

Avanstrate Korea Inc.

About financial statements

Audit reports

23rd period

From April 1, 2024

Until March 31, 2025

Shinhan Accounting Corporation

The reader is advised that financial statements have been prepared originally in Korean language. In the event of a conflict between these financial statements and the original Korean version or difference in interpretation between the two versions, the Korean language financial statements shall prevail

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Independent auditor's report

AvanStrate Korea Corporation

To the Shareholders and the Board of Directors

April 25, 2025

Acknowledgments

We have audited the accompanying financial statements of Korea Corporation (the “Company”), which comprise the statement of financial position as of March 31, 2025, and the related statements of profit or loss, changes in equity , and cash flows for the year then ended , as well as notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance and cash flows for the year then ended, in accordance with Korean Generally Accepted Accounting Principles (K-GAAP).

Basis for Opinion

We conducted our audit 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 this report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea applicable to audits of financial statements and have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the Company for the year ended March 31, 2024, were audited by other auditors , whose report dated October 25, 2024 , expressed an unqualified opinion on those financial statements.

Critical Uncertainties Related to Going Concern

Without affecting our audit opinion, we draw the attention of users of this audit report to **Note 17 to the financial statements**. Note 17 discloses that for the year ended March 31, 2025, the Company incurred an operating loss of KRW 2,108 million, and as of the balance sheet date, the Company's current liabilities exceeded its current assets by KRW 82,567 million, and total liabilities exceeded total assets by KRW 345,494 million. These conditions , together with other matters described in Note 17 , indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's and Governing Body's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles and for designing , implementing, and maintaining internal controls as management determines are 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 cease operations, or has no realistic alternative but to do so.

The governing body is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the Company's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that expresses our opinion. Reasonable assurance means a high level of confidence , but it does not provide assurance that an audit performed in accordance with auditing standards will always detect material misstatements. Misstatements can arise from fraud or error and are considered material if it is reasonably expected that the misstatements, individually or collectively , would affect the economic decisions of users of the financial statements.

As part of the audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the financial statements , whether due to fraud or error , design and perform audit procedures to address those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk due to error, as fraud may involve collusion , forgery , intentional omission , misstatement , or overriding of internal controls.
- Understand the internal controls relevant to the audit in order to design appropriate audit procedures , but not to express an opinion on the effectiveness of internal controls.
- Evaluate the appropriateness of accounting policies used by management in preparing the financial statements and assess the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management, and based on the audit evidence obtained , determine whether there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists , we are required to draw attention in our audit report to the relevant disclosures in the financial statements and modify our opinion if those disclosures are inadequate. Although our conclusions are based on audit evidence obtained up to the date of our audit report, future events or circumstances may cause the Company to cease to be a going concern.
- Evaluate the overall presentation , structure , and content of the financial statements , including disclosures, and assess whether the financial statements present fairly the transactions and events underlying them.
- We communicate with the governing body about, among other things, the planned scope and timing of the audit and significant audit findings , including any significant internal control deficiencies identified during the audit.

8,Uhwadang-daero, Yeongdeungpo-gu, Seoul, Korea
Shinhan Accounting Corporation
CEO - Choi Jong Man

This audit report is valid as of the date of the audit report. Therefore, events or circumstances that could materially affect the attached financial statements of the company may occur between the date of the audit report and the time this report is reviewed, and as a result, this audit report may be subject to revision.

(Attached) Financial Statements

Avanstrate Korea Corporation

23rd Term

23rd Fiscal Year: From April 1, 2024 to March 31, 2025

22nd Fiscal Year: From April 1, 2023 to March 31, 2024

22nd Term

23rd Fiscal Year: From April 1, 2024 to March 31, 2025

22nd Fiscal Year: From April 1, 2023 to March 31, 2024

“The accompanying financial statements have been prepared by us.”

Yo Myung Chae, CEO of Avanstrate Korea Corporation

Headquarters:

(Street Address) 84, Hyeonggoksandan-ro , Cheongbuk-myeon, Pyeongtaek-si , Gyeonggi-do, Republic of Korea

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Balance Sheet

As of the End of the 23rd Fiscal Year: March 31, 2025

As of the End of the 22nd Fiscal Year: March 31, 2024

Account Title	End of Current Period (23 rd)		End of Previous Period (22 nd)	
Assets				
I . Current Assets		27,266,558,170		10,571,502,548
(1) Quick Assets		26,012,652,450		7,796,722,017
1. Cash and Cash Equivalents < Note 4 >	423,200,612		118,630,122	
2. Trade Receivables < Note 11 >	311,041,565		244,385,591	
3. Other Receivables < Note 11 >	21,064,105,699		5,012,521,904	
4. Prepayments	2,299,085,016		2,458,061,790	
Allowance for Doubtful Accounts	(36,877,390)		(36,877,390)	
5. Current Portion of Lease Deposits < Note 14 >	1,902,525,070		-	
6. VAT Refund Receivable	49,569,808		-	
7. Current Income Tax Assets	2,070		-	
(2) Inventories		1,253,905,720		2,774,780,531
1. Finished Goods	5,227,124,890		7,657,041,935	
(-) Provision for Valuation Losses	(5,227,124,890)		(6,962,995,215)	
2. Raw Materials	327,948,460		327,948,460	
(-) Provision for Valuation Losses	(327,948,460)		(327,948,460)	
3. Work-in-Progress	4,517,134,420		6,141,137,630	
(-) Provision for Valuation Losses	(3,263,228,700)		(4,256,247,469)	
4. Supplies	95,663,650		95,663,650	
(-) Provision for Valuation Losses	(95,663,650)		-	
5. Goods in Transit	-		100,180,000	
II. Non-Current Assets		31,067,366,557		49,145,456,991
(1) Investment Assets		2,000,000		2,000,000
1. Long-Term Financial Instruments < Note 4 >	2,000,000		2,000,000	
(2) Property, Plant and Equipment < Notes 6, 14 >		31,045,056,557		48,857,523,801
1. Buildings	121,234,220,129		121,234,220,129	
Accumulated Depreciation	(42,878,660,640)		(42,878,660,640)	
Accumulated Impairment Losses	(78,355,559,489)		(78,355,559,489)	
2. Structures	15,836,652,195		15,836,652,195	
Accumulated Depreciation	(15,567,684,768)		(15,567,684,768)	
Accumulated Impairment Losses	(268,967,427)		(268,967,427)	
3. Machinery and Equipment	228,078,368,923		245,890,836,167	
Accumulated Depreciation	(133,002,816,055)		(133,002,816,055)	
Accumulated Impairment Losses	(64,030,496,311)		(64,030,496,311)	
4. Vehicles	26,200,000		26,200,000	

