

De Lage Landen Co., Ltd.
Financial Statements
December 31, 2020 and 2019

De Lage Landen Co., Ltd.
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December 31, 2020 and 2019

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Independent Auditor's Report
(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
De Lage Landen Co., Ltd.

Opinion

We have audited the accompanying financial statements of De Lage Landen Co., Ltd. (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of De Lage Landen Co., Ltd. as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the outbreak of COVID-19 in 2020 may have a negative impact on the Company's financial condition and results of operations.

Other Matter

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, financial performance and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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.

Samit PricewaterhouseCoopers

Seoul, Korea
March 23, 2021

This report is effective as of March 23, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

De Lage Landen Co., Ltd.
Statement of Financial Position
December 31, 2020 and 2019

<i>(in Korean won)</i>	Notes	2020	2019
Assets			
Cash and due from banks	3, 12		
Cash and cash equivalents		8,115,851,850	450,184,134
Loans	4, 6, 20		
Loan Receivables		63,175,324,940	81,294,074,330
Allowance for doubtful accounts		(1,191,532,040)	(1,570,928,386)
Lease assets	5, 6, 12		
Finance Lease Receivables		188,861,460,474	181,888,687,876
Allowance for doubtful accounts		(1,097,705,273)	(1,100,084,505)
Inventory		2,378,165,343	152,299,000
Property and equipment			
Leasehold improvement	8	175,920,000	175,920,000
Accumulated depreciation		(105,551,989)	(70,367,992)
Office equipment		258,109,743	196,636,808
Accumulated depreciation		(175,917,771)	(134,261,162)
Other assets			
Accrued income	20	306,667	4,164,840
Other receivables	20	541,838,310	171,454,312
Prepaid expenses		11,563,864	-
Advance payables		7,071,500	585,000
Deposits		218,717,680	228,285,680
Derivative financial asset	21	24,417,120	1,602,487,211
Deferred tax assets	11	194,881,164	141,407,922
Loans to employees	6	160,000,000	100,000,000
Allowance for doubtful debts		(800,000)	(500,000)
Total assets		261,552,121,582	263,530,045,068
Liabilities			
Borrowings			
Borrowings in Korean Won	9, 19	133,520,000,000	102,307,000,000
Borrowings in foreign currency	9, 11, 19	25,996,277,383	63,994,832,992
Other Liabilities			
Lease deposits	5, 9	26,638,288,324	26,738,759,887
Accrued expenses	9, 20	958,052,055	883,295,540
Other payables	9	2,678,025,697	1,670,071,962
Advance receipts		61,482,125	205,549,250
Withholdings		58,394,890	55,807,720
Value added tax withheld		20,618,667	55,517,431
Derivative financial liabilities	9, 21	1,616,721,897	982,584,459
Income taxes payable		713,200,443	297,050,188
Provisions		71,500,000	71,500,000
Total Liabilities		192,332,561,481	197,261,969,429
Equity			
Share capital	1, 13		
Ordinary shares		24,407,870,000	24,407,870,000
Share premium			
Paid-in capital in excess of par value		32,957,611,585	32,957,611,585
Retained earnings			
Unappropriated retained earnings	14	11,854,078,516	8,902,594,054
Total Equity		69,219,560,101	66,268,075,639
Total liability and equity		261,552,121,582	263,530,045,068

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

De Lage Landen Co., Ltd.
Statement of Profit or Loss
Years Ended December 31, 2020 and 2019

<i>(in Korean won)</i>	Notes	2020	2019
Operating Income			
Interest Income			
Loans	20	3,592,929,292	4,681,144,354
Finance lease		8,823,356,207	7,278,892,020
Due from banks		5,825,459	33,666,786
Operating Lease Income		-	400,565,271
Gain on foreign currency transaction/translation			
Gain on foreign currency transaction		61,587,750	99,721,417
Gain on foreign currency translation		1,670,778,198	145,095,814
Other Operating income			
Lease cancellation		220,447,821	183,118,617
Other lease		218,507,718	281,121,837
Other income	20	100,422,446	78,944,406
Reversal of allowance for bad debts		161,404,388	-
Gain on valuation of derivatives		-	2,293,366,017
Gain on derivatives transactions		1,536,482,683	2,468,844,703
		<u>16,391,741,962</u>	<u>17,944,481,242</u>
Operating expenses			
Interest expenses		3,173,568,197	4,422,388,855
Bad debt expenses		-	982,539,798
Loss on foreign currency transaction /translation			
Loss on foreign currency transaction		1,307,470,279	1,505,137,204
Loss on foreign currency translation	20	665,542,356	2,169,214,957
Selling and administrative expenses	16	6,241,071,265	6,713,125,653
Loss on valuation of derivatives		1,178,358,624	-
Loss on derivatives transactions	21	24,445,638	-
		<u>12,590,456,359</u>	<u>15,792,406,467</u>
Operating Profit		3,801,285,603	2,152,074,775
Non-operating income			
Miscellaneous income		3,484,113	2,254,676
Non-operating expense			
Other expense		11	12
Profit before income tax		<u>3,804,769,705</u>	<u>2,154,329,439</u>
Income tax expense	11	<u>853,285,243</u>	<u>524,003,918</u>
Profit for the year	18	<u>2,951,484,462</u>	<u>1,630,325,521</u>
Earnings per share			
Basic earnings per share	18	605	334

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

De Lage Landen Co., Ltd.
Statement of Change in Equity
Years Ended December 31, 2020 and 2019

<i>(in Korean won)</i>	Notes	Share capital	Share premium	Retained earnings	Total
Balance at January 1, 2019		24,407,870,000	32,957,611,585	7,272,268,533	64,637,750,118
Profit for the year		-	-	1,630,325,521	1,630,325,521
Balance at December 31, 2019		<u>24,407,870,000</u>	<u>32,957,611,585</u>	<u>8,902,594,054</u>	<u>66,268,075,639</u>
Balance at January 1, 2020		24,407,870,000	32,957,611,585	8,902,594,054	66,268,075,639
Profit for the year		-	-	2,951,484,462	2,951,484,462
Balance at December 31, 2020		<u>24,407,870,000</u>	<u>32,957,611,585</u>	<u>11,854,078,516</u>	<u>69,219,560,101</u>

