

De Lage Landen Co., Ltd.
Financial Statements
December 31, 2021 and 2020

De Lage Landen Co., Ltd.
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December 31, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 2.18 to the financial statements of the Company. Note 2.18 to the financial statements explains the potential negative effect of Covid-19 to the Company's financial position and financial performance.

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.

Seoul, Korea
March 24, 2022

This report is effective as of March 24, 2022, 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, 2021 and 2020

<i>(in Korean won)</i>	Notes	2021	2020
Assets			
Cash and due from banks	3, 12		
Cash and cash equivalents		4,815,214,063	8,115,851,850
Loans	4, 6, 19		
Loan Receivables		67,151,127,783	63,175,324,940
Allowance for doubtful accounts		(704,179,285)	(1,191,532,040)
Lease assets	5, 6, 11		
Finance Lease Receivables		227,796,223,798	188,861,460,474
Allowance for doubtful accounts		(1,351,837,658)	(1,097,705,273)
Inventory		1,012,722,357	2,378,165,343
Property and equipment			
Leasehold improvement	7	175,920,000	175,920,000
Accumulated depreciation		(140,735,989)	(105,551,989)
Office equipment		258,109,743	258,109,743
Accumulated depreciation		(219,011,773)	(175,917,771)
Other assets			
Accrued income	19	319,444	306,667
Other receivables	19	5,395,344	541,838,310
Prepaid expenses		11,523,285	11,563,864
Advance payables		-	7,071,500
Deposits		245,775,320	218,717,680
Derivative financial asset	20	40,684,533	24,417,120
Deferred tax assets	10	173,556,603	194,881,164
Loans to employees	6	170,000,000	160,000,000
Allowance for doubtful debts		(850,000)	(800,000)
Total assets		<u>299,439,957,568</u>	<u>261,552,121,582</u>
Liabilities			
Borrowings			
Borrowings in Korean Won	8, 19	189,579,000,000	133,520,000,000
Borrowings in foreign currency	8, 11, 19	3,510,571,136	25,996,277,383
Other Liabilities	9		
Lease deposits	5, 8	26,508,166,145	26,638,288,324
Accrued expenses	8, 19	980,612,994	958,052,055
Other payables	8	5,245,711,279	2,678,025,697
Advance receipts		255,439,946	61,482,125
Withholdings		103,173,650	58,394,890
Value added tax withheld		8,778,318	20,618,667
Derivative financial liabilities	8, 20	-	1,616,721,897
Income taxes payable		645,996,505	713,200,443
Provisions		71,500,000	71,500,000
Total Liabilities		<u>226,908,949,973</u>	<u>192,332,561,481</u>
Equity			
Share capital	1, 12		
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	13	15,165,526,010	11,854,078,516
Total Equity		<u>72,531,007,595</u>	<u>69,219,560,101</u>
Total liability and equity		<u>299,439,957,568</u>	<u>261,552,121,582</u>

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, 2021 and 2020

<i>(in Korean won)</i>	Notes	2021	2020
Operating Income			
Interest Income			
Loans	19	3,171,056,879	3,592,929,292
Finance lease		10,299,758,343	8,823,356,207
Due from banks		2,072,514	5,825,459
Operating Lease Income		-	-
Gain on foreign currency transaction/translation			
Gain on foreign currency transaction		38,789,880	61,587,750
Gain on foreign currency translation		171,202,048	1,670,778,198
Other Operating income			
Lease cancellation		177,139,710	220,447,821
Other lease		126,926,428	218,507,718
Other income	19	-	100,422,446
Reversal of allowance for bad debts		2,149,414	161,404,388
Gain on valuation of derivatives		72,995,101	-
Gain on derivatives transactions		670,707,165	1,536,482,683
		<u>14,732,797,482</u>	<u>16,391,741,962</u>
Operating expenses			
Interest expenses	19	2,763,352,141	3,173,568,197
Bad debt expenses		-	-
Loss on foreign currency transaction /translation			
Loss on foreign currency transaction		746,383,098	1,307,470,279
Loss on foreign currency translation	19	168,689,547	665,542,356
Selling and administrative expenses	15	6,644,561,141	6,241,071,265
Loss on valuation of derivatives	20	-	1,178,358,624
Loss on derivatives transactions		24,897,997	24,445,638
		<u>10,347,883,924</u>	<u>12,590,456,359</u>
Operating Profit		4,384,913,558	3,801,285,603
Non-operating income			
Miscellaneous income		14,699	3,484,113
Non-operating expense			
Other expense		-	11
Profit before income tax		<u>4,379,801,557</u>	<u>3,804,769,705</u>
Income tax expense	10	1,068,354,063	853,285,243
Profit for the year		<u>3,311,447,494</u>	<u>2,951,484,462</u>
Earnings per share			
Basic earnings per share	17	678	605