Accumulated Depreciation	(26,200,000)		(26,200,000)	
Account Title	End of FY 2023 (Current Year)		End of FY 2022 (Previous Year)	
5. Fixtures	18,840,632,620		18,840,632,620	
Accumulated Depreciation	(15,630,100,989)		(15,630,100,989)	
Accumulated Impairment Losses	(3,210,531,631)		(3,210,531,631)	
6. Assets Under Construction	41,415,290,347		41,415,290,347	
Accumulated Impairment Losses	(41,415,290,347)		(41,415,290,347)	
(3) Other Non-current Assets		20,310,000		285,933,190
1. Lease Deposits < Note 14 >	20,310,000		285,933,190	
Total Assets		58,333,924,727		59,716,959,539
Liabilities				
I . Current Liabilities		109,833,323,434		101,906,620,546
1. Accounts Payable < Note 11 >	3,378,614,643		6,349,884,638	
2. Accrued Expenses < Notes 11, 14 >	5,458,882,853		10,069,991,080	
3. Accrued Expenses < Note 11 >	87,973,034,098		76,461,114,369	
4. Deposits	102,367		-	
5. Prepaid Expenses < Note 11 >	8,565,248,367		8,565,248,367	
6. Short-term Borrowings < Notes 7, 11 >	4,351,651,200		-	
7. Other Provisions < Note 20 >	105,789,906		460,382,092	
II. Non-current liabilities		293,994,678,280		297,586,677,610
1. Long-term borrowings < Notes 8, 11, 14 >	293,994,678,280		297,586,677,610	
Total liabilities		403,828,001,714		399,493,298,156
Equity				
I . Capital Stock < Notes 1, 9 >		148,577,200,000		148,577,200,000
1. Common stock capital	148,577,200,000		148,577,200,000	
II. Capital Adjustments		(607,049,560)		(607,049,560)
1. Discount on stock issuance proceeds	(607,049,560)		(607,049,560)	
III. Deficit		493,464,227,427		487,746,489,057
1. Unsettled deficit < Note 10 >	(493,464,227,427)		(487,746,489,057)	
Total equity		(345,494,076,987)		(339,776,338,617)
Total liabilities and equity		58,333,924,727		59,716,959,539

“ The accompanying notes are a part of these financial statements . ”

Income Statement

23rd Fiscal Year : From April 1, 2024 to March 31, 2025

22nd Fiscal Year : From April 1, 2023 to March 31, 2024

Account Title	23rd Fiscal Year		22nd Fiscal Year	
I. Sales < Note 11 >		651,578,311		1,866,420,433
1. Product sales	651,578,311		1,866,420,433	
II. Cost of Goods Sold < Notes 11, 16 >		1,834,793,505		16,934,670,590
1. Cost of goods sold	1,834,793,505		16,934,670,590	
A. Beginning inventory of finished goods	694,046,720		5,322,669,312	
B. Cost of goods manufactured during the current period	1,165,218,542		12,306,047,998	
C. Transfers to other accounts	(24,471,757)		-	
D. Ending inventory of finished goods	-		(694,046,720)	
III. Gross Loss		1,183,215,194		15,068,250,157
IV. Selling and Administrative Expenses		925,087,865		2,182,001,106
1. Salaries < Note 16 >	194,399,335		386,056,984	
2. Retirement benefits < Note 16 >	19,866,455		27,109,786	
3. Welfare expenses < Note 16 >	49,979,602		70,842,744	
4. Travel and transportation expenses < Note 11 >	28,860,373		59,754,073	
5. Entertainment expenses	-		2,259,358	
6. Communication expenses	12,144,391		12,548,747	
7. Utilities (water, previous period, heating)	4,924,080		44,661,963	
8. Depreciation < Notes 6, 16 >	-		51,936,931	
9. Rent < Note 16 >	95,855,232		261,498,608	
10. Taxes and dues < Note 16 >	125,821,580		732,540	
11. Insurance premiums	4,074,900		-	
12. Freight and delivery expenses	-		340,743,007	
13. Education and training expenses	488,000		20,000	
14. Supplies	1,165,116		3,944,576	
15. Commission expenses < Note 11 >	345,344,063		404,988,548	
16. Bad debt expenses	-		30,280,462	
17. Support labor costs	-		58,434,098	
18. Recruitment expenses	-		5,960,740	
19. Lease payments	4,623,184		6,018,179	

20. Personnel dispatch service fees	-		99,996,740	
21. Security service expenses	3,478,000		78,612,400	
22. Patent license fees < Notes 11 , 15 >	9,591,797		35,087,178	
24. Sample expenses	24,471,757		200,513,444	
V. Operating Loss		2,108,303,059		17,250,251,263
VI. Non-operating Income		37,967,283,354		44,619,415,241
1. Interest income	21,301		1,802	
Account Title	23rd Fiscal Year		22nd Fiscal Year	
2. Foreign exchange gains	23,900,357		72,496,892	
3. Gains on foreign currency translation	1,384,641,719		43,096,406,978	
4. Lease income received from affiliated companies < Note 11 >	168,073,138		27,105,980	
5. Gain on disposal of property, plant, and equipment	961,538,257		6,655,011	
6. Miscellaneous income	841,830,211		1,387,748,578	
7. Gain on debt forgiveness	34,587,278,371		29,000,000	
VII. Non-operating Expenses		41,576,718,665		16,083,497,219
1. Interest expense < Notes 11, 17 >	4,893,310,208		4,534,669,999	
2. Foreign exchange losses	87,189,788		147,406,400	
3. Losses on foreign currency translation	36,346,854,993		4,162,807,126	
4. Loss on disposal of property, plant, and equipment	-		989,867,725	
5. Impairment losses on property, plant, and equipment < Note 6 >	-		5,147,596,248	
6. Miscellaneous losses	249,363,676		1,101,149,721	
VIII. Profit (Loss) Before Income Tax Expense		(5,717,738,370)		11,285,666,759
IX. Income Tax Expense < Note 12 >		-		33,898,604
X. Net Profit (Loss) for the Period		(5,717,738,370)		11,251,768,155
XI. Earnings (Loss) Per Share < Note 13 >				
Basic earnings (loss) per share		(192)		379

" The attached notes are an integral part of these financial statements . "

Statement of Changes in Equity

23rd Fiscal Year: From April 1 , 2024, to March 31 , 2025

22nd Fiscal Year: From April 1 , 2023, to March 31 , 2024

Account Title	Capital Stock	Capital Adjustments	Retained Earnings	Total
April 1, 2023 (Beginning of Prior Period)	148,577,200,000	(607,049,560)	(498,998,257,212)	(351,028,106,772)
Net Income (for the current period)	-	-	11,251,768,155	11,251,768,155
March 31, 2024 (End of Prior Period)	148,577,200,000	(607,049,560)	(487,746,489,057)	(339,776,338,617)
April 1, 2024 (Beginning of Current Period)	148,577,200,000	(607,049,560)	(487,746,489,057)	(339,776,338,617)
Net Loss (for the current period)	-	-	(5,717,738,370)	(5,717,738,370)
March 31, 2025 (End of Current Period)2025	148,577,200,000	(607,049,560)	(493,464,227,427)	(345,494,076,987)

" The accompanying notes are a part of these financial statements . "

Statement of Cash Flow
23rd Fiscal Year : From April 1, 2024 to March 31, 2025
22nd Fiscal Year : From April 1, 2023 to March 31, 2024

Avanstrate Korea Co., Ltd.

(Unit: KRW)

Account Title	23rd Fiscal Year		22nd Fiscal Year	
I .Cash Flows from Operating Activities		(23,215,548,756)		(3,492,334,651)
1. Net Income (Loss)	(5,717,738,370)		11,251,768,155	
2. Additions of Expenses Without Cash Outflow	36,442,518,643		16,122,378,840	
Bad Debt Expense	-		30,280,462	
Depreciation	-		2,620,433,314	
Loss on Foreign Currency Translation	36,346,854,993		4,162,807,126	
Loss on Disposal of Property , Plant , and Equipment	-		989,867,725	
Impairment Loss on Property , Plant , and Equipment	-		5,147,596,248	
Loss on Valuation of Inventories	95,663,650		3,171,393,965	
3. Deductions of Revenue Without Cash Inflow	(36,933,458,347)		(43,103,061,989)	
Gain on Foreign Currency Translation	1,384,641,719		43,096,406,978	
Gain on Disposal of Property, Plant, and Equipment	961,538,257		6,655,011	
Gain on Debt Forgiveness	34,587,278,371		-	
4. Changes in Assets and Liabilities Resulting from Operating Activities	(17,006,870,682)		12,236,580,343	
Trade Receivables	(48,492,919)		353,293,888	
Accounts Receivable	(14,685,105,131)		838,643,575	
Prepayments	159,407,274		348,957,586	
Prepaid Expenses	-		83,112,289	
VAT Receivables	(49,569,808)		-	
Current Income Tax Assets	(2,070)		14,730	
Inventories	1,425,211,161		4,539,812,335	
Accounts Payable	(3,291,215,413)		(1,217,408,083)	
Accrued Liabilities	(5,040,004,997)		2,993,136,983	
Accrued Expenses	4,877,391,040		4,158,314,588	
Deposits Received	102,367		-	
Unearned Revenue	-		(321,679,640)	
Other Provisions	(354,592,186)		460,382,092	
II.Cash Inflows from Investing Activities		17,137,103,621		576,686,254
1. Cash Flows from Investing Activities	18,774,205,501		634,655,377	

Disposal of Machinery and Equipment	18,774,005,501		321,793,778	
Disposal of Fixtures and Fittings	-		45,928,814	
Disposal of Assets Under Construction	-		201,932,785	
Decrease in Lease Deposits	200,000		65,000,000	
2. Cash Outflows from Investing Activities	(1,637,101,880)		(57,969,123)	
Increase in Construction in Progress	-		38,969,123	
Increase in Lease Deposits	1,637,101,880		19,000,000	

Account Title	23rd Fiscal Year		22nd Fiscal Year	
III. Cash Flows from Financing Activities		6,383,015,625		2,785,678,700
1. Cash Inflows from Financing Activities	6,383,015,625		2,785,678,700	
Proceeds from Short-Term Borrowings	4,251,875,625		-	
Proceeds from Long-Term Borrowings	2,131,140,000		2,785,678,700	
2. Cash Outflows from Financing Activities	-		-	
IV. Increase (Decrease) in Cash (I + II + III)		304,570,490		(129,969,697)
V. Cash at the Beginning of the Period		118,630,122		248,599,819
VI. Cash at the End of the Period		423,200,612		118,630,122

"The accompanying notes are an integral part of these financial statements . "

" Notes " .

23rd Fiscal Year: From April 1, 2024 to March 31, 2025

22nd Fiscal Year: From April 1, 2023 to March 31, 2024

Avanstrate Korea Co., Ltd.

1. General Information

Avanstrate Korea Co., Ltd. (hereinafter referred to as "the Company") is a foreign-invested corporation established on November 28, 2002. Its main business includes the development, manufacturing, processing, and sale of glass substrates for LCDs. As of the end of the current period, the capital is 14,857.7 million KRW, and 100% of the shares are owned by AvanStrate Inc. of Japan.

2. Summary of Significant Accounting Policies

The Company's financial statements have been prepared in accordance with Korean Generally Accepted Accounting Principles (K-GAAP), and the significant accounting policies are summarized below.

(1) Revenue Recognition

We recognize revenue from product and merchandise sales when the significant risks and rewards of ownership have been transferred. Other revenue is recognized when the revenue-earning process is complete, the amount of revenue can be reliably measured, and it is probable that economic benefits will flow to the company.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods, the rendering of services, or the use of assets ("sales consideration"), excluding sales allowances, discounts, and rebates. However, it is not considered revenue if the consideration received from the buyer is for distinct goods or services provided to the buyer.

(2) Cash and cash equivalents

We classify as cash equivalents securities and short-term financial instruments that are readily convertible to cash without significant transaction costs, whose value is not subject to significant fluctuations due to changes in interest rates, and that have a maturity (or redemption date) of three months or less from the date of acquisition.

(3) Financial Assets

The Company classifies time deposits and certificates of deposit with financial institutions, held for short-term working capital purposes or maturing within one year, as short-term financial instruments. Financial instruments that are not classified as current assets are classified as long-term financial instruments.

(4) Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful debts based on an individual analysis of the collectability of trade receivables , loans , and other receivables as of the reporting date , as well as historical experience with bad debts.

(5) Inventory

Inventories are valued at acquisition cost determined using the weighted average method (except for unfinished goods , which are valued using the specific identification method). The quantity and amount are calculated using the perpetual inventory system throughout the year , and the records are adjusted by conducting physical inventory counts at the end of each fiscal year.

However , if the market value of inventories is lower than the acquisition cost, the market value is used as the carrying amount. If the market value of inventories increases above the carrying amount , the write-down is reversed , to the extent that it does not exceed the original carrying amount.

(6) Securities

We classify securities as short-term trading securities if they are acquired with the purpose of trading within a short period and are actively and frequently bought and sold , as held-to-maturity securities if they are debt securities with fixed maturities and we have the intention and ability to hold them to maturity with a fixed or determinable redemption amount , and as available-for-sale securities if they are not classified as either short-term trading securities or held-to-maturity securities.

The acquisition cost of securities is the market value of the consideration paid to acquire the securities , including incidental acquisition costs, with the acquisition cost of available-for-sale securities being the fair value at the time of acquisition.

Held-to-maturity securities are carried at amortized cost using the effective interest method over the period to maturity , with the difference between the acquisition cost and the maturity value being added to interest income.

Short-term trading securities and available-for-sale securities are valued at fair value. Marketable securities are carried at fair value using quoted market prices at the end of the reporting period. However , if the fair value of equity securities available-for-sale , which are not marketable , cannot be reliably measured, they are carried at cost. Unrealized gains and losses on short-term trading securities are recognized in profit or loss, while unrealized gains and losses on available-for-sale securities are recognized in accumulated other comprehensive income (OCI) , with the cumulative amount being reclassified to profit or loss when the securities are disposed of or when impairment losses are recognized.

If the recoverable amount of a security (for debt securities, its amortized cost or for equity securities, its acquisition cost) is less than its carrying value and there is objective evidence of impairment , an impairment loss is recognized and charged to profit or loss unless there is clear evidence that the impairment loss is unnecessary.

(7) Valuation of Property , Plant , and Equipment and Depreciation Methods

We record property, plant, and equipment at cost (or fair value for assets acquired through in-kind contributions, gifts, or other non-cash consideration) , which includes the purchase or production cost and expenditures directly attributable to bringing the asset to the location and condition necessary to operate it as intended by management.

Additionally, expenditures incurred after the acquisition or completion of property, plant, and equipment are capitalized as part of the asset if they meet the conditions for recognition as property, plant, and equipment. Otherwise , they are recognized as expenses in the period in which they are incurred.

Depreciation expense for property , plant , and equipment is recognized using the straight-line method over their estimated useful lives as follows:

Category	Useful life
Buildings	40 Years
Structures	4 Years
Machinery and equipment	2~6 Years
Vehicles	4 Years
Tools and fixtures (furniture and equipment)	4 Years

(8) Impairment of Assets

When the recoverable amount of investments, property, plant and equipment—excluding those measured at fair value—falls significantly below their carrying amount due to factors such as obsolescence , physical damage, or a substantial decline in market value , the difference is recognized as an impairment loss in the income statement for the period.

Meanwhile, if in a subsequent period the recoverable amount of an asset for which an impairment loss had previously been recognized exceeds its carrying amount, the impairment loss is reversed to the extent that it does not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized.

(9) Retirement Benefits

We operate a defined contribution plan , and our obligation to make contributions to the plan is recognized as a postretirement benefit expense in profit or loss, except when the contributions are included in the cost of assets at the due date. For underfunded contributions , the underfunded amount is recognized as a liability , while overfunded contributions are recognized as an asset to the extent that they reduce future payments or are refunded in cash.

The amount recognized as expense related to the defined contribution plan was \$67,822 and \$198,183 for the years ended December 31, 2017 and 2016, respectively

(10) Provisions and Contingent Liabilities

A liability is recognized as a provision when it is probable that an outflow of resources will be required to settle a present obligation arising from a past event or transaction, the timing or amount of which is uncertain , and the amount of the obligation can be reliably estimated.

Additionally, a potential obligation is disclosed when a past event has occurred but the existence of the obligation can only be confirmed by the occurrence of an uncertain future event , or when there is a present obligation resulting from a past event but it is not probable that an outflow of resources will be required, or the obligation cannot be measured reliably.

Payment guarantees or similar guarantees provided to third parties, as well as significant pending litigation cases, are disclosed in the notes when the likelihood of an outflow of resources is remote , even if the obligation arises from a past event or transaction.

(11) Deferred Income Taxes

We recognize deferred tax assets and deferred tax liabilities for temporary differences arising from differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured based

on the tax amounts expected to reverse or increase in the future due to the reversal of these temporary differences. The tax effects of temporary differences are recognized in income tax expense for the period in which they arise, and the tax effects of temporary differences related to items directly attributable to equity are recognized directly in the corresponding equity items.

The realizability of deferred tax assets is reassessed at each reporting date to determine whether it is probable that sufficient future taxable profit will be available against which the deferred tax asset can be utilized. For carried-forward tax losses and credits, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which these tax benefits can be utilized.

Deferred tax assets and liabilities are classified as current assets (current liabilities) or non-current assets (non-current liabilities) based on the classification of the related underlying asset or liability in the financial statements. Deferred tax assets and liabilities related to the same taxing authority are offset against each other.

(12) Translation of Foreign Currency Assets and Liabilities

Monetary foreign currency assets and liabilities are translated at the closing exchange rates prevailing at the end of the reporting period (JPY 100: KRW 981.76 and KRW 889.48, and USD 1: KRW 1,466.5 and KRW 1,346.8, as of December 31, 2019 and 2018, respectively). The resulting translation differences are recognized in profit or loss.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the transaction date, and non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date the fair value is determined.

(13) Accounting for Lease Transactions

We classify lease transactions as finance leases when substantially all the risks and rewards of ownership of the leased asset are transferred , and as operating leases in other cases.

For operating leases, the minimum lease payments, excluding any guaranteed residual value, are recognized as operating lease expenses evenly over the lease term. For finance leases, the lower of the present value of the minimum lease payments discounted at the interest rate implicit in the lease and the fair value of the leased asset is recognized as both a finance lease asset and a finance lease liability

(14) Greenhouse Gas Emission Rights and Emission Liabilities

The Company receives greenhouse gas (GHG) emission allowances free of charge, which are allocated to individual emitting entities within the total cap of emissions established under the “Act on the Quarter and Trading of Greenhouse Gas Emission Rights.” These allowances are granted annually throughout the planning period, and the Company is obligated to submit an equivalent number of allowances corresponding to the actual emissions generated during each year.

We recognize the allowances granted without cost by the government (hereinafter referred to as “free allocated allowances”) at a value of zero, while purchased allowances are recognized at acquisition cost.

These allowances are derecognized from the financial position statement either when submitted to the government to fulfill obligations or when sold in the market. If it is confirmed that excess allowances remain after submission to the government, any gain or loss from selling such unused free allowances is deducted from the cost of emissions. Meanwhile, gains or losses from the sale of purchased allowances are classified as non-operating income or expenses.

In cases where free allocated allowances are sold before verifying whether the actual emissions have been reduced relative to the Quarter, the difference between their book value and net proceeds is recorded as deferred revenue. This deferred revenue is then systematically offset against the cost of emissions over the performance year to which the sold allowances belong.

Emission liabilities are only recognized when actual GHG emissions exceed the allocated amount. The associated emission cost is recognized as part of the operating cost. These liabilities are measured by summing the following components...

- ① The carrying amount of the emission allowances held for the compliance year that are to be submitted to the government.
- ② The best estimate, as of the end of the reporting period, of the expenditures required to fulfill the obligation for any emissions exceeding the number of allowances mentioned in (1).

If the company borrows a portion of the free allowances allocated for a subsequent compliance year in order to meet the submission obligation for the current compliance year , the corresponding portion of the emission liability is recognized as deferred revenue when the liability is derecognized. This deferred revenue is then offset against the cost of emissions in the compliance year in which the borrowed allowances are actually purchased and used.

(15) Basic earnings per share

Our basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding

3. Information on the basis of significant accounting policy judgments and critical assumptions , as well as uncertainties in measurements regarding the future

The preparation of our financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues , expenses , assets , liabilities , and the accompanying disclosures of contingent liabilities. However , uncertainties in these estimates and assumptions

could result in significant adjustments to the carrying amounts of assets and liabilities in future periods.

4. Restricted Deposits

The details of the Company's restricted deposits as of the end of the reporting period are as follows.

(Unit : KRW)

Account Name	Financial Institution	End of Current Period	End of Previous Period	Restrictions Details
Cash and Cash Equivalents	Kookmin Bank	-	297	Foreclosure and other enforcement actions
Cash and cash equivalents	Woori Bank	863	-	Foreclosure and other enforcement actions
Long-term financial instruments	Woori Bank	2,000	2,000	Current Account Opening Deposit

5. Available-for-sale securities

As of the end of the reporting period , all of the available-for-sale securities held by the Company are non-marketable securities. The details are as follows:

< As of the end of the reporting period >

(Unit : KRW)

Company name	Number of shares	Stock Type	Fair value	Carrying amount	Unrealized holding gains and losses	Impairment losses	
						Prior Period	Current year
Eva Precision Coating Co., Ltd	81,026	Redeemable Preferred Stock	-	-	-	40,513	-

< End of the previous period >

(Unit: KRW)

Company name	Number of shares	Stock Type	Fair value	Carrying amount	Unrealized holding gains and losses	Impairment losses	
						Before the previous period	Previous period
(Eva Precision Coating Co., Ltd.)	81,026	Redeemable Preferred Stock	-	-	-	40,513	-

6. Property, Plant, and Equipment

(1) The changes in the carrying amount of the Company's property , plant , and equipment are as follows: < Current Period >

(Unit : KRW)

Account Title	Fundamentals	Acquisition	Disposal	Depreciation expense	Impairment losses	Final
Machinery and Equipment	48,857,523	-	(17,812,467)	-	-	31,045,056
Total	48,857,523	-	(17,812,467)	-	-	31,045,056

<Previous period>

(Unit : KRW)

Account Title	Fundamentals	Acquisition	Disposal	Depreciation expense	Impairment losses	Final
Machinery (*)	53,540,353	-	(1,248,068)	(1,455,369)	(1,979,393)	48,857,523
Fixtures	2,389,029	-	(109,523)	(1,165,064)	(1,114,442)	-
Assets under construction	1,843,425	405,614	(195,278)	-	(2,053,761)	-
Total	57,772,807	405,614	(1,552,869)	(2,620,433)	(5,147,596)	48,857,523

(*) As of the end of the period, the Company has provided machinery worth 48,857,523 thousand KRW as collateral for loans related to AvanStrate Inc. from HOYA Corporation.

(2) Asset impairment

The Company adjusted the carrying amount of property, plant and equipment to its recoverable amount as the total estimated future cash flows expected from the use and disposal of the asset were less than its carrying amount , and the difference of KRW 5,147,596 was recognized as an operating expense under impairment losses on property, plant and equipment.

(Unit: KRW)

Category	Carrying amount before valuation	Recoverable amount	Impairment losses
Mechanical	50,836,917	48,857,524	(1,979,393)
Fixtures	1,114,442	-	(1,114,442)
Assets under construction	2,053,761	-	(2,053,761)
Total	54,005,120	48,857,524	(5,147,596)

7. short-term borrowings

Short-term borrowings as of December 31, 2017, were as follows, and there were no short-term borrowings as of December 31, 2016

(Foreign currency amount in JPY, Korean won in KRW)

Type	Lender	Interest rate (%)	Foreign Currency	Currency Conversion
Working capital	AvanStrate Inc.	TIBOR+1.2	443,250	4,351,651

8. long-term borrowings

(1) Long-term borrowings as of December 31, 2017 and 2016 were as follows

< Current >

(Foreign Currency amount in JPY , KRW amount in KRW)

Type	Borrower	Interest rate (%)	Foreign Currency	Currency Conversion	Repayment Methods
Facility Funds	AvanStrate Inc.	TIBOR+3.0	20,728,000	203,499,213	Repayment in full at maturity
		TIBOR+1.8	293,000	2,876,556	Repayment in full at maturity
		TIBOR+1.2	220,000	2,159,872	Repayment in full at maturity
	Cairn India Holdings Limited	TIBOR+0.5	8,704,677	85,459,037	Principal Amortization
Total			29,945,677	293,994,678	
Deduction: Liquidity substitute			-	-	
Long-term borrowings			29,945,677	293,994,678	

< Previous period >

(Foreign Currency amount : JPY , KRW amount : KRW)

Type	Borrower	Interest rate (%)	Foreign Currency	Currency Conversion	Repayment Methods
Facility Funds	AvanStrate Inc.	TIBOR+3.0	20,728,000	184,371,414	Repayment in full at maturity
		TIBOR+1.8	293,000	2,606,176	Repayment in full at maturity
	Cairn India Holdings Limited	TIBOR+0.5	12,435,253	110,609,088	Principal Amortization
Total			33,456,253	297,586,678	
Deduction: Liquidity Replacement			-	-	
Long-term borrowings			33,456,253	297,586,678	

(1) The annualized repayment amounts of long-term debt as of December 31, 2015 are as follows

(Foreign Currency amount : JPY , KRW amount : KRW)

Duration	Foreign Currency Amount	Currency Conversion
More than 1 year but less than 2 years	746,115	7,325,060
More than 2 years but less than 5 years	29,199,562	286,669,618
Total	29,945,677	293,994,678

9. Capitalization

The total number of shares authorized, the number of shares issued and the par value per share as of December 31, 2019 and 2018 were 30,000,000 shares, 29,715,440 shares and 5,000,000 won , respectively , and there were no changes in share capital during the years ended December 31, 2019 and 2018.

10. Statement of deficit

The details of the loss carryforward for the current period and Previous period are as follows.

Statement of Deficiency Disposition

23rd Fiscal Year : From April 1 2024 , to March 31, 2025

22nd Fiscal Year : From April 1 2023 , to March 31, 2024

(단위: 원)

Account	Current year		Previous period	
	Scheduled processing date: May 2, 2025		Confirmed processing date: November 1, 2024	
I . Unresolved Deficit		(493,464,227,427)		(487,746,489,057)
1. Previous period carried forward	(487,746,489,057)		(498,998,257,212)	
2. Net income (loss)	(5,717,738,370)		11,251,768,155	
II. Deficit charges		-		-
III. Unresolved deficit carried forward		(493,464,227,427)		(487,746,489,057)

11. Related party

(1)As of the current period , the following parent company with a related party relationship with us is as follows

Company name	Parent company	Relationship with our company
Anil Agarwal Discretionary Trust	-	Ultimate parent company
Cairn India Holdings Limited	Anil Agarwal Discretionary Trust	Superior parent company
AvanStrate Inc.	Cairn India Holdings Limited	Controlling company

(2) The transaction details with related parties during the current period and Previous period are as follows

(Unit : KRW)

Related parties	Transaction history	Current year	Previous period
Parent organization :			
Cairn India Holdings Limited	Purchase transactions , etc	988,429	651,643
Controlled entities :			
AvanStrate Inc.	Sales transactions , etc.	14,459,844	184,950
	Purchase transactions , etc	21,933	3,890,690
	Borrowing funds	6,511,523	2,785,679
Other related parties :			
AvanStrate Taiwan Inc.	Sales transactions and more	285,879	781,027
	Purchase transactions and more	2,634	189,275

(3) As of the end of the reporting period, the balances of receivables and payables with related parties are as follows .

(Unit : KRW)

Related parties	Account Title	Current year	Previous period
Upper-level parent company			
Cairn India Holdings Limited	Unpaid expenses	3,617,296	3,725,963
	Long-term borrowings	85,459,037	110,609,087
Controlled entities :			
AvanStrate Inc.	Accounts receivable	15,444,114	80,498
	Accounts payable	4,186,078	3,792,029
	Unpaid expenses	80,535,962	69,169,347
	Short-term borrowings	4,351,651	-
	Long-term borrowings	208,535,642	186,977,591
Other Related parties :			
AvanStrate Taiwan Inc.	Sales receivables	311,042	175,072
	Accounts receivable	5,398,761	4,723,428
	Accounts payable	3,147,782	6,055,760
	Accounts payable	385,467	282,414
	Unpaid expenses	2,973,394	2,693,913
	Advances received	3,262,958	3,262,958

12. Income tax expense and deferred tax assets (liabilities)

(1) The details of the corporate tax expense reflected in the income for the current period and the previous period are as follows.

(Unit : KRW)

Classification	Current year	Previous period
Current year corporate taxes (including any accrued taxes)	-	33,899
Changes in deferred taxes due to temporary differences , etc	-	-
Income tax expense	-	33,899

(2) The relationship between our income before corporate tax expense and corporate tax expense for the current period and the previous period is as follows.

(Unit: KRW)

Classification	Current year	Previous period
Net income (loss) before income taxes	(5,717,738)	11,285,667
Income taxes at the applicable tax rate	(1,195,007)	2,336,704
Adjustments		
- Non-deductible expenses	665,297	946,294
- Unrecognized deferred tax effect of temporary differences, etc.	529,710	(3,282,998)
- Other (income taxes payable, etc.)	-	33,899
Income tax expense	-	33,899
Effective tax rate (income tax expense ÷ income before income tax expense)	(*)	0.3%

(*) Since a loss before income tax expense occurred, the effective tax rate is not calculated

(3)The changes in our temporary differences and deferred tax assets (liabilities) for the current period and the previous period, along with the net changes in deferred tax assets (liabilities) before offsetting on a total amount basis , are as follows.

< Current year >

(Unit : KRW)

Classification	Fundamentals	Adjustment	Increase	Decrease	Final
Temporary differences to be deducted, etc :					
Depreciation expense	13,833,986	-	-	5,862,450	7,971,536
Foreign currency translation losses	4,244,350	-	-	1,384,642	2,859,708
Taxes and Credits	1,757	-	-	-	1,757
Unpaid expenses	835,607	-	28,412	-	864,019
Long-term borrowings(Foreign Currency)	1,554,340	-	-	-	1,554,340
Inventory valuation allowance	11,547,191	-	-	2,728,889	8,818,302
Impairment losses on property, plant and equipment	42,529,732	-	-	650,376	41,879,356
Capital expenditures	179,540	-	-	-	179,540
Usage fees	26,750,299	-	-	-	26,750,299
Other provisions	460,382	-	-	354,592	105,790
Tax-related losses	347,478,365	62,781,600	2,501,418	34,587,278	378,174,105
계	449,415,549	62,781,600	2,529,830	45,568,227	469,158,752
Temporary differences to be added :					
Foreign currency translation gains	(83,004,652)	-	-	(45,572,895)	(37,431,757)
계	(83,004,652)	-	-	(45,572,895)	(37,431,757)
Deduction account	366,410,897	62,781,600	2,529,830	(4,668)	431,726,995
Total deferred tax assets	76,579,877				90,230,941
Unrecognized deferred tax assets	76,579,877				90,230,941
Net deferred tax assets	-				-

