



Smart Rental Solution

As Much As Needed
Where You Want It

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01/ Company Introduction

- Company Overview
- Business Units
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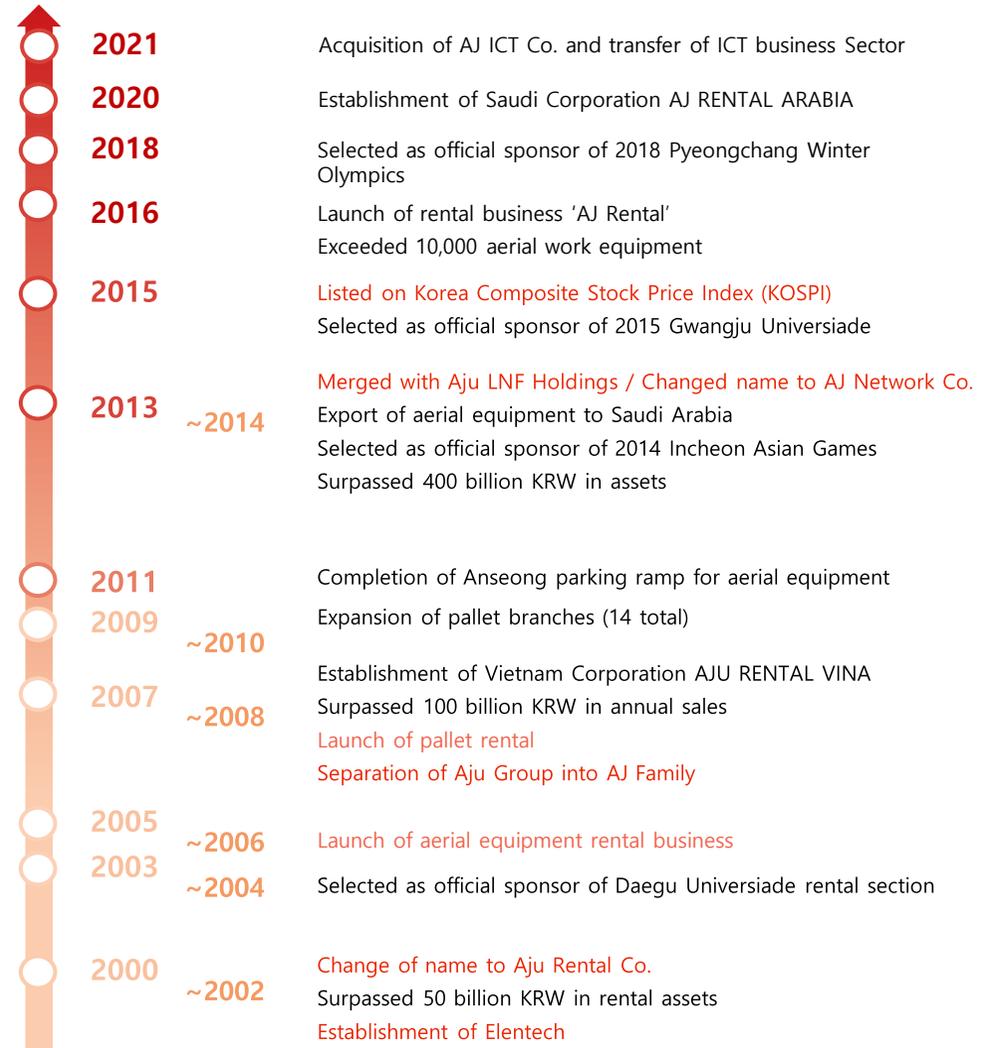
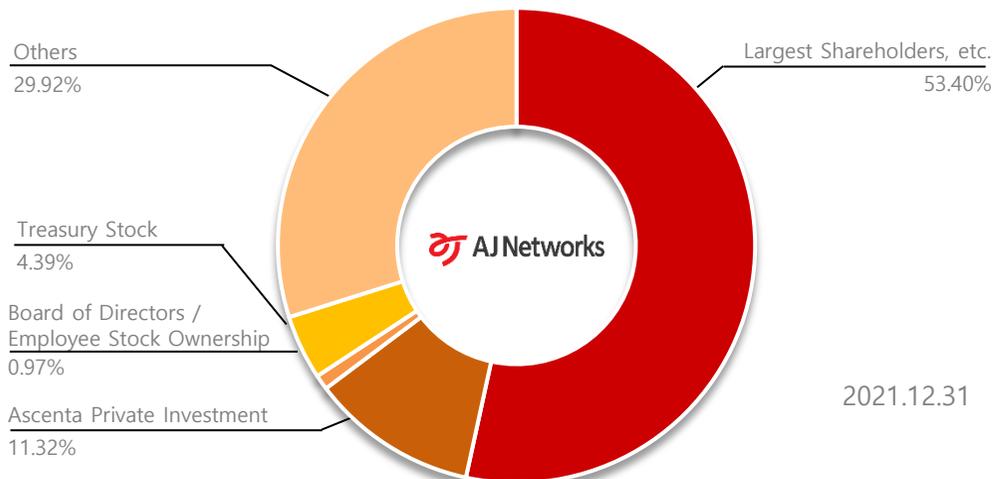


Company Overview

Company Profiles

Name	AJ Networks Co.
Executive	Park Dae-hyun, Son Sam-dal
Incorporated	02/10/2000
Capital	46.8 billion KRW
Employees	488 (12/2021)
Industry	Leasing of logistics equipment, office equipment (computers, etc.) , machinery equipment
Address	9 Jeongui-ro 8-gil Songpa-gu, Seoul, Korea
Website	www.ajnet.co.kr

Shareholder Composition



Consolidating Position as a Leading B2B Rental Company with Stable Customer account Base



Pallet Unit

- No. 2 in domestic pallet rental¹
- Standardization and efficiency of the logistics system
- Rental system suited to customer preference
- Specialized pallet operation for each industry and sector