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, 2021 and 2020

<i>(in Korean won)</i>	Notes	Share capital	Share premium	Retained earnings	Total
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>
Balance at January 1, 2021		24,407,870,000	32,957,611,585	11,854,078,516	69,219,560,101
Profit for the year		-	-	3,311,447,494	3,311,447,494
Balance at December 31, 2021		<u>24,407,870,000</u>	<u>32,957,611,585</u>	<u>15,165,526,010</u>	<u>72,531,007,595</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, 2021 and 2020

<i>(in Korean won)</i>	Notes	2021	2020
Cash flows from operating activities			
Profit for the year		<u>3,311,447,494</u>	<u>2,951,484,462</u>
Adjustments to reconcile expense for the year to net cash provided by (used in) operating activities			
Depreciation		78,278,002	76,840,605
Loss on foreign currency transaction		744,789,828	1,293,324,463
Loss on foreign currency translation		167,300,520	133,252,835
Loss on valuation of derivatives		-	1,178,358,624
Loss on transaction of derivatives		24,897,997	24,445,638
Gain on foreign currency translation		(6,067,172)	(1,670,778,198)
Gain on valuation of derivatives		(72,995,101)	-
Gain on transaction of derivatives		(670,707,165)	(1,536,482,683)
Reversal of bad debt expenses		(2,149,414)	(161,404,388)
		<u>263,347,495</u>	<u>(662,443,104)</u>
Changes in operating assets and liabilities			
Decrease (increase) in loans		(2,924,719,401)	14,771,624,415
Decrease (increase) in factoring		(1,188,280,723)	3,206,078,491
Decrease (increase) in finance lease receivables		(39,023,908,782)	(7,185,050,139)
Decrease (increase) in inventory		1,365,442,986	(2,225,866,343)
Decrease (increase) in accrued income		(12,777)	3,858,173
Decrease (increase) in other receivables		536,442,966	(370,383,998)
Decrease (increase) in prepaid expenses		40,579	(11,563,864)
Decrease (increase) in advance payment		7,071,500	(6,486,500)
Decrease (increase) in deferred tax assets		21,324,561	(53,473,242)
Increase (decrease) in deposit		(27,057,640)	9,568,000
Increase (decrease) in withholdings		44,778,760	2,587,170
Increase (decrease) in account payables		2,567,685,582	1,007,953,735
Increase (decrease) in income tax payables		(67,203,938)	416,150,255
Increase (decrease) in accrued expenses		22,560,939	74,756,515
Increase (decrease) in advance receipts		193,957,821	(144,067,125)
Increase (decrease) in value added tax withheld		(11,840,349)	(34,898,764)
Increase (decrease) in lease deposit		(135,541,823)	(18,073,961)
		<u>(38,619,259,739)</u>	<u>9,442,712,818</u>
Net cash inflow (outflow) from operating activities		<u>(35,044,464,750)</u>	<u>11,731,754,176</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, 2021 and 2020