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

De Lage Landen Co., Ltd.
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

<i>(in Korean won)</i>	Notes	2020	2019
Cash flows from operating activities			
Profit for the year		2,951,484,462	1,630,325,521
Adjustments to reconcile expense for the year			
to net cash provided by (used in) operating activities			
Depreciation		76,840,605	400,241,448
Bad debts expense		-	982,539,798
Loss on foreign currency transaction		1,293,324,463	1,475,345,554
Loss on foreign currency translation		133,252,835	2,169,214,957
Loss on disposal of property and equipment		-	45,477
Loss on valuation of derivatives		1,178,358,624	-
Loss on transaction of derivatives		24,445,638	-
Gain on foreign currency translation		(1,670,778,198)	(139,119,572)
Gain on valuation of derivatives		-	(2,293,366,017)
Gain on transaction of derivatives		(1,536,482,683)	-
Reversal of bad debt expenses		(161,404,388)	-
		<u>(662,443,104)</u>	<u>2,594,901,645</u>
Changes in operating assets and liabilities			
Increase (decrease) in loans		14,771,624,415	14,938,741,042
Increase (decrease) in factoring		3,206,078,491	(4,879,042,363)
Increase (decrease) in finance lease receivables		(7,185,050,139)	(33,785,687,446)
Increase (decrease) in inventory		(2,225,866,343)	1,696,255,258
Increase (decrease) in accrued income		3,858,173	2,770,614
Increase (decrease) in other receivables		(370,383,998)	(147,323,003)
Increase (decrease) in prepaid expenses		(11,563,864)	22,563,678
Increase (decrease) in advance payment		(6,486,500)	33,408,147
Increase (decrease) in operating assets		-	244,598,429
Increase (decrease) in deferred tax assets		(53,473,242)	47,291,975
Increase (decrease) in deposit		9,568,000	49,880
Increase (decrease) in withholdings		2,587,170	11,621,200
Increase (decrease) in account payables		1,007,953,735	1,194,609,273
Increase (decrease) in income tax payables		416,150,255	11,372,853
Increase (decrease) in accrued expenses		74,756,515	40,435,459
Increase (decrease) in advance receipts		(144,067,125)	204,945,545
Increase (decrease) in value added tax withheld		(34,898,764)	2,351,371
Increase (decrease) in lease deposit		(18,073,961)	2,990,561,680
Increase (decrease) in withheld deposit		-	(27,455,000)
Net cash inflow (outflow) from operating activities		<u>9,442,712,818</u>	<u>(17,397,931,408)</u>
		<u>11,731,754,176</u>	<u>(13,172,704,242)</u>

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

De Lage Landen Co., Ltd.
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

<i>(in Korean won)</i>	Notes	2020	2019
Cash flows from investing activities			
Increase in derivative financial assets		43,679,141,509	1,594,536,715
Decrease in derivative financial assets		(41,133,255,560)	-
Payments (receipts) for operating lease assets		-	-
Payments for office equipment		(61,472,935)	(25,708,071)
Increase in derivative financial liability		-	(2,209,020,632)
Increase in employee loans		(60,000,000)	(100,000,000)
Net cash inflow from investing activities		<u>2,424,413,014</u>	<u>(740,191,988)</u>
Cash flows from financing activities			
Issurance of borrowings in Korean won		67,129,704,578	82,817,000,000
Issurance of borrowings in foreign currency		-	4,545,839,957
Payment of borrowings in Korean won		(35,916,704,578)	(18,645,000,000)
Payment of borrowings in foreign currency		(37,703,499,474)	(54,518,074,807)
Net cash inflow(outflow) from financing activities		<u>(6,490,499,474)</u>	<u>14,199,765,150</u>
Effects of exchange rate changes on cash and cash equivalents		-	-
Net increase(decrease) in cash and cash equivalents		7,665,667,716	286,868,920
Cash and cash equivalents at the beginning of the year		<u>450,184,134</u>	<u>163,315,214</u>
Cash and cash equivalents at the end of the year		<u>8,115,851,850</u>	<u>450,184,134</u>

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

De Lage Landen Co., Ltd.

Notes to the Financial Statements

December 31, 2020 and 2019

1. General information

De Lage Landen Co., Ltd. (the "Company") was incorporated on September 23, 2004, registered as a loan lender in Seoul. The initial share capital amounted to ₩50,000 thousand and increased to ₩24,407,870 thousand through several times of share issuance. On April 2006, the Company became more specialized in asset-based financing solutions, including lease venture and installment financing, and registered on Financial Supervisory Service. The Company was qualified for the institution with foreign exchange from the Ministry of Strategy and Finance in November 2006. DLL International B.V. owns 100% of shares of the Company, and DLL International B.V. is a wholly owned subsidiary of Cooperatieve Rabobank U.A..

2. Significant Accounting Policies

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

2.1 Basis of preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul). The financial statements of the Company for the annual period beginning on January 1, 2011, have been prepared in accordance with Korean Accounting Standards for Non-Public Entities (KAS-NPEs), which apply to those companies which are subject to the Act on External Audit of Stock Companies but do not prepare their financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020.

- KAS-NPEs No. 16 Revenue

In accordance with the amendment to KAS-NPEs No. 16 *Revenue*, the amount a company receives for any goods or services provided by the company would not be deducted from the revenue but to be treated as a separate transaction. There is no significant impact of this amendment on financial statement.

- KAS-NPEs No. 18 Borrowing cost

In accordance with the amendment to KAS-NPEs No. 18 *Borrowing Cost*, the specific borrowings were limited to fundings prior to the end of the capitalization of borrowing costs of related eligible assets, and clarifies that the corresponding specific borrowing would be included in the general

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borrowings. There is no significant impact of this revision on financial statements.

(b) New and amended standards are not applied by the Company

Annual improvements to general corporate accounting standards will be applied from the fiscal year beginning on or after January 1, 2021, and early application is permitted. The Company expects that the amendment will not have a significant on its financial statements.

- KAS-NPEs No. 25 Disclosure of Special Relations (Clarity on Disclosure Regulations of Major Management Compensation)

- KAS-NPEs No. 29 Interim Financial Statements (Clarify on Interim Financial Reporting Comparison Exemptions)

- KAS-NPEs No. 31 SMEs Accounting Special (Clarify on Special Accounting for Associates, Joint-Owned Enterprises, and Marketable Equity Securities)

2.3 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Korean won, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and translations

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 recognized as other comprehensive income equity if they relate to qualifying cash flow hedges and available-for-sale debt securities denominated foreign currencies.