Construction Equipment Unit

- No. 1 in domestic aerial equipment rental² (Korea's largest)
- 12,000 aerial equipment, 7,500 forklifts, 42 aerial trucks
- Multiple patents for risk detection and accident prevention for safe work
- Korea's only national network, differentiated service capabilities



IT Device Unit

- No. 1 in domestic IT device rental³
- Owns the most up-to-date IT and mobile devices
- Owns multiple software licenses as the industry-first
- Provides A/S, asset management and other comprehensive services



¹ Based on sales

² Quantity of aerial equipment held (estimated by the company)

³ Based on the quantity of IT equipment owned (estimated by the company)

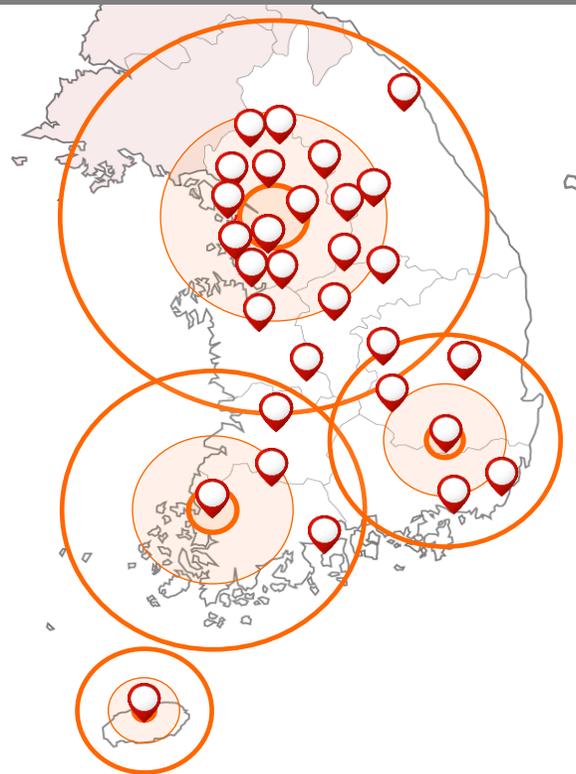
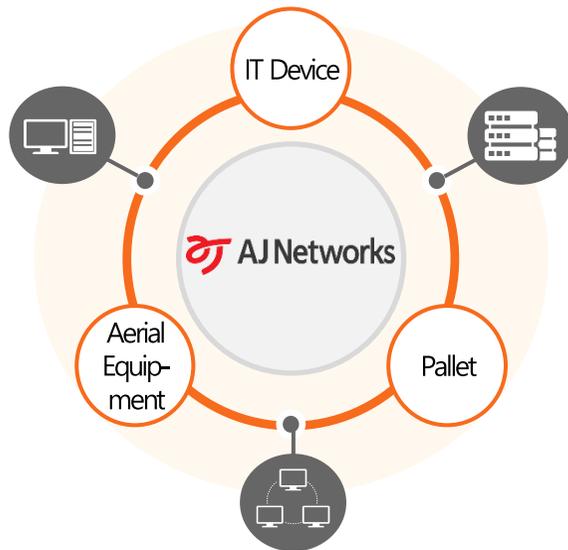
Business-integrated Logistics Network