<i>(in Korean won)</i>	Notes	2021	2020
Cash flows from investing activities			
Decrease in derivative financial assets		1,367,258,309	43,679,141,509
Increase in derivative financial derivatives		18,133,810,645	-
Payments for office equipment		-	(61,472,935)
Increase in derivative financial assets		(1,295,706,368)	(41,133,255,560)
Decrease in derivative financial liabilities		(19,119,547,627)	-
Increase in employee loans		(10,000,000)	(60,000,000)
Net cash inflow from investing activities		<u>(924,185,041)</u>	<u>2,424,413,014</u>
Cash flows from financing activities			
Issurance of borrowings in Korean won		105,000,000,000	67,129,704,578
Issurance of borrowings in foreign currency		2,615,168,218	-
Payment of borrowings in Korean won		(48,941,000,000)	(35,916,704,578)
Payment of borrowings in foreign currency		(26,006,156,214)	(37,703,499,474)
Net cash inflow(outflow) from financing activities		<u>32,668,012,004</u>	<u>(6,490,499,474)</u>
Effects of exchange rate changes on cash and cash equivalents		-	-
Net increase(decrease) in cash and cash equivalents		(3,300,637,787)	7,665,667,716
Cash and cash equivalents at the begininig of the year		<u>8,115,851,850</u>	<u>450,184,134</u>
Cash and cash equivalents at the end of the year		<u>4,815,214,063</u>	<u>8,115,851,850</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

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)

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

There is no new and amended standards that company does not adopt.

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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.

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

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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 .

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 historical loan loss experience rates, and the loan loss allowance reserve ratio based on the Regulation on Supervision of Specialized Credit Finance Business for loans and the asset quality classification under the Detailed Regulation on Supervision of Specialized Credit Finance Business.

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.

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:

	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:

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	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.

(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.

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(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 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 23, 2022 and may be amended and approved at the General Meeting of Shareholders.

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Notes to the Financial Statements
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2.18 COVID-19 Virus Impact

The spread of COVID-19 in 2021 is having a significant impact on the global economy it may decrease or delay revenue and have a negative impact on 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, 2021 and 2020 are as follows:

Type	Financial Institutions	2021	2020
KRW account	KEB Hana bank	10,124,997	2,560,000
	JPMorgan Chase Bank	2,139,317,827	1,821,471,950
USD account	KEB Hana bank	2,665,771,239	6,291,819,900
		<u>4,815,214,063</u>	<u>8,115,851,850</u>

(b) There are no deposits limited to use as at December 31, 2021 and 2020.

4. Loans and Receivables

Details of loans as at December 31, 2021 and 2020 are as follows:

(in Korean won)	December 31, 2021				
	Receivables	Allowance for doubtful account	Unearned Income	Unearned Expense	Loans (net)
General Loans	41,698,633,781	(557,258,112)	(4,093,685,375)	161,955,786	37,209,646,080
Factoring Receivables	31,522,288,483	(144,421,173)	(2,644,134,207)	6,069,315	28,739,802,418
Intercomany Loans	500,000,000	(2,500,000)	-	-	497,500,000
	<u>73,720,922,264</u>	<u>(704,179,285)</u>	<u>(6,737,819,582)</u>	<u>168,025,101</u>	<u>66,446,948,498</u>

(in Korean won)	December 31, 2020				
	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 Receivables	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
	<u>69,023,316,072</u>	<u>(1,191,532,040)</u>	<u>(5,926,401,140)</u>	<u>78,410,008</u>	<u>61,983,792,900</u>

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5. Finance Leases

(a) Details of finance lease receivables as at December 31, 2021 and 2020 are as follows:

		December 31, 2021		
(in Korean won)	Finance leases	Allowance for doubtful account	Finance leases (net)	
Finance Leases	227,796,223,798	(1,351,837,658)	226,444,386,140	
	<u>227,796,223,798</u>	<u>(1,351,837,658)</u>	<u>226,444,386,140</u>	
		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	
	<u>188,861,460,474</u>	<u>(1,097,705,273)</u>	<u>187,763,755,201</u>	

(b) Total and net investment in the leases and unrealized interest income as at December 31, 2021 and 2020 are as follows:

		December 31, 2021		
(in Korean won)	Minimum lease payment	Total lease investment	Net lease investment	
Within one year	88,536,758,295	79,541,467,172	8,995,291,123	
1-5 years	151,979,023,907	140,180,961,556	11,798,062,351	
Later than 5 years	8,447,224,900	8,073,795,070	373,429,830	
	<u>248,963,007,102</u>	<u>227,796,223,798</u>	<u>21,166,783,304</u>	
		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	
	<u>205,315,839,795</u>	<u>188,861,460,474</u>	<u>16,454,379,321</u>	

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 to guarantee the lease payment 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 ₩26,508,166,145 as at December 31, 2021 (2020: ₩26,638,288,324).

