

AJ Networks Co., Ltd.

Separate financial statements
for the year ended December 31, 2023
with the independent auditor's report

AJ Networks Co., Ltd.

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Independent auditor's report

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Independent auditor's report on internal control over financial reporting

Management's report on the effectiveness of internal control over financial reporting

Independent auditor's report

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors AJ Networks Co., Ltd.

Opinion

We have audited the separate financial statements of AJ Networks Co., Ltd. (the Company), which comprise the separate statement of financial position as of December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of AJ Networks Co., Ltd. as of December 31, 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2023 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 20, 2023 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. The matter was addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

(1) Impairment tests on investments in MostX Co., Ltd., the Group's associate - Estimation of recoverable amount

As described in Note 7 to the consolidated financial statements, as of December 31, 2023, the book value of the Group's investments in associates amounts to 41,952 million Korean won, of which the book value of investments in MostX is 5,146 million Korea won. As described in Note 2 to the separate financial statements, the Company assesses at the end of each reporting period whether there is an indication that the relevant asset may be impaired, and when there is an indication of impairment, the Company estimates the recoverable amount that is the higher of the asset's fair value less costs to sell and its value in use, and then compares the recoverable amount with its book value. Based on the conclusion that the investment in MostX shows an

indication of impairment with its deteriorating business performance, the Company estimated the recoverable amount based on the value in use as described in Note 7. We identified the estimate of recoverable amount of investments in the associate as a key audit matter, because the assessment of the recoverable amount is accompanied by significant judgments and estimations by management, especially on estimated future cash flows, discount rates, perpetual growth rates and others.

The main audit procedures that we have conducted for this key audit matter are as follows:

- Obtain an understanding of and assess internal controls related to processes for reviewing the recoverable amount.
- Examine the independence and qualification of external specialists used for management's evaluation.
- Engage the auditor's specialists in the assessment of valuation model used by management in calculating the value in use.
- Evaluate major assumptions used by management in calculating the value in use.
- Recalculate the recoverable amount based on the valuation model suggested by management.
- Assess the sensitivity of value in use, driven by changes in the discount rates and perpetual growth rates.

Other matter

The separate financial statements for the year ended December 31, 2022 were audited by Samil PricewaterhouseCoopers, whose report dated March 21, 2023 expressed an unqualified opinion thereon.

Responsibilities of management and those charged with governance for the separate financial statements

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

In preparing the separate 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, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 KSA 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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.
- 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 separate 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 separate 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 Sang Il Bae.



Seoul, Korea

March 20, 2024

This report is effective as of March 20, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

AJ Networks Co., Ltd.

Separate financial statements
for each of the two years in the period ended December 31, 2023

“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Sam-dal, Son
Chief Executive Officer
AJ Networks Co., Ltd.

AJ Networks Co., Ltd.
Separate statements of financial position
as of December 31, 2023, 2022 and 2021

<i>(in Korean won)</i>	Notes	2023		2022		2021	
Assets							
Current assets							
Cash and cash equivalents	4,35	₩	52,627,493,844	₩	99,647,782,619	₩	15,573,060,373
Trade receivables	8,35,36		67,396,891,494		62,887,128,733		54,073,698,498
Inventories	5		13,224,813,606		19,999,591,332		8,754,240,693
Other current financial assets	14,20,35		52,544,378,534		40,298,967,129		22,698,149,726
Other current assets	15		9,885,504,977		10,950,547,607		26,144,186,315
Financial assets at fair value through profit or loss	6,35		1,428,485,563		3,848,586,865		3,213,923,145
			<u>₩ 197,107,568,018</u>		<u>₩ 237,632,604,285</u>		<u>₩ 130,457,258,750</u>
Non-current assets							
Financial assets at fair value through other comprehensive income	6,35	₩	4,735,426,960	₩	4,122,983,496	₩	5,848,865,466
Financial assets at fair value through profit or loss	6,19		16,983,479,953		21,828,606,699		20,939,287,850
Investments in subsidiaries	7		206,697,198,542		199,333,984,797		224,657,804,502
Investments in associates	7		41,952,050,466		66,899,171,649		72,239,256,443
Rental assets	8,9		724,255,445,353		692,113,527,763		615,028,941,276
Property, plant and equipment	10		169,493,592,196		61,017,187,499		57,692,877,872
Intangible assets	13		7,650,461,132		5,865,355,042		4,443,273,727
Other non-current financial assets	14,20,35		37,851,391,075		33,471,268,018		30,724,726,635
Other non-current assets	15		7,092,954,350		3,375,320,816		2,989,790,083
Right-of-use assets	11		14,835,005,759		18,318,421,910		13,386,860,810
Investment properties	12		102,866,395,767		17,446,000,000		21,474,000,000
Deferred tax assets	30		-		12,581,008,693		549,091,174
			<u>1,334,413,401,553</u>		<u>1,136,372,836,382</u>		<u>1,069,974,775,838</u>
Total assets			<u>₩ 1,531,520,969,571</u>		<u>₩ 1,374,005,440,667</u>		<u>₩ 1,200,432,034,588</u>
Liabilities							
Current liabilities							
Trade payables	35	₩	31,342,523,608	₩	42,857,596,634	₩	31,243,339,043
Short-term borrowings	16,19,35		109,333,310,000		193,971,100,000		42,500,000,000
Current portion of long-term borrowings	16,19,35		239,673,925,765		222,292,082,507		144,147,523,037
Current portion of long-term bonds	16,35		174,248,120,539		230,556,881,567		141,922,058,703
Other current financial liabilities	17,20,35		46,550,138,282		59,695,397,221		26,064,268,382
Other current liabilities	17		4,736,874,193		6,366,193,602		4,129,602,400
Current tax liabilities			6,892,981,971		12,588,180,379		1,303,274,141
Current lease liabilities	11		4,929,783,340		7,628,631,700		6,687,557,748
			<u>₩ 617,707,657,698</u>		<u>₩ 775,956,063,610</u>		<u>₩ 397,997,623,454</u>
Non-current liabilities							
Non-current bonds	16,35	₩	172,164,330,541	₩	65,447,736,112	₩	197,671,055,559
Long-term borrowings	16,19,35		299,702,521,423		134,129,692,140		192,689,541,203
Other non-current financial liabilities	17,20,35		2,735,657,917		3,281,746,224		9,179,670,797
Other non-current liabilities	17		166,800,932		456,711,179		451,519,857
Deferred tax liabilities	30		4,734,323,212		-		-
Non-current lease liabilities	11		10,325,991,056		29,131,173,950		27,431,560,925
			<u>489,829,625,081</u>		<u>232,447,059,605</u>		<u>427,423,348,341</u>
Total liabilities			<u>₩ 1,107,537,282,779</u>		<u>₩ 1,008,403,123,215</u>		<u>₩ 825,420,971,795</u>
Equity							
Share capital	1,21	₩	46,822,295,000	₩	46,822,295,000	₩	46,822,295,000
Capital surplus	21		104,297,597,243		103,717,305,904		103,717,305,904
Capital adjustments	22		(27,727,246,543)		(33,509,100,008)		(33,509,100,008)
Other capital	22,23		(2,430,282,180)		(2,597,756,378)		(654,673,467)
Accumulated other comprehensive income	22		52,005,198,628		6,541,687,691		191,060,465
Retained earnings	24		251,016,124,644		244,627,885,243		258,444,174,899
Total equity			<u>423,983,686,792</u>		<u>365,602,317,452</u>		<u>375,011,062,793</u>
Total liabilities and equity			<u>₩ 1,531,520,969,571</u>		<u>₩ 1,374,005,440,667</u>		<u>₩ 1,200,432,034,588</u>

The accompanying notes are an integral part of the separate financial statements.

AJ Networks Co., Ltd.
Separate statements of comprehensive income
for each of the two years in the period ended December 31, 2023

<i>(in Korean won)</i>	Notes	2023		2022	
Operating income	8,33	₩	549,620,522,903	₩	591,933,997,862
Operating expense	26,31		<u>468,120,909,998</u>		<u>515,712,103,661</u>
Operating profit	8		81,499,612,905		76,221,894,201
Other income	28		47,013,217,817		2,464,336,632
Other expenses	28		7,064,571,831		18,064,586,493
Share of loss of subsidiaries and associates	7,29		(11,930,419,672)		(12,159,386,815)
Finance income	27		25,106,139,433		7,694,821,792
Finance costs	27		73,919,573,012		56,284,991,649
Gain on disposal of non-current assets held for sale			<u>(23,499,000,001)</u>		<u>-</u>
Profit before income tax	30		37,205,405,639		(127,912,332)
Tax expense (income)	30		13,388,124,754		1,601,067,013
Profit (loss)	25		<u>₩ 23,817,280,885</u>		<u>₩ (1,728,979,345)</u>
Other comprehensive income					
<i>Items that cannot be subsequently reclassified to profit or loss</i>					
Gain (loss) on valuation of financial assets at fair value through other comprehensive income		₩	152,534,250	₩	(1,339,423,572)
Equity adjustments using equity method			5,398,974,000		630,719,290
Revaluation surplus	2,10		38,685,231,879		-
<i>Items that can be subsequently reclassified to profit or loss</i>					
Equity adjustments using equity method			<u>1,226,770,808</u>		<u>7,059,331,508</u>
Other comprehensive income for the year, net of tax			45,463,510,937		6,350,627,226
Total comprehensive income for the year			<u>₩ 69,280,791,822</u>		<u>₩ 4,621,647,881</u>
Earnings (losses) per share					
Basic earnings (losses) per share	25	₩	528	₩	(39)
Diluted earnings (losses) per share			528		(39)

The accompanying notes are an integral part of the separate financial statements.

AJ Networks Co., Ltd.
Separate statements of changes in equity
for each of the two years in the period ended December 31, 2023

(in Korean won)

	Share capital	Capital surplus	Capital adjustments	Other capital	Accumulated other comprehensive income (loss)	Retained earnings	Total Equity
Balance as of January 1, 2022	₩ 46,822,295,000	₩ 103,717,305,904	₩ (33,509,100,008)	₩ (654,673,467)	₩ 156,047,868	₩ 256,256,464,554	₩ 372,788,339,851
Total comprehensive income							
Changes in accounting policies	-	-	-	-	35,012,597	2,187,710,345	2,222,722,942
Equity at beginning of period	46,822,295,000	103,717,305,904	(33,509,100,008)	(654,673,467)	191,060,465	258,444,174,899	375,011,062,793
Loss for the year	-	-	-	-	-	(1,728,979,345)	(1,728,979,345)
Dividends paid	-	-	-	-	-	(12,087,310,311)	(12,087,310,311)
Equity adjustments using equity method	-	-	-	(2,099,813,542)	7,690,050,798	-	5,590,237,256
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	-	(1,339,423,572)	-	(1,339,423,572)
Stock options	-	-	-	156,730,631	-	-	156,730,631
Balance as of December 31, 2022	<u>₩ 46,822,295,000</u>	<u>₩ 103,717,305,904</u>	<u>₩ (33,509,100,008)</u>	<u>₩ (2,597,756,378)</u>	<u>₩ 6,541,687,691</u>	<u>₩ 244,627,885,243</u>	<u>₩ 365,602,317,452</u>
Balance as of January 1, 2023	₩ 46,822,295,000	₩ 103,717,305,904	₩ (33,509,100,008)	₩ (2,597,756,378)	₩ 6,541,687,691	₩ 244,627,885,243	₩ 365,602,317,452
Total comprehensive income							
Profit for the year	-	-	-	-	-	23,817,280,885	23,817,280,885
Dividends paid	-	-	-	-	-	(12,087,310,320)	(12,087,310,320)
Equity adjustments using equity method	-	-	-	-	6,625,744,808	-	6,625,744,808
Stock options	-	-	-	167,474,198	-	-	167,474,198
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	-	152,534,250	-	152,534,250
Acquisition of treasury stocks	-	-	(1,210,324,160)	-	-	-	(1,210,324,160)
Disposal of treasury stocks	-	580,291,339	1,650,446,461	-	-	-	2,230,737,800
Retirement of treasury stock	-	-	5,341,731,164	-	-	(5,341,731,164)	-
Revaluation surplus	-	-	-	-	38,685,231,879	-	38,685,231,879
Balance as of December 31, 2023	<u>₩ 46,822,295,000</u>	<u>₩ 104,297,597,243</u>	<u>₩ (27,727,246,543)</u>	<u>₩ (2,430,282,180)</u>	<u>₩ 52,005,198,628</u>	<u>₩ 251,016,124,644</u>	<u>₩ 423,983,686,792</u>

The accompanying notes are an integral part of the separate financial statements.

AJ Networks Co., Ltd.
separate statements of cash flows
for each of the two years in the period ended December 31, 2023

<i>(in Korean won)</i>	Note	2023	2022
Cash flows from operating activities			
Cash flow generated from operations	32	₩ 40,536,995,174	₩ 22,586,583,455
Interest received		3,846,567,874	1,602,621,846
Interest paid		(54,787,914,007)	(31,014,094,406)
Dividends received		1,770,537,504	2,300,905,254
Income taxes paid		(13,240,145,871)	(1,356,270,992)
Net cash flows used in operating activities		<u>₩ (21,873,959,326)</u>	<u>₩ (5,880,254,843)</u>
Cash flows from investing activities			
Increase in short-term loans		₩ (18,528,678,930)	₩ (75,735,540,000)
Decrease in short-term loans		30,572,628,930	46,105,560,000
Guarantee deposits paid		(1,675,912,742)	(1,980,000,000)
Guarantee deposits received		523,614,240	303,033,624
Increase in long-term loans		-	(5,461,650,000)
Increase in short-term financial instruments		(9,970,783,721)	(43,487,110,000)
Decrease in short-term financial instruments		537,110,000	43,300,000,000
Increase in long-term financial instruments		(4,642,890,000)	-
Decrease in long-term financial instruments		1,000,000,000	-
Increase in financial assets at fair value through profit or loss		(7,412,886,212)	(4,641,307,175)
Decrease in financial assets at fair value through profit or loss		3,578,624,285	371,597,719
Increase in financial assets at fair value through other comprehensive income		(302,700,000)	-
Decrease in financial assets at fair value through other comprehensive income		-	-
Decrease in financial assets at amortized cost		-	5,000,000,000
Acquisition of investments in associates		-	-
Acquisition of investments in subsidiaries		(3,313,638,980)	(2,782,032,400)
Disposal of investments in subsidiaries		-	30,040,980,000
Acquisition of property, plant and equipment		(51,970,316,551)	(6,926,912,947)
Disposal of property, plant and equipment		95,584,018	61,708,616
Acquisition of intangible assets		(8,857,243,087)	(2,454,991,636)
Disposal of intangible assets		700,000	-
Acquisition of investment property		(58,412,413,914)	-
Increase in non-current assets held for sale		(23,500,000,000)	-
Decrease in non-current assets held for sale		1,000,000	-
Net cash flows used in investing activities		<u>₩ (152,278,202,664)</u>	<u>₩ (18,286,664,199)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings		₩ 217,500,000,000	₩ 457,755,400,000
Repayment of short-term borrowings		(302,137,790,000)	(305,200,000,000)
Proceeds from bonds		280,663,368,400	97,993,315,000
Repayment of bonds		(231,000,000,000)	(142,000,000,000)
Acquisition of consideration for treasury stock bonuses from subsidiaries		498,147,800	-
Repayment of current portion of long-term borrowings		(265,269,677,292)	(225,638,622,173)
Increase in long-term borrowings		447,950,000,000	245,000,000,000
Decrease in lease liabilities		(7,624,801,025)	(7,579,875,666)
Increase in leasehold deposits		710,707,000	30,506,000
Decrease in leasehold deposits received		(805,420,000)	-
Acquisition of treasury shares		(1,210,324,160)	-
Dividends paid		(12,087,310,320)	(12,087,310,311)
Net cash flows provided by financing activities		<u>₩ 127,186,900,403</u>	<u>₩ 108,273,412,850</u>
Net increase (decrease) in cash and cash equivalents		<u>₩ (46,965,261,587)</u>	<u>₩ 84,106,493,808</u>
Cash and cash equivalents as of January 1, 2023		99,647,782,619	15,573,060,373
Effects of exchange rate changes on cash and cash equivalents		(55,027,188)	(31,771,562)
Cash and cash equivalents as of December 31, 2023		<u>₩ 52,627,493,844</u>	<u>₩ 99,647,782,619</u>

The accompanying notes are an integral part of the separate financial statements

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2023 and 2022

1. General Information

AJ Networks Co., Ltd. (the “Company”), the parent company, was incorporated on February 10, 2000 to engage in the business of long-and-short-term lease and sale of telecommunication equipment, OA equipment and special industrial equipment. The Company acquired and merged with “AJU L&F holdings”, which was its parent company, on December 30, 2013, as the date of merger, and changed its name from AJU Rental Co., Ltd to AJ Networks Co., Ltd. In addition, the Company has been listed on the Korea Stock Exchange since August 21, 2015.

The Company’s initial capital was 10,000 million Korean won and, after a number of capital increases, its paid-in capital is 46,822 million Korean won as of December 31, 2023. The Company’s major stockholders as of December 31, 2023 are as follows:

	Number of shares	Percentage of ownership (%)
Moon Duck Young	11,760,923	25.99
Moon Jee Whe	6,597,178	14.58
Moon Sun Woo	6,597,173	14.58
Ascenta III private equity partnership	3,498,445	7.73
Treasury shares	301,696	0.67
Others	16,497,344	36.45
	45,252,759	100.00

2. Material Accounting Policies

The material accounting policies applied in the preparation of these separate 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 Company prepares statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”), enacted by the Act on External Audit of Stock Companies. The accompanying separate financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate 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.

AJ Networks Co., Ltd.

Notes to the separate financial statements

December 31, 2023 and 2022

The preparation of separate financial statements requires the use of critical accounting estimates.

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 Changes in accounting policies

(a) Property, plant and equipment

The Company has changed its subsequent measurement method for land and buildings among property, plant and equipment from the cost model to the revaluation model for the year ended December 31, 2023. This change in accounting policy is intended to measure the Company's land at fair value, thereby making it possible to provide more reliable and relevant information about its impact on the Company's financial position, financial performance, or cash flows. When the accounting policy on revaluation of assets is applied for the first time in accordance with KIFRS 1016 *Property, Plant and Equipment*, it is not retroactively applied. Therefore, the Company did not restate its prior separate financial statements for comparative purpose, and instead, subsequently explains it in Note 2.27.

(b) Investment property

The Company has changed its subsequent measurement method for investment properties from the cost model to the fair value model for the year ended December 31, 2023. This change in accounting policy is intended to measure the company's investment properties at fair value, thereby making it possible to provide more reliable and relevant information about its impact on the Company's financial position, financial performance, or cash flows. When the accounting policy on the fair value of investment properties is applied for the first time in accordance with KIFRS 1008 *Accounting Policies, Changes, in Accounting Estimates and Errors*, the Company restates its prior separate financial statements for comparative purpose, and subsequently explains it in Note 2.27.

2.2.2 New and Amended Standards and Interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) KIFRS 1117 Insurance Contracts

KIFRS 1117 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. KIFRS 1117 replaces KIFRS 1104 Insurance Contracts. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. KIFRS 1117 is based on a general model, supplemented by:

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- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach mainly for short-duration contracts (the premium allocation approach).

The new standard had no impact on the Company's separate financial statements.

(b) Definition of Accounting Estimates - Amendments to KIFRS 1008

The amendments to KIFRS 1008 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's separate financial statements.

(c) Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments to KIFRS 1001 and KIFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to KIFRS 1012

The amendments to KIFRS 1012 Income Taxes narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no material impact on the Company's separate financial statements.

(e) International Tax Reform—Pillar Two Model Rules – Amendments to KIFRS 1012

The amendments to KIFRS 1012 have been introduced in response to the OECD's BEPS Pillar Two Model Rules and include:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

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The mandatory temporary exception – the use of which is required to be disclosed – applies immediately.

The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

Meanwhile, the sales of the Group that includes the Company exceed 750 million euros, falling within the scope of application of the Pillar Two Model Rules. Pillar Two legislation has been enacted or substantially enacted in some of the countries in which the Group operates. The Pillar Two legislation will go into effect in the Group's fiscal year beginning on January 1, 2024. The Company has assessed its potential exposure to Pillar Two income tax as it falls within the scope of the enacted or substantially enacted Pillar Two legislation, and the amendments are not expected to have a significant impact on the Company's separate financial statements.

2.2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below.

(a) Amendments to KIFRS 1116: Lease Liability in a Sale and Leaseback

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of KIFRS 1116. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

(b) Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(c) Supplier Finance Arrangements - Amendments to KIFRS 1007 and KIFRS 1107

The amendments to KIFRS 1007 Statement of Cash Flows and KIFRS 1107 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

(d) Lack of Exchangeability - Amendments to KIFRS 1021 and KIFRS 1101

The amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates and consequential amendments to KIFRS 1101 First-time Adoption of IFRS specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosure of information that enables users of financial statements to understand the risk and impact of a currency not being exchangeable.

The amendments apply to annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted, in which case, an entity is required to disclose that fact. The amendments are not expected to have a material impact on the Company's financial statements.

2.3 Investments in Subsidiaries

The separate financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. Investments in subsidiaries are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. If there is objective evidence of impairment for the investment in the subsidiary,

the Company recognizes the difference between the recoverable amount of the subsidiary and its book amount as impairment loss.

2.4 Investments in Associates

Associates are entities over which the Company 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 Company and its associates are eliminated to the extent of the Company's interest in the associates. If there is objective evidence of impairment for the investment in the associate, the Company recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss.

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2.5 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in Korean won, which is the 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. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income or other expenses'.

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 equities held at fair value through other comprehensive income are recognized in other comprehensive income.

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2.6 Financial Assets

(a) Classification

The Company 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
- those to be measured at amortized cost.

The classification depends on the Company'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 securities, this will depend on the business model in which the investment is held. The Company 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 Company 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 Company 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 securities

Subsequent measurement of debt securities depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt securities 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.

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- 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 interest rate method. Foreign exchange gains and losses are presented in 'other income' or 'other expenses' and impairment losses are presented in 'other 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 comprehensive income within 'other income' or 'other expenses' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company'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' or 'other expenses' in the statement of comprehensive income 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 Company assesses on a forward-looking basis the expected credit losses associated with its debt securities 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 Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks

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and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as “borrowings” in the statement of financial position.

(e) Offsetting of financial instruments

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 Company or the counterparty.

2.7 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 'finance income (costs)' based on the nature of transactions.

2.8 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 measured, less loss allowance.

2.9 Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is determined based on the specific identification method. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.10 Non-current Assets (or Disposal Company) Held for sale

Non-current assets (or disposal company) 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.

2.11 Property, Plant and Equipment (including Rental Assets)

Land and buildings are measured at fair value, based on the amount evaluated by an independent external appraiser. Revaluation is regularly performed at the end of the reporting period to ensure that the carrying amount of the assets does not significantly deviate from their fair value. Property, plant and equipment, excluding land and buildings, are presented by deducting the accumulated depreciation and accumulated impairment losses from their historical cost. The historical cost includes expenses directly related to the

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acquisition of the assets.

If the carrying amount of an asset increases due to revaluation, that increase is recognized in other comprehensive income, and after deducting deferred income tax, it is added to the equity under the "revaluation gains" category. However, if there was a revaluation decrease recognized in profit or loss in the past for the same asset, the revaluation increase is recognized in profit or loss to the extent of that amount. If the carrying amount of an asset decreases due to revaluation, the decrease is recognized in profit or loss. However, if there is a remaining balance of revaluation gains for that asset, the revaluation decrease is recognized in other comprehensive income up to that amount.

