

# **Com2uS Corporation and Subsidiaries**

**Consolidated Financial Statements  
December 31, 2023 and 2022**

# Com2uS Corporation and Subsidiaries

## Index

December 31, 2023 and 2022

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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  
Com2uS Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Com2uS Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated 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.

### Auditor's Emphasis of Matter

Without modifying our opinion, we draw attention to Note 42 to the consolidated financial statements. As discussed in Note 42, the Group restated its 2022 consolidated financial statements to correct errors relating to the overstatement of non-controlling interest and goodwill by ₩ 9,512 million. The prior period corrections described in Note 42 came to our attention while we were obtaining audit evidence over the beginning balance of financial statements as at January 1, 2023. We communicated the prior period corrections with the previous auditor.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Impairment assessment on goodwill and intangible assets acquired from business combination

*Reason why the matter was determined to be a Key Audit Matter*

As described in Notes 2 and 11 to the consolidated financial statements, the Group determined that there is an indication of impairment on the Cash Generating Units (CGUs) of Out of the Park Developments GMBH, Com2uS Roca Corporation, Com2uS TYGEM Corporation, and Novacore Inc. during the current year, and thus, the Group performed an impairment assessment for CGUs in accordance with Korean IFRS 1036. The Group compared the recoverable amount of the CGUs, which is calculated based on the value-in use, with the carrying amount of the CGUs, and the differences in which the recoverable amount is less than the carrying amount are allocated to the carrying amount, and the decrease in carrying amount is accounted for as impairment loss.

The Group recognized impairment charges of ₩ 19,327 million on CGUs of Out of the Park Developments GMBH, Com2uS Roca Corporation, Com2uS TYGEM Corporation, and Novacore Inc. in the current year. We focused on this area because the estimation of future cash flow forecast included in the assessment of recoverable amount involves management's assumption and judgement about financial budget forecast, growth rate and discount rate, and the impact on the consolidated financial statements is significant.

*How our audit addressed the Key Audit Matter*

We have performed the following audit procedures to address the Key Audit Matter.

- Obtained an understanding and evaluated those procedures and controls in connection with impairment assessment by management
- Assessed the competence and independence of experts engaged by management
- Assessed the appropriateness of valuation technique model used by management
- Obtained understanding of future cash flows of CGUs and reviewed reasonableness of future cash flows estimation by audit procedures including inquiries to management and management's experts
- Assessed the reasonableness of the key assumptions used in estimating the value-in-use including discount rate, permanent growth rate and etc.
- Assessed the result of sensitivity analysis of the discount rates and permanent growth rates used by management in order to assess the impacts of changes in key assumptions on the impairment tests

**Other Matters**

The consolidated financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 20, 2023. The Group's consolidated financial statements previously reported did not reflect the adjustments described in Note 42 to the consolidated financial statements. The Group's consolidated financial statements for the year ended December 31, 2022, presented herein for comparative purposes, were restated to reflect this adjustment. We were not engaged to audit or review or apply any procedures to the December 31, 2022 consolidated financial statements of the Group including with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the December 31, 2022 financial statements taken as a whole.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those

generally accepted and applied in other countries.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yong Song, Certified Public Accountant.

Seoul, Korea

March 21, 2024

<p>This report is effective as of March 21, 2024, 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 consolidated 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.</p>
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**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	₩ 143,194,089	₩ 173,214,799
Short-term financial assets at fair value through profit or loss	5,12	10,000,000	12,034,087
Deposits in financial institute	5	158,992,140	239,121,262
Trade receivables and Contract assets	5,6,36	79,319,361	92,026,944
Inventories	7	8,877,987	10,133,207
Other receivables	5,6	18,709,847	18,262,425
Other current assets	8	25,231,879	51,904,334
Short-term derivative financial instruments assets	5,12	4,000,000	-
Current tax assets		295,739	883,802
		<u>448,621,042</u>	<u>597,580,860</u>
<b>Non-current assets held for sale</b>		-	8,577,915
<b>Non-current assets</b>			
Long-term deposits in financial institute		450,000	-
Financial assets at fair value through profit or loss	5,12	603,408,379	553,611,144
Financial assets at fair value through other comprehensive income	5,13	95,404,879	108,826,585
Other non-current receivables	5,6	37,168,573	37,566,671
Investments in associates	14	157,354,594	101,743,302
Other non-current assets	4,8	47,455,174	33,580,049
Property and equipment	4,9,18,32	58,792,540	97,604,819
Investment property	4,10,18,32	161,137	807,455
Intangible assets	4,11	266,101,371	355,520,521
Deferred tax assets		1,094,833	3,426,766
		<u>1,267,391,480</u>	<u>1,292,687,312</u>
<b>Total assets</b>		<u>₩ 1,716,012,522</u>	<u>₩ 1,898,846,087</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	5,17,34	₩ 79,771,887	₩ 82,311,587
Short-term borrowings	5,18,32	15,040,000	106,995,000
Current portion of long-term borrowings	5,18	121,802,379	5,878,320
Current tax liabilities		13,474,944	12,050,083
Other current liabilities	17	35,507,040	38,750,138
Current financial liabilities	5,19	74,448,361	73,955,546
Short-term derivative financial instruments liabilities	19	5,842,038	-
Current provisions	15	115,701	158,128
		<u>346,002,350</u>	<u>320,098,802</u>
<b>Non-current liabilities held for sale</b>		-	5,783,289
<b>Non-current liabilities</b>			
Other long-term payables	5,17,34	14,529,792	5,208,546
Long-term borrowings	5,18	71,398,994	195,158,642
Current financial liabilities		2,151,707	75,194
Net defined benefit liabilities	16	3,208,066	3,841,225
Other non-current liabilities	17	248,411	1,651,975
Deferred tax liabilities		39,117,919	42,984,876
Non-current provisions	15	2,045,400	1,209,729
Long term derivative financial instruments liabilities		543,799	-
		<u>133,244,088</u>	<u>250,130,187</u>
<b>Liabilities</b>		<u>479,246,438</u>	<u>576,012,278</u>
<b>Equity</b>			
Share capital	1,20	6,433,210	6,433,210
Other paid-in capital	21,22	90,676,086	110,823,065
Retained earnings	23	967,107,817	966,188,833
Other components of equity	24	50,459,810	55,517,893
<b>Equity attributable to owners of the Parent</b>		<u>1,114,676,923</u>	<u>1,138,963,001</u>
<b>Non-controlling interests</b>		<u>122,089,161</u>	<u>183,870,808</u>
<b>Total equity</b>		<u>1,236,766,084</u>	<u>1,322,833,809</u>
<b>Total liabilities and equity</b>		<u>₩ 1,716,012,522</u>	<u>₩ 1,898,846,087</u>

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

**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2023 and 2022**

<i>(in thousands of Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>			
<b>Operating profit</b>	4,33	₩ 739,638,721	₩ 677,312,281
<b>Operating Cost</b>	25	<u>772,829,147</u>	<u>692,430,328</u>
<b>Operating loss</b>		(33,190,426)	(15,118,047)
Finance income	26	152,632,645	58,184,729
Finance costs	26	42,652,548	38,121,963
Loss of associates accounted for using equity method	14	(4,899,533)	(3,040,119)
Other income	27	44,888,751	58,216,037
Other expenses	27	<u>73,763,028</u>	<u>56,266,858</u>
Profit before tax		43,015,861	3,853,779
Income tax expense	29	<u>22,777,472</u>	<u>11,394,759</u>
<b>Profit (loss) from continuing operations</b>		20,238,389	(7,540,980)
<b>Discontinued operations</b>			
Profit (loss) from discontinued operations		<u>21,853,460</u>	<u>(1,783,738)</u>
<b>Profit (loss)</b>		<u>₩ 42,091,849</u>	<u>₩ (9,324,718)</u>
<b>Other comprehensive income (loss)</b>			
<i>Other comprehensive income, net of tax, that will not be reclassified to profit or loss</i>			
Gains (losses) on valuation of equity instruments at fair value through other comprehensive income	13,24	(9,669,685)	(62,029,367)
Share of other comprehensive income of associates	14,24	2,527,353	(4,091,767)
Gains (losses) on remeasurements of net defined benefit liabilities	16,24	(205,453)	524,180
<i>Other comprehensive income, net of tax, that will be reclassified to profit or loss</i>			
Share of other comprehensive income of associates	14,24	101,214	566,505
Gain (loss) on foreign operations translation	24	280,341	(866,973)
<b>Other comprehensive income (loss), net of tax</b>		<u>(6,966,230)</u>	<u>(65,897,422)</u>
<b>Total comprehensive income</b>		<u>₩ 35,125,619</u>	<u>₩ (75,222,140)</u>
<b>Profit (loss) attributable to:</b>			
Owners of the Parent		39,755,923	33,365,459
Non-controlling interests		<u>2,335,926</u>	<u>(42,690,177)</u>
		<u>₩ 42,091,849</u>	<u>₩ (9,324,718)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent		32,873,523	(32,562,705)
Non-controlling interests		<u>2,252,096</u>	<u>(42,659,435)</u>
		<u>₩ 35,125,619</u>	<u>₩ (75,222,140)</u>
<b>Earnings per share from continuing and discontinued operations attributable to the Owners of the Parent</b>			
<b>Earnings per share</b>			
Basic earnings per share	31	₩ 3,435	₩ 2,807
Diluted earnings per share	31	<u>3,430</u>	<u>2,804</u>
<b>Earnings per share from continuing operations</b>			
Basic earnings per share from continuing operations		₩ 3,284	₩ 2,825
Diluted earnings per share from continuing operations		<u>3,280</u>	<u>2,822</u>

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2023 and 2022**

(in thousands of Korean won)

	Attributable to owners of the Parent									
	Other paid-in capital					Retained Earnings	Other components of equity	Non-controlling interests	Total Equity	
	Share capital	Share premium	Treasury shares	Gain (loss) on disposal of treasury shares	Share option					
<b>Balance at January 1, 2022</b>	₩ 6,433,210	₩ 205,061,102	₩ (97,255,013)	₩ 3,074,406	₩ 989,077	₩ 945,196,316	₩ 110,353,669	₩ 229,575,847	₩ 1,403,428,614	
<b>Business combination</b>	-	-	-	-	-	-	-	(11,283,500)	(11,283,500)	
<b>Total comprehensive income</b>										
Loss	-	-	-	-	-	33,365,459	-	(42,690,177)	(9,324,718)	
Other comprehensive income, net of tax	-	-	-	-	-	471,504	(66,399,668)	30,742	(65,897,422)	
<b>Total comprehensive income</b>	-	-	-	-	-	33,836,963	(66,399,668)	(42,659,435)	(75,222,140)	
<b>Transactions with owners</b>										
Reclassification of other comprehensive income (loss)	-	-	-	-	-	2,602,166	(2,602,166)	-	-	
Purchase of treasury shares	-	-	(1,585,687)	-	-	-	-	-	(1,585,687)	
Disposal of Subsidiary's treasury shares	-	-	-	-	-	-	-	1,739,794	2,488,990	
Changes in treasury shares in subsidiaries	-	-	-	-	-	-	13,416,862	3,434,507	16,851,369	
Dividends paid	-	-	-	-	-	(15,446,613)	-	-	(15,446,613)	
Share-based payment expenses	-	-	-	-	522,782	-	-	2,799,619	3,322,401	
Exercise of Share option	-	-	573,012	(51,364)	(505,250)	-	-	263,977	280,375	
<b>Total transactions with owners</b>	-	-	(1,012,675)	(51,364)	17,532	(12,844,447)	11,563,892	8,237,897	5,910,835	
<b>Balance at December 31, 2022</b>	₩ 6,433,210	₩ 205,061,102	₩ (98,267,688)	₩ 3,023,042	₩ 1,006,609	₩ 966,188,832	₩ 55,517,893	₩ 183,870,809	₩ 1,322,833,809	
<b>Balance at January 1, 2023</b>	₩ 6,433,210	₩ 205,061,102	₩ (98,267,688)	₩ 3,023,042	₩ 1,006,610	₩ 966,188,832	₩ 55,517,893	₩ 183,870,808	₩ 1,322,833,809	
<b>Business combination</b>	-	-	-	-	-	-	-	51,000	51,000	
<b>Total comprehensive income</b>										
Profit	-	-	-	-	-	39,755,923	-	2,335,926	42,091,849	
Other comprehensive income, net of tax	-	-	-	-	-	-	(6,882,400)	(83,830)	(6,966,230)	
<b>Total comprehensive income</b>	-	-	-	-	-	39,755,923	(6,882,400)	2,252,096	35,125,619	
<b>Transactions with owners</b>										
Reclassification of other comprehensive income (loss)	-	-	-	-	-	116,096	(116,096)	-	-	
Free capital increase of Subsidiary	-	-	-	-	-	-	-	(229,881)	(229,881)	
Purchase of treasury shares	-	-	(29,618,828)	-	-	-	-	-	(29,618,828)	
Disposal of Subsidiary's treasury shares	-	-	-	-	-	-	(914,001)	(4,056,568)	(4,970,569)	
Retirement of treasury shares	-	-	8,649,078	-	-	(8,649,078)	-	-	-	
Disposal of Subsidiary's treasury shares	-	-	-	-	-	-	174,863	868,573	1,043,436	
Changes in shares in subsidiaries	-	-	-	-	-	-	2,679,552	(62,057,428)	(59,377,876)	
Dividends paid	-	-	-	-	-	(30,303,957)	-	-	(30,303,957)	
Share-based payment expenses	-	-	-	-	824,448	-	-	1,390,562	2,215,010	
Exercise of Share option	-	-	243,709	5,589	(250,977)	-	-	-	(1,679)	
<b>Total transactions with owners</b>	-	-	(20,726,041)	5,589	573,471	(38,836,939)	1,824,318	(64,084,742)	(121,244,344)	
<b>Balance at December 31, 2023</b>	₩ 6,433,210	₩ 205,061,102	₩ (118,993,729)	₩ 3,028,631	₩ 1,580,081	₩ 967,107,816	₩ 50,459,811	₩ 122,089,162	₩ 1,236,766,084	

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

(in thousands of Korean won)

	2023	2022
<b>Cash flows from (used in) operating activities</b>		
Profit (loss) for the year	₩ 42,091,849	₩ (9,324,718)
Addition of expenses:		
Wage and bonus	1,212,247	851,259
Retirement benefits	1,674,688	1,565,139
Depreciation	14,489,986	16,536,775
Amortization of intangible assets	12,491,218	17,109,198
Impairment loss on trade receivables	6,352,828	698,423
Impairment loss on others	5,153,405	1,453,990
Loss on valuation of financial instruments	27,751,011	26,953,611
Loss on disposal of financial instruments	315,208	538,907
Other expenses	3,777,781	362,180
Interest expense	14,712,794	11,236,550
Income tax expense	28,443,601	11,096,174
Loss on foreign currency translations	1,490,061	5,598,406
Loss on valuation of Inventory asset	762,798	1,170,000
Share-based payment expense	2,747,600	3,484,730
Loss on valuation of investments in associates using equity method	6,667,101	2,741,206
Loss on disposal of property and equipment	627,976	160,174
Loss on disposal of intangible assets	69,263	205,000
Impairment loss on intangible assets	21,903,819	40,827,037
Impairment loss on other assets	2,513,856	-
Loss on disposal of investment in associates	206,603	1,438,863
Loss on disposal of investment in subsidiaries	2,526,916	1,854,350
Impairment loss on investment in associates	29,256,255	-
Financial guarantee expenses	1,401,022	-
	<u>186,548,037</u>	<u>145,881,972</u>
Deduction of income:		
Interest income	20,656,261	15,118,080
Dividends income	2,296,901	1,495,202
Gain on foreign currency translation	883,513	2,415,428
Gain on disposal of property and equipment	4,554,710	222,393
Gain on disposal of non-current assets held for sale	6,514,611	-
Gain on disposal of investment property	-	44,026,218
Gain on disposal of intangible assets	29	36,843
Gain on valuation of investments in associates using equity method	1,736,774	887,889
Gain on valuation of financial instruments	120,436,534	36,781,703
Gain on disposal of financial instruments	9,261,213	4,863,010
Reversal of financial guarantee expenses	889,189	511,832
Other operating income	-	999,505
Gain on disposal of investment in associates	301,075	215,595
Gain on disposal of investment in subsidiaries	51,650,322	-
Reversal of provision for restoration liabilities	72,772	43,376
Reversal of impairment loss on intangible assets	1,107,435	-
Other income	2,563,118	-
	<u>(222,924,457)</u>	<u>(107,617,074)</u>
Changes in operating assets and liabilities:		
Trade receivables and contract assets	(4,367,092)	(13,940,454)
Other receivables	5,569,080	(1,247,932)
Other current assets	968,164	(15,115,154)
Other non-current assets	(1,112,387)	(7,217,914)
Other non-current receivables	-	7,200
Other payables	(5,092,446)	8,721,127
Other current liabilities	696,511	5,805,417
Current provisions	-	(87,854)
Other non-current liabilities	(1,013,815)	1,013,815
Other long-term payables	(31,740)	257,800
Net defined benefit liabilities	(1,732,460)	(1,088,507)
Inventories	2,379,619	(4,003,833)
	<u>(3,736,566)</u>	<u>(26,896,289)</u>
Interest received	18,124,716	12,649,015
Dividends received	2,296,901	1,696,158
Income taxes paid	(23,864,056)	(21,436,405)
Interest paid	(7,764,981)	(5,917,037)
<b>Cash flows used in operating activities</b>	<u>(9,228,557)</u>	<u>(10,964,378)</u>

**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flow, Continued**  
**Years Ended December 31, 2023 and 2022**

(in thousands of Korean won)

	2023	2022
<b>Cash flows from (used in) investing activities</b>		
Cash inflow from investing activities:		
Decrease in other non-current receivables	-	335,442
Decrease in deposits in financial institute	289,862,845	277,094,663
Decrease in debt instruments	-	46,860,611
Proceeds from disposal of financial assets at fair value through profit or loss	188,129,001	109,966,339
Proceeds from disposal of financial assets at fair value through other comprehensiv	1,325,945	6,506,514
Proceeds from disposal of investments in subsidiaries	24,224,071	-
Proceeds from disposal of investments in associates	1,784,500	123,200
Proceeds from disposal of property and equipment	32,783,896	727,107
Proceeds from disposal of investment property	9,999,900	70,599,997
Proceeds from disposal of intangible assets	110,857	2,743,547
Decrease in other receivables	1,607,163	1,607,079
Decrease in loans	4,804,900	150,525
Decrease in investment advance payments	17,600,000	50,000
Proceeds from government grants	269,701	65,522
	<u>572,502,779</u>	<u>516,830,546</u>
Cash outflow from investing activities:		
Increase in deposits in financial institutes	208,045,732	296,770,724
Increase in loans	7,075,300	25,902,230
Acquisition of debt instruments	-	20,000,000
Acquisition of financial assets at fair value through profit or loss	165,851,151	203,820,454
Acquisition of financial assets at fair value through other comprehensive income	-	5,700,201
Increase in other receivables	3,192,561	3,036,908
Increase in other non-current receivables	1,535,307	92,068
Acquisition of property and equipment	22,212,003	13,328,534
Acquisition of intangible assets	4,936,755	9,105,091
Increase in advance payments to acquire property and equipment	-	89,094
Increase in advance payments to acquire intangible assets	13,959,502	3,125,721
Increase in investment in subsidiaries	7,749,497	-
Increase in investment in associates	13,170,652	49,311,518
Increase in advance payments for investment	6,700,000	-
Net cash outflow from business combination	29,558,309	8,364,675
	<u>(483,986,769)</u>	<u>(638,647,218)</u>
<b>Cash flows from (used in) investing activities</b>	<u>88,516,010</u>	<u>(121,816,672)</u>

**Com2uS Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flow, Continued**  
**Years Ended December 31, 2023 and 2022**

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) financing activities</b>		
Cash inflow from financing activities:		
Disposal of subsidiary's treasury shares	1,240,349	2,990,097
Increase in borrowings	80,809,576	103,439,205
Increase in other long-term debts	160,000	746,000
Issuance of convertible preferred stocks	36,826,983	1,500,000
Issuance of redeemable convertible preferred stock	4,499,220	-
Exercise of share options	176,000	161,165
Capital increase of subsidiary	300,000	-
Disposal due to change in ownership interest in a subsidiary	314,673	-
Transactions with non-controlling shareholders	-	35,052,253
	<u>124,326,801</u>	<u>143,888,720</u>
Cash outflow from financing activities		
Acquisition of treasury stock	34,589,396	1,585,687
Share issuance costs of subsidiary	371,091	-
Decrease in current financial liabilities	110,000	-
Repayment of borrowings	159,693,320	44,630,414
Redemption of convertible bonds	-	1,500,000
Decrease in other payables	-	2,594,400
Dividends paid	30,303,957	15,446,613
Repayment of lease liabilities	8,355,259	7,795,554
Transactions with non-controlling shareholders	-	17,270,521
	<u>(233,423,023)</u>	<u>(90,823,189)</u>
<b>Cash flows from (used in) financing activities</b>	<u>(109,096,222)</u>	<u>53,065,531</u>
<b>Decrease in cash and cash equivalents</b>	(29,808,769)	(79,715,519)
Cash and cash equivalents at the beginning of the year	173,214,799	253,740,229
Effects of exchange rate changes on cash and cash equivalents	(211,941)	640,440
Cash and cash equivalents included in held for sales assets	-	(1,450,351)
<b>Cash and cash equivalents at the end of the year</b>	<u>₩ 143,194,089</u>	<u>₩ 173,214,799</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 1. General Information