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6. Allowance for Credit Loss

(a) Balances of the lease receivables and relevant allowances as at December 31, 2021 and 2020 are as follows:

	December 31, 2021						Provisions
	Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total	
General Loans	36,388,002,866	-	1,197,923,449	180,977,877	-	37,766,904,192	557,258,112
Factoring Receivables	28,884,223,591	-	-	-	-	28,884,223,591	144,421,173
Lease receivables	224,730,651,791	2,092,985,877	972,586,130	-	-	227,796,223,798	1,351,837,658
Intercompany Loans	500,000,000	-	-	-	-	500,000,000	2,500,000
Loans to employees	170,000,000	-	-	-	-	170,000,000	850,000
	<u>290,672,878,248</u>	<u>2,092,985,877</u>	<u>2,170,509,579</u>	<u>180,977,877</u>	<u>-</u>	<u>295,117,351,581</u>	<u>2,056,866,943</u>
	December 31, 2020						Provisions
	Normal	Precautionary	Substandard	Doubtful	Estimated Loss	Total	
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
	<u>246,687,184,527</u>	<u>2,702,219,866</u>	<u>2,396,287,307</u>	<u>315,443,823</u>	<u>95,649,891</u>	<u>252,196,785,414</u>	<u>2,290,037,313</u>

(b) Changes in credit loss in 2021 and 2020 are as below.

	2021	2020
Beginning	2,290,037,313	2,671,512,891
Addition (Reverse)	(2,149,414)	(161,404,388)
Write off	(231,020,956)	(220,071,190)
Ending	<u>2,056,866,943</u>	<u>2,290,037,313</u>

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

	2021	2020	2019
Receivables	295,117,351,581	252,196,785,414	263,282,762,206
Allowance	2,056,866,943	2,290,037,313	2,671,512,891
Ratio(%)	0.70	0.91	1.01

7. Property and Equipment

Changes in property and equipment for the years ended December 31, 2021 and 2020 are as follows:

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2021	Leasehold improvement	Office equipment	Total
Beginning balance	70,368,011	82,191,972	152,559,983
Acquisition	-	-	-
Disposal	-	-	-
Depreciation	(35,184,000)	(43,094,002)	(78,278,002)
Ending balance	35,184,011	39,097,970	74,281,981
Acquisition cost	175,920,000	258,109,743	434,029,743
Accumulated depreciation	(140,735,989)	(219,011,773)	(359,747,762)

2020	Leasehold improvement	Office equipment	Total
Beginning balance	105,552,008	62,375,643	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)

Leasehold improvement and office equipment are insured against fire and other casualty losses for up to ₩440,000,000 as at December 31, 2021 (2020: ₩404,989,700).

8. Borrowings

(a) Borrowings as at December 31, 2021 and 2020 are as follows:

(in Korean won and US dollar)	Company	Interest rate as at December 31, 2020	2021	2020	Payment schedule
Borrowings in Korean won	DLL Ireland DAC	0.69~2.66	189,579,000,000	133,520,000,000	Redemption by installment
Borrowings in foreign currency	DLL Ireland DAC	LIBOR + 0.77 ~ 0.99 SOFR + 0.23 ~ 0.57	3,510,571,136 (USD 2,727,461) (EUR 198,397)	25,996,277,383 (USD 23,912,397)	Redemption by installment

(b) *Liquidity risk*

The Company monitors the 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 functional 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 the financial instruments including time deposits with appropriate maturities or sufficient liquidity to provide sufficient head-room as

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determined by the above-mentioned forecasts. At the end of the reporting period, the Company held ₩4,815,214,063 (2020: ₩8,115,851,850) in short-term cash deposits that are expected to readily generate cash inflows for managing liquidity risk.