When recognizing the asset, expense or revenue (or part of it) on derecognition of a non-monetary asset or non-monetary liability received or paid in foreign currency in advance, the entity applies the exchange rate of the date on which the non-monetary asset or non-monetary liability is recognized, which is the date of the transaction.

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 classified as available-for-sale financial assets are recognized in other comprehensive income.

2.4 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash without significant transaction costs which are subject to an insignificant risk of changes in value.

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2.5 Finance Leases

The Company accounts for lease transactions as finance lease for leases that transfer substantially all of the risks and benefits of ownership of the lease asset to the lessee. The Company recognizes the amount equivalent to the net investment in the lease asset as finance lease receivable. The lease payments received are allocated between collection of finance lease receivable and interest income. Interest income is calculated for net finance lease receivable based on effective interest rate.

2.6 Operating Lease

The Company accounts for operating leases as leases that do not transfer substantially all of the risks and benefits of ownership of the lease asset to the lessee. The lease assets are recognized as tangible or intangible assets depending on the nature of the lease assets. The annual minimum lease payments received, less guaranteed residual value, are recognized as revenue over the lease term. Initial direct costs incurred by lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. The depreciation policy for depreciable leased assets is consistent with the lessor's normal depreciation policy for similar assets (Note 8).

2.7 Lease preliminary assets

The Company recognized expenditure arising from lease agreements that have been entered into but are not commenced at the end of the reporting period as right of use assets.

2.8 Allowance for Doubtful Accounts

The Company calculates the estimated loan loss as a loan loss allowance for loan receivables subject to the provision setting at the settlement date, considering individual analysis of recoverability and the expected loan loss based on past loan loss experience rates, and the loan loss allowance reserve ratio based on the Credit Specialized Financial Supervision regulation for loans and the asset soundness classification under this enforcement tax policy.

2.9 Derivatives

All derivative instruments are accounted for at their fair value according to the rights and obligations associated with the related derivative contracts. Changes in fair value of derivative instruments are recognized either under the statement of profit or loss or equity, depending on whether the derivative instruments qualify as a cash flow hedge. For hedging purpose, changes in the fair value of derivatives that hedge a particular risk associated with the fair value of recognized assets or liabilities or a firm commitment are recognized in profit or loss, and changes in the fair value of derivatives that hedge cash flow risk on forecast transaction are recognized in other comprehensive income.

2.10 Property and Equipment

Property and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use.

Property and equipment are stated at acquisition cost, less accumulated depreciation and impairment. Depreciation is calculated over estimated useful lives and depreciation method as follows:

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	Estimated useful life	Depreciation method
Leasehold improvements	5 years	Straight-line method
Office equipment	4 years	Straight-line method
Operating lease asset	3.5 years	Straight-line method

Expenditures incurred after the acquisition or completion of assets are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company, which includes any increase in productivity, extension of the useful life of the related assets, significant reduction of cost or enhancement of the value of the related assets over their recently appraised value and the fair value for the related cost can be reliably measured. All other routine maintenance and repairs are charged to expense as incurred.

2.11 Intangible Assets

Intangible assets are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. Intangible assets are stated at cost less accumulated amortization and impairment. Amortization is calculated over estimated useful lives and depreciation method as follows:

	Estimated useful life	Depreciation method
Computer software	4 years	Straight-line method

2.12 Provisions and Contingent Liabilities

Provisions are recognized when it is probable that an outflow of resources will occur due to a present obligation resulting from a past event or transaction, and the amount can be reliably estimated. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

If the difference between the nominal amount of the provision and the present value is material, the current value of the expected expenditure for performing the obligation is assessed.

2.13 Income Tax and Deferred Income Tax

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred income tax assets or liabilities. Deferred income tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred income tax assets are recognized for temporary differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred income tax effects applicable to items in the equity are directly reflected in the equity.

2.14 Employee Benefits

(a) Provision for severance benefits

The Company has a defined contribution plan with the related contribution to the pension plan recorded as severance benefit expense.

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(b) Annual paid leave obligations

The Company recognizes expenses and liabilities related to annual paid leave during an accounting period when an employee has rendered service that gives rise to employee's

entitlement to future annual paid leave. The Company recognizes expenses and liabilities for the entire annual paid leave resulting from the rendered service as the Company compensates for unused annual leave.

2.15 Revenue Recognition

(a) Interest revenues on loans

The Company recognizes the interest revenues on loans on an accrual basis. However, regarding loans of which the principal or interest is overdue as at year end, interest revenues are recognized on a cash basis without recognizing the unearned interest income.

(b) Revenues on finance lease

The Company recognizes interest revenues on finance lease according to the effective annual rate method over the lease period. The unearned interest is the difference between the finance lease receivable and total minimum lease payment.

(c) Revenues on operating lease

The annual minimum lease payments received, less guaranteed residual value, are recognized in equivalent amount as revenue throughout the lease term.

(d) Deferred interest income (expenses)

If the future economic benefits of the deferred interest income (expenses) related to the loan receivables meet the requirements of identifying and responding to transactions, the Company shall defer the interest income (expenses) to account for the loan receivable as an assumed account, and shall be amortised or reversed in accordance with the effective interest on the loan.

2.16 Measurement of Financial Assets and Financial Liabilities

(a) Initial measurement

Financial assets and financial liabilities are measured at the fair value at the initial recognition. Generally, the transaction price (that is, the fair value of the consideration paid for financial assets and received for financial liabilities) is treated as fair value. In addition, if there is any significant difference between the fair value and the nominal amount of receivable and payable from long-term lending and borrowing transactions or sales transactions with long-term deferred payment conditions, total amount of receivable and payable is carried at fair value.

If the consideration paid (or received) includes any amount other than the fair value, the fair value of the financial instrument is carried at the market price. When market price is not available, the fair value is estimated using valuation techniques (including present value based techniques). However, although the consideration consists of the amount other than the fair value, the whole amount is initially recognized if a benefit in return from using the funds is imposed or there is a certain relationship between raising and using the funds. Also for lease deposits, the whole transaction price is recognized at the initial recognition. Trading securities and derivatives (except for derivatives designated as hedging instruments in cash flow hedges) are subsequently measured at fair value after initial recognition, and changes in fair value are recognized in profit and loss. In case of other financial assets and liabilities, any transaction costs related to acquisition of financial

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assets or issuance of financial liabilities are added to or deducted from initially recognized fair value.