Property, plant and equipment, excluding land, are depreciated using the straight line method over their estimated useful lives as follows:

	Useful lives
Property, plant and equipment	
Buildings	20, 40 years
Structures	8
Furniture and fixture	2 – 5
Vehicles	4, 8
Machinery	4 – 10
Facilities	4
Rental assets	
IT rental assets	1 – 6
Industrial safety equipment rental assets	1 – 15
Pallets rental assets	3 – 10

The Company reviews depreciation methods, residual values and economic useful lives of property, plant and equipment at the end of each reporting period and adjusts them if necessary. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount of the asset is immediately adjusted to its recoverable amount. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other income or expense. Upon disposal, the revaluation surplus related to assets held for sale is transferred to retained earnings.

When rental assets cease to be rented and become held for sale, their carrying amounts are transferred to inventories.

2.12 Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a year or more to get ready for their intended use or sale, are added to the costs (specific and general borrowing costs) of those assets.

The amount of specific borrowing cost that can be capitalized is calculated by deducting the income

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generated from the temporary operation of funds during the capitalization period from the borrowing cost incurred from the specific borrowing. On the other hand, the borrowing cost that can be capitalized for general borrowing is calculated by applying the capitalization interest rate to the portion exceeding the average expenditure for specific borrowing over the average expenditure for qualifying assets during the accounting period.

2.13 Intangible Assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for intended use. The residual value of intangible assets is zero. However, as useful lives of intangible assets are not foreseeable to the periods over which memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

The estimated useful lives of the Company's intangible assets for the year ended December 31, 2023 are as follows:

	Useful lives
Software	1 – 5 years
Other intangible assets	2 – 5

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

(a) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and The Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

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(b) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are not recognized as assets but expensed as incurred.

2.14 Investment Property

Investment properties are properties that the Company holds for rental income, capital appreciation, or both. They are initially measured at cost, including transaction cost, at the time of recognition. After initial recognition, investment properties are measured at fair value, reflecting the market conditions at the end of the reporting period, and gains or losses arising from changes in fair value are reflected in profit or loss of the period in which they arise.

Transfer of investment properties occurs only when there is a change in use. When an investment property is transferred to property, plant and equipment or inventory, the deemed cost is the fair value at the time of change in use. For transferring property, plant and equipment to investment property, the difference between the carrying amount and fair value at the time of change in use is accounted for in the same way as revaluation under KIFRS 1016. For transferring inventory and construction in progress to investment property, the difference between the carrying amount and fair value at the time of change in use is recognized as profit or loss.

Investment properties are removed from the statement of financial position when they are disposed of or when it is expected that there will be no future economic benefits either from the use or disposal. The gain or loss arising from the disposal or retirement of an investment property, which is the difference between the net disposal proceeds and the carrying amount, is recognized in profit or loss (disposal gains or losses from a sale and leaseback transaction are recognized in accordance with KIFRS 1016) in the period in which the retirement or disposal occurs.

2.15 Impairment of Non-financial Assets

Impairment tests are conducted annually for goodwill and intangible assets with an indefinite useful life, and when there are signs indicating asset impairment for depreciable assets. For assets such as shares in subsidiaries and associates, impairment tests are conducted when there are signs that the carrying amount may not be recoverable. Any impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount (the higher of value in use and fair value less cost to sell (net fair value)). The impairment loss for non-financial assets other than goodwill is reviewed for reversibility at the end of each reporting period.

The recoverable amount of an asset is determined at the higher of its value in use of an asset and its net fair value. It is determined for each individual asset unless cash inflows for the individual asset cannot be generated independently from other assets or asset groups. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the carrying amount of the asset is reduced to the recoverable amount.

The value in use of an asset is evaluated based on the present value of the estimated future cash flows for the asset, discounted by the pre-tax discount rate that reflects the time value of money and the market's

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assessment of risk related to the asset. The net fair value is considered based on recent transaction prices. An appropriate valuation model is used if no such transaction is identified. These calculations use valuation multiples, market prices of listed stocks, or other fair value indicators.

The Company calculates impairment amounts based on specific financial budgets/forecasts prepared for each cash-generating unit to which individual assets are allocated. Financial budget/forecast typically covers a period of five years and for longer periods, a perpetual growth rate is calculated and applied to periods beyond the five years.

Impairment losses are recognized in profit or loss, consistent with the function of the impaired asset. At the end of each reporting period, for assets other than goodwill, the Company assesses whether there are indicators showing that a previously recognized impairment loss no longer exists or has decreased, and if such indications exist, the recoverable amount is estimated. An impairment loss previously recognized for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and the carrying amount of the asset is increased to the recoverable amount, to the extent of the lower of the carrying amount that would have been recognized, net of depreciation, if no impairment loss had been recognized. Such impairment loss reversals are recognized in profit or loss.

2.16 Financial Liabilities

(a) Classification and measurement

The Company'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 Company 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 comprehensive income as 'finance costs', together with interest expenses recognized from other financial liabilities.

(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.

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2.17 Provisions

Provisions for service warranties, restoration, and legal proceedings are recognized when the Company 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.

2.18 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 Company 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 separate 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 Company 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 Company 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 Company 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 Company 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.

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2.19 Employee Benefits

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

(b) *Share-based payments*

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

Certain entities within the Company provide long-term employee benefits that are entitled to employees with service period for ten 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 Company 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.

2.20 Revenue Recognition

(a) *Revenue from contracts with customers*

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the Company and when specific criteria have been met for each of the Company's activities as described below.

- Sale of goods: Revenue from sales of goods is recognized when the products have been delivered to the customer.

(b) *Interest income*

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(c) *Dividend income*

Dividend income is recognized when the right to receive payment is established.

2.21 Leases

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(a) Lessor

The Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company, a manufacturer or dealer lessor, recognizes the following for each of its finance leases:

- revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest; and
- the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In case of financial lease receivables of which credit is impaired, however, finance income is calculated by referring to amortized cost (that is, the amount net of provision for impairment)

In case where the Company is an intermediate lessor, the Company accounts for the head lease and sublease as two separate contracts. The Company classifies the sublease as a finance lease or an operating lease depending on the right-of-use assets arising from the head lease, not an underlying asset.

The Company recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Company applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Company adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

After initial recognition, the Company reviews the estimated non-guaranteed residual value on a regular basis and recognizes the expected credit loss of lease receivables as loss allowance by applying the requirements for derecognition and impairment of Korean KIFRS 1109.

The Company allocates the promised amount of consideration to each component by applying KIFRS 1115 in case where lease and non-lease components are included in contracts.

(b) Lessee

The Company leases various offices, warehouses, retail stores, equipment and cars. Lease contracts are typically made for fixed periods, but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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The Company 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 Company 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 of the commencement date;
- Amounts expected to be payable by the Company (the lessee) under residual value guarantees;
- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company (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.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by OO, a subsidiary of the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance

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of the liability for each period.

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.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company elected not to apply the revaluation model to buildings held by the Company that are presented in the right-of-use assets.

Payments associated with short-term leases of all equipment and vehicles 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 without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

(c) Variable lease payments

Variable payment terms are used for a variety of reasons, including minimizing the fixed costs. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. 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 Company and not by the respective lessor.

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2.22 Earnings per Share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by dividing profit for the period by sum of weighted average number of ordinary shares outstanding and weighted average number of potential dilutive ordinary shares. The potential dilutive shares are reflected in the calculation for dilutive earnings per share when there are dilutive effects.

2.23 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company 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 [or the normal operating cycle of the Company] after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method

2.24 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 KIFRS 1109 *Financial Instruments*; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 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.

2.25 Segment reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 8). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

2.26 Business Combination of Entities under a Common Control

The Company applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company.

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However, if the consolidated financial statements are not available, the Company applies the carrying amount of assets and liabilities accounted on acquiree's separate financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as capital surplus.

2.27 Changes in Accounting Policies

(a) Application of the revaluation model for property, plant and equipment

The Company has reviewed the accounting treatment for measurement after initial recognition for certain classifications of property, plant and equipment. The Company previously measured all property, plant, and equipment using the cost model specified in paragraph 30 of KIFRS 1016 and recognized assets classified as property, plant, and equipment at cost less accumulated depreciation after initial recognition.

During the current period, the Company has chosen to change the subsequent measurement method for land and buildings classified as property, plant, and equipment to the revaluation model. The Company believes the revaluation model more effectively represents the financial status of land and buildings and that fair value can be reliably measured in the real estate market of the area where these assets are located. The Company has proactively implemented the revaluation model.

The Company uses a revaluation model for land and buildings, thereby measuring land at fair value on the revaluation date and buildings are measured at fair value on the revaluation date less accumulated depreciation and accumulated impairment losses.

(b) Application of fair value model for investment property

The Company has reviewed its accounting treatment for the measurement after initial recognition for investment property classifications. The Company previously applied the cost model in paragraph 56 of KIFRS 1040 for the measurement of investment properties and recognized these assets at the carry amount, being cost less accumulated depreciation, upon initial recognition.

During the current period, the Company has changed its method of subsequent measurement of investment property to use the fair value model. This change in accounting policy is intended to provide more reliable and appropriate information about the effects on the financial position, financial performance, or cash flows of the company, by measuring its land and buildings at their fair values. The Company has retrospectively applied this, as per KIFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors', back to the periods presented for comparative purposes.

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(c) Financial Impact of Changes in Accounting Policies

The financial impact resulting from changes in accounting policies for the subsequent measurement of property, plant and equipment, and investment properties, is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2023			2023		
	Asset	Liability	Equity	Operating revenue	Profit (loss)	Total comprehensive income for the year
Before change	₩ 1,440,363,851	1,087,104,643	353,259,208	₩ 549,620,523	(3,600,966)	(1,443,687)
Adjustments:						
IFRS 1016						
Revaluation model for property, plant and equipment ¹	55,784,697	12,478,465	43,306,232	-	-	43,306,232
IFRS 1040 Fair value mode for investment property ¹	35,372,422	7,954,175	27,418,247	-	27,418,247	27,418,247
	91,157,119	20,432,640	70,724,479	-	27,418,247	70,724,479
After change	₩ 1,531,520,970	1,107,537,283	423,983,687	₩ 549,620,523	23,817,281	69,280,792

¹ It includes the effect of changes in equity adjustments using equity method and share of profit (loss) of subsidiaries due to changes in accounting policies.

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(in thousands of Korean won)	2022.12.31			2022		
	Asset	Liability	Equity	Operating revenue	Profit (loss)	Total comprehensive income for the year
Before Change	₩ 1,372,062,658	1,008,403,123	363,659,535	₩ 591,933,998	(1,433,692)	4,901,587
Adjustments:						
IFRS 1040 Fair value model for investment property ¹	1,942,783	-	1,942,783	-	(295,287)	(279,939)
After change	₩ 1,374,005,441	1,008,403,123	365,602,318	₩ 591,933,998	(1,728,979)	4,621,648

¹ It includes the effect of changes in equity adjustments using equity method and share of profit (loss) of subsidiaries due to changes in accounting policies.

(in thousands of Korean won)	2022.01.01		
	Asset	Liability	Equity
Before change	₩ 1,198,209,312	825,420,972	372,788,340
Adjustments:			
IFRS 1040 Fair value model for investment property ¹	2,222,723	-	2,222,723
After Change	₩ 1,200,432,035	825,420,972	375,011,063

¹ It includes the effect of changes in equity adjustments using equity method and share of profit (loss) of subsidiaries due to changes in accounting policies.

2.28 Approval of issuance of the separate financial statements

The separate financial statements 2023 were approved for issue by the Board of Directors on February 14, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Material Accounting Estimates and Assumptions

The preparation of separate financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company'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.

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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) Income taxes

The corporate tax on our taxable income is calculated by applying various national tax laws and the decisions of tax authorities, resulting in uncertainty in the final tax effect calculation.

The Company is subject to additional corporate tax calculated according to the method prescribed by tax law if it does not utilize a certain amount of taxable income for investments, wage increases, etc. during a specific period. Therefore, when measuring current and deferred corporate tax for that period, the tax effects resulting from this must be reflected, and the corporate tax burden may vary each year according to the level of investments, wage increases, etc., leading to uncertainty in the final tax effect calculation.

(b) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) Impairment of non-financial assets

The Company evaluates the existence of impairment indications for all non-financial assets at the end of each reporting period. Impairment testing is performed annually or when there are indicators of impairment for goodwill and intangible assets with an indefinite useful life. For other non-financial assets, we review annually whether there are any indications that the carrying amount may not be recoverable, and conduct impairment tests when such indications exist. The recoverable amount to compare with the carrying amount of the relevant assets is measured by the Company as the higher of the asset's fair value less costs to sell or its value in use.

For the purpose of calculating value in use, management must estimate future expected cash flows from the assets or cash generating unit (CGU) and select an appropriate discount rate to calculate the present value of these future expected cash flows. The details of the key assumptions are described in Note 7.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount is reduced and the impairment loss is recognized immediately as a loss for the period.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies of the combination. An impairment loss for a CGU is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rata on the basis of the

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carrying amount of each asset in the unit. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

At the end of each reporting period, the Company reviews whether there are any indications that a previously recognized impairment loss for an asset, other than goodwill, no longer exists or has decreased. If there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized, the impairment loss is reversed. The increased carrying amount due to the reversal of an impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset in prior years.

4. Cash and Cash Equivalents

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

<i>(in thousands of Korean won)</i>	2023		2022	
Cash on hand	₩	-	₩	-
Bank deposits and others		52,627,494		99,647,783
	₩	<u>52,627,494</u>	₩	<u>99,647,783</u>

Financial instruments which are restricted in use as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	Financial institutions	2023		2022		Description
Short-term financial instruments	Shinhan bank	₩	315,600	₩	626,210	Collaterals for sub-lease deposit
Long-term financial instruments			-		1,000,000	Collaterals for performance guarantee of share purchase agreement
	Shinhan bank		767,890		351,500	Collaterals for sub-lease deposit
			4,000,000		-	Collaterals for loan agreement
			2,500		2,500	
	Hana bank		2,000		2,000	Collaterals for deposit for check account
	Citibank Korea Inc		2,500		2,500	
		₩	<u>5,090,490</u>	₩	<u>1,984,710</u>	

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5. Inventories

Inventories as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Merchandises	₩	10,628,140	₩	16,529,493
Allowance for valuation of merchandises		(1,063,940)		(104,993)
Supplies		3,660,614		3,575,091
	₩	<u>13,224,814</u>	₩	<u>19,999,591</u>

6. Financial Assets at Fair Value

6.1 Financial Assets at Fair Value through Other Comprehensive Income

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Marketable equity securities				
K-Top Self-managed REITs Co., Ltd.	₩ 4,169,666	₩ 4,045,410	₩ 3,866,966	₩ 3,244,488
Non-marketable equity securities				
Others	924,044	690,017	878,496	878,496
	₩ 5,093,710	₩ 4,735,427	₩ 4,745,462	₩ 4,122,984

Changes in financial assets at fair value for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Balance as of January 1	₩	4,122,983	₩	5,848,865
Acquisition		302,700		-
Gains and losses on valuation		264,195		(1,725,882)
Others		45,549		-
Balance as of December 31	₩	<u>4,735,427</u>	₩	<u>4,122,983</u>

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6.2 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Current		
Debt securities	₩ 606,180	₩ 1,168,328
Trust investment	822,306	2,680,258
	<u>1,428,486</u>	<u>3,848,586</u>
Non-current		
Debt securities	933,505	549,723
Equity securities	16,049,975	21,278,883
	<u>16,983,480</u>	<u>21,828,606</u>
	<u>₩ 18,411,966</u>	<u>₩ 25,677,192</u>

Change in financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Balance as of January 1	₩ 25,677,192	₩ 24,153,211
Acquisition	7,412,886	4,700,026
Disposal	(3,571,210)	(436,204)
Gains and losses on valuation, impairment loss	(11,180,021)	(2,802,511)
Others	73,119	62,670
Balance as of December 31	<u>₩ 18,411,966</u>	<u>₩ 25,677,192</u>

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7. Interests in Subsidiaries and Associates

Investment in subsidiaries and associates as of December 31, 2023 and 2022, are as follows:

	Ownership	2023						
		Acquisition cost	Beginning balance	Acquisition (Disposal)	Share of profit or loss of subsidiaries and associates	Others	Impairment loss	Ending balance
Subsidiaries								
AJ Total Co., Ltd.	100.00%	₩ 13,052,736	₩ 24,903,873	₩ (8,000,540)	₩ 5,329,300	₩ -	₩ -	₩ 22,232,633
AJ Energy Co., Ltd. ⁷	100.00%	15,000,000	21,145,324	-	68,092	4,102,423	-	25,315,839
AJ Maintenance Partners Co., Ltd.	100.00%	5,633,519	2,920,903	-	(825,024)	-	-	2,095,879
World Consulting Co., Ltd. ¹	100.00%	650,000	583,313	-	23,437	-	-	606,750
Four Seasons Consulting Co., Ltd. ²	100.00%	500,000	-	-	-	-	-	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	100.00%	500,000	-	300,000	(122,793)	-	-	177,207
AJ Daewon Co., Ltd.	100.00%	13,256,229	11,174,388	-	(90,522)	-	-	11,083,866
AJ ICT Co., Ltd. ⁷	99.83%	2,202,562	5,962,554	-	274,299	65,775	-	6,302,628
AJ TOTAL VIETNAM Co., Ltd	100.00%	24,039,481	22,038,090	-	(4,907,379)	392,812	-	17,523,523
AJ TOTAL HANOI Co.,Ltd.	100.00%	6,970,424	6,931,758	-	466,774	(94,030)	-	7,304,502
AJ Rental, Inc.	100.00%	87,105,510	83,596,377	-	7,210,574	1,462,443	-	92,269,394
AJ Rental Service Co., Ltd.	100.00%	439,555	473,062	-	(11,461)	-	-	461,601
AJ JEONGUK SKY Co., Ltd.	100.00%	6,000,000	4,275,733	-	901,645	-	-	5,177,378
AJ Rental Co., Ltd	100.00%	11,542,477	11,242,998	-	440,307	(117,539)	-	11,565,766
AJ Rental Arabia, Ltd.	100.00%	160,820	39,986	-	(2,004)	828	-	38,810
AJ LogisValue Poland Sp. Z.o.o ⁶	100.00%	996,015	733,625	-	(733,625)	-	-	-
TS GLOBAL CO.	70.00%	3,422,485	3,303,718	-	100,590	-	-	3,404,308
AJ LogisValue USA	100.00%	1,302,397	-	1,302,397	(154,176)	(11,106)	-	1,137,115
AJ LogisValue Hungary Kft.	100.00%	10,260	8,283	-	(8,283)	-	-	-
		<u>192,784,470</u>	<u>199,333,985</u>	<u>(6,398,143)</u>	<u>7,959,751</u>	<u>5,801,606</u>	<u>-</u>	<u>206,697,199</u>
Associates								
Tcha Partners Public Mobility No. 1 private equity partnership	49.38%	7,900,000	7,313,364	(474,000)	786,569	(10,922)	-	7,615,011
Tcha Partners Public Mobility No. 2 private equity partnership	49.38%	7,900,000	4,951,886	-	2,129,616	-	-	7,081,502
Tcha Partners Public Mobility No. 3 private equity partnership	49.50%	9,900,000	7,856,563	-	979,397	840,969	-	9,676,929

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Auto Gallery Holdings, Inc.	49.98%	18,087,600	8,981,929	-	215,154	150,618	-	9,347,701
MostX Co., Ltd. ^{3, 4, 5, 7}	10.53%	9,078,712	10,687,834	-	(2,023,687)	(27,017)	(3,491,138)	5,145,992
A2 PARTNERS RHINOS No. 1 private equity partnership	33.22%	18,503,407	18,841,132	-	(18,841,132)	-	-	-
Darae Parktech Co., Ltd. ⁵	37.30%	7,867,982	3,846,249	-	(1,800,789)	56,520	(2,101,980)	-
Junsyml.com Co.,Ltd.	33.33%	23,428,955	4,420,215	-	(1,335,300)	-	-	3,084,915
		<u>102,666,656</u>	<u>66,899,172</u>	<u>(474,000)</u>	<u>(19,890,172)</u>	<u>1,010,168</u>	<u>(5,593,118)</u>	<u>41,952,050</u>
		<u>₩ 295,451,126</u>	<u>₩ 266,233,157</u>	<u>₩ (6,872,143)</u>	<u>₩ (11,930,421)</u>	<u>₩ 6,811,774</u>	<u>₩ (5,593,118)</u>	<u>₩ 248,649,249</u>

¹ In 2023, the company name was changed from World Rent-A-Car Co., Ltd.

² In 2023, the company name was changed from Four season Rent-A-Car Co., Ltd.

³ In 2023, the company name was changed from Modu Rental Co., Ltd.

⁴ In 2023, the Company performed an impairment test on investments in associates and ₩ 3,491 million of impairment loss was recognized.

⁵ In 2023, In 2023, the Company performed an impairment test on investments in associates and ₩ 2,102 million of impairment loss was recognized.

⁶ In 2023, the company name was changed from AJ POLSKA sp. z o. o. to AJ LogisValue Poland Sp. Z.o.o..

⁷ In connection with the equity investment in MostX Co., Ltd., the Company is recognizing derivative assets of ₩ 1 million and derivative liabilities of ₩ 5,146 million(refer to Note 19).

(in thousands of
Korean won)

	Ownership	2022						
		Acquisition cost	Beginning balance	Acquisition (Disposal)	Share of profit or loss of subsidiaries and associates	Others	Impairment loss	Ending balance
Subsidiaries								
AJ Total Co., Ltd. ¹	100.00%	₩ 13,052,736	₩ 57,760,342	₩ (30,040,980)	₩ (2,815,490)	₩ -	₩ -	₩ 24,903,872
AJ Energy Co., Ltd. ⁷	100.00%	15,000,000	19,187,027	-	1,958,297	-	-	21,145,324
AJ Maintenance Partners Co., Ltd.	100.00%	5,633,519	2,680,149	-	240,754	-	-	2,920,903
World Consulting Co., Ltd.	100.00%	650,000	570,567	-	12,745	-	-	583,312
Four Seasons Consulting Co., Ltd.	100.00%	500,000	-	-	-	-	-	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	100.00%	200,000	102,721	-	(102,721)	-	-	-
APS CO.,LTD. ²	100.00%	20,064,515	-	6,564,515	(6,564,515)	-	-	-
AJ Daewon Co., Ltd.	100.00%	13,256,229	11,406,465	-	(232,077)	-	-	11,174,388
AJ ICT Co., Ltd. ⁷	99.83%	2,202,562	5,782,646	-	179,908	-	-	5,962,554
AJ TOTAL VIETNAM Co., Ltd	100.00%	24,039,481	24,039,481	-	(2,778,956)	777,565	-	22,038,090

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AJ TOTAL HANOI Co.,Ltd.	100.00%	6,970,424	6,970,424	-	(312,645)	273,979	-	6,931,758
AJ Rental, Inc.	100.00%	87,105,510	81,929,323	-	(2,028,414)	3,695,468	-	83,596,377
AJ Rental Service Co., Ltd.	100.00%	439,555	282,451	-	190,612	-	-	473,063
AJ JEONGUK SKY Co., Ltd.	100.00%	6,000,000	3,903,117	-	372,616	-	-	4,275,733
AJ Rental Co., Ltd ⁷	100.00%	11,542,477	10,019,948	-	939,200	283,851	-	11,242,999
AJ Rental Arabia, Ltd.	100.00%	160,820	23,142	-	15,599	1,245	-	39,986
AJ LogisValue Poland Sp. Z.o.o ³	100.00%	996,015	-	996,015	(263,577)	1,187	-	733,625
TS GLOBAL CO. ⁴	70.00%	3,422,485	-	3,422,485	(118,767)	-	-	3,303,718
AJ LogisValue Hungary Kft. ⁵	100.00%	10,260	-	10,260	(1,912)	(65)	-	8,283
		<u>211,246,588</u>	<u>224,657,803</u>	<u>(19,047,705)</u>	<u>(11,309,343)</u>	<u>5,033,231</u>	<u>-</u>	<u>199,333,985</u>
Associates								
Tcha Partners Public Mobility No. 1 private equity partnership	49.38%	7,900,000	6,135,183	-	1,335,113	(156,932)	-	7,313,364
Tcha Partners Public Mobility No. 2 private equity partnership	49.38%	7,900,000	3,328,777	-	2,097,109	(474,000)	-	4,951,886
Tcha Partners Public Mobility No. 3 private equity partnership	49.50%	9,900,000	7,605,557	-	256,775	(5,768)	-	7,856,564
Auto Gallery Holdings, Inc.	49.98%	18,087,600	10,395,949	-	(1,351,758)	(62,263)	-	8,981,928
MostX Co., Ltd.	10.53%	9,078,712	10,337,853	-	(141,434)	491,416	-	10,687,835
A2 PARTNERS RHINOS No. 1 private equity partnership	33.22%	18,503,407	21,352,954	-	(2,436,276)	(75,546)	-	18,841,132
Darae Parktech Co., Ltd. ⁶	37.30%	8,205,769	8,280,419	-	(227,220)	81,453	(4,288,404)	3,846,248
Junsyall.com Co.,Ltd.	33.33%	23,428,955	4,802,565	-	(382,351)	-	-	4,420,214
		<u>103,004,443</u>	<u>72,239,257</u>	<u>-</u>	<u>(850,042)</u>	<u>(201,639)</u>	<u>(4,288,404)</u>	<u>66,899,171</u>
		<u>₩ 314,251,031</u>	<u>₩ 296,897,060</u>	<u>₩ (19,047,705)</u>	<u>₩ (12,159,385)</u>	<u>₩ 4,831,592</u>	<u>₩ (4,288,404)</u>	<u>₩ 266,233,156</u>

¹ In 2022, the subsidiary executed capital reduction, and the Company offset the borrowings from the subsidiary amounting to ₩ 30,000 million against ₩ 30,041 million of considerations from capital reduction.