Details of the Company's maturity analysis as at December 31, 2021 and 2020 are as follows:

(in Korean won)	2021				
	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Borrowings in Korean won	14,996,685,370	53,561,023,547	46,398,874,975	79,983,798,795	194,940,382,687
Borrowings in foreign currency	476,252,680	1,794,287,252	1,034,328,963	230,395,476	3,535,264,371
Derivative liability (Cash inflow)	(472,299,832)	(333,583,057)	-	-	(805,882,889)
Derivative liability (Cash outflow)	450,289,718	315,925,269	-	-	766,214,987
Other payable	5,243,591,279	-	-	-	5,243,591,279
Accrued expense	80,136,229	861,944,777	-	-	942,081,006
Lease deposit	1,797,775,112	7,104,809,682	6,157,678,960	11,447,902,391	26,508,166,145

(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	14,902,185,747	766,214,987	-	21,181,766,557
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

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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9. Other Liabilities

(a) Other liabilities as at December 31, 2021 and 2020 are as follows:

(in Korean won)	2021	2020
Other liability		
Lease deposit	26,508,166,145	26,638,288,324
Accrued expense	942,081,006	891,210,450
Other payable	5,243,591,279	2,676,967,177
Derivative liability	-	1,616,721,897
Sub total	<u>32,693,838,430</u>	<u>31,823,187,848</u>
Other non-financial		
Accrued expense	38,531,988	66,841,605
Other payable	2,120,000	1,058,520
Advance receipts	255,439,946	61,482,125
Withholdings	103,173,650	58,394,890
Value added tax	8,778,318	20,618,667
Income taxes	645,996,505	713,200,443
Provisions	71,500,000	71,500,000
Sub total	<u>1,125,540,407</u>	<u>993,096,250</u>
Total	<u>33,819,378,837</u>	<u>32,816,284,098</u>

10. Income Taxes

(a) Income tax expense for the years ended December 31, 2021 and 2020 consists of:

(in Korean won)	2021	2020
Current income taxes	1,047,029,515	906,777,143
Adjustments in respect of prior years	15,370,838	(18,658)
Deferred income tax due to temporary difference	5,953,710	(53,473,242)
Income tax expenses	<u>1,068,354,063</u>	<u>853,285,243</u>

(b) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2021 and 2020 is as follows:

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(in Korean won)	2021	2020
Profit before income tax	4,379,801,557	3,804,769,705
Income tax based on statutory tax rate	941,556,343	815,049,335
Add (deduct) :	126,797,720	38,235,908
Non-deductible expenses	9,748,866	10,854,113
Additional payment of prior years income taxes	15,370,838	(18,658)
Non-circulated corporate income	106,525,896	24,504,522
Others (difference of tax rate etc.)	(4,847,880)	2,895,931
Income tax expense	<u>1,068,354,063</u>	<u>853,285,243</u>
Effective tax rate(*)	<u>24.39%</u>	<u>22.43%</u>

(*) Income tax Expense / Profit before income tax

(c) Changes in the temporary differences and related deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 are as follows:

(in Korean won)	2021					
	Temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Ending balance
Accrued expense(*)	908,050,699	897,479,901	908,050,699	897,479,901	190,498,145	192,937,484
Loss on valuation of derivatives	1,616,721,897	-	1,616,721,897	-	339,168,861	-
Gain on valuation of derivatives	(24,417,120)	24,417,120	40,684,533	(40,684,533)	(5,122,419)	(8,746,236)
Cross currency swap	(1,464,432,273)	1,505,878,073	-	41,445,800	(307,220,326)	8,909,891
Deferred lease revenues	(64,314,398)	64,314,398	80,130,749	(80,130,749)	(13,492,389)	(17,226,263)
FX revaluation	(14,865,486)	17,531,667	-	2,666,181	(3,118,601)	573,167
Leashold improvement	(28,600,000)	28,600,000	14,300,000	(14,300,000)	(5,999,937)	(3,074,170)
Bad debt expense	800,000	850,000	800,000	850,000	167,830	182,730
	<u>928,943,319</u>	<u>2,539,071,159</u>	<u>2,660,687,878</u>	<u>807,326,600</u>	<u>194,881,164</u>	<u>173,556,603</u>

(*) The revised amount is reflected in the final corporate tax return at the end of the previous year

(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
	<u>674,051,509</u>	<u>2,930,395,804</u>	<u>2,675,503,994</u>	<u>928,943,319</u>	<u>141,407,922</u>	<u>194,881,164</u>