##### 1.1 The Parent Company

Com2uS Corporation (the "Parent Company", as per Korean IFRS 1110 *Consolidated Financial Statements*) was established on August 7, 1998 to provide mobile entertainment contents (mobile game). The head office of the Parent Company is located in Gasan Digital 1, Geumcheon-gu, Seoul. The Parent Company's shares were listed on KOSDAQ of Korea Exchange on July 6, 2007. As at December 31, 2023, the share capital of the Parent Company amounts to KRW 6,433 million, and major shareholders are as follows:

	Number of shares	Percentage of ownership (%)
Com2uS Holdings	3,780,308	29.68%
Treasury stock	1,322,829	10.39%
Others	7,634,618	59.93%
	12,737,755	100.00%

##### 1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

	Location	2023 Ownership interest held by the Group (%)	2022 Ownership interest held by the Group (%)	Closing month	Main business
<b>Subsidiaries directly invested by the parent company</b>					
Beijing Raymobile Co., Ltd.	China	100.00	100.00	December	Software consultation, development and supply
Com2uS Japan Inc.	Japan	84.27	84.27	December	Software consultation, development and supply
Day7 Inc.	Korea	56.86	51.88	December	Software consultation, development and supply
Novacore Inc.	Korea	61.50	61.50	December	Game Software development and service
TIKITAKA STUDIO Corporation.	Korea	53.82	57.50	December	Mobile game development
Com2uS TYGEM Corporation.	Korea	86.02	86.01	December	Software consultation, development and supply
Out of the Park Developments GmbH	Germany	100.00	100.00	December	Software consultation, development and supply
ALLM Corporation	Korea	58.94	58.94	December	Game software development and service
Junglestudio Corporation <sup>1</sup>	Korea	-	56.00	December	Software consultation, development and supply
Com2uS ROCA Corporation	Korea	60.00	60.00	December	Software consultation, development and supply
WYSIWYG studios Co., Ltd. <sup>2</sup>	Korea	38.42	38.13	December	Planning and production of content such as dramas, movies, and entertainment programs

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

MyMusicTaste Co., Ltd.	Korea	60.62	61.18	December	Planning events and performances
CRIT Ventures C Fund L.P.	USA	100.00	100.00	December	Initial Investment Projects for Small and Medium Venture Startups
Com2us With Corporation <sup>3</sup>	Korea	83.00	-	December	Planning events and performances
<b>Subsidiaries directly invested by the parent company and its subsidiaries</b>					
Com2Verse Co., Ltd.	Korea	65.94	72.40	December	Software consultation, development and supply
S&S-Pectus No.3	Korea	83.46	83.39	December	Initial Investment Projects for Small and Medium Venture Startups
<b>ALLM Corporation's subsidiaries</b>					
Funflow Co., Ltd.	Korea	89.54	89.54	December	Software consultation, development and supply
<b>MyMusicTaste Co., Ltd.'s subsidiaries</b>					
MyMusicTaste, Inc.	USA	100.00	100.00	December	Planning performance
EE ENT LIMITED	Hong Kong	100.00	100.00	December	Planning performance
<b>WYSWYG studios Co., Ltd.'s subsidiaries</b>					
RaemongRaein Co., Ltd. <sup>4</sup>	Korea	21.95	22.12	December	TV drama production
NP Inc. <sup>2</sup>	Korea	20.90	31.13	December	Exhibition, convention and event agency
A2Z Entertainment Co., Ltd.	Korea	61.77	74.10	December	Broadcast program production
WYS en Scene Co., Ltd. <sup>5</sup>	Korea	21.00	76.00	December	Broadcast program production
GOLD FRAME CO., LTD.	Korea	60.00	60.00	December	Animation and cinematic video production
Urbanworks Co., Ltd. <sup>5</sup>	Korea	30.00	80.00	December	Broadcast program production
MAA Co., Ltd.	Korea	65.00	65.00	December	Management Business
Sidus Corporation <sup>6</sup>	Korea	57.52	-	December	General film and video production
<b>RaemongRaein Co., Ltd.'s subsidiaries</b>					
RaemongRaein C&C Co., Ltd. <sup>10</sup>	Korea	61.29	61.29	December	Digital content production
Night Watchman Diary Culture Industry Company Co., Ltd. <sup>10</sup>	Korea	100.00	100.00	December	Drama production
RaemongRaein Japan <sup>1</sup>	Japan	-	100.00	December	Drama import and distribution
<b>NP Inc.'s subsidiaries</b>					
NP C&C Co., Ltd. <sup>2,7</sup>	Korea	-	82.69	December	Event agency
PENTABREED CO., LTD. <sup>2</sup>	Korea	50.50	50.50	December	Advertising production, PR agency
REAL PEACH Inc. <sup>2</sup>	Korea	91.80	59.09	December	XR content production
<b>A2Z Entertainment Co., Ltd.'s subsidiaries</b>					
MERRYCHRISTMAS Inc.	Korea	78.64	78.64	December	Broadcast program production
Management AM9 Co., Ltd.	Korea	100.00	100.00	December	Management Business
A9 Media C&I Co., Ltd.	Korea	100.00	100.00	December	Planning performance
<b>Urbanworks Co., Ltd.'s subsidiaries</b>					
UrbanLULU Co., Ltd. <sup>8</sup>	Korea	-	60.00	December	E-commerce
<b>Sidus Corporation's subsidiaries</b>					
Sidus and Teu Entertainment Joint Stock Company <sup>9</sup>	Vietnam	48.99	-	December	General film and video production

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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<sup>1</sup> It was liquidated for the year ended December 31, 2023.

<sup>2</sup> The parent company sold a portion of its shares in NP Inc. and lost control of it during 2023.

<sup>3</sup> It was established during the year ended December 31, 2023.

<sup>4</sup> The Group signed a termination agreement with RaemongRaein Co., Ltd. and its stakeholders to give up delegation from stakeholders on the voting rights and executives nomination rights. Accordingly, the Group concluded that it had lost control over RaemongRaein Co., Ltd. However, as the Group has significant influence over the investee through executives exchange, the Group classified it as an associate.

<sup>5</sup> The Group sold a portion of its shares and lost control during 2023. The remaining shares are 21% for WYS en Scene Co., Ltd. and 30% for Urbanworks Co., Ltd.

<sup>6</sup> It was acquired during the year ended December 31, 2023.

<sup>7</sup> NP C&C Co., Ltd. absorbed and merged with REAL PEACH Inc. and changed its name to REAL PEACH Inc. for the year ended December 31, 2023.

<sup>8</sup> As the Group lost its control over Urbanworks Co., Ltd. during the year ended December 31, 2023, it was excluded from subsidiaries.

<sup>9</sup> For the year ended December 31, 2023, Sidus Corporation was included as a consolidated entity and Sidus and Teu Entertainment Joint Stock Company was added as a subsidiary.

<sup>10</sup> The Group lost control over it, which a subsidiary of RaemongRaein Co., Ltd., for the year ended December 31, 2023 and it was excluded from the scope of consolidation.

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Condensed financial information of subsidiaries as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023													
	Current assets			Non-current assets			Total assets			Equity				
<i>Company</i> <sup>1</sup>	₩		₩		₩		₩		₩		₩			
Beijing Raymobile Co., Ltd.	₩	6,069,410	₩	76,081	₩	6,145,491	₩	93,059	₩	-	₩	93,059	₩	6,052,432
Com2uS Japan Inc. <sup>2</sup>		1,023,422		1,393,422		2,416,844		366,017		155,498		521,515		1,895,329
Day7 Inc.		1,180,421		1		1,180,422		108,430		-		108,430		1,071,992
Novacore Inc.		328,881		86,609		415,490		6,708,128		13,112		6,721,240		(6,305,750)
TIKITAKA STUDIO Corporation.		92,101		14,781		106,882		1,081,087		817,674		1,898,761		(1,791,879)
Com2uS TYGEM Corporation.		5,441,371		1,372,152		6,813,523		635,908		(351,779)		284,129		6,529,394
Out of the Park Developments GmbH		1,500,821		3,281		1,504,102		2,745,894		-		2,745,894		(1,241,792)
ALLM Corporation <sup>2</sup>		442,108		2,444,020		2,886,128		13,974,268		1,049,108		15,023,376		(12,137,248)
Junglestudio Corporation		-		-		-		-		-		-		-
Com2uS ROCA Corporation		5,157,063		383,027		5,540,090		5,876,084		-		5,876,084		(335,994)
WYSIWYG studios Co., Ltd. <sup>2</sup>		62,726,636		274,433,390		337,160,026		87,458,883		15,792,116		103,250,999		233,909,027
MyMusicTaste Co., Ltd. <sup>2</sup>		25,898,713		6,392,691		32,291,404		73,048,212		1,311,476		74,359,688		(42,068,284)
Com2Verse Co., Ltd.		7,262,864		968,991		8,231,855		831,830		265,536		1,097,366		7,134,489

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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S&S-Pectus No.3	581,215	7,280,000	7,861,215	37,029	-	37,029	7,824,186
CRIT Ventures C Fund L.P.	2,362,973	10,052,045	12,415,018	438,384	-	438,384	11,976,634
Com2uS With Corporation	90,090	243,745	333,835	36,441	34,600	71,041	262,794

<sup>1</sup> The condensed financial information above is the amount before derecognizing intercompany transactions.

<sup>2</sup> It is consolidated financial information.

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

<i>(in thousands of Korean won)</i>		<b>2022</b>												
<b>Company <sup>1</sup></b>	<b>Current assets</b>		<b>Non-current assets</b>		<b>Total assets</b>		<b>Current liabilities</b>		<b>Non-current liabilities</b>		<b>Total liabilities</b>		<b>Equity</b>	
Beijing Raymobile Co., Ltd.	₩	5,712,889	₩	201,354	₩	5,914,243	₩	138,166	₩	38,424	₩	176,590	₩	5,737,653
Com2uS Japan Inc. <sup>2</sup>		885,796		1,287,405		2,173,201		361,937		-		361,937		1,811,264
Day7 Inc.		1,021,837		160,249		1,182,086		167,564		-		167,564		1,014,522
Novacore Inc.		621,619		127,683		749,302		4,676,471		11,382		4,687,853		(3,938,551)
TIKITAKA STUDIO Corporation.		147,647		20,459		168,106		435,625		146,464		582,089		(413,983)
Com2uS TYGEM Corporation.		5,260,166		1,958,211		7,218,377		1,022,775		(322,297)		700,478		6,517,899
Out of the Park Developments GmbH		1,906,321		11,546		1,917,867		3,184,822		-		3,184,822		(1,266,955)
ALLM Corporation <sup>2</sup>		962,829		3,091,414		4,054,243		11,708,290		3,798,291		15,506,581		(11,452,338)
Junglestudio Corporation		509,249		346,044		855,293		1,692,869		64,566		1,757,435		(902,142)
Com2uS ROCA Corporation		649,320		560,512		1,209,832		200,069		58,336		258,405		951,427
WYSIWYG studios Co., Ltd. <sup>2</sup>		149,696,617		236,854,000		386,550,617		129,802,333		11,146,135		140,948,468		245,602,149
MyMusicTaste Co., Ltd. <sup>2</sup>		27,208,216		7,974,958		35,183,174		78,292,987		711,670		79,004,657		(43,821,483)
Com2Verse Co., Ltd.		22,053,155		2,556,406		24,609,561		9,087,860		330,230		9,418,090		15,191,471
S&S-Pectus No.3		620,841		7,280,000		7,900,841		330		-		330		7,900,511

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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CRIT Ventures C Fund L.P.	6,945,467	5,615,528	12,560,995	315,236	-	315,236	12,245,759
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<sup>1</sup> The condensed financial information above is the amount before derecognizing intercompany transactions.

<sup>2</sup> It is consolidated financial information.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Condensed management performance of subsidiaries for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

2023

Company		Sales	Operating profit (loss)	Profit (loss) for the year	Other comprehensive income	Total Comprehensive income
Beijing Raymobile Co., Ltd.	₩	1,047,760	₩ 250,906	₩ 339,991	₩ (25,212)	₩ 314,779
Com2uS Japan Inc.		3,710,616	170,091	164,342	(80,382)	83,960
Day7 Inc.		389,468	127,609	57,471	-	57,471
Novacore Inc.		1,792,361	(2,345,618)	(2,367,198)	-	(2,367,198)
TIKITAKA STUDIO Corporation.		348,205	(1,158,018)	(1,377,896)	-	(1,377,896)
Com2uS TYGEM Corporation.		4,082,695	106,456	57,123	(45,628)	11,495
Out of the Park Developments GmbH		5,209,884	(45,065)	94,897	(69,732)	25,165
ALLM Corporation <sup>1</sup>		5,702,390	(316,758)	(682,888)	(70,548)	(753,436)
Junglestudio Corporation		600,000	(548,724)	(642,058)	-	(642,058)
Com2uS ROCA Corporation		425,155	(1,987,739)	(1,342,392)	-	(1,342,392)
WYSIWYG studios Co., Ltd. <sup>1</sup>		157,166,895	(21,746,541)	46,673,310	83,432	46,756,742
MyMusicTaste Co., Ltd. <sup>1</sup>		30,276,193	(5,007,412)	728,322	(11,650)	716,672
Com2Verse Co., Ltd.		7,871	(15,646,245)	(16,317,599)	-	(16,317,599)
S&S-Pectus No.3		2,599	(150,921)	(150,921)	-	(150,921)
CRIT Ventures C Fund L.P.		-	(488,421)	(488,667)	219,542	(269,125)
Com2us With Corporation		909	(37,126)	(37,205)	-	(37,205)

<sup>1</sup> It is consolidated financial information.

(in thousands of Korean won)

2022

Company		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities
Beijing Raymobile Co., Ltd.	₩	857,484	₩ 96,358	₩ 167,735	₩ (157,121)	₩ 10,614
Com2uS Japan Inc. <sup>1,2</sup>		3,693,641	(338,582)	(2,011,615)	(234,085)	(2,245,700)
Day7 Inc.		1,532,908	(902,459)	(1,028,029)	-	(1,028,029)
Novacore Inc.		1,473,156	(3,849,133)	(3,779,725)	-	(3,779,725)
TIKITAKA STUDIO Corporation.		746,693	(830,964)	(835,365)	-	(835,365)
Com2uS TYGEM Corporation.		5,301,582	870,725	1,037,241	152,832	1,190,073
Out of the Park Developments GmbH		4,777,901	(814,214)	(1,099,063)	3,870	(1,095,193)
ALLM Corporation <sup>1</sup>		4,807,284	(6,297,204)	(14,764,047)	253,794	(14,510,253)
Junglestudio Corporation		40,500	(1,647,112)	(1,633,690)	-	(1,633,690)
Com2uS ROCA Corporation		-	(1,851,609)	(1,864,836)	-	(1,864,836)
WYSIWYG studios Co., Ltd. <sup>1</sup>		186,344,639	(24,913,262)	(27,191,530)	66,058	(27,125,472)
MyMusicTaste Co., Ltd. <sup>1,3</sup>		35,452,081	861,507	(2,718,862)	73,167	(2,645,695)
Com2Verse Co., Ltd. <sup>3</sup>		176,106	(7,912,190)	(7,807,514)	-	(7,807,514)
S&S-Pectus No.3 <sup>3</sup>		494	(209,489)	(209,489)	-	(209,489)
CRIT Ventures C Fund L.P. <sup>3</sup>		-	(460,793)	(460,793)	(768,449)	(1,229,242)

<sup>1</sup> It is consolidated financial information.

<sup>2</sup> The name was changed from GAMEVIL Com2uS JAPAN Inc. to Com2uS JAPAN Inc. for the year ended December 31, 2021.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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<sup>3</sup> It is profits or losses after the date of acquisition.

## 2. Material Accounting Policies

These consolidated financial statements of the parent company and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”).

### 2.1 Changes in Accounting Policy and Disclosures

(1) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

#### *(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The amendments do not have a significant impact on the consolidated financial statements.

#### *(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price*

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed (See Note 2.2.1).

#### *(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

#### *(d) Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### *(e) New Standard: Korean IFRS 1117 Insurance Contracts*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the consolidated financial statements.

#### *(f) Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules*

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The amendments do not have a significant impact on the consolidated financial statements.

#### (2) New and amended standards not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

#### *(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

#### *(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial*

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#### *Instruments: Disclosures – Supplier finance arrangements*

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

#### *(c) Amendments to Korean IFRS 1116 Leases - Lease Liability in a Sale and Leaseback*

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

#### *(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets*

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

#### *(e) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability*

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

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#### 2.2 Accounting policies

##### (1) Basis of preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated 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 Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

##### 1) Basis of measurement

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial assets measured at revalued amounts at the end of each reporting period or fair value. Historical cost is usually measured at the fair value of the consideration given.

##### 2) Functional and presentation currency

When preparing the consolidated financial statements, the Group measures and recognizes all items and transactions according to the functional currency. The term functional currency is defined as the monetary unit of account of the principal economic environment. The consolidated financial statements are presented in Korean won, which is the Group's presentation currency.

##### 3) Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Parent Company and entities controlled by the Parent Company. Control is achieved when the Group 1) has power over the investee 2) is exposed, or has rights, to variable returns from its involvement with the investee 3) and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the relative size of the Group's holding of voting rights and dispersion of holdings of the other vote

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holders;

- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiaries. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Total comprehensive income is attributed to the owners of the Group and to the non-controlling interests even if the non-controlling interest has a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group prepares consolidated financial statements, all intercompany transactions and related assets, liabilities, income, and expenses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Korean IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Korean IFRS 1109 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## **(2) Business combination**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date (trading date) fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in

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exchange for control of the acquiree. The consideration includes any asset or liability resulting from a contingent consideration arrangement and is measured at fair value. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at the fair value at the acquisition date except that:

- deferred tax assets and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Korean IFRS 1012 'Income Taxes' and Korean IFRS 1019 'Employee Benefits', respectively.
- liabilities or equity instruments related to share-based payment arrangements of the acquiree with the Group are measured in accordance with Korean IFRS 1102 'Share-based Payment' at the acquisition date.
- assets (or disposal groups) that are classified as held for sale in accordance with Korean IFRS 1105 'Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation may be initially measured either 1) at fair value or 2) at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Korean IFRS.

When the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value after the acquisition date are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are recognized when the adjustment results from additional information about facts and circumstances that existed at the acquisition date obtained during the 'measurement period' (which shall not exceed one year from the acquisition date).

Changes in fair value of contingent consideration that do not qualify for measurement period adjustments are accounted for in accordance with the classification of contingent consideration. Contingent consideration that is classified as equity is subsequently accounted for as equity if the settlement is not made at the reporting date. Contingent consideration that is classified as an asset or

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a liability is re-measured at subsequent reporting dates in accordance with Korean IFRS 1039 'Financial Instruments' or Korean IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets'. If the gain or loss is recognized, it is recognized in profit or loss.

In a staged business combination, the Group re-measures the previously held equity interest in the acquiree to its fair value at the acquisition date and, if any, the result is recognized in profit or loss. Recognition of changes in the value of interests in the acquiree prior to the acquisition date to other comprehensive income is reclassified to profit or loss in the same manner as if the previously held equity interests were disposed of directly.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items for which accounting is incomplete. In the event that there is newly acquired information about facts and circumstances that existed at the acquisition date during the measurement period, the Group would have had an effect on the measurement of the amount recognized at the acquisition date. Recognized provision is adjusted retrospectively or additional assets and liabilities are recognized.

### **(3) Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences of monetary items are recognized in profit or loss in the period in which they arise except that:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on transactions entered into in order to hedge certain foreign currency risk
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

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On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the owners of the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and is not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in equity.

#### **(4) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank deposits, and other short-term investment assets with a maturity of three months or less and high liquidity that are readily convertible to a known amount of cash. Overdrafts are included in the account of short-term borrowings in the consolidated statement of financial position.

#### **(5) Inventories**

The Group's inventories consist of writer's fee and copyrights required for production of dramas. Inventories based on specific identification method are measured at the lower of acquisition cost and net realizable value. Loss on valuation of inventories written down to net realizable value is recognized as an expense in the period in which the write-down occurred. Reversal of loss on valuation of inventories due to an increase in the net realizable value of inventories is deducted from the cost of sales of inventories recognized as an expense in the period in which the reversal occurred.

#### **(6) Financial Assets**

##### 1) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the

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contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### 2) Measurement

At initial recognition, the Group measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are added in the fair value. Transaction costs of financial assets at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### ① Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

##### (A) Amortized cost:

Assets that are held for collection for contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### (B) Fair value through other comprehensive income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in financial income using the effective interest rate method. Foreign exchange gains and losses are presented in other non-operating income or expenses, and impairment losses are presented in financial costs.

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#### (C) Fair value through profit or loss:

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of income within finance income or finance expenses in the year in which it arises.

#### ② Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as finance income when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in financial income and costs in the statement of comprehensive income as applicable, Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

#### 3) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the trade receivables.

#### 4) Recognition and De-recognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in de-recognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as borrowings in the statement of financial position.

#### 5) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally

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enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### **(7) Investments in associates**

An associate is an entity over which the Group has significant influence, but not a joint venture or a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The financial performance, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale in accordance with Korean IFRS 1105 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize changes in the Group's shares to the net assets of the associates and less impairment loss on the investment in the associate. When the loss of an associate exceeds the Group's shares in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associates recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is reviewed for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with Korean IFRS 1109. The difference between the previous carrying amount of the associates attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis the Group would be required if that associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when it loses significant influence over the associate.

When the Group reduces its ownership interest in an associate, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies Korean IFRS 1105 to a portion of investment in an associate that meets the criteria to be classified as held for sale.