² In 2022, the Company acquired 0.16% of shares, and the Company converted ₩ 6,500 million of loans to the subsidiary into equity investment.

³ In 2022, the entity was newly invested and established.

⁴ In 2022, 70% of the shares were acquired.

⁵ In 2022, the entity was newly invested and established.

⁶ In 2022, the Company performed an impairment test on investments in associates and ₩ 4,288 million of impairment loss was recognized.

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⁷ Due to the change in investment property policy this fiscal year, the fair value of the investment property held by the subsidiary was retroactively applied, and the equity method profit and loss, corporate tax cost, and equity method capital changes were adjusted accordingly.

The financial information of investment in subsidiaries and associates as of December 31, 2023 and 2022 is as follows:

(in thousands of Korean won)	2023						
	Location	Closing month	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
AJ Total Co., Ltd. ¹	Korea	December	₩ 34,110,928	₩ 12,546,561	₩ 31,586,403	₩ 3,992,768	₩ 3,992,768
AJ Energy Co., Ltd. ²	Korea	December	38,365,726	12,827,715	244,914,960	52,004	4,154,426
AJ Rental, Inc. ¹	USA	December	99,343,330	7,411,827	24,362,080	6,945,716	8,408,159
AJ Maintenance Partners Co., Ltd.	Korea	December	7,836,700	5,740,820	38,556,398	(825,024)	(825,024)
World Consulting Co., Ltd.	Korea	December	606,749	-	-	23,437	23,437
Four Seasons Consulting Co., Ltd.	Korea	December	179,935	341,400	-	(7,641)	(7,641)
Ryu Ga Hyoung Golf Academy Co., Ltd.	Korea	December	250,873	73,666	537,439	(92,238)	(92,238)
AJ Daewon Co., Ltd. ¹	Korea	December	9,208,310	4,065,617	30,251,157	759,138	759,138
AJ ICT Co., Ltd. ²	Korea	December	24,157,202	17,590,493	43,286,019	208,831	274,719
AJ TOTAL VIETNAM Co., Ltd.	Vietnam	December	72,413,828	55,909,535	9,070,700	(4,907,379)	(4,514,568)
AJ TOTAL HANOI Co.,Ltd.	Vietnam	December	9,192,251	200,255	-	466,621	372,743
AJ Rental Service Co., Ltd.	Korea	December	8,226,184	7,764,582	74,074,306	(11,461)	(11,461)
AJ JEONGUK SKY Co., Ltd.	Korea	December	5,774,385	597,007	7,647,079	901,645	901,645
AJ Rental Co., Ltd. ²	Vietnam	December	18,591,955	7,026,189	7,955,911	440,307	322,768
AJ Rental Arabia, Ltd.	Saudi	December	49,715	10,905	116,105	(2,004)	(1,176)
AJ LogisValue Poland Sp. Z.o.o ¹	Poland	December	6,106,979	6,577,433	15,894,297	(1,345,194)	(1,306,233)
AJ LogisValue Hungary Kft.	Hungary	December	214,383	329,050	26,631	(122,984)	(122,950)
TS GLOBAL CO.	Korea	December	3,203,820	964,450	9,830,512	940,888	940,888
Tcha Partners Public Mobility No. 1 private equity partnership	Korea	December	68,955,658	53,370,374	92,444,042	1,970,815	1,948,697
Tcha Partners Public Mobility No. 2 private equity partnership	Korea	December	81,933,146	67,103,779	95,248,232	3,038,032	3,038,032
Tcha Partners Public Mobility No. 3 private equity partnership	Korea	December	85,236,667	58,779,112	59,991,554	1,576,222	3,275,149
Auto Gallery Holdings,	USA	December	73,439,489	52,244,401	125,230,570	(1,016,994)	(715,618)

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Inc. ¹								
MostX Co., Ltd.	Korea	December	109,921,954	66,937,493	30,925,916	(13,251,629)	(13,333,037)	
A2 PARTNERS RHINOS No. 1 private equity partnership ¹	Korea	December	139,023,428	102,247,901	81,323,903	(16,810,514)	(16,775,959)	
Darae Parktech Co., Ltd.	Korea	December	11,308,170	14,198,318	26,342,460	(1,617,688)	(1,466,155)	
Junsymall.com Co.,Ltd.	Korea	December	21,776,342	12,606,587	82,667,300	(3,829,375)	(3,829,375)	

¹ It is summarized financial information of the consolidated financial statements.

² Due to the change in investment property policy this fiscal year, the fair value of the investment property held by the subsidiary was retroactively applied, resulting in adjustments to the assets and net income for the current period.

(in thousands of Korean won)	2022						
	Location	Closing month	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
AJ Total Co., Ltd. ¹	Korea	December	₩ 33,130,824	₩ 7,558,685	₩ 51,199,517	₩ (2,815,490)	₩ (2,815,490)
AJ Energy Co., Ltd. ²	Korea	December	46,403,326	25,019,741	417,708,694	1,942,208	1,942,208
AJ Rental Inc. ¹	USA	December	99,197,058	15,673,714	22,442,677	(2,207,632)	3,585,161
AJ Maintenance Partners Co., Ltd. ¹	Korea	December	8,905,003	5,984,099	38,155,163	240,754	240,754
World Rent-A-Car Co., Ltd.	Korea	December	583,741	429	-	12,745	12,745
Four season Rent-A-Car Co., Ltd	Korea	December	173,776	327,600	-	(14,677)	(14,677)
Ryu Ga Hyoung Golf Academy Co., Ltd.	Korea	December	45,211	75,765	473,603	(133,276)	(133,276)
AJ Auto Parking Systems Co., Ltd.	Korea	December	33,956,140	42,951,222	39,082,632	(1,939,339)	(1,660,594)
AJ Networks First Limited Company	Korea	March	15,372,302	15,369,302	1,050,198	-	-
AJ Daewon Co., Ltd.	Korea	December	8,006,483	3,652,927	26,571,079	623,574	623,574
AJ ICT Co., Ltd. ²	Korea	December	15,550,449	9,258,458	43,283,812	533,967	533,967
AJ Total Vietnam Co., Ltd.	Vietnam	December	68,528,658	47,509,797	7,986,195	(2,778,956)	(2,001,391)
AJ TOTAL HANOI CO., Ltd.	Vietnam	December	8,698,036	78,783	-	(312,493)	(38,666)
AJ Rental Service Co., Ltd.	Korea	December	7,904,802	7,431,740	65,367,688	190,612	190,612
AJ JEONGUK SKY Co., Ltd.	Korea	December	5,254,832	979,099	5,379,748	372,616	372,616
AJ Rental Co., Ltd ²	Vietnam	December	17,419,405	6,175,969	6,717,493	938,215	1,222,132
AJ Rental Arabia, Ltd.	Saudi	December	42,827	2,840	156,324	15,599	16,845
AJ POLSKA SP.z.o.o.	Poland	December	5,792,407	5,058,782	10,441,827	(263,577)	(262,390)
AJ LogisValue Hungary Kft.	Hungary	December	10,019	1,736	-	(1,912)	(1,977)
TS GLOBAL CO.	Korea	December	3,192,090	1,893,607	1,377,588	(157,543)	(157,543)

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Tcha Partners Public Mobility No. 1 private equity partnership	Korea	December	67,663,661	52,583,061	91,050,666	2,667,394	2,910,884
Tcha Partners Public Mobility No. 2 private equity partnership	Korea	December	78,752,838	66,956,662	93,361,825	2,453,891	2,453,891
Tcha Partners Public Mobility No. 3 private equity partnership	Korea	December	77,123,394	51,425,056	55,292,617	1,545,947	3,303,737
Auto Gallery Holdings, Inc. ¹	USA	December	80,884,276	60,427,866	188,226,415	(2,665,027)	(2,789,608)
Modu Rental Co., Ltd. ¹	Korea	December	147,324,106	90,415,818	65,695,134	537,276	662,646
A2 PARTNERS RHINOS No. 1 private equity partnership	Korea	December	137,253,212	83,101,726	127,119,298	(3,391,345)	(3,618,755)
Darae Parktech Co., Ltd.	Korea	December	15,913,227	14,496,577	25,250,981	(239,517)	(239,517)
Junsymall.com co.,Ltd.	Korea	December	26,153,040	12,774,862	64,623,109	(2,401,058)	(2,401,058)

¹ It is summarized financial information of the consolidated financial statements.

² Due to the change in investment property policy this fiscal year, the fair value of the investment property held by the subsidiary was retroactively applied, resulting in adjustments to the assets and net income for the current period.

The tables below provide unrecognized share of losses of subsidiaries or associates, both for the reporting period and cumulatively, because the Company has stopped recognizing its share of losses of the subsidiaries or associates when applying the equity method as of December 31, 2023 and 2022 is as follows:

(in thousands of Korean won)

	2023		2022	
	Unrecognized loss	Unrecognized changes	Unrecognized loss	Unrecognized changes
Four Seasons Consulting Co., Ltd.	₩ (161,465)	₩ -	₩ (153,824)	₩ -
Ryu Ga Hyoung Golf Academy Co., Ltd.	-	-	(30,555)	-
AJ LogisValue Poland Sp. Z.o.o	(544,826)	-	-	-
AJ LogisValue Hungary Kft.	(114,701)	-	-	-

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The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the subsidiaries and associates as of December 31, 2023 and 2022 is as follows:

(in thousands of Korean won)	2023					
	Net assets	Goodwill	Fair value difference	Intergroup transactions	Others	Book amount
AJ Total Co., Ltd.	₩ 21,564,367	₩ -	₩ -	₩ 668,266	₩ -	₩ 22,232,633
AJ Energy Co., Ltd. ³	25,538,011	-	-	(222,172)	-	25,315,839
AJ Rental Inc.	92,269,394	-	-	-	-	92,269,394
AJ Maintenance Partners Co., Ltd.	2,095,879	-	-	-	-	2,095,879
World Consulting Co., Ltd. ¹	606,750	-	-	-	-	606,750
Four Seasons Consulting Co., Ltd. ²	(161,465)	-	-	-	161,465	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	177,207	-	-	-	-	177,207
AJ Daewon Co., Ltd.	5,118,685	3,578,181	1,305,416	-	1,081,584	11,083,866
AJ ICT Co., Ltd. ³	6,555,546	-	-	(252,918)	-	6,302,628
AJ TOTAL VIETNAM Co., Ltd	16,504,293	-	-	-	1,019,230	17,523,523
AJ TOTAL HANOI Co.,Ltd.	8,991,997	-	-	-	(1,687,495)	7,304,502
Tcha Partners Public Mobility No. 1 private equity partnership*	7,695,234	-	-	-	(80,223)	7,615,011
Tcha Partners Public Mobility No. 2 private equity partnership*	7,322,000	-	-	-	(240,498)	7,081,502
Tcha Partners Public Mobility No. 3 private equity partnership*	13,096,489	-	-	-	(3,419,560)	9,676,929
Auto Gallery Holdings, Inc.	10,479,832	-	-	-	(1,132,131)	9,347,701
MostX Co., Ltd.	6,456,278	2,003,447	190,416	-	(3,504,149)	5,145,992
A2 PARTNERS RHINOS No. 1 private equity partnership	12,216,830	-	-	-	(12,216,830)	-
Darae Parktech Co., Ltd.	(1,077,992)	2,773,322	406,649	-	(2,101,980)	-
Junsymall.com Co.,Ltd.	3,056,279	-	-	28,636	-	3,084,915

* This is the amount after deducting the portions attributable to non-controlling interests from the net assets

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of subsidiaries and associates.

¹ In 2023, the company name was changed from World Rent-A-Car Co., Ltd.

² In 2023, the company name was changed from Four season Rent-A-Car Co., Ltd.

³ The change in the investment property policy during the current period has retroactively applied the fair value of the investment properties held by the subsidiary, which has resulted in a change in the amount of net assets attributable.

(in thousands of Korean won)	2022					
	Net assets	Goodwill	Fair value difference	Intergroup transactions	Others	Book amount
AJ Total Co., Ltd.	₩ 25,572,139	₩ -	₩ -	₩ (668,266)	₩ -	₩ 24,903,873
AJ Energy Co., Ltd. ⁴	21,383,585	-	-	(238,261)	-	21,145,324
AJ Rental Inc.	83,523,344	-	-	-	73,033	83,596,377
AJ Maintenance Partners Co., Ltd.	2,920,903	-	-	-	-	2,920,903
World Consulting Co., Ltd. ¹	583,313	-	-	-	-	583,313
Four Seasons Consulting Co., Ltd. ²	(153,824)	144,826	-	-	8,998	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	(30,555)	-	-	-	30,555	-
APS CO.,LTD. ³	(8,995,082)	-	-	-	8,995,082	-
AJ Daewon Co., Ltd.	4,353,556	3,578,181	2,161,067	-	1,081,584	11,174,388
AJ ICT Co., Ltd. ⁴	6,281,295	-	-	(318,741)	-	5,962,554
AJ TOTAL VIETNAM Co., Ltd	21,018,861	-	-	-	1,019,229	22,038,090
AJ TOTAL HANOI Co.,Ltd.	8,619,253	-	-	-	(1,687,495)	6,931,758
AJ Rental Service Co., Ltd.	473,062	-	-	-	-	473,062
Tcha Partners Public Mobility No. 1 private equity partnership	7,446,046	-	-	-	(132,682)	7,313,364
Tcha Partners Public Mobility No. 2 private equity partnership	5,824,361	-	-	-	(872,475)	4,951,886
Tcha Partners Public Mobility No. 3 private equity partnership	12,720,677	-	-	-	(4,864,114)	7,856,563
Auto Gallery Holdings, Inc.	10,223,472	-	-	-	(1,241,542)	8,981,929

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Modu Rental Co., Ltd.	8,577,568	2,003,447	380,831	-	(274,012)	10,687,834
A2 PARTNERS						
RHINOS No. 1 private equity partnership	17,989,124	-	-	-	852,008	18,841,132
Darae Parktech Co., Ltd.	528,394	2,773,322	544,532	-	-	3,846,249
Junsymall.com Co.,Ltd.	4,458,947	-	-	(38,732)	-	4,420,215

¹ In 2023, the company name was changed from World Rent-A-Car Co., Ltd.

² In 2023, the company name was changed from Four season Rent-A-Car Co., Ltd.

³ The Company recognized a loss of ₩ 23.5 billion related to the investment in APS CO.,LTD. during the current fiscal period.

⁴ The change in the investment property policy during the current period has retroactively applied the fair value of the investment properties held by the subsidiary, which has resulted in a change in the amount of net assets attributable.

Impairment of investments in associates

The Company performed impairment tests considering Darae Parktech Co., Ltd., an associate, as an individual Cash Generating Unit (CGU) for the year ended December 31, 2023. The recoverable amount of the CGU is determined based on the calculation of value in use. The calculation uses the estimated cash flows based on management's business plan.

The Company recognized the difference between the recoverable amount and its book amount as an impairment loss amounting to ₩ 2,102 million and ₩ 3,491 million in relation with Darae Parktech Co., Ltd., and MostX Co., Ltd., respectively, both of which are its associates, as of valuation date. Pre-tax discount rates and perpetual growth rates for beyond the period used on major CGUs are as follows. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

<i>(in percentage, %)</i>	Perpetual growth rate	Pre-tax discount rate¹
Darae Parktech Co., Ltd.	1.00%	12.58%
MostX Co., Ltd.	0.00%	13.17%

¹ The impact on the impairment loss is not significant with a 1% increase or decrease.

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8. Operating Segments

Sales are mostly composed of rental revenues, revenue from the sale of goods and others. The operating division is identified on the basis of organization and the type of revenue-creating service. As of the end of the reporting period, the operating segment consists of logis, rental (Industrial safety equipment, IT), and holdings.

The information on profit or loss by each operating segment reported to the management as of December 31, 2023 and 2022 is as follows:

(in thousands of
Korean won)

		2023				
		Rental				
	Logis¹	Industrial safety equipment	IT	Holdings	Total	
Operating revenue	₩ 255,054,925	₩ 113,469,523	₩ 173,990,465	₩ 7,105,610	₩ 549,620,523	
Depreciation	58,230,716	24,937,488	62,339,097	1,201,981	146,709,282	
Amortization	171,514	338,209	290,676	306,740	1,107,139	
Operating profit (loss)	40,465,227	29,095,051	16,612,795	(4,673,460)	81,499,613	

¹ The segment's name has been changed from the Pallets to the Logis.

(in thousands of
Korean won)

		2022				
		Rental				
	Pallets	Industrial safety equipment	IT	Holdings¹	Total	
Operating revenue	₩ 234,812,120	₩ 100,817,352	₩ 248,895,792	₩ 7,408,734	₩ 591,933,998	
Depreciation	55,570,814	23,848,005	56,390,085	1,290,486	137,099,390	
Amortization	93,484	163,791	178,338	317,446	753,059	
Operating profit (loss)	37,938,810	21,718,596	22,715,826	(6,151,338)	76,221,894	

¹ Due to the change in the investment property policy during the current period, the operating profit of the holdings segment has been retroactively adjusted.

The information on assets by each operating segment reported to the management as of December 31, 2023 and 2022 is as follows:

(in thousands of
Korean won)

		2023				
		Rental				
	Logis¹	Industrial safety equipment	IT	Holdings	Total	
Rental assets	₩ 371,169,374	₩ 196,315,134	₩ 156,770,937	₩ -	₩ 724,255,445	
Trade receivables	32,504,448	16,453,717	17,551,730	886,996	67,396,891	

¹ The segment's name has been changed from the Pallets to the Logis.

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(in thousands of
Korean won)

	2022				
	Rental				
	Pallets	Industrial safety equipment	IT	Holdings	Total
Rental assets	₩ 301,512,005	₩ 232,866,777	₩ 157,734,746	₩ -	₩ 692,113,528
Trade receivables	29,162,748	14,067,376	18,813,603	843,401	62,887,128

The information on assets and revenues by each operating segment reported to the management as of and for the years ended December 31, 2023 and 2022 is as follows:

(in thousands of
Korean won)

	Revenue from external customers ¹		Non-current assets ²	
	2023	2022	2023	2022
	Domestic	₩ 548,926,407	₩ 589,115,127	₩ 1,272,331,372
Foreign	694,116	2,818,871	-	-
	₩ 549,620,523	₩ 591,933,998	₩ 1,272,331,372	₩ 1,064,368,969

¹ Revenue is attributed to the country based on the customer's location.

² The amount excludes financial instruments, deferred tax assets and net defined benefit asset.

There is no customer whose revenue from external customers exceeds 10% of the Company's total revenue for the year ended December 31, 2023. The customer that the customer revenue exceeds 10% of the Company's total revenue for the year ended December 31, 2022 is a IT related customer, and revenue to the customer amounts to ₩ 64,910 million.

9. Rental Assets

Details of rental assets as of December 31, 2023 and 2022 are as follows:

(in thousands of
Korean won)

	2023			2022		
	Cost	Accumulated depreciation ¹	Book amount	Cost	Accumulated depreciation ¹	Book amount
IT	₩ 306,432,093	₩ (149,708,899)	₩ 156,723,194	₩ 297,500,980	₩ (139,790,027)	₩ 157,710,953
Pallets	636,440,707	(324,488,093)	311,952,614	591,650,698	(290,138,693)	301,512,005
Industrial safety equipment	442,422,188	(188,243,740)	254,178,448	393,378,968	(164,626,655)	228,752,313
Others	1,401,189	-	1,401,189	4,138,257	-	4,138,257
	₩ 1,386,696,177	₩ (662,440,732)	₩ 724,255,445	₩ 1,286,668,903	₩ (594,555,375)	₩ 692,113,528

¹ Accumulated impairment losses are included.

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Changes in rental assets for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of
Korean won)

	2023				
	IT	Pallets	Industrial safety equipment	Others	Total
Beginning balance	₩ 157,710,953	₩ 301,512,005	₩ 228,752,313	₩ 4,138,257	₩ 692,113,528
Acquisition	69,867,939	58,590,298	54,463,475	1,401,189	184,322,901
Disposal	(9,233,112)	(2,147,032)	(3,026,860)	-	(14,407,004)
Depreciation	(60,903,194)	(45,364,087)	(30,075,479)	-	(136,342,760)
Impairment loss ¹	(6,274)	(638,570)	(49,465)	-	(694,309)
Transfer	(713,118)	-	4,114,464	(4,138,257)	(736,911)
Ending balance	₩ 156,723,194	₩ 311,952,614	₩ 254,178,448	₩ 1,401,189	₩ 724,255,445

¹ An impairment loss is recognized for assets that are not used or sold for a long period after the term of the rental.

(in thousands of
Korean won)

	2022				
	IT	Pallets	Industrial safety equipment	Others	Total
Beginning balance	₩ 131,447,428	₩ 281,052,426	₩ 199,118,181	₩ 3,410,907	₩ 615,028,942
Acquisition	95,756,295	67,398,286	57,940,253	4,138,257	225,233,091
Disposal	(13,619,288)	(2,127,935)	(3,056,655)	(237)	(18,804,115)
Depreciation	(55,261,035)	(44,262,658)	(28,309,568)	(680)	(127,833,941)
Impairment loss ¹	(577)	(548,114)	(88,492)	-	(637,183)
Transfer	(611,870)	-	3,148,594	(3,409,990)	(873,266)
Ending balance	₩ 157,710,953	₩ 301,512,005	₩ 228,752,313	₩ 4,138,257	₩ 692,113,528

¹ An impairment loss is recognized for assets that are not used or sold for a long period after the term of the rental.

The Company has entered into an agreement to provide operating leases with a number of customers for rental assets. Future lease payments expected to be received by the Company through operating lease contracts for rental assets as of December 31, 2023 and 2022 are as follows.

(in thousands of Korean won)

	2023	2022
Within one year	₩ 141,442,646	₩ 122,878,702
Between 1 and 2 years	66,385,591	70,362,045
Between 2 and 3 years	29,625,165	29,865,801
Between 3 and 4 years	8,871,410	7,505,295
Between 4 and 5 years	1,817,024	915,938
Over 5 years	129,390	192,085
	₩ 248,271,226	₩ 231,719,866

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Future lease payments for the logis business expected at the end of the reporting period were excluded due to the nature of the agreement for which the contract period has not been determined.