When measuring the present value of financial instruments, the Company uses the internal interest rate of transactions that occurred in the current period. If the internal interest rate is not available or

the difference from the market interest rate is significant, the market interest rate is applied. If the market interest rate cannot be calculated, then the weighted average interest rate which is calculated by reasonable and objective standards is used. If reasonable and objective standards are unavailable, the Company applies the financing costs which are reasonably estimated using the distribution rate of corporate bonds, reflecting the Company's credit rating.

(b) Subsequent measurement

Financial assets and financial liabilities, other than derivatives (Note 2.8), are measured at amortized cost using the effective interest method.

2.17 Approval of Financial Statements

The Company's financial statements were effectively finalized by the Board of Directors on March 19, 2021 and may be amended and approved at the General Meeting of Shareholders.

2.18 COVID-19 Virus Impact

The spread of COVID-19 in 2020 is having a significant impact on the global economy it may decrease or delay revenue and negative impact the collection of outstanding receivables, which may also negatively impact the company's financial position and financial performance.

Significant accounting estimates and assumptions used in the preparation of financial statements may be adjusted in accordance with changes in uncertainty due to COVID-19, and the ultimate impact on the company's business, financial position and performance is currently unpredictable.

3. Cash and cash equivalent

(a) Details of loans as at December 31, 2020 and 2019 are as follows:

Type	Financial Institutions	2020	2019
KRW account	KEB Hana bank	2,560,000	-
	JPMorgan Chase Bank	1,821,471,950	388,369,963
USD account	KEB Hana bank	6,291,819,900	61,814,171
		8,115,851,850	450,184,134

(b) There are no deposits limited to use as at December 31, 2020 and 2019.

4. Loans and Receivables

Details of loans as at December 31, 2020 and 2019 are as follows:

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December 31, 2020					
(in Korean won)	Receivables	Allowance for doubtful account	Unearned Income	Unearned Expense	Loans (net)
General Loans	38,188,675,908	(1,050,052,328)	(3,381,778,882)	72,485,046	33,829,329,744
Factoring Recivables	30,234,640,164	(138,479,712)	(2,544,622,258)	5,924,962	27,557,463,156
Intercomany Loans	600,000,000	(3,000,000)	-	-	597,000,000
	69,023,316,072	(1,191,532,040)	(5,926,401,140)	78,410,008	61,983,792,900

December 31, 2019					
(in Korean won)	Receivables	Allowance for doubtful account	Unearned Income	Unearned Expense	Loans (net)
General Loans	52,545,042,013	(1,403,843,279)	(4,875,701,176)	207,712,134	46,473,209,692
Factoring Recivables	33,671,796,265	(154,510,107)	(2,775,645,162)	5,870,256	30,747,511,252
Intercomany Loans	2,515,000,000	(12,575,000)	-	-	2,502,425,000
	88,731,838,278	(1,570,928,386)	(7,651,346,338)	213,582,390	79,723,145,944

5. Finance Leases

(a) Details of finance lease receivables as at December 31, 2020 and 2019 are as follows:

December 31, 2020			
(in Korean won)	Finance leases	Allowance for doubtful account	Finance leases (net)
Finance Leases	188,861,460,474	(1,097,705,273)	187,763,755,201
	188,861,460,474	(1,097,705,273)	187,763,755,201

December 31, 2019			
(in Korean won)	Finance leases	Allowance for doubtful account	Finance leases (net)
Finance Leases	181,888,687,876	(1,100,084,505)	180,788,603,371
	181,888,687,876	(1,100,084,505)	180,788,603,371

(b) Total and net investment in the leases and unrealized interest income as at December 31, 2020 and 2019 are as follows:

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December 31, 2020			
(in Korean won)	Minimum lease payment	Total lease investment	Net lease investment
Within one year	75,442,255,975	68,215,277,801	7,226,978,174
1-5 years	124,506,232,620	115,560,460,560	8,945,772,060
Later than 5 years	5,367,351,200	5,085,722,113	281,629,087
	205,315,839,795	188,861,460,474	16,454,379,321

December 31, 2019			
(in Korean won)	Minimum lease payment	Total lease investment	Net lease investment
Within one year	71,905,996,947	65,920,833,430	5,985,163,517
1-5 years	119,196,027,482	112,916,942,052	6,279,085,430
Later than 5 years	3,191,856,900	3,050,912,394	140,944,506
	194,293,881,329	181,888,687,876	12,405,193,453

As of the end of the current and prior term, there is no unwarranted residual value included in the finance lease receivables.

- (c) Lease security deposit is a deposit that is received from the lessee upon the conclusion of the lease agreement and is exalted until the terms of the lease agreement are fulfilled. As of the end of the current term, the Company accounts for a lease deposit of ₩26,638,288,324 as at December 31, 2020 (2019: ₩26,738,759,887).

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6. Allowance for Credit Loss

(a) Balances of the lease receivables and relevant allowances as at December 31, 2020 and 2019 are as follows:

	December 31, 2020						
	Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total	Provisions
General Loans	31,516,311,327	1,049,134,845	1,902,842,186	315,443,823	95,649,891	34,879,382,072	1,050,052,328
Factoring Receivables	27,695,942,868	-	-	-	-	27,695,942,868	138,479,712
Lease receivables	186,714,930,332	1,653,085,021	493,445,121	-	-	188,861,460,474	1,097,705,273
Intercompany Loans	600,000,000	-	-	-	-	600,000,000	3,000,000
Loans to employees	160,000,000	-	-	-	-	160,000,000	800,000
	246,687,184,527	2,702,219,866	2,396,287,307	315,443,823	95,649,891	252,196,785,414	2,290,037,313

	December 31, 2019						
	Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total	Provisions
General Loans	31,375,388,098	12,918,049,797	2,924,801,275	658,813,801	-	47,877,052,971	1,403,843,279
Factoring Receivables	30,902,021,359	-	-	-	-	30,902,021,359	154,510,107
Lease receivables	180,562,526,472	690,421,954	556,714,744	-	79,024,706	181,888,687,876	1,100,084,505
Intercompany Loans	2,515,000,000	-	-	-	-	2,515,000,000	12,575,000
Loans to employees	100,000,000	-	-	-	-	100,000,000	500,000
	245,454,935,929	13,608,471,751	3,481,516,019	658,813,801	79,024,706	263,282,762,206	2,671,512,891

(b) Changes in credit loss in 2020 and 2019 are as below.