Expanding Control Over the Rental Market through Synergy Between Business Units

Integrated IT System

Integrated Distribution Center

Expansion of Rental Market Dominance



Extension

Increase in rental equipment

Increase in customer base

Saving

Reduction in retrieval cost

Synergy between business units

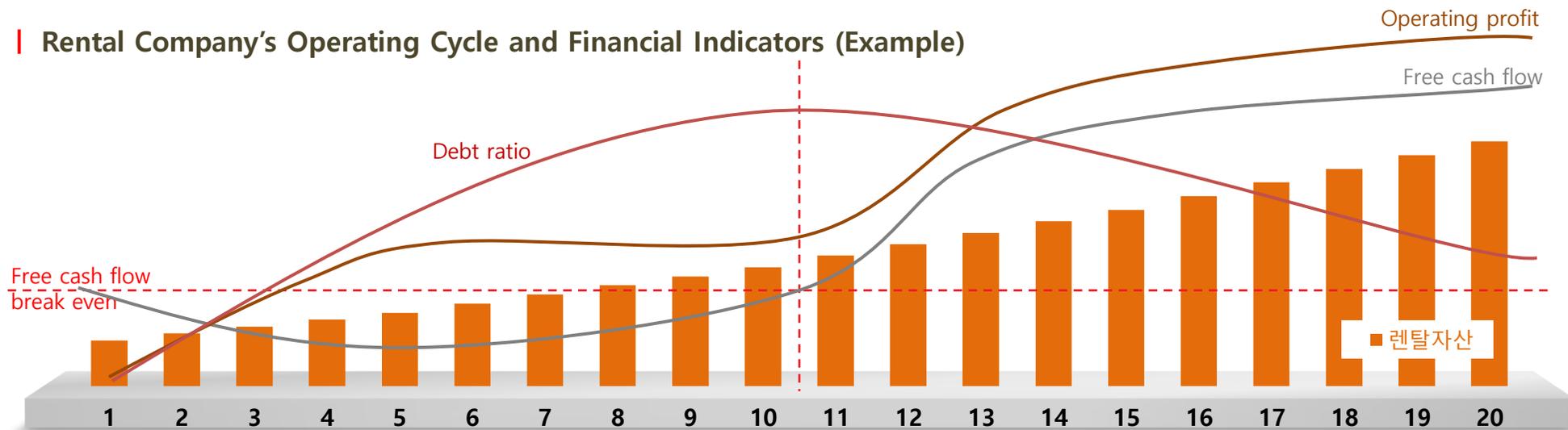
Virtuous Cycle of Profit

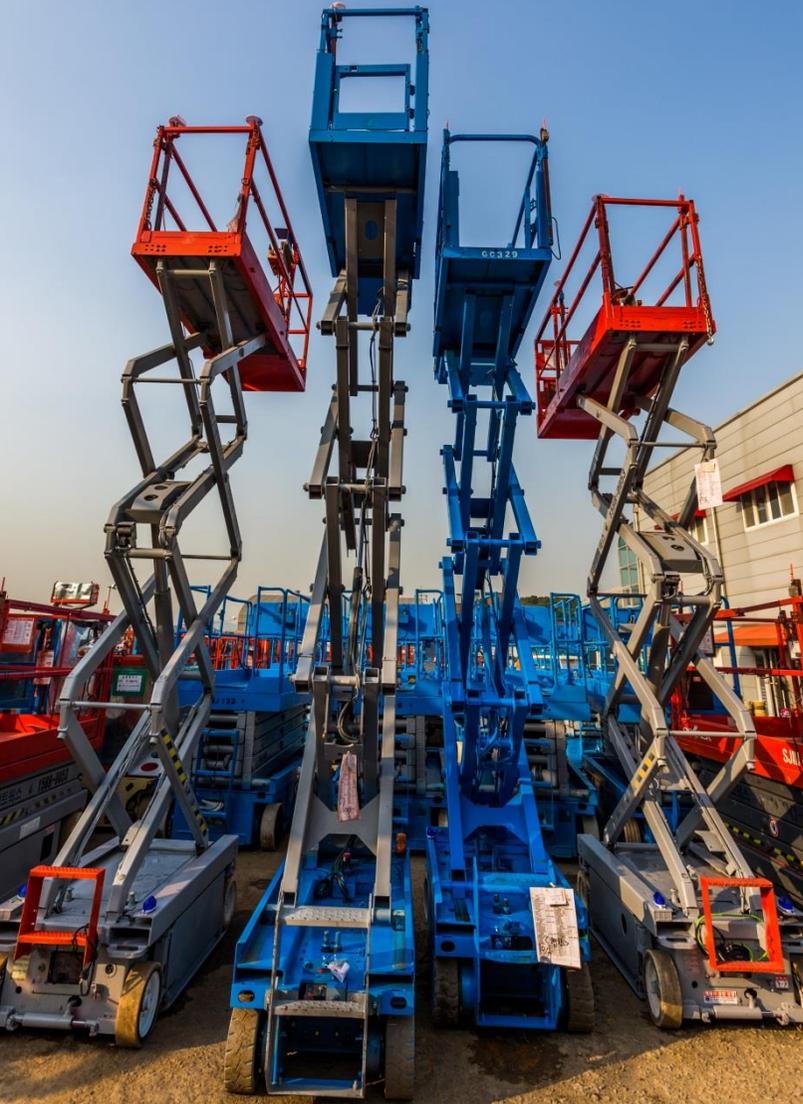
Stable Growth Realized through Investment ↔ Virtuous Cycle of Profit

Creation of a Virtuous Profit Cycle



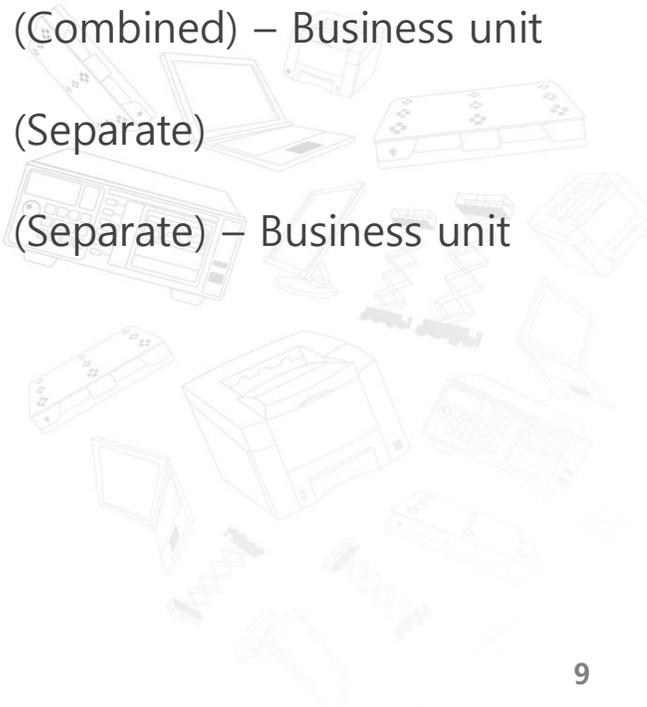
Rental Company's Operating Cycle and Financial Indicators (Example)





02/ 2021 Performance Review

- Summary
- Financial Performance (Combined)
- Financial Performance (Combined) – Business unit
- Financial Performance (Separate)
- Financial Performance (Separate) – Business unit



Business status in the market

- Pallet Category: Holds 30% market share and maintaining market duopoly together with Korea Pallet Pool (KPP). As the proportion of pallet and wood usage decreased and the conversion rate of plastic rental pallet continued to increase, the market continues to expand, recording a high growth rate of 15% every year.
- IT Category: Competes with Lotte Rental, Korea Rental, and foreign rental companies, accounting for about 34% market share based on sales and asset holdings, maintaining No. 1 business status. Rental items are expanding to tablet PCs, smartphones, as well as environmental appliances such as air purifiers in addition to traditional OA devices, responding quickly to changes in IT market trends. Rental sales are continuing to grow, while distribution sales are decreasing due to tightening credit evaluation of distribution partners.
- Construction Equipment Category: Holds No. 1 market share in Korea with 12,000 units of high-end equipment, 7,500 forklifts, and continuing to expand. Considering entering new market and developing additional rental items focused on heavy equipment with long service life and high value.