10. Property, Plant and Equipment

Details of property, plant and equipment as of December 31, 2023 and 2022 are as follows:

(in thousands of
Korean won)

	2023			2022		
	Cost	Accumulated depreciation ¹	Book amount	Cost	Accumulated depreciation ¹	Book amount
Land	₩ 96,181,542	₩ -	₩ 96,181,542	₩ 29,774,777	₩ -	₩ 29,774,777
Buildings	59,358,091	(8,196,207)	51,161,884	20,332,674	(3,487,616)	16,845,058
Structures	1,326,932	(888,407)	438,525	1,326,932	(755,500)	571,432
Furniture and fixture	7,698,931	(5,367,141)	2,331,790	6,739,471	(4,764,670)	1,974,801
Machinery	12,772,299	(9,199,738)	3,572,561	11,411,965	(7,951,445)	3,460,520
Vehicles	7,548,001	(4,632,501)	2,915,500	7,656,411	(4,026,216)	3,630,195
Others	132,095	-	132,095	132,095	-	132,095
Construction-in progress	12,759,695	-	12,759,695	4,628,310	-	4,628,310
	<u>₩ 197,777,586</u>	<u>₩ (28,283,994)</u>	<u>₩ 169,493,592</u>	<u>₩ 82,002,635</u>	<u>₩ (20,985,447)</u>	<u>₩ 61,017,188</u>

¹ Accumulated impairment losses are included.

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of
Korean won)

	2023									Total
	Land	Buildings	Structures	Furniture and fixture	Machinery	Vehicles	Others	Construction-in progress		
Beginning balance	₩ 29,774,777	₩ 16,845,058	₩ 571,432	₩ 1,974,801	₩ 3,460,520	₩ 3,630,195	₩ 132,095	₩ 4,628,310	₩	₩ 61,017,188
Acquisition ¹	28,412,585	19,888,585	-	609,348	1,732,539	-	-	12,654,125		63,297,182
Disposal	-	-	-	(77,223)	(204)	(31,415)	-	-		(108,842)
Depreciation	-	(829,503)	(132,907)	(1,193,643)	(1,620,294)	(683,280)	-	-		(4,459,627)
Transfer	2,885,352	506,874	-	1,018,507	-	-	-	(4,522,740)		(112,007)
Revaluation ²	35,108,828	14,750,870	-	-	-	-	-	-		49,859,698
Ending balance	<u>₩ 96,181,542</u>	<u>₩ 51,161,884</u>	<u>₩ 438,525</u>	<u>₩ 2,331,790</u>	<u>₩ 3,572,561</u>	<u>₩ 2,915,500</u>	<u>₩ 132,095</u>	<u>₩ 12,759,695</u>	<u>₩</u>	<u>₩ 169,493,592</u>

¹ Capitalized borrowing costs amount to 704 million won, and the capitalization interest rate used to calculate the capitalizable borrowing costs is 6.0%.

² This includes a revaluation of the self-use portion of AJ Building and AJ Vision Tower acquired for the year ended December 31, 2023.

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(in thousands of
Korean won)

		2022																
		Land	Buildings	Structures	Furniture and fixture	Machinery	Vehicles	Others	Construction-in progress	Total								
Beginning balance	₩	29,774,777	₩	17,449,624	₩	518,685	₩	1,692,978	₩	3,003,803	₩	4,036,461	₩	117,617	₩	1,098,932	₩	57,692,877
Acquisition		-		128,189		177,115		810,335		1,296,438		101,064		14,478		4,563,510		7,091,129
Disposal		-		(222,649)		-		(69,094)		(7,685)		-		-		-		(299,428)
Depreciation		-		(510,106)		(124,368)		(1,200,091)		(1,375,937)		(711,271)		-		-		(3,921,773)
Transfer		-		-		-		740,673		543,900		203,941		-		(1,034,132)		454,382
Ending balance	₩	29,774,777	₩	16,845,058	₩	571,432	₩	1,974,801	₩	3,460,519	₩	3,630,195	₩	132,095	₩	4,628,310	₩	61,017,187

The Company has carried out the revaluation on land and buildings according to the revaluation model for property, plant and equipment as of December 31, 2023, and the revaluation was conducted on March 31, 2023 and December 31, 2023, depending on the evaluation target.

The fair value of property, plant and equipment was determined based on the revaluation results of independent and certified professional appraisal organization, Pacific Appraisal Agency.

As of December 31, 2023, the carrying amounts applied by the revaluation model and the cost model for property, plant and equipment are as follows.

(in thousands of Korean won)

		Revaluation model	Cost model	Revaluation base date
Land	Book value	₩ 52,166,072	₩ 29,774,777	Mar. 31, 2023
	Book value	44,015,470	31,297,937	Dec. 31, 2023
		96,181,542	61,072,714	
	Acquisition Cost	32,823,923	20,332,674	
Buildings	Accumulated depreciation	(8,085,060)	(3,996,506)	Mar. 31, 2023
	Net Book value	24,738,863	16,336,168	
	Acquisition Cost	26,534,168	20,395,460	
	Accumulated depreciation	(111,147)	(85,569)	Dec. 31, 2023
	Net Book value	26,423,021	20,309,891	
		51,161,884	36,646,058	
	₩ 147,343,426	₩ 97,718,772		

Changes in revaluation surplus of property, plant and equipment as of December 31 2023 are as follows. There are restrictions on the dividends distributed to shareholders arising from asset revaluation.

(in thousands of Korean won)

		2023			
		Beginning	Revaluation	Tax effect	End
Revaluation surplus	₩	-	₩ 49,859,698	₩ (11,174,466)	₩ 38,685,232

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As of December 31, 2023, changes of land and buildings that are subject to revaluation are as follows:

(in thousands of Korean won)

	2023				
	Beginning	Acquisition and replacement	Revaluation	Depreciation	Ending balance
Land	₩ 29,774,777	₩ 31,297,936	₩ 35,108,828	₩ -	₩ 96,181,542
Buildings	16,845,059	20,395,460	14,750,870	(829,503)	51,161,884
	<u>₩ 46,619,836</u>	<u>₩ 51,693,396</u>	<u>₩ 49,859,698</u>	<u>₩ (829,503)</u>	<u>₩ 147,343,426</u>

11. Leases

- Leases as lessee

Right-of-use assets as of December 31, 2023 and 2022 consist of:

(in thousands of Korean won)

	2023		
	Buildings	Vehicles	Total
Acquisition amount	₩ 17,624,082	₩ 6,198,729	₩ 23,822,811
Accumulated depreciation	(5,897,376)	(3,090,429)	(8,987,805)
Net carrying amount	<u>₩ 11,726,706</u>	<u>₩ 3,108,300</u>	<u>₩ 14,835,006</u>

(in thousands of Korean won)

	2022		
	Buildings	Vehicles	Total
Acquisition amount	₩ 22,242,334	₩ 5,315,448	₩ 27,557,782
Accumulated depreciation	(6,660,095)	(2,579,265)	(9,239,360)
Net carrying amount	<u>₩ 15,582,239</u>	<u>₩ 2,736,183</u>	<u>₩ 18,318,422</u>

Changes in the right-of-use assets for each the two years in the period ended December 31, 2023 are as follows:

(in thousands of Korean won)

	2023					
	Beginning balance	Acquisition	Depreciation	Contract termination	Replacement	Ending balance
Buildings	₩ 15,582,239	₩ 1,901,251	₩ (4,417,662)	₩ (4,101,271)	₩ 2,762,149	₩ 11,726,706
Vehicles	2,736,183	1,938,473	(1,489,234)	(77,122)	-	3,108,300
	<u>₩ 18,318,422</u>	<u>₩ 3,839,724</u>	<u>₩ (5,906,896)</u>	<u>₩ (4,178,393)</u>	<u>₩ 2,762,149</u>	<u>₩ 14,835,006</u>

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(in thousands of
Korean won)

	2023				
	Beginning balance	Acquisition	Depreciation	Contract termination	Ending balance
Buildings	₩ 10,745,877	₩ 8,966,070	₩ (4,093,439)	₩ (36,269)	₩ 15,582,239
Vehicles	2,640,984	1,373,461	(1,250,237)	(28,025)	2,736,183
	<u>₩ 13,386,861</u>	<u>₩ 10,339,531</u>	<u>₩ (5,343,676)</u>	<u>₩ (64,294)</u>	<u>₩ 18,318,422</u>

Lease liabilities as of December 31, 2023 and 2022 consist of:

(in thousands of Korean won)

	2023	2022
Current	₩ 4,929,783	₩ 7,628,632
Non-current	10,325,991	29,131,174
	<u>₩ 15,255,774</u>	<u>₩ 36,759,806</u>

Changes in lease liabilities for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of
Korean won)

	2023						
	Beginning balance	Acquisition	Replacement to liquidity lease liabilities	Lease payment	Interest expense	Termination of lease contract	Ending balance
Current	₩ 7,628,632	₩ 857,177	₩ 10,784,776	₩ (9,418,502)	₩ 379,175	₩ (5,301,475)	₩ 4,929,783
Non-current	29,131,174	3,293,640	(10,784,776)	-	1,414,526	(12,728,573)	10,325,991
	<u>₩ 36,759,806</u>	<u>₩ 4,150,817</u>	<u>₩ -</u>	<u>₩ (9,418,502)</u>	<u>₩ 1,793,701</u>	<u>₩ (18,030,048)</u>	<u>₩ 15,255,774</u>

(in thousands of
Korean won)

	2022						
	Beginning balance	Acquisition	Replacement to liquidity lease liabilities	Lease payment	Interest expense	Termination of lease contract	Ending balance
Current	₩ 6,687,558	₩ 946,082	₩ 8,787,336	₩ (9,056,984)	₩ 310,913	₩ (46,273)	₩ 7,628,632
Non-current	27,431,561	9,339,814	(8,787,336)	-	1,166,195	(19,060)	29,131,174
	<u>₩ 34,119,119</u>	<u>₩ 10,285,896</u>	<u>₩ -</u>	<u>₩ (9,056,984)</u>	<u>₩ 1,477,108</u>	<u>₩ (65,333)</u>	<u>₩ 36,759,806</u>

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The maturity profile of lease liabilities as of December 31, 2023 and 2022 is as follows:

(in thousands of
Korean won)

	2023					
	Less than one month	One month to three months	Three months to one year	One year to five years	Over five years	Total
Buildings	₩ 327,042	₩ 654,085	₩ 2,562,617	₩ 7,380,836	₩ 3,351,021	₩ 14,275,601
Vehicles	141,173	258,199	1,008,940	2,054,227	-	3,462,539
	<u>₩ 468,215</u>	<u>₩ 912,284</u>	<u>₩ 3,571,557</u>	<u>₩ 9,435,063</u>	<u>₩ 3,351,021</u>	<u>₩ 17,738,140</u>

(in thousands of
Korean won)

	2022					
	Less than one month	One month to three months	Three months to one year	One year to five years	Over five years	Total
Buildings	₩ 674,185	₩ 1,340,870	₩ 5,698,670	₩ 25,692,669	₩ 5,500,209	₩ 38,906,603
Vehicles	121,604	243,207	1,023,361	1,584,732	-	2,972,904
	<u>₩ 795,789</u>	<u>₩ 1,584,077</u>	<u>₩ 6,722,031</u>	<u>₩ 27,277,401</u>	<u>₩ 5,500,209</u>	<u>₩ 41,879,507</u>

The separate statements of profit or loss show the following amounts relating to leases:

(in thousands of Korean won)

	2023	2022
Depreciation of right-of-use assets		
Properties	₩ 4,417,662	₩ 4,093,439
Vehicles	1,489,234	1,250,237
	<u>₩ 5,906,896</u>	<u>₩ 5,343,676</u>
Interest expense relating to lease liabilities	₩ 1,793,701	₩ 1,477,108
Expense relating to short-term leases	563,138	1,055,281
Expense relating to leases of low-value assets that are not short-term leases	84,913	79,104
Expense relating to variable lease payments not included in lease liabilities	653,462	747,183

The total cash outflow for leases in 2023 was ₩ 10,720 million (₩ 10,939 million in 2022).

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- Leases as lessor

Lease receivables as of December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	2023		2022	
Current	₩	11,531,923	₩	7,914,336
Non-current		21,833,358		13,763,314
Allowance for doubtful accounts		(104,718)		(85,414)
	₩	<u>33,260,563</u>	₩	<u>21,592,236</u>

The gross investment in the lease and present value of minimum lease payments for finance lease receivables as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Gross investment in the lease	Present value of minimum lease payments	Gross investment in the lease	Present value of minimum lease payments
Within one year	₩ 14,851,414	₩ 11,531,923	₩ 9,133,641	₩ 7,914,336
Between 1 and 2 years	11,222,709	8,731,470	7,922,103	6,388,993
Between 2 and 3 years	7,957,183	6,389,549	4,879,148	3,790,269
Between 3 and 4 years	5,934,002	4,950,522	3,230,527	2,362,953
Between 4 and 5 years	2,097,830	1,761,817	2,051,525	1,208,158
Later than five years	1,181	-	16,065	12,941
	<u>₩ 42,064,319</u>	<u>₩ 33,365,281</u>	<u>₩ 27,233,009</u>	<u>₩ 21,677,650</u>

For the year ended December 31, 2023, there was no income from variable lease payments not included in the net investment in the lease. Sales and costs for lease receivables for the year ended December 31, 2023, amounted to ₩ 17,340 million (₩ 11,211 million in 2022) and ₩ 21,718 million (₩ 10,619 million in 2022), and interest income on lease receivables for the years ended December 31, 2023 and 2022, amounted to ₩ 4,134 million and ₩ 2,400 million, respectively.

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12. Investment Properties

The subsequent measurement method for investment properties has been changed from the cost model to the fair value model that encapsulates economic reality. Additionally, the fair value of the investment properties has been retrospectively adjusted.

Details of investment properties as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Land	₩	63,982,898	₩	-
Buildings		<u>38,883,498</u>		<u>17,446,000</u>
	₩	<u>102,866,396</u>	₩	<u>17,446,000</u>

Changes in investment properties for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023			2022
	Land	Building	Total	Building
Beginning balance	₩ -	₩ 17,446,000	₩ 17,446,000	₩ 21,474,000
Acquisition	39,818,730	27,556,684	67,375,414	-
Disposal	-	(14,612,851)	(14,612,851)	-
Fair Value assessment ²	24,164,168	11,326,813	35,490,980	(4,028,000)
Transfer	-	(2,833,148)	(2,833,148)	-
Ending balance	<u>₩ 63,982,898</u>	<u>₩ 38,883,498</u>	<u>₩ 102,866,396</u>	<u>₩ 17,446,000</u>

¹ As of the end of the last fiscal year, some of the right-of-use assets are being provided as subleases, and among them, operating leases have been classified as investment properties.

² Fair value assessment of the lease usage portion of AJ Building and AJ Vision Tower, which were purchased during this fiscal year, is included.

In 2023, operating income from investment properties is ₩ 5,232 million(₩ 5,438 million in 2022), and operating expenses from investment properties, including maintenance and repair costs, are ₩ 1,873 million(in 2022₩ 1,753 million in 2022).

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The investment properties are leased to tenants under operating leases with rentals payable monthly. The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Within one year	₩	2,141,649	₩	1,658,009
Between 1 and 2 years		1,477,092		521,718
Between 2 and 3 years		771,007		304,613
Between 3 and 4 years		654,000		31,250
Between 4 and 5 years		503,133		-
	₩	5,546,881	₩	2,515,590

At the end of the current fiscal year, the Company measured the subsequent valuation of investment properties at fair value, relying on the results of the fair value assessment by an independent and authorized professional appraisal institute, Pacific Appraisal Agency, for determining the fair value of the investment properties.

The fair value measurement of investment properties measured as of December 31, 2023 and 2022 according to the hierarchy level, is as follows.

<i>(in thousands of Korean won)</i>	2023			2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land	₩	-	₩	-	₩	-
Buildings		-	₩	-	-	17,446,000

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13. Intangible Assets

Intangible assets as of December 31, 2023 and 2022 consist of:

(in thousands of
Korean won)

	2023			2022		
	Cost	Accumulated amortization ¹	Book amount	Cost	Accumulated amortization ¹	Book amount
Software	₩ 6,908,091	₩ (4,174,985)	₩ 2,733,106	₩ 6,136,591	₩ (3,249,550)	₩ 2,887,041
Others	5,410,307	(492,952)	4,917,355	3,516,285	(537,971)	2,978,314
	<u>₩ 12,318,398</u>	<u>₩ (4,667,937)</u>	<u>₩ 7,650,461</u>	<u>₩ 9,652,876</u>	<u>₩ (3,787,521)</u>	<u>₩ 5,865,355</u>

¹ Accumulated impairment losses are included.

Changes in intangible assets for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of
Korean won)

	2023			2022		
	Software	Others	Total	Software	Others	Total
Beginning balance	₩ 2,887,041	₩ 2,978,314	₩ 5,865,355	₩ 1,437,226	₩ 3,006,048	₩ 4,443,274
Acquisition	412,000	1,507,907	1,919,907	2,082,877	327,114	2,409,991
Amortization	(925,435)	(181,704)	(1,107,139)	(575,294)	(177,765)	(753,059)
Impairment						
Reversal(loss)	-	177,083	177,083	-	(177,083)	(177,083)
Disposal	-	(261)	(261)	-	-	-
Replacement	359,500	436,016	795,516	(57,768)	-	(57,768)
Ending balance	<u>₩ 2,733,106</u>	<u>₩ 4,917,355</u>	<u>₩ 7,650,461</u>	<u>₩ 2,887,041</u>	<u>₩ 2,978,314</u>	<u>₩ 5,865,355</u>

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14. Other Financial Assets

Other financial assets as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

	2023		2022	
Current				
Other receivables	₩	11,116,219	₩	3,817,181
Allowance for doubtful accounts – other receivables		(265,233)		(265,233)
Accrued income		375,108		287,738
Short-term financial instruments		10,315,600		626,210
Short-term loans		19,465,255		36,770,770
Derivative assets (current)		-		(8,870,509)
Current portion of finance lease receivable		5,507		18,475
	₩	11,531,923	₩	7,914,336
Non-current				
Long-term loans	₩	3,290,569	₩	-
Long-term other receivables		282,423		536,094
Guarantee deposits		7,551,107		14,558,955
Long-term accrued income		223,762		-
Derivative assets		-		3,339,818
Long-term financial instruments		4,774,890		1,358,500
Finance lease receivable		21,833,358		13,763,314
Allowance for doubtful accounts – finance lease		(104,718)		(85,414)
	₩	37,851,391	₩	33,471,267

Changes in allowance for doubtful accounts of other financial assets for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of Korean won)

	2023		2022	
Beginning balance	₩	9,221,156	₩	324,756
Impairment loss		29,304		53,391
Other impairment loss		-		8,870,509
Write-off		(10,000)		(27,500)
Allowance of doubtful accounts (reversal)		(8,870,509)		-
Ending balance	₩	369,951	₩	9,221,156

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15. Other Assets

Other assets as of December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Other current assets				
Advance payments	₩	3,402,908	₩	5,336,782
Allowance of doubtful accounts – advance payments		(32,260)		(32,260)
Prepaid expenses		6,514,857		5,646,026
Income tax refund receivables		-		-
	₩	<u>9,885,505</u>	₩	<u>10,950,548</u>
Other non-current assets				
Long-term advance payments	₩	4,434,895	₩	3,309,763
Long-term prepaid expenses		2,658,059		65,558
	₩	<u>7,092,954</u>	₩	<u>3,375,321</u>

There is no change in provisions for impairment for other assets for each of the two years in the period ended December 31, 2023.

16. Borrowings, etc.

Details of short and long-term borrowings as of December 31, 2023 and 2022 are as follows:

(a) Short-term borrowings

<i>(in thousands of Korean won)</i>	Annual interest rate as of December 31, 2023			2023			2022
China Everbright Bank Co.Ltd. Seoul Branch	-	₩	-	₩			30,000,000
THE DAEGU BANK LTD	6.01%~6.47			9,833,310			4,000,000
Shinhan bank ¹	5.62%~5.96			5,000,000			5,000,000
HANA Bank	6.17%			4,500,000			4,500,000
KDB	5.56%			10,000,000			10,000,000
Woori bank	6.45%			1,000,000			1,000,000
Citi bank ¹	6.13%			10,000,000			-
AJ Rental Inc.	-			-			8,871,100
HANA Savings Bank	-			-			4,000,000
SHINYOUNG SECURITIES CO., LTD	6.10% ~ 6.55%			40,000,000			51,600,000
Korea Investment & Securities Co., Ltd.	-			-			40,000,000
KYOBO SECURITIES CO.,LTD.	-			-			30,000,000
KIWOOM SECURITIES Corp.	6.10%			1,000,000			5,000,000
KB Securities Co., Ltd.	6.10%			11,000,000			-
HEUNGKUK SECURITIES CO., LTD	6.30%			9,000,000			-

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EUGENE INVESTMENT & SECURITIES CO., LTD	6.25%	5,000,000	-
SK SECURITIES CO., LTD	6.25%	3,000,000	-
		<u>₩ 109,333,310</u>	<u>₩ 193,971,100</u>

¹ Property, plant and equipment and, rental assets are pledged as collateral for above long-term and short-term borrowings.

(b) Long-term borrowings

<i>(in thousands of Korean won)</i>	Annual interest rate as of December 31, 2023	2023	2022
Shinhan bank ¹	4.9%~6.63%	₩ 56,319,444	₩ 16,319,444
HANA Bank ¹	4.08%~7.15%	61,250,000	45,416,667
Net One Q 2 nd Co., Ltd. ²	6.18%	27,500,000	-
Kookmin Bank ¹	4.16%~7.22%	42,850,001	45,733,333
NongHyup Bank ¹	5.03%~6.32%	60,833,210	30,833,300
KDB ¹	4.79%~5.57%	33,333,280	26,666,560
KDB(ABL) ²	6.62%	40,000,000	-
THE JEONBUK BANK LTD ¹	6.83%	1,500,600	2,833,532
Suhyup bank ¹	6.99%	2,916,667	5,500,000
Woori bank ¹	5.8%~6.33%	14,500,000	3,000,000
Kyongnam Bank Co., Ltd. ¹	5.95%	9,000,000	-
The Kwangju Bank, Ltd.	5.69%	4,305,556	-
AJ Networks First Limited Company	-	-	15,000,000
KIS Plus 1st Co., Ltd.	7.34%	20,000,000	20,000,000
AJU CO., LTD.	-	-	40,000,000
Shinhan Capital Co., Ltd.	8.83%	10,833,333	-
IBK Capital Co., Ltd. ¹	4%~7.71%	28,728,237	19,566,975
KB Capital ¹	7.92%	15,555,556	1,317,914
Hana Capital Co., Ltd. ¹	3.9%~8.17%	42,020,184	49,151,581
BNK Capital Co., Ltd. ¹	4.10%	5,918,202	9,442,472
KDB Capital Co., Ltd. ¹	6.21%~7.66%	15,180,855	18,235,294
KB Kookmin Card Co., Ltd. ¹	-	-	1,583,764
Woori Card Co., Ltd. ¹	6.85%	8,027,130	-
HANKOOKCAPITAL CO., LTD. and 1 other ¹	3.7%~7.84%	10,837,580	5,967,561
DB CAPITAL CORP. and others ¹	7.30%	10,000,000	-
JB Woori Capital Co., Ltd. ¹	7.34%	18,888,889	-
		<u>540,298,724</u>	<u>356,568,397</u>
Less: present value discounts account		(922,278)	(146,624)
Less: current portion of long-term borrowings		<u>(239,673,926)</u>	<u>(222,292,083)</u>
		<u>₩ 299,702,520</u>	<u>₩ 134,129,690</u>

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¹ Property, plant and equipment and, rental assets are pledged as collateral for above long-term and short-term borrowings.

² Securitization borrowings for trade receivables borrowed from HANA Bank and KDB by providing the priority beneficiary right to trade receivables in the future as pledge are included.

