

De Lage Landen Co., Ltd.
Financial Statements
December 31, 2022 and 2021

De Lage Landen Co., Ltd.
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December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

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 23, 2023

This report is effective as of March 23, 2023, 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, 2022 and 2021

| <i>(in Korean won)</i> | Notes | 2022 | 2021 |
|--|--------------|------------------------|------------------------|
| Assets | | | |
| Cash and due from banks | 3, 12 | | |
| Cash and cash equivalents | | 1,026,067,700 | 4,815,214,063 |
| Loans | 4, 6, 20 | | |
| Loan Receivables | | 74,912,243,289 | 67,151,127,783 |
| Allowance for doubtful accounts | | (695,806,035) | (704,179,285) |
| Lease assets | 5, 6, 12 | | |
| Finance Lease Receivables | | 249,202,790,373 | 227,796,223,798 |
| Allowance for doubtful accounts | | (1,583,043,874) | (1,351,837,658) |
| Inventory | | 1,514,870,594 | 1,012,722,357 |
| Property and equipment | | | |
| Leasehold improvement | 7 | 175,920,000 | 175,920,000 |
| Accumulated depreciation | | (175,920,000) | (140,735,989) |
| Office equipment | | 258,109,743 | 258,109,743 |
| Accumulated depreciation | | (240,821,933) | (219,011,773) |
| Other assets | | | |
| Accrued income | 20 | 460,000 | 319,444 |
| Other receivables | 20 | 90,006,868 | 5,395,344 |
| Prepaid expenses | | 15,499,669 | 11,523,285 |
| Advance payables | | 25,651 | - |
| Deposits | | 235,898,520 | 245,775,320 |
| Derivative financial asset | 21 | - | 40,684,533 |
| Deferred tax assets | 11 | 184,213,529 | 173,556,603 |
| Loans to employees | 6 | 160,000,000 | 170,000,000 |
| Allowance for doubtful debts | | (800,000) | (850,000) |
| Non-business purpose assets | 8 | 951,317,000 | - |
| Total assets | | <u>326,031,031,094</u> | <u>299,439,957,568</u> |
| Liabilities | | | |
| Borrowings | | | |
| Borrowings in Korean Won | 9, 20 | 220,431,000,000 | 189,579,000,000 |
| Borrowings in foreign currency | 9, 12, 20 | 1,325,557,046 | 3,510,571,136 |
| Other Liabilities | 10 | | |
| Lease deposits | 5, 9 | 25,443,196,465 | 26,508,166,145 |
| Accrued expenses | 10, 20 | 1,120,467,506 | 980,612,994 |
| Other payables | 9 | 983,803,796 | 5,245,711,279 |
| Advance receipts | | 157,218,884 | 255,439,946 |
| Withholdings | | 80,714,680 | 103,173,650 |
| Value added tax withheld | | 7,725,219 | 8,778,318 |
| Income taxes payable | 11 | 742,027,890 | 645,996,505 |
| Office restoration liabilities | 10 | 71,500,000 | 71,500,000 |
| Total Liabilities | | <u>250,363,211,486</u> | <u>226,908,949,973</u> |
| 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 | 18,302,338,023 | 15,165,526,010 |
| Total Equity | | <u>75,667,819,608</u> | <u>72,531,007,595</u> |
| Total liability and equity | | <u>326,031,031,094</u> | <u>299,439,957,568</u> |

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

De Lage Landen Co., Ltd.
Statement of Profit and Loss
December 31, 2022 and 2021

| <i>(in Korean won)</i> | Notes | 2022 | 2021 |
|---|--------------|-----------------------|-----------------------|
| Operating Income | | | |
| Interest Income | | | |
| Loans | 20 | 3,797,455,223 | 3,171,056,879 |
| Finance lease | | 11,681,227,886 | 10,299,758,343 |
| Due from banks | | 6,816,339 | 2,072,514 |
| Gain on foreign currency transaction/translation | | | |
| Gain on foreign currency transaction | | 59,532,083 | 38,789,880 |
| Gain on foreign currency translation | | 99,917,433 | 171,202,048 |
| Other Operating income | | | |
| Lease cancellation | | 241,353,095 | 177,139,710 |
| Other lease | | 99,328,176 | 126,926,428 |
| Other income | 20 | 48,837,597 | - |
| Reversal of allowance for bad debts | | - | 2,149,414 |
| Gain on valuation of derivatives | 21 | - | 72,995,101 |
| Gain on derivatives transactions | | 13,702,525 | 670,707,165 |
| | | <u>16,048,170,357</u> | <u>14,732,797,482</u> |
| Operating expenses | | | |
| Interest expenses | 20 | 4,243,674,318 | 2,763,352,141 |
| Bad debt expenses | | 100,500,105 | - |
| Loss on foreign currency transaction /translation | | | |
| Loss on foreign currency transaction | | 99,712,520 | 746,383,098 |
| Loss on foreign currency translation | 20 | 69,723,521 | 168,689,547 |
| Selling and administrative expenses | 16 | 7,231,232,075 | 6,644,561,141 |
| Loss on derivatives transactions | | - | 24,897,997 |
| | | <u>11,744,842,539</u> | <u>10,347,883,924</u> |
| Operating Profit | | 4,303,327,818 | 4,384,913,558 |
| Non-operating income | | | |
| Miscellaneous income | | 9,242 | 14,699 |
| Non-operating expense | | | |
| Donations | | 6,825,000 | 5,126,700 |
| Other expense | | 77,358 | - |
| Profit before income tax | | <u>4,296,434,702</u> | <u>4,379,801,557</u> |
| Income tax expense | 11 | <u>1,159,622,689</u> | <u>1,068,354,063</u> |
| Profit for the year | | <u>3,136,812,013</u> | <u>3,311,447,494</u> |
| Earnings per share | | | |
| Basic earnings per share | 18 | 643 | 678 |