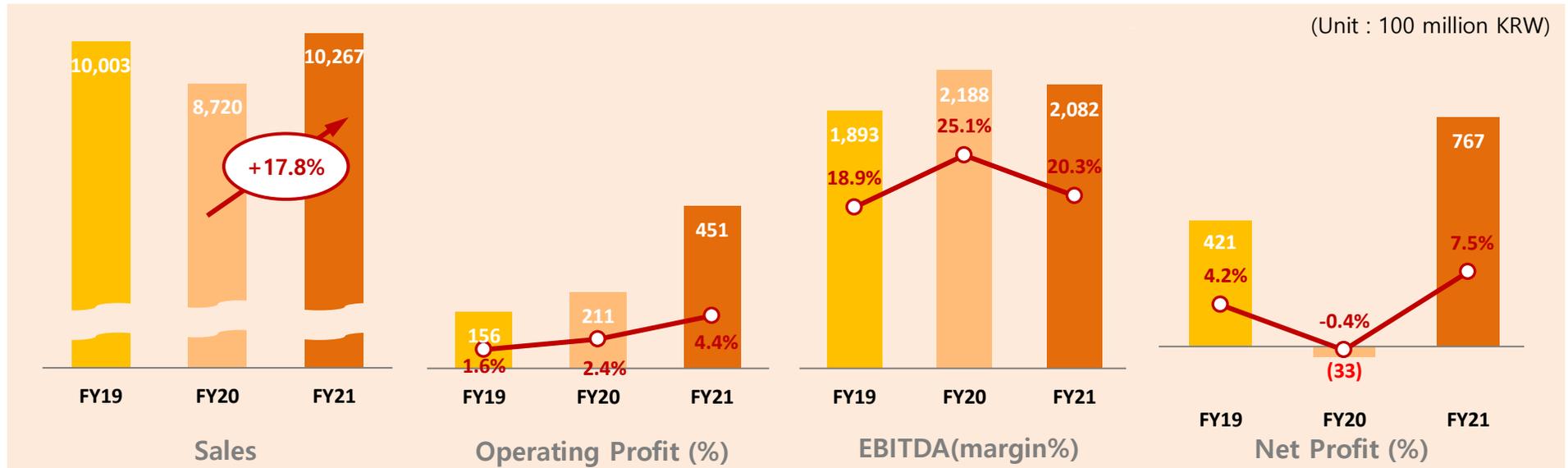
Recorded combined sales of 1.267 trillion KRW, operating profit of 45.1 billion KRW, and net profit of 76.7 billion KRW in 2021

- Completed the sale of shares of AJ Selcar, AJ Capital Partners and AJ Park during the first half of the year (total disposal profit of 15.7 billion KRW).
- Despite the decrease in sales due to the sale of affiliates, AJ Networks and AJ Energy are driving outward growth.
- As the transfer of AJ Total Cold Biz and Meat Processing Business Unit is completed on 07/06/2021, the related sales profit of 53.64 billion KRW is reflected during the third quarter.
- Net profit of 76.74 billion KRW realized in 2021 as net profit of 85.3 billion KRW and net profit of 682.1 billion KRW in were generated in discontinued operating profit.

Recorded sales of 485.5 billion KRW, operating profit of 56.5 billion KRW, and net profit of 74.1 billion KRW in 2021

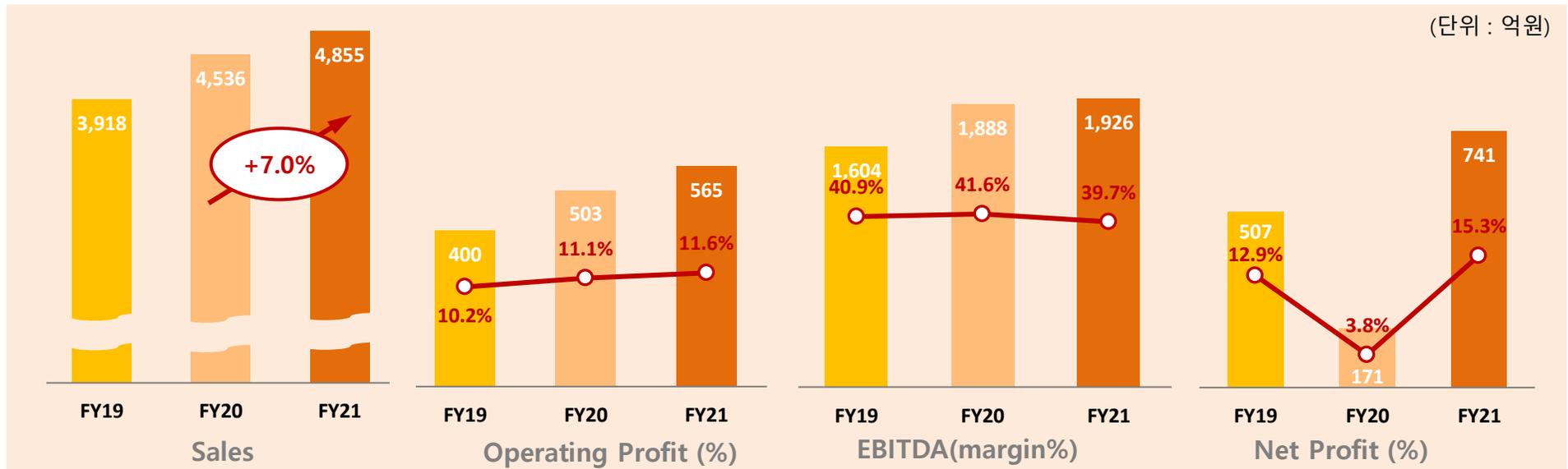
- Pallet Category: Sales rose 19.6% year-on-year due to increased pallet utilization amid expansion of the e-commerce market and operating profit ratio exceeded 20% for the last five consecutive quarters.
- IT Category: Demand for PC rental such as laptops continues to increase due to telecommuting and online lectures due to COVID-19, but sales fell 1.4% year-on-year due to decreased distribution sales. Operating profit achieved 7.7% due to low margin distribution sales and exceeded 10% for the last 3 consecutive quarters.
- Construction Equipment Category: The recovery of the construction industry has led to a rise in the operating rate of high-rise equipment, a 5.8% year-on-year increase in sales of forklifts for logistics, and an operating profit ratio of 12.7%.