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The requirements of the Korean IFRS 1109 'Financial Instruments' are applied to determine whether it is necessary to recognize any impairment loss with respect to Group's investment in an associate. When there is any indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Korean IFRS 1036 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, and any impairment loss recognized is not allocated to any asset (including goodwill) that forms part of the carrying amount of the investment in associates. Any reversal of that impairment loss is recognized in accordance with Korean IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

#### **(8) Goodwill**

Goodwill arising from a business combination is recognized at its cost less accumulated impairment losses at the time of obtaining control (the acquisition date). For purposes of impairment tests, goodwill is allocated to those cash-generating units ("CGU") of the Group expected to have synergies from the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **(9) Property and equipment**

Property and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in carrying amount of an asset or as a separate asset, if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. The carrying amount of the replaced part is derecognized at the time the replacement part is recognized. The costs of the day-to-day servicing of the item are recognized in profit or loss as incurred.

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The Group does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<b>Useful lives</b>
Buildings	40 years
Structures	20
Facility equipment	2 – 5
Vehicles	4 – 5
Office equipment	3 – 5

If the cost of a certain portion of asset is significant relative to its total cost, the portion is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property and equipment at the end of each reporting period. If it is considered that previous estimates should be adjusted, the changes are accounted for as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the property are calculated as the difference between the net disposal proceeds and the carrying amount of the asset, and are included in profit or loss in the period in which the property is derecognized.

#### **(10) Investment property**

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized. Meanwhile, the costs of the day-to-day servicing of the item are recognized in profit or loss as incurred.

Land is not depreciated, and investment property, except for land, is depreciated using the straight-line method over their useful lives from 40 years.

The investment property' depreciation method, residual values and useful lives are reviewed at the end of each reporting period and, If it is considered that previous estimates should be adjusted, the changes are accounted for as changes in accounting estimates.

When future economic benefits are not expected through the use or disposition of investment property, the Group removes the book value of the assets from the consolidated statement of financial position. The difference between the amounts received from the disposal and the book values of assets is recognized in profit or loss when the assets are removed.

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#### **(11) Intangible assets**

##### 1) Intangible assets acquired separately

Intangible assets with a limited useful life (2~10 years) are measured initially at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses. The intangible assets are amortized by the straight-line method based on estimated useful lives from the date of availability. Depreciation methods and useful lives of the intangible assets are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate. Intangible assets acquired separately as having indefinite useful life are measured at cost less accumulated impairment losses.

##### 2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination, except for goodwill, are recognized separately from goodwill and are initially recognized at their fair value at the date of acquisition (which is regarded as their cost). And subsequently, the intangible assets acquired in a business combination are carried at acquisition cost less any accumulated amortization and accumulated impairment losses.

##### 3) Recognition and measurement of digital assets

The Group acquires and holds digital assets in the process of providing game services, its main business activity. The Group accounts for the digital assets as intangible assets. The digital assets are measured initially at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

##### 4) De-recognition of intangible assets

The Group derecognizes the carrying amount of intangible assets in the statement of financial position when they are disposed or when no future economic benefits is expected from their use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized as profit or loss when the intangible asset is derecognized.

#### **(12) Impairment of Property and Equipment and intangible assets, other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, even though there is not an indication that the asset may be impaired.

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Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **(13) Non-derivative financial liabilities**

The Group classifies financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities in accordance with the substance of the contract and the definition of financial liabilities and recognizes them in the statement of financial position when they become parties to the contract.

##### 1) Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss are classified at fair value through profit or loss if they are held for trading, are derivatives, or are designated at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss. Meanwhile, at the time of initial recognition, transaction costs incurred in connection with issuance are recognized immediately in profit or loss.

##### 2) Other Financial Liabilities

Non-derivative financial liabilities that are not classified at fair value through profit or loss are classified as other financial liabilities. Upon initial recognition, other financial liabilities are measured at fair value less transaction costs directly attributable to issuance. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized using the effective interest method.

##### 3) De-recognition

The Group will only derecognize Financial Liabilities when its contractual obligations are fulfilled, canceled or expired. The Group derecognizes the existing liabilities and recognizes the new financial liabilities at fair value based on the new contract if the cash flow is materially changed as a result of a change in the terms and conditions of the financial liabilities.

Upon de-recognition of financial liabilities, the difference (including transferred non-cash assets and liabilities assumed) between the carrying amount and the consideration paid is recognized as a profit or loss.

##### 4) Financial guarantee liabilities

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Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, and is subsequently recognized in the statement of financial position within other financial liabilities at the higher of the following:

- the amount of the loss allowance determined in accordance with the expected credit loss model under Korean IFRS 1109 'Financial instruments' and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 'Revenue from Contracts with consumers'.

#### **(14) Leases**

Leases are recognized as a right-of-use assets and a corresponding liability at the date at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payment (including in-substance fixed payments), less any lease incentives receivables

In addition, the measurement of lease liabilities includes lease payments to be paid under a renewal option that is considered to be reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- restoration costs
- the present value discounted amount of the lease deposits provided

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

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Payments associated with short-term leases related equipment and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

#### 1) Variable lease payment

Right-of-use assets of the Group do not contain variable payment terms.

#### 2) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

### **(15) Due from customers and due to customers**

Due from customers means the sum of the unclaimed amount among the amounts to be received from the client in the project in progress, and it is calculated by deducting progress billings and recognized losses from accumulated costs plus recognized gains. Costs incurred include costs directly related to specific contracts and fixed and variable overhead costs allocated based on normal operating levels as common costs attributable to all contract activities.

The total amount of due from customers for which the amount of accumulated costs plus recognized profits exceeds the in-progress billing amount is presented as contract asset in the consolidated statement of financial position. If the amount of progress billing exceeds the accumulated cost incurred plus recognized profit, the total amount of due to customers is presented as a contract liability in the consolidated statement of financial position.

### **(16) Derivative instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in such case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### 1) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts

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and the host contracts are not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

#### 2) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

#### 3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line item of the consolidated statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

#### 4) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. Amounts reclassified is recognized in an item related to the hedged items in the consolidated statement of comprehensive income. If the forecast transaction results in the recognition of a non-financial asset or liability, the related gain and loss recognized in other comprehensive income and accumulated in equity are transferred from equity to the initial cost of related non-financial asset or liability.

# Com2uS Corporation and Subsidiaries

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Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

#### **(17) Employee benefits**

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

The cost of defined benefit obligations under the defined benefit plan is determined using the projected unit credit method. Re-measurements of net defined benefit liabilities, comprising of actuarial gains and losses, the returns on plan asset [excluding amount that is included in the net interest on net defined benefit liabilities(assets)] and the effect of asset ceiling are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit and loss on the earlier of the date of the plan amendment or curtailments occurs; or the date that Group recognizes restructuring-related cost. The Group recognizes gain or loss on the settlement of defined benefit plan when the settlement occurs.

Net interest is calculated by applying the discount rate to net defined benefit liabilities(assets). Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on settlements), net interest expense (income), and re-measurements.

The defined benefit obligation recognized in the consolidated financial statements represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### **(18) Share-based payment**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of equity-settled share-based payment that is determined at the grant date are expensed on a straight-line basis over the vesting period based on the Group's estimations on equity instruments to be vested. At the end of each period, the Group revises its estimates of the number of equity instrument that are expected to be vested. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to other paid-in capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted and

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measured at the date the Group obtains the goods or the counterparty renders the service.

For cash-settled share-based payment, liabilities for the consideration of goods or service received is initially recognized at fair value. Until the liability is settled, the Group is required to re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

#### **(19) Provisions**

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

#### **(20) Government grants**

Government grants are not recognized unless there is reasonable assurance that the Group will comply with the grant's conditions and that the grant will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the consolidated statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the useful life of a related asset in a way of reducing depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future-related costs are recognized in profit or loss in the period in which they become receivable.

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#### **(21) Revenue recognition**

##### 1) Performance obligation satisfied over a period of time

The Group is mainly engaged in development, sales and service of mobile games. Under the Korean IFRS 1115, a single performance obligation for item sales was identified in a complex transaction that provides a free game environment and sells in-game items for a fee.

Considering that a contract with the customer is concluded at the time the customer purchases the paid item, the Group recognizes revenue over the period the customer uses the paid item.

The Group provides services such as VFX and new media production, drama and entertainment production, and exhibition event agency. Revenue from the provision of services is recognized in the period in which the services are provided. For contracts with fixed prices, revenue is recognized on the basis of the services actually provided by the end of the reporting period out of all the services agreed to be provided. It is determined based on the actual service costs, compared to expected total service costs.

##### 2) Measurement of progress using the input method

The Group recognizes revenue equally according to the progress calculated based on input costs. When the input method is applied, as the incurred input cost (direct labor cost and outsourced service cost) is proportional to the progress of the Group in fulfilling the level of performance, the level of service performance is faithfully indicated. Estimates of revenue, cost or progress are revised as circumstances change. The resulting increase or decrease in expected revenue and cost is reflected in profit or loss in the period in which management becomes aware of the change as a result of these circumstances.

##### 3) Performance obligation satisfied at a point in time

The Group has a licensing business that provides rights to use the produced movie and drama content, and allows customers to use OTT distribution rights, drama rights, and OST royalties, and recognizes revenue from the business. For licenses providing the right to use intellectual property, the Group recognizes revenue when the transfer of control is complete because the customer has the ability to direct use of the copyright and obtain substantially all of the remaining benefits of the asset.

#### **(22) Treasury Share**

When the Group repurchases its equity instruments (treasury share), the incremental costs that increase in relation to capital transactions, net of tax effect, are deducted from equity and recognized as other components of equity deducted from the total equity in the consolidated statement of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in equity and not in current profit or loss.

#### **(23) Income Tax Expense**

Income tax expense consists of current and deferred taxes.

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#### 1) Current tax

The income tax payable is based on taxable profit for the period. Taxable profit differs from profit or loss before tax expenses as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred income tax assets and liabilities are not recognized if the taxable or deductible temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit (taxable deficit) nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### 3) Recognition of current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (24) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102 'Share-based payment', leasing transactions that are within the scope of Korean IFRS 1116 'Leases', net realizable value in Korean IFRS 1002 'Inventories', value in use in Korean IFRS 1036 'Impairment of Assets' and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in Korean IFRS 1002 Inventories, or value in use in Korean IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(Level 1) Inputs are quote (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date

(Level 2) Inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly

(Level 3) Inputs are unobservable inputs for the asset or liability

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**2.2.1 Gain or loss on valuation of financial liabilities**

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed.

<b>Issuer</b>	<b>Financial liability</b>	<b>2023</b>		<b>2022</b>		<b>Issuance Date</b>
ALLM Corporation	Redeemable convertible preferred shares	₩	2,323,666	₩	2,263,666	₩ 2,000,000
	Redeemable convertible preferred shares 2nd		3,810,247		3,564,779	1,018,583
	Redeemable convertible preferred shares 3rd		3,988,779		3,662,716	2,099,755
MyMusicTaste Co., Ltd.	Redeemable convertible preferred shares 4th		11,491,866		14,806,797	9,214,294
	Redeemable convertible preferred shares 5th		2,361,310		2,812,173	2,000,060
	Redeemable convertible preferred shares 6th		703,471		808,231	500,032
	Convertible Bonds 1st		11,852,823		12,154,018	7,780,032
	Convertible Bonds 2nd		1,530,175		1,600,137	1,000,000
Com2uS ROCA Corporation	Redeemable convertible preferred shares 1st		3,910,914		-	5,998,960
	Redeemable convertible preferred shares 2-1st		-		7,047,355	6,000,009
A2Z Entertainment Co., Ltd.	Redeemable convertible preferred shares 2-2nd		-		5,886,206	5,001,070
	Redeemable convertible preferred shares 3rd		-		2,325,455	1,999,767
	Convertible preferred shares 1st		5,177,079		-	27,836,626
RaemongRaein Co., Ltd.	Convertible preferred shares 1st		-		-	8,999,923
MERRYCHRISTMAS Inc.	Convertible preferred shares 1st		7,497,111		7,468,464	9,999,990
WYS en Scene Co., Ltd.	Convertible preferred shares 1st		-		1,110,315	1,500,000
		₩	54,647,441	₩	65,510,312	₩ 92,949,101

	<b>2023</b>	<b>2022</b>
Profit before income tax	70,535,450	1,771,537
Gain or loss on valuation	27,371,805	(153,050)
Profit before income tax excluding gain or loss on valuation	97,907,255	1,618,487

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### 3. Critical Accounting Estimates and Assumptions

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. Actual results may be different from those estimations. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *(1) Income taxes*

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (See Note 30).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### *(2) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (See Note 5).

#### *(3) Expected use period of game items*

The Group provides game services that sell items which can be used in mobile games to customers. Recognition of revenue from item sales is deferred and recognized during the expected use period of the item. In order to estimate the expected use period of an item, the Group estimates the use period by analyzing the customer's consumption behavior, taking into account the properties of the item and the game, and continuously reviewing whether these estimates are varied. The revenue recognition period for the sale of items in the Group is the expected use period based on past performance and may be significantly changed according to future changes in markets and customers.

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**4. Operating Segment information**

(1) Basis for division by segment

The Group's reporting segment are as follows:

Reportable Segment	Contents of business
Game	Game software development and service
VFX and new media	VFX for movies and dramas, and special video production such as VR and AR Production, airing and distribution of TV dramas, movies and entertainment programs
Broadcast content production	Production, broadcasting and distribution of broadcast dramas, movies and entertainment programs, etc.
Exhibition, events, etc.	Exhibition event agency and other video production through sports events, brand campaigns, conventions, seminars, etc.
Discontinued Operations (*)	Exhibition event agency and other video production through sports events, brand campaigns, conventions, seminars, etc.

(\*) In 2023, the Group disposed of a portion of its shares in NP Co., Ltd., a division related to exhibition events, and classified related profit and loss as discontinued operations with restating the comparative financial information.

(2) Revenues by segment for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
	<b>sales</b>	<b>sales</b>
Game	₩ 554,321,677	₩ 456,585,561
VFX and new media	12,070,196	31,941,394
Broadcast content production	143,159,899	153,313,245
Exhibition, events, etc.	30,086,949	35,472,081
Discontinued operations	9,831,731	39,824,511
	₩ 749,470,452	₩ 717,136,792

(3) Revenues by geographical are as at the Group after derecognizing intercompany transactions for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Republic of Korea	₩ 743,034,652	₩ 710,961,012
China	957,279	766,904
Japan	327,379	742,355
Germany	5,151,142	4,666,521
	₩ 749,470,452	₩ 717,136,792

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(4) Non-current assets by geographical are as at the Group after derecognizing intercompany transactions as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Republic of Korea	₩	371,696,434	₩	484,579,234
China		76,081		201,354
Japan		731,348		595,937
Germany		3,281		11,648,594
Vietnam		3,077		-
	₩	372,510,221	₩	497,025,119

(\*) Non-current assets consist of tangible and intangible assets, investment properties and other non-current assets.

(5) There is no single customer who represents 10% or more of the Group's revenue for the years ended December 31, 2023 and 2022.

**5. Fair value of financial instruments**

(1) The book value and fair value of financial assets as at December 31, 2023 and 2022, are as follows:

*(in thousands of Korean won)*

		<b>2023</b>		<b>2022</b>	
		<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
Financial assets at fair value through profit or loss	Beneficiary certificates etc.	₩ 604,148,598	₩ 604,148,598	₩ 565,645,231	₩ 565,645,231
	Derivative financial instruments assets	13,259,781	13,259,781	-	-
	Subtotal	₩ 617,408,379	₩ 617,408,379	₩ 565,645,231	₩ 565,645,231
Financial assets at fair value through other comprehensive income	Marketable equity securities	80,852,119	80,852,119	93,977,051	93,977,051
	Non-marketable equity securities	14,552,760	14,552,760	14,849,534	14,849,534
	Subtotal	₩ 95,404,879	₩ 95,404,879	₩ 108,826,585	₩ 108,826,585
Financial assets at amortized cost	Cash and cash equivalents	143,194,089	(*)	173,214,799	(*)
	Deposits in financial institute	159,442,140	(*)	239,121,262	(*)
	Debt instruments	-	(*)	-	(*)
	Trade receivables	79,319,361	(*)	92,026,944	(*)
	Other receivables	55,878,420	(*)	55,829,096	(*)
	Subtotal	₩ 437,834,010		₩ 560,192,101	
Total financial assets	₩ 1,150,647,268		₩ 1,234,663,917		

(\*) Trade receivables and others whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

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(2) The book value and fair value of financial liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
	Book value	Fair value	Book value	Fair value
Accounts Payable	₩ 50,357,734	₩ (*1)	₩ 60,149,280	₩ (*1)
Accrued Expense	11,932,791	(*1)	3,588,122	(*1)
Leasehold deposits received	290,000	(*1)	250,000	(*1)
Financial liabilities at amortized cost				
Borrowings from financial institutions	17,446,191	(*1)	117,419,934	(*1)
Redeemable convertible preferred shares	17,773,489	(*1)	10,486,643	(*1)
Convertible bonds	6,388,904	(*1)	4,647,509	(*1)
Bonds	190,795,183	184,640,857	190,612,028	178,734,370
Subtotal	₩ 294,984,292	₩ 184,640,857	₩ 387,153,516	₩ 178,734,370
Financial liabilities measured at fair value through profit or loss				
Convertible preferred shares	12,674,190	12,674,190	8,578,779	8,578,779
Redeemable convertible preferred shares	10,816,764	10,816,764	32,690,737	32,690,737
Convertible Bond	6,994,094	6,994,094	9,106,645	9,106,645
Derivative financial instruments liabilities	6,385,838	6,385,838	-	-
Subtotal	₩ 36,870,886	₩ 36,870,886	₩ 50,376,161	₩ 50,376,161
Financial guarantee liabilities (*2)	2,101,533	(*1)	8,445,233	(*1)
Non-controlling interest liabilities (*3)	19,851,095	(*1)	75,194	(*1)
Sum	₩ 353,807,806		₩ 446,050,104	

(\*1) Amounts whose book value is a reasonable approximation of fair value, such as accounts payables, were excluded from fair value disclosure.

(\*2) During 2022, the Group entered into contracts with Magok Solution Co., Ltd. providing joint and several guarantees with a limit of 130% of the loan from IBK Capital, etc. and the land trust agreement with Shinhan Asset Trust. (See Notes 19 and 32)

(\*3) This is the right to purchase the common stock of A2Z Entertainment Co., Ltd., a subsidiary of the Group (See Note 19).

(3) Assumptions in Determining Fair Value

The fair value of financial instruments (financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income) traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market(for example, OTC derivatives) is determined by using valuation techniques. The Group uses various valuation techniques and establishes an assumption based on the market situation as at the end of the reporting period. For available financial liabilities such as long-term liabilities and others, the official market price or dollar-asking price of the similar instruments is used. In addition, the Group uses

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various valuation methods such as estimated cash flows discount method to estimate fair value. Fair values of interest rate swap and currency swap are calculated by discounting future estimated cash flows.

In case of trade receivables and trade payables, carrying amount after deducting impairment loss is a reasonable approximation of fair value. For disclosure purpose, the fair value of the financial liabilities is the discounted amount of the future cash flow under the terms of the contract by using current market interest rate applied on similar financial instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in measurements.

Classification	Significance of inputs
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The fair value measurements of the Group according to the above fair value hierarchy are as follows.

1) Fair value hierarchy classifications of the financial instruments that are measured at fair value or whose fair values are disclosed as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Classification	Category	2023			
		Level 1	Level 2	Level 3	Total
Financial Asset	<b>Financial assets at fair value through profit or loss</b>				
	Beneficiary certificates etc.	₩ 46,698,584	₩ 82,004,748	₩ 475,445,266	₩ 604,148,598
	Derivative financial instruments assets	-	-	13,259,781	13,259,781
	<b>Financial assets at fair value through other comprehensive income</b>				
	Marketable equity securities	80,852,119	-	-	80,852,119
	Non-marketable equity securities	-	-	14,552,760	14,552,760
	Total financial assets	₩ 127,550,703	₩ 82,004,748	₩ 503,257,807	₩ 712,813,258
Financial Liabilities	<b>Financial liabilities at amortized cost</b>				
	Bonds	-	184,640,857	-	184,640,857
	<b>Financial liabilities measured at fair value through profit or loss</b>				
	Convertible preferred shares	-	-	12,674,190	12,674,190
	Redeemable convertible preferred shares	-	-	10,816,764	10,816,764
	Convertible Bond	-	-	6,994,094	6,994,094
	Derivative financial instruments liabilities	-	-	6,385,838	6,385,838
	Total financial liabilities	₩ -	₩ 184,640,857	₩ 36,870,886	₩ 221,511,743

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(in thousands of Korean won)

		<b>2022</b>			
<b>Classification</b>	<b>Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Financial assets at fair value through profit or loss</b>				
	Beneficiary certificates etc.	₩ 88,842,021	₩ 21,163,296	₩ 455,639,914	₩ 565,645,231
<b>Financial Asset</b>	<b>Financial assets at fair value through other comprehensive income</b>				
	Marketable equity securities	93,977,051	-	-	93,977,051
	Non-marketable equity securities	-	-	14,849,534	14,849,534
	Total financial assets	₩ 182,819,072	₩ 21,163,296	₩ 470,489,448	₩ 674,471,816
	<b>Financial liabilities at amortized cost</b>				
	Bonds	-	178,734,370	-	178,734,370
<b>Financial Liabilities</b>	<b>Financial liabilities measured at fair value through profit or loss</b>				
	Convertible preferred shares	-	-	8,578,779	8,578,779
	Redeemable convertible preferred shares	-	-	32,690,737	32,690,737
	Convertible Bond	-	-	9,106,645	9,106,645
	Subtotal financial liabilities	₩ -	₩ -	₩ 50,376,161	₩ 50,376,161

2) The changes in recurring measurement classified as Level 3 for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

		<b>2023</b>		
		<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial liabilities at fair value through profit or loss</b>
Beginning balance	₩	455,639,914	₩ 14,849,534	₩ 50,376,161
Amount recognized in profit or loss		12,828,573	(296,774)	(27,371,805)
Purchases		107,140,708	-	30,523,003
Disposal		(79,944,280)	-	(15,259,016)
Change in the scope of consolidation		-	-	(1,941,255)
Reclassification		(8,459,868)	-	543,798
Conversion		1,500,000	-	-
Ending balance	₩	488,705,047	₩ 14,552,760	₩ 36,870,886

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	<b>2022</b>					
	<b>Financial assets at fair value through profit or loss</b>		<b>Financial assets at fair value through other comprehensive income</b>		<b>Financial liabilities at fair value through profit or loss</b>	
Beginning balance	₩	431,290,720	₩	16,979,110	₩	23,113,105
Amount recognized in profit or loss		9,449,988		679,344		156,410
Purchases		127,170,948		5,300,201		1,500,000
Disposal		(84,900,932)		(6,610,080)		(1,500,000)
Change in the scope of consolidation		-		950		31,909,808
Reclassification (*)		(27,370,810)		(1,499,991)		(4,803,162)
Ending balance	₩	455,639,914	₩	14,849,534	₩	50,376,161

(\*) In 2022, KRW 1,499,991 thousand of financial assets measured at fair value through other comprehensive income were listed on the KOSDAQ market and reclassified to level 1.