(d) The gross balances of deferred tax assets and liabilities as at December 31, 2021 and 2020 are as follows:

(in Korean won)	2021	2020
Deferred tax asset	<u>202,603,272</u>	<u>529,834,836</u>
Deferred tax liabilities	<u>(29,046,669)</u>	<u>(334,953,672)</u>
	<u>173,556,603</u>	<u>194,881,164</u>

11. Monetary Assets and Liabilities Denominated in Foreign Currency

Monetary assets and liabilities denominated in foreign currencies as at December 31, 2021 and 2020 are as follows:

(in Korean won, US dollar)	2021				2020			
	Currency	Foreign currency	FX rate	KRW equivalents	Currency	Foreign currency	FX rate	KRW equivalents
Assets in foreign currency								
Cash and cash equivalents	USD	2,017,065	1,189.22	2,398,724,601	USD	5,787,463	1,087.15	6,291,819,900
Cash and cash equivalents	EUR	198,407	1,345.95	267,046,638	EUR	-	1,334.47	-
Finance lease receivables	USD	45,834	1,189.22	54,506,487	USD	2,006,065	1,087.15	2,180,886,433
Accrued income	EUR	5	1,345.95	7,093	EUR	-	1,334.47	-
Total assets in foreign currency	USD	2,062,899	1,189.22	2,453,231,088	USD	7,793,528	1,087.15	8,472,706,333
Total assets in foreign currency	EUR	198,412	1,345.95	267,053,731	EUR	-	1,334.47	-
Liabilities in foreign currency								
Borrowings in foreign currency	USD	2,727,461	1,189.22	3,243,537,957	USD	23,912,397	1,087.15	25,996,277,383
Borrowings in foreign currency	EUR	198,397	1,345.95	267,033,179	EUR	-	1,334.47	-
Lease security deposits	USD	53,098	1,189.22	63,144,946	USD	1,240,461	1,087.15	1,348,562,766
Accrued expenses	USD	167	1,189.22	198,551	USD	56,627	1,087.15	61,561,646
Total liabilities in foreign currency	USD	2,780,726	1,189.22	3,306,881,454	USD	25,209,485	1,087.15	27,406,401,795
Total liabilities in foreign currency	EUR	198,397	1,345.95	267,033,179	EUR	-	1,334.47	-

12. Share Capital

The Company is authorized to issue 40,000 thousand shares with a par value of ₩5,000. As at December 31, 2021, the Company has issued 4,882 thousand shares (2020: 4,882 thousand shares) of ordinary shares.

13. Retained Earnings

The appropriation of retained earnings for the year ended December 31, 2021 is expected to be appropriated at the shareholders' meeting on March 31, 2022. The appropriation date for the year ended December 31, 2020 was March 31, 2021.

Details of retained earnings as at December 31, 2021 and 2020 are as follows:

(in Korean won)	2021	2020
Outstanding retained earnings	15,165,526,010	11,854,078,516
Unappropriated retained earnings carried over from prior year	11,854,078,516	8,902,594,054
Profit for the period	3,311,447,494	2,951,484,462
Unappropriated retained earnings carried forward to subsequent year	15,165,526,010	11,854,078,516

14. Severance Wage

In 2021, the Company recognized ₩218,139,914 (2020 : ₩236,530,546) as severance benefits expenses under the defined contribution pension plan.

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15. Selling and Administrative Expenses

(in Korean won)	2021	2020
Salaries and wages	2,723,604,835	2,572,803,151
Post-employment benefits	218,139,914	236,530,546
Employee benefits	371,501,887	351,061,786
Rent expenses	168,540,608	167,868,223
Insurance premium	50,342,291	50,161,665
Travel expenses	68,439,078	62,693,650
Vehicles maintenance expenses	130,140,904	115,044,589
Entertainment expenses	85,986,355	96,527,350
Depreciation	78,278,002	76,840,607
Supplies, repairs and maintenance expenses	91,875,439	74,958,913
Communication expenses	62,412,816	52,882,417
Service fees	2,158,276,504	1,911,041,201
Taxes and dues	376,819,008	425,657,627
Advertising expenses	60,203,500	46,999,540
	<u>6,644,561,141</u>	<u>6,241,071,265</u>