< Previous period >

(Unit : KRW)

Classification	Fundamentals	Adjustments	Increase	Decrease	Final
Temporary differences to be deducted, etc ::					
Depreciation expense	19,283,887	8,291,162	-	13,741,063	13,833,986
Foreign exchange translation loss	81,543	-	4,162,807	-	4,244,350
Taxes and Credits	1,757	-	-	-	1,757
Unpaid expenses	883,794	-	-	48,187	835,607
Long-term borrowings (Foreign Currency)	1,554,340	-	-	-	1,554,340
Inventory valuation allowance	8,375,797	-	11,547,191	8,375,797	11,547,191
Impairment losses on property , plant and equipment	47,677,352	(8,291,162)	3,168,203	24,661	42,529,732
Capital Expenditures	179,540	-	-	-	179,540
License fees	26,750,299	-	-	-	26,750,299
Other provisions	-	-	460,382	-	460,382
Tax losses	317,339,322	47,527	30,091,516	-	347,478,365
Total	422,127,631	47,527	49,430,099	22,189,708	449,415,549
Taxable temporary differences :					
Foreign currency translation gains	(39,908,245)	-	-	43,096,407	(83,004,652)
Unpaid expenses (Foreign Currency)	(504,162)	504,162	-	-	-
Total	(40,412,407)	504,162	-	43,096,407	(83,004,652)
Deduction account	381,715,224	551,689	49,430,099	65,286,115	366,410,897
Total deferred tax assets	80,160,197				76,579,877
Unrecognized deferred tax assets	80,160,197				76,579,877
Net deferred tax assets	-				-

(4) Temporary differences that have not been recognized as deferred tax assets as of the end of the reporting period are as follows

(Unit : KRW)

Classification	Current year	Previous period
Temporary differences (*1)	53,552,890	18,932,532
Tax loss carryforwards (*2)	378,174,105	347,478,365
Total	431,726,995	366,410,897

(*1) As the total amount of expected future taxable income and deductible temporary differences is less than the total amount of deductible temporary differences, no deferred tax asset has been recognized.

(*2) The maturity amounts of tax-related losses not recognized as deferred tax assets for the current period, by fiscal year , are as follows:

(Unit : KRW)

Fiscal year	Amount
2026.3.31	78,172,366
2027.3.31	41,664,096
2028.3.31	29,214,646
2029.3.31	23,098,702
2030.3.31	66,362,930
2036.3.31	28,873,059
2037.3.31	30,412,960
2038.3.31	19,588,090
2039.3.31	30,091,516
2040.3.31	2,501,418
Total	349,979,783

13. Earnings per share

The calculation of our basic earnings (loss) per share was as follows

(Unit : Won , shares)

Classification	Current year	Previous period
Net income (loss) per common share	(5,717,738,370)	11,251,768,155
Weighted average number of common shares outstanding	29,715,440	29,715,440
Basic earnings (loss) per share	(192)	379

14. Statement of Cash Flows

The Company has prepared the cash flows from operating activities in the statement of cash flows using the indirect method.

Significant transactions with no inflows and outflows of gold were as follows

(Unit : KRW)

History	Current year	Previous period
Substitution of liquidity for deposits	1,902,525	-
Purchase price of property, plant and equipment	-	3,063,526
Unpaid lease deposits offset by non-cash settlement	-	48,960
Repayment of short-term borrowings to long-term borrowings	-	104,970,343
Substitution of current portion of long-term borrowings for long-term borrowings	-	27,796,720

15. patent rights and technology use agreements

We entered into a Patent Rights and Technology Use Agreement with AvanStrate Inc. dated January 6, 2003, as originally entered into and amended on April 4, 2014.

On April 1, 2014, we entered into an amendment to that agreement.

The Patent Rights and Technology Use.

The agreement provides for royalties of 0.1% of sales of goods and 2% of sales of products using the NA32SG component.

The patent royalties incurred in the current and previous periods are 9,592 thousand KRW and 35,087 thousand KRW, respectively.

16. Items Required for Value-Added Calculation

The following are the items required to calculate the value-added included in the company's cost of manufacturing and selling, general and administrative expenses.

< Current year >

(Unit: KRW)

Account Title	Manufacturing cost	SG&A expenses	Total
Payroll	589,268	194,399	783,667
Retirement Benefits	47,956	19,866	67,822
Benefits	51,706	49,980	101,686
Rent	19,600	95,855	115,455
Depreciation expense	-	-	-
Taxes	43,616	125,822	169,438
Total	752,146	485,922	1,238,068

< Previous period >

(Unit: KRW)

Account Title	Manufacturing cost	SG&A expenses	Total
Payroll	2,561,445	386,057	2,947,502
Retirement Benefits	171,073	27,110	198,183
Benefits	396,834	70,843	467,677
Rent	29,150	261,499	290,649
Depreciation expense	2,568,496	51,937	2,620,433
Taxes	173,614	732	174,346
Total	5,900,612	798,178	6,698,790

17. Going Concern Assumption

(1) The company's financial statements have been prepared on the assumption that it will continue as a going concern. Accordingly, assets and liabilities have been accounted for based on the assumption that they will be recovered or settled in the normal course of business. However, the following situations indicate that there is significant uncertainty related to events or conditions that may cast substantial doubt on the company's ability to continue as a going concern

1) Current period financial metrics

(Unit : KRW)

Classification	Amount
Net loss	2,108,303
Interest expense	4,893,310
As of the end of the current period, current liabilities exceeded current assets by	82,566,765
As of the end of the current period, total liabilities exceeded total assets	345,494,077

(2) The Company's response to the above-mentioned going concern issues is as follows:

1) The Company considers the deferral of accounts payable and accrued expenses to its controlling entity, AvanStrate Inc., and its ultimate parent company , Cairn India Holdings Limited , to be a critical factor in assessing the Group's ability to continue as a going concern. Accordingly , the Company plans to improve its financial position by negotiating payment deferrals with both its parent and ultimate parent entities.

2) The Company plans to secure the necessary funds to continue its operations through the sale of idle equipment.