	2020	2019
Beginning	2,671,512,891	1,989,231,987
Addition (Reverse)	(161,404,388)	982,539,798
Write off	(220,071,190)	(300,258,894)
Ending	2,290,037,313	2,671,512,891

(c) Coverage ratios for the latest three years are as below.

	2020	2019	2018
Receivables	252,196,785,414	263,282,762,206	239,617,912,761
Allowance	2,290,037,313	2,671,512,891	1,989,231,987
Ratio(%)	0.91	1.01	0.83

7. Operating Lease Asset

At the end of the year, all of the company's operating lease asset(machinery equipment) were disposed of after complete depreciation and classified as tangible assets (Notes 8)

8. Property and Equipment

Changes in property and equipment for the years ended December 31, 2020 and 2019 are as follows:

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2020	Leasehold improvement	Office equipment	Operating lease asset	Total
Beginning balance	105,552,008	62,375,646	-	167,927,654
Acquisition	-	61,472,935	-	61,472,935
Disposal	-	-	-	-
Depreciation	(35,183,997)	(41,656,610)	-	(76,840,607)
Ending balance	70,368,011	82,191,972	-	152,559,983
Acquisition cost	175,920,000	258,109,743	-	434,029,743
Accumulated depreciation	(105,551,989)	(175,917,771)	-	(281,469,760)

2019	Leasehold improvement	Office equipment	Operating lease asset	Total
Beginning balance	140,736,004	71,844,064	574,479,392	787,059,460
Acquisition	-	25,708,071	-	25,708,071
Disposal	-	-	(244,598,432)	(244,598,432)
Depreciation	(35,183,996)	(35,176,492)	(329,880,960)	(400,241,448)
Ending balance	105,552,008	62,375,643	-	167,927,651
Acquisition cost	175,920,000	196,636,808	-	372,556,808
Accumulated depreciation	(70,367,992)	(134,261,162)	-	(204,629,154)

Leasehold improvement and office equipment are insured against fire and other casualty losses for up to ₩404,989,700 as at December 31, 2020 (2019: ₩404,989,700).

9. Borrowings

(a) Borrowings as at December 31, 2020 and 2019 are as follows:

(in Korean won and US dollar)	Company	Interest rate as at December 31, 2020	2020	2019	Payment schedule
Borrowings in Korean won	DLL Ireland DAC	0.69~2.66	133,520,000,000	102,307,000,000	Redemption by installment
Borrowings in Korean won	KEB Hana Bank	-	-	-	Lump sum payment in maturity
Borrowings in foreign currency	DLL Ireland DAC	LIBOR + 0.63~3.34	25,996,277,383 (USD 23,912,397)	63,994,832,992 (USD 55,475,397)	Redemption by installment

(b) Liquidity risk

The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's treasury department invests surplus cash in interest-bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the end of the reporting period, the Company held ₩8,115,851,850 (2019: ₩450,184,134) in short-term cash deposits that are expected to readily generate cash

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inflows for managing liquidity risk.

Details of the Company's maturity analysis as at December 31, 2020 and 2019 are as follows:

(in Korean won)	2020				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Borrowings in Korean won	8,213,677,934	30,104,932,369	44,149,088,315	55,282,893,192	137,750,591,810
Borrowings in foreign currency	11,340,097,740	14,144,861,881	736,808,045	-	26,221,767,666
Derivative liability (Cash inflow)	5,104,613,682	13,733,248,538	736,808,045	-	19,574,670,265
Derivative liability (Cash outflow)	(5,513,365,823)	(14,902,185,746)	(766,214,987)	-	(21,181,766,556)
Other payable	2,676,967,177	-	-	-	2,676,967,177
Accrued expense	123,567,937	767,642,513	-	-	891,210,450
Lease deposit	1,558,318,493	4,815,182,764	8,531,445,385	11,733,341,682	26,638,288,324

(in Korean won)	2019				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Borrowings in Korean won	5,955,976,073	17,902,431,900	26,271,109,186	56,463,084,261	106,592,601,420
Borrowings in foreign currency	7,093,536,355	36,888,282,463	20,965,578,826	785,152,749	65,732,550,393
Derivative liability (Cash inflow)	6,745,819,576	35,833,815,267	20,178,924,600	785,152,749	63,543,712,192
Derivative liability (Cash outflow)	(6,692,350,997)	(34,440,883,662)	(20,415,551,569)	(766,214,987)	(62,315,001,215)
Other payable	1,649,531,962	-	-	-	1,649,531,962
Accrued expense	100,242,126	723,552,766	-	-	823,794,892
Lease deposit	495,173,000	3,956,952,058	6,792,484,152	15,494,150,677	26,738,759,887

The above maturity analysis was classified by maturity according to the remaining period from the reporting period end date to the contract expiration date. The cash flows included in the classification by maturity based on the remaining period of the contract maturity date are amounts that do not offer a present value discount, including interest.

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10. Other Liabilities

(a) Other liabilities as at December 31, 2020 and 2019 are as follows:

(in Korean won)	2020	2019
Other liability		
Lease deposit	26,638,288,324	26,738,759,887
Accrued expense	891,210,450	823,794,892
Other payable	2,676,967,177	1,649,531,962
Derivative liability	1,616,721,897	982,584,459
Sub total	31,823,187,848	30,194,671,200
Other non-financial		
Accrued expense	66,841,605	59,500,648
Other payable	1,058,520	20,540,000
Advance receipts	61,482,125	205,549,250
Withholdings	58,394,890	55,807,720
Value added tax	20,618,667	55,517,431
Income taxes	713,200,443	297,050,188
Provisions	71,500,000	71,500,000
Sub total	993,096,250	765,465,237
Total	32,816,284,098	30,960,136,437

11. Income Taxes

(a) Income tax expense for the years ended December 31, 2020 and 2019 consists of:

(in Korean won)	2020	2019
Current income taxes	906,777,143	474,988,788
Additional payment of current income taxes	(18,658)	1,723,155
Deferred income tax due to temporary difference	(53,473,242)	47,291,975
Income tax expenses	853,285,243	524,003,918

(b) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2020 and 2019 is as follows:

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(in Korean won)	2020	2019
Profit before income tax	3,804,769,705	2,154,329,439
Income tax based on statutory tax rate	815,049,335	451,952,477
Add (deduct) :		
Non-deductible expenses	10,854,113	24,199,024
Additional payment of prior years income taxes	-18,658	1,723,155
Non-circulated corporate income	24,504,522	49,101,399
Others (difference of tax rate etc.)	2,895,931	(2,972,136)
Income tax expense	853,285,243	524,003,918
Effective tax rate(*)	22.43%	24.32%

(c) Changes in the temporary differences and related deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 are as follows:

(in Korean won)	2020					
	Temporary differences				Deferred tax assets (liabilities)	
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Ending balance
Accrued expense	806,037,049	836,550,699	734,537,049	908,050,699	169,096,905	190,498,145
Loss on valuation of derivatives	982,584,459	1,616,721,897	982,584,459	1,616,721,897	206,134,434	339,168,861
Gain on valuation of derivatives	(1,602,487,211)	1,602,487,211	24,417,120	(24,417,120)	(336,182,596)	(5,122,419)
Cross currency swap	813,110,482	(1,464,432,273)	813,110,482	(1,464,432,273)	170,580,826	(307,220,326)
Deferred lease revenues	(70,043,222)	70,043,222	64,314,398	(64,314,398)	(14,694,228)	(13,492,389)
FX revaluation	(225,325,048)	225,325,048	14,865,486	(14,865,486)	(47,270,492)	(3,118,601)
Leashold improvement	(42,900,000)	42,900,000	28,600,000	(28,600,000)	(8,999,905)	(5,999,937)
Bad debt expense	13,075,000	800,000	13,075,000	800,000	2,742,978	167,830
	674,051,509	2,930,395,804	2,675,503,994	928,943,319	141,407,922	194,881,164

(in Korean won)	2019					
	Temporary differences				Deferred tax assets (liabilities)	
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Ending balance
Accrued expense	719,845,770	806,037,049	719,845,770	806,037,049	149,694,457	169,096,905
Loss on valuation of derivatives	3,191,605,091	982,584,459	3,191,605,091	982,584,459	663,705,492	206,134,434
Gain on valuation of derivatives	(903,657,909)	903,657,909	1,602,487,211	(1,602,487,211)	(187,918,837)	(336,182,596)
Cross currency swap	(1,711,550,622)	2,524,661,104	-	813,110,482	(355,922,965)	170,580,826
Deferred lease revenues	(80,249,238)	80,249,238	70,043,222	(70,043,222)	(16,688,111)	(14,694,228)
FX revaluation	(251,379,246)	251,379,246	225,325,048	(225,325,048)	(52,275,197)	(47,270,492)
Leashold improvement	(57,200,000)	57,200,000	42,900,000	(42,900,000)	(11,894,941)	(8,999,905)
Bad debt expense	-	13,075,000	-	13,075,000	-	2,742,978
	907,413,846	5,618,844,005	5,852,206,342	674,051,509	188,699,897	141,407,922

(d) The gross balances of deferred tax assets and liabilities as at December 31, 2020 and 2019 are as follows:

(in Korean won)	2020	2019
Deferred tax asset	529,834,836	548,555,143
Deferred tax liabilities	(334,953,672)	(407,147,221)
	194,881,164	141,407,922

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12. Monetary Assets and Liabilities Denominated in Foreign Currency

Monetary assets and liabilities denominated in foreign currencies as at December 31, 2020 and 2019 are as follows:

(in Korean won, US dollar)	2020				2019			
	Currency	Foreign currency	FX rate	KRW equivalents	Currency	Foreign currency	FX rate	KRW equivalents
Assets in foreign currency								
Cash and cash equivalents	USD	5,787,463	1,087.15	6,291,819,900	USD	53,585	1,153.57	61,814,171
Finance lease receivables	USD	2,006,065	1,087.15	2,180,886,433	USD	3,650,773	1,153.57	4,211,427,427
Total assets in foreign currency	USD	7,793,528	1,087.15	8,472,706,333	USD	3,704,358	1,153.57	4,273,241,598
Liabilities in foreign currency								
Borrowings in foreign currency	USD	23,912,397	1,087.15	25,996,277,384	USD	55,475,397	1,153.57	63,994,832,993
Lease security deposits	USD	1,240,461	1,087.15	1,348,562,766	USD	1,449,098	1,153.57	1,671,638,051
Accrued expenses	USD	56,627	1,087.15	61,561,646	USD	66,196	1,153.57	76,362,368
Total liabilities in foreign currency	USD	25,209,485	1,087.15	27,406,401,795	USD	56,990,691.48	1,153.57	65,742,833,410

13. Share Capital

The Company is authorized to issue 40,000 thousand shares with a par value of ₩5,000. As at December 31, 2020, the Company has issued 4,882 thousand shares (2019: 4,882 thousand shares) of ordinary shares.

14. Retained Earnings

The appropriation of retained earnings for the year ended December 31, 2020 is expected to be appropriated at the shareholders' meeting on March 31, 2021. The appropriation date for the year ended December 31, 2019 was March 31, 2020.

Details of retained earnings as at December 31, 2020 and 2019 are as follows:

(in Korean won)	2020	2019
Unappropriated retained earnings carried over from prior year	8,902,594,054	7,272,268,533
Profit for the period	2,951,484,462	1,630,325,521
Retained earnings available for appropriation	11,854,078,516	8,902,594,054

15. Severance Wage

In 2020, the Company recognized ₩236,530,546 (2019 : ₩204,514,295) as severance benefits expenses under the defined contribution pension plan.