3) Valuation techniques and inputs used in the recurring and non-recurring fair value measurements and quoted fair value categorized within Level 2 and Level 3 of the fair value hierarchy as at December 31, 2023, are as follows:

	<b>2023</b>					
	<b>Fair Value</b>	<b>Level</b>	<b>Valuation Technique</b>	<b>Inputs</b>	<b>Scope of inputs (weighted average)</b>	
<b>Financial assets at fair value through profit or loss</b>						
	₩	21,722,190	2	Net asset valuation	Net asset value	-
Beneficiary certificates		15,938,100	3	Net asset valuation	Net asset value	-
		1,451,845	3	Cost-based approach (*)	Acquisition cost	-
Redeemable convertible		53,299	3	Cost-based approach (*)	Acquisition cost	-
		31,595,295	3	Binomial model	Underlying asset price	-
Preferred stock		883,008	3	Cost-based approach (*)	Acquisition cost	-
		62,873,121	3	Income approach	Discount rate	10.50%
Common stock		17,680,126	3	Market approach	EV/SALES	-
		28,280,766	3	Cost-based approach (*)	Acquisition cost	-
Derivatives		13,259,781	3	Binomial model	Underlying asset price	-
		20,584,622	3	Cost-based approach (*)	Acquisition cost	-
Convertible preferred share		12,198,312	3	Market approach	EV/EBITDA Underlying asset price	-
Contingent Convertible Bond		86,483,052	3	Income approach	Discount rate	-
Simple Agreement for Future Equity		4,386,090	3	Cost-based approach (*)	Acquisition cost	-

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Convertible Bonds	444,835	3	Cost-based approach (*)	Acquisition cost	-
	42,895,153	3	Binomial model	Underlying asset price	-
Investment funds	112,712,929	3	Net asset valuation	Net asset value	-
	8,883,885	3	Cost-based approach (*)	Acquisition cost	-
Project Investment	15,036,304	3	Income approach	Discount rate	-
Saving Insurance	13,064,525	3	Net asset value	Cancellation return, etc.	-
Debt security	60,282,558	2	Income approach	Discount rate	3.66% ~ 3.71%
<b>Total</b>	<b>₩ 570,709,795</b>				

**Financial assets at fair value through other comprehensive income**

Common stock	4,839,662	3	Income approach	Discount rate	17.33%
	9,713,098	3	Cost-based approach (*)	Acquisition cost	-
<b>Total</b>	<b>₩ 14,552,760</b>				

**Financial assets at fair value through other comprehensive income**

Bonds	184,640,857	2	Income approach	Discount rate	4.60%
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**Financial liabilities at fair value through profit or loss**

Convertible preferred share liabilities	12,674,190	3	Income approach and Binomial model	Volatility	43.00%
Redeemable convertible preference shares	10,816,764	3	Income approach and Binomial model	Volatility	47.90%
Convertible bonds	6,994,094	3	Income approach and Binomial model	Volatility	47.90%
Derivative financial instruments liabilities	6,385,838	3	Binomial model	Volatility	59.06%
<b>Total</b>	<b>₩ 36,870,886</b>				

(\*) Cost was determined to be the best estimate of fair value due to insufficient recent information available to determine fair value.

**2022**

	Fair Value	Level	Valuation Technique	Inputs	Scope of inputs (weighted average)
<b>Financial assets at fair value through profit or loss</b>					
Beneficiary certificates	₩ 21,163,297	2			-
	10,446,990	3	Net asset valuation	Net asset value	-
	652,723	3	Net asset valuation	Net asset value	-
Redeemable convertible	5,333,246	3	Binomial model	Underlying asset price	-
	10,261,328	3	Market approach	EV/SALES	-
	9,996,233	3	Cost-based approach (*)	Acquisition cost	-
Preferred stock	883,008	3	Cost-based approach (*)	Acquisition cost	-

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	59,821,333	3	Income approach	Discount rate	11.50%~16.01%
Common stock	3,311,803	3	Market approach	Sale price	-
	6,536,309	3	Cost-based approach (*)	Acquisition cost	-
Derivatives	9,214,031	3	Binomial model	Underlying asset price	-
Convertible preferred share	17,076,769	3	Cost-based approach (*)	Acquisition cost	-
	16,869,752	3	Market approach and Binomial model	EV/EBITDA Underlying asset price	-
Contingent Convertible Bond	114,129,898	3	Income approach	Discount rate	5.30% ~ 6.49%
Simple Agreement for Future Equity	7,105,129	3	Cost-based approach (*)	Acquisition cost	-
Convertible Bonds	65,610,346	3	Income approach and Binomial model	Discount rate Volatility	12.89%~21.46% 34.30%~58.40%
	444,835	3	Cost-based approach (*)	Acquisition cost	-
Saving Insurance	2,972,854	3	Net asset valuation	Cancellation return	-
Investment funds	46,242,777	3	Net asset valuation	Net asset value	-
	58,886,442	3	Cost-based approach (*)	Acquisition cost	-
Project Investment	9,844,107	3	Income approach	Expected future revenue share	-
Total	₩ 476,803,210				

**Financial assets at fair value through other comprehensive income**

	435,779	3	Income approach	Discount rate	16.66%
Common stock	14,413,755	3	Cost-based approach (*)	Acquisition cost	-
Total	₩ 14,849,534				

**Financial liabilities at fair value through profit or loss**

Convertible preferred share liabilities	8,578,779	3	Income approach and Binomial model	Volatility	54.20%~60.19%
Redeemable convertible preference shares	32,690,737	3	Income approach and Binomial model	Volatility	50.59%
Convertible bonds	9,106,645	3	Income approach and Binomial model	Volatility	44.20%
Total	₩ 50,376,161				

(\*) Cost was determined to be the best estimate of fair value due to insufficient recent information available to determine fair value.

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**6. Trade Receivables and Other Financial Assets at Amortized Cost**

(1) Trade receivables, other financial assets at amortized cost and its provisions for impairment as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Trade receivables	₩ 79,520,145	₩ 78,885,002
Loss allowance-trade receivables	(3,928,810)	(3,337,884)
Contract asset	6,494,483	18,830,962
Loss allowance-contract asset	(2,766,456)	(2,351,137)
Trade receivables - net	<u>₩ 79,319,362</u>	<u>₩ 92,026,943</u>
<b>Other receivables</b>		
Non-trade receivables	₩ 10,545,116	₩ 8,110,061
Loss allowance-non-trade receivables	(1,044,530)	(458,877)
Accrued income	4,660,491	2,888,737
Loss allowance-accrued income	(135,909)	-
Finance lease receivables	-	17,332
Short-term loans	12,445,032	6,767,197
Loss allowance-short-term loans	(8,792,892)	(61,147)
Short-term deposits	1,032,540	999,121
Other receivables - net	<u>₩ 18,709,848</u>	<u>₩ 18,262,424</u>
<b>Other long-term receivables</b>		
Long-term loans	₩ 21,262,614	₩ 20,424,073
Loss allowance-long-term loans	(424,073)	(424,073)
Long-term non-trade receivables	24,494	-
Long-term deposits	16,305,538	17,566,671
Other long-term receivables - net	<u>₩ 37,168,573</u>	<u>₩ 37,566,671</u>
<b>Total</b>	<u>₩ 135,197,783</u>	<u>₩ 147,856,038</u>

(2) Impairment

See Note 36 for impairment of trade receivables, other financial assets at amortized cost and matters related to the Group's credit risk.

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**7. Inventories**

Details on inventories as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Raw materials	₩	-	₩	2,849
Work in progress		7,093,234		9,525,755
Finished goods		1,784,753		604,604
	₩	<u>8,877,987</u>	₩	<u>10,133,208</u>

**8. Other Assets**

Details on other assets as at December 31, 2023 and 2022, are as follows:

	<b>2023</b>		<b>2022</b>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Advance payment	₩ 11,191,954	₩ 45,948,705	₩ 24,615,267	₩ 30,347,116
Investment advance payment	-	-	17,600,000	-
Loss allowance	(872,553)	-	(844,055)	-
Prepaid expenses	13,836,445	1,506,467	9,703,144	3,232,933
Prepaid VAT	550,141	-	382,889	-
Other non-trade receivables	525,892	-	447,090	-
	<u>₩ 25,231,879</u>	<u>₩ 47,455,172</u>	<u>₩ 51,904,335</u>	<u>₩ 33,580,049</u>

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**9. Property and Equipment**

(1) Changes in property and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023										
(*1)	Land	Buildings	Structures	Vehicles	Office Equipment	Facilities	Other tangible Assets	Right of use asset	Asset Under Construction	Total	
Opening net book amount	W 46,953,868	W 6,170,574	W 197,616	W 1,452,267	W 9,300,981	W 9,220,791	W -	W 10,929,982	W 13,378,740	W 97,604,819	
Acquisitions	-	-	-	1,280,561	1,901,736	1,572,826	1,057,342	22,632,301	18,749,763	47,194,529	
Change in the scope of consolidation	(22,075,308)	(3,857,566)	(16,482)	(346,359)	(434,660)	(4,705,033)	-	(1,380,458)	-	(32,815,866)	
Disposals and discard	(24,878,560)	(2,259,607)	-	(162,316)	(715,250)	(934,757)	-	(1,291,883)	(8,957,165)	(39,199,538)	
Depreciation (*2,3)	-	(53,401)	(9,785)	(537,190)	(2,816,997)	(2,042,703)	(18,768)	(8,826,835)	-	(14,305,679)	
Reclassification	-	-	-	-	-	-	-	317,669	-	317,669	
Foreign exchange differences	-	-	-	5	216	(1,760)	-	(1,855)	-	(3,394)	
Closing net book amount	W -	W -	W 171,349	W 1,686,968	W 7,236,026	W 3,109,364	W 1,038,574	W 22,378,921	W 23,171,338	W 58,792,540	

(\*1) The Group joined the consortium to sell the Magok Knowledge Industry Center. Please see note 32 for further details.

(\*2) Includes profit and loss from discontinued operations.

(\*3) Government subsidies offset against depreciation expenses during the current period amount to KRW 67,254 thousand.

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(in thousands of Korean won)

	2022										
	Land	Buildings	Structures	Vehicles	Office Equipment	Facilities	Right of use asset	Asset Under Construction	Total		
Opening net book amount	₩ 47,363,634	₩ 6,397,036	₩ 18,199	₩ 1,722,142	₩ 6,764,359	₩ 10,360,303	₩ 10,848,500	₩ 3,345,153	₩ 86,819,326		
Acquisitions (*1)	-	-	190,000	504,520	6,184,488	2,756,214	11,099,281	10,360,946	31,095,449		
Change in the scope of consolidation	-	-	-	32,973	54,198	160,575	321,063	-	568,809		
Disposals and discard	-	-	-	(207,015)	(265,989)	(297,918)	(1,355,873)	-	(2,126,795)		
Depreciation (*2,5)	-	(167,484)	(10,583)	(583,940)	(3,401,096)	(3,640,581)	(8,409,744)	-	(16,213,428)		
Reclassification (*3,4)	(409,766)	(58,978)	-	(15,789)	(34,023)	(114,387)	(1,552,465)	(327,359)	(2,512,767)		
Foreign exchange differences	-	-	-	(624)	(956)	(3,415)	(20,780)	-	(25,775)		
Closing net book amount	₩ 46,953,868	₩ 6,170,574	₩ 197,616	₩ 1,452,267	₩ 9,300,981	₩ 9,220,791	₩ 10,929,982	₩ 13,378,740	₩ 97,604,819		

(\*1) Of the acquisition amount of right-of-use assets, KRW 186,130 thousand is the restoration provision recognized in relation to the new lease contract, and KRW 159,452 thousand is the present value discount amount for the rental deposit.

(\*2) Government subsidies offset with depreciation expenses during the previous year amounted to KRW 55,815 thousand.

(\*3) As part of the area was leased in the previous period, it was replaced with investment property (See Note 10).

(\*4) Due to the conclusion of a share sale agreement for some shares of Urbanworks Co., Ltd., a subsidiary of the Group, KRW 2,044,024 thousand was replaced with non-current assets scheduled for sale.

(\*5) Includes profit and loss from discontinued operations.

(2) As at December 31, 2023, some of the land, buildings and assets under construction held by the Group are provided as collateral in relation to the Group's borrowings (See Notes 18 and 32).

(3) During the year ended December 31, 2023, the parent company's capitalized borrowing costs for tangible assets, which are eligible assets, were KRW 208,234 thousand (previous year: KRW 62,122 thousand), and the capitalized borrowing interest rate used to calculate capitalizable borrowing costs was 2.32% (previous year: 2.36%).

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**10. Investment Properties**

(1) Details of investment properties as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			2022		
	Cost	Accumulated depreciation	Book amount	Cost	Accumulated depreciation	Book amount
Land	₩ -	₩ -	₩ -	₩ 701,316	₩ -	₩ 701,316
Buildings	257,819	(96,682)	161,137	114,616	(8,477)	106,139
	₩ 257,819	₩ (96,682)	₩ 161,137	₩ 815,932	₩ (8,477)	₩ 807,455

(2) Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023			2022		
	Land	Buildings	Total	Land	Buildings	Total
Opening net book amount	₩ 701,316	₩ 106,139	₩ 807,455	₩ 7,921,180	₩ 19,314,658	₩ 27,235,838
Consolidation range changes	(701,316)	152,356	(548,960)	-	-	-
Depreciation	-	(97,358)	(97,358)	-	(323,347)	(323,347)
Disposals (*)	-	-	-	(7,629,630)	(18,944,150)	(26,573,780)
Reclassification	-	-	-	409,766	58,978	468,744
Closing net book amount	₩ -	₩ 161,137	₩ 161,137	₩ 701,316	₩ 106,139	₩ 807,455

(\*) As at December 31 2022, The Group sold land and buildings held as investment properties and recognized Gain on disposal of investment property of KRW 44,026 million.

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- (3) The Group has concluded an operating lease agreement for a building, and the future lease payments expected to be received in relation to the operating lease agreement as at December 31, 2023 and 2022 are as follows:

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>	
Within one year	₩	74,900	₩	46,200
Later than one year but not later than five years		-		184,800
Total lease payments	₩	74,900	₩	231,000

- (4) For the years ended December 31, 2023 and 2022, the lease incomes recognized by the Group related to the operating lease agreement were KRW 11,710 thousand and KRW 1,678,344 thousand, respectively.

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**11. Intangible Assets**

(1) Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023							Total
	Software	Development Costs	Industrial Property Right	Goodwill	Membership	Other Intangible Assets (*3)		
Beginning balance	₩ 1,438,588	₩ 97,000	₩ 8,363,959	₩ 246,420,102	₩ 3,083,684	₩ 96,117,188	₩ 355,520,521	
Acquisitions	128,511	-	2,415,547	-	418,046	3,872,199	6,834,303	
Change in the scope of consolidation (*1)	(630,514)	-	(13,533)	(10,640,912)	(156,511)	(3,683,472)	(15,124,942)	
Disposals and discard	(4,127)	-	-	(28,205,201)	(160,172)	(18,604,368)	(46,973,868)	
Impairment loss	-	-	-	(16,343,028)	-	(4,453,355)	(20,796,383)	
Amortization (*2)	(269,492)	(24,250)	(3,746,847)	-	-	(8,450,629)	(12,491,218)	
Reclassification	-	-	-	-	(1,057,342)	(3,108)	(1,060,450)	
Exchange rate effect	1	-	-	190,759	-	2,649	193,409	
Ending balance	₩ 662,967	₩ 72,750	₩ 7,019,126	₩ 191,421,720	₩ 2,127,705	₩ 64,797,104	₩ 266,101,372	

(\*1) The fair value of intangible assets includes the increase in goodwill of KRW 3,039,402 thousand, which was provisionally determined as the independent valuation was not completed.

(\*2) The amount of government subsidies offset with intangible asset amortization during the current period is KRW 11,692 thousand. Includes discontinued operating gains and losses.

(\*3) Includes cryptographic assets.

	2022							Total
	Software	Development Costs	Industrial Property Right	Goodwill	Membership	Other Intangible Assets (*3)		
Beginning balance	₩ 922,216	₩ 761,941	₩ 9,862,135	₩ 207,900,405	₩ 3,063,244	₩ 111,186,401	₩ 333,696,342	
Acquisitions	855,951	1,138,760	4,313,782	-	572,320	4,753,567	11,634,380	
Change in the scope of consolidation (*1)	23,962	-	-	66,779,876	-	7,948,087	74,751,925	
Disposals and discard	(217,069)	(1,292,978)	(2,145,455)	(1,585,732)	(551,880)	(222,825)	(6,015,939)	
Impairment loss	(7,638)	-	(166,678)	(26,882,778)	-	(13,769,943)	(40,827,037)	
Amortization (*2)	(397,293)	(242,405)	(3,499,825)	-	-	(12,969,675)	(17,109,198)	
Reclassification	258,473	(268,318)	-	-	-	(780,303)	(790,148)	
Exchange rate effect	(14)	-	-	208,331	-	(28,121)	180,196	
Ending balance	₩ 1,438,588	₩ 97,000	₩ 8,363,959	₩ 246,420,102	₩ 3,083,684	₩ 96,117,188	₩ 355,520,521	

(\*1) The fair value of intangible assets has been provisionally determined because an independent valuation has not been completed.

(\*2) Government subsidies offset with intangible asset amortization during the previous year amounted to KRW 30,623 thousand.

(\*3) Due to the share sale agreement to sell certain portion of shares in Urbanworks Co., Ltd., a subsidiary of the Group, KRW 788,092 thousand was reclassified to assets held-for-sales.

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(2) Cryptographic assets

The Group participated as a development company in the XPLA mainnet development process and acquired cryptographic assets in return for providing services and content. And the amount equivalent to the fair value of the cryptographic assets (or consideration for providing services) at the time of acquisition was recorded as an intangible asset.

1) The acquisition and possession status of cryptographic assets in 2023 is as follows:

(EA, in thousands of Korean won)

Crypto Asset name	Listed /Unlisted	Account subject	Acquisition route	2023				Market value	
				Quantity (EA)				End of 2023	End of 2023
				End of 2022	Acquisition	Disposal (*3)	End of 2023		
XPLA (*1)	Listed	Intangible asset	Service provision	1,480,749	93,834,339	(34,968,379)	60,346,709	₩ 17,548,823	₩ 805,675
CTXT (*2)	Unlisted	Intangible asset	Service provision	187	3,619	-	3,806	847	103
Sum				1,480,936	93,837,958	(34,968,379)	60,350,515	₩ 17,549,670	₩ 805,778

(\*1) XPLA is listed on 10 domestic and overseas virtual asset exchanges, including the domestic virtual asset exchange, Bithumb.

(\*2) CTXT is acquired in return for participation as a game provider and is recorded as an intangible asset.

(\*3) We have entered into an employment contract with executives and employees to pay crypto assets (XPLA) as compensation on the condition of 3 years of service, and the amount paid during the current period is 33.4 million units (See Note 16). In addition, during the current year, 1.5 million XPLA were transferred to the game's conversion pool operated by the Group for the purpose of providing liquidity, and the related cost recognized was KRW 35,150 thousand.

(\*4) The market value was calculated by multiplying the holding quantity by the end-of-year market price of the relevant crypto asset announced on CoinMarketCap. The reason CoinMarketCap's price was applied is because it provides information on over 2,000 crypto assets and is the most reliable.

2) In relation to cryptographic assets, KRW 1,107,436 thousand was recognized as a reversal of impairment on intangible asset in the current period, and KRW 752 thousand was recognized as impairment loss on intangible asset (previous year: KRW 1,107,436 thousand).

(in thousands of Korean won)

Crypto Asset name	Account subject	Evaluation method	Acquisition route	2023			2022		
				Acquisition cost	Allowance for Impairment Loss	Book value	Acquisition cost	Allowance for Impairment Loss	Book value
XPLA (*1)	Intangible asset	Cost model	Service provision	₩ 1,962,842	₩ -	₩ 1,962,842	₩ 1,913,835	₩ (1,107,436)	₩ 806,399
CTXT (*2)	Intangible asset	Cost model	Service provision	1,599	(752)	847	-	-	-
Sum				₩ 1,964,441	₩ (752)	₩ 1,963,689	₩ 1,913,835	₩ (1,107,436)	₩ 806,399

(\*1) As the recoverable amount of the asset exceeded the book value, the amount of previously recognized impairment loss on intangible asset was reversed.