Financial Performance (Combined)



- Sales : YoY +17.8% due to sales growth of 7.0% for AJ Networks, 41.6% for AJ Total, 27.5% for AJ Energy
AJ Sellcar, AJ Capital Partners, and AJ Park shares are excluded from combined sales and reflected in discontinued operating profit(loss)
AJ Total Cold Biz and Meat Processing Business were sold and thus excluded from combined sales and reflected in discontinued operating profit (retroactive application in the first quarter)
- Operating Profit : Expansion in AJ Network surplus, AJ Carian Service's transition into profit-making status, AJ APS's reduction in deficit range led to YoY +113.9%
- EBITDA : Decreased as depreciation costs of subsidiaries that have been sold are excluded from the time of sale
- Net Profit : Continued operating profit of 8.5 billion KRW and discontinued operating profit of 68.2 billion KRW

Financial Performance (Separate)

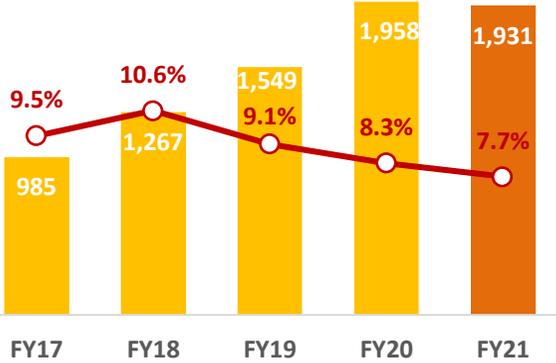


- Sales : While the pallet division continues to grow, the growth has slowed slightly due to the decline in IT division's distribution sales, achieving YoY +7.0%. The portion of distribution sales is being reduced by tightened credit evaluation of distribution clients to enhance profitability of IT business units (YoY pallet +19.6%, IT -1.4%, construction equipment +5.8%).
- Operating Profit : YoY +12.3% (YoY pallet +25.4%, IT -8.7%, construction equipment +28.1%) due to increased profitability of each business unit such as pallet, IT, construction equipment, etc)
- EBITDA : YoY +2.0% due to increased operating profit
- Net Profit : Investment and disposal profits of subsidiaries and related companies generated 45.2 billion KRW
Net profit of 740.6 billion KRW reflecting the interest expenses of 27.9 billion KRW (YoY +332.6%)

Financial Performance (Separate) – Business Unit

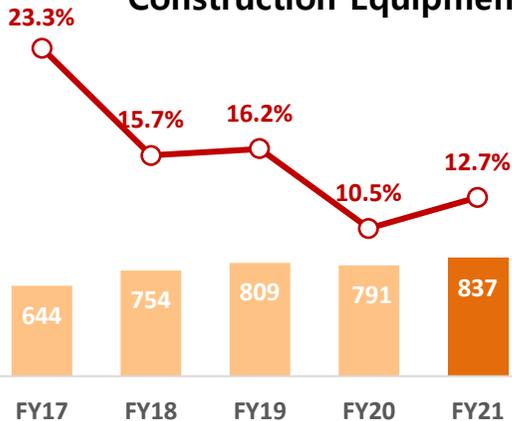
(Unit : 100 million KRW)

IT Equipment



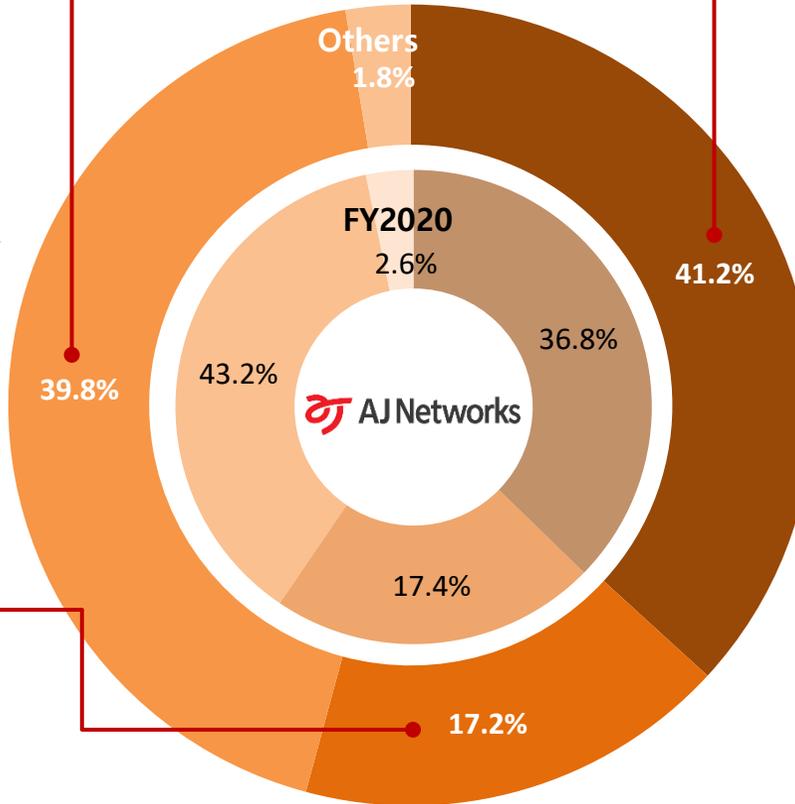
- No. 1 domestic market share
- Demand for IT rental, such as telecommuting and online lectures, has grown significantly due to COVID-19
- Profitability recovered due to normalization of operating profit in the second and fourth quarter