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, 2022 and 2021

| <i>(in Korean won)</i> | Notes | Share capital | Share premium | Retained earnings | Total |
|-------------------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| 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> |
| Balance at January 1, 2022 | | 24,407,870,000 | 32,957,611,585 | 15,165,526,010 | 72,531,007,595 |
| Profit for the year | | - | - | 3,136,812,013 | 3,136,812,013 |
| Balance at December 31, 2022 | | <u>24,407,870,000</u> | <u>32,957,611,585</u> | <u>18,302,338,023</u> | <u>75,667,819,608</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, 2022 and 2021

| <i>(in Korean won)</i> | 2022 | 2021 |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit for the year | 3,136,812,013 | 3,311,447,494 |
| Adjustments to reconcile expense for the year to net cash provided by (used in) operating activities | | |
| Depreciation | 56,994,171 | 78,278,002 |
| Bad debts expense | 140,617,861 | - |
| Loss on foreign currency transaction | 93,324,364 | 744,789,828 |
| Loss on foreign currency translation | 69,723,521 | 167,300,520 |
| Loss on transaction of derivatives | - | 24,897,997 |
| Gain on foreign currency transaction | (127,332) | - |
| Gain on foreign currency translation | (66,356,147) | (6,067,172) |
| Gain on valuation of derivatives | - | (72,995,101) |
| Gain on transaction of derivatives | (13,702,525) | (670,707,165) |
| Reversal of bad debt expenses | (40,117,756) | (2,149,414) |
| | <u>240,356,157</u> | <u>263,347,495</u> |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in loans | (1,657,877,807) | (2,924,719,401) |
| Decrease (increase) in factoring | (6,103,237,699) | (1,188,280,723) |
| Decrease (increase) in finance lease receivables | (21,217,927,567) | (39,023,908,782) |
| Decrease (increase) in inventory | (502,148,237) | 1,365,442,986 |
| Decrease (increase) in accrued income | (140,556) | (12,777) |
| Decrease (increase) in other receivables | (84,611,524) | 536,442,966 |
| Decrease (increase) in prepaid expenses | (3,976,384) | 40,579 |
| Decrease (increase) in advance payment | (25,651) | 7,071,500 |
| Decrease (increase) in deferred tax assets | (10,656,926) | 21,324,561 |
| Decrease (increase) in deposit | 9,876,800 | (27,057,640) |
| Decrease (increase) in non-business purpose assets | (31,317,000) | - |
| Increase (decrease) in withholdings | (22,458,970) | 44,778,760 |
| Increase (decrease) in account payables | (5,181,907,483) | 2,567,685,582 |
| Increase (decrease) in income tax payables | 96,031,385 | (67,203,938) |
| Increase (decrease) in accrued expenses | 139,854,512 | 22,560,939 |
| Increase (decrease) in advance receipts | (98,221,062) | 193,957,821 |
| Increase (decrease) in loans to employees | 10,000,000 | (10,000,000) |
| Increase (decrease) in value added tax withheld | (1,053,099) | (11,840,349) |
| Increase (decrease) in lease deposit | (1,064,969,680) | (135,541,823) |
| Increase (decrease) in other current liabilities | (35,724,766,948) | (38,629,259,739) |
| | <u>(32,347,598,778)</u> | <u>(35,054,464,750)</u> |
| Net cash inflow (outflow) from operating activities | <u>(32,347,598,778)</u> | <u>(35,054,464,750)</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, 2022 and 2021