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(3) As at December 31, 2023 and 2022, goodwill was distributed by cash flow generating unit (group), which is a division unit of each division of the Group, as follows:

*(in thousands of Korean won)*

	<b>2023</b>	<b>2022</b>
NOVACORE CO., LTD. Segment	₩ -	₩ 5,570,442
TIKITAKA STUDIO Corporation. Segment	-	640,852
Com2uS TYGEM CORPORATION Segment	827,084	2,637,550
Out of the Park Developments GmbH Segment	-	6,405,309
Com2uS Japan Segment	87,409	87,409
WYSIWYG STUDIO CO., LTD. Segment	121,208,625	121,208,625
NP Inc. Segment	-	28,314,433
RaemongRaein Co., Ltd. Segment	-	6,447,408
MERRYCHRISTMAS Inc. Segment	-	-
A2Z ENTERTAINMENT CO., LTD. Segment (Image9coms Co., Ltd.)	-	-
Pentabreed Segment	-	1,469,947
GOLD FRAME CO., LTD. Segment	-	-
Urbanworks Co., Ltd. Segment	-	5,092,161
MAA CO., LTD. Segment	6,832,099	6,832,099
A9 Media C&I Co., Ltd	2,474,083	2,474,083
Sidus Corporation Segment	3,039,402	-
Junglestudio Corporation segment	-	561,567
Com2uS ROCA Segment	432,277	1,204,618
MyMusicTaste Co., Ltd. Segment	56,520,741	57,473,694
	₩ 191,421,720	₩ 246,420,197

When estimating recoverable amount, cash flow was estimated based on past experience, actual operating results, and business plan for the next five years based on growth rate performance trend. Cash flows after the estimated period of five years assumed a permanent growth rate of 0-1%, and the discount rate was 13.8% to 15.26% (after tax), an estimate of the weighted average cost of capital.

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**12. Fair Value through Profit or Loss Financial Instruments and Derivative Financial Instruments Assets**

(1) The book value composition of Fair Value through Profit or Loss Financial Instruments as at December 31, 2023 and 2022, is as follows:

(in thousands of Korean won)

	<b>2023</b>	<b>2022</b>
Current		
Debt securities	₩ 10,000,000	₩ -
Beneficiary certificates	-	12,034,087
Derivatives	4,000,000	-
	<u>14,000,000</u>	<u>12,034,087</u>
Non-current		
Beneficiary certificates	₩ 51,790,176	₩ 30,302,975
Redeemable convertible preference shares (*1)	31,648,594	26,243,531
Preferred share	883,008	883,008
Common share	142,854,556	147,784,690
Convertible preference shares (*1)	32,782,934	33,946,521
Investment funds	121,596,813	105,129,219
Project investment	15,036,304	9,844,107
Contingent convertible bond	86,483,052	114,129,898
Convertible bond (*1)	43,339,988	66,055,181
Simple agreement for future equity (*2)	4,386,090	7,105,129
Derivatives	9,259,781	9,214,031
Saving insurance	13,064,525	2,972,854
Debt securities	50,282,558	-
	<u>603,408,379</u>	<u>553,611,144</u>
	<u>₩ 617,408,379</u>	<u>₩ 565,645,231</u>

(\*1) The Group has significant influence over following investees as at December 31, 2023 with the right to appoint directors. But the returns associated with an ownership interest are not exposed to risks similar to common stocks. As such, they are classified as financial assets at fair value through profit or loss by applying Korean IFRS 1109 *Financial Instruments*.

**Com2uS Corporation and Subsidiaries**  
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Classification	Company	Equity Ratio
Redeemable convertible preference shares	Game Changer Worldwide Co., Ltd. (formerly Block Changer Co., Ltd.)	50.00%
Redeemable convertible preference shares	Grace international INC.	2.32%
Redeemable convertible preference shares	Runupcompany Co., Ltd.	-
Convertible preferred shares	Skybound Holdings LLC (formerly Mr.Mango LLC)	3.81%
Convertible preferred shares	4th Creative Party Co., Ltd.	8.33%
Convertible bonds	Companion Ground	-
Convertible bonds	With A Studio Co., Ltd.	-
Convertible bonds	Studio Bom Co., Ltd.	-
Convertible bonds	Studio Soo Co., Ltd.	-

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(\*2) In the event that an investee receives a subsequent investment, according to the contract, the Group reserves the right to receive preferred stock from the investee.

**Com2uS Corporation and Subsidiaries**  
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(2) Details of changes in financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		<b>2023</b>												
		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Replacement</b>	<b>Gain or Loss on valuation</b>	<b>Others</b>				<b>Ending balance</b>			
<b>Current</b>														
Convertible bonds	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-		
Debt securities		-	10,000,000		-	-	-		-		10,000,000			
Beneficiary certificates		12,034,087	-	(10,000,000)	(2,034,087)	-	-		-		-			
Derivatives		-	-	-	-	4,000,000	-		-		4,000,000			
<b>Non-current</b>														
Beneficiary certificates	₩	30,302,975	₩	17,812,502	₩	(1,342,751)	₩	76,037	₩	4,940,087	₩	1,326	₩	51,790,176
Redeemable convertible preference shares		26,243,531		15,499,873		-	(10,261,329)		166,519		-		31,648,594	
Preferred share		883,008		-		-	-		-		-		883,008	
Common share		147,784,690		16,110,264		(99,495,113)	12,868,449		65,584,765		1,501		142,854,556	
Convertible preferred shares		33,946,521		5,999,987		-	(635)		(7,190,564)		27,625		32,782,934	
Investment funds		105,129,219		19,467,284		(5,103,647)	287,207		1,816,750		-		121,596,813	
Project investment		9,844,107		10,084,239		(679,908)	(500,000)		(3,712,134)		-		15,036,304	
Contingent convertible bond		114,129,898		5,065,452		(39,247,699)	-		6,535,401		-		86,483,052	
Convertible bonds		66,055,181		6,000,000		(23,458,359)	(3,544,163)		(1,712,671)		-		43,339,988	
Simple agreement for future equity		7,105,129		-		-	(2,732,299)		-		13,260		4,386,090	
Derivatives		9,214,031		-		-	1,305,822		(1,260,072)		-		9,259,781	
Saving insurance		2,972,854		9,918,858		-	-		172,813		-		13,064,525	
Debt securities		-		49,892,692		-	-		389,866		-		50,282,558	
	₩	565,645,231	₩	165,851,151	₩	(179,327,477)	₩	(4,534,998)	₩	69,730,760	₩	43,712	₩	617,408,379

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(in thousands of Korean won)

	2022						
	Beginning balance	Acquisition	Disposal	Replacement	Gain or Loss on valuation	Ending balance	
Current							
Convertible bonds	₩ -	₩ 598,200	₩ -	₩ (598,200)	₩ -	₩ -	
Debt securities	9,829,145	4,975,000	(14,834,979)	-	30,834	-	
Beneficiary certificates	5,000,000	2,000,000	(5,000,000)	10,000,000	34,087	12,034,087	
Non-current							
Beneficiary certificates	₩ 49,045,023	₩ 5,531,036	₩ (5,947,638)	₩ (10,000,000)	₩ (8,325,446)	₩ 30,302,975	
Redeemable convertible preference shares	27,846,935	17,709,474	-	(25,844,357)	6,531,479	26,243,531	
Preferred share	883,008	-	-	-	-	883,008	
Common share	67,950,487	73,073,283	(2,331,139)	(3,736,919)	12,828,978	147,784,690	
Convertible preferred shares	18,621,912	11,591,289	-	1,781,661	1,951,659	33,946,521	
Investment funds	71,060,228	32,313,064	(2,647,362)	1,032,000	3,371,289	105,129,219	
Project investment	5,924,959	4,000,000	(75,857)	(4,995)	-	9,844,107	
Contingent convertible bond	161,324,522	29,560,126	(72,829,302)	-	(3,925,448)	114,129,898	
Convertible bonds	49,639,286	18,844,835	(2,000,000)	-	(428,940)	66,055,181	
Bond with warrants	428,281	-	-	-	(428,281)	-	
Simple agreement for future equity	1,157,300	5,947,829	-	-	-	7,105,129	
Derivatives	10,915,385	-	-	-	(1,701,354)	9,214,031	
Saving insurance	-	2,962,014	-	-	10,840	2,972,854	
	₩ 479,626,471	₩ 209,106,150	₩ (105,666,277)	₩ (27,370,810)	₩ 9,949,697	₩ 565,645,231	



# Com2uS Corporation and Subsidiaries

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#### 14. Investment in associates

(1) Details on investment in associates of the Group as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Name of entity	Location	Main business	Fiscal year end	2023		2022	
				Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
Com2uS Europe GmbH.	Germany	Software consultation, development and supply	Dec. 31	49.99	₩ 744,878	49.99	₩ 627,690
Com2uS Southeast Asia Pte.Ltd.	Singapore	Software consultation, development and supply	Dec. 31	49.99	-	49.99	-
Com2uS Taiwan Ltd.	Taiwan	Software consultation, development and supply	Dec. 31	49.99	461,593	49.99	435,522
Com2uS USA Inc.	USA	Software consultation, development and supply	Dec. 31	30.07	3,267,103	30.07	3,318,886
Mirae Changjo Investment Fund Sli Creative Mobile (*1)	Korea	Initial investment business in startup venturing	Dec. 31	-	-	20	376,956
Clegames Inc.	Korea	Software consultation, development and supply	Dec. 31	20	-	20	74,413
Clever E&M	Korea	Initial investment business in startup venturing	Dec. 31	30	464,703	30	501,115
CRIT Ventures	Korea	Initial investment business in startup venturing	Dec. 31	30	693,279	30	542,542
Smart CRIT Fund No.1	Korea	Initial investment business in startup venturing	Dec. 31	40	4,986,611	40	4,848,986
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association	Korea	Initial investment business in startup venturing	Dec. 31	23.26	2,233,295	23.26	3,335,324
Mediacan Co., Ltd.	Korea	Software consultation, development and supply	Dec. 31	29.88	18,005,481	29.88	19,964,493
Grampus Co., Ltd. (*1)	Korea	Software consultation, development and supply	Dec. 31	7.38	826,490	7.38	999,114
Mirae Asset Global New Content Investment Association No.1	Korea	Initial investment business in startup venturing	Dec. 31	25	4,762,765	25	4,854,404
Smart-Dev Investment Association No.7	Korea	Initial investment business in startup venturing	Dec. 31	30.03	4,737,865	30.03	2,860,843
NPTK Emerging Asia Fund 1 LIMITED	Korea	Initial investment business in startup venturing	Dec. 31	23.93	1,433,596	23.93	1,497,073
Young FRONT1 CRIT Metaverse Fund	Korea	Initial investment business in startup venturing	Dec. 31	25	5,014,840	25	5,159,302
RBW Co., Ltd. (*2)	Korea	Initial investment business in startup venturing	Dec. 31	15.02	24,702,649	11.89	23,419,822
Grace International (*2,3)	Korea	Health food and cosmetics manufacturing and distribution business	Dec. 31	10.4	7,800,454	8.67	7,331,845
WYSIWYG Global Contents Investment Association	Korea	Investment business	Dec. 31	39.47	2,811,605	39.47	2,814,072
W Culture Co., Ltd.	Korea	Content creation	Dec. 31	35.48	53,187	35.48	54,633
YN Culture & Space Co., Ltd.	Korea	Real estate development	Dec. 31	20.29	9,973,145	28.25	13,709,819
DS-Shinhan Content New technology Business Investment Association No.1	Korea	Investment business	Dec. 31	37.5	1,456,204	37.5	1,482,080
Studio Bom Co., Ltd. (*2)	Korea	Content creation	Dec. 31	19.35	1,656,950	19.35	1,755,872
Studio Soo Co., Ltd. (*2)	Korea	Content creation	Dec. 31	19.35	1,731,820	19.35	1,778,496
Urbanworks Co., Ltd. (*4)	Korea	Broadcast program production	Dec. 31	30	5,292,466	-	-
WYS EN SCENE CO., LTD. (*4)	Korea	Broadcast program production	Dec. 31	21	414,719	-	-
CSR E&M, INC. (*5)	Korea	Broadcast program distribution	Dec. 31	23.91	620,742	-	-
FILM MOMENTUM CO., LTD. (*5)	Korea	Content creation	Dec. 31	45.01	4,488,177	-	-
EU STUDIO. Co., Ltd. (*6)	Korea	Broadcast program production	Dec. 31	-	-	40	-
RaemongRaein Co., Ltd. (*4)	Korea	Broadcast program production	Dec. 31	20.11	13,126,295	-	-
LOCUS CORPORATION (*5)	Korea	Broadcast program production	Dec. 31	9.33	5,886,160	-	-
NP Inc. (*4)		Video and film production, animation production	Dec. 31	20.9	29,707,522	-	-
Total					₩ 157,354,594	₩ 101,743,302	

(\*1) Liquidated during the current period.

(\*2) Although the Group has less than 20% of voting rights over the investee, it is classified as an associate as the Group can participate in decision making by dispatching executives to the investee.

(\*3) During the current period, the company name was changed from Grace International Co., Ltd. to Grace Co., Ltd.

(\*4) As the Group lost control over the investee during the current year, the investee was reclassified from a subsidiary to an associate.

(\*5) Newly acquired during the current period.

(\*6) As Urbanworks Co., Ltd. lost control during the current period, it was excluded from associates.

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(2) Changes in carrying amount of investment in associates for the years ended December 31, 2023 and 2022, are as follows:

Name of entity	2023											
	Beginning	Acquisition	Disposal	Reclassification	Other increase/ decrease	Gain or loss	Capital change	Ending balance				
Com2uS Europe GmbH.	W 627,690	W -	W -	W -	W -	W 81,347	W 35,841	W 744,878				
Com2uS Southeast Asia Pte.Ltd.	-	374,466	-	-	-	(374,466)	-	-				
Com2uS Taiwan Ltd.	435,522	-	-	-	-	18,552	7,519	461,593				
Com2uS USA Inc.	3,318,886	-	-	-	-	3,703	(55,486)	3,267,103				
Mirae Changjo Investment Fund SII Creative Mobile Clegames Inc. (*)	376,956	-	-	-	-	(376,956)	-	-				
Clever E&M	74,413	-	-	-	-	(74,413)	-	-				
CRIT Ventures	501,115	-	-	-	-	(36,412)	-	464,703				
Smart CRIT Fund No.1	542,542	-	-	-	-	156,139	(5,402)	693,279				
Helios-KDBC Video Digital Content No 1	4,848,986	-	-	-	-	170,098	(32,473)	4,986,611				
New Technology Business Investment Association	3,335,324	-	(1,456,955)	-	-	354,926	-	2,233,295				
Mediacan Co., Ltd.	19,964,493	-	-	-	-	(1,956,648)	(2,364)	18,005,481				
Grampus Co., Ltd.	999,114	-	-	-	-	(172,624)	-	826,490				
Mirae Asset Global New Content Investment Association No.1	4,854,404	-	-	-	-	(91,639)	-	4,762,765				
Smart-Dev Investment Association No.7	2,860,843	2,000,000	-	-	-	(122,978)	-	4,737,865				
NPTK Emerging Asia Fund 1 LIMITED	1,497,073	-	-	-	-	(63,477)	-	1,433,596				
Young FRONT1 CRIT Metaverse Fund	5,159,302	-	-	-	-	(144,462)	-	5,014,840				
RBW Co., Ltd.	23,419,822	-	(206,603)	-	-	(1,165,366)	2,654,796	24,702,649				
Grace International WYSIWYG Global Contents Investment Association	7,331,845	-	-	-	-	471,801	(3,192)	7,800,454				
W Culture Co., Ltd.	2,814,072	-	-	-	-	(2,467)	-	2,811,605				
YN Culture & Space Co., Ltd.	54,633	-	-	-	-	(1,446)	-	53,187				
DS-Shinhan Content New technology Business Investment Association No.1	13,709,819	-	(4,212,645)	-	-	475,971	-	9,973,145				
Studio Bom Co., Ltd.	1,482,080	-	-	-	-	(25,876)	-	1,456,204				
Studio Soo Co., Ltd.	1,755,872	-	-	-	-	(98,922)	-	1,656,950				
Urbanworks Co., Ltd	1,778,496	-	-	-	-	(46,676)	-	1,731,820				
WYS EN SCENE CO., LTD.	-	-	-	5,999,940	-	(707,474)	-	5,292,466				
CSR E&M, INC.	-	-	-	231,000	-	183,719	-	414,719				
FILM MOMENTUM CO., LTD.	-	1,100,000	-	-	-	(479,258)	-	620,742				
RaemongRaein Co., Ltd.	-	4,501,750	-	-	-	(13,573)	-	4,488,177				
LOCUS CORPORATION	-	-	-	14,603,932	-	(1,477,637)	-	13,126,295				
NP Inc.	-	4,999,781	-	-	(50,442)	936,821	-	5,886,160				
Total	W 101,743,302	W 12,975,997	W (5,876,203)	W 80,121,945	W (29,279,175)	W (4,930,511)	W 2,599,239	W 157,354,594				

(\*) The application of the equity method was discontinued during the current period due to complete capital erosion.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

(in thousands of Korean won)

Name of entity	2022						
	Beginning	Acquisition	Disposal	Reclassification	Gain or loss	Capital change	Ending balance
Mirae Changjo Investment Fund Sli Creative Mobile	W 922,777	W -	W (123,200)	W -	W (422,621)	W -	W 376,956
Com2uS Europe GmbH.	553,865	-	-	-	70,314	3,511	627,690
Com2uS Southeast Asia Pte.Ltd. (*1)	365,801	-	-	-	(371,440)	5,639	-
Com2uS Taiwan Ltd.	411,234	-	-	-	41,333	(17,045)	435,522
Com2uS USA Inc.	7,900,568	-	-	-	(703,313)	(3,878,369)	3,318,886
Clegames Inc. (*)	224,761	-	-	-	(150,348)	-	74,413
Clever E&M	558,625	-	-	-	(57,510)	-	501,115
CRIT Ventures	534,478	-	-	-	8,064	-	542,542
Smart CRIT Fund No.1	4,889,950	-	-	-	(40,964)	-	4,848,986
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association	1,695,182	1,720,000	-	-	(79,858)	-	3,335,324
Mediacan Co., Ltd.	20,730,189	-	(1,342,673)	-	576,977	-	19,964,493
Grampus Co., Ltd.	976,981	-	-	-	22,133	-	999,114
Mirae Asset Global New Content Investment Association No.1	4,953,212	-	-	-	(98,808)	-	4,854,404
Smart-Dev Investment Association No.7	980,379	2,000,000	-	-	(119,536)	-	2,860,843
MyMusicTaste Co., Ltd. (*2)	-	3,075,000	-	(2,958,219)	(120,765)	3,984	-
NPTK Emerging Asia Fund 1 LIMITED	-	1,500,000	-	-	(2,927)	-	1,497,073
Young FRONT1 CRIT Metaverse Fund	-	5,250,000	-	-	(90,698)	-	5,159,302
RBW Co., Ltd.	-	22,999,978	(56,728)	-	117,821	358,751	23,419,822
Grace International	-	7,280,000	-	-	51,247	598	7,331,845
WYSIWYG Global Contents Investment Association	2,844,431	-	-	-	(30,359)	-	2,814,072
W Culture Co., Ltd.	80,408	-	-	-	(25,775)	-	54,633
YN Culture & Space Co., Ltd.	10,386,774	3,461,540	-	-	(136,163)	(2,332)	13,709,819
A9 Media C&I (*2)	140,745	-	-	(140,745)	-	-	-
DS-Shinhan Content New technology Business Investment Association No.1	-	1,500,000	-	-	(17,920)	-	1,482,080
Studio Bom Co., Ltd.	-	1,800,000	-	-	(44,128)	-	1,755,872
Studio Soo Co., Ltd.	-	1,800,000	-	-	(21,504)	-	1,778,496
EU STUDIO. Co., Ltd.	206,570	-	-	-	(206,570)	-	-
<b>Total</b>	<b>W 59,356,930</b>	<b>W 52,386,518</b>	<b>W (1,522,601)</b>	<b>W (3,098,964)</b>	<b>W (1,853,318)</b>	<b>W (3,525,263)</b>	<b>W 101,743,302</b>

(\*1) For the year ended December 31, 2022, equity method was suspended due to full-scale capital erosion.

(\*2) For the year ended December 31, 2022, it has been replaced to investment in subsidiary due to the acquisition of control.

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

(3) The tables below provide condensed financial information (before derecognizing goodwill and intercompany transactions) for those investments in associates.