Construction Equipment

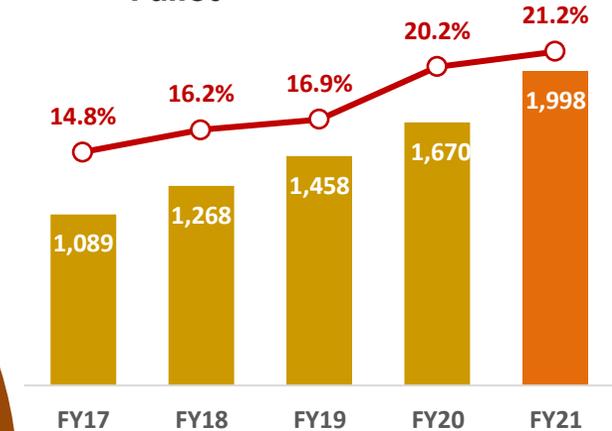


- 12,000 units of aerial equipment (No. 1 M/S in Korea) and 7,500 forklifts
- Increased sales and profitability due to recovery in the construction industry and a rise in forklift utilization rate
- Recovery in sales and profitability after passing a FY20 point

FY2021 Sales Composition



Pallet



- Increased pallet turnover with the growth of the e-commerce market, simultaneously improving sales and profitability
- Reduced depreciation costs
- Maintaining 30% to 33% of domestic market share (No. 2)

• Bar Graph : Sales(Cumulative)
 • Line Graph : Operating Profit (%)

03/ Main Issues

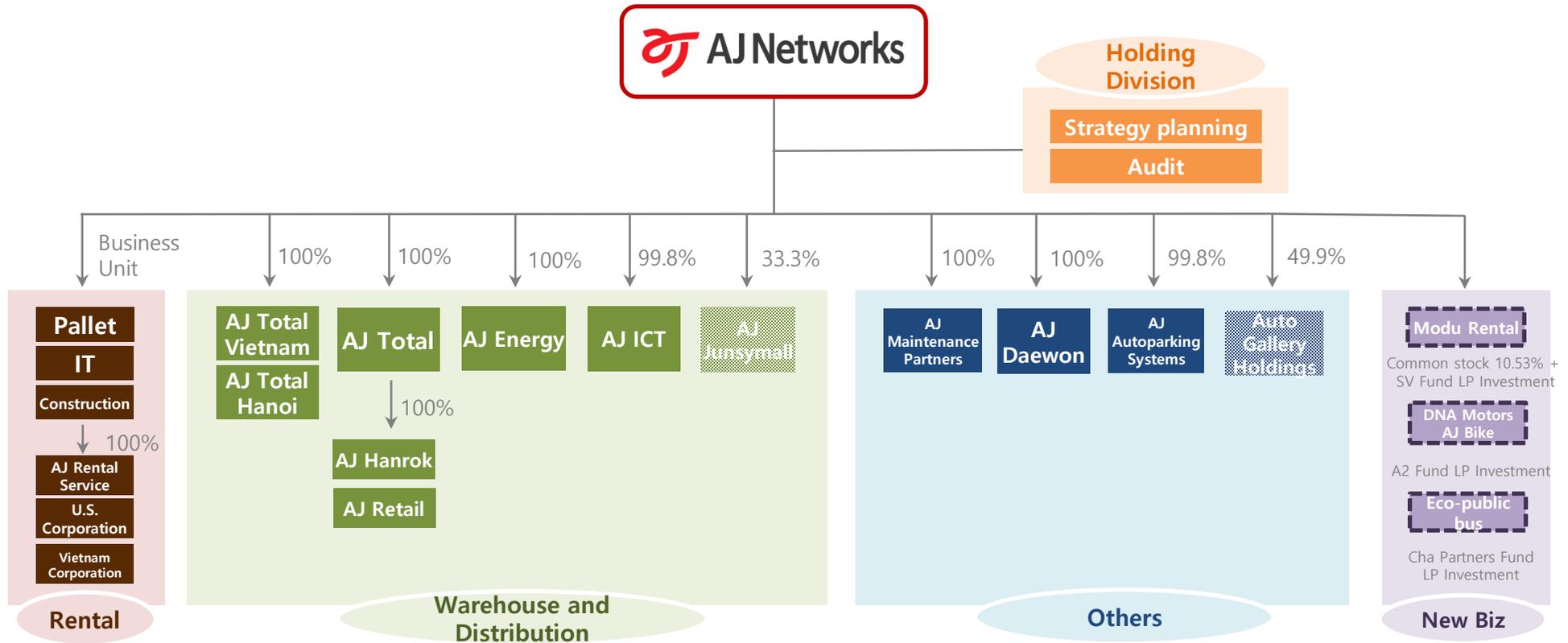
- Management Structure
- Restructuring Outcomes
- Subsidiary Performance
- Spin-off



Management Structure

Carrying Out Rental and Distribution Business as a Operating Holding Company
 Simplifying governance through disposal of non-core · low-return asset

2021.12.31



Restructuring Outcomes

Improving financial structure by streamlining non-core and low-profit assets
Achieving tangible results such as reduction in debt ratio

Restructuring Strategies

- Changes in the subsidiary evaluation method: Profitability-oriented evaluation rather than appearance-based evaluation
- Usage of sale price : Reduction of debt ratio through borrowing repayment
- Lowering of procurement rates by pushing for higher credit ratings

Sustainable Growth Strategies

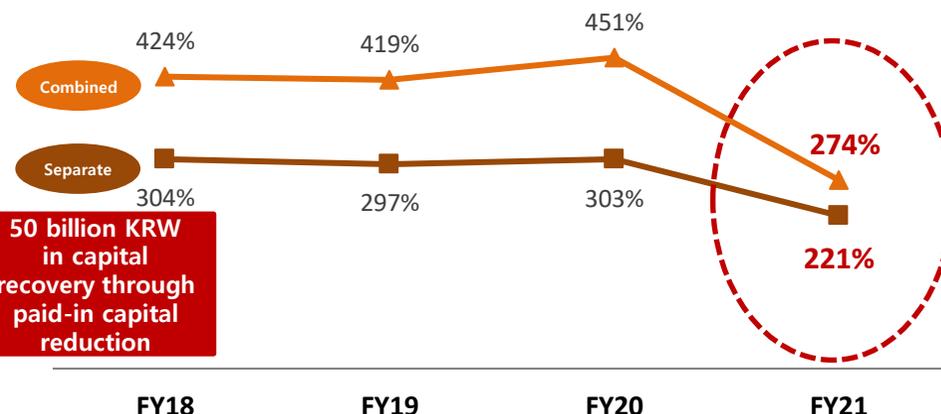
- **Combined debt ratio of 300% and separate debt ratio of 250% achieved by the end of this year**
- **Strong investment in areas that strengthen existing business competitiveness, such as pallet**
- **Expanded to B2C field, which is highly related to B2B rental business**
- **Minimize self-financing burden by attracting external investment**

Subsidiary Sales Status

(Unit : 1 million KRW)

Company Name	Sale Date	Sale Proceeds	Sale Profit	Others
AJ Sellcar	2021-02-08	16,354	13,370	Sale of shares
AJ Capital Partners	2021-04-16	35,489	125	Sale of shares
AJ Park	2021-06-30	73,370	2,190	Sale of shares
AJ Total	2021-07-06	127,500	53,639	Business transfer
Total		252,713	69,324	

Debt Ratio Trend



Business Portfolio Reorganization Concluded

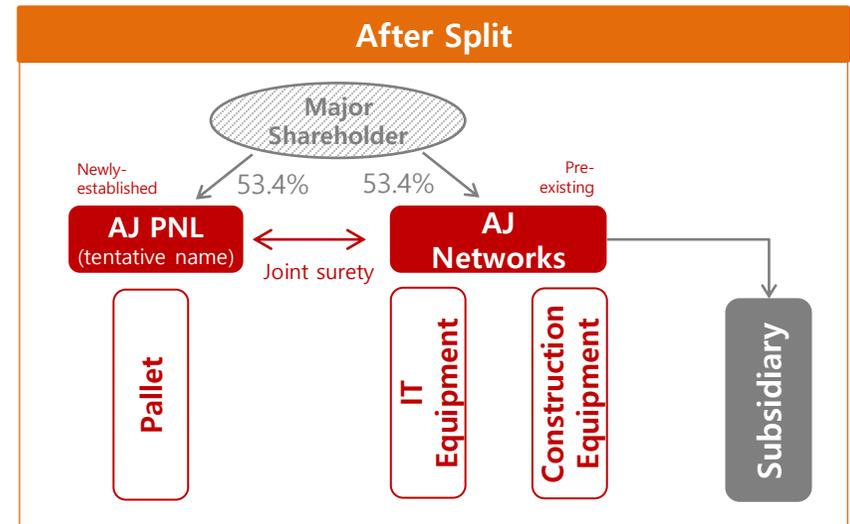
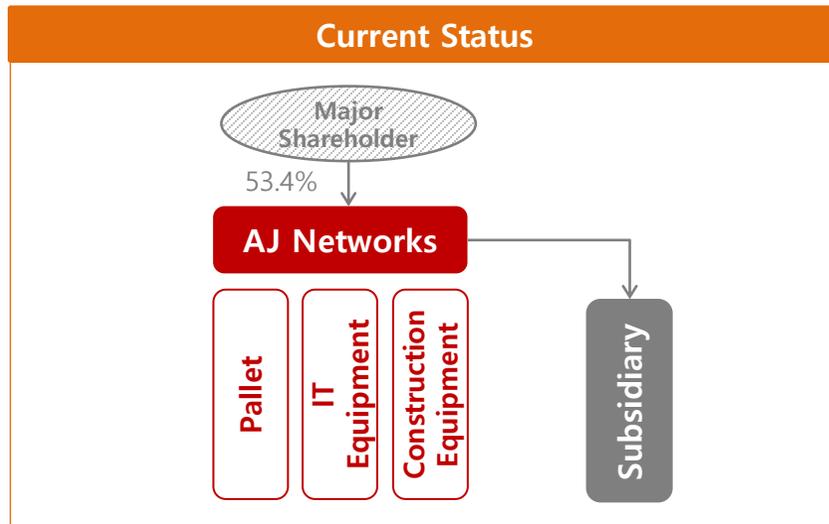
Improvement of Financial Structure and Surplus for Subsidiaries

(Unit : 1 million KRW)

Company Name	2020		2021		Note
	Sales	Net Profit	Sales	Net Profit	
AJ Park	85,026	8,243			- '21.06.30 Sale of stake completed
AJ Capital Partners					- '21.04.16 Sale of stake completed
AJ Sellcar					- '21.02.08 Sale of stake completed
AJ Junsymall	52,565	(2,228)	42,477	(2,746)	- Improvement in financial structure through attraction of 20 billion KRW in external investment - Exclusion due to management transfer
AJ M	11,200	(7,778)			- '21.04.01 Completion of small-scale merger to liquidate AJM
AJ Bike					- AJ Bike's 20.09.15 sale of stake completed (sale price: 24 billion KRW)
Linkable					- Linkable liquidation completed
AJ ENS	24,687	(1,869)			- '21.04.01 Completion of small-scale merger for settlement of AJ ENS
AJ Total	52,232	5,240	57,427	26,549	- '21.07.06 Cold Biz and meat processing business transfer completed
AJ Energy	259,088	1,212	330,445	1,727	- '21.10.18 Collected funds through AJ Networks with 50 billion paid potatoes - Increase in sales and surplus due to increased trading volume amid rising oil prices
AJ Maintenance Partners (ex. AJ Carian Service)	44,762	(986)	29,730	138	- Transition to surplus through reorganization of sluggish business units
AJ Rental Co., Ltd.	3,993	(136)	5,194	417	- Transition to surplus through improved performance of IT sector in Vietnam
AJ Rental, Inc.	12,779	(883)	17,964	(2,518)	- Sales growth and rising restructuring costs from the recovery of the U.S. construction industry
AJ Autoparking Systems	46,628	(5,596)	45,627	(3,933)	- Reduction of deficit and growth of overseas exports due to global economic recovery
Total	592,960	(4,781)	528,864	19,634	

Spin-off

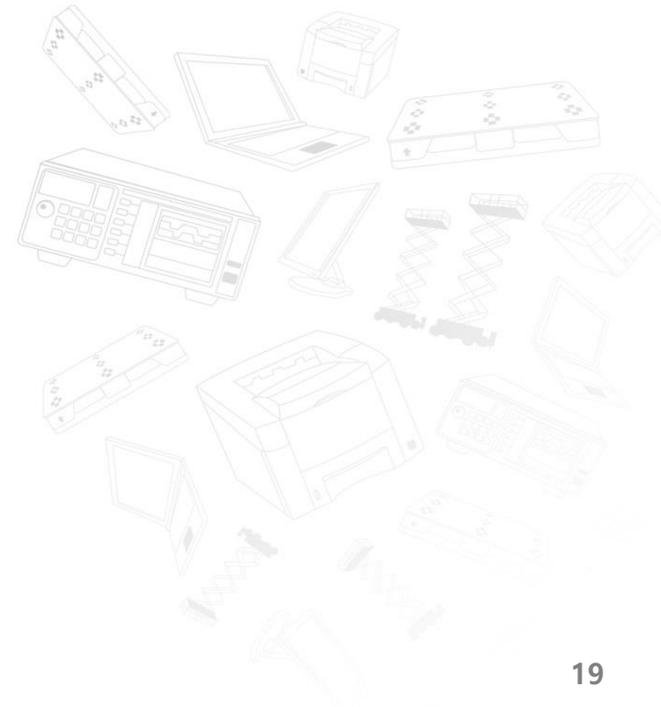
- **About** : Provide independence of pallet business unit through spin-off
- **Purpose** : Strengthen responsible management by maximizing shareholder profits and expertise of business units
- **Effects**
 - 1) Increase shareholder value by separating pallet division with high growth and profitability from subsidiary risk
 - 2) Improvement of financial structure by reducing loans from pre-existing corporations through distribution to newly-established corporations
- **Schedule**
 - Final stage of restructuring to resolve credit rating issues of pre-existing companies after division
 - AJ Networks' credit rating recovery before split (BBB+ stable)
 - To review financing issues such as credit ratings of newly-established and pre-existing companies and move forward in the second half of the year



※ Joint guarantees will be provided to each company for loans at the time of split

Appendix

- Financial Statements (Combined)
- Financial Statements (Separate)



Financial Statements (Combined)

Statement of Financial Position

(Unit : 100 million KRW)

Category	2019	2020	2021
Current Asset	5,011	2,486	2,739
Non—current Asset	13,022	13,396	10,811
Total Asset	18,033	15,882	13,550
Current Liability	7,968	6,612	5,252
Non—current Liability	6,591	6,390	4,674
Total Liability	14,559	13,002	9,911
Capital	468	468	468
Capital Surplus	1,007	1,006	1,006
Capital Adjustment	(247)	(315)	(338)
Other Capital Surplus	-	-	(762)
Accumulated Comprehensive Income	(31)	(114)	759
Earned Surplus	1,988	1,806	2,479
Minority Interest	289	29	10
Total Ownership Interest	3,473	2,880	3,625

Statement of Comprehensive Income

(Unit : 100 million KRW)

Category	2019	2020	2021
Operating Revenue	12,028	8,720	10,267
Operating Cost	11,849	8,509	9,816
Operating Profit	178	211	451
Non-operating Income	1,739	213	177
Profit of Associates Accounted for Using the Equity Method	-	(49)	63
Non-operating expenses	1,089	560	486
Income Before Income Tax Expenses	828	(185)	185
Income Tax	405	(30)	100
Profit for the period from continuing operations	423	(155)	85
Net income from discontinued operations	(2)	122	682
Net Profit During the Term	421	(33)	767
Other Comprehensive Income	(22)	(91)	123
Comprehensive Income	399	(125)	890

Financial Statements (Separate)

Statement of Financial Position

(Unit : 100 million KRW)

Category	2019	2020	2021
Current Asset	2,739	1,563	1,304
Non—current Asset	9,577	10,478	10,678
Total Asset	12,316	12,041	11,982
Current Liability	5,153	4,919	3,980
Non—current Liability	4,058	4,138	4,274
Total Liability	9,211	9,057	8,254
Capital	468	468	468
Capital Surplus	1,037	1,037	1,037
Capital Adjustment	(265)	(323)	(335)
Other Capital Surplus	0	0	(7)
Accumulated Comprehensive Income	(20)	(114)	2
Earned Surplus	1,884	1,915	2,563
Total Ownership Interest	3,104	2,984	3,728

Statement of Comprehensive Income

(Unit : 100 million KRW)

Category	2019	2020	2021
Operating Revenue	3,918	4,536	4,855
Operating Cost	3,518	4,033	4,291
Operating Profit	400	503	565
Non-operating income	1,894	151	158
Gains(losses) from subsidiary investment	(739)	46	360
Non-operating Expenses	682	487	347
Non-current assets held for sale	-	(2)	161
Income Before Income Tax Expenses	872	211	897
Income Tax Benefit	364	40	156
Net Profit During the Term	507	171	741
Other Comprehensive Income	(18)	(93)	115
Comprehensive Income	489	78	856