| <i>(in Korean won)</i> | Notes | 2022 | 2021 |
|---|-------|------------------------|-------------------------|
| Cash flows from investing activities | | | |
| Decrease in derivative financial assets | | 54,387,058 | 1,367,258,309 |
| Increase in derivative financial derivatives | | - | 18,133,810,645 |
| Increase in derivative financial assets | | - | (1,295,706,368) |
| Decrease in derivative financial liabilities | | - | (19,119,547,627) |
| Net cash inflow from investing activities | | <u>54,387,058</u> | <u>(914,185,041)</u> |
| Cash flows from financing activities | | | |
| Issuance of borrowings in Korean won | | 106,000,000,000 | 105,000,000,000 |
| Issuance of borrowings in foreign currency | | - | 2,615,168,218 |
| Payment of borrowings in Korean won | | (75,148,000,000) | (48,941,000,000) |
| Payment of borrowings in foreign currency | | <u>(2,347,934,643)</u> | <u>(26,006,156,214)</u> |
| Net cash inflow(outflow) from financing activities | | <u>28,504,065,357</u> | <u>32,668,012,004</u> |
| Effects of exchange rate changes on cash and cash equivalents | | - | - |
| Net increase(decrease) in cash and cash equivalents | | (3,789,146,363) | (3,300,637,787) |
| Cash and cash equivalents at the beginning of the year | | <u>4,815,214,063</u> | <u>8,115,851,850</u> |
| Cash and cash equivalents at the end of the year | | <u>1,026,067,700</u> | <u>4,815,214,063</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, 2022 and 2021

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 standard and amendments for the first time for their annual reporting period commencing January 1, 2022.

- Amendment to effective date and transitional provisions for KAS-NPEs (2022.12.21)

According to the annual improvements of KAS-NPEs (2018), an entity is required to account for all investees it has control over as subsidiaries. However, according to the amendment to the effective date and transitional provisions, the parent company other than large unlisted companies, listed entities, financial institutions and the parent company of which those entities are not included in the consolidated entity may choose to exclude entities that are not subject to external audit in accordance with Article 4 of the Act on External Audit of Stock Companies and the enforcement decree of the Act (hereinafter referred to as "entities not subject to external audit") from subsidiaries. The amendment should be enforced on December 31, 2022 and applied from the fiscal year ending on December 31, 2027. The amendment does not have a significant impact on the financial statements.

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(b) New and amended standards not yet adopted by the Company

- KAS-NPEs No. 17 Accounting Treatment for Government Grants – Presentation of Government Grants Related to Income

In accordance with the amendment to KAS-NPEs No. 17 Accounting Treatment for Government Grants, it is amended that government grants related to income shall be presented as revenue or presented by offsetting the grant from related expenses. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- KAS-NPEs No. 3 Preparation and Presentation of Financial Statements II (Financial Sectors) – Classification of Customers' Deposit in Statement of Cash Flows

In accordance with the amendment to KAS-NPEs No. 3 Preparation and Presentation of Financial Statements II (Financial Sectors), it is amended that financial institutions whose main business activity is generating profits through fund brokerage shall change the cash flow of customers' deposit from financing activities to operating activities. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

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.

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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 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:

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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

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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.

(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.

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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 February 2, 2023 and may be amended and approved at the General Meeting of Shareholders.

3. Cash and cash equivalent

(a) Details of loans as at December 31, 2022 and 2021 are as follows:

| (in KRW) | Financial Institutions | December 31, 2022 | December 31, 2021 |
|--------------------------|------------------------|-------------------|-------------------|
| KRW account | Hana bank | 13,118,025 | 10,124,997 |
| | JPM bank | 800,900,278 | 2,139,317,827 |
| Foreign currency account | Hana bank | 212,049,397 | 2,665,771,239 |
| | | 1,026,067,700 | 4,815,214,063 |

(b) There are no deposits limited to use as at December 31, 2022 and 2021.

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4. Loans and Receivables

Details of loans as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | |
|-----------------------|-----------------------|----------------------------|-----------------------------------|-----------------------|
| | Receivables | Unearned Expense/Income | Allowance for doubtful account | Loans (net) |
| General Loans | 39,129,444,755 | 195,337,244 | (517,190,356) | 38,807,591,643 |
| Factoring Receivables | 35,024,440,714 | (36,979,424) | (175,615,679) | 34,811,845,611 |
| Intercomany Loans | 600,000,000 | - | (3,000,000) | 597,000,000 |
| | <u>74,753,885,469</u> | <u>158,357,820</u> | <u>(695,806,035)</u> | <u>74,216,437,254</u> |

| (in KRW) | December 31, 2021 | | | |
|-----------------------|-----------------------|----------------------------|-----------------------------------|-----------------------|
| | Receivables | Unearned Expense/Income | Allowance for doubtful account | Loans (net) |
| General Loans | 37,604,948,406 | 161,955,786 | (557,258,112) | 37,209,646,080 |
| Factoring Receivables | 28,878,154,276 | 6,069,315 | (144,421,173) | 28,739,802,418 |
| Intercomany Loans | 500,000,000 | - | (2,500,000) | 497,500,000 |
| | <u>66,983,102,682</u> | <u>168,025,101</u> | <u>(704,179,285)</u> | <u>66,446,948,498</u> |

5. Finance Leases

(a) Details of finance lease receivables as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | |
|----------------|-------------------|----------------------------|-----------------------------------|----------------------|
| | Finance leases | Unearned Expense/Income | Allowance for doubtful account | Finance leases (net) |
| Finance Leases | 251,210,717,705 | (2,007,927,332) | (1,583,043,874) | 247,619,746,499 |

| (in KRW) | December 31, 2021 | | | |
|----------------|-------------------|----------------------------|-----------------------------------|----------------------|
| | Finance Leases | Unearned Expense/Income | Allowance for doubtful account | Finance leases (net) |
| Finance Leases | 229,860,424,541 | (2,064,200,743) | (1,351,837,658) | 226,444,386,140 |