(in thousands of Korean won)

2023

Name of entity	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equity	Sales	Profit (loss) for the year	Total Comprehensive income (loss)
Com2uS Europe GmbH.	W 2,318,245	W 1,319,249	W 3,637,494	W 1,161,399	W 986,328	W 2,147,727	W 1,489,767	W 7,337,151	W 162,695	W 234,379
Com2uS Southeast Asia Pte.Ltd.	8,746,275	9,424,891	18,171,166	424,620	55,577,607	56,002,227	(37,831,061)	2,637,166	(8,462,031)	(8,819,925)
Com2uS Taiwan Ltd.	1,207,107	1,991,947	3,199,054	552,040	1,723,806	2,275,846	923,208	2,365,153	37,106	52,144
Com2uS USA Inc.	10,561,716	15,977,683	26,539,399	13,465,361	2,203,281	15,668,642	10,870,757	44,728,406	12,322	(172,227)
Mirae Changjo Investment Fund Sli Creative Mobile	-	-	-	-	-	-	-	21	(1,561)	(1,561)
Clegames Inc. (*)	1,267,577	1,421,375	2,688,952	1,736,276	1,491,100	3,227,376	(538,424)	2,322,160	(913,237)	(976,934)
Clever E&M	97,435	297,220	394,655	42,652	82,500	125,152	269,503	782,699	(56,626)	(56,626)
CRIT Ventures	1,006,710	2,177,663	3,184,373	667,775	205,651	873,426	2,310,947	2,635,468	681,566	681,566
Smart CRIT Fund No.1	1,085,945	11,445,650	12,531,595	65,068	-	65,068	12,466,527	743,198	425,217	344,035
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association	557,237	9,144,153	9,701,390	84,507	-	84,507	9,616,883	19,125	(321,939)	(321,939)
Mediacan Co., Ltd.	22,216,911	51,023,206	73,240,117	20,642,553	6,999,610	27,642,163	45,597,954	55,671,362	(5,436,723)	(5,473,010)
Grampus Co., Ltd.	2,985,231	4,152,685	7,137,916	4,867,177	4,054,218	8,921,395	(1,783,479)	9,717,728	(2,330,536)	(2,330,536)
Mirae Asset Global New Content Investment Association No.1	1,388,123	17,869,015	19,257,138	206,080	-	206,080	19,051,058	48,851	(366,557)	(366,557)
Smart-Dev Investment Association No.7	929,570	14,951,583	15,881,153	104,063	-	104,063	15,777,090	25,658	(409,517)	(409,517)
NPTK Emerging Asia Fund 1 LIMITED	5,900,032	-	5,900,032	250,688	-	250,688	5,649,344	28	(139,540)	(139,540)
Young FRONT1 CRIT Metaverse Fund	3,833,696	16,390,663	20,224,359	165,000	-	165,000	20,059,359	98,431	(577,849)	(577,849)
RBW Co., Ltd.	59,349,097	122,823,064	182,172,161	82,310,533	13,844,812	96,155,345	86,016,816	91,434,325	(5,375,078)	(6,395,630)
Grace International	35,815,720	29,659,366	65,475,086	20,951,195	28,918,032	49,869,227	15,605,859	92,357,863	5,029,307	5,004,370
WYSIWYG Global Contents Investment Association	93,920	7,032,690	7,126,610	3,876	-	3,876	7,122,734	92	(6,249)	(6,249)
W Culture Co., Ltd.	149,306	-	149,306	-	-	-	149,306	-	(4,074)	(4,074)
YN Culture & Space Co., Ltd.	5,586,175	43,807,003	49,393,178	340,362	485,329	825,691	48,567,487	1,940,300	429,917	429,917
DS-Shinhan Content New technology Business Investment Association No.1	185,473	3,699,940	3,885,413	2,200	-	2,200	3,883,213	898	(69,002)	(69,002)
Studio Bom Co., Ltd.	5,710,005	584,940	6,294,945	24,036	5,200,000	5,224,036	1,070,909	-	(511,096)	(511,096)
Studio Soo Co., Ltd.	2,620,008	73,358	2,693,366	20,626	1,200,000	1,220,626	1,472,740	-	(241,157)	(241,157)
Urbanworks Co., Ltd.	2,272,419	2,223,208	4,495,627	4,720,474	1,470,000	6,190,474	(1,694,847)	6,033,745	(2,358,248)	(2,358,248)
WYS EN SCENE CO., LTD.	1,319,861	1,045,935	2,365,796	2,396,353	-	2,396,353	(30,557)	1,209,317	475,440	475,440
CSR E&M, INC.	152,854	1,347,500	1,500,354	1,976,609	-	1,976,609	(476,255)	455,004	(2,399,622)	(2,399,622)
FILM MOMENTUM CO., LTD.	4,619,097	403,620	5,022,717	1,267	250,000	251,267	4,771,450	63,102	(19,901)	(19,901)
RaemongRaen Co., Ltd.	42,352,064	9,505,260	51,857,324	8,172,109	2,566,187	10,738,296	41,119,028	40,884,811	(6,369,457)	(6,397,797)
LOCUS CORPORATION	24,160,172	19,716,554	43,876,726	30,561,974	7,695,972	38,257,946	5,618,780	21,552,549	3,586,977	3,586,977
NP Inc.	22,616,224	31,914,524	54,530,748	20,929,488	63,650	20,993,138	33,537,610	35,334,980	(2,977,154)	(3,361,506)

(\*) Amount including non-controlling shares.

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

(in thousands of  
Korean won)

2022

Name of entity	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total equity	Sales	Profit (loss) for the year	Total Comprehensive income (loss)
Mirae Changjo Investment Fund Sli Creative Mobile	W 28,880	W 1,856,631	W 1,885,511	W 729	W -	W 729	W 1,884,782	W 63,204	W (241,682)	W (2,113,104)
Com2uS Europe GmbH.	1,583,164	458,912	2,042,076	720,415	66,273	786,688	1,255,388	5,472,136	63,559	70,229
Com2uS Southeast Asia Pte.Ltd.(*1)	385,610	12,922,875	13,308,485	122,739	34,287,346	34,410,085	(21,101,600)	9,934,314	(22,314,204)	(21,833,348)
Com2uS Taiwan Ltd.	1,040,802	90,075	1,130,877	259,814	-	259,814	871,063	1,949,833	82,667	48,576
Com2uS USA Inc.	9,785,923	15,651,910	25,437,833	13,162,810	1,232,039	14,394,849	11,042,984	34,839,638	(2,836,663)	(15,736,352)
Clegames Inc. (*)	2,412,661	1,787,129	4,199,790	1,968,201	1,859,517	3,827,718	372,072	2,852,413	(736,886)	(736,886)
Clever E&M	155,483	382,097	537,580	55,074	92,500	147,574	390,006	799,044	(210,106)	(210,106)
CRIT Ventures	723,509	1,968,093	2,691,602	303,129	580,000	883,129	1,808,473	1,617,570	46,988	46,988
Smart CRIT Fund No.1	1,839,636	10,360,955	12,200,591	78,125	-	78,125	12,122,466	151,597	(183,593)	(102,411)
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association	430,117	14,000,000	14,430,117	88,226	-	88,226	14,341,891	4,551	(343,392)	(343,392)
Mediacan Co., Ltd.	29,658,975	40,127,508	69,786,483	43,697,495	35,402	43,732,897	26,053,586	34,471,035	3,487,847	3,487,847
Grampus Co., Ltd.	2,356,624	2,670,658	5,027,282	1,415,937	3,054,218	4,470,155	557,127	10,323,196	375,733	375,733
Mirae Asset Global New Content Investment Association No.1	1,754,680	17,869,015	19,623,695	206,080	-	206,080	19,417,615	36,516	(395,235)	(395,235)
Smart-Dev Investment Association No.7	1,325,811	8,304,858	9,630,669	104,063	-	104,063	9,526,606	27,317	(398,056)	(398,056)
NPTK Emerging Asia Fund 1 LIMITED	34,443	5,880,117	5,914,560	-	-	-	5,914,560	-	(12,231)	(12,231)
Young FRONT1 CRIT Metaverse Fund	5,911,553	14,890,655	20,802,208	165,000	-	165,000	20,637,208	50,549	(362,792)	(362,792)
RBW Co., Ltd.	51,998,108	94,839,660	146,837,768	41,780,042	14,343,273	56,123,315	90,714,453	63,904,329	2,023,589	2,213,000
Grace International	27,419,215	3,399,678	30,818,893	17,256,964	2,418,624	19,675,588	11,143,305	71,302,470	3,432,429	3,439,329
WYSIWYG Global Contents Investment Association	99,592	7,032,690	7,132,282	3,300	-	3,300	7,128,982	166	(76,911)	(76,911)
W Culture Co., Ltd.	153,600	-	153,600	220	-	220	153,380	-	(72,681)	(72,681)
YN Culture & Space Co., Ltd.	7,467,200	40,725,448	48,192,648	87,115	-	87,115	48,105,533	-	(433,536)	(461,387)
DS-Shinhan Content New technology Business Investment Association No.1	254,474	3,699,940	3,954,414	2,200	-	2,200	3,952,214	53	(47,786)	(47,786)
Studio Bom Co., Ltd.	2,565,500	238,155	2,803,655	12,135	1,209,516	1,221,651	1,582,004	-	(227,995)	(227,995)
Studio Soo Co., Ltd.	2,851,878	79,271	2,931,149	17,252	1,200,000	1,217,252	1,713,897	-	(111,103)	(111,103)
EU STUDIO. Co., Ltd.	305,204	293,442	598,646	824,905	103,439	928,344	(329,698)	796,406	(841,737)	(841,737)

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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- (4) The reconciliation of the net assets of associates to the carrying amount of the equity interest in the associate as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023											
Name of entity		Net assets at the end of the year (A)	Group's shares in % (B)		Group's share in KRW (AxB)		Investment difference		Impairment loss		Intragroup transactions		Carrying Amount
Com2uS Europe GmbH.	W	1,489,767	49.99%	W	744,878	W	-	W	-	W	-	W	744,878
Com2uS Southeast Asia Pte.Ltd.		(37,831,061)	49.99%		(18,911,747)		-		-		-		-
Com2uS Taiwan Ltd.		923,208	49.99%		461,593		-		-		-		461,593
Com2uS USA Inc.		10,870,757	30.07%		3,268,356		3,215,067		(2,705,367)		(510,953)		3,267,103
Mirae Changjo Investment Fund Sli Creative Mobile		-	0.00%		-		-		-		-		-
Clegames Inc. (*)		(538,424)	20.00%		(107,683)		-		-		-		-
Clever E&M		269,503	30.00%		80,841		383,862		-		-		464,703
CRIT Ventures		2,310,947	30.00%		693,279		-		-		-		693,279
Smart CRIT Fund No.1		12,466,527	40.00%		4,986,611		-		-		-		4,986,611
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association		9,616,883	23.26%		2,233,295		-		-		-		2,233,295
Mediacan Co., Ltd.		43,887,493	29.88%		13,112,619		4,892,862		-		-		18,005,481
Grampus Co., Ltd.		(1,783,479)	7.38%		(131,535)		958,025		-		-		826,490
Mirae Asset Global New Content Investment Association No.1		19,051,058	25.00%		4,762,765		-		-		-		4,762,765
Smart-Dev Investment Association No.7		15,777,090	30.03%		4,737,865		-		-		-		4,737,865
NPTK Emerging Asia Fund 1 LIMITED		5,649,344	23.93%		1,352,122		81,474		-		-		1,433,596
Young FRONT1 CRIT Metaverse Fund		20,059,359	25.00%		5,014,840		-		-		-		5,014,840
RBW Co., Ltd.		72,417,440	15.02%		10,875,531		14,569,550		-		(742,432)		24,702,649
Grace International		15,605,859	10.40%		1,623,009		6,177,445		-		-		7,800,454
WYSIWYG Global Contents Investment Association		7,122,734	39.47%		2,811,605		-		-		-		2,811,605
W Culture Co., Ltd.		149,306	35.48%		52,980		207		-		-		53,187
YN Culture & Space Co., Ltd.		48,732,509	20.29%		9,887,826		85,319		-		-		9,973,145
DS-Shinhan Content New technology Business Investment Association No.1		3,883,213	37.50%		1,456,204		-		-		-		1,456,204
Studio Bom Co., Ltd.		1,070,909	19.35%		207,273		1,449,677		-		-		1,656,950
Studio Soo Co., Ltd.		1,472,740	19.35%		285,046		1,446,774		-		-		1,731,820
Urbanworks Co., Ltd		(1,694,847)	30.00%		(508,454)		5,800,920		-		-		5,292,466
WYS EN SCENE CO., LTD.		(30,557)	21.00%		(6,417)		421,136		-		-		414,719
CSR E&M, INC.		(476,255)	23.91%		(113,887)		734,629		-		-		620,742
FILM MOMENTUM CO., LTD.		4,771,450	45.01%		2,147,611		2,340,566		-		-		4,488,177
RaemongRaein Co., Ltd.		41,119,024	20.11%		8,269,036		4,857,259		-		-		13,126,295
LOCUS CORPORATION		4,565,208	9.33%		425,934		5,460,226		-		-		5,886,160
NP Inc.		32,749,145	20.90%		6,844,571		52,119,206		(29,256,255)		-		29,707,522

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

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(in thousands of  
Korean won)

Name of entity	2022						
	Net assets at the end of the year (A)	Group's shares in % (B)	Group's share in KRW (AxB)	Investment difference	Impairment loss	Intragroup transactions	Carrying Amount
Mirae Changjo Investment Fund Sli Creative Mobile	W 1,884,782	20.00%	W 376,956	W -	W -	W -	376,956
Com2uS Europe GmbH.	1,255,388	49.99%	627,690	-	-	-	627,690
Com2uS Southeast Asia Pte.Ltd. (*1)	(21,101,600)	49.99%	(10,549,745)	-	-	-	-
Com2uS Taiwan Ltd.	871,063	49.99%	435,522	-	-	-	435,522
Com2uS USA Inc.	11,042,984	30.07%	3,320,139	3,215,067	(2,705,367)	(510,953)	3,318,886
Clegames Inc. (*)	372,072	20.00%	74,413	-	-	-	74,413
Clever E&M	390,006	30.00%	117,002	384,113	-	-	501,115
CRIT Ventures	1,808,473	30.00%	542,542	-	-	-	542,542
Smart CRIT Fund No.1	12,122,466	40.00%	4,848,986	-	-	-	4,848,986
Helios-KDBC Video Digital Content No 1 New Technology Business Investment Association	14,341,891	23.26%	3,335,324	-	-	-	3,335,324
Mediacan Co., Ltd.	26,053,586	29.88%	7,784,239	11,820,091	-	360,163	19,964,493
Grampus Co., Ltd.	557,127	7.38%	41,089	958,025	-	-	999,114
Mirae Asset Global New Content Investment Association No.1	19,417,615	25.00%	4,854,404	-	-	-	4,854,404
Smart-Dev Investment Association No.7	9,526,606	30.03%	2,860,843	-	-	-	2,860,843
NPTK Emerging Asia Fund 1 LIMITED	5,914,560	23.93%	1,415,599	81,474	-	-	1,497,073
Young FRONT1 CRIT Metaverse Fund	20,637,208	25.00%	5,159,302	-	-	-	5,159,302
RBW Co., Ltd.	90,714,453	11.89%	9,279,219	14,140,603	-	-	23,419,822
Grace International	11,143,305	8.67%	966,363	6,365,482	-	-	7,331,845
WYSIWYG Global Contents Investment Association	7,128,982	39.47%	2,814,072	-	-	-	2,814,072
W Culture Co., Ltd.	153,380	35.48%	54,425	208	-	-	54,633
YN Culture & Space Co., Ltd.	48,105,533	28.25%	13,591,029	118,790	-	-	13,709,819
DS-Shinhan Content New technology Business Investment Association No.1	3,952,214	37.50%	1,482,080	-	-	-	1,482,080
Studio Bom Co., Ltd.	1,582,004	19.35%	306,195	1,449,677	-	-	1,755,872
Studio Soo Co., Ltd.	1,713,897	19.35%	331,722	1,446,774	-	-	1,778,496
EU STUDIO. Co., Ltd.	(329,698)	40.00%	(131,879)	143	-	-	-

**Com2uS Corporation and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

- (5) The cumulative unrecognized changes in equity that were not recognized due to the discontinuation of the application of the equity method are as follows:

(in thousands of Korean won)

	2023		2022	
	Unreflected loss	Unreflected accumulated loss	Unreflected loss	Unreflected accumulated loss
Com2uS Southeast Asia Pte.Ltd.	₩ (18,085,244)	₩ (18,085,244)	₩ (14,034,558)	₩ (14,034,558)
Clegames Co., Ltd.	(74,413)	(74,413)	-	-

- (6) The fair value of investment stocks in associates with publicly announced market prices as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023	2022
RBW Co., Ltd.	₩ 17,137,098	₩ 18,778,418
RaemongRaein Co., Ltd.	15,996,136	-
NP Inc.	29,707,522	-

**15. Provisions**

Provision is an estimation of the present value of the future restoration costs for the right of use assets, and the changes in provisions for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of Korean won)

	2023						
	Beginning balance	Transfer	Reversal	Interest expense	Reclassification of current portion	Change in the scope of consolidation	Ending balance
<b>Current</b>							
Provision for restoration (*1)	₩ 158,128	₩ -	₩ (51,196)	₩ 714	₩ 8,055	₩ -	₩ 115,701
<b>Non-current</b>							
Provision for restoration (*1)	1,209,730	816,007	(21,577)	63,141	(8,055)	(13,846)	2,045,400
Total	₩ 1,367,858	₩ 816,007	₩ (72,773)	₩ 63,855	₩ -	₩ (13,846)	₩ 2,161,101

(\*1) Provision for restoration is an estimate of the future restoration costs occurred in the lease contract at present value.

(in thousands of Korean won)

	2022					
	Beginning balance	Transfer	Reversal	Interest expense	Reclassification of current portion	Ending balance
<b>Current</b>						
Provision for loss (*1)	₩ 27,105	₩ -	₩ (27,105)	₩ -	₩ -	₩ -
Provision for defect repair	3,654	-	(3,654)	-	-	-
Provision for restoration (*2)	227,997	43,174	(131,266)	1,086	17,137	158,128
<b>Non-current</b>						
Provision for restoration (*2)	1,117,080	142,957	(59,736)	26,566	(17,137)	1,209,730
Total	₩ 1,375,836	₩ 186,131	₩ (221,761)	₩ 27,652	₩ -	₩ 1,367,858

(\*1) Provision for loss occurred in the VFX and new media operating segment.

(\*2) Provision for restoration is an estimate of the future restoration costs occurred in the lease contract at present value.

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**16. Retirement Benefit Plan**

- (1) Details on items in the consolidated statement of financial position resulting from obligation of the Group related to defined benefit retirement plans as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Present value of defined benefit obligations	₩	6,030,436	₩	5,690,861
Present value of plan assets		(2,822,369)		(1,849,636)
Net defined benefit liabilities	₩	3,208,067	₩	3,841,225

- (2) Profits and losses related to the net defined benefit liabilities for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Current service cost	₩	1,513,631	₩	1,694,732
Interest cost of net defined benefit liabilities		102,527		48,757
Total	₩	1,616,158	₩	1,743,489

- (3) Changes in present value of net defined benefit obligation for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Beginning balance	₩	5,690,861	₩	6,576,191
Change in the scope of consolidation		22,657		1,220,890
Current service cost		1,513,631		1,694,732
Interest cost		203,285		99,952
Retirement benefits paid		(1,566,453)		(827,245)
Remeasurements:		-		
Changes in financial assumption		237,325		(1,025,117)
Empirical adjustment		(70,871)		420,026
Conversion to defined contribution type (*)		-		(2,468,568)
Ending balance	₩	6,030,435	₩	5,690,861

(\*) During the previous year, settlement gains and losses from conversion to defined contribution plan was recognized through profit or loss.

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- (4) Changes in fair value of the plan assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Beginning balance	₩	1,849,637	₩	3,461,590
Change in the scope of consolidation		569,154		-
Retirement benefits paid		(140,113)		(57,307)
Interest income		100,758		51,195
Remeasurements:				
Plan assets income		(25,110)		(18,430)
Contribution paid		468,043		345,111
Conversion to defined contribution type (*)		-		(1,932,523)
Ending balance	₩	2,822,369	₩	1,849,636

(\*) During the previous year, settlement gains and losses from conversion to defined contribution plan was recognized through profit or loss.

- (5) The significant actuarial assumptions used as at December 31, 2023 and 2022 are as follows:

	<b>2023(%)</b>	<b>2022(%)</b>
Discount rate	4.34~5.43	5.18~6.24
Rate of expected future salary increase (including inflation effect)	2.00~4.77	2.00~7.63

- (6) The sensitivity analysis for changes in key actuarial assumptions as at December 31, 2023 and 2022, are as follows:

	<b>2023(%)</b>	<b>2022(%)</b>
<b>Discount rate</b>		
Increase by 1%	93.74	94.06
Decrease by 1%	107.22	106.86
<b>Salary growth rate</b>		
Increase by 1%	107.27	106.97
Decrease by 1%	93.59	93.87

- (7) Defined contribution retirement plan

The Group operates defined contribution plans for most of its employees. The Group's obligation is to pay fixed contributions into a separate entity and the amount of post-employment benefits that employees will receive in the future is determined by the contributions paid to the entities and the return on investment from those contributions. The plan assets are operated independently from the assets of the Group in the form of funds under the supervision of the trustee. The contributions paid to defined contribution retirement plan by the Group for the years ended December 31, 2023 and 2022 are KRW 13,024,015 thousand and KRW 10,406,108 thousand, respectively.

- (8) The Group has signed a labor agreement to pay digital assets (XPLA) as compensation on the condition of three years of service for employees. During the years ended December 31, 2023

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and 2022, the cost recognized by the Group in connection with the labor contract is KRW 630,326 thousand and KRW 638,160 thousand, respectively.