(3) In the event that doubts arise regarding the validity of the going concern assumption, which underlies the preparation of the Group's financial statements, the Group acknowledges that there are significant uncertainties. Specifically, the success of the Company's plans to raise funds for debt repayment (including the extension of maturities) and to meet any additional funding needs is crucial to determining whether it can continue as a going concern. If these plans are disrupted or fail , the Company may find itself unable to continue as a going concern. As a result, the Company may not be able to recover or settle its assets and liabilities at their carrying amounts , which would normally occur in the course of ordinary business activities. In light of these uncertainties , if the going concern assumption is ultimately determined to be invalid, there would be a need for adjustments to the amounts and classifications of assets and liabilities , as well as related income and expense items , which have not been reflected in the financial statements at this point."

18. Commitments and Contingent Liabilities

(1) The Company is currently involved in lawsuits, including one pending at the Seoul Southern District Court , due to claims related to the payment for goods. The outcome of these lawsuits cannot be predicted at this time.

19. Emission Allowances and Emission Liabilities

(1) As of the end of the reporting period, the quantities of free Quarter emission allowances for the planned periods and implementation years are as follows:

<3rd Plan Period (Unit: tCO₂e)

Category	2021 Quarter	2022 Quarter	2023 Quarter	2024 Quarter	2025 Quarter	Total
Free Allocation Credits	30,653	30,653	30,653	30,366	30,366	152,691

(2) The increase or decrease in carbon credits during the year was as follows

(Unit: tCO₂e)

Category	2021 Quarter		2022 Quarter		2023 Quarter		2024 Quarter		Total
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Carrying amount
Carried-over Quantity from Prior Year	5,000	-	-	-	-	-	-	-	-
Quantity of Free Allocation	30,653	-	30,653	-	30,653	-	30,366	-	-
Quantity Sold	(5,477)	-	(1,902)	-	-	-	-	-	-
Amount Used(1)	(30,176)	-	(28,751)	-	(13,938)	-	-	-	-
Borrowed Quantity(2)	-	-	-	-	556	-	(556)	-	-
Cancelled Allocation Quantity(3)	-	-	-	-	(17,271)	-	-	-	-
Quantity Carried Forward to Next Period	-	-	-	-	-	-	29,810	-	-

*(1) There are no estimates for the greenhouse gas emissions for the current period.

*(2) The quantity borrowed from the next year's allocation.

*(3) The quantity cancelled based on the closure of all or part of the facilities.

20. other provisions

< Current year >

(Unit : KRW)

Classification	Fundamentals	Increase	Decrease	Final
Liquid Assets :				
Other provisions (*1)	460,382	44,237	398,829	105,790

(*1) "During the current period , the Company was sued by multiple creditors for payment orders and other legal actions related to trade payables that were past due. As of the end of the current period, the Company recognized a provision for estimated delayed interest and litigation expenses related to the settlement of such liabilities."

< Previous period >

(Unit : KRW)

Classification	Fundamentals	Increase	Decrease	Final
Current portion :				
Other provisions (*1)	-	460,382	-	460,382

*(1) During the previous year , the Company was sued by multiple creditors, including payment order lawsuits, in connection with commercial debts that had passed their due dates. As of the end of the previous year , the Company recognized a provision for the estimated amount of delayed interest and litigation expenses related to the payment of such debts.

21. The date the financial statements will be effectively finalized and the authorization authority

Our financial statements will be subject to final approval at the Annual General Meeting of Shareholders to be held on May 2, 2025.

External audits

In accordance with Article 18, Paragraph 3 of the Act on External Audit of Stock Companies, the details of the external audit conducted are attached.

1. audited work

Company name	AvanStrate Korea Co., Ltd.			
Fiscal Year Subject to Audit	April 1, 2024	from	March 31, 2025	up to

2. Number of Auditors by Category and Audit Hours

(Unit : Persons , Hours)

Auditors Number of Personnel and Hours	Quality Control Reviewer (e.g., Psychological Office)	Auditor in Charge (Certified Public Accountant)									Experts in IT Audit, Taxation, Valuation, etc.	Experts in Construction Contracts and Contracting Industries	Total		
		Responsible Director (Executive Director)		Registered Certified Public Accountant (CPA)		Trainee Certified Public Accountant (CPA)		Current year	Previous period	Current year					Previous period
		Current year	Previous period	Current year	Previous period	Current year	Previous period								
Number of Personnel Assigned	1	3	1	1	3	5	-	3	-	-	-	-	5	12	
Hours Worked	Quarterly and Semi-Annual Review	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Audit	4	19	40	29	302	264	-	58	-	-	-	-	346	370
	Total	4	19	40	29	302	264	-	58	-	-	-	-	346	370

3. Key Audit Procedures

Category	Details					
Overall Audit Plan (Audit Initiation Phase)	Timing of Execution	2024.10.31			1	Day
	Key Points	Through understanding the company and its environment, forming the audit team, reviewing the use of experts, identifying and assessing risks of material misstatement within the timeframe, understanding controls, identifying significant accounts and disclosures, and making important decisions regarding the establishment and execution of the audit plan.				
On-site audit highlights	Timing of Execution		Personnel Involved			Key Audit Tasks and Activities
	2025.3.24~26	3 Day	Resident		Non-stock	
			3 Person(s)	1 Person(s)		
2025.4.9~11	3 Day	3 Person(s)	1 Person(s)	Final audit		
Inventory diligence (enrolment)	Timing of Physical Inventory (Attendance)	2025.03.26			1	Day

	Location of Physical Inventory (Attendance)	Headquarters Warehouse			
	Subject of Physical Inventory (Attendance)	Raw materials , Work in Progress , Products , Inventory			
Financial Asset Due Diligence (Enrollment)	Date of attendance for physical inventory count	2025.03.26		1	Day
	Location of physical count attendance	Head Office			
	Subjects of Inventory Count Participation	Cash and Other Financial Assets			
External confirmation	Confirmation of financial transactions	0	Confirmation of receivables and payables	0	Legal confirmation
	Other queries	-			
Communication with the governing body	Number of communications period of performance	2	times	2025.03.26, 2025.04.11	
Utilization of External Experts	Content of Audit Utilization	-			
	Timing of Execution	-	-	-	Day

4. Communication with the Auditor (Audit Committee).

Classification	Date	Attendees	Methods	Key discussion points
1	March 26, 2025	Company side: Auditor and one other person Auditor side: Executive Director and one other person	In-person meeting	Interim audit results report
2	April 11, 2025	Company side: Auditor and one other person Auditor and external auditor's side: Executive Director and one other person	In-person meeting	Reporting audit findings