(b) Total and net investment in the leases and unrealized interest income as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | |
|--------------------|------------------------|---|-------------------------------|
| | Total lease investment | Net lease investment (Present Value) | Unrealized interest income |
| Within one year | 96,300,876,445 | 85,344,350,386 | 10,956,526,059 |
| 1-5 years | 170,676,907,580 | 156,445,508,171 | 14,231,399,409 |
| Later than 5 years | 7,777,992,600 | 7,412,931,816 | 365,060,784 |
| | <u>274,755,776,625</u> | <u>249,202,790,373</u> | <u>25,552,986,252</u> |

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| (in KRW) | December 31, 2021 | | |
|--------------------|------------------------|---|-------------------------------|
| | Total lease investment | Net lease investment (Present Value) | Unrealized interest income |
| 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> |

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 ₩25,443,196,465 as at December 31, 2022 (2021: ₩26,508,166,145).

6. Allowance for Credit Loss

- (a) Balances of the lease receivables and relevant allowances as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | | | | |
|-----------------------|------------------------|----------------------|----------------------|----------|--------------------|------------------------|----------------------|
| | Normal | Precautionary | Substandard | Doubtful | Estimated Loss | Total | Provisions |
| General Loans | 38,085,112,372 | 178,691,750 | 920,000,000 | - | 140,977,877 | 39,324,781,999 | 517,190,356 |
| Factoring Receivables | 34,851,786,561 | 135,674,729 | - | - | - | 34,987,461,290 | 175,615,679 |
| Lease receivables | 244,965,649,760 | 2,372,975,693 | 1,837,098,828 | - | 27,066,092 | 249,202,790,373 | 1,583,043,874 |
| Intercompany Loans | 600,000,000 | - | - | - | - | 600,000,000 | 3,000,000 |
| Loans to employees | 160,000,000 | - | - | - | - | 160,000,000 | 800,000 |
| | <u>318,662,548,693</u> | <u>2,687,342,172</u> | <u>2,757,098,828</u> | <u>-</u> | <u>168,043,969</u> | <u>324,275,033,662</u> | <u>2,279,649,909</u> |

| (in KRW) | December 31, 2021 | | | | | | |
|-----------------------|------------------------|----------------------|----------------------|--------------------|----------------|------------------------|----------------------|
| | Normal | Precautionary | Substandard | Doubtful | Estimated Loss | Total | Provisions |
| 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> |

- (b) Changes in credit loss in 2022 and 2021 are as below.

| (in KRW) | 2022 | 2021 |
|--------------------|----------------------|----------------------|
| Beginning | 2,056,866,943 | 2,290,037,313 |
| Addition (Reverse) | 100,500,105 | (2,149,414) |
| Collection | 123,804,190 | - |
| Write off | (1,521,329) | (231,020,956) |
| Ending | <u>2,279,649,909</u> | <u>2,056,866,943</u> |

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

| (in KRW) | 2022 | 2021 | 2020 |
|-------------|-----------------|-----------------|-----------------|
| Receivables | 324,275,033,662 | 295,117,351,581 | 252,196,785,414 |
| Allowance | 2,279,649,909 | 2,056,866,943 | 2,290,037,313 |
| Ratio(%) | 0.70 | 0.70 | 0.91 |

7. Property and Equipment

Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follows:

| (in KRW) | 2022 | | |
|--------------------------|-----------------------|------------------|---------------|
| | Leasehold improvement | Office equipment | Total |
| Beginning balance | 35,184,011 | 39,097,970 | 74,281,981 |
| Acquisition | - | - | - |
| Disposal | - | - | - |
| Depreciation | (35,184,011) | (21,810,160) | (56,994,171) |
| Ending balance | - | 17,287,810 | 17,287,810 |
| Acquisition cost | 175,920,000 | 258,109,743 | 434,029,743 |
| Accumulated depreciation | (175,920,000) | (240,821,933) | (416,741,933) |

| (in KRW) | 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) |

Leasehold improvement and office equipment are insured against fire and other casualty losses for up to ₩840,000,000 as at December 31, 2022 (2021: ₩440,000,000).

8. Non-business assets

(a) Non-business asset as at December 31, 2022 is as follows;

| (in KRW) | December 31, 2022 |
|-----------------------------|-------------------|
| Non-business purpose assets | 951,317,000 |

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(b) Accounting policies for non-business asset

In connection with the collection of loan receivable, the company is classified the inflow asset acquired through the execution of collateral right. Non-business assets are accounted for at acquisition cost, but if the recoverable value of each asset held falls below the book value due to a decrease in market value, the difference is treated as an impairment charge on non-business assets and is deducted directly from the books. However, if the recoverable value of the damaged asset exceeds the book value if it is not damaged, the book value of the non-business asset is limited and the excess amount is treated as net profit as a subject of non-business asset impairment loss and repurchase, and the disposal gain or loss incurred upon disposal of non-business assets is recognized as net profit or loss as non-business asset disposal gains and losses.