Debentures outstanding as of December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Latest maturity date	Annual interest rate as of December 31, 2023	2023	2022
37-2nd unsecured privately placed debenture ¹	Jan. 20, 2023	-	₩ -	₩ 22,000,000
38-2nd unsecured privately placed debenture ¹	Jul. 30, 2023	-	-	30,000,000
40nd unsecured privately placed debenture	Sep. 24, 2023	-	-	60,000,000
44th unsecured privately placed debenture	Mar. 15, 2023	-	-	5,000,000
45th unsecured privately placed debenture	Mar. 29, 2024	2.11%	30,000,000	30,000,000
46th unsecured privately placed debenture	Feb. 26, 2023	-	-	15,000,000
47th unsecured privately placed debenture ¹	Jan. 27, 2023	-	-	30,000,000
48th unsecured privately placed debenture	Nov. 23, 2023	-	-	6,000,000
49th unsecured privately placed debenture	Oct. 7, 2023	-	-	16,000,000
50th unsecured privately placed debenture	Oct. 20, 2023	-	-	12,000,000
51st unsecured privately placed debenture	Jan. 22, 2024	5.55%	3,500,000	3,500,000
52nd unsecured privately placed debenture	Mar. 13, 2024	5.50%	2,000,000	2,000,000
53rd unsecured privately placed debenture	Nov. 4, 2025	5.24%	30,000,000	30,000,000
54th unsecured privately placed debenture	Nov. 23, 2023	-	-	30,000,000
55th unsecured privately placed debenture	Nov. 30, 2023	-	-	5,000,000
56th unsecured privately placed debenture	Aug. 27, 2024	8.33%	15,000,000	-
57th unsecured privately placed debenture	Jul. 2, 2024	6.90%	4,000,000	-
58th unsecured privately placed debenture	Mar. 15, 2024	7.65%	5,000,000	-
59th unsecured privately placed debenture	Sep. 23, 2024	7.00%	10,000,000	-

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60-1st unsecured privately placed debenture	Apr. 25, 2024	6.56%	20,000,000	-
60-2nd unsecured privately placed debenture	Apr. 26, 2024	6.56%	10,000,000	-
60-3rd unsecured privately placed debenture	Oct. 22, 2024	6.87%	8,500,000	-
61-1st unsecured privately placed debenture	May 27, 2024	6.80%	10,000,000	-
61-2nd unsecured privately placed debenture	Jun. 19, 2024	6.82%	8,000,000	-
61-3rd unsecured privately placed debenture	Nov. 26, 2024	7.00%	8,000,000	-
61-4th unsecured privately placed debenture	Dec. 26, 2024	7.05%	4,000,000	-
61-5th unsecured privately placed debenture	May 26, 2025	7.20%	6,000,000	-
62th unsecured privately placed debenture	Dec. 9, 2024	6.90%	25,500,000	-
63-1st unsecured privately placed debenture ¹	Jan. 31, 2025	6.51%	17,000,000	-
63-2nd unsecured privately placed debenture ¹	Aug. 1, 2025	6.66%	18,000,000	-
64-1st unsecured privately placed debenture	Sep. 6, 2024	5.90%	5,000,000	-
64-2nd unsecured privately placed debenture	Feb. 26, 2025	6.50%	2,000,000	-
64-3rd unsecured privately placed debenture	Mar. 7, 2025	6.50%	11,000,000	-
65th unsecured privately placed debenture	Mar. 13, 2025	6.50%	19,000,000	-
66th unsecured privately placed debenture	Sep. 25, 2025	5.19%	42,000,000	-
67th unsecured privately placed debenture	Jun. 19, 2024	6.80%	6,000,000	-
68th unsecured privately placed debenture	Oct. 31, 2025	7.10%	27,500,000	-
			347,000,000	296,500,000
Less: discounts on debentures			(587,548)	(495,382)
Less: current portion of bonds			(174,248,121)	(230,556,882)
			₩ 172,164,331	₩ 65,447,736

¹ Public offering Debentures are subject to conditions such as maintaining the financial ratio, the restriction in provision of collateral, the restriction in disposal of assets, and the restriction in changing corporate governance.

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17. Other Financial Liabilities and Other Liabilities

Other financial liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Other current financial liabilities		
Other payables	₩ 20,056,616	₩ 16,145,981
Accrued expenses	13,897,050	14,902,057
Rental deposits	6,333,073	5,324,422
Financial guarantee liabilities	202,275	14,905,782
Financial derivative liabilities	5,146,661	6,971,882
Deposits (liabilities)	914,463	1,445,273
	<u>₩ 46,550,138</u>	<u>₩ 59,695,397</u>
Other non-current financial liabilities		
Long-term rental deposits	₩ 698,596	₩ 754,879
Financial guarantee liabilities	252,303	506,955
Rental deposits	1,277,570	794,500
Long-term accrued expenses	451,639	225,413
Guarantee deposits (liabilities)	-	1,000,000
Financial derivative liabilities	55,550	-
	<u>₩ 2,735,658</u>	<u>₩ 3,281,747</u>

Other liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Other current liabilities		
Advance from customers ¹	₩ 3,359,703	₩ 3,621,253
Withholdings	544,231	507,447
Value added tax withheld	832,940	2,237,494
	<u>₩ 4,736,874</u>	<u>₩ 6,366,194</u>
Other non-current liabilities		
Provision for restoration	₩ 166,801	₩ 456,711
	<u>₩ 166,801</u>	<u>₩ 456,711</u>

¹ Includes contract liabilities under KIFRS 1115.

18. Post-employment Benefits

As the Company entered defined contribution pension plans, the Company recognized contributions as expenses during the year. The contributions are recognized as expenses amounting to ₩ 3,599 million and ₩ 2,737 million for the years ended December 31, 2023 and 2022, respectively.

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19. Contingencies and Commitments

Commitments and contingencies with financial institutions as of December 31, 2023 are as follows:

(in thousands of Korean won)

Financial institution	Details	Limit	Borrowings
Kookmin Bank	Facility fund	₩ 35,350,000	₩ 35,350,000
	General fund	7,500,000	7,500,000
THE DAEGU BANK LTD	Facility fund	5,833,310	5,833,310
	General fund	4,000,000	4,000,000
Shinhan bank	Facility fund	24,652,778	24,652,778
	Credit fund	6,500,000	-
	General fund	36,666,667	36,666,667
THE JEONBUK BANK LTD	Facility fund	1,500,600	1,500,600
HANA Bank ¹	Facility fund	61,250,000	61,250,000
	General fund	4,500,000	4,500,000
	ABL	27,500,000	27,500,000
NongHyup Bank	Facility fund	60,833,210	60,833,210
Suhyup bank	Facility fund	2,916,667	2,916,667
	Credit fund	3,000,000	-
Woori bank	Facility fund	2,000,000	2,000,000
	General fund	13,500,000	13,500,000
KDB ¹	Facility fund	33,333,280	33,333,280
	General fund	10,000,000	10,000,000
	ABL	40,000,000	40,000,000
Kyongnam Bank Co., Ltd.	Facility fund	9,000,000	9,000,000
Citi bank	General fund	10,000,000	10,000,000
The Kwangju Bank, Ltd.	Facility fund	4,305,556	4,305,556
SHINYOUNG SECURITIES CO., LTD	Short term bond, CP(Commercial Paper)	40,000,000	40,000,000
KIWOOM SECURITIES Corp.	CP(Commercial Paper)	1,000,000	1,000,000
KB Securities Co., Ltd.	CP(Commercial Paper)	11,000,000	11,000,000
IBK Capital Co., Ltd.	Facility fund	28,728,237	28,728,237
Hana Capital Co., Ltd.	Facility fund	42,020,184	42,020,184
BNK Capital Co., Ltd.	Facility fund	5,918,202	5,918,202
KDB Capital Co., Ltd.	Facility fund	15,180,855	15,180,855
KB Capital	Facility fund	15,555,556	15,555,556
Woori Card Co., Ltd.	Facility fund	8,027,130	8,027,130
HANKOOKCAPITAL CO., LTD. and 1 other	Facility fund	10,837,581	10,837,581
Shinhan Capital Co., Ltd.	Facility fund	10,833,333	10,833,333
KIS Plus 1st Co., Ltd.	General fund	20,000,000	20,000,000
HEUNGKUK SECURITIES CO., LTD	Short term bond	9,000,000	9,000,000
EUGENE INVESTMENT & SECURITIES CO., LTD	Short term bond	5,000,000	5,000,000
SK SECURITIES CO., LTD	Short term bond	3,000,000	3,000,000

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JB Woori Capital Co., Ltd.	Facility fund	18,888,889	18,888,889
DB CAPITAL CORP. and others	Facility fund	10,000,000	10,000,000
		<u>₩ 659,132,035</u>	<u>₩ 649,632,035</u>

¹ The balance includes funds borrowed, incorporating the proceeds from the securitization of accounts receivable, by pledging priority rights over future accounts receivable to Hana Bank and the Industrial Bank of Korea.

Commitments and contingencies with financial institutions as of December 31, 2022 are as follows:

(in thousands of Korean won)

Financial institution	Details	Limit	Borrowings
Kookmin Bank	Facility fund	₩ 45,733,333	₩ 45,733,333
THE DAEGU BANK LTD	General fund	4,000,000	4,000,000
Shinhan bank	Facility fund	16,319,444	16,319,444
	General fund	11,500,000	5,000,000
THE JEONBUK BANK LTD	Facility fund	2,833,532	2,833,532
HANA Bank	Facility fund	45,416,667	45,416,667
	General fund	4,500,000	4,500,000
NongHyup Bank	Facility fund	30,833,300	30,833,300
Suhyup bank	Facility fund	5,500,000	5,500,000
	General fund	3,000,000	-
Woori Bank	General fund	4,000,000	4,000,000
KDB	Facility fund	26,666,560	26,666,560
	General fund	10,000,000	10,000,000
SHINYOUNG SECURITIES CO., LTD	Electronic short-term bonds, Commercial paper	51,600,000	51,600,000
KIWOOM SECURITIES Corp.	Commercial paper	5,000,000	5,000,000
KYOBO SECURITIES CO.,LTD.	Commercial paper	30,000,000	30,000,000
Korea Investment & Securities Co., Ltd.	Commercial paper	40,000,000	40,000,000
China Everbright Bank Co.Ltd. Seoul Branch	Facility fund	30,000,000	30,000,000
AJ Networks First Limited Company ¹	Loans secured by trade receivables	15,000,000	15,000,000
IBK Capital Co., Ltd.	Facility fund	19,566,975	19,566,975
KB Capital	Facility fund	1,317,914	1,317,914
Hana Capital Co., Ltd.	Facility fund	49,151,581	49,151,581
BNK Capital Co., Ltd.	Facility fund	9,442,472	9,442,472
KDB Capital Co., Ltd.	Facility fund	18,235,294	18,235,294
KB Kookmin Card Co., Ltd.	Facility fund	1,583,764	1,583,764
HANKOOKCAPITAL CO., LTD. and 1 other	Facility fund	5,967,561	5,967,561
HANA Savings Bank	General fund	4,000,000	4,000,000
KIS Plus 1st Co., Ltd.	Facility fund	20,000,000	20,000,000
		<u>₩ 511,168,397</u>	<u>₩ 501,668,397</u>

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¹ The Company has entered into a trust agreement with Korea Development Bank with the future rental receivables and other incidental rights as the trust principal and entered into a contract with AJ Networks First Limited Company to pledge the beneficiary rights acquired as collateral. In addition, the Company has agreed to assume an obligation to support funds in the event of shortfalls of funds for AJ Networks First Limited Company.

Details of payment guarantees provided by third parties are as follows:

(in thousands of Korean won)

Guarantor	Details	2023	2022
Seoul Guarantee Insurance Co., Ltd.	Performance guarantees and others	₩ 9,023,262	₩ 12,542,235

Payment guarantees provided by the Company to others other than related parties as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

Beneficiary	Guarantor	Guaranteed amount	2023	2022
Hiparking Co., Ltd. (former AJ Park Co., Ltd.)	Korea Parking Operation Co., Ltd.	₩	2,700,927	₩ 5,348,894
Aju E-parking Nonhyeon III Co., Ltd.	Korea Private Concession Fund III		7,567,021	9,030,631
APS Co., Ltd.	Korea Specialty Contractor Financial Cooperative		1,183,890	-
	Seoul Guarantee Insurance Co., Ltd.		169,870	-
		₩	<u>11,621,708</u>	<u>₩ 14,379,525</u>

Payment guarantees provided to related parties are disclosed in Note 36 (7).

Assets pledged as collaterals as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

	2023		Security right holders
	Collateral amount	Borrowing amount	
Rental assets ¹	340,062,748	299,976,622	Hana bank and others
Time deposit ²	4,800,000	40,000,000	KDB
Land and buildings ³	142,500,000	104,766,667	NongHyup Bank, Shinhan bank, Kookmin Bank and the others
Financial assets at fair value through profit or loss	1,536,355	72,000,000	Kodit 2020 the 15th Securitization Specialty Co., Ltd. and the others

¹ The Company has entered into sales and leaseback contracts of rental assets with some financial

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institutions, such as IBK Capital, that include conditions for acquisition without considerations after the end of the lease period. The Company recognizes these contracts as collateralized borrowings based on their substance, and the amount secured by collateral for the above rental assets is set at 100% to 130% of balance of borrowings.

² The Company has established a pledge contract for ₩ 4 billion in time deposits at Shinhan Bank related to the borrowing of ₩ 40 billion from the KDB's ABL.

³ During the 2023, the Company borrowed ₩ 20 billion each from Shinhan Bank, Nonghyup Bank, Hana Bank, and KDB (total ₩ 80 billion), providing land and buildings as collateral for an amount corresponding to 120% of the borrowed amount (₩ 24 billion each, total ₩ 96 billion).

(in thousands of Korean won)

	2022		
	Collateral amount	Borrowing amount	Security right holders
Land, buildings, machinery and others	₩ 26,700,000	₩ 17,566,667	Shinhan bank
Rental assets ¹	244,079,137	216,418,418	Hana bank and others
Investments in subsidiaries ²	83,596,377	40,000,000	AJU CO., LTD.
Financial assets at fair value through profit or loss	1,718,052	90,000,000	Kodit 2020 the 15th Securitization Specialty Co., Ltd. and the others

¹ The Company has entered into sales and leaseback contracts of rental assets with some financial institutions, such as IBK Capital, that include conditions for acquisition without considerations after the end of the lease period. The Company recognizes these contracts as collateralized borrowings based on their substance, and the amount secured by collateral for the above rental assets is set at 100% to 130% of balance of borrowings.

² The Company borrowed ₩ 40 billion from AJU CO., LTD., and pledged all shares issued by AJ Rental Inc. as collateral for the loan with establishing AJU CO., LTD. as the first priority beneficiary.

For six parking towers, including Eastern City Tower operated by AJ Park Co., Ltd., a subsidiary that was disposed for the year ended December 31, 2021, there was an agreement in which the Company assumed contractual obligations, such as payment of a rental deposit and payment of rent and management expenses, to the lessor on condition that the lease is terminated before the expiration of the lease period. In this regard, the Company entered into an agreement with the buyer that Humax Mobility Co., Ltd. and HiParking, the buyers of AJ Park Co., Ltd., jointly guarantee the liability under the replacement lease agreement, and the Company will bear only supplementary liability.

In 2023, the subsidiary company, APS Co.,Ltd. (formerly AJ Autoparking Systems), which was sold during the year, and the guarantee insurance limit transactions between the Korea Finance for Construction and Seoul Guarantee Insurance, are provided with payment guarantees by the Company. In relation to these payment guarantees, the purchasing company, Autronic Co.,Ltd. has entered into a firm commitment to fully indemnify any losses incurred.

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Call-option and drag-along

	Occurrence condition	Remarks
Call-option	The Company exercises the call-option against the RCPS ¹ held by Modu Rental Holdings Co., Ltd. for 5 years from 24 months after the closing date of the transaction	Exercise price: Amount that can achieve IRR 8% of the call-option
Drag-along	If the management performance of Modu Rental Co., Ltd. does not meet the performance target, the qualifying listing period (four years from the closing date of the transaction) has elapsed and the target company does not meet the requirements for listing, so IPO is not made and the deadline for qualifying listing has passed	Condition that when an investor exercises an option, [Amount that can achieve IRR 8% of the target] is preferentially repaid to the investor up to the total proceeds, and the Company distributes an amount that can achieve an IRR of 8% for the acquisition cost of shares up to the remaining amount

¹ As of December 31, 2023, all RCPSs have been converted to ordinary shares, and the call-option is still effective on the ordinary shares.

On December 23, 2019, in accordance with the shareholders' agreement entered into between the AJ Capital Partners Co., Ltd. and Modu Rental Holdings Co., Ltd., AJ Capital Partners Co., Ltd. was granted a call option for all or part of the redeemable convertible preferred share of Modu Rental Co., Ltd. held by Modu Rental Holdings Co., Ltd. In addition, AJ Capital Partners Co., Ltd. has granted a right to request joint sale to Modu Rental Holdings Co., Ltd. if Modu Rental Holdings Co., Ltd. sells its shares of Modu Rental Co., Ltd. On March 31, 2021, as the Company merged with the investment business related to Modu Rental Co., Ltd., of AJ Capital Partners Co., Ltd., the subject of all contracts was transferred to the Company.

Right to acquire without considerations

As of December 31, 2023, the Company holds the right to acquire without considerations the greater of 17,915 shares from the largest shareholder's holdings or the number of shares equivalent to 7.5% of DaRae Park Tech Co., Ltd.'s total issued shares at the time of transfer, as an option to acquire shares, in relation to the associated company DaRae Park Tech Co., Ltd.

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Call-option and put-options

	Occurrence condition	Remarks
Call-option	AJ Networks Co., Ltd. has the right to request the transfer of 4,800 shares of TS GLOBAL CO. held by Sejin Park from the day when five years have passed since the stock transaction settlement date up to two years.	Exercise price is adjusted by the difference between the net asset value and profit for the previous fiscal year and the amount specified in the contract on the exercise date. The exercise price will be adjusted based on the shortfall or excess of the net asset value and the net profit of the company subject to the exercise as stated in the financial statements for the fiscal year immediately before the exercise date, compared to the amount specified in the contract.
Put-option	Park Sejin exercises the put-option against the company with 4,800 share of TS GLOBAL CO. for 2 years from 5 years after the closing date of the transaction.	

Call option and put option were granted for 4,800 shares of TS Global Co., Ltd. as pursuant to the shareholders' contract signed between AJ Networks and TS Global Co., Ltd. on October 2, 2022 and the agreement on termination of transactions based on the above contract signed on November, 15, 2022.

For these options, the Company recognized derivative assets of ₩ 1 million (₩ 3,163 million in 2022) and derivative liabilities of ₩ 5,147 million (₩ 6,972 million in 2022).

As of December 31, 2023, 32,381 ordinary shares (acquisition cost of ₩ 9.1 billion) of Modu Rental Co., Ltd. among investments in associates held by the Company are provided as collateral to Mirae Asset Daewoo Co., Ltd. and Shinhan Capital Co., Ltd. of ₩ 42 billion.

As of December 31, 2023, the Company has 2 litigation (3 litigation in 2022) in which the Company is a defendant due to affirmation of the non-existence of rental fees, and the outcome of the litigation cannot be reasonably estimated. Total litigation amount is ₩ 389 million (₩ 1,248 million in 2022), of which ₩ 917 million (₩ 1,141 million in 2022) of impairment on trade receivables and rental assets and others were reflected in the separate financial statements for the year ended December 31, 2023.

As of December 31, 2023,, the Company holds 22 unissued promissory notes that were issued by Shinhan Bank.

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20. Derivative Financial Instruments

As of December 31, 2023, the Company has entered into an interest rate swap with financial institutions to hedge the interest rate risk.

Details of unsettled derivative instruments held by the Company as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

Type	Period	2023		2022		Financial institutions
		₩		₩		
Interest rate swap	Jan. 29, 2021 - Jan. 29, 2024	₩	2,083,333	₩	10,416,667	Hana bank
	Apr. 28, 2020 – Apr. 28, 2023		-		3,333,320	Nonghyup bank
	May 10, 2023 – May 10, 2026		12,500,000		-	

Details of derivative financial instrument contracts as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

Type	Financial institutions	2023		2022	
		Assets	Liabilities	Assets	Liabilities
Interest rate swap	Hana bank	₩ 4,838	₩ -	₩ 176,501	₩ -
Interest rate swap	Nonghyup bank	-	-	18,475	-
Interest rate swap	Woori bank	-	55,550	-	-
Right to acquire without consideration	Darae Parktech Co., Ltd.	-	-	615,980	-
Call-option	Modu Rental	669	-	2,547,337	-
Drag-along	Holdings Co., Ltd.	-	5,146,661	-	6,971,882
		₩ 5,507	₩ 5,202,211	₩ 3,358,293	₩ 6,971,882

For the year ended December 31, 2023, the Company recognized a loss on valuation of ₩ 1,583 million (₩ 3,073 million in 2022) in relation to derivatives.

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21. Share Capital

As of December 31, 2023, the total number of shares issued, the number of issued shares and the amount per share are 100,000,000 shares, 45,252,759 shares and ₩ 1,000, respectively.

Changes in share capital and reserves for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won and in number of shares)</i>	2023			2022		
	Number of shares issued	Share capital	Reserves	Number of shares issued	Share capital	Reserves
Beginning balance	46,822,295	₩ 46,822,295	₩ 103,717,306	46,822,295	₩ 46,822,295	₩ 103,717,306
Treasury shares gain on disposal	-	-	580,291	-	-	-
Treasury shares retirement	(1,569,536)	-	-	-	-	-
Ending balance	45,252,759	₩ 46,822,295	₩ 104,297,597	46,822,295	₩ 46,822,295	₩ 103,717,306

22. Capital Adjustment, Other Comprehensive Income and Other Components of Equity

Capital adjustment, other components of equity and other comprehensive income as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Capital adjustment		
Treasury shares	₩ (1,210,324)	₩ (6,992,178)
Other capital adjustment	(26,516,922)	(26,516,922)
	₩ (27,727,246)	₩ (33,509,100)
Other comprehensive income		
Change in financial assets at fair value through other comprehensive income	₩ (1,542,570)	₩ (1,695,104)
Equity method changes in equity	14,862,537	8,236,792
Revaluation Surplus	38,685,232	-
	₩ 52,005,199	₩ 6,541,688
Other components of equity		
Share option	₩ 342,088	₩ 174,614
Others	(2,772,370)	(2,772,370)
	₩ (2,430,282)	₩ (2,597,756)

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23. Share-based Payments

Share-based payment arrangements

Share-based payment arrangements granted by the Company as of December 31, 2023 are as follows:

	1st Grant¹	2nd Grant¹
Grant date	March 30, 2021	March 29, 2022
Grant method	Issuance of shares, distributing treasury shares or payment of cash	
Vesting condition and exercisable period	<ul style="list-style-type: none"> - 1st-5th: The options are exercisable if the employees have been completed service for two years after the grant date. The options have a contractual option term of five years at the rate of 20% per annum - In the 5th, the remaining share options are collectively exercised - The exercise period is from March 30, 2023 to March 29, 2028 	<ul style="list-style-type: none"> - 1st-2nd: The options are exercisable if the employees have been completed service for one year after the grant date. The options have a contractual option term of two years at the rate of 50% per annum - In the 2nd, the remaining share options are collectively exercised - The exercise period is from March 29, 2024 to March 28, 2026
Number of shares to be issued	86,580 shares	287,910 shares
Exercise price	₩ 4,650	₩ 6,180

¹ The Company measured the cost of the share options granted for each of the two years in the period ended December 31, 2023, by fair value approach using the option pricing model approach.