16. Value Added Information

(in Korean won)	2021	2020
Salaries and wages	2,723,604,835	2,572,803,151
Post-employment benefits	218,139,914	236,530,546
Employee benefits	371,501,887	351,061,786
Rent expenses	168,540,608	167,868,223
Depreciation	78,278,002	76,840,607
Taxes and dues	376,819,008	425,657,627
	<u>3,936,884,254</u>	<u>3,830,761,940</u>

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17. Earnings per Share

(in Korean won)	2021	2020
I. Profit for the year	3,311,447,494	2,951,484,462
II. Weighted average number of ordinary shares outstanding	4,881,574	4,881,574
III. Basic earnings per share(I ÷ II)	678	605

18. Significant Transactions Not Affecting Cash Flows

Significant transactions not affecting cash flows for the years ended December 31, 2021 and 2020 are as follows:

(in Korean won)	2021	2020
Loan receivables written-off	137,197,281	141,046,484
Finance lease receivables written-off	93,823,675	79,024,706

19. 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, 2021 and 2020 are as follows:

	2021	2020
Ultimated parent company	Cooperatieve Rabobank U.A.	Cooperatieve Rabobank U.A.
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

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(c) Sales and purchases with related parties for the years ended December 31, 2021 and 2020 are as follows:

(in Korean won)	Company	2021			
		Interst Income	Other operating income	Fees expenses	Interest expenses
Parent company	DLL International B.V.	-	-	1,516,564,571	-
	DLL Ireland DAC	-	-	-	2,742,190,572
Other related parties	De Lage Landen Pte. Limited	-	-	271,355,000	-
	De Lage Landen Finance LLC	11,457,325	-	-	-
		11,457,325	-	1,787,919,571	2,742,190,572

(in Korean won)	Company	2020			
		Interst Income	0	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

(d) Outstanding balances with related parties as at December 31, 2021 and 2020 are as follows:

(in Korean won)	Company	2021						
		Accrued Interest	Other receivables	Loan receivables(*)	Borrowings in KRW	Borrowings in foreign currency	Other payable	Accrued expenses
Parent company	DLL International B.V.	-	-	-	-	-	-	15,770,916
	DLL Ireland DAC	-	-	-	189,579,000,000	3,510,571,136	-	43,147,439
Other related parties	De Lage Landen Finance LLC	319,444	-	500,000,000	-	-	-	-
		319,444	-	500,000,000	189,579,000,000	3,510,571,136	-	58,918,355

(*) The amount before deducting the allowance for doubtful accounts, and the allowance for doubtful account amounts to ₩2,500,000, and the reversal of the loan allowance recognized during the current period amounts to ₩500,000.

(in Korean won)	Company	2020						
		Accrued Interest	Other receivables	Loan receivables(*)	Borrowings in KRW	Borrowings in foreign currency	Other payable	Accrued expenses
Parent company	DLL International B.V.	-	245,210,034	-	-	-	31,315,584	-
Other related parties	DLL Ireland DAC	-	-	-	133,520,000,000	25,996,277,383	-	88,524,876
	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	31,315,584	88,524,876

(*) The amount before deducting the allowance for doubtful accounts, and the allowance for doubtful account amounts to ₩3,000,000, and the reversal of the loan allowance recognized during the current period amounts to ₩9,575,000.

De Lage Landen Co., Ltd.
Notes to the Financial Statements
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(e) Fund transactions with related parties for the years ended December 31, 2021 and 2020 are as follows:

(in Korean won)	Company	2021 Lending				
		Beginning	Lending	Collection	FX revaluation	Ending
Other related parties	De Lage Landen Finance LLC	600,000,000	3,070,000,000	3,170,000,000	-	500,000,000

(in Korean won)	Company	2021 Borrowing					
		Beginning	Lending	Collection	Realized FX loss	Unrealized FX gain	Ending
Other related parties	DLL Ireland DAC	159,516,277,383	102,615,168,218	69,947,156,212	744,789,826	160,491,921	193,089,571,136