9. Borrowings

(a) Borrowings as at December 31, 2022 and 2021 are as follows:

| (in KRW, USD, EUR) | Lender | Interest rate as at | | December 31, 2022 | December 31, 2021 | Payment schedule |
|--------------------------------|-----------------|---------------------|-------------------|-------------------------------------|--|---------------------------|
| | | December 31, 2022 | December 31, 2022 | | | |
| Borrowings in Korean won | DLL Ireland DAC | 0.98 ~ 5.10 | | 220,431,000,000 | 189,579,000,000 | Redemption by installment |
| Borrowings in foreign currency | DLL Ireland DAC | SOFR + 0.39 ~ 0.57 | | 1,325,557,046 | 3,510,571,136 | Redemption by installment |
| | | EURIBOR + 0.23 | | (USD 943,751.00) (EUR 99,194.00) | (USD 2,727,461.00) (EUR 198,397.00) | |

(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 determined by the above-mentioned forecasts. At the end of the reporting period, the Company held ₩1,026,067,700 (2021: ₩4,815,214,063) 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, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | | | Total |
|--------------------------------|--------------------|-----------------------------|-----------------------|----------------|--|-----------------|
| | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Over 2 years | | |
| Borrowings in Korean won | 21,908,914,877 | 53,304,760,005 | 61,587,810,811 | 95,296,875,671 | | 232,098,361,364 |
| Borrowings in foreign currency | 151,437,166 | 979,827,694 | 109,737,131 | 153,688,581 | | 1,394,690,572 |
| Other payable | 62,758,796 | - | - | - | | 62,758,796 |
| Accrued expense | 115,850,275 | 969,290,267 | - | - | | 1,085,140,542 |
| Lease security deposit | 2,091,240,560 | 4,466,880,740 | 6,630,046,361 | 12,255,028,804 | | 25,443,196,465 |

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| (in KRW) | December 31, 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 |
| Derivatives | (472,299,832) | (333,583,057) | - | - | (805,882,889) |
| Cash inflow | | | - | - | |
| 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 security deposit | 1,797,775,112 | 7,104,809,682 | 6,157,678,960 | 11,447,902,391 | 26,508,166,145 |

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.

10. Other Liabilities

(a) Other liabilities as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| Other liability | | |
| Lease deposit | 25,443,196,465 | 26,508,166,145 |
| Accrued expense | 1,085,140,542 | 942,081,006 |
| Other payable | 62,758,796 | 5,243,591,279 |
| Derivative liability | - | - |
| Sub total | 26,591,095,803 | 32,693,838,430 |
| Other non-financial liability | | |
| Accrued expense | 35,326,964 | 38,531,988 |
| Other payable | 921,045,000 | 2,120,000 |
| Advance receipts | 157,218,884 | 255,439,946 |
| Withholdings | 80,714,680 | 103,173,650 |
| Value added tax withheld | 7,725,219 | 8,778,318 |
| Income taxes payable | 742,027,890 | 645,996,505 |
| Office restoration liabilities | 71,500,000 | 71,500,000 |
| Sub total | 2,015,558,637 | 1,125,540,407 |
| Total | 28,606,654,440 | 33,819,378,837 |

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11. Income Taxes

(a) Income tax expense for the years ended December 31, 2022 and 2021 consists of:

| (in KRW) | 2022 | 2021 |
|---|----------------------|----------------------|
| Current income taxes | 1,169,763,930 | 1,047,029,515 |
| Adjustments in respect of prior years (recognized in current year) | (21,514) | - |
| Adjustments in respect of prior years (temporary difference) | 537,199 | 15,370,838 |
| Deferred income tax due to temporary difference | (10,656,926) | 5,953,710 |
| Income tax expenses | <u>1,159,622,689</u> | <u>1,068,354,063</u> |

(b) Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2022 and 2021 is as follows:

| (in KRW) | 2022 | 2021 |
|--|----------------------|----------------------|
| Profit before income tax | 4,296,434,702 | 4,379,801,557 |
| Income tax based on statutory tax rate | 923,215,634 | 941,556,343 |
| Add (deduct) : | 236,407,055 | 126,797,720 |
| Non-deductible expenses | 8,892,586 | 9,748,866 |
| Additional payment of prior years income taxes | 515,685 | 15,370,838 |
| Non-circulated corporate income | 227,002,362 | 106,525,896 |
| Others (difference of tax rate etc.) | (3,578) | - 4,847,880 |
| Income tax expense | <u>1,159,622,689</u> | <u>1,068,354,063</u> |
| Effective tax rate(*) | <u>26.99%</u> | <u>24.39%</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, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | | | |
|----------------------------------|--------------------|-----------------------|----------------------|--------------------|-----------------------------------|--------------------|
| | Beginning balance | Temporary differences | | Ending balance | Deferred tax assets (liabilities) | |
| | | Increase | Decrease | | Beginning balance | Ending balance |
| Accrued expense(*) | 897,479,901 | 942,074,916 | 897,479,901 | 942,074,916 | 192,937,484 | 202,432,564 |
| Loss on valuation of derivatives | - | - | - | - | - | - |
| Gain on valuation of derivatives | (40,684,533) | 40,684,533 | - | - | (8,746,236) | - |
| Cross currency swap | 41,445,800 | - | 41,445,800 | - | 8,909,891 | - |
| Deferred lease revenues | (80,130,749) | 80,130,749 | 89,046,025 | (89,046,025) | (17,226,263) | (19,134,163) |
| FX revaluation | 2,666,181 | 459,399 | 2,666,783 | 458,797 | 573,167 | 98,586 |
| Leashold improvement | (14,300,000) | 14,300,000 | - | - | (3,074,170) | - |
| Bad debt expense | 850,000 | 3,800,000 | 850,000 | 3,800,000 | 182,730 | 816,542 |
| | <u>807,326,600</u> | <u>1,081,449,597</u> | <u>1,031,488,509</u> | <u>857,287,688</u> | <u>173,556,603</u> | <u>184,213,529</u> |

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

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| (in KRW) | December 31, 2021 | | | | | |
|----------------------------------|-------------------|-----------------------|---------------|----------------|-----------------------------------|----------------|
| | Beginning balance | Temporary differences | | Ending balance | Deferred tax assets (liabilities) | |
| | | Increase | Decrease | | 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 |
| | 928,943,319 | 2,539,071,159 | 2,660,687,878 | 807,326,600 | 194,881,164 | 173,556,603 |

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

(d) The gross balances of deferred tax assets and liabilities as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | December 31, 2021 |
|--------------------------|-------------------|-------------------|
| Deferred tax asset | 203,347,692 | 202,603,272 |
| Deferred tax liabilities | (19,134,163) | (29,046,669) |
| Netted deferred tax | 184,213,529 | 173,556,603 |

12. Monetary Assets and Liabilities Denominated in Foreign Currency

Monetary assets and liabilities denominated in foreign currencies as at December 31, 2022 and 2021 are as follows:

| (in KRW) | December 31, 2022 | | | |
|---------------------------------------|-------------------|------------------|----------|-----------------|
| | Currency | Foreign currency | FX rate | KRW equivalents |
| Assets in foreign currency | | | | |
| Cash and cash equivalents | USD | 53,042.25 | 1,262.89 | 66,986,602 |
| | EUR | 107,622.61 | 1,347.88 | 145,062,795 |
| Factoring Receivables | USD | 989,620.00 | 1,262.89 | 1,249,782,605 |
| Total assets in foreign currency | USD | 1,042,662.25 | 1,262.89 | 1,316,769,207 |
| | EUR | 107,622.61 | 1,347.88 | 145,062,795 |
| Liabilities in foreign currency | | | | |
| Borrowings in foreign currency | USD | 943,751.00 | 1,262.89 | 1,191,855,039 |
| | EUR | 99,194.00 | 1,347.88 | 133,702,007 |
| Accrued expense | USD | 621.11 | 1,262.89 | 784,394 |
| | EUR | 408.02 | 1,347.88 | 549,964 |
| Total liabilities in foreign currency | USD | 944,372.11 | 1,262.89 | 1,192,639,433 |
| | EUR | 99,602.02 | 1,347.88 | 134,251,971 |

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| (in KRW) | December 31, 2021 | | | |
|---------------------------------------|-------------------|------------------|----------|-----------------|
| | Currency | Foreign currency | FX rate | KRW equivalents |
| Assets in foreign currency | | | | |
| Cash and cash equivalents | USD | 2,017,065.28 | 1,189.22 | 2,398,724,601 |
| | EUR | 198,407.00 | 1,345.95 | 267,046,638 |
| Finance Leases | USD | 45,834.00 | 1,189.22 | 54,506,487 |
| Accrued income | EUR | 5.27 | 1,345.95 | 7,093 |
| Total assets in foreign currency | USD | 2,062,899.28 | 1,189.22 | 2,453,231,088 |
| | EUR | 198,412.27 | 1,345.95 | 267,053,731 |
| Liabilities in foreign currency | | | | |
| Borrowings in foreign currency | USD | 2,727,461.00 | 1,189.22 | 3,243,537,957 |
| | EUR | 198,397.00 | 1,345.95 | 267,033,179 |
| Lease security deposit | USD | 53,098.00 | 1,189.22 | 63,144,946 |
| Accrued expense | USD | 166.96 | 1,189.22 | 198,551 |
| Total liabilities in foreign currency | USD | 2,780,725.96 | 1,189.22 | 3,306,881,454 |
| | EUR | 198,397.00 | 1,345.95 | 267,033,179 |

13. Share Capital

The Company is authorized to issue 40,000 thousand shares with a par value of ₩5,000. As at December 31, 2022, the Company has issued 4,881,574 shares (2021: 4,881,574 shares) of ordinary shares.

14. Retained Earnings

The appropriation of retained earnings for the year ended December 31, 2022 is expected to be appropriated at the shareholders' meeting on March 31, 2023. The appropriation date for the year ended December 31, 2021 was March 31, 2022.

Details of retained earnings as at December 31, 2022 and 2021 are as follows:

| (in KRW) | 2022 | 2021 |
|---|----------------|----------------|
| Outstanding retained earnings | 18,302,338,023 | 15,165,526,010 |
| Unappropriated retained earnings carried over from prior year | 15,165,526,010 | 11,854,078,516 |
| Profit for the period | 3,136,812,013 | 3,311,447,494 |
| Unappropriated retained earnings carried forward to subsequent year | 18,302,338,023 | 15,165,526,010 |

15. Severance Wage

In 2022, the Company recognized ₩267,873,664 (2021 : ₩218,139,914) as severance benefits expenses under the defined contribution pension plan.

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2022 and 2021

16. Selling and Administrative Expenses

| (in KRW) | 2022 | 2021 |
|--|---------------|---------------|
| Salaries and wages | 3,011,128,000 | 2,723,604,835 |
| Post-employment benefits | 267,873,664 | 218,139,914 |
| Employee benefits | 439,339,053 | 371,501,887 |
| Rent expenses | 172,078,086 | 168,540,608 |
| Insurance premium | 52,626,236 | 50,342,291 |
| Travel expenses | 87,170,444 | 68,439,078 |
| Vehicles maintenance expenses | 138,968,823 | 130,140,904 |
| Entertainment expenses | 76,544,359 | 85,986,355 |
| Depreciation | 56,994,171 | 78,278,002 |
| Supplies, repairs and maintenance expenses | 220,803,316 | 91,875,439 |
| Communication expenses | 64,570,350 | 62,412,816 |
| Service fees | 2,196,240,859 | 2,158,276,504 |
| Taxes and dues | 355,468,414 | 376,819,008 |
| Advertising expenses | 91,426,300 | 60,203,500 |
| | 7,231,232,075 | 6,644,561,141 |

17. Value Added Information

| (in KRW) | 2022 | 2021 |
|--------------------------|---------------|---------------|
| Salaries and wages | 3,011,128,000 | 2,723,604,835 |
| Post-employment benefits | 267,873,664 | 218,139,914 |
| Employee benefits | 439,339,053 | 371,501,887 |
| Rent expenses | 172,078,086 | 168,540,608 |
| Depreciation | 56,994,171 | 78,278,002 |
| Taxes and dues | 355,468,414 | 376,819,008 |
| | 4,302,881,388 | 3,936,884,254 |

18. Earnings per Share

| (in KRW) | 2022 | 2021 |
|--|---------------|---------------|
| I. Profit for the year | 3,136,812,013 | 3,311,447,494 |
| II. Weighted average number of ordinary shares outstanding | 4,881,574 | 4,881,574 |
| III. Basic earnings per share(I ÷ II) | 643 | 678 |

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2022 and 2021

19. Significant Transactions Not Affecting Cash Flows

Significant transactions not affecting cash flows for the years ended December 31, 2022 and 2021 are as follows:

| (in KRW) | 2022 | 2021 |
|---------------------------------------|-----------|-------------|
| Loan receivables written-off | - | 137,197,281 |
| Finance lease receivables written-off | 1,521,329 | 93,823,675 |

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, 2022 and 2021 are as follows:

| Type | 2022 | 2021 |
|--------------------------|-----------------------------|-----------------------------|
| 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. |
| | De Lage Landen Pty Limited | |

(c) Sales and purchases with related parties for the years ended December 31, 2022 and 2021 are as follows:

| (in KRW) | Company | 2022 | | | |
|-----------------------|-----------------------------|----------------|------------------------|---------------|-------------------|
| | | Interst Income | Other operating income | Fees expenses | Interest expenses |
| Parent company | DLL International B.V. | - | - | 1,551,779,433 | - |
| | DLL Ireland DAC | - | - | - | 4,212,341,683 |
| Other related parties | De Lage Landen Pte. Limited | - | - | 211,351,082 | - |
| | De Lage Landen Finance LLC. | 41,918,636 | 48,837,597 | - | - |
| | De Lage Landen Pty Limited | - | - | 1,388,796 | - |
| | | 41,918,636 | 48,837,597 | 1,764,519,311 | 4,212,341,683 |

| (in KRW) | 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 |

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2022 and 2021

(d) Outstanding balances with related parties as at December 31, 2022 and 2021 are as follows:

| (in KRW) | Company | December 31, 2022 | | | | | | |
|-----------------------|---|-------------------|-------------------|---------------------|-------------------|--------------------------------|---------------|------------------|
| | | Accrued Interest | Other receivables | Loan receivables(*) | Borrowings in KRW | Borrowings in foreign currency | Other payable | Accrued expenses |
| Parent company | DLL International B.V. DLL Ireland DAC | - | - | - | 220,431,000,000 | 1,325,557,046 | - | 96,647,692 |
| Other related parties | De Lage Landen Finance LLC. De Lage Landen Pty Limited | 460,000 | - | 600,000,000 | - | - | 1,388,796 | - |
| | | 460,000 | - | 600,000,000 | 220,431,000,000 | 1,325,557,046 | 1,388,796 | 96,647,692 |

(*) 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 ₩500,000.

| (in KRW) | Company | December 31, 2021 | | | | | | |
|-----------------------|---|-------------------|-------------------|---------------------|-------------------|--------------------------------|---------------|--------------------------|
| | | Accrued Interest | Other receivables | Loan receivables(*) | Borrowings in KRW | Borrowings in foreign currency | Other payable | Accrued expenses |
| Parent company | DLL International B.V. DLL Ireland DAC | - | - | - | 189,579,000,000 | 3,510,571,136 | - | 15,770,916 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.

(e) Fund transactions with related parties for the years ended December 31, 2022 and 2021 are as follows:

| (in KRW) | Company | 2022 Lending | | | | |
|---------------------|-----------------------------|--------------|---------------|---------------|----------------|-------------|
| | | Beginning | Lending | Collection | FX revaluation | Ending |
| Other related party | De Lage Landen Finance LLC. | 500,000,000 | 9,100,000,000 | 9,000,000,000 | - | 600,000,000 |

| (in KRW) | Company | 2022 Borrowing | | | | | |
|---------------------|-----------------|-----------------|-----------------|----------------|------------------|--------------------|-----------------|
| | | Beginning | Borrowing | Repayment | Realized FX loss | Unrealized FX loss | Ending |
| Other related party | DLL Ireland DAC | 193,089,571,136 | 106,000,000,000 | 77,495,934,644 | 93,197,033 | 69,723,521 | 221,756,557,046 |

| (in KRW) | Company | 2021 Lending | | | | |
|---------------------|-----------------------------|--------------|---------------|---------------|----------------|-------------|
| | | Beginning | Lending | Collection | FX revaluation | Ending |
| Other related party | De Lage Landen Finance LLC. | 600,000,000 | 3,070,000,000 | 3,170,000,000 | - | 500,000,000 |

| (in KRW) | Company | 2021 Borrowing | | | | | |
|---------------------|-----------------|-----------------|-----------------|----------------|------------------|--------------------|-----------------|
| | | Beginning | Borrowing | Repayment | Realized FX loss | Unrealized FX loss | Ending |
| Other related party | 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 |

(f) Details of guarantees and collaterals provided by the related parties as at December 31, 2022 and 2021 are presented below:

| (in KRW) | Company | December 31, 2022 | | | | | |
|--------------------------|----------------------------|--------------------------|-------------------|-------------------|------------------|---------------------|--------------------------|
| | | 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 | - | HSBC seoul Branch |

| (in KRW) | Company | December 31, 2021 | | | | | |
|--------------------------|----------------------------|--------------------------|-------------------|-------------------|------------------|---------------------|--------------------------|
| | | 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 |

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2022 and 2021

21. 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) There is no derivatives held for trading as at December 31, 2022.

| (in KRW) | 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 | - |

22. Payment Guarantee Provided

Payment guarantees that the Company is receiving, except for related parties as at December 31, 2022 is as follows:

| (in KRW) | | | December 31, 2022 |
|---------------------------|--------------------------|-------------------|-------------------|
| Guarantor | Description of guarantee | Guaranteed amount | |
| Seoul Guarantee Insurance | Credit offerings | 316,829,710 | |

23. Contingencies and Commitments

- (a) Commitments contracted with the financial institution as at December 31, 2022 is as follows:

| (in KRW, USD, AUD, EUR) | | December 31, 2022 | | | |
|-------------------------|-----------------|-------------------|----------------|----------|-------------|
| Institutions | Description | Currency | Maximum amount | Currency | Used amount |
| Hana bank | Loan Commitment | KRW | 2,000,000,000 | KRW | - |
| | Open L/C | USD | 2,000,000.00 | USD | - |
| Shinhan bank | Loan Commitment | KRW | 3,000,000,000 | KRW | - |
| | Open L/C | USD | 4,000,000.00 | USD | - |

- (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.

De Lage Landen Co., Ltd.
Notes to the Financial Statements
December 31, 2022 and 2021

(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, 2022

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, 2022. 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, 2022, 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, 2022, and we did not review management's assessment of its ICFR subsequent to December 31, 2022. 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, 2023

De Lage Landen Co., Ltd.
Report on Independent Auditor's
Review of Internal Control over Financial Reporting
December 31, 2022



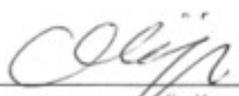
To Shareholders, Board of Directors and Auditor of De Lage Landen Co., Ltd.

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, 2022.

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, 2022, no material weaknesses, in any material respects, have been identified from the standpoint of Chapter 5 of the Best Practice Guideline.

January 26, 2023



Jin Kyou Lee
Representative Director



Yun Sung Yang
ICFR Manager