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16. Selling and Administrative Expenses

(in Korean won)	2020	2019
Salaries and wages	2,572,803,151	2,435,051,161
Post-employment benefits	236,530,546	204,514,295
Employee benefits	351,061,786	378,589,677
Rent expenses	167,868,223	164,641,972
Insurance premium	50,161,665	37,038,571
Travel expenses	62,693,650	103,852,030
Vehicles maintenance expenses	115,044,589	130,013,859
Entertainment expenses	96,527,350	89,885,665
Depreciation	76,840,607	400,241,448
Supplies expenses	74,958,913	84,418,074
Communication expenses	52,882,417	40,510,463
Service fees	1,911,041,201	2,135,935,233
Taxes and dues	425,657,627	436,356,728
Repairs and maintenance expenses	-	19,250,000
Advertising expenses	46,999,540	52,781,000
Amortization	-	45,477
	<u>6,241,071,265</u>	<u>6,713,125,653</u>

17. Value Added Information

(in Korean won)	2020	2019
Salaries and wages	2,572,803,151	2,435,051,161
Post-employment benefits	236,530,546	204,514,295
Employee benefits	351,061,786	378,589,677
Rent expenses	167,868,223	164,641,972
Depreciation	76,840,607	400,241,448
Taxes and dues	425,657,627	436,356,728
	<u>3,830,761,940</u>	<u>4,019,395,281</u>

18. Earnings per Share

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(in Korean won)	2020	2019
I . Profit for the year	2,951,484,462	1,630,325,521
II . Weighted average number of ordinary shares outstanding	4,881,574	4,881,574
III . Basic earnings per share(I ÷ II)	605	334

19. Significant Transactions Not Affecting Cash Flows

Significant transactions not affecting cash flows for the years ended December 31, 2020 and 2019 are as follows:

(in Korean won)	2020	2019
Loan receivables written-off	141,046,484	31,447,190
Finance lease receivables written-off	79,024,706	268,811,704

20. Related Party Transactions

DLL International B.V. is a wholly owned subsidiary of Cooperatieve Rabobank U.A., the ultimate parent company is Cooperatieve Rabobank U.A

(a) Details of ultimate parents company and associated companies are as below

Ultimated parent company	Cooperatieve Rabobank U.A.
Parent company	DLL International B.V.
Other related parties	Associate companies of Cooperatieve Rabobank U.A.

(b) Details of associates and other related parties that have sales and other transactions with the Company or have receivables and payables balances as at December 31, 2020 and 2019 are as follows:

(in Korean won)	2020	2019
Parent company	DLL International B.V.	DLL International B.V.
	DLL Ireland DAC	DLL Ireland DAC
Other related parties	De Lage Landen Pte. Limited	De Lage Landen Pte. Limited
	De Lage Landen Finance LLC	De Lage Landen Finance LLC

(c) Sales and purchases with related parties for the years ended December 31, 2020 and 2019 are as follows:

(in Korean won)	Company	2020			
		Interst Income	Other operating income	Fees expenses	Interest expenses
Parent company	DLL International B.V.	-	-	1,287,244,971	-
	DLL Ireland DAC	-	-	-	3,156,820,669
Other related parties	De Lage Landen Pte. Limited	-	-	398,011,362	-
	De Lage Landen Finance LLC	54,635,980	100,422,446	-	-
		54,635,980	100,422,446	1,685,256,333	3,156,820,669

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		2019			
(in Korean won)	Company	Interest Income	Other operating income	Fees expenses	Interest expenses
Parent company	DLL International B.V.	-	-	1,293,969,869	-
	DLL Ireland DAC	-	-	-	4,389,827,511
Other related parties	De Lage Landen Pte. Limited	-	-	433,116,964	-
	De Lage Landen Finance LLC	87,106,811	78,944,406	-	-
		87,106,811	78,944,406	1,727,086,833	4,389,827,511

(d) Outstanding balances with related parties as at December 31, 2020 and 2019 are as follows:

		2020					
(in Korean won)	Company	Accrued Interest	Other receivables	Loan receivables	Borrowings in KRW	Borrowings in foreign currency	Accrued expenses
Parent company	DLL International B.V.	-	245,210,034	-	-	-	31,315,584
	DLL Ireland DAC	-	-	-	133,520,000,000	25,996,277,383	88,524,876
Other related parties	De Lage Landen Finance LLC	306,667	282,856,981	600,000,000	-	-	-
		306,667	528,067,015	600,000,000	133,520,000,000	25,996,277,383	88,524,876

(*) The amount before deducting the allowance for bad debts, and the loan allowance for the loan is ₩3,000,000, and the reversal of the loan allowance recognized during the current period is ₩9,575,000.

		2019					
(in Korean won)	Company	Accrued Interest	Other receivables	Loan receivables	Borrowings in KRW	Borrowings in foreign currency	Accrued expenses
Parent company	DLL International B.V.	-	25,611,897	-	-	-	4,400,062
	DLL Ireland DAC	-	-	-	102,307,000,000	63,994,832,992	110,716,021
Other related parties	De Lage Landen Finance LLC	4,164,840	145,842,415	2,515,000,000	-	-	-
		4,164,840	171,454,312	2,515,000,000	102,307,000,000	63,994,832,992	110,716,021

(*) The amount before deducting the allowance for bad debts, and the loan allowance for the loan is ₩12,575,000, and the reversal of the loan allowance recognized during the current period is ₩5,860,000.

(e) Fund transactions with related parties for the years ended December 31, 2020 and 2019 are as follows:

		2020 Lending				
(in Korean won)	Company	Beginning	Lending	Collection	FX revaluation	Ending
Other related parties	De Lage Landen Finance LLC	2,515,000,000	13,200,000,000	15,115,000,000	-	600,000,000

		2020 Borrowing				
(in Korean won)	Company	Beginning	Lending	Collection	Realized FX loss	Unrealized FX gain
Other related parties	DLL Ireland DAC	166,301,832,992	56,000,000,000	62,490,499,474	1,293,324,460	(1,588,380,595)

		2019 Lending				
(in Korean won)	Company	Beginning	Lending	Collection	FX revaluation	Ending
Other related parties	De Lage Landen Finance LLC	3,687,000,000	8,685,000,000	9,857,000,000	-	2,515,000,000

		2019 Borrowing				
(in Korean won)	Company	Beginning	Lending	Collection	Realized FX loss	Unrealized FX loss
Other related parties	DLL Ireland DAC	147,812,727,935	82,145,839,957	67,246,074,806	1,475,345,553	2,113,994,353

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(f) Details of guarantees and collaterals provided by the related parties as at December 31, 2020 and 2019 are presented below:

(in Korean won and US dollar)		2020					
Ultimated parent company	Company	Description of guarantee	Guaranteed amount	Guaranteed period	Related payables	Outstanding balance	Beneficiary of guarantee
	Cooperative Rabobank U.A.	Derivatives	USD 35,000,000	2025.3.31	Derivatives	20,915,294,249	HSBC seoul Branch

(in Korean won and in US dollar)		2019					
Ultimated parent company	Company	Description of guarantee	Guaranteed amount	Guaranteed period	Related payables	Outstanding balance	Beneficiary of guarantee
	Cooperative Rabobank U.A.	Derivatives	USD 35,000,000	2025.3.31	Derivatives	61,367,024,882	HSBC seoul Branch

21. Derivatives

(a) The company holds derivatives for the purpose of hedging changes in exchange rates and interest rates. On the other hand, derivatives are not designated as hedging instruments and do not apply hedge accounting.

(b) Details of derivatives held for trading as at December 31, 2020 and 2019 are as follows:

(in Korean won)		2020				
		Unsettled amount	Derivative asset	Derivative liability	MTM gain	MTM loss
Cross Currency Swap		19,619,587,880	-	1,616,721,897	-	1,118,466,976
Currency Forward		1,295,706,369	24,417,120	-	-	59,891,648
		20,915,294,249	24,417,120	1,616,721,897	-	1,178,358,624

(in Korean won)		2019				
		Unsettled amount	Derivative asset	Derivative liability	MTM gain	MTM loss
Cross Currency Swap		44,301,529,880	268,348,401	982,584,459	1,333,751,123	-
Currency Forward		17,065,495,002	1,334,138,810	-	959,614,894	-
		61,367,024,882	1,602,487,211	982,584,459	2,293,366,017	-

22. Payment Guarantee Provided

Payment guarantees that the Company is receiving, except for related parties as at December 31, 2020 is as follows:

(in Korean won)		2020
Guarantor	Description of guarantee	Guaranteed amount
Seoul Guarantee Insurance	Credit offerings	94,700,000

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23. Contingencies and Commitments

(a) Commitments contracted with the financial institution as at December 31, 2020 is as follows:

(in Korean won and US dollar)		2020			
Institutions	Description	Currency	Maximum amount	Currency	Used amount
KEB Hana Bank	General Loans	KRW	2,000,000,000	KRW	-
	Open L/C	USD	2,000,000	USD	1,752,750
Shinhan Bank	General Loans	KRW	3,000,000,000	KRW	-
	Open L/C	USD	9,400,000	USD	543,610

(b) *Service Agreement*

As end of the current period, the Company has a service contract with its parent company, DLL International B.V., and a related party, De Lage Landen Pte. Limited. Under the agreement, these related companies provide services such as sales strategy, marketing, and management. In addition, the Company enters into a service contract to provide overall services such as sales, credit, and portfolio management to De Lage Landen Finance Limited Liability Company, a related company.

(c) *Repurchase Agreement*

As end of the current period, the Company has entered into a lease repurchase agreement with some of the leasing equipment manufacturers' sales agents (hereinafter referred to as "agent"). Under the agreement, in the event of a delay in the lessee's unpaid lease payments or a breach of contract, the Company may request the dealer to repurchase the lease equipment, and the agent must repurchase the lease equipment within a certain period of the date of the repurchase request and pay the repurchase payment to the Company.

(d) *Vendor Program Agreement*

As end of the current period, the Company has a Vendor Program Agreement with the partners (hereinafter "Vendor") of the DLL Group. Under the agreement, the Company provides financing to customers who require equipment manufactured and sold by Vendor. Some Vendors have an agreement in the event of customer delinquency or default, and if breach of the contract, the Company may request Vendor to indemnify the Company's loss to a certain limit or repurchase the lease item.

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Report on Independent Auditor's
Review of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the President of De Lage Landen Co., Ltd

We have reviewed the accompanying management's report on the effectiveness of the Internal Control over Financial Reporting ("ICFR") of De Lage Landen Co., Ltd (the "Company") as of December 31, 2020. The Company's management is responsible for designing and operating ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review the management's report on the effectiveness of the ICFR and issue a report based on our review. The management's report on the effectiveness of the ICFR of the Company states that "Based on the assessment results, Chief Executive Officer and ICFR Officer believe that no material weakness has been identified as at December 31, 2020, in all material respects, in conformity with the Best Practice Guideline."

Our review was conducted in accordance with the ICFR review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the effectiveness of the ICFR to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's ICFR and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit. However, in accordance with Chapter 5, 'Application to small & medium sized companies' of the Best Practice Guideline, the design, operation and assessment of its ICFR are limited compared with those of public large sized companies as the Company is a non-public small & medium sized company. As such, we performed our review in accordance with Chapter 14, 'Review standards for small & medium sized companies'.

A company's ICFR is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Accounting Standards for Non-Public Entities in the Republic of Korea. Because of its inherent limitations, ICFR may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the effectiveness of the ICFR, referred to above, is not presented fairly, in all material respects, in accordance with Chapter 5, 'Application to small & medium sized companies', of the Best Practice Guideline.

Our review is based on the Company's ICFR as of December 31, 2020, and we did not review management's assessment of its ICFR subsequent to December 31, 2020. This report has been prepared pursuant to the Acts on External Audit for Stock Companies, etc. in Korea and may not be appropriate for other purposes or for other users.



Samil PricewaterhouseCoopers

March 23, 2021

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To Shareholders, Board of Directors and Auditor of De Lage Landen Co., Ltd.

I, as the representative director of De Lage Landen Co., Ltd. ("the Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2020.

The Company's management, including the ICFR OFFICER, is responsible for designing and operating an ICFR. I assessed the design and operational effectiveness of the ICFR in the prevention and detection of an error or fraud which may cause a misstatement in the preparation and disclosure of reliable financial statements. I followed Chapter 5 of the Best Practice Guideline to evaluate the effectiveness of the ICFR design and operation.

Based on the assessment of ICFR as of December 31, 2020, no material weaknesses, in any material respects, have been identified from the standpoint of Chapter 5 of the Best Practice Guideline.

February 05, 2021

A handwritten signature in black ink, appearing to read 'Joon Kyun Lee', written over a horizontal line.

Joon Kyun Lee
Representative Director

A handwritten signature in black ink, appearing to read 'Yun Sung Yang', written over a horizontal line.

Yun Sung Yang
ICFR Manager