(in Korean won)	Company	2020 Lending				
		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

(in Korean won)	Company	2020 Borrowing					
		Beginning	Lending	Collection	Realized FX loss	Unrealized FX loss	Ending
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)	159,516,277,383

(f) Details of guarantees and collaterals provided by the related parties as at December 31, 2021 and 2020 are presented below:

(in Korean won and US dollar)		2021					
Company	Description of guarantee	Guaranteed amount	Guaranteed period	Related payables	Outstanding balance	Beneficiary of guarantee	
Ultimated parent company	Cooperatieve Rabobank U.A.	Derivatives	USD 35,000,000	2025.3.31	Derivatives	762,367,000	HSBC seoul Branch

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

De Lage Landen Co., Ltd.
Notes to the Financial Statements
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20. Derivatives

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

(b) Details of derivatives held for trading as at December 31, 2021 and 2020 are as follows:

(in Korean won)	2021				
	Unsettled amount	Derivative asset	Derivative liability	MTM gain	MTM loss
Cross Currency Swap	762,367,000	40,684,533	-	72,995,101	-
Currency Forward	-	-	-	-	-
	762,367,000	40,684,533	-	72,995,101	-

(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

21. Payment Guarantee Provided

Payment guarantees that the Company is receiving, except for related parties as at December 31, 2021 is as follows:

(in Korean won)	2021	
	Guarantor	Guaranteed amount
Seoul Guarantee Insurance	Credit offerings	158,429,710

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2021 and 2020

22. Contingencies and Commitments

(a) Commitments contracted with the financial institution as at December 31, 2021 is as follows:

(in KRW, USD, AUD, EUR)		2021			
		Institutions	Description	Currency	Miximum amount
KEB Hana Bank	Loan Commitment	KRW	2,000,000,000	KRW	-
	Open L/C	USD	2,000,000	AUD	435,422
Shinhan Bank	Loan Commitment	KRW	3,000,000,000	KRW	-
	Open L/C	USD	2,000,000	EUR	209,475

(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 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 by lessees, the Company may request the agent to repurchase the lease equipment, and the agent should repurchase the lease equipment within a certain period after 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 use the equipment manufactured and sold by Vendor. The Company may request a compensation of the Company's loss to the limited amount or a repurchase of the lease asset to vendors in case of customers' delinquency of default in accordance with the agreement with some of vendors.

De Lage Landen Co., Ltd.
Report on Independent Auditor's
Review of Internal Control over Financial Reporting
December 31, 2021

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, 2021. 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, 2021, 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, 2021, and we did not review management's assessment of its ICFR subsequent to December 31, 2021. 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 24, 2022

De Lage Landen Co., Ltd.
Report on Independent Auditor's
Review of Internal Control over Financial Reporting
December 31, 2021



데라게란덴 주식회사 주주, 이사회 및 감사 귀중

본 대표이사 및 내부회계관리자는 2021년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 내부회계관리제도의 설계 및 운영실태를 평가하였습니다.

내부회계관리제도의 설계 및 운영에 대한 책임은 본 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.

본 대표이사 및 내부회계관리자는 회사의 내부회계관리제도가 신뢰할 수 있는 재무제표의 작성 및 공시를 위하여 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 효과적으로 설계 및 운영되고 있는지의 여부에 대하여 평가하였습니다. 본 대표이사 및 내부회계관리자는 내부회계관리제도의 설계 및 운영실태 평가를 위해 내부회계관리제도운영위원회에서 발표한 "내부회계관리제도 모범규준 제 5장 (중소기업에 대한 적용)" 을 사용하였습니다.

본 대표이사 및 내부회계관리자의 내부회계관리제도 운영실태 평가 결과, 2021년 12월 31일 현재 당사의 내부회계관리제도는 내부회계관리제도 모범규준에 근거하여 볼 때, 중요성의 관점에서 중요한 취약점이 발견되지 아니하였습니다.

본 대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빼뜨리고 있지 아니함을 확인하였습니다. 또한 본 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 직접 확인·검토하였습니다.

2022년 2월 7일


대표이사 이진규


내부회계관리자 양문성

De Lage Landen Co., Ltd.
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