Changes in the number of share options outstanding and their related weighted average exercise prices for each of the two years in the period ended December 31, 2023 are as follows:

	2023		2022	
	Number of options (in shares)	Average exercise price per share option (in Korean won)	Number of options (in shares)	Average exercise price per share option (in Korean won)
Beginning balance	374,490	₩ 5,826	86,580	₩ 4,650
Granted	-	-	287,910	6,180
Ending balance	<u>374,490</u>	<u>₩ 5,826</u>	<u>374,490</u>	<u>₩ 5,826</u>
Exercisable at the end of the reporting period	17,316	₩ 4,650	-	₩ -

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Expiry dates and exercise prices of share options outstanding as of December 31, 2023 and 2022 are as follows:

Grant date	Exercisable period	Expiry date	Exercise price per share (in Korean won)	Number of shares (in shares)	
				2023	2022
Mar. 20, 2021	Mar. 30, 2023	Mar. 29, 2024	₩ 4,650	17,316	17,316
Mar. 30, 2021	Mar. 30, 2024	Mar. 29, 2025	4,650	17,316	17,316
Mar. 30, 2021	May 30, 2025	Mar. 29, 2026	4,650	17,316	17,316
Marc. 30, 2021	Mar. 30, 2026	Mar. 29, 2027	4,650	17,316	17,316
Mar. 30, 2021	Mar. 30, 2027	Mar. 29, 2028	4,650	17,316	17,316
Mar. 29, 2022	Mar. 29, 2024	Mar. 28, 2025	6,180	143,955	143,955
Mar. 29, 2022	Mar. 29, 2025	Mar. 28, 2026	6,180	143,955	143,955
				<u>374,490</u>	<u>374,490</u>
Weighted average remaining period of share options outstanding at the end of the reporting period				2.1	2.9

The Company measured the cost of the share options granted by fair value using the binomial model approach. The related assumptions and variables to measure the cost of the share options granted are as follows:

(in Korean won)	2nd Grant		1st Grant	
Weighted average fair value of share options granted during the year	₩	1,133.92	₩	735.95
Weighted average share price at grant date	₩	6,180	₩	4,435
Price volatility		30.6%		31.1%
Dividend yield		4.37%		4.74%
Risk-free interest rate		2.95%		1.78%

Share-based payments recognized as expenses for the year ended December 31, 2023, amount to ₩ 167 million (₩ 156 million in 2022). All expenses are related to equity-settled share-based payments.

24. Retained Earnings

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

(in thousands of Korean won)	2023		2022	
Legal reserves ¹	₩	7,630,245	₩	6,421,514
Reserve for business rationalization ²		1,173,040		1,173,040
Retained earnings before appropriation ³		242,212,840		237,033,331
	₩	<u>251,016,125</u>	₩	<u>244,627,885</u>

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¹ The Commercial Act of the Republic of Korea requires the Parent Company 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).

² The Company recorded tax credits from the Tax Reduction and Exemption Control Act as a business rationalization reserve until 2002. The reserve can only be used as a reserve for loss carry forwards or transfer to ordinary shares. However, on December 11, 2002, with amended Tax Reduction and Exemption Control Act, the related clause was removed, and the business rationalization reserves were changed to discretionary reserves.

³ Due to the change in the current investment property policy, the fair value of investment property was retrospectively applied, reflecting the changes in undistributed earnings from gains.

The appropriation of retained earnings for the year ended December 31, 2023, is expected to be appropriated at the shareholders' meeting on March 28, 2024. The appropriation date for the year ended December 31, 2022, was March 29, 2023.

The appropriation of retained earnings for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Unappropriated retained earnings carried over from prior year	₩ 223,737,290	₩ 238,762,310
Treasury shares retirement ¹	(5,341,732)	-
Profit (loss) for the year	23,817,281	(1,728,979)
Retained earnings available for appropriation	<u>242,212,839</u>	<u>237,033,331</u>
Appropriation of retained earnings		
Cash dividends (Dividends (ratio) per share:		
Ordinary share: ₩ 270 (27%) in 2023,	12,136,787	12,087,310
Ordinary share: ₩ 270 (27%) in 2022,		
Earned profit reserves	<u>1,213,679</u>	<u>1,208,731</u>
	<u>13,350,466</u>	<u>13,296,041</u>
Unappropriated retained earnings to be carried forward	<u>₩ 228,862,373</u>	<u>₩ 223,737,290</u>

¹ The company retired 1,569,536 ordinary shares on August 31, 2023.

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Details of calculations of dividends for each of the two years in the period ended December 31, 2023 are as follows:

(dividend date: December 31, 2023 and 2022)

<i>(in thousands of Korean won)</i>	<u>2023</u>	<u>2022</u>
Ordinary shares		
Numbers of share for dividend <i>(in shares)</i>	44,951,063	44,767,816
Dividend rate (based on par value)	27%	27%
Dividend amount	₩ 12,136,787	₩ 12,087,310

25. Earnings (Losses) per Share

Basic earnings (losses) per share for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in Korean won)</i>	<u>2023</u>	<u>2022</u>
Profit (loss) for the year	₩ 23,817,280,885	₩ (1,728,979,345)
Weighted average number of ordinary shares outstanding ¹ <i>(in shares)</i>	45,034,654	44,767,816
Basic earnings (losses) per share	₩ 528	₩ (39)

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¹ Weighted averages number of ordinary shares outstanding for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in shares and thousands of Korean won)</i>	Date	Number of ordinary shares outstanding	Number of days	Weighted average
2023				
Beginning balance	Carried over from prior year	44,767,816	365	₩ 16,340,252,840
	Disposal during the year	484,943	234	113,476,662
	Acquisition during the year	(10,000)	67	(670,000)
	Acquisition during the year	(50,000)	66	(3,300,000)
	Acquisition during the year	(7,500)	63	(472,500)
	Acquisition during the year	(9,000)	62	(558,000)
	Acquisition during the year	(73,976)	61	(4,512,536)
	Acquisition during the year	(25,168)	60	(1,510,080)
	Acquisition during the year	(2,642)	52	(137,384)
	Acquisition during the year	(37,912)	48	(1,819,776)
	Acquisition during the year	(4,000)	45	(180,000)
	Acquisition during the year	(50,000)	42	(2,100,000)
	Acquisition during the year	(1,000)	41	(41,000)
	Acquisition during the year	(1,000)	34	(34,000)
	Acquisition during the year	(9,413)	28	(263,564)
	Acquisition during the year	(85)	25	(2,125)
	Acquisition during the year	(20,000)	24	(480,000)
Total		<u>44,951,063</u>		<u>₩ 16,437,648,537</u>
÷				365
Weighted average number of shares				<u>₩ 45,034,654</u>
2022				
Beginning balance	Carried over from prior year	44,767,816	365	₩ 16,340,252,840
Total		<u>44,767,816</u>		<u>₩ 16,340,252,840</u>
÷				365
Weighted average number of shares				<u>₩ 44,767,816</u>

As the Company issued the share options with no dilutive effect, basic earnings per share is identical to diluted earnings per share. The number of potential ordinary shares without dilutive effect is 374,490 shares (374,490 shares in 2022) as of December 31, 2023.

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26. Selling and Administrative Expenses

Selling and administrative expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Salaries	₩ 33,198,195	₩ 37,253,259
Post employment benefits	3,598,675	2,736,870
Employee welfare	7,208,549	6,095,983
Travel	1,325,995	998,306
Communications	363,542	375,191
Entertainment	1,413,675	1,757,633
Rental	72,061	10,197
Depreciation	4,462,659	4,150,468
Commissions and fees	9,436,044	12,947,788
Maintenance of vehicles	1,357,915	1,306,104
Advertisement	690,744	618,813
Amortization	944,157	594,153
Allowance for doubtful accounts	2,008,729	2,707,060
Others	2,174,894	2,033,763
	<u>₩ 68,255,834</u>	<u>₩ 73,585,588</u>

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27. Finance Income and Costs

Finance income and costs for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Finance income		
Interest income	₩ 4,314,854	₩ 2,053,131
Dividend income	1,296,538	758,905
Gain on foreign currency transaction	232,152	809,314
Gain on foreign currency translation	1,021,061	2,485,192
Financial guarantee income	225,840	546,327
Gain on valuation of financial assets at fair value through profit or loss	1,551,010	358,007
Gain on disposal of financial assets at fair value through profit or loss	10,972	-
Financial guarantee cost reversal ¹	14,628,491	-
Gain on valuation of derivatives	1,825,221	683,945
	<u>₩ 25,106,139</u>	<u>₩ 7,694,821</u>
Finance costs		
Interest expenses	₩ 57,090,611	₩ 34,129,606
Loss on foreign currency transaction	304,350	536,201
Loss on foreign currency translation	381,687	67,416
Loss on valuation of derivatives	3,408,336	3,756,874
Financial guarantee expense	-	14,628,491
Loss on disposal of financial assets at fair value through profit or loss	3,558	5,886
Loss on valuation of financial assets at fair value through profit or loss	12,731,031	3,160,518
	<u>₩ 73,919,573</u>	<u>₩ 56,284,992</u>

¹ During the current period, we sold our equity in Apps Corp. (formerly AJ Auto Parking Systems Co., Ltd.), and reversed the financial guarantee costs that had been recognized in relation to the payment guarantee of Apps Corp. for the year ended December 31, 2023. (Note 37).

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28. Other Income and Expenses

Other income and expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Other income				
Gain on disposal of property, plant and equipment	₩	56,882	₩	37,908
Reversal on other impairment loss ¹		8,870,509		-
Miscellaneous gain		2,273,395		1,937,870
Reversal of provision for restoration		137,868		-
Gain on disposal of intangible assets		439		-
Gain on cancellation of right-of-use assets		6,060		1,039
Gain on valuation of investment property		35,490,982		-
Gain on disposal of investments in associates		-		487,518
Subsequent gain of other intangible assets		177,083		-
	₩	<u>47,013,218</u>	₩	<u>2,464,335</u>
Other expenses				
Loss on disposal of property, plant and equipment	₩	109	₩	39,772
Other impairment loss		-		8,870,509
Donations		237,504		346,805
Miscellaneous loss		499,554		313,880
Impairment loss on property, plant and equipment		70,032		133
Loss on cancellation of right-of-use assets		664,255		-
Impairment loss on intangible assets		-		177,083
Impairment loss on equity method		5,593,118		4,288,404
Loss on valuation of investment property ²		-		4,028,000
	₩	<u>7,064,572</u>	₩	<u>18,064,586</u>

¹ During the current period, the Company sold its stake in Apps Corp. (formerly AJ Auto Parking Systems Co., Ltd.), and recouped the allowance for doubtful accounts that had been recognized in relation to the rental fee of Apps Corp. in the previous period. (Note 37)

² Due to the change in the current investment property policy, the fair value of the investment property held by the subsidiary was retrospectively applied.

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29. Share of Profit (Loss) of Subsidiaries and Associates

Share of profit (loss) of subsidiaries and associates for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Share of profit of subsidiaries and associates	₩ 18,925,754	₩ 7,598,727
Share of loss of subsidiaries and associates	30,856,174	19,758,114
	<u>₩ (11,930,420)</u>	<u>₩ (12,159,387)</u>

30. Income Tax Expense

Income tax expense for each of the two years in the period ended December 31, 2023 consists of:

<i>(in thousands of Korean won)</i>	2023	2022
Current tax expense	₩ 7,585,882	₩ 13,183,717
Changes in deferred taxes due to temporary difference	17,315,632	(12,031,918)
Income tax expense directly reflected in capital	(11,466,825)	90,623
Additional income taxes	(46,564)	358,645
Income tax expense ¹	<u>₩ 13,388,125</u>	<u>₩ 1,601,067</u>

¹ Due to the change in the current investment property policy, the fair value of the investment property held by the subsidiary was retrospectively applied, resulting in an adjustment to the income tax expense at the end of the previous period.

Reconciliation between profit before income tax and income tax expense for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit before income tax expense	₩ 37,205,406	₩ (1,071,912)
Income tax expense calculated at the applicable tax rate	8,174,249	(35,986)
Tax effects of:		
Non-deductible expense	9,756,130	2,104,004
Non-taxable income	(1,328,137)	(4,070,366)
Tax credits	134,163	79,715
Effect of unrecognized deferred income tax assets and others	(2,561,388)	7,105,606
Others	(786,892)	(3,581,906)
Income tax expense	<u>₩ 13,388,125</u>	<u>₩ 1,601,067</u>
Effective tax rate	35.98%	(149.37%)

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The aggregate current and deferred taxes relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ (264,195)	₩ (111,668)	₩ (375,863)	₩ (1,725,882)	₩ 386,458	₩ (1,339,424)
Share of other comprehensive income of associates	6,805,730	(179,985)	6,625,745	7,970,539	(295,836)	7,674,703
Change in revaluation surplus	49,859,697	(11,175,173)	38,684,524			
	₩ 56,401,232	₩ (11,466,826)	₩ 44,934,406	₩ 6,244,657	₩ 90,622	₩ 6,335,279

Major accumulated temporary differences and movements in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance
Equity method investment	₩ 18,624,445	₩ 8,228,507	₩ 26,852,952	₩ 4,252,177	₩ 5,752,605
Gain (loss) on valuation of available-for-sale securities	920,011	(309,744)	610,267	206,027	136,781
Rental assets	13,184,327	2,384,228	15,568,555	2,952,494	3,489,417
Dividend income	7,859,313	474,000	8,333,313	1,760,012	1,867,765
Advance depreciation provision (land)	(30,385,459)	-	(30,385,459)	(6,804,509)	(6,810,365)
Undefined expenses	10,651,924	(2,215,976)	8,435,948	2,385,388	1,890,769
Allowance for doubtful accounts	21,367,676	(8,261,218)	13,106,458	4,785,070	2,937,582
Derivative financial liabilities	2,614,221	(1,769,672)	844,549	585,428	189,291
Derivative financial assets	2,616,986	3,352,787	5,969,773	586,047	1,338,019
Interest income (tax investigations)	264,381	-	264,381	59,205	3,161
Special taxation for partnership firm	26,385	(188,733)	(162,348)	5,909	(36,387)
Loss on obsolescence of inventories	8,280,613	(154,009)	8,126,604	1,854,358	1,821,435
Financial assets at fair value through profit or loss	6,691,751	13,569,724	20,261,475	1,498,548	4,541,253
Financial guarantee	14,079,401	(14,169,161)	(89,760)	3,152,936	(20,118)
Treasury shares	2,486,259	(2,486,259)	-	556,772	-

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<i>(in thousands of Korean won)</i>	2023				
	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance
Investment property	-	(35,490,982)	(35,490,982)	-	(7,954,678)
Revaluation model	-	(49,859,697)	(49,859,697)	-	(11,175,173)
Others	3,435,813	(2,164,744)	1,271,069	769,345	340,983
	<u>₩ 82,718,047</u>	<u>₩ (89,060,949)</u>	<u>₩ (6,342,902)</u>	18,605,207	(1,687,660)
Effect of exclusion of deferred tax recognition				6,024,198	3,046,663
Recognition of deferred tax assets (liabilities)				<u>₩ 12,581,009</u>	<u>₩ (4,734,323)</u>

<i>(in thousands of Korean won)</i>	2022				
	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Ending balance
Equity method investment	₩ (5,894,316)	₩ 24,396,895	₩ 18,624,445	₩ (1,296,750)	₩ 4,254,639
Gain (loss) on valuation of available-for-sale securities	(805,871)	1,725,882	920,011	(177,292)	206,027
Rental assets	14,748,881	(1,564,553)	13,184,327	3,244,754	2,952,494
Dividend income	6,317,313	1,542,000	7,859,313	1,389,809	1,760,012
Advance depreciation provision (land)	(30,385,459)	-	(30,385,459)	(6,684,801)	(6,804,509)
Undefined expenses	5,513,743	5,138,180	10,651,924	1,213,024	2,385,388
Allowance for doubtful accounts	12,373,698	8,993,977	21,367,676	2,722,214	4,785,070
Derivative financial liabilities	854,662	1,759,558	2,614,221	188,026	585,428
Derivative financial assets	1,303,616	1,313,370	2,616,986	286,796	586,047
Interest income (tax investigations)	264,381	-	264,381	58,164	59,205
Special taxation for partnership firm	491,011	(464,626)	26,385	108,022	5,909
Loss on obsolescence of inventories	9,559,682	(1,279,069)	8,280,613	2,103,130	1,854,358
Financial assets at fair value through profit or loss	4,147,484	2,544,267	6,691,751	912,446	1,498,548
Financial guarantee	(122,777)	14,202,178	14,079,401	(27,011)	3,152,936
Treasury shares	2,486,259	-	2,486,259	546,977	556,772
Others	(22,034,147)	25,469,960	3,435,813	(4,847,512)	769,345
	<u>₩ (1,181,840)</u>	<u>₩ 83,778,019</u>	<u>₩ 82,718,047</u>	(260,004)	18,607,669
Effect of exclusion of deferred tax recognition				(1,246,598)	6,024,198
Recognition of deferred tax assets (liabilities)				<u>₩ 986,594</u>	<u>₩ 12,583,471</u>

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Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Investments accounted for using equity method and others ¹	₩ 13,293,343	₩ 25,203,570
Payment guarantee commission ¹	6,059	6,059
Temporary reserves of overseas local entities ¹	20,567	20,567
Interest income ¹	264,381	264,381
Financial guarantee ²	(89,760)	(549,090)
Deemed acquisition tax ¹	99,883	100,834
	<u>₩ 13,594,473</u>	<u>₩ 25,046,321</u>

¹ The Company does not recognize any deferred tax assets (liabilities), because the Company is able to control the timing of the reversal of taxable temporary differences on subsidiaries, and it is probable that the temporary difference will not reverse in the foreseeable future.

² As an undetermined asset related to the payment guarantee of affiliates, there will be no tax effect in the future, therefore, any deferred tax was not recognized.

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

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 18,349,352	₩ 17,099,231
Deferred tax asset to be recovered within 12 months	7,163,302	11,263,991
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(29,513,638)	(14,108,420)
Deferred tax liability to be recovered within 12 months	(733,339)	(1,673,793)
Deferred tax assets, net	<u>₩ (4,734,323)</u>	<u>₩ 12,581,009</u>

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31. Breakdown of Expenses by Nature

Details of expenses by nature (operating expenses in the separate statements of comprehensive income) for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Good issued and use of stored goods, and others	₩ 129,783,825	₩ 195,989,410
Salaries	33,198,195	37,253,259
Post-employment benefits	3,598,675	2,736,870
Employee welfare	7,208,549	6,095,983
Rental	4,493,931	1,990,553
Depreciation	146,709,282	137,099,390
Amortization	1,107,139	753,059
Commissions and fees	106,274,325	102,153,594
Maintenance of vehicles	3,616,168	3,338,448
Advertisement	690,744	618,813
Allowance for doubtful accounts	2,008,729	2,707,060
Freight	11,490,413	6,461,391
Impairment loss on rental assets	694,309	637,183
Other expenses	17,246,626	17,877,090
	<u>₩ 468,120,910</u>	<u>₩ 515,712,103</u>

32. Cash Generated from Operations

Cash generated from operation for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit (loss) for the year	₩ 23,817,281	₩ (1,728,979)
Adjustments for:		
Share of loss of subsidiaries and associates	30,856,174	19,796,979
Impairment loss of subsidiaries and associates	5,593,118	4,288,404
Depreciation	146,709,282	137,099,390
Depreciation of intangible assets	1,107,139	753,059
Impairment loss	2,008,729	2,707,060
Loss on foreign currency translation	381,687	67,416
Loss on valuation of inventories	1,049,085	508,791
Interest expenses	57,090,611	34,129,606
Loss on valuation of financial assets at fair value through profit or loss	12,731,031	3,160,518
Other impairment loss	-	8,870,509

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<i>(in thousands of Korean won)</i>	2023	2022
Loss on valuation of derivatives	3,408,336	3,756,874
Income tax expenses	13,388,125	1,601,067
Equity compensation benefits	1,732,590	-
Gain on valuation of financial assets at fair value through profit or loss	(1,551,010)	(358,007)
Share of profit of subsidiaries and associates	(18,925,754)	(7,637,592)
Interest income	(4,314,854)	(2,053,131)
Dividend income	(1,296,538)	(758,905)
Gain on valuation of derivatives	(1,825,221)	(683,945)
Gain on disposal of non-current assets held for sale	23,499,000	-
Financial guarantee expense(reversal)	(14,628,491)	14,628,491
Other impairment loss reversal	(8,870,509)	-
Gain on disposal of investments in associates	-	(487,518)
Impairment loss on rental assets	694,309	637,183
Gain on foreign currency translation	(1,021,061)	(2,485,192)
Loss on valuation of investment property	-	4,028,000
Gain on valuation of investment property	(35,490,982)	-
Others	342,151	221,602
	<u>212,666,947</u>	<u>221,790,659</u>
Change in operating assets and liabilities:		
Increase in trade receivables	(6,880,077)	(11,663,989)
Increase in other financial assets	(11,263,690)	(5,536,775)
Decrease (increase) in other assets	(103,977)	14,798,874
Increase in rental assets	(184,322,901)	(225,233,092)
Decrease in inventories	20,136,683	7,123,732
Increase in trade payables	(11,401,611)	12,210,137
Increase in other financial liabilities	(677,355)	8,466,240
Increase in other liabilities	(1,434,304)	2,359,776
	<u>(195,947,233)</u>	<u>(197,475,097)</u>
Cash generated from operations	<u>₩ 40,536,995</u>	<u>₩ 22,586,583</u>

Significant non-cash transactions for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Transfer of long-term borrowings to current portion of borrowings	₩ 282,651,521	₩ 78,144,559
Transfer of debentures to current portion of debentures	174,691,239	88,634,823
Non-trade payables related to acquisition of property, plant and equipment	4,389,533	164,215

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<i>(in thousands of Korean won)</i>	<u>2023</u>	<u>2022</u>
Debt-to-equity swap of loans to subsidiaries	-	6,500,000
Transfer of long-term loans to current portion of loans	5,702,850	(5,702,850)
Transfer of lease liabilities to current portion of lease liabilities	10,784,776	8,787,336
New increase in lease liabilities and right-of-use assets (investment properties)	4,150,817	10,285,896
Increase in revaluation gain of Property, Plant and Equipment	49,859,698	-
Payment of bonuses with treasury shares	1,732,590	-
Non-trade payables related to acquisition of investments in subsidiaries	(1,711,242)	1,711,242
Transfer of guarantee amount to investment property	8,963,000	-

Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	<u>2023</u>			
	Beginning balance	Cash flows	Non-cash effects	Ending balance
Borrowings	₩ 550,392,875	₩ 98,042,533	₩ 274,349	₩ 648,709,757
Debentures	296,004,618	49,663,368	744,465	346,412,451
Lease liabilities	36,759,806	(7,624,801)	(13,879,231)	15,255,774
	<u>₩ 883,157,299</u>	<u>₩ 140,081,100</u>	<u>₩ (12,860,417)</u>	<u>₩ 1,010,377,982</u>

<i>(in thousands of Korean won)</i>	<u>2022</u>			
	Beginning balance	Cash flows	Non-cash effects	Ending balance
Borrowings	₩ 379,337,064	₩ 171,916,778	₩ (860,967)	₩ 550,392,875
Debentures	339,593,114	(44,006,685)	418,188	296,004,617
Lease liabilities	34,119,119	(7,579,876)	10,220,563	36,759,806
	<u>₩ 753,049,297</u>	<u>₩ 120,330,217</u>	<u>₩ 9,777,784</u>	<u>₩ 883,157,298</u>

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33. Operating Revenue

Operating revenues for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Rental revenue	₩	422,540,757	₩	382,263,300
Revenue from sale of goods		104,450,233		189,707,520
Others		22,629,533		19,963,178
	₩	<u>549,620,523</u>	₩	<u>591,933,998</u>

The Company has recognized the following amounts relating to revenue in the statements of comprehensive income for each of the two years in the period ended December 31, 2023:

<i>(in thousands of Korean won)</i>	2023		
	Lease components	Revenue from contracts with customers	Total
Over time			
Rental revenue	₩ 393,305,612	₩ 29,235,145	₩ 422,540,757
At a point in time			
Revenue from sale of goods	-	104,450,233	104,450,233
Others	-	22,629,533	22,629,533
	₩ 393,305,612	₩ 156,314,911	₩ 549,620,523

<i>(in thousands of Korean won)</i>	2022		
	Lease components	Revenue from contracts with customers	Total
Over time			
Rental revenue	₩ 349,681,658	₩ 32,581,642	₩ 382,263,300
At a point in time			
Revenue from sale of goods	-	189,707,520	189,707,520
Others	-	19,963,178	19,963,178
	₩ 349,681,658	₩ 242,252,340	₩ 591,933,998

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34. Financial Risk Management

The Company's activities are exposed to a variety of financial risks: market risk (comprised of foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company monitors and manages the financial risk arising from the Company's underlying operations in accordance with the risk management policies and programs.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Credit risk

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

Credit risk is borne by not only the credit risk arisen by customers with receivables and firm contracts but cash and cash equivalent, financial derivatives, financial institution deposit and financial guarantee liabilities. For customers, credit risk is assessed by considering customer's financial condition, past experience and other factors.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To maintain adequate sources of liquidity, the Company manages liquidity risk by analyzing and adjusting expected cash outflows periodically.

(c) Market risk

Market risk is the risk of fluctuations in fair value of financial instrument and future cash flow by changes of market price. The purpose for managing market price is to optimize profits, while manage and control on exposure to market risk within acceptable limits.

a) Foreign exchange risk

The major currencies are denominated in dollars, yuan, yen and zloty, and the Company has established a policy to manage foreign exchange risk on functional currency.

b) Interest rate risk

The Company is exposed to interest rate. The risk is composed of the changes in amount of accounts including finance assets and liabilities, and changes in interest income (expense) from investment and borrowings. The interest rate risk is borne by the interest-bearing liabilities and assets, such as debentures or loan. The purpose of the Company's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense, further to optimize the enterprise value.

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c) Price risk

The Company's activities are exposed to price risk related to marketable securities by changes of market price. Stocks held by the Company are traded in public market.

(d) Management of capital risk

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As for this to be maintained, the Company uses debt ratio as indicator of capital management. Net debts are the amount obtained by subtracting cash and cash equivalents from total borrowings (including short-term and long-term borrowings in the statement of financial position) and total capital consists with net debts and capital.

35. Risk Management of Financial Instruments

(a) Credit risk

a) Exposure to credit and counterparty risk

The carrying amount of financial assets means maximum exposure in respect of credit and counterparty risk. The maximum exposure as of December 31, 2023 and 2022 is as follows:

<i>(in thousands of Korean won, in VND)</i>	2023		2022	
Cash and cash equivalents	₩	52,627,494	₩	99,647,783
Trade receivables		67,396,891		62,887,129
Financial assets at fair value through profit or loss (current)		1,428,486		3,848,587
Financial assets at fair value through profit or loss (non-current)		933,505		549,723
Other current financial assets		58,539,541		40,280,492
Other non-current financial assets		37,851,391		30,131,450
Derivative financial assets (current)		4,838		18,475
Derivative financial assets (non-current)		-		176,501
Financial guarantee contracts ¹		17,571,708		41,158,015
	VND	882,336,154,909	VND	739,660,955,544

¹ This amount represents the total amount that payments can be made in the future due to the financial guarantee contract.

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b) Impairment loss

The impairment loss as of December 31, 2023 and 2022 was determined as follows for trade receivables:

<i>(in thousands of Korean won)</i>		Current	More than 3 months past due	More than 6 months past due	More than 1 year past due	Total
As of December 31, 2023						
Expected loss rate		0.22%	17.90%	83.91%	100.00%	
Gross carrying amount – trade receivables	₩ 66,706,793	₩ 919,801	₩ 476,529	₩ 11,309,375	₩ 79,412,498	
Loss allowance	141,722	164,644	399,865	11,309,375	12,015,606	
As of December 31, 2022						
Expected loss rate		0.46%	19.08%	78.64%	100.00%	
Gross carrying amount – trade receivables	₩ 61,831,709	₩ 1,149,856	₩ 1,930,802	₩ 9,093,132	₩ 74,005,499	
Loss allowance	287,468	219,406	1,518,364	9,093,132	11,118,370	

Movements in the loss allowance for trade receivables for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	11,118,370	₩	9,186,289
Impairment loss		1,979,425		2,653,669
Write-off		(1,082,189)		(721,588)
Ending balance	₩	12,015,606	₩	11,118,370

Impairment loss and reversal of provisions for impaired receivables are included in selling and administrative expenses in the separate statement of comprehensive income.

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(b) Liquidity risk

Aggregate maturities of the Company's financial liabilities, including estimated interest, as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won and in VND)</i>	2023			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 31,342,524	₩ -	₩ -	₩ 31,342,524
Long and short-term borrowings	395,801,052	295,496,789	22,300,205	713,598,064
Debentures	191,444,272	178,673,445	-	370,117,717
Other financial liabilities	39,511,966	918,636	1,564,719	41,995,321
Financial guarantee contracts ¹	17,571,708			17,571,708
	VND 882,336,154,909	-	-	VND 882,308,186,528

¹ This amount represents the total amount that payments can be made in the future due to the financial guarantee contract, and the maximum amount of guarantee is allocated to earliest period in which the Company can be required to make payments.

<i>(in thousands of Korean won And in VND)</i>	2022			
	Within 1 year	1~2 years	Over 2 years	Total
Trade payables	₩ 42,857,597	₩ -	₩ -	₩ 42,857,597
Long and short-term borrowings	434,921,619	97,157,969	43,253,483	575,333,071
Debentures	239,605,333	37,327,682	31,379,671	308,312,686
Other financial liabilities	36,396,689	1,859,033	690,346	38,946,068
Financial guarantee contracts ¹	41,158,015	-	-	41,158,015
	VND 739,660,955,544	-	-	VND 739,660,955,544

¹ This amount represents the total amount that payments can be made in the future due to the financial guarantee contract, and the maximum amount of guarantee is allocated to earliest period in which the Company can be required to make payments.

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(c) Foreign exchange risk

If currency changes by 1% with all other variables held constant, the profit after income taxes and equity would have been affected as of December 31, 2023 and 2022 as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Increase	Decrease	Increase	Decrease
USD/won	₩ 141,175	₩ (141,175)	₩ 29,408	₩ (29,408)
CNY/won	-	-	(37,493)	37,493
JPY/won	3,296	(3,296)	3,556	(3,556)
PLN/won	51,044	(51,044)	41,294	(41,294)

(d) Interest rate risk

If interest rate changes by 100bp with all other variables held constant, the profit after income taxes and equity would have been affected as of December 31, 2023 and 2022 as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expenses	₩ (5,631,016)	₩ 5,631,016	₩ (3,502,340)	₩ 3,502,340
Interest income	58,189	(58,189)	-	-

(e) Capital risk

Debt to equity percentage as of December 31, 2023 and 2022 is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Total borrowings	₩ 1,010,377,983	₩ 883,157,298
Less: cash and cash equivalents	52,627,494	99,647,783
Net liabilities	957,750,489	783,509,515
Equity	423,983,687	365,602,317
Total capital	₩ 1,381,734,176	₩ 1,149,111,832
Equity ratio	69.32%	68.18%

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(f) Fair value

a) Fair value and carrying amount

Details of fair value and carrying amount of financial assets and liabilities by category as of December 31, 2023 and 2022 are as follows:

	2023											
	Carrying amount											
	Fair value through profit or loss		Fair value through other comprehensive income		Amortized cost		Financial guarantee liabilities		Total	Fair value		
Financial assets measured at fair value												
Financial assets at fair value through profit or loss (current)	₩	1,428,486	₩	-	₩	-	₩	-	₩	1,428,486	₩	1,428,486
Financial assets at fair value through profit or loss		16,983,480		-		-		-		16,983,480		16,983,480
Financial assets at fair value through other comprehensive income		-		4,735,427		-		-		4,735,427		4,735,427
Derivative financial assets (other financial assets)		5,507		-		-		-		5,507		5,507
	₩	18,417,473	₩	4,735,427	₩	-	₩	-	₩	23,152,900	₩	23,152,900
Financial assets not measured at fair value												
Cash and cash equivalents	₩	-	₩	-	₩	52,627,494	₩	-	₩	52,627,494		1
Trade receivables		-		-		67,396,891		-		67,396,891		1
Other current financial assets (except for derivatives)		-		-		52,538,872		-		52,538,872		1
Other non-current financial assets (except for derivatives)		-		-		33,076,501		-		33,076,501		1
Long term financial instruments		-		-		4,774,890		-		4,774,890		1
	₩	-	₩	-	₩	210,414,648	₩	-	₩	210,414,648		
Financial liabilities measured at fair value												
Derivative financial liabilities (other financial liabilities)	₩	5,202,211	₩	-	₩	-	₩	-	₩	5,202,211	₩	5,202,211
Financial liabilities not measured at fair value												
Trade payables	₩	-	₩	-	₩	31,342,524	₩	-	₩	31,342,524		1
Borrowings		-		-		648,709,757		-		648,709,757	₩	647,521,919
Debentures		-		-		346,412,452		-		346,412,452		347,276,050
Other current financial liabilities (except for derivatives and financial guarantee liabilities)		-		-		41,201,200		-		41,201,200		1

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Korean won)

	2023					
	Carrying amount					Fair value
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Financial guarantee liabilities	Total	
Other non-current financial liabilities (except for financial guarantee liabilities)	-	-	2,427,805		2,427,805	¹
Financial guarantee liabilities	-	-	-	454,578	454,578	¹
	₩ -	₩ -	₩ 1,070,093,738	₩ 454,578	₩ 1,070,548,316	

¹ The financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

(in thousands of
Korean won)

	2022					
	Carrying amount					Fair value
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Financial guarantee liabilities	Total	
Financial assets measured at fair value						
Financial assets at fair value through profit or loss (current)	₩ 3,848,587	₩ -	₩ -	₩ -	₩ 3,848,587	₩ 3,848,587
Financial assets at fair value through profit or loss	21,828,607	-	-	-	21,828,607	21,828,607
Financial assets at fair value through other comprehensive income	-	4,122,983			4,122,983	4,122,983
Derivative financial assets	18,475	-	-	-	18,475	18,475
Derivative financial assets (current)	3,339,818	-			3,339,818	3,339,818
	₩ 29,035,487	₩ 4,122,983	₩ -	₩ -	₩ 33,158,470	₩ 33,158,470
Financial assets not measured at fair value						
Cash and cash equivalents	₩ -	₩ -	₩ 99,647,783	₩ -	₩ 99,647,783	¹
Trade receivables	-	-	62,887,129	-	62,887,129	¹
Other current financial assets (except for derivatives)	-	-	40,280,492	-	40,280,492	¹
Other non-current financial assets (except for derivatives)	-	-	28,772,950	-	28,772,950	¹
Long term financial instruments	-	-	1,358,500	-	1,358,500	¹
	₩ -	₩ -	₩ 232,946,854	₩ -	₩ 232,946,854	

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Korean won)

	2022											
	Carrying amount											
	Fair value through profit or loss		Fair value through other comprehensive income		Amortized cost		Financial guarantee liabilities		Total	Fair value		
Financial liabilities measured at fair value												
Derivative financial liabilities (other financial liabilities)	₩	6,971,882	₩	-	₩	-	₩	-	₩	6,971,882	₩	6,971,882
Financial liabilities not measured at fair value												
Trade payables	₩	-	₩	-	₩	42,857,597	₩	-	₩	42,857,597		¹
Borrowings		-		-		550,392,875		-		550,392,875	₩	543,395,398
Debentures		-		-		296,004,617		-		296,004,617		294,873,422
Other current financial liabilities (except for derivatives and financial guarantee liabilities)		-		-		37,817,733		-		37,817,733		¹
Other non-current financial liabilities (except for financial guarantee liabilities)		-		-		2,774,792		-		2,774,792		¹
Financial guarantee liabilities		-		-		-		15,412,737		15,412,737		¹
	₩	-	₩	-	₩	929,847,614	₩	15,412,737	₩	945,260,351		

¹ The financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

b) Fair value hierarchy

Fair value measurements classified by fair value hierarchy as of 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 profit or loss	₩	-	₩	-	₩	18,411,966	₩	18,411,966
Financial assets at fair value through other comprehensive income		4,045,410		-		690,017		4,735,427
Derivative financial assets		-		4,838		669		5,507
Derivative financial liabilities		-		55,550		5,146,661		5,202,211

There are no material transfers between levels 1, 2 and 3.

(in thousands of Korean won)

	2022							
	Level 1	Level 2	Level 3	Total				
Financial assets at fair value	₩	-	₩	-	₩	25,677,194	₩	25,677,194

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<i>(in thousands of Korean won)</i>	2022			
	Level 1	Level 2	Level 3	Total
through profit or loss				
Financial assets at fair value through other comprehensive income	3,244,488	-	878,496	4,122,984
Derivative financial assets	-	194,976	3,163,317	3,358,293
Derivative financial liabilities	-	-	6,971,882	6,971,882

There are no significant transfers between levels 1, 2 and 3.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation techniques and the unobservable inputs used in measuring Level 2 fair values as of December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022		Valuation techniques
Derivative financial assets	₩	4,838	₩	194,976	Discount Rate Considering Credit Risk ¹
Derivative financial liabilities		55,550		-	

¹ The fair value of interest rate swaps was calculated by the present value of future estimated cash flows according to the predictable yield curve, and the interest rate used to discount the expected cash flows was determined by adding the credit spread to the current government bond yield at the end of the current period.

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The valuation techniques and the significant unobservable inputs used in measuring Level 3 fair values as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	Fair value		Significant but unobservable input variables	Valuation techniques
	2023	2022		
Financial assets at fair value through profit or loss	₩ 18,411,966	₩ 25,677,194	Discount Rate Considering Credit Risk	Net asset value method, DCF model and others
Financial assets at fair value through other comprehensive income	690,017	878,496		
Derivative financial assets	669	3,163,317	Value of the fund portfolio, Stock prices of underlying assets, etc.	Binominal model
Derivative financial liabilities	5,146,661	6,971,882		

Changes in level 3 for recurring fair value measurements for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Financial assets			Financial liabilities
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Derivatives	Derivatives
Beginning balance	₩ 878,496	₩ 25,677,194	₩ 3,163,317	₩ 6,971,882
Total profit or loss				
Amount recognized in profit or loss	-	(11,180,021)	(3,162,648)	(1,825,221)
Amount recognized in other comprehensive income	(188,478)	-	-	-
Purchases	-	7,412,886	-	-
Sales	-	(3,571,210)	-	-
Others	-	73,116	-	-
Ending balance	₩ 690,017	₩ 18,411,966	₩ 669	₩ 5,146,661

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(in thousands of Korean won)

	2022			
	Financial assets			Financial liabilities
	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Derivatives	Derivatives
Beginning balance	₩ 878,496	₩ 24,153,211	₩ 4,542,405	₩ 5,210,076
Total profit or loss				
Amount recognized in profit or loss	-	(2,802,511)	(1,379,088)	1,761,806
Amount recognized in other comprehensive income	-	-	-	-
Purchases	-	4,700,027	-	-
Sales	-	(436,203)	-	-
Others	-	62,670	-	-
Transfer into level 3	-	-	-	-
Transfer out of level 3	-	-	-	-
Ending balance	₩ 878,496	₩ 25,677,194	₩ 3,163,317	₩ 6,971,882

The sensitivity analysis for the effect on comprehensive income before income tax from changes in inputs for each financial instrument for each of the two years in the period ended December 31, 2023 is as follows:

(in thousands of Korean won)

	2023		2022	
	Favorable changes (increase by 1%)	Unfavorable changes (decrease by 1%)	Favorable changes (increase by 1%)	Unfavorable changes (decrease by 1%)
Financial assets				
Financial assets at fair value through other comprehensive income ¹	₩ 6,900	₩ (6,900)	₩ 8,785	₩ (8,785)
Financial assets at fair value through profit or loss ¹	184,120	(184,120)	256,772	(256,772)
Derivative financial assets ²	96	(96)	118,278	(117,779)
Derivative financial liabilities ²	(51,546)	51,553	3,283	93,119

¹ Changes in their fair value are calculated by increasing or decreasing the growth rate, which are significant unobservable inputs, by 1%.

² Changes in their fair value are calculated by increasing or decreasing the underlying asset price, which are significant unobservable inputs, by 1%.

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c) Financial instruments not measured at fair value, and for which fair value is disclosed

Financial instruments recognized by amortized cost, but presented as fair value classified by fair value hierarchy as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 647,521,919	₩ 647,521,919
Debentures	-	-	347,276,050	347,276,050

<i>(in thousands of Korean won)</i>	2022			
	Level 1	Level 2	Level 3	Total
Borrowings	₩ -	₩ -	₩ 543,395,398	₩ 543,395,398
Debentures	-	-	294,873,422	294,873,422

The Company has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair values.

The valuation techniques and the significant unobservable inputs used in measuring Level 3 fair values as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	Fair value		Significant but unobservable input variables	Valuation techniques
	2023	2022		
Borrowings	₩ 647,521,919	₩ 543,395,398	Discount rate considering credit risk	DCF models
Debentures	347,276,050	294,873,422		

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(g) Net gains or losses by category of financial instruments

Net gains or losses on each category of financial instruments for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of Korean won)

	2023					
	Finance income		Finance costs		Other comprehensive income	
Assets at amortized cost	₩	5,568,068	₩	-	₩	-
Financial assets at fair value through profit or loss		2,462,582		12,734,589		-
Financial assets at fair value through other comprehensive income		395,937		-		152,534
Liabilities at amortized cost		-		57,776,648		-
Financial guarantee liabilities		14,854,331		-		-
Derivatives		1,825,221		3,408,336		-
	₩	25,106,139	₩	73,919,573	₩	152,534

(in thousands of Korean won)

	2022					
	Finance income		Finance costs		Other comprehensive income	
Assets at amortized cost	₩	5,347,638	₩	-	₩	-
Financial assets at fair value through profit or loss		975,908		3,166,404		-
Financial assets at fair value through other comprehensive income		141,004		-		(1,339,424)
Liabilities at amortized cost		-		34,733,223		-
Financial guarantee liabilities		546,327		14,628,491		-
Derivatives		683,945		3,756,874		-
	₩	7,694,822	₩	56,284,992	₩	(1,339,424)

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36. Related Party Transactions

Details of associates and other related parties as of December 31, 2023 and 2022 are as follows:

Type	2023
Subsidiaries	AJ Rental Service Co., Ltd. AJ JEONGUK SKY Co., Ltd. AJ Rental Arabia, Ltd. AJ Rental Co., Ltd. AJ LogisValue Poland Sp. z.o.o. ⁷ AJ ECO SOLUTIONS Sp. Z.o.o. ¹ AJ LogisValue Hungary Kft. TS GLOBAL CO. AJ International TOGO. Inc. AJ Rental, Inc. AJ Rental Dallas Inc. AJ Networks America Inc. AJ Total Co., Ltd. Auto Gallery international. Inc. AJ LogisValue USA Inc. ¹ AJ Energy Co., Ltd. AJ Maintenance Partners Co., Ltd. World Consulting Co., Ltd. ² AJ Retail Co., Ltd. AJ Daewon Co., Ltd. ACE INDUSTRIAL TECH CO., LTD. AI & Solutions Co., Ltd. Four season Consulting Co., Ltd ³ AJ ICT Co., Ltd. AJ TOTAL HANOI CO. Ltd AJ Dong Nai Cold Co., Ltd. ⁵ Ryu Ga-Hyoung Golf Academy Co., Ltd. AJ Total Vietnam Co., Ltd.
Associates	MostX Co., Ltd. ⁶ Darae Parktech Co., Ltd. Auto Gallery Holdings, Inc. Junsymall.com co.,Ltd. Tcha Partners Public Mobility No. 1 Private Equity Partnership Tcha Partners Public Mobility No. 2 Private Equity Partnership Tcha Partners Public Mobility No. 3 Private Equity Partnership A2 Partners Rhinos No.1 Limited Partnership
Others	AJ Fleet Link Co., Ltd. BNP INC. Songdo Trans Co., Ltd. AJU CO., LTD.

¹ In 2023, the entity was newly established with an investment.

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² In 2023, its name was changed from World Rent Car Co., Ltd. to World Consulting Co., Ltd.

³ In 2023, its name was changed from Four Seasons Rent Car Co., Ltd. to Four Seasons Consulting Co., Ltd.

⁴ In 2023, AJ Daewon Co., Ltd.. one of the Company's subsidiaries, was newly established.

⁵ In 2023, AJ Total Vietnam Co., Ltd, one of the Company's subsidiaries, acquired a 100% stake.

⁶ In 2023, its name was changed from All Rental Co., Ltd. to Most X Co., Ltd.

⁷ In 2023, its name was changed from AJ POLSKA sp. z.o.o. to AJ LogisValue Poland Sp. z.o.o.

Meanwhile, in 2023, AJ Auto Parking Systems Co., Ltd. changed its name to APS Co., Ltd., and the Company disposed of all of its shares in it, thereby leading up to the entity excluded from the Company's related parties as of December 31, 2023. Also, in 2023, the Company sold all of its shares in AJ Hanlok Co., Ltd., thus leading up to the entity excluded from the Company's related parties as of December 31, 2023.

Type	2022
Subsidiaries	AJ Rental Service Co., Ltd. AJ Rental Co., Ltd. AJ JEONGUK SKY Co., Ltd. AJ Rental Dallas Inc. AJ Networks America Inc. AJ International TOGO. Inc. Auto Gallery international. Inc. AJ Rental Arabia, Ltd. TS GLOBAL CO. ³ AJ LogisValue Poland Sp. z.o.o. ¹ AJ LogisValue Hungary Kft. ¹ AJ TOTAL HANOI CO. Ltd AJ Maintenance Partners Co., Ltd. Ryu Ga-Hyoung Golf Academy Co., Ltd. AJ ICT Co., Ltd. Four season Consulting Co., Ltd. AJ Rental, Inc. AJ Energy Co., Ltd. World Consulting Co., Ltd. AJ Retail Co., Ltd. AJ Daewon Co., Ltd. APS Co., Ltd. AJ Total Co., Ltd. ² ACE INDUSTRIAL TECH CO., LTD. ⁴ AJ Total Vietnam Co., Ltd.
Associates	MostX Co., Ltd. Darae Parktech Co., Ltd. Auto Gallery Holdings, Inc.

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	Junsy mall.com co.,Ltd. ⁵
	Tcha Partners Public Mobility No. 1 Private Equity Partnership
	Tcha Partners Public Mobility No. 2 Private Equity Partnership
	Tcha Partners Public Mobility No. 3 Private Equity Partnership
	A2 Partners Rhinos No.1 Limited Partnership
Others	Guro Hyeonju Motors Co., Ltd.
	AJ Fleet Link Co., Ltd.
	BNP INC.
	Songdo Trans Co., Ltd.
	AJU CO., LTD.

¹ In 2022, the Company was newly established with an investment.

² It merged with AJ Total Co., Ltd. merged with Daul F & B Co., Ltd. and Seowoo Food Co., Ltd. for the year ended December 31, 2022.

³ 70% of the shares was acquired for the year ended December 31, 2022.

⁴ AJ Daewon Co., Ltd., a subsidiary was newly established for the year ended December 31, 2022.

⁵ Its name was changed has been changed from AJ Mall Co., Ltd.

Sales and purchases with related parties for each of the two years in the period ended December 31, 2023 are as follows:

(in thousands of Korean won)

	2023					
	Operating revenue(*)	Non-operating revenue(*)	Operating expenses	Non-operating expenses	Purchase of non-current assets	Disposal of non-current assets
Subsidiaries						
AJ Total Co., Ltd.	₩ 441,634	₩ -	₩ 461	₩ -	₩ -	₩ -
AJ Hanlock Co., Ltd.	702,605	-	-	-	-	31
AJ Retail Co., Ltd.	3,324	-	-	-	-	-
AJ Energy Co., Ltd.	551,680	-	1,500	-	4,500	-
AJ Rental Service Co., Ltd.	335,400	13,216	73,119,043	-	-	-
AJ JEONGUK SKY Co., Ltd.	1,310,606	851	27,983	-	-	-
AJ Maintenance Partners Co., Ltd.	645,134	4,044	1,139,039	-	-	700
AJ Daewon Co., Ltd.	594,628	-	1,961,428	-	-	-
ACE INDUSTRIAL TECH CO., LTD.	27,586	-	-	-	-	-
Ryu Ga-Hyoung Golf Academy Co., Ltd.	243,672	-	313,753	-	-	-
AJ ICT Co., Ltd.	672,583	88,186	538,557	-	94,611	-
AJ Total Vietnam Co., Ltd.	46,775	803,025	-	-	-	-
AJ Total Hanoi Co., Ltd.	4,638	-	-	-	-	-

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AJ RENTAL ARABIA	-	-	109,447	-	-	-
AJ Rental Co.,Ltd.	22,859	17,116	-	-	-	-
AJ Rental Inc.	95,496	-	-	360,444	-	-
AJ LogisValue Poland Sp z.o.o.	47,306	242,060	-	-	-	-
AJ LogisValue Hungary Kft	-	10,892	-	-	-	-
TS GLOBAL CO.	85,257	-	528,376	-	540,324	-
AJ Networks First Limited Company ²	-	-	-	373,055	-	-
APS. Co., Ltd. ¹	33,468	95,161	-	-	-	-
AJ LogisValue USA Inc	15,106	-	-	-	-	-
Associates						
Most X Co., Ltd.	2,233	-	-	-	-	-
Darae Parktech Co., Ltd.	17,962	-	-	-	-	-
Auto Gallery Holdings, Inc.	-	466,805	-	-	-	-
Junsymall.com co.,Ltd.	6,385,169	12,091	9,710	-	16,862	16,900
Others						
AJU CO., LTD. etc.	52,774	-	-	-	-	-
	<u>₩ 12,337,895</u>	<u>₩ 1,753,447</u>	<u>₩ 77,749,297</u>	<u>₩ 733,499</u>	<u>₩ 656,297</u>	<u>₩ 17,631</u>

¹ During 2023, the transactions with AJ Hanlok Co., Ltd. and APS Co., Ltd. are the ones before its disposal.

² During 2023, the transactions with AJ Networks First Limited Company are the ones before its liquidation.

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	2022					
	Operating revenue	Non-operating revenue	Operating expenses	Non-operating expenses	Purchase of non-current assets	Disposal of non-current assets
Subsidiaries						
AJ Total Co., Ltd.	₩ 479,616	₩ 10,334	₩ 2,510	₩ 208,953	₩ -	₩ -
AJ Hanlock Co., Ltd.	547,130	-	-	-	-	-
AJ Retail Co., Ltd.	11,209	-	-	-	-	-
AJ Energy Co., Ltd.	600,299	935	-	-	-	-
AJ Rental Service Co., Ltd.	180,000	-	64,429,434	-	-	-
AJ JEONGUK SKY Co., Ltd.	1,371,327	22,895	4,162	-	-	-
AJ Maintenance Partners Co., Ltd.	464,568	9,333	874,559	-	-	-
AJ Daewon Co., Ltd.	490,747	-	1,835,748	14,619	-	-
ACE INDUSTRIAL TECH CO., LTD.	460	-	-	-	-	-
Ryu Ga-Hyoung Golf Academy Co., Ltd.	247,870	-	271,435	-	-	-
AJ Auto Parking Systems Co., Ltd.	387,809	406,135	-	-	-	-
AJ ICT Co., Ltd.	743,369	90,197	3,553,712	-	2,077,071	-
AJ Total Vietnam Co., Ltd.	16,418	372,957	-	-	-	-
AJ Total Hanoi Co., Ltd.	1,362	-	-	-	-	-
AJ RENTAL ARABIA	-	-	110,248	-	-	-
AJ Rental Co.,Ltd.	-	46,753	-	-	-	-
AJ Rental Inc.	30,095	-	206,233	105,010	-	-
AJ POLSKA Sp.z.o.o.	-	88,104	-	-	-	-
TS GLOBAL CO.	1,641	-	46,210	-	-	-
AJ Networks First Limited Company	-	-	-	1,129,020	-	-
Associates						
Modu Rental Co., Ltd.	2,362	-	-	-	-	-
Darae Parktech Co., Ltd.	17,891	-	-	-	-	-
Auto Gallery Holdings, Inc.	-	220,206	-	-	-	-
Junsymall.com co.,Ltd.	11,710,007	-	15,450	-	-	31,471
AJ Fleet Link Co., Ltd.	1,015	-	-	-	-	-
Others						
Songdo Trans Co., Ltd.	-	23,397	-	-	-	-
AJU CO., LTD.	117,993	-	-	295,200	-	-
	<u>₩ 17,423,188</u>	<u>₩ 1,291,246</u>	<u>₩ 71,349,701</u>	<u>₩ 1,752,802</u>	<u>₩ 2,077,071</u>	<u>₩ 31,471</u>

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

(in thousands of
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	2023					
	Receivables				Payables	
	Trade receivables	Non-trade receivables	Loans	Accrued income and others	Trade payables and others	Borrowings and others
Subsidiaries						
AJ Total Co., Ltd.	₩ 40,538	₩ 8,006,398	₩ -	₩ -	₩ 50	₩ -
AJ Retail Co., Ltd.	268	38	-	-	-	-
AJ Energy Co., Ltd.	76,484	6,461	-	-	-	-
AJ Rental Service Co., Ltd.	269,940	52,181	-	-	7,116,762	-
AJ JEONGUK SKY Co., Ltd.	173,778	1,387	-	-	24,539	-
AJ Maintenance Partners Co., Ltd.	76,423	10,497	-	-	96,390	2,414
AJ Daewon Co., Ltd.	72,707	9,552	-	-	171,713	-
ACE INDUSTRIAL TECH CO., LTD	2,032	220	-	-	-	-
Ryu Ga Hyoung Golf Academy Co., Ltd.	22,639	2,695	-	-	17,120	-
AJ ICT Co., Ltd.	123,564	25,405	-	-	86,873	10,345
AJ Total Vietnam Co., Ltd.	25,196	644,489	14,699,160	258,521	-	396,768
AJ Total Hanoi Co., Ltd.	2,450	-	-	-	-	-
AJ Rental Arabia, Ltd.	-	-	-	-	-	-
AJ Rental Co.,Ltd.	11,588	40,732	-	-	-	41,720
AJ Rental Inc.	36,412	-	-	-	-	-
AJ LogisValue Poland Sp. z.o.o.	20,249	-	5,101,205	3,214	-	-
AJ LogisValue Hungary Kft.	-	-	309,590	10,769	-	-
TS GLOBAL CO.	4,642	216	-	-	34,253	-
AJ Networks First Limited Company	-	-	-	-	-	-
AJ LogisValue USA Inc.	-	-	-	-	-	-
Associates						
MostX Co., Ltd.	409	-	-	-	-	-
Darae Parktech Co., Ltd.	1,535	-	-	-	-	-
Auto Gallery Holdings, Inc.	-	-	5,157,600	39,074	-	-
Junsymall.com co.,Ltd.	1,400,305	108,532	-	440,000	11,220	-
Others						
AJU CO., LTD.	495	-	-	-	-	-
	<u>₩ 2,361,654</u>	<u>₩ 8,908,803</u>	<u>₩ 25,267,555</u>	<u>₩ 751,578</u>	<u>₩ 7,558,920</u>	<u>₩ 451,247</u>

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	2022													
	Receivables						Payables							
	Trade receivables		Non-trade receivables		Loans	Prepayments	Accrued income and others	Trade payables and others		Borrowings and others				
Subsidiaries														
AJ Total Co., Ltd.	₩	50,254	₩	8,083	₩	-	₩	-	₩	-	₩	50	₩	-
AJ Hanlock Co., Ltd.		63,004		1,111		-		-		-		-		-
AJ Retail Co., Ltd.		973		79		-		-		-		-		-
AJ Energy Co., Ltd.		120,949		3,281		-		-		-		-		-
AJ Rental Service Co., Ltd.		225,600		15,805		-		-		-		6,423,646		-
AJ JEONGUK SKY Co., Ltd.		276,520		982		250,000		-		-		-		-
AJ Maintenance Partners Co., Ltd.		88,530		14,262		-		-		-		105,133		4,113
AJ Daewon Co., Ltd.		61,724		9,799		-		-		-		168,277		-
Ryu Ga Hyoung Golf Academy Co., Ltd.		20,710		2,242		-		-		-		-		-
AJ APS Co., Ltd ¹		70,291		98,977		19,200,000		-		-		-		24,736
AJ ICT Co., Ltd.		104,728		13,139		1,000,000		-		-		306,992		-
AJ Total Vietnam Co., Ltd.		10,867		672,105		5,702,850		-		22,280		37,461		539,852
AJ Total Hanoi Co., Ltd.		1,362		-		-		-		-		-		-
AJ Rental Co.,Ltd.		-		24,719		506,920		-		383		12,171		25,256
AJ Rental Inc.		30,095		1,681		-		-		-		102,517		8,871,100
AJ POLSKA Sp.z.o.o.		-		-		4,041,800		-		87,613		-		-
AJ Networks First Limited Company		-		-		-		3,430,210		150,000		-		14,853,376
TS GLOBAL CO.		1,805		-		-		-		-		194,304		-
Associates														
Modu Rental Co., Ltd.		205		-		-		-		-		-		-
Darae Parktech Co., Ltd.		3,762		-		-		-		-		-		-
Auto Gallery Holdings, Inc.		-		-		5,069,200		-		44,913		-		-
Junsymall.com co.,Ltd.		1,031,723		108,532		-		-		440,000		2,150		-
Others														
AJU CO., LTD.		9,527		-		-		-		-		265		40,000,000
	₩	<u>2,172,629</u>	₩	<u>974,797</u>	₩	<u>35,770,770</u>	₩	<u>3,430,210</u>	₩	<u>745,189</u>	₩	<u>7,352,966</u>	₩	<u>64,318,433</u>

¹ The Company recognized ₩ 8,870,509 thousand of impairment loss related to loans and converted loans amounting to ₩ 6,500,000 thousand into equity during the year ended December 31, 2022

AJ Networks Co., Ltd.
Notes to the separate financial statements
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Fund transactions with the related parties for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in thousands of Korean won and In USD, PLN, HUF)</i>	2023							
	Borrowing transactions		Loan transactions		Dividends			
	Borrowings	Repayments	Loans	Collections	Receipt			
Subsidiaries								
AJ JEONGUK SKY Co., Ltd.	-	-	-	250,000	-	-	-	-
AJ Maintenance Partners Co., Ltd.	-	-	900,000	900,000	-	-	-	-
AJ ICT Co., Ltd.	-	-	3,800,000	4,800,000	-	-	-	-
AJ Total Vietnam Co., Ltd.	USD	- USD	- USD	6,900,000	USD	- USD	- USD	-
AJ Rental Co., Ltd.	USD	- USD	- USD	-	USD	400,000	USD	-
AJ Rental Inc.	USD	USD	7,000,000	USD	- USD	-	USD	-
AJ LogisValue Poland Sp. z.o.o.	PLN	- PLN	- PLN	3,500,000	PLN	2,000,000	PLN	-
AJ LogisValue Hungary Kft.	HUF	- HUF	- HUF	83,000,000	HUF	-	HUF	-
AJ Networks First Limited Company ²	₩	₩	15,000,000	₩	-	₩	-	₩
APS Co., Ltd. ¹	-	-	-	3,600,000	-	22,800,000	-	-
Associates								
Tcha Partners Public Mobility No. 1 Private Equity Partnership	-	-	-	-	-	-	-	474,000
Others								
AJU CO., LTD.	15,000,000	55,000,000	-	-	-	-	-	-
	₩ 15,000,000	₩ 70,000,000	₩ 8,300,000	₩ 28,750,400	₩	474,000	₩	474,000
	USD	- USD	7,000,000	USD	6,900,000	USD	400,000	USD
	PLN	- PLN	-	PLN	3,500,000	PLN	2,000,000	PLN
	HUF	- HUF	-	HUF	83,000,000	HUF	-	HUF

¹ During the 2023, the transactions with APS Co., Ltd. are the ones before its disposal.

² During the 2023, the transactions with AJ Networks First Limited Company are the ones before its liquidation.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2023 and 2022

(in thousands of
Korean won)

	2022									
	Borrowing transactions				Loan transactions		Dividends			
	Borrowings		Repayments		Loans	Collections	Receipt			
Subsidiaries										
AJ Total Co., Ltd. ¹	₩	38,000,000	₩	38,000,000	₩	8,500,000	₩	8,500,000	₩	-
AJ JEONGUK SKY Co., Ltd.		-		-		500,000		750,000		-
AJ Maintenance Partners Co., Ltd.		-		-		4,680,000		4,980,000		-
APS Co., Ltd. ²		-		-		35,600,000		16,400,000		-
AJ ICT Co., Ltd.		-		-		20,500,000		19,500,000		-
AJ Total Vietnam Co., Ltd.	USD	-	USD	-	USD	4,500,000	USD	-	USD	-
AJ Rental Co., Ltd.	USD	-	USD	-	USD	800,000	USD	400,000	USD	-
AJ Rental Inc.	USD	7,000,000	USD	-	USD	-	USD	-	USD	-
AJ LogisValue Poland Sp.z.o.o.	PLN	-	PLN	-	PLN	14,000,000	PLN	-	PLN	-
AJ Networks First Limited Company	₩		₩	14,000,000	₩	-	₩	-	₩	-
AJ Daewon Co., Ltd.		2,000,000		2,000,000		-		-		-
Associates										-
Tcha Partners Public Mobility No. 1 Private Equity Partnership		-		-		-		-		474,000
Tcha Partners Public Mobility No. 2 Private Equity Partnership		-		-		-		-		474,000
Tcha Partners Public Mobility No. 3 Private Equity Partnership		-		-		-		-		594,000
Others										-
Songdo Trans Co., Ltd.		-		-		-		2,000,000		-
AJU CO., LTD. ³		40,000,000		-		-		-		-
	₩	80,000,000	₩	54,000,000	₩	69,780,000	₩	52,130,000	₩	1,542,000
	USD	7,000,000	USD	-	USD	5,300,000	USD	400,000	USD	-
	PLN	-	PLN	-	PLN	14,000,000	PLN	-	PLN	-

¹ The Company borrowed ₩ 30,000 million from AJ Total Co., Ltd. and the amount was offset with ₩ 30,000 million among the payments of capital reduction with consideration for the year ended December 31, 2022.

² Loans amounting to ₩ 6,500 million which were converted into equity for the year ended December 31, 2022, are included in collections.

³ The Company borrowed ₩ 40,000 million from AJU CO., LTD., and pledged all shares issued by AJ Rental Inc. as collateral for the loan with establishing AJU CO., LTD. as the first priority beneficiary.

Contribution and other transactions with the related parties for each of the two years in the period ended

AJ Networks Co., Ltd.
Notes to the separate financial statements
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December 31, 2023 are as follows:

<i>(in thousands of Korean won and In USD)</i>	2023			
	Contribution transactions			
	Contribution in cash and others		Collection	
Subsidiaries				
AJ Total Co., Ltd. ¹	₩	-	₩	8,000,540
Ryu Ga Hyoung Golf Academy Co., Ltd.	₩	300,000	PLN	-
APS Co., Ltd. ²	₩	23,500,000	₩	-
AJ LogisValue USA Inc.	USD	1,000,000	HUF	-
	₩	23,800,000	₩	8,000,540
	USD	1,000,000	PLN	-
	HUF	-	HUF	-

¹ In 2023, a total of KRW 800.1 million was recovered through the paid-in capital reduction of AJ Total Co., Ltd., and it remains in the current accounts receivable balance.

² In 2023, the transactions with APS Co., Ltd. are the ones before its disposal.

<i>(in thousands of Korean won and in PLN, HUF)</i>	2022			
	Contribution transactions		Equity securities	
	Contribution in cash and others	Collection	Acquisition	
Subsidiaries				
AJ Total Co., Ltd. ¹	₩	-	₩	30,040,980
AJ POLSKA SP.z.o.o.	PLN	3,450,000	PLN	-
AJ Auto Parking Systems Co., Ltd. ^{2,3}	₩	6,500,000	₩	64,515
TS GLOBAL CO.		-		3,422,485
AJ LogisValue Hungary Kft. ²	HUF	3,000,000	HUF	-
	₩	6,500,000	₩	30,040,980
	PLN	3,450,000	PLN	-
	HUF	3,000,000	HUF	-

¹ The Company collected a total of ₩ 30,040 million through the capital reduction consideration of AJ Total Co., Ltd. and offset ₩ 30,000 million of borrowings and ₩ 41 million of interest expense.

² The Company acquired all the residual equity interest, and converted short-term loans into equity for the year ended December 31, 2022.

³ The Company converted ₩ 6,500 million of its loans into equity for the year ended December 31, 2022.

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2023 and 2022

Details of payment guarantees, and collateral provided by the Company for the related parties as of December 31, 2023 and 2022 are as follows:

(in thousands of Korean won and in VND)

	2023				Guaranteed by
	Guaranteed amount		Executed amount		
AJ Rental Co., Ltd.	VND	49,500,000,000	VND	22,500,000,000	Kookmin Bank Hanoi
	VND	45,100,000,000	VND	4,100,000,000	Kookmin Bank Hanoi
	VND	46,000,000,000	VND	46,000,000,000	Vietnam Pham Hung Branch of Shinhan Bank
	VND	46,000,000,000	VND	46,000,000,000	Vietnam Pham Hung Branch of Shinhan Bank
AJ Total Vietnam Co., Ltd.	VND	90,000,000,000	VND	86,907,093,844	Hana Bank Ho Chi Minh
	VND	90,000,000,000	VND	86,907,093,844	Shinhan Bank Vietnam
	VND	90,000,000,000	VND	86,907,093,844	Daegu Bank Ho Chi Minh
	VND	40,000,000,000	VND	38,625,375,042	Woori Bank Vietnam
	VND	40,000,000,000	VND	38,625,375,042	Busan Bank Ho Chi Minh
	VND	206,475,104,909	VND	133,516,623,709	Hana Bank Ho Chi Minh
	VND	139,261,050,000	VND	90,052,818,808	Hana Bank Hanoi
AJ Maintenance Partners Co., Ltd.		600,000		291,667	Shinhan Bank
		550,000		500,000	Kookmin Bank
AJ ICT Co., Ltd.		4,800,000		4,000,000	Woori Bank
	₩	5,950,000	₩	4,791,667	
	VND	882,336,154,909	VND	680,141,474,136	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2023 and 2022

(in thousands of Korean
won and in VND)

	2022				Guaranteed by
	Guaranteed amount		Executed amount		
AJ Rental Co., Ltd.	VND	46,000,000,000	VND	46,000,000,000	Vietnam Pham Hung Branch of Shinhan Bank
	VND	67,100,000,000	VND	61,000,000,000	Kookmin Bank Hanoi
AJ Total Vietnam Co., Ltd.	VND	89,992,808,133	VND	89,992,808,133	Hana Bank Ho Chi Minh
	VND	89,992,808,130	VND	89,992,808,130	Shinhan Bank Vietnam
	VND	89,992,808,130	VND	89,992,808,130	Daegu Bank Ho Chi Minh
	VND	39,996,803,613	VND	39,996,803,613	Woori Bank Vietnam
	VND	39,996,803,613	VND	39,996,803,613	Busan Bank Ho Chi Minh
	VND	165,180,083,925	VND	165,180,083,925	Hana Bank Ho Chi Minh
AJ Auto Parking Systems Co., Ltd.	₩	1,000,000	₩	1,000,000	Hana Bank Hanoi
		9,000,000		9,000,000	Shinyoung Securities Co., Ltd
		443,050		378,675	KB Securities Co., Ltd
		45,441			Korea Export Insurance Corporation
		4,140,000		3,450,000	Hana Bank
		5,000,000		3,334,195	Korea Development Bank
		6,000,000		368,729	Korea Specialty Contractor Financial Cooperative
					Seoul Guarantee Insurance Co., Ltd.
AJ Maintenance Partners Co., Ltd.		600,000		500,000	Shinhan Bank
		550,000		500,000	Kookmin Bank
	₩	26,778,491	₩	18,531,599	
	VND	739,660,955,544	VND	733,560,955,544	

AJ Networks Co., Ltd.
Notes to the separate financial statements
December 31, 2023 and 2022

Details of the capital supplement agreement entered into by the Company for the related parties as of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	Guaranteed amount		Borrower	Type
	2023	2022		
AJ Networks First Limited Company	₩	- ₩ 15,000,000	AJ Networks Co., Ltd.	Capital supplement

Executive compensation of the Company for each of the following categories for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Short-term employee benefits	₩	1,253,905	₩	1,953,298
Post-employment benefits		300,131		506,248
Share-based payments		40,998		91,329
	₩	<u>1,595,034</u>	₩	<u>2,550,875</u>

37. Non-current Assets Held for Sale

The Company's management decided to sell the shares of AJ Auto Parking Systems Co., Ltd. as of December 31, 2022. According to this decision, the shares of AJ Auto Parking Systems Co., Ltd. were classified as non-current assets held for sale, but there is no book amount and no amount separately presented accordingly. In relation to the disposal of AJ Automated Parking Systems Co., Ltd., the loss of ₩ 23,499 million was recognized for the year ended December 31, 2022.

In 2023, the sale of APS Co., Ltd. was completed. In relation to the sale, ₩ 14,628 million was recognized in the reversal of financial guarantee expenses, ₩ 8870 million in reversal of other bad debt expenses, and ₩ 23,499 million in loss on disposal of non-current assets held for sale. There is no impact on pre-tax profit for the year ended December 31, 2023.

38. Events after the reporting period

The Company issued unsecured bonds amounting to ₩ 49 billion on February 7, 2024, to repay existing debts.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of AJ Networks Co., Ltd. (the "Company") and the separate financial statements of the Company for the year ended December 31, 2023 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of internal control over financial reporting (ICFR)

Independent auditor's report on internal control over financial reporting

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors

AJ Networks Co., Ltd.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of AJ Networks Co., Ltd. (the "Company") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2023.

In our opinion, the Company's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2023 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the separate statement of financial position as of December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information, of the Company, and our report dated March 20, 2023 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's report on the effectiveness of ICFR.

Those charged with governance are responsible for overseeing the Company's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). A company's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with KIFRS5, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the separate financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the separate financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Sang Il Bae.



Seoul, Korea
March 20, 2024

This audit report is effective as of March 20, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Management's report on the effectiveness of internal control over financial reporting

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors AJ Networks Co., Ltd.

We, as Chief Executive Officer ("CEO") and Officer for Internal Control over Financial Reporting ("ICFR") (hereinafter referred to as "we") of AJ Networks Co., Ltd. (the "Company"), assessed the effectiveness of the design and operation of the Company's ICFR for the year ended December 31, 2023.

The design and operation of ICFR is the responsibility of the Company's management, including Chief Executive Officer and Officer for ICFR.

We assessed whether the Company has effectively designed and is operating its ICFR to prevent and detect errors or frauds which may cause a misstatement of the separate financial statements to ensure preparation and disclosure of reliable financial information.

We used the Conceptual Framework for Design and Operation of ICFR as established by the Operating Committee of ICFR (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an assessment of ICFR based on the Management Guideline for Evaluation and Reporting of ICFR established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR has been designed and is operating effectively as of December 31, 2023, in all material respects, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We certify that this report does not contain or present any untrue statement of fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 7, 2024

Son Samdal,
Chief Executive Officer



Lee Yeh hyun,
Officer for ICFR