**17. Other liabilities and Other payables**

Details of other liabilities and other payables as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		2022	
	Current	Noncurrent	Current	Noncurrent
<b>Other liabilities:</b>				
Account payable	₩ 50,384,903	₩ 188,383	₩ 69,552,112	₩ -
Accrued expenses	21,774,078	2,032,450	6,375,190	1,163,771
Rental deposit	290,000	-	120,000	130,000
Lease liabilities	7,322,906	12,308,960	6,264,285	3,914,776
	<u>₩ 79,771,887</u>	<u>₩ 14,529,793</u>	<u>₩ 82,311,587</u>	<u>₩ 5,208,547</u>
<b>Other payables:</b>				
Advance payment (*)	₩ 10,294,938	₩ -	₩ 16,058,593	₩ -
Unearned revenue (*)	16,006,653	-	11,289,863	1,013,815
Withholdings	7,871,899	-	9,251,509	-
VAT Withholdings	1,333,549	-	2,150,174	-
Other long-term outstanding liabilities	-	248,409	-	638,160
	<u>₩ 35,507,039</u>	<u>₩ 248,409</u>	<u>₩ 38,750,139</u>	<u>₩ 1,651,975</u>

(\*) Includes contract liabilities of KRW 21,800,422 thousand (end of previous year: KRW 19,273,047 thousand).

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**18. Borrowings and debentures**

(1) Details of the Group's Borrowings as at December 31, 2023 and 2022, are as follows:

		2023		
<i>(in thousands of Korean won)</i>		Borrowings from financial institutions, etc.	Debentures	Total
<b>Current</b>				
Short-term borrowings	₩	15,040,000	-	15,040,000
Current portion of long-term borrowings		1,881,201	119,921,179	121,802,380
		16,921,201	119,921,179	136,842,380
<b>Non-current</b>				
Long-term borrowings		524,990	70,874,004	71,398,994
	₩	17,446,191	190,795,183	208,241,374

		2022		
<i>(in thousands of Korean won)</i>		Borrowings from financial institutions, etc.	Debentures	Total
<b>Current</b>				
Short-term borrowings	₩	106,995,000	-	106,995,000
Current portion of long-term borrowings		5,878,320	-	5,878,320
		112,873,320	-	112,873,320
<b>Non-current</b>				
Long-term borrowings		4,546,614	190,612,028	195,158,642
	₩	117,419,934	190,612,028	308,031,962

(2) Details of the Group's Borrowing from financial institutions as at December 31, 2023 and 2022, are as follows:

		Borrower	Interest rate (%)		2023	2022
<b>Short-term borrowings:</b>						
bank borrowings		Woori Bank, etc.	4.6 ~6.38	₩	12,200,000	105,755,000
Other borrowings		Subsidiary CEO, etc.	4.60		2,840,000	1,240,000
					15,040,000	106,995,000
<b>Current portion of long-term borrowings:</b>						
bank borrowings		Woori Bank, etc.	2.54 ~ 6.14	₩	1,847,881	5,878,320
Other borrowings		Korea SMEs and Startups Agency	2.35		33,320	-
					1,881,201	5,878,320
<b>Long-term borrowings:</b>						
bank borrowings		Kookmin bank	5.89	₩	500,000	4,488,304
Other borrowings		Korea SMEs and Startups Agency	2.35		24,990	58,310
				₩	524,990	4,546,614

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(3) Details of bonds issued by the Group as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Name	Details	Interest Rate	Issuance Date	Maturity		2023	2022
No. 1-1 non-guaranteed debentures	Unsecured privately held won-denominated public offering bond	2.26%	2021-07-27	2024-07-26	₩	120,000,000	120,000,000
No. 1-2 non-guaranteed debentures	Unsecured privately held won-denominated public offering bond	2.54%	2021-07-27	2026-07-27		71,000,000	71,000,000
	Deduction: Discount on bonds					(204,817)	(387,972)
	Total				₩	190,795,183	190,612,028
	Deduction: Current portion of debentures					(119,921,179)	-
	Non-current debentures				₩	70,874,004	190,612,028

(4) Details of Payment guarantee provided to the Group

As at December 31, 2023 and 2022, the payment guarantees provided by the Group in relation to the above borrowings are as follows:

(in thousands of Korean won)

Guarantee	Lender	Type	Contract limit	2023			Guarantee provider	Note
				Execution amount	Guaranteed amount			
TIKITAKA STUDIO Corporation.	Shinhan Bank	Working capital	₩ 100,000	₩ 100,000	₩ 100,000	Credit guaranty funding	Loan guarantee	
WYSIWYG studios Co., Ltd	K-EXIM	Working capital	2,500,000	2,500,000	3,000,000	CEO of a subsidiary, etc.	Joint and several guarantee	
AZZ Entertainment Co., Ltd.	Woori Bank	Working capital	2,700,000	2,700,000	960,000	CEO of a subsidiary, etc.	Loan guarantee	
MyMusicTaste Co., Ltd.	Woori Bank	Working capital	4,500,000	4,500,000	4,500,000	Technology guaranty funding	Loan guarantee	
MyMusicTaste Co., Ltd.	Woori Bank	Working capital	1,400,000	1,400,000	1,400,000	Technology guaranty funding	Loan guarantee	
MyMusicTaste Co., Ltd.	Woori Bank	Limited loan	580,000	-	493,000	Technology guaranty funding	Loan guarantee	
Sidus Corporation	Hana Bank	Working capital	1,000,000	1,000,000	950,000	Technology guaranty funding	Loan guarantee	

(in thousands of Korean won)

Guarantee	Lender	Type	Contract limit	2022			Guarantee provider	Note
				Execution amount	Guaranteed amount			
TIKITAKA STUDIO Corporation.	Shinhan Bank	Working capital	₩ 100,000	₩ 100,000	₩ 100,000	Credit guaranty funding	Loan guarantee	
ALLM Corporation	Woori Bank	Working capital	475,000	475,000	450,000	Credit guaranty funding	Payment Guarantee	
ALLM Corporation	Hana Bank	Working capital	674,000	635,000	895,200	CEO of a subsidiary, etc.	Joint and several guarantee	
Funflow Co., Ltd.	Hana Bank	Working capital	400,000	400,000	480,000	CEO of a subsidiary, etc.	Real estate collateral	
WYSIWYG studios Co., Ltd	K-EXIM	Working capital	2,500,000	2,500,000	3,000,000	CEO of a subsidiary, etc.	Real estate collateral	
RaemongRaein Co., Ltd	Industrial Bank of Korea	Facility Fund	1,000,000	1,000,000	900,000	Technology guaranty funding	Joint and several guarantee	
RaemongRaein Co., Ltd	Industrial Bank of Korea	Facility Fund	500,000	500,000	600,000	CEO of a subsidiary, etc.	Loan guarantee	
RaemongRaein Co., Ltd	Hana Bank	Working capital	1,500,000	1,500,000	1,800,000	CEO of a subsidiary, etc.	Joint and several guarantee	
RaemongRaein Co., Ltd	Woori Bank	Broadcasting Promotion Fund	1,050,000	1,050,000	997,500	Technology guaranty funding	Joint and several guarantee	

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RaemongRaein Co., Ltd	Woori Bank	Broadcasting Promotion Fund	1,400,000	1,400,000	1,680,000	CEO of a subsidiary, etc.	Joint and several guarantee
RaemongRaein Co., Ltd	Woori Bank	Broadcasting Promotion Fund	1,500,000	1,500,000	1,800,000	CEO of a subsidiary, etc.	Joint and several guarantee
RaemongRaein Co., Ltd	Woori Bank	Completion guarantee loan	3,150,000	3,150,000	2,992,500	Technology guaranty funding	Loan guarantee
RaemongRaein Co., Ltd	Woori Bank	Broadcasting Promotion Fund	1,000,000	1,000,000	1,200,000	CEO of a subsidiary, etc.	Joint and several guarantee
RaemongRaein Co., Ltd	Korea Development Bank	Facility fund loan	3,000,000	3,000,000	3,600,000	CEO of a subsidiary, etc.	Joint and several guarantee
A2Z Entertainment Co., Ltd.	Woori Bank	Working capital	2,700,000	2,700,000	3,240,000	CEO of a subsidiary, etc.	Loan guarantee
Urbanworks Co., Ltd.	Industrial Bank of Korea	Working capital	500,000	500,000	600,000	CEO of a subsidiary, etc.	Real estate collateral
Urbanworks Co., Ltd.	Shinhan Bank	Working capital	400,000	330,000	480,000	CEO of a subsidiary, etc.	Real estate collateral
Urbanworks Co., Ltd.	Industrial Bank of Korea	Working capital	160,000	160,000	192,000	CEO of a subsidiary, etc.	Real estate collateral
MyMusicTaste Co., Ltd.	Woori Bank	Working capital	5,900,000	5,900,000	5,900,000	Technology guaranty funding	Loan guarantee
MyMusicTaste Co., Ltd.	Woori Bank	Limited loan	580,000	-	493,000	Technology guaranty funding	Loan guarantee

## 19. Financial Liabilities

(1) The details of financial liabilities of the Group as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Current:</b>		
Redeemable convertible preferred share liabilities	₩ 28,590,253	₩ 43,177,380
Convertible preferred share liabilities	12,674,190	8,578,779
Convertible bonds	13,382,998	13,754,154
Financial guarantee liabilities	-	8,445,233
Non-controlling interest liabilities (*1)	19,800,920	-
Derivative financial instruments liabilities	5,842,038	-
<b>Subtotal</b>	<b>80,290,399</b>	<b>73,955,546</b>
<b>Non-current:</b>		
Derivative financial instruments liabilities	543,799	-
Financial guarantee liabilities (*2)	2,101,533	-
Non-controlling interest liabilities	50,175	75,194
<b>Subtotal</b>	<b>2,695,507</b>	<b>75,194</b>
<b>Total</b>	<b>₩ 82,985,906</b>	<b>₩ 74,030,740</b>

(\*1) WYSIWYG Studio Co., Ltd., a subsidiary of the Group, entered into an agreement with the shareholder of A2Z Entertainment Co., Ltd. in relation to the issuance of convertible preferred stock by A2Z Entertainment Co., Ltd. (See Note 19 (3))

(\*2) The Group provides a joint and several guarantees for the loan agreement related to the Magok Knowledge Industry Center new construction project, and this joint and several guarantees meet the definition of a financial guarantee contract under Korean IFRS 1109 *Financial Instruments*.

(2) The Group classifies the non-controlling interests related to S&S-Pectus NO.3, a subsidiary of the Group, as financial liabilities because the Parent Company cannot control the liquidation of the subsidiary as the subsidiary's operating period is fixed, and the Parent Company has an

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obligation to allocate the subsidiary's net assets to shareholders in the event of liquidation by the investment agreement.

- (3) The details of convertible redeemable preferred share liabilities, convertible preferred share liabilities and convertible bonds issued by the Group as at December 31, 2023 and 2022, are as follows:

① Redeemable Convertible Preferred Share Liabilities

	<b>ALLM Corporation</b>
Contract Date	Aug. 08, 2018
Issuance Date	Aug. 10, 2018
Maturity	Aug. 08, 2028
Number of shares issued	Preferred stock 266,666 shares
Issuance price per share	₩ 7,500
Face value	₩ 133,333,000
Payment amount	₩ 2,000,000,000
Preferred dividend rate	3% of face value
Other dividend options	Participatory, cumulative
Conversion right exercise period	From the date of contract to the period of 10 years
Conversion conditions	1 share of Common stock per 1 share of Preferred stock (However, in the event that the value of the conversion right changes including capital increase, stock split, merger, and etc. specified in the agreement, the conversion price may be adjusted according to the contract.)
Redemption request period	From 1 year after contract date to the maturity
Redemption price	Payment amount + 3% interest per year of the payment amount - Paid dividends

The Group measures the liabilities for the redemption of principal and interest of the redeemable convertible preferred shares at amortized cost using the effective interest method. The conversion rights embedded in redeemable convertible preferred stocks meet the separation requirements. Therefore, it was accounted as derivative liabilities in the consolidated statement of financial position after being separated from the main contract as one embedded derivative.

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	<b>MyMusicTaste Co., Ltd.</b>					
Issuance No.	1	2	3	4	5	6
Number of shares issued	53,330 Shares	172,290 Shares	76,600 Shares	99,630 Shares	16,204 Shares	7,813 Shares
Issuance price per share	₩ 15,000	20,607	70,485	123,430	123,430	64,000
Issuance Date	2012-12-11	2015-04-13	2015-12-21	2017-08-11	2019-01-31	2020-07-08
Issuance Price	₩ 799,950,000	3,550,328,776	5,399,181,640	12,297,330,900	2,000,059,720	500,032,000
Preferred dividend rate	1%	1%	1%	1%	1%	1%
Conversion request period	Convertible up to 10 years from the issuance date					
Conversion price	₩ 15,000	20,607	70,485	123,430	123,430	64,000
Adjustment of conversion price						
Redemption request period	(*)					
Redemption price						

(\*) Adjustment of conversion price, Redemption request period and Redemption price

**Adjustment of conversion price:**

1	1) Adjustment in proportion in the event of issuance of new stock or stock-related bonds with the issuance price below the conversion price 2) Adjustment to 70% of the conversion price if 70% of the IPO or merger price per share or valuation is lower than the conversion price 3) In the event of stock split or merger, adjustment is made according to the split or merger ratio
2	1) Adjustment in proportion in the event of issuance of new stock or stock-related bonds with the issuance price below the conversion price 2) Adjustment to 70% of the IPO price per share if 70% of the IPO price per share is lower than the conversion price 3) In the event of stock split or merger, adjustment is made according to the split or merger ratio 4) If the number of shares increases due to free capital increase, stock dividend, etc., it will be changed proportionally accordingly 5) Where the valuation amount for calculating the exchange ratio at the time of merger is less than the conversion price, adjustment to the valuation amount. and etc.
3	1) Adjusted proportionally in the event of a paid-in capital increase or a similar rebalancing of capital at the issuance price below the conversion price 2) In the event of stock split or merger, adjustment is made according to the split or merger ratio
4,5	1) Adjusted proportionally in the event of a paid-in capital increase or a similar rebalancing of capital at the issuance price below the conversion price 2) In the event of stock split or merger, adjustment is made according to the split or merger ratio 3) Adjustment to 70% of the IPO price per share if 70% of the IPO price per share is lower than the conversion price
6	1) Adjustment in proportion in the event of issuance of new stock or stock-related bonds with the issuance price below the conversion price 2) Adjustment to 70% of the IPO price per share if 70% of the IPO price per share is lower than the conversion price 3) If the number of shares increases due to free capital increase, stock dividend, etc., it will be changed proportionally accordingly

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#### Redemption request period:

1,2,3,4,5	From the date three years have elapsed from the date of conclusion to the expiration date of the duration
6	From the date on which two years have elapsed from the date on which the share payment is paid to the expiration date of the duration

#### Redemption price:

1	The sum of the interest amount calculated by applying 9% annual return for the period from the investment date to the repayment date for the unit price of the preferred stock in each case. However, if there is a dividend paid from the day after the completion date of the preferred stock transaction to the repayment date, it will be calculated by deducting it.
2	The sum of the interest calculated by applying 8% annual return for each preferred stock price and the same amount from the investment date to the repayment date, or 10% of the cumulative sales from the issuance date of the preferred stock to the fiscal year immediately before the repayment date.
3,4,5,6	The total amount of interest calculated by applying 8% annual return for the period from the investment date to the repayment date, but if there is a dividend paid from the day after the completion date of the preferred stock transaction to the repayment date, it shall be calculated by deducting.

The Group measures the liabilities for the redemption of principal and interest of the redeemable convertible preferred shares at amortized cost using the effective interest method. The conversion rights embedded in redeemable convertible preferred stocks meet the separation requirements. Therefore, it was accounted as derivative liabilities in the consolidated statement of financial position after being separated from the main contract as one embedded derivative.

#### ② Convertible preferred share liabilities

##### MERRYCHRISTMAS Inc.

Issuance No.	1
Number of shares issued	181,818 Shares
Issuance price per share	₩ 55,000
Issuance Date	2019-05-23
Issuance Price	₩ 9,999,990,000
Preferred dividend rate	-
Conversion request period	Convertible up to 10 years from the issuance date
Conversion price	₩ 55,000
Adjustment of conversion price	1) Adjustment to 70% of the conversion price if 70% of the IPO price per share or 70% of the stock valuation per share in the event of an acquisition or merger of another corporation for the purpose of listing is lower than the conversion price 2) Proportional adjustment in the event of issuance of stocks or stock-related debentures such as convertible bonds and bonds with warrants at an issue price lower than the conversion price 3) Proportional adjustment in the event of issuance of stocks through stock dividends below the conversion price and capital transfer of reserves

##### A2Z Entertainment Co., Ltd.

Issuance No.	1
Number of shares issued	15,350 Shares
Issuance price per share	₩ 1,813,461
Issuance Date	2023-03-23
Issuance Price	₩ 27,836,626,350
Preferred dividend rate	1%
Conversion request period	Convertible from 1 month from the date of issuance to 10 years

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Conversion price	₩ 1,813,461
	1) Proportional adjustment in the event of issuance of stocks or stock-related debentures such as convertible bonds and bonds with warrants at an issue price lower than the conversion price
Adjustment of conversion price	2) If the number of common stocks changes due to stock split, merger, or capital reduction, it is adjusted according to the ratio. 3) Conversion price adjustment when the number of issued shares increases due to free capital increase or stock dividend 4) Adjustment to 75% of the conversion price if 75% of the IPO price per share or 75% of the stock valuation per share in the event of an acquisition or merger of another corporation for the purpose of listing is lower than the conversion price
Optional	(*)

(\*) Optional

**Option**

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Tag-along and the right of first refusal	When the Group disposes of shares of A2G Entertainment Co., Ltd., the acquirer has the right to preferentially purchase the shares of the Group directly or through a third party designated by the acquirer, or dispose of all or part of the shares held by the acquirer under the same conditions as those of the Group.
Purchase claim rights related to listing (Put option)	The issuing company shall submit a preliminary application for IPO within 2 years from the date of issuance, or shall enter into a merger agreement with a listed company, make resolutions of the board of directors and general meeting of shareholders. When the issuer fails to comply, the investor can sell all or part of the shares held by the investor to the parent company of the issuer or the issuer for an amount equivalent to the investment amount and an annual compound interest rate of 9%.
Put option activated in the case of non-compliance with the contract (*1)	When a reason for termination occurs under the contract, the investor may sell all or part of the stocks of the issuing company held by the investor to the parent company or the issuer for an amount equivalent to the investment amount and 15% annual compound interest.

(\*1) In relation to the relevant shareholders' agreement, the Group recognized a non-controlling interest liability of KRW 19,800,920 thousand for the current price of the exercise price of common stock put options held by the underwriter.

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③ Convertible Bonds

	<b>MyMusicTaste Co., Ltd.</b>	
Types and names of bond	1st Private Equity Convertible Bonds (Registered Convertible Bonds)	2nd Private Equity Convertible Bonds (Registered Convertible Bonds)
Face value	₩ 7,780,032,000	₩ 1,000,000,000
Issuance Date	2020-08-14	2020-12-16
Maturity	5 years from the issuance date	5 years from the issuance date
Surface Interest Rate	1% per year	1% per year
Maturity Rate	Annual compound interest 5%	Annual compound interest 5%
Redemption Method	Redemption at maturity	Redemption at maturity
Conversion Request Period	From 30 days after the date of issuance to maturity	From 30 days after the date of issuance to maturity
Conversion price	₩ 64,000 per share	₩ 64,000 per share
Adjustment of conversion price	1) Adjustment to 70% of the IPO price per share if 70% of the IPO price per share is lower than the conversion price. However, if the conversion price becomes less than the face value of the stock violates the law, adjust it to the face value 2) If a paid-in capital increase or stock-related bonds are issued at the issuance price below the conversion price, adjust to the relevant issuance price 3) In the event of issuing stocks by capital transfer of paid-in capital increase, stock dividend, or reserve at an issuance price below the conversion price or stock market price after IPO, adjustment is made according to the ratio 4) In the event of a merger, reduction of capital, stock split or merger, adjustment is made according to the split or merger ratio	
Creditor's right to early redemption	1) Exercise amount - After 18 months from the date of issue: 50% or less of the recommended amount - 24 months after the date of issue: not more than 100% of the recommended amount 2) Redemption amount All or part of the sum calculated by applying the ratio of 5% of the recommended amount of the bond from the date of issuance of the bond	

The Group measures the liabilities for the redemption of principal and interest of the Convertible Bonds at amortized cost using the effective interest method. The conversion rights embedded in redeemable convertible preferred stocks meet the separation requirements. Therefore, it was accounted as derivative liabilities in the consolidated statement of financial position after being separated from the main contract as one embedded derivative.

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**20. Share Capital**

In accordance with Article of Incorporation, the Company's total number of authorized share is 100,000,000 shares and the par value is KRW 500 per share. As at December 31, 2023 and 2022, the total number of ordinary shares issued by the company was 12,737,755 shares and 12,866,420 shares, respectively, and 128,665 shares of treasury stock were retired during the period (See Note 21). Meanwhile, the total par value of issued stocks is KRW 6,369 million, which is different from the paid-in capital of KRW 6,433 million due to retirement of shares by retained earnings.

**21. Other paid-in capital**

(1) Details on other paid-in capital as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Share premium	₩ 205,061,102	₩ 205,061,102
Treasury shares	(118,993,728)	(98,267,688)
Other Capital Surplus -Gain on Sale of Treasury Stock	3,028,631	3,023,042
Stock option	1,580,081	1,006,610
	₩ 90,676,086	₩ 110,823,066

(2) The Parent Company acquired and held 1,004,610 shares of treasury stock as at December 31, 2022 to stabilize stock price and grant stock options, and acquired additional 449,584 shares during the current period. In addition, 2,700 shares of treasury stock were disposed by exercising the stock option and a gain on disposal of treasury stocks amounting to KRW 7,267 thousand was incurred, and related income tax effects of KRW 1,679 thousand was directly deducted from capital. As at December 31, 2023, the treasury stock held by the parent company is 1,322,829 shares amounting to KRW 118,993,728 thousand.

**22. Share-based payments**

(1) The Parent Company granted Share options to its directors and employees who have contributed or have the capacity to contribute to the establishment, management, or technological innovation of the Parent Company with approval of special resolution shareholders' meeting. The granted Share options were limited to 15% of its total number of issued share. In addition, the Parent Company has entered into a contract ("Stock Grant") to provide treasury stocks to its employees free of charge.

The Parent Company has changed the exercise price and quantity of Share option and Stock Grant due to dilutive effect caused by capital increase without consideration in the past.

**Com2uS Corporation and Subsidiaries**  
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1) As at December 31, 2023, there are no Share options granted by the Parent Company.

2) As at December 31, 2023, details of Stock Grant which is granted by the Parent Company are as follows:

Grate date	Type	Granted shares (in shares)	Exercisable shares (in shares)	Committed service period	Vesting period	Fair value at grant date (KRW)
2021.03.19	General	7,700	6,900	21.03.19~24.03.18	24.03.19~24.06.18	161,664
2022.07.28	General	24,900	24,100	22.07.28~25.07.27	25.07.28~25.10.27	81,615
<b>Total</b>		32,600	31,000			

(2) Details of stock grants granted by the parent company for the years ended December 31, 2023 and 2022, are as follows:

<i>(in share)</i>	<u>2023</u>	<u>2022</u>
Beginning balance	34,400	16,050
Granted	-	24,900
Forfeited	(700)	(750)
Exercised	(2,700)	(5,800)
Ending balance	31,000	34,400

(3) The Parent Company granted Share options and Stock Grant and recorded KRW 1,580,081 thousand and KRW 1,006,610 thousand, as other paid-in capital as at December 31, 2023 and 2022, respectively and recognized KRW 824,448 thousand and KRW 643,011 thousand as share-based payment expenses for the years ended December 31, 2023 and 2022, respectively. Meanwhile, the weighted average stock price of Stock Grant exercised at December 31, 2023 and 2022, respectively and recognized KRW 68,900 and KRW 103,400.

**Com2uS Corporation and Subsidiaries**  
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(4) Details on Share options granted by subsidiaries.

1) Share-based payment commitment held by the subsidiaries as at December 31, 2023 are as follows:

	Grate date	Granted shares (in shares)	Exercisable shares (in shares)	Committed service period	Vesting period	Exercise price (KRW)	Fair value at grant date (KRW)
WYSWYG Studios Co., Ltd.	2021.10.08	480,000	480,000	21.10.08~23.10.08	23.10.09~26.10.07	₩ 4,500	₩ 2,564
	2020.08.14	6,000	4,200	20.08.14~22.08.13	22.08.14~25.08.14	37,500	12,155
A2Z Entertainment Co., Ltd.	2022.12.30	32,550	0	22.12.30~24.12.30	24.12.30~26.12.30	76,328	99,857
	Total	38,550	4,200				
MERRYCHRISTMAS Inc.	2021.11.24	16,290	0	21.11.24~24.11.23	24.11.24~26.11.24	26,000	29,193
	2021.07.22	5,000	4,650	21.07.22~23.07.22	23.07.22~25.07.22	100,000	39,761
GOLD FRAME CO., LTD.	2022.02.07	150	0	22.02.07~24.02.07	24.02.07~29.02.06	100,000	52,012
	Total	5,150	4,650				
Sidus Corporation	2019.05.21	34,762	34,762	19.05.21~21.05.21	21.05.21~26.05.21	8,363	9,247
Funflow Co., Ltd.	2021.10.01	87,000	87,000	21.10.01~23.09.30	23.10.01~26.09.30	1,038	2,353
	2020.12.09	12,750	4,100	20.12.09~27.12.08	22.12.09~27.12.08	40,000	25,167
MyMusicTaste Co., Ltd.	2021.08.20	300	300	21.08.20~28.08.19	23.08.20~28.08.19	40,000	25,716
	2023.03.31	24,000	24,000	23.03.31~28.03.31	25.04.01~28.03.31	75,000	48,020
	Total	37,050	28,400				
Com2Verse Co., Ltd.	2022.06.24	9,000	9,000	22.06.24~24.06.23	24.06.24~27.06.24	5,000	20,671
	2023.05.15	153,075	57,525	23.05.15~26.05.14	26.05.15~28.15.15	25,000	11,702
	Total	162,075	66,525				
Com2uS ROCA Corporation	2022.07.01	2,800	2,800	22.07.01~24.06.30	24.07.01~	42,500	42,068

# Com2uS Corporation and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

2) Changes in the number of Share options of the subsidiaries for the year ended December 31, 2023 are as follows:

(In shares)	Beginning balance	Business combination	Shares newly granted	Forfeited	Exercised	Change in the scope of consolidation	Ending balance
WYSIWYG studios Co., Ltd.	120,000	360,000	-	-	-	-	480,000
RaemongRaein Co., Ltd. (*)	299,500	-	-	(193,500)	(51,000)	(55,000)	-
A2Z Entertainment Co., Ltd.	36,750	-	-	(4,790)	-	-	31,960
NP Inc. (*)	3,259,722	-	-	-	(2,414,490)	(845,232)	-
PENTABREED CO., LTD. (*)	203,910	-	-	(10,500)	-	(193,410)	-
Urbanworks ENT. (*)	30,200	-	-	(30,200)	-	-	-
MERRYCHRISTMAS Inc.	13,811	-	-	-	-	-	13,811
GOLD FRAME CO., LTD.	5,000	-	-	(200)	-	-	4,800
Sidus Corporation	-	34,762	-	-	-	-	34,762
Funflow Co., Ltd.	87,000	-	-	-	-	-	87,000
MyMusicTaste Co., Ltd.	11,300	-	24,000	(2,500)	(4,400)	-	28,400
Com2Verse Co., Ltd.	9,000	-	153,075	(95,550)	-	-	66,525
Com2uS ROCA Corporation	2,800	-	-	-	-	-	2,800
<b>Total</b>	<b>4,078,993</b>	<b>394,762</b>	<b>177,075</b>	<b>(337,240)</b>	<b>(2,469,890)</b>	<b>(1,093,642)</b>	<b>750,058</b>

(\*) Control was lost during the current period.

3) The prices of the Share options of the subsidiaries were calculated according to the binomial model, and the variables applied to the model for measuring the fair value of the Stock Grant are follows:

	Grant date	Share price at grant date (KRW)	Expected volatility	Risk free interest rate
WYSIWYG studios Co., Ltd.	2021.10.08	19,050	60.10%	2.07%
A2Z Entertainment Co., Ltd.	2020.08.14	12,155	57.13%	1.10%
	2022.03.31	109,581	79.85%	2.86%
MERRYCHRISTMAS Inc.	2021.11.24	44,103	62.36%	2.23%
GOLD FRAME CO., LTD.	2021.07.22	100,000	49.40%	1.54%
	2022.02.07	100,000	47.70%	2.60%
Sidus Corporation	2019.05.21	14,551	46.00%	1.80%
Funflow Co., Ltd.	2021.10.01	3,080	67.34%	1.87%
	2020.12.09	25,167	40.40%	1.45%
MyMusicTaste Co., Ltd.	2021.08.20	25,716	41.00%	1.77%
	2023.03.31	48,020	50.80%	3.16%
Com2Verse Co., Ltd.	2022.06.24	25,000	53.59%	3.49%
	2023.05.15	25,000	57.24%	3.49%
Com2uS ROCA Corporation	2022.07.01	42,068	23.74%	3.44%

4) As at December 31, 2023 and 2022, as the result of granting Share options, subsidiary recorded KRW 1,923,151 thousand and KRW 2,841,719 thousand as a share-based payment expenses.

**Com2uS Corporation and Subsidiaries**  
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**23. Retained Earnings**

(1) Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Legal reserves		
Reserve voluntary (*)	₩ 11,932,822	₩ 10,275,331
Unappropriated retained earnings	955,174,994	955,913,501
	<u>₩ 967,107,816</u>	<u>₩ 966,188,832</u>

(\*) The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

(2) Changes in retained earnings for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 966,188,832	₩ 945,196,316
Profit for the year attributable to the Parent Company	39,755,923	33,365,460
Dividends paid	(30,303,957)	(15,446,613)
Retirement of treasury shares	(8,649,078)	-
Reclassification of other comprehensive income	116,096	3,073,669
Ending balance	<u>₩ 967,107,816</u>	<u>₩ 966,188,832</u>

**Com2uS Corporation and Subsidiaries**  
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**24. Other Components of Equity**

(1) Other components of equity as at December 31, 2023 and 2022, consist of the following:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 28,693,617	₩ 38,363,302
Other capital adjustments	16,695,894	14,993,200
Equity method investment	5,239,282	2,610,715
Translation of overseas	(168,982)	(449,324)
Total	₩ 50,459,811	₩ 55,517,893

(2) Changes in gain on valuation of financial assets at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 38,363,302	₩ 102,990,852
Changes in gain(loss) on valuation of financial assets at fair value through other comprehensive income (*)	(9,348,136)	(62,025,384)
Reclassification from other comprehensive income to retained earnings (*)	(321,549)	(2,602,166)
Ending balance	₩ 28,693,617	₩ 38,363,302

(\*) The amount is net of income tax.

(3) Changes in exchange differences on translation of foreign operations for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ (449,324)	₩ 397,156
Gain (loss) on translation of overseas operations	280,342	(846,480)
Ending balance	₩ (168,982)	₩ (449,324)

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**25. Operating Cost**

The major line items and amounts included in the operating cost calculation for the years then ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023			2022		
	Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total
Salaries	₩ 151,573,921	₩ 2,440,306	₩ 154,014,227	₩ 143,505,140	₩ 8,951,081	₩ 152,456,221
Retirement benefit	14,455,271	184,903	14,640,173	11,481,468	668,128	12,149,596
Employee benefits	28,341,437	218,175	28,559,612	23,573,923	817,059	24,390,982
Depreciation	13,861,228	541,809	14,403,037	14,527,208	2,009,566	16,536,775
Travel expenses	4,635,914	58,469	4,694,383	4,152,037	177,485	4,329,522
Entertainment expenses	3,472,370	122,870	3,595,240	2,560,910	423,847	2,984,757
Communication expenses	3,475,494	8,293	3,483,787	1,536,563	29,581	1,566,144
Taxes and dues	4,203,974	139,782	4,343,756	4,028,642	486,183	4,514,825
Rental expenses	2,463,486	18,379	2,481,866	9,844,471	107,552	9,952,022
Ordinary research and development expenses	-	-	-	-	-	-
Insurance premium	1,452,495	36,571	1,489,066	1,744,655	139,453	1,884,108
Training expense	499,390	1,618	501,009	392,452	13,959	406,412
Publication expenses	323,576	2,523	326,099	564,792	13,841	578,633
Supplies expenses	2,335,548	11,268	2,346,816	4,225,657	99,367	4,325,024
Commission expenses	316,799,653	355,312	317,154,965	256,497,681	1,234,895	257,732,576
Outsourcing service cost	103,606,443	6,694,310	110,300,754	120,805,702	24,667,374	145,473,076
Advertising expenses	45,128,569	4,846	45,133,416	28,517,668	9,586	28,527,253
Promotion expenses	52,665,764	-	52,665,764	42,558,496	-	42,558,496
Building management fee	2,177,709	42,692	2,220,401	1,703,666	131,681	1,835,347
Amortization	12,263,049	228,169	12,491,218	16,258,016	851,182	17,109,198
Membership fee	173,672	252	173,923	254,430	915	255,345
Share-based payment expenses	2,545,676	201,924	2,747,600	2,781,787	702,943	3,484,730
(Reversal of) impairment loss	6,364,053	(11,225)	6,352,828	814,886	(116,463)	698,423
(Reverse of) provision for restoration	(72,772)	-	(72,772)	(43,376)	-	(43,376)
Defect repair cost	-	-	-	-	(3,654)	(3,654)
Other expenses	83,229	-	83,229	143,455	-	143,455
<b>Total</b>	<b>₩ 772,829,149</b>	<b>₩ 11,301,246</b>	<b>₩ 784,130,397</b>	<b>₩ 692,430,329</b>	<b>₩ 41,415,561</b>	<b>₩ 733,845,890</b>

(\*) Includes ordinary research and development expenses of KRW 48,418,942 thousand (end of previous year: KRW 43,440,150 thousand).

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**26. Finance Income and Costs**

(1) Finance Income

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>
Interest income	₩ 20,637,997	₩	15,044,814
Gain on valuation of financial instruments	120,436,534		36,781,703
Gain on disposal of financial instruments	9,261,213		4,863,010
Dividend income	2,296,901		1,495,202
	<u>₩ 152,632,645</u>	<u>₩</u>	<u>58,184,729</u>

(2) Finance Costs

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>
Interest Expenses	₩ 14,512,248	₩	10,591,945
Loss on valuation of financial instruments	27,751,011		26,923,876
Loss on disposal of financial instruments	315,208		538,907
Loss on disposal of financial liabilities	-		-
Other financial expenses	74,080		67,235
	<u>₩ 42,652,547</u>	<u>₩</u>	<u>38,121,963</u>

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**27. Other Income and Expenses**

(1) Other Income

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>	
Gain on foreign exchange	₩	6,257,344	₩	10,086,204
Gain on foreign currency translation		851,252		2,166,281
Reversal of provision for impairment on other receivables		-		-
Gain on disposal of property and equipment		4,554,710		222,393
Gain on disposal of real estate rent		-		44,026,218
Gain on disposal of intangible assets		29		36,843
Reversal of impairment loss on intangible assets		1,107,435		-
Gain on disposal of non-current assets held for sale		6,514,611		-
Reversal of financial guarantee liabilities		889,189		511,832
Gain on disposal of investment in subsidiaries		22,509,428		-
Gain on disposal of investment in affiliates		301,075		-
Miscellaneous gain		1,903,676		1,166,266
	₩	<u>44,888,749</u>	₩	<u>58,216,037</u>

(2) Other Expenses

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>	
Loss on foreign exchange	₩	3,997,960	₩	5,112,359
Loss on foreign currency translation		1,489,083		5,464,891
Loss on disposal of property and equipment		620,712		160,166
Loss on disposal of intangible assets		69,263		205,000
Impairment loss on intangible assets		21,903,819		40,827,037
Loss on disposal of investment in subsidiaries		2,526,916		1,854,350
Loss on disposal of investment in associate		206,603		-
Impairment loss on investment in associates		29,256,255		-
Impairment loss on other assets		2,513,856		-
Donations		428,277		314,615
Other bad debt expenses		5,153,405		1,453,990
Financial guarantee cost		1,401,022		-
Miscellaneous loss		4,195,858		874,450
	₩	<u>73,763,029</u>	₩	<u>56,266,858</u>

**Com2uS Corporation and Subsidiaries**  
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**28. Financial Instruments by Category**

Carrying amounts of financial assets and liabilities by category as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	₩ 85,680,904	₩ 22,978,573
Financial assets at fair value through other comprehensive income	(12,240,000)	(80,711,562)
Financial assets at amortized cost	2,785,463	4,286,361
	<u>₩ 76,226,367</u>	<u>₩ (53,446,628)</u>

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	₩ 28,812,679	₩ (216,410)
Financial liabilities at amortized cost	(15,352,395)	(10,706,056)
	<u>₩ 13,460,284</u>	<u>₩ (10,922,466)</u>

**29. Tax Expense and Deferred Tax**

(1) Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current tax expense	₩ 28,524,818	₩ 22,697,675
Adjustments in respect of prior years	(1,086,455)	(2,877,162)
Income tax expenses from changes in deferred tax assets(liabilities) relating to the temporary differences	(1,535,023)	(26,770,516)
Changes in deferred tax assets(liabilities) charged to equity and others directly	2,738,853	18,530,966
Gain on disposal of treasury shares	(198,592)	(484,708)
Income tax expense	<u>₩ 28,443,601</u>	<u>₩ 11,096,255</u>

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(2) Reconciliations of accounting income and income tax expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<u>2023</u>	<u>2022</u>
Profit before income tax expense	₩ 70,535,450	₩ 1,771,537
Tax at domestic tax rates applicable to profits in the respective countries	16,293,689	428,712
Tax effects of:		
Expenses not deductible for tax purposes	1,341,445	4,903,234
Tax effects such as tax cut and tax credits and others	(4,057,568)	(4,700,751)
Adjustment in respect of prior years	(1,086,455)	(2,877,162)
Changes in probability of realizing of deferred tax	279,838	12,250,153
Others (including tax rate difference)	15,672,652	1,092,069
Income tax expense	₩ 28,443,601	₩ 11,096,255
Effective tax rate	40.33%	626.36%

(3) Details of accumulated deferred tax charged directly to equity are as follows:

<i>(in thousands of Korean won)</i>	<u>2023</u>	<u>2022</u>
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 2,725,222	₩ 18,682,196
Loss on disposal of treasury shares	(198,592)	(484,708)
Actuarial losses	13,631	(16,839)
Share-based payment	-	(134,391)

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- (4) The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in thousands of Korean won)

	2023					
	Beginning balance	Business combination	Profit or loss	Equity	Held for sale	Ending balance
<b>Temporary differences</b>						
Property and equipment & intangible assets	₩ (26,807,901)	₩ 750,675	₩ 30,258,593	₩ -	₩ -	₩ 4,201,367
Accrued expenses	654,766	(303,462)	2,144,607	-	-	2,495,911
Gain (loss) on valuation of financial instruments	(22,213,495)	-	(30,965,845)	2,725,222	-	(50,454,118)
Non-trade payables	1,800,284	-	(1,920,334)	13,631	-	(106,419)
Accrued income	(704,836)	-	(336,051)	-	-	(1,040,887)
Prepaid expense	1,159,140	-	(384,517)	-	-	774,623
Provision for impairment	556,817	(824,452)	2,656,506	-	-	2,388,871
Others	5,997,116	(513,714)	(1,765,836)	-	-	3,717,566
<b>Deferred tax assets (liabilities)</b>	<b>₩ (39,558,109)</b>	<b>₩ (890,953)</b>	<b>₩ (312,877)</b>	<b>₩ 2,738,853</b>	<b>₩ -</b>	<b>₩ (38,023,086)</b>

(in thousands of Korean won)

	2022					
	Beginning balance	Business combination	Profit or loss	Equity	Held for sale	Ending balance
<b>Temporary differences</b>						
Property and equipment & intangible assets	₩ (29,947,080)	₩ (2,497,203)	₩ 5,690,158	₩ -	₩ (53,776)	₩ (26,807,901)
Accrued expenses	485,882	-	168,884	-	-	654,766
Gain (loss) on valuation of financial instruments	(40,978,132)	-	37,446,833	(18,682,196)	-	(22,213,495)
Non-trade payables	1,348,572	-	468,551	(16,839)	-	1,800,284
Accrued income	(304,086)	-	(400,750)	-	-	(704,836)
Prepaid expense	1,418,661	-	(181,204)	-	(78,317)	1,159,140
Provision for impairment	365,438	-	191,379	-	-	556,817
Others	3,779,323	-	2,470,439	(134,391)	(118,255)	5,997,116
<b>Deferred tax assets (liabilities)</b>	<b>₩ (63,831,422)</b>	<b>₩ (2,497,203)</b>	<b>₩ 45,854,290</b>	<b>₩ (18,833,426)</b>	<b>₩ (250,348)</b>	<b>₩ (39,558,109)</b>

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- (5) As at December 31, 2023 and 2022, the amounts not recognized as deferred tax assets in relation to losses carried forward, tax credits carried forward, and other temporary differences to be deducted are as follows:

<i>(in thousands of Korean won)</i>	<u>2023</u>	<u>2022</u>
Loss carried forward	₩ 35,880,321	₩ 17,119,569
Tax credits carried forward	4,688,471	7,709,120
Other temporary differences to be deducted	30,724,425	16,898,598

- (6) Income tax on the Group's taxable income is calculated subject to tax laws and interpretations of tax authorities in numerous jurisdictions. As such there is uncertainty for determining the ultimate tax effect.

# Com2uS Corporation and Subsidiaries

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#### 30. Related Party Transactions

(1) Details on related parties of the Group as at December 31, 2023 and 2022 are as follows:

	2023	2022
<b>The entity with significant influence over the Group:</b>	Com2uS Holdings	Com2uS Holdings
<b>Subsidiaries of the entity with significant influence over the Group:</b>	Com2uS Platform Corp., Com2uS Plus Inc., King Media Co., Ltd., Zenaad Co., Ltd.	Com2uS Platform Corp., Com2uS Plus Inc., King Media Co., Ltd., Zenaad Co., Ltd.
<b>Associates:</b>	Com2uS Europe GmbH., Com2uS Southeast Asia Pte.Ltd. , Com2uS Taiwan Ltd. , Com2uS USA Inc. , Clegames Inc., Clever E&M, Smart CRIT Fund No.1, Helios-KDBC Video Digital Content No. 1 New Technology Business Investment Association , MEDIACAN Co., Ltd., Grampus Co., Ltd., Mirae Asset Global New Content Investment Association No.1, Smart-Dev Investment Association No. 7 , NPTK Emerging Asia Fund 1 LIMITED, Young FRONT1 CRIT Metaverse Fund, Skybound Holdings LLC(formerly Mr. MangoLLC) (*1, *3), Companion Ground(*1)	Mirae Changjo Sli Creative Mobile Investment Fund(*14), Com2uS Europe GmbH., Com2uS Southeast Asia Pte.Ltd. , Com2uS Taiwan Ltd. , Com2uS USA Inc. , Clegames Inc., Clever E&M, Smart CRIT Fund No.1, Helios-KDBC Video Digital Content No. 1 New Technology Business Investment Association , MEDIACAN Co., Ltd., Grampus Co., Ltd., Mirae Asset Global New Content Investment Association No.1, Smart-Dev Investment Association No. 7 , NPTK Emerging Asