	215,123	156,989
Unlisted stock		
The Shoko Chukin Bank, Ltd.	18,253	19,064
Suwa Meal Service Cooperative Association	-	953
Business Cooperative Association Hi-Coop	913	953
Cooperative MBA	91	95
JOE Cooperative Association	91	95
Ichigo Ichie Cooperative Association	91	-
Total ¹	234,563	178,149
	₩ 234,563	₩ 10,037,384

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

¹ The Group classified it as an item at fair value through other comprehensive income for the purpose of mid-to long-term possession.

Changes in financial assets at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 9,859,235	₩ 178,149	₩ -	₩ 144,440
Acquisition	-	93	63,255,019	-
Decreases	(9,903,301)	(931)	(53,335,912)	(103)
Changes in fair values	44,066	66,127	(59,872)	50,127
Exchange differences	-	(8,876)	-	(16,315)
Ending balance	₩ -	₩ 234,563	₩ 9,859,235	₩ 178,149

11. Other Assets and Liabilities

Details of other assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Other assets				
Prepaid expenses	₩ 3,553,703	₩ 455,230	₩ 1,418,209	₩ 196,310
Advance payments	1,217,130	-	4,216,009	-
Right to recover returned goods	3,875,450	-	1,279,702	-
Others	-	-	-	197,779
	₩ 8,646,282	₩ 455,230	₩ 6,913,920	₩ 394,089
Other liabilities				
Advances from customers	₩ 19,898,241	₩ 48,834,644	₩ 14,854,674	₩ 72,236,034
Withholdings	4,501,062	-	6,145,654	-
Refund liabilities	4,052,238	-	1,697,127	-
Long-term employee benefits	-	5,228,961	-	4,590,376
	₩ 28,451,542	₩ 54,063,605	₩ 22,697,455	₩ 76,826,410

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

12. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			
	Land	Buildings	Structures	Machinery
Opening net book amount	₩ 42,907,195	₩ 125,027,256	₩ 1,913,803	₩ 184,908,813
Acquisition	844,654	2,095,622	293,890	24,340,700
Transfer	44,961	18,545,839	-	61,997,279
Disposal	(132,729)	(167,407)	-	(3,586,526)
Depreciation	-	(5,102,722)	(296,512)	(45,454,180)
Exchange differences	(366,345)	(907,976)	(59,441)	(1,515,162)
Closing net book amount	₩ 43,297,737	₩ 139,490,611	₩ 1,851,740	₩ 220,690,924
Acquisition cost	₩ 43,297,737	₩ 219,094,274	₩ 9,967,617	₩ 731,236,027
Accumulated depreciation	-	(70,865,253)	(8,115,877)	(507,131,670)
Government grants	-	(8,738,410)	-	(3,413,433)

(in thousands of Korean won)

	2023			
	Vehicles	Facility equipment and others	Construction in progress	Total
Opening net book amount	₩ 154,862	₩ 122,431,110	₩ 109,384,161	₩ 586,727,198
Acquisition	61,300	13,865,321	82,702,003	124,203,490
Transfer	-	51,420,841	(132,008,920)	-
Disposal	(8,122)	(75,246)	-	(3,970,030)
Depreciation	(61,536)	(26,148,516)	-	(77,063,467)
Exchange differences	140	(1,509,034)	(355,226)	(4,713,044)
Closing net book amount	₩ 146,643	₩ 159,984,475	₩ 59,722,019	₩ 625,184,148
Acquisition cost	₩ 602,031	₩ 386,915,918	₩ 60,228,103	₩ 1,451,341,705
Accumulated depreciation	(455,388)	(226,931,443)	-	(813,499,631)
Government grants	-	-	(506,084)	(12,657,927)

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

	2022			
	Land	Buildings	Structures	Machinery
Opening net book amount	₩ 32,014,910	₩ 123,840,666	₩ 1,236,807	₩ 180,909,377
Changes in consolidation scope	-	247,066	-	24,601
Acquisition	2,575,086	3,779,956	409,224	24,812,472
Transfer ¹	9,524,413	1,082,840	-	34,129,460
Disposal	(439,967)	(315,035)	(2,888)	(3,610,213)
Scrapped	-	-	-	(1,889,137)
Depreciation	-	(7,501,946)	(331,901)	(44,821,810)
Exchange differences	(767,248)	3,893,708	602,562	(4,645,937)
Closing net book amount	₩ 42,907,195	₩ 125,027,256	₩ 1,913,803	₩ 184,908,813
Acquisition cost	₩ 42,907,195	₩ 193,286,518	₩ 10,134,263	₩ 656,740,306
Accumulated depreciation	-	(66,453,971)	(8,220,460)	(470,682,480)
Government grants	-	(1,805,292)	-	(1,149,012)

(in thousands of Korean won)

	2022			
	Vehicles	Facility equipment and others	Construction in progress	Total
Opening net book amount	₩ 124,955	₩ 136,028,580	₩ 27,149,720	₩ 501,305,015
Changes in consolidation scope	9,900	103,155	-	384,722
Acquisition	12,500	10,463,439	129,973,466	172,026,143
Transfer ¹	89,676	162,916	(47,288,813)	(2,299,509)
Disposal	(10,889)	(352,958)	-	(4,731,951)
Scrapped	-	-	-	(1,889,137)
Depreciation	(71,249)	(24,831,753)	-	(77,558,658)
Exchange differences	(32)	857,732	(450,212)	(509,427)
Closing net book amount	₩ 154,862	₩ 122,431,110	₩ 109,384,161	₩ 586,727,198
Acquisition cost	₩ 863,338	₩ 327,459,416	₩ 116,320,461	₩ 1,347,711,497
Accumulated depreciation	(708,476)	(205,028,306)	-	(751,093,694)
Government grants	-	-	(6,936,300)	(9,890,604)

¹ Transfer of assets held for sale is included.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Selling and administrative expenses	₩ 566,207	₩ 556,572
Cost of sales	76,497,260	77,002,086
	<u>₩ 77,063,467</u>	<u>₩ 77,558,658</u>

Details of property, plant and equipment provided as collateral as at December 31, 2023, are as follows:

(in thousands of Korean won, USD, JPY)

Provider	Secured assets	Carrying amount	Secured party	Secured amount	Related line item	Related amount
SIMMTECH CO., LTD.	Land, buildings and machinery ¹	₩ 221,482,232	Samsung Electronic Co., Ltd.	₩ 35,000,000	Advances from customers	₩ 50,000,000
			SK Hynix Inc.	\$ 37,000,000	Advances from customers	\$ 3,952,232
			Korea Development Bank	₩ 160,000,000	L/C USANCE ²	\$ 20,000,000
			Shinhan Bank	₩ 8,400,000	²	₩ 118,000,000
			Hama Bank	₩ 24,000,000	Borrowings	₩ 20,000,000
SIMMTECH GRAPHICS Co., Ltd.	Land, buildings and machinery	95,789,985	Group of lenders' syndicate	JPY 6,520,200,000	Borrowings	JPY 4,994,122,460

¹ It is the carrying amount of secured assets among land, buildings, and machinery owned by the Parent Company, such as a factory and training center.

² It is the maximum limit of the bank credit as listed in Note 34 Commitments and Contingencies.

The above property, plant and equipment are insured against fire and other casualty losses.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

13. Intangible Assets

Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023				
	Software and others	Membership	Goodwill	Construction in progress	Total
Beginning balance	₩ 2,845,918	₩ 150,317	₩ 23,090,652	₩ 366,500	₩ 26,453,387
Acquisition	324,630	-	-	544,260	868,890
Transfer	(7,020)	-	-	(867,460)	(874,480)
Amortization	(735,103)	-	-	-	(735,103)
Exchange differences	12,643	(770)	402,670	-	414,543
Ending balance	₩ 2,441,070	₩ 149,546	₩ 23,493,322	₩ 43,300	₩ 26,127,238
Acquisition cost	₩ 27,298,477	₩ 149,546	₩ 23,493,322	₩ 43,300	₩ 50,984,645
Accumulated amortization	(24,857,408)	-	-	-	(24,857,408)

(in thousands of Korean won)

	2022				
	Software and others	Membership	Goodwill	Construction in progress	Total
Beginning balance	₩ 1,699,511	₩ 151,408	₩ 21,600,227	₩ -	₩ 23,451,146
Changes in consolidation scope	603	-	-	-	603
Acquisition	204,175	-	-	1,223,100	1,427,275
Transfer	1,779,999	-	-	(856,600)	923,399
Amortization	(778,816)	-	-	-	(778,816)
Exchange differences	(59,554)	(1,091)	1,490,425	-	1,429,779
Ending balance	₩ 2,845,918	₩ 150,317	₩ 23,090,652	₩ 366,500	₩ 26,453,387
Acquisition cost	₩ 26,695,066	₩ 150,317	₩ 23,090,652	₩ 366,500	₩ 50,302,534
Accumulated amortization	(23,849,148)	-	-	-	(23,849,148)

Line items including amortization in the statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023	2022
Selling and administrative expenses	₩ 677,069	₩ 699,571
Cost of sales	58,034	79,245
	₩ 735,103	₩ 778,816

Research and development costs incurred for the year ended December 31, 2023, are ₩ 19,548,561 thousand (2022: ₩ 14,855,360 thousand) and the amount of ₩ 17,996,231 thousand (2022: ₩ 12,964,068 thousand) and ₩ 1,552,330 thousand (2022: ₩ 1,891,293 thousand) are recognized as cost of manufacturing and selling and administrative expense, respectively.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Goodwill is allocated to the cash-generating unit. Details of goodwill as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Goodwill	₩ 23,493,322	₩ 23,090,652

The recoverable amount of cash-generating unit has been determined based on value-in-use or fair value less cost of disposal calculations. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period is only estimated in the maximum range of long-term average growth rate in the industry where the cash-generating units are affiliated to.

Management determined the estimated pre-tax cash flow based on past performance and its expectations of market development. Also, the discount rate used is a rate which reflects particular risk of the cash-generating unit. The key assumptions applied in value-in-use calculations of the cash-generating unit as at December 31, 2023, are as follows:

	2023	2022
Pre-tax discount rate	17.67%	19.30%
Nominal permanent growth rate	0.00%	0.00%

The sensitivity of the impairment test according to changes in the principal assumptions is:

	Simmtech Hong Kong Holdings Limited	
	1%p increase	1%p decrease
Pre-tax discount rate	-	-
Nominal permanent growth rate	-	-

(*) The amount relates to the impairment losses on Simmtech Hong Kong Holdings Limited and its subsidiaries, which are managed as a separate cash-generating unit.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

14. Right-of-use Assets

Changes in right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of
Korean won)

	2023					
	Land	Facility equipment	Buildings	Vehicles	Tools	Total
Beginning balance	₩ -	₩ 8,944,883	₩ 4,198,317	₩ 436,649	₩ 9,282	₩ 13,589,131
Acquisition	-	-	2,512,277	474,381	-	2,986,658
Transfer	867,460	-	-	-	-	867,460
Depreciation	-	(570,950)	(1,956,081)	(317,704)	(9,424)	(2,854,159)
Exchange differences	(40,578)	(27)	(32,472)	(1,392)	142	(74,328)
Ending balance	₩ 826,882	₩ 8,373,906	₩ 4,722,041	₩ 591,933	₩ -	₩ 14,514,762

(in thousands of
Korean won)

	2022					
	Facility equipment	Buildings	Vehicles	Machinery	Tools	Total
Beginning balance	₩ 8,637,029	₩ 4,813,297	₩ 879,930	₩ 741,792	₩ 44,080	₩ 15,116,128
Changes in consolidation scope	-	415,903	12,806	-	-	428,709
Acquisition	126,321	1,518,111	416,092	-	10,638	2,071,162
Termination	(26,382)	(195,706)	(223,598)	(741,792)	-	(1,187,477)
Depreciation	(574,098)	(2,339,856)	(664,281)	-	(46,175)	(3,624,410)
Exchange differences	782,014	(13,432)	15,699	-	738	785,019
Ending balance	₩ 8,944,883	₩ 4,198,317	₩ 436,649	₩ -	₩ 9,282	₩ 13,589,131

Line items including depreciation of right-of-use assets in the statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023	2022
Selling and administrative expenses	₩ 1,144,130	₩ 1,340,295
Cost of sales	1,710,029	2,284,115
	₩ 2,854,159	₩ 3,624,410

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

15. Assets held for sale

Details of assets held for sale as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	SUSTIO SDN. BHD.		SUSTIO SDN. BHD.	
Beginning balance	₩	13,720,795	₩	7,593,410
Acquisition		12,637,762		57,909,198
Transfer		-		2,299,509
Disposal		(23,202,719)		(54,081,322)
Ending balance	₩	<u>3,155,838</u>	₩	<u>13,720,795</u>

Details of profit or loss arising from assets held for sale for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Gain on disposal of assets held for sale	₩	3,053,880	₩	2,828,453
Loss on disposal of assets held for sale		-		-

16. Trade and Other Payables

Trade and other payables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Trade payables	₩ 123,313,836	₩ -	₩ 86,665,451	₩ -
Non-trade payables	186,747,732	2,257,373	194,736,614	5,935
Accrued expenses	<u>18,283,002</u>	<u>-</u>	<u>19,632,987</u>	<u>-</u>
	<u>₩ 328,344,569</u>	<u>₩ 2,257,373</u>	<u>₩ 301,035,052</u>	<u>₩ 5,935</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

17. Lease Liabilities

Details of lease liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Current	₩	2,651,021	₩	2,666,047
Non-current		3,702,874		4,026,470
	₩	<u>6,353,895</u>	₩	<u>6,692,517</u>

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

<i>(in thousands of Korean won)</i>	2023		2022	
Depreciation	₩	2,854,159	₩	3,624,410
Interest expense relating to lease liabilities		279,745		298,139
Expense relating to short-term leases		414,909		1,652,952
Expense relating to leases of low-value assets that are not short-term leases		864,696		960,741
	₩	<u>4,413,510</u>	₩	<u>6,536,242</u>

Depreciation of right-of-use assets is explained in Note 14.

The total outflow for short-term leases and leases of low-value assets, are ₩ 5,053,961 thousand (2022: ₩ 7,302,017 thousand).

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

18. Borrowings

Details of borrowings as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Category	Creditor	Latest maturity date	Annual interest rate (%)		2023	2022
Short-term borrowings						
Loans in Japanese Yen	Sumitomo Mitsui Banking	2024-09-30	1.89	₩	4,462,907	₩ 4,661,050
Loans in Japanese Yen	The Shoko Chukin Bank, Ltd	2024-09-30	1.89		1,095,192	1,143,816
Loans in Japanese Yen	The Nagano Bank Ltd.	2024-09-30	1.89		876,154	915,053
Loans in Japanese Yen	Mizuho Bank, Ltd.	2024-09-30	1.89		574,976	600,503
Loans in Japanese Yen	THE HACHIJUNI BANK, LTD.	2024-09-30	1.89		2,117,371	2,211,378
Loans in Japanese Yen	Woori Bank	2024-12-31	0.60		9,126,600	9,531,800
Loan in Chinese Yuan	Woori Bank	2024-09-13	0.75		9,126,600	-
Loans in Korean Won	Woori Bank	2024-09-21	3.70		7,052,760	-
Loans in Korean Won	Korea Development Bank	2024-11-28	4.58		7,000,000	-
Loans in Korean Won	Kookmin Bank	2024-05-03	4.70		1,000,000	-
Loans in Korean Won	Woori Bank	2024-06-28	4.33		10,000,000	-
Loans in Korean Won	KEB Hana Bank	2024-05-31	5.34		3,500,000	-
Loan in Chinese Yuan	Korea EXIM Bank	2024-04-24	5.86		14,673,200	-
Reclassification of current portion					55,238,878	7,155,713
					₩ 125,844,638	₩ 26,219,313
Long-term borrowings						
Loans in Japanese Yen	Sumitomo Mitsui Banking	2025-12-30	2.17	₩	17,840,884	₩ 22,135,162
Loans in Japanese Yen	THE HACHIJUNI BANK, LTD.	2025-12-30	2.17		8,465,473	10,503,101
Loans in Japanese Yen	The Shoko Chukin Bank, Ltd	2025-12-30	2.17		4,369,438	5,514,336
Loans in Japanese Yen	The Nagano Bank Ltd.	2025-12-30	2.17		3,478,102	4,222,095
Loans in Japanese Yen	Mizuho Bank, Ltd.	2025-12-30	2.17		2,298,861	2,852,194
Loans in Korean	KEB Hana Bank	KEB Hana	6.31		10,000,000	-

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Won		Bank			
Loans in Korean Won	KEB Hana Bank	2025-12-15	5.92	10,000,000	-
Loans in Korean Won	Kookmin Bank	2025-05-20	5.46	10,000,000	-
Loans in Korean Won	Korea Development Bank	2028-06-29	4.77	30,000,000	-
Loans in Korean Won	Korea Development Bank	2028-06-29	4.89	8,000,000	-
Loans in Japanese Yen	Korea EXIM Bank	2024-04-24	5.86	31,745,200	-
Reclassification of current portion				(55,238,878)	(7,155,713)
				80,959,080	38,071,176
				<u>₩ 206,803,718</u>	<u>₩ 64,290,489</u>

Changes in borrowings for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Beginning balance	₩ 64,290,489	₩ 77,552,862
Borrowing	578,212,560	53,794,600
Repayment	(434,248,521)	(64,679,980)
Others	(1,450,810)	(2,376,993)
Ending balance	<u>₩ 206,803,718</u>	<u>₩ 64,290,489</u>

Property, plant and equipment are provided as collaterals for certain portion of borrowings as at December 31, 2023 (Notes 9 and 12).

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

19. Convertible Notes

The issuer of the convertible notes is Global Simmtech Co., Ltd., a consolidated subsidiary.

Details of convertible notes as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023					
	Beginning balance	New issuance	Amortization	Gain on valuation	Repayment	Ending balance
Issued amount	₩ 46,000,000	₩ -	₩ -	₩ -	₩ (46,000,000)	₩ -
Conversion right adjustment	(16,792,270)	-	345,161	-	16,447,109	-
The net value of convertible notes	₩ 29,207,730	₩ -	₩ 345,161	₩ -	₩ (29,552,891)	₩ -
Conversion right consideration (liabilities)	₩ 22,863,897	₩ -	₩ -	₩ (2,123,377)	₩ (20,740,520)	₩ -

(in thousands of Korean won)

	2022					
	Beginning balance	New issuance	Amortization	Gain on valuation	Repayment	Ending balance
Issued amount	₩ 76,000,000	₩ -	₩ -	₩ -	₩ (30,000,000)	₩ 46,000,000
Conversion right adjustment	(31,060,103)	-	4,247,346	-	10,020,487	(16,792,270)
The net value of convertible notes	₩ 44,939,897	₩ -	₩ 4,247,346	₩ -	₩ (19,979,513)	₩ 29,207,730
Conversion right consideration (liabilities)	₩ 26,893,234	₩ -	₩ -	₩ 7,046,351	₩ (11,075,688)	₩ 22,863,897

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

20. Derivative Instruments

Changes in derivative instruments for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current		Current	
Beginning balance	₩	22,863,897	₩	34,870,262
Repayment of convertible notes		(20,740,520)		(13,801,371)
Gain or loss on valuation		(2,123,377)		1,795,006
Ending balance	₩	-	₩	22,863,897

The derivative instruments of the Group are conversion rights in relation to convertible notes issued and related put and call options, in which were expired due to purchase and repayment of convertible bonds during the years ended December 31, 2023 and 2022.

21. Net Defined Benefit Liability

Details of net defined benefit liabilities recognized in the statements of financial position as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Present value of funded defined benefit obligations	₩	128,829,450	₩	107,988,883
Fair value of plan assets		(54,419,802)		(49,040,995)
Liability in the statements of financial position	₩	74,409,648	₩	58,947,888

Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	107,988,883	₩	102,083,525
Current service cost		14,534,734		14,546,875
Interest expense		5,544,382		2,882,013
Remeasurements:				
Actuarial loss from experience adjustments		1,385,963		2,271,929
Actuarial loss from change in demographic assumptions		158		-
Actuarial loss (gain) from change in assumptions		11,749,523		(9,725,329)
Payments from plans:				
Benefit payments		(12,193,915)		(5,087,438)
Changes due to transfer of employee intra related-		(180,279)		1,017,308

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

party			
Ending balance	₩	128,829,450	₩ 107,988,883

Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023	2022
Beginning balance	₩	49,040,995	₩ 45,085,177
Interest income		2,533,221	1,276,317
Remeasurements:			
Return on plan assets		(600,208)	(571,300)
Contributions:			
Contribution in plan assets		6,013,300	5,036,843
Payments from plans:			
Benefit payments		(2,565,055)	(2,179,670)
Changes due to transfer of employee intra related party		(2,450)	393,628
Ending balance	₩	54,419,802	₩ 49,040,995

Plan assets as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>			2023		
	Quoted price	Unquoted price	Total	Composition	
Time deposits	₩ 54,419,802	₩ -	₩ 54,419,802	100%	
<i>(in thousands of Korean won)</i>			2022		
	Quoted price	Unquoted price	Total	Composition	
Time deposits	₩ 49,040,995	₩ -	₩ 49,040,995	100%	

Expense charged to profit or loss for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>		2023	2022
Current service costs	₩	14,534,734	₩ 14,546,875
Net interest costs		3,011,161	1,605,696
	₩	17,545,895	₩ 16,152,571

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The significant actuarial assumptions as at December 31, 2023 and 2022, are as follows:

<i>(in percentage)</i>	2023	2022
Salary growth rate		
Office workers	3.0%~4.7%	3.0%~4.3%
Production workers	3.0%~4.7%	3.0%~4.3%
Discount rate	3.85~4.53%	5.18~5.33%

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

<i>(in thousands of Korean won)</i>	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Salary growth rate	1%	₩ 11,186,038	₩ (9,962,681)
Discount rate	1%	(9,883,658)	11,312,867

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension benefits	₩ 7,603,939	₩ 10,590,879	₩ 34,070,548	₩ 145,653,419	₩ 197,918,785

Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩ 7,277,347 thousand. The weighted average duration of the defined benefit obligation is 8.57 years.

The expense recognized in the current period in relation to defined contribution plan was ₩ 800,808 thousand (2022: ₩ 821,219 thousand).

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

22. Other Long-term and Short-term Employee Benefits

The short-term employee benefits include paid absences recognized in respect of service rendered by employees in the current period and long-term paid absences that are expected to be settled within 12 months after the end of the reporting period in which the employees render the related services.

<i>(in thousands of Korean won)</i>		2023		2022
Short-term employee benefits	₩	11,610,478	₩	11,179,258
Other long-term employee benefits		5,228,961		4,590,376

23. Revenue from Contracts with Customers and Relevant Contract Assets and Liabilities

The Group has recognized the following amounts relating to revenue in the statements of comprehensive income:

<i>(in thousands of Korean won)</i>		2023		2022
Revenue from contracts with customers				
Manufacture of print circuitry-base	₩	989,909,245	₩	1,670,049,920
Others		51,986,480		27,402,428
	₩	<u>1,041,895,725</u>	₩	<u>1,697,452,348</u>

The Group has recognized the following assets and liabilities related to contracts with customers:

<i>(in thousands of Korean won)</i>		2023		2022
Asset recognized for costs incurred to fulfill contracts	₩	3,875,450	₩	1,279,702
Total contract assets	₩	<u>3,875,450</u>	₩	<u>1,279,702</u>
Contract liabilities-expected customer refund	₩	4,052,238	₩	1,697,127
Unsatisfied contracts		68,732,885		87,090,708
Total contract liabilities	₩	<u>72,785,123</u>	₩	<u>88,787,834</u>

As at December 31, 2023 and 2022, a right to recover returned goods, which is a contract asset, is included in other current assets, and refund liabilities and advances from customers, which are contract liabilities, are included in other current liabilities and other non-current liabilities.

Contract liabilities carried over from the previous year that was recognized in profit amount to ₩ 19,064,153 thousand (2022: ₩ 5,953,096 thousand) for the year ended December 31, 2023.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

24. Tax Expense and Deferred Tax

Income tax expense (benefit) for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	2023	2022
Current tax:		
Current tax on profits for the year	₩ 2,616,007	₩ 88,486,252
Adjustments in respect of prior years	(4,126,741)	(30,591)
Total current tax	(1,510,734)	88,455,661
Deferred tax:		
Origination and reversal of temporary differences	(28,036,607)	11,709,818
Income tax expense (benefit)	₩ (29,547,340)	₩ 100,165,479

Reconciliation of effective tax rate for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit (loss) before income tax expense	₩ (144,691,212)	₩ 346,266,490
Income tax expense by applicable tax rate	(35,425,745)	83,966,061
Adjustments:		
Expenses not deductible for tax purposes	1,525,180	9,826,911
Tax credit, tax reduction and tax exemption	(20)	(3,074,544)
Changes in tax effects on the temporary differences which deferred income tax assets were not recognized	6,794,522	7,127,565
Changes in deferred tax due to tax rate changes	-	717,492
Tax payment for the previous year	(4,126,741)	(246,246)
Others	1,685,464	1,848,241
Income tax expense (benefit)	₩ (29,547,340)	₩ 100,165,479
Effective tax rate	20.42%	28.93%

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The tax effect relating to components of other comprehensive income (expenses) for the years ended December 31, 2023 and 2022, is as follows:

(in thousands of
Korean won)

	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Remeasurement of net defined benefit liabilities	₩ (13,734,542)	₩ 2,938,472	₩ (10,796,070)	₩ 6,882,100	₩ (1,859,148)	₩ 5,022,952
Gain (loss) on valuation of financial instruments at fair value through other comprehensive income	105,361	(15,806)	89,555	(11,738)	1,993	(9,745)
	<u>₩ (13,629,181)</u>	<u>₩ 2,922,666</u>	<u>₩ (10,706,515)</u>	<u>₩ 6,870,362</u>	<u>₩ (1,857,155)</u>	<u>₩ 5,013,207</u>

The analysis of deferred income tax assets and liabilities as at December 31, 2023 and 2022, is as follows:

(in thousands of Korean won)

	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 56,022,273	₩ 33,264,764
Deferred tax asset to be recovered within 12 months	20,323,288	7,308,751
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(18,952,920)	(17,838,520)
Deferred tax liability to be recovered within 12 months	(4,738,291)	(1,197,734)
Deferred tax assets, net	<u>₩ 52,654,350</u>	<u>₩ 21,537,262</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023				
	Beginning balance	Profit or loss	Other comprehensive income	Exchange differences	Ending balance
Employee benefits	₩ 12,615,486	₩ 693,466	₩ 2,938,472	₩ 1,414	₩ 16,248,837
Non-deductible depreciation	395,264	(37,355)	-	-	357,909
Provision for impairment	10,140	822,290	-	(234)	832,197
Valuation allowances for inventories	1,166,326	7,523,419	-	-	8,689,745
Accrued expenses	3,143,626	225,714	-	(6,419)	3,362,921
Revaluation of land	(2,346,491)	-	-	-	(2,346,491)
Present value discount	259,549	13,061,579	-	-	13,321,128
Property, plant and equipment and intangible assets	2,095,860	(323,993)	-	281,322	2,053,189
Inventories	842,060	1,226,393	-	(59,919)	2,008,535
Tax losses carryforward	2,396,474	8,280,380	-	(62,271)	10,614,583
Others	958,968	(3,435,286)	(15,806)	3,922	(2,488,202)
	₩ 21,537,262	₩ 28,036,607	₩ 2,922,665	₩ 157,816	₩ 52,654,350

(in thousands of Korean won)

	2022				
	Beginning balance	Profit or loss	Other comprehensive income	Exchange differences	Ending balance
Temporary differences:					
Employee benefits	₩ 13,070,371	₩ 1,459,000	₩ (1,859,148)	₩ (54,737)	₩ 12,615,486
Non-deductible depreciation	428,603	(33,339)	-	-	395,264
Provision for impairment	2,272,859	(2,262,020)	-	(698)	10,140
Valuation allowances for inventories	1,305,075	(138,749)	-	-	1,166,326
Accrued expenses	3,535,419	(368,094)	-	(23,699)	3,143,626
Revaluation of land	(2,458,229)	111,738	-	-	(2,346,491)
Investment securities	1,135,276	(1,135,276)	-	-	-
Property, plant and equipment and intangible assets	9,771,850	(7,651,466)	-	(24,524)	2,095,860
Inventories		960,823		(118,763)	842,060
Tax losses carryforward	-	2,615,888	-	(219,414)	2,396,474
Others	6,484,847	(5,268,323)	1,993	-	1,218,517
	₩ 35,546,070	₩ (11,709,818)	₩ (1,857,155)	₩ (441,835)	₩ 21,537,262

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Details of unrecognized deductible temporary differences as deferred tax assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022	Remarks
Investments in subsidiary	₩ 85,483,132	₩ 70,671,330	No plan for dividend / disposal
Other temporary differences	19,741,435	22,569,093	Unlikely to be realizable
Tax losses carryforward	121,646,307	100,163,429	Uncertainty of future taxable profit

¹ The maturity of tax losses carryforward for which tax effect are not recognized:

<i>(in thousands of Korean won)</i>	2023	2022
Within 5 years	₩ 93,355,376	₩ 57,724,603
Within 10 years	16,055,721	39,676,143
Over 10 years	12,235,209	2,762,683
	<u>₩ 121,646,307</u>	<u>₩ 100,163,429</u>

Impact of Pillar Two income taxes

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Although the average effective tax rate is below 15%, the Group might not be exposed to paying Pillar Two income taxes. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

Due to the complexities in applying the legislation, the impact of the legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to get assistance on applying the legislation.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

25. Share Capital and Reserves

As at December 31, 2023, the number of shares authorized is 100,000,000 shares and par value per share is ₩ 500. The number of shares issued as at December 31, 2023 is 31,854,143 shares, and the number of shares for which voting rights are restricted according to the Article 369 of the Commercial Act of the Republic of Korea, is 8,266 shares of treasury share (2022: 8,266 shares).

*(in thousands of Korean won
and in number of shares)*

	2023		
	Number of shares issued	Amount	
	Ordinary share	Ordinary share	Preferred share
Beginning balance	31,854,143	₩ 15,927,072	₩ 1,152,143
Ending balance	31,854,143	15,927,072	1,152,143

*(in thousands of Korean won
and in number of shares)*

	2022		
	Number of shares issued	Amount	
	Ordinary share	Ordinary share	Preferred share
Beginning balance	31,854,143	₩ 15,927,072	₩ 1,152,143
Ending balance	31,854,143	15,927,072	1,152,143

Reserves as at December 31, 2023 and 2022, consist of:

*(in thousands of
Korean won)*

	2023			2022		
	Ordinary share	Preferred share	Total	Ordinary share	Preferred share	Total
Share premium	₩ 80,006,121	₩ 32,845,040	₩ 112,851,162	₩ 80,006,121	₩ 32,845,040	₩ 112,851,162
Other reserves	1,539,468	-	1,539,468	1,539,468	-	1,539,468
Changes in subsidiaries	(3,776,987)	-	(3,776,987)	(3,776,987)	-	(3,776,987)
Consideration for conversion rights	(196,898)	-	(196,898)	(196,898)	-	(196,898)
	<u>₩ 77,571,703</u>	<u>₩ 32,845,040</u>	<u>₩ 110,416,744</u>	<u>₩ 77,571,703</u>	<u>₩ 32,845,040</u>	<u>₩ 110,416,744</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

26. Other Components of Equity and Accumulated Other Comprehensive Income

Other components of equity as at December 31, 2023 and 2022, consist of the following:

<i>(in thousands of Korean won)</i>	2023		2022	
	The number of shares (in shares)	Amount	The number of shares (in shares)	Amount
Treasury share	(8,266)	₩ (93,821)	(8,266)	₩ (93,821)

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		
	Beginning balance	Changes	Ending balance
Gain (loss) on foreign currency translation for foreign operations	₩ 3,813,935	₩ (344,845)	₩ 3,469,090
Gain (loss) on valuation of financial assets at fair value through profit or loss	(52,667)	88,898	36,232
	<u>₩ 3,761,269</u>	<u>₩ (255,946)</u>	<u>₩ 3,505,322</u>

<i>(in thousands of Korean won)</i>	2022		
	Beginning balance	Changes	Ending balance
Gain (loss) on foreign currency translation for foreign operations	₩ 7,476,079	₩ (3,662,144)	₩ 3,813,935
Gain (loss) on valuation of financial assets at fair value through profit or loss	(42,424)	(10,243)	(52,667)
	<u>₩ 7,433,655</u>	<u>₩ (3,672,387)</u>	<u>₩ 3,761,268</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

27. Retained Earnings

Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023	2022
Legal reserves ¹	₩ 12,393,525	₩ 10,801,231
Retained earnings before appropriation	325,373,351	468,546,059
	<u>₩ 337,766,875</u>	<u>₩ 479,347,290</u>

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

Dividends of the Parent Company

The dividends paid in 2023 and 2022, are as follows, and a dividend in respect of the year ended December 31, 2023 is to be proposed to shareholders at the annual general meeting on March 29, 2024. These financial statements do not reflect this dividend payable.

<i>(in thousands of Korean won)</i>	2023	2022
	Ordinary shares	Ordinary shares
Number of shares issued	31,854,143	31,854,143
Number of treasury shares	(8,266)	(8,266)
Number of shares to be distributed	31,845,877	31,845,877
Par value <i>(in Korean won)</i>	₩ 500	₩ 500
Dividend rate	32%	100%
Dividend per share <i>(in Korean won)</i>	₩ 160	₩ 500
Amounts to be distributed	₩ 5,095,340	₩ 15,922,939
Dividend payout ratios (Dividend amounts/Profit for the year)	-	7.0%
Stock price <i>(in Korean won)</i> ¹	₩ 37,588	₩ 28,570
Dividend yield (Dividend per share/Stock price)	0.4%	1.8%

¹ Average price in the stock market during the week preceding the two business days before the record date of the shareholders' list for the general meeting of shareholders related to above dividends.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

28. Selling and Administrative Expenses

(in thousands of Korean won)

	2023	2022
Salaries	₩ 52,425,071	₩ 51,016,233
Post-employment benefits	4,997,849	3,642,412
Welfare benefits	7,661,266	7,436,560
Rent	(54,690)	525,547
Entertainment	509,726	377,617
Depreciation	1,710,337	1,896,867
Amortization	677,069	699,571
Taxes and dues	2,835,809	2,371,812
Transportation	1,265,402	1,736,107
Insurance	1,041,373	1,600,229
Communications	396,894	428,358
Supplies	738,628	603,728
Research and development	1,552,330	1,891,293
Fees and commissions	18,133,852	19,986,726
Overseas marketing	684,199	901,287
Export expenses	16,310,776	30,109,921
Impairment loss	7,316	349,170
Advertising	252,362	266,748
Education and training	979,630	1,376,850
Others	4,444,533	1,533,126
	<u>₩ 116,569,732</u>	<u>₩ 128,750,162</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

29. Breakdown of Expenses by Nature

<i>(in thousands of Korean won)</i>	2023	2022
Changes in inventories	₩ 2,648,073	₩ (197,063)
Purchase of inventories	419,242,611	489,831,266
Employee benefits	248,011,061	282,737,666
Depreciation and amortization	80,652,729	81,961,883
Outsourcing costs	121,939,426	216,506,477
Fees and commissions	31,212,601	30,311,976
Power	43,982,178	39,036,542
Repairs	25,879,695	27,379,419
Welfare benefits	38,391,015	34,477,137
Supplies	34,223,208	40,636,831
Others	83,837,247	102,415,966
Total cost of sales and selling and administrative expenses	<u>₩ 1,130,019,844</u>	<u>₩ 1,345,098,100</u>

30. Other Non-operating Income and Expenses

<i>(in thousands of Korean won)</i>	2023	2022
Other non-operating income		
Rent	₩ 602,531	₩ 648,340
Gain on disposal of property, plant and equipment	165,817	310,432
Gain on disposal of assets held for sale	3,053,880	2,828,453
Gain on insurance settlements	1,411,695	-
Miscellaneous gain ¹	12,211,204	6,221,846
	<u>₩ 17,445,127</u>	<u>₩ 10,009,070</u>
Other non-operating expenses		
Loss on adjustment of receivables	₩ 55,713,834	₩ -
Loss on disposal of property, plant and equipment	37,522	431,445
Loss on scrapped property, plant and equipment	-	1,889,137
Donation	111,042	16,115
Loss on disposal of trade receivables	4,553,462	5,783,802
Miscellaneous loss	4,271,480	2,363,348
	<u>₩ 64,687,340</u>	<u>₩ 10,483,846</u>

¹ The amount include revenue recognized from compensation for cancellation of purchase order from sales customers.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

31. Finance Income and Costs

(in thousands of Korean won)

	2023		2022	
Finance income				
Interest income	₩	2,599,232	₩	2,246,255
Gain on foreign currency transactions		41,363,419		47,910,689
Gain on foreign currency translation		6,217,659		11,542,498
Dividend income		6,146		6,491
Gain on redemption of debentures		-		2,043,168
Gain on valuation of derivatives		2,123,377		5,376,266
Financial guarantee income		150,224		-
Gain on disposal of financial assets at fair value through other comprehensive income		114,229		24,418
	₩	<u>52,574,286</u>	₩	<u>69,149,784</u>
Finance costs				
Interest expenses	₩	10,847,598	₩	8,075,623
Loss on foreign currency transactions		43,018,193		42,666,028
Loss on foreign currency translation		7,418,409		16,849,808
Loss on redemption of debentures		402,509		-
Loss on valuation of derivatives		-		7,171,272
Financial guarantee expenses		150,224		-
Loss on disposal of financial assets at fair value through other comprehensive income		62,232		35
	₩	<u>61,899,165</u>	₩	<u>74,762,767</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

32. Earnings per Share

Earnings (losses) per share was calculated by dividing the profit (loss) attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding, less treasury shares.

(a) Basic earnings (losses) per share

<i>(in Korean won and number of shares)</i>	2023	2022
Profit (loss) attributable to the ordinary equity holders of the Parent Company	₩ (114,860,094,595)	₩ 245,820,150,142
Weighted average number of ordinary shares outstanding ¹	31,845,877	31,845,877
Basic earnings (losses) per share	₩ (3,607)	₩ 7,719

¹ Weighted average number of ordinary shares outstanding for the years ended December 31, 2023 and 2022, is as follows:

<i>(in number of shares)</i>	2023	2022
Issued shares at the beginning	31,854,143	31,854,143
Acquisition of treasury shares	(8,266)	(8,266)
Weighted average number of ordinary shares outstanding	31,845,877	31,845,877

(b) Diluted earnings (loss) per share

For the years ended December 31, 2023 and 2022, the Group has no dilutive securities. Therefore, basic earnings per share is identical to diluted earnings per share.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

33. Cash Flows

(a) Non-cash transactions

<i>(in thousands of Korean won)</i>		2023		2022
Transfer of construction in progress to property, plant and equipment and intangible assets	₩	132,008,920	₩	47,288,813
Changes in non-trade payables in relation to acquisition of property, plant and equipment		(11,681,841)		(20,589,099)
Changes in non-trade payables in relation to acquisition of intangible assets		(299,240)		(164,700)
Changes in non-trade receivables in relation to disposal of property, plant and equipment		(9,428)		-
Changes in non-trade receivables in relation to disposal of assets held for sale		26,256,598		56,909,775
Changes in non-trade payables in relation to acquisition of assets held for sale		(20,816,429)		(15,356,891)
Transfer of long-term loans of affiliated company to current position		-		1,125,000
Transfer of advance from customers to current position		23,877,813		13,760,670
Transfer of long-term borrowings to current position		55,238,878		7,388,647

(b) Changes in liabilities arising from financing activities

Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	Liabilities arising from financial activities					
	Beginning balance	Transactions affecting cash flows		Transactions not affecting cash flows		Ending balance
		Borrowing	Repayment	Interest expenses and others	Others	
2023						
Short-term borrowings	₩ 26,219,313	₩ 465,270,360	₩ (421,051,521)	₩ -	₩ 55,406,486	₩ 125,844,638
Long-term borrowings	38,071,176	112,942,200	(13,197,000)	-	(56,857,296)	80,959,080
Convertible notes	29,207,730	-	(50,695,920)	345,161	21,143,029	-
Derivative liabilities	22,863,897	-	-	(2,123,377)	(20,740,520)	-
Lease liabilities	6,692,517	-	(3,494,610)	279,745	2,876,243	6,353,895
	₩ 123,054,634	₩ 578,212,560	₩ (488,439,051)	₩ (1,498,470)	₩ 1,827,941	₩ 213,157,613

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

2022	Liabilities arising from financial activities						
	Beginning balance	Transactions affecting cash flows		Transactions not affecting cash flows			Ending balance
		Borrowing	Repayment	Interest expenses and others	Others		
Short-term borrowings	₩ 28,417,832	₩ 53,794,600	₩ (61,262,793)	₩ -	₩ 5,269,675		₩ 26,219,313
Long-term borrowings	49,135,030	-	(3,417,186)	-	(7,646,668)		38,071,176
Convertible notes	44,939,897	-	(31,737,716)	2,204,178	13,801,371		29,207,730
Derivative liabilities	34,870,262	-	-	1,795,006	(13,801,371)		22,863,897
Lease liabilities	8,415,690	-	(4,390,184)	298,139	2,368,871		6,692,517
	₩ 165,778,711	₩ 53,794,600	₩ (100,807,880)	₩ 4,297,324	₩ (8,121)		₩ 123,054,634

34. Commitments and Contingencies

(a) Commitments in relation to borrowings with financial institutions

Commitments in relation to borrowings with financial institutions as at December 31, 2023, are as follows:

(in thousands of Korean won and in USD and Japanese Yen)

	Description	Maximum credit
Korea Development Bank	Working capital loan	₩ 50,000,000
	Trade finance	30,000,000
	Investment loan	38,000,000
	USANCE L/C	USD 20,000,000
Korea EXIM Bank	Loans for capital goods	USD 36,000,000
KEB Hana Bank	Secured loan of accounts receivable	₩ 20,000,000
	USANCE L/C	USD 5,000,000
	Purchasing on credit	₩ 26,000,000
	Trade finance	5,000,000
	Investment loan	20,000,000
Kookmin Bank	Trade finance	19,000,000
	Working capital loan	10,000,000
	USANCE L/C	3,000,000
Shinhan Bank	Trade finance	7,000,000
	L/C	USD 4,000,000
	USANCE L/C	USD 3,000,000

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won and in USD and Japanese Yen)

	Description	Maximum credit
Industrial Bank of Korea	Purchasing on credit	₩ 65,000,000
	Trade finance	10,000,000
Woori Bank	Working capital loan	15,000,000
	Stand-by L/C	JPY 1,000,000,000
Smart Financing 10th Co.,Ltd.	Trade receivable factoring	USD 4,000,000
	Trade receivable factoring	₩ 29,232,771
Newstar ST 1st Co.,Ltd ^t	Trade receivable factoring	28,000,000
UNITED OVERSEA BANK (UOB)	Purchasing on credit	30,000,000
Korea Trade Insurance Corporation	Short-term export insurance	USD 288,584,587
Seoul Guarantee Insurance Co., Ltd.	Guarantee insurance including performance guarantee	₩ 11,586,482
BNP PARIBAS	Foreign currency factoring	USD 150,000,000
Sumitomo Mitsui Banking Corporation ¹	Syndicated long-term loan	JPY 1,954,822,660
	Syndicated short-term working capital loan	JPY 489,000,000
THE HACHIJUNI BANK, LTD. ¹	Syndicated long-term loan	JPY 927,560,414
	Syndicated short-term working capital loan	JPY 232,000,000
The Shoko Chukin Bank, Ltd. ¹	Syndicated long-term loan	JPY 478,758,528
	Syndicated short-term working capital loan	JPY 120,000,000
The Nagano Bank, Ltd. ¹	Syndicated long-term loan	JPY 381,094,998
	Syndicated short-term working capital loan	JPY 96,000,000
Mizuho Bank, Ltd. ¹	Syndicated long-term loan	JPY 251,885,860
	Syndicated short-term working capital loan	JPY 63,000,000
Woori Bank Tokyo Branch ²	Short-term working capital loan	JPY 1,000,000,000
	Short-term working capital loan	JPY 1,000,000,000

¹ Commitment line contracts which the Group has entered into with five banks under the syndicate loan agreement (outstanding balance of borrowings of JPY 4,994,122 thousand) include following financial covenants in relation to financial position and operating results of SIMMTECH GRAPHICS Co., Ltd. If the covenants were breached, an event of default could occur.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

	Net Asset	Ordinary Net Income	Remarks
Syndicated loan agreement	Maintaining net assets at the end of the current year and subsequent reporting periods at an amount equivalent to 75% or more of net assets at the end of the immediately preceding reporting period. (Based on the separate financial statements of SIMMTECH GRAPHICS Co., Ltd. If the net asset amount of the previous fiscal year are zero(0) or below zero(0), net asset should be more than net asset amount of the previous fiscal year.)	SIMMTECH GRAPHICS Co., Ltd. should realize ordinary income on the statements of profit or loss for the current year and the subsequent reporting periods.	By reporting the industry downturn status and STG performance to the syndicated loan banks, the Group shall fully explain that it may be difficult to maintain such financial provision at the end of 2024, and received understanding from the banks. The Group expect to receive a written approval to prevent from event of default.

² Commitment line contracts which the Group has entered into with Woori Bank Tokyo Branch (outstanding balance of borrowing of JPY 2,000,000 thousand) include following financial covenants in relation to financial position and operating results of SIMMTECH GRAPHICS Co., Ltd. If the covenants were breached, an event of default could occur.

	Net Asset	Ordinary Net Income	Remarks
Loan agreement with Woori Bank Tokyo Branch	Maintaining net assets at the end of the current year and subsequent reporting periods at an amount equivalent to 75% or more of net assets at the end of the immediately preceding year and maintaining net assets not to be less than zero(0). (Based on the separate financial statements of SIMMTECH GRAPHICS Co., Ltd.)	SIMMTECH GRAPHICS Co., Ltd. should realize ordinary income on the statements of profit or loss for the current year and subsequent reporting periods.	By reporting the industry downturn status and STG performance, the Group shall fully explain that it may be difficult to maintain such financial provision at the end of 2024, and received understanding from the banks. The Group expect to receive a written approval to prevent from event of default

(b) Joint and several liability

As of July 1, 2015, the Parent Company has spun-off the printing circuit board production and sales business from SIMMTECH HOLDINGS CO., LTD. and is jointly and severally liable for paying back the pre-spin-off debt in solidarity with SIMMTECH HOLDINGS CO., LTD., an divisional entity, pursuant to Article 530-9 (1) of the Commercial Act.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(c) Payment guarantees provided from others and pledged assets as collateral

Payment guarantees provided from others and pledged assets as collateral as at December 31, 2023, are as follows:

(in thousands of Korean won and in USD and Japanese Yen)

Financial institutions	Provided to	Provided by	Secured assets	Secured amount	Payment guarantee	
Korea Development Bank	SIMMTECH Co., Ltd.	SIMMTECH HOLDINGS Co., Ltd.	Land and buildings	₩125,000,000	₩	- 1
				35,000,000		- 1
KEB Hana Bank				-		6,000,000 1,2
				-	USD	6,000,000 1,2
Sumitomo Mitsui Banking ²	SIMMTECH GRAPHICS Co., Ltd			-	JPY	489,351,000 3
THE HACHIJUNI BANK, LTD.				-	JPY	232,191,000 3
The Shoko Chukin Bank, Ltd.				-	JPY	119,889,000 3
The Nagano Bank, Ltd.				-	JPY	95,516,000 3
Mizuho Bank, Ltd.				-	JPY	63,053,000 3

¹ Among the property, plant and equipment provided as collateral before the spin-off, property, plant and equipment held by the surviving company after the spin-off are provided as collateral even after the spin-off in accordance with the agreement with the financial institution. Therefore, the amount is identical to property, plant and equipment pledged as collateral provided by the Parent Company to Korea Development Bank (Note 12).

² These payment guarantees are jointly provided for the existing loans through spin-off.

³ The maturity date of the guarantee is February 29, 2024, and after the reporting period, it is extended to February 28, 2025.

(d) Payment guarantees provided by the Group

(in USD)

Provided by	Provided to	Guaranteed amount	Guaranteed by
SIMMTECH Co., Ltd.	SUSTIO SDN. BHD.	USD 22,000,000	UOB(Malaysia) ¹

¹ An additional payment guarantee has been established in 2023, and the maturity is November 30,

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2024.

According to business management agreement with SIMMTECH HOLDINGS Co., Ltd., the Parent Company, the Company is paying service commissions for the service provided.

The Group has disposed of trade receivables without the right of recourse under the factoring agreements with financial institutions.

As at December 31, 2023, certain inventories and property, plant and equipment have been provided as collateral in relation to commitments with financial institutions (Notes 9 and 12).

35. Related Party Transactions

The Group's related parties as at December 31, 2023 and 2022, are as follows:

Relationship	2023	2022
Parent Company	SIMMTECH HOLDINGS Co., Ltd.	SIMMTECH HOLDINGS Co., Ltd.
Other related parties	Simmtech America Inc.	Simmtech America Inc.
	Simmtech Japan Inc.	Simmtech Japan Inc.
	STNC Hong Kong Holdings Limited	STNC Hong Kong Holdings Limited
	SIMMTECH NICHING (SUZHOU) Co., LTD.	SIMMTECH NICHING (SUZHOU) Co., LTD.
	Niching Industrial Corp.	Niching Industrial Corp.
	SIMMTECH SE ASIA PTE. LTD	SIMMTECH SE ASIA PTE. LTD
	Simmtech Taiwan Co., Ltd.	Simmtech Taiwan Co., Ltd.
	SIMMTECH INTERNATIONAL PTE. LTD.	SIMMTECH INTERNATIONAL PTE. LTD.
	SIMMTECH ASIA OPERATION PTE. LTD.	SIMMTECH ASIA OPERATION PTE. LTD.
	SUSTIO SDN. BHD.	SUSTIO SDN. BHD.

SIMMTECH Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Sales and purchases with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)		2023							
		Revenue				Expenses			
		Sales	Disposal of assets held for sale	Interest income	Others ¹	Fees and commission	Acquisition of property, plant and equipment	Outsourcin g costs	Others
SIMMTECH HOLDINGS Co., Ltd.	₩	124,813	₩ -	₩ 1,403,606	₩ 20,064	₩ 2,507,918	₩ -	₩ -	₩ 174,712
Simmtech America Inc.		-	-	-	-	1,542,593	-	-	-
Simmtech Japan Inc.		6,802,220	-	-	-	-	-	-	-
STNC Hong Kong Holdings Limited		-	-	4,895	-	-	-	-	-
SIMMTECH NICHING (SUZHOU) Co., LTD.		-	-	-	-	904,618	-	-	-
Niching Industrial Corp.		-	-	-	-	2,883,080	-	37,241	-
SIMMTECH SE ASIA PTE. LTD		-	-	-	1,096	1,064,725	-	-	-
Simmtech Taiwan Co., Ltd.		-	-	-	-	389,186	-	-	-
SIMMTECH INTERNATIONAL PTE. LTD. ²		266,559,217	-	-	1,480,684	-	-	-	87,860
SUSTIO SDN. BHD.		1,689,782	26,256,598	-	76,719,165	2,672,771	143,872	-	-
	₩	275,176,033	₩ 26,256,598	₩ 1,408,501	₩ 78,221,009	₩ 11,964,893	₩ 143,872	₩ 37,241	₩ 262,571

¹ The amount includes gross amount of purchasing service transactions with SUSTIO SDN. BHD. amounting to ₩ 57,158,332 thousand.

² SIMMTECH INTERNATIONAL PTE.LTD. is the overseas sales entity of SIMMTECH group and stated gross sales of related party.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of
Korean won)

	2022						
	Revenue			Expenses			
	Sales	Disposal of assets held for sale	Others ¹	Fees and commission	Acquisition of property, plant and equipment	Outsourcing costs	Others
SIMMTECH HOLDINGS Co., Ltd.	₩ 127,510	₩ -	₩ 1,413,008	₩ 3,400,780	₩ 6,092,580	₩ -	₩ 902,367
Simmtech America Inc.	-	-	-	3,195,243	-	-	-
Simmtech Japan Inc.	6,127,307	-	-	-	-	-	830,845
STNC Hong Kong Holdings Limited	-	-	4,845	-	-	-	-
SIMMTECH NICHING (SUZHOU) Co., LTD.	-	-	-	2,765,192	-	-	-
Niching Industrial Corp.	-	-	-	6,534,957	-	84,091	-
SIMMTECH SE ASIA PTE. LTD	-	-	1,870	7,877,377	-	-	-
Simmtech Taiwan Co., Ltd.	-	-	-	511,053	-	-	-
SIMMTECH INTERNATIONAL PTE. LTD.	40,662,890	-	1,556,054	-	-	-	9,031
SUSTIO SDN. BHD.	-	56,909,775	43,321,336	944,442	-	3,998,553	-
	₩ 46,917,707	₩ 56,909,775	₩ 46,297,113	₩ 25,229,044	₩ 6,092,580	₩ 4,082,644	₩ 1,742,243

¹ The amount includes gross amount of purchasing service transactions with SUSTIO SDN. BHD. amounting to ₩ 35,792,498 thousand.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023									
	Receivables									
	Trade receivables	Non-trade receivables	Loan	Leasehold deposit	Accrued income	Advance payments				
SIMMTECH HOLDINGS Co., Ltd.	₩ 36,291	₩ 17,492	₩ 32,000,000	₩ 200,000	₩ 2,260,112	₩ -				
Simmtech America Inc.	-	-	-	-	-	-				
Simmtech Japan Inc.	894,352	-	-	-	-	-				
STNC Hong Kong Holdings Limited	-	-	193,410		16,225	-				
SIMMTECH NICHING (SUZHOU) Co., LTD.	-	-	-	-	-	-				
Niching Industrial Corp.	-	-	-	-	-	-				
SIMMTECH SE ASIA PTE. LTD	-	-	-	-	-	-				
Simmtech Taiwan Co., Ltd.	-	-	-	-	-	-				
SIMMTECH INTERNATIONAL PTE. LTD.	43,198,943	1,501,685	-	-	-	-				
SUSTIO SDN. BHD.	271,953	198,573,782	-	-	-	552,271				
	<u>₩ 44,401,540</u>	<u>₩ 200,092,959</u>	<u>₩ 32,193,410</u>	<u>₩ 200,000</u>	<u>₩ 2,276,337</u>	<u>₩ 552,271</u>				

(in thousands of Korean won)

	2023		
	Payables		
	Trade payables	Non-trade payables	Lease liabilities
SIMMTECH HOLDINGS Co., Ltd.	₩ -	₩ 348,070	₩ 2,070,272
Simmtech America Inc.	-	1,821,162	-
Simmtech Japan Inc.	-	-	-
STNC Hong Kong Holdings Limited	-	-	-
SIMMTECH NICHING (SUZHOU) Co., LTD.	-	3,285,007	-
Niching Industrial Corp.	-	237,746	-
SIMMTECH SE ASIA PTE. LTD	-	345,931	-
Simmtech Taiwan Co., Ltd.	-	173,603	-
SIMMTECH INTERNATIONAL PTE. LTD.	-	-	-
SUSTIO SDN. BHD.	-	8,114	-

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

₩	-	₩	6,219,633	₩	2,070,272
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(in thousands of Korean won)

	2022									
	Receivables									
	Trade receivables		Non-trade receivables		Loan		Leasehold deposit		Accrued income	
SIMMTECH HOLDINGS Co., Ltd.	₩	105,045	₩	734,427	₩	28,430,000	₩	200,000	₩	870,706
Simmtech America Inc.		-		-		-		-		-
Simmtech Japan Inc.		2,309,513		-		-		-		-
STNC Hong Kong Holdings Limited		-		-		190,095		-		12,383
SIMMTECH NICHING (SUZHOU) Co., LTD.		-		-		-		-		-
Niching Industrial Corp.		-		-		-		-		-
SIMMTECH SE ASIA PTE. LTD		-		-		-		-		-
Simmtech Taiwan Co., Ltd.		-		-		-		-		-
SIMMTECH INTERNATIONAL PTE. LTD.		23,677,504		1,462,469		-		-		-
SUSTIO SDN. BHD.		-		98,161,640		-		-		-
	₩	26,092,062	₩	100,358,535	₩	28,620,095	₩	200,000	₩	883,088

(in thousands of Korean won)

	2022							
	Payables							
	Trade payables		Non-trade payables		Advance from customers		Lease liabilities	
SIMMTECH HOLDINGS Co., Ltd.	₩	-	₩	114,202	₩	-	₩	2,120,005
Simmtech America Inc.		-		1,179,928		-		-
Simmtech Japan Inc.		-		-		-		-
STNC Hong Kong Holdings Limited		-		-		-		-
SIMMTECH NICHING (SUZHOU) Co., LTD.		-		2,348,520		-		-
Niching Industrial Corp.		-		1,614,273		-		-
SIMMTECH SE ASIA PTE. LTD		-		1,528,600		-		-
Simmtech Taiwan Co., Ltd.		-		46,390		-		-
SIMMTECH INTERNATIONAL PTE. LTD.		-		-		76,038		-
SUSTIO SDN. BHD.		23,908		846,088		-		-
	₩	23,908	₩	7,678,001	₩	76,038	₩	2,120,005

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

The impairment loss (reversal) and present value discount for the receivables above as at December 31, 2023 and 2022, is as follows:

(in thousands of Korean won)

2023				
Related party	Related accounts	Outstanding balance	Present value discount	Loss on adjustment of receivables
SUSTIO SDN. BHD.	Non-trade receivables	₩ 198,573,782	₩ (56,853,132)	₩ (55,713,834)

(in thousands of Korean won)

2022				
Related party	Related accounts	Outstanding balance	Write off	Impairment loss
Simmtech Japan Inc	Trade receivables	₩ 2,309,513	₩ 325,462	₩ 325,462

The Group's assets held for sale amounting to ₩ 3,155,838 thousand as at December 31, 2023, are expected to be sold to SUSTIO SDN. BHD., a related party.

The Group purchased the 2nd and 3rd convertible bonds issued by Global Simtech Co., Ltd., a subsidiary, from existing bondholders as follows.

The Group entered into a contract to purchase the 2nd and 3rd convertible notes issued by GLOBAL SIMMTECH Co., Ltd., a subsidiary, from existing bondholder.

(in thousands of Korean won)

	Acquisition date	Former bondholders	Par value	Acquisition amount
2 nd	2022-07-26	Shinhan Securities Co., Ltd.	₩ 30,000,000	₩ 31,737,716
3 rd	2023-02-06	Shinhan Asset Management Co., Ltd.	46,000,000	50,695,920
			₩ 76,000,000	₩ 82,433,636

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Loan transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		2023			2022		
		SIMMTECH HOLDINGS CO., Ltd.	SUSTIO SDN. BHD	STNC Hong Kong Holdings Limited	SIMMTECH HOLDINGS CO., Ltd.	SUSTIO SDN. BHD	STNC Hong Kong Holdings Limited
Dividend	Payments	₩ 5,263,575	₩ -	₩ -	₩ 5,263,575	₩ -	₩ -
Loan	Beginning balance	₩ 28,430,000	₩ -	₩ 190,095	₩ 34,000,000	₩ -	₩ 177,825
	Loans	4,700,000	-	-	1,930,000	-	-
	Collection	(1,130,000)	-	-	(7,500,000)	-	-
	Exchange differences	-	-	3,315	-	-	12,270
	Ending balance	₩ 32,000,000	₩ -	₩ 193,410	₩ 28,430,000	₩ -	₩ 190,095
Leasehold deposit	Beginning balance	₩ 200,000	₩ -	₩ -	₩ 200,000	₩ -	₩ -
	Ending balance	₩ 200,000	₩ -	₩ -	₩ 200,000	₩ -	₩ -
Lease liabilities	Beginning balance	₩ 2,120,005	₩ -	₩ -	₩ 2,167,729	₩ -	₩ -
	Repayments	(136,416)	-	-	(136,416)	-	-
	Depreciation	86,682	-	-	88,693	-	-
	Ending balance	₩ 2,070,272	₩ -	₩ -	₩ 2,120,005	₩ -	₩ -
Non-trade receivables ¹	Beginning balance	₩ -	₩ 98,161,640	₩ -	₩ -	₩ 247,658	₩ -
	Increase	-	105,305,488	-	-	100,011,303	-
	Repayments	-	(6,293,158)	-	-	-	-
	Exchange differences	-	1,399,812	-	-	(2,097,321)	-
	Ending balance	₩ -	₩ 198,573,782	₩ -	₩ -	₩ 98,161,640	₩ -

¹ The amount represents the changes in non-trade receivables in relation to transactions of purchasing services and assets held for sale with SUSTIO SDN. BHD., a subsidiary.

According to business management agreement with SIMMTECH HOLDINGS Co., Ltd., the Parent Company, the Group is paying service commissions for the service provided and provides payment guarantee to SUSTIO SDN. BHD., an other related party.

In addition, SIMMTECH HOLDINGS Co., Ltd., the Parent Company, provides collateral and payment guarantees for the Group's borrowings (Note 34).

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Key management includes directors (executive and non-executive), members of the Executive Committee, the Group Secretary and the Head of Internal Audit. The compensation paid or payable to key management for employee services for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>		2023	2022
Long-term and short-term employee benefits	₩	9,021,407	8,299,662
Post-employment benefits		1,642,372	1,868,552

Loans to employees as at December 31, 2023, are as follows:

<i>(in thousands of Korean won)</i>		2023	2022
Long-term and short-term loans	₩	100,000	₩ 105,900

36. Operating Segment Information

Details of the revenue of the Group for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>		2023	2022
Sale of goods	₩	1,041,895,725	₩ 1,697,452,348

Revenues from external customers by geographical basis for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023	2022
Korea	₩	519,867,855	₩ 764,346,797
China		171,061,393	397,962,746
Singapore		265,730,382	160,418,054
Taiwan		37,785,002	237,073,295
Japan		22,183,016	31,465,992
Hong Kong		-	11,420,280
Thailand		64,608	14,847,800
USA		2,431,653	4,884,706
Malaysia		5,655,598	55,638,856
Others		17,116,218	19,393,823
	₩	<u>1,041,895,725</u>	<u>₩ 1,697,452,348</u>

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Details of non-current assets by geographical basis as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Korea	₩	497,515,569	₩	459,229,456
China		66,883,186		60,920,571
Japan		98,834,376		103,683,085
Malaysia		2,593,016		2,936,604
	₩	<u>665,826,147</u>	₩	<u>626,769,716</u>

Details of external customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022
Samsung Electronics Co., Ltd.	₩	380,976,392	₩	578,704,792
SK Hynix Inc.		226,534,297		289,118,258
MICRON SEMICONDUCTOR ASIA OPERATIONS PTE LTD.		35,858,396		336,593,837

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

37. Business Combination

(a) Acquisition of interests in Bestics Co., Ltd.

The Group acquired 100% of shares of Bestics Co., Ltd. for the year ended December 31, 2022. The acquisition date is March 17, 2022, and the deemed acquisition date is March 31, 2022.

The following table summarizes the consideration paid for Bestics Co., Ltd., and identifiable assets and liabilities:

<i>(in thousands of Korean won)</i>	Amount	
Consideration		
Cash and cash equivalents	₩	805,660
Total consideration transferred	₩	<u>805,660</u>
Assets		
Cash and cash equivalents	₩	408,172
Trade and other receivables		198
Other current assets		14,963
Other financial assets		200,130
Current tax assets		2
Property, plant and equipment		384,722
Intangible assets		603
Right-of-use assets		<u>428,709</u>
Total assets		<u>1,437,499</u>
Liabilities		
Trade and other payables		681,277
Other current liabilities		<u>101,545</u>
Total liabilities		<u>782,822</u>
Total identifiable net assets		<u>654,678</u>
Percentage of ownership		100%
Amount held by the Group		<u>654,678</u>
Difference between the consideration transferred and the net assets acquired ¹	₩	<u>150,982</u>

¹ The difference between the consideration transferred and the net assets acquired is recognized in profit or loss.

SIMMTECH Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

38. Events after the Reporting Period

The Group issued convertible bonds and bonds with warrant after the reporting period.

Details of issuance of convertible bonds are as follows:

(in thousands of Korean won)

	Resolution of Board of Directors	Issuance date	Maturity		Total
4 th non-registered and non- guaranteed private placement coupon convertible bonds	2024-03-08	2024-03-12	2029-03-12	₩	100,000,000

Details of issuance of bonds with warrants are as follows:

(in thousands of Korean won)

	Resolution of Board of Directors	Issuance date	Maturity		Total
5 th non-registered and non- guaranteed private placement coupon bonds with warrant	2024-03-08	2024-03-12	2029-03-12	₩	20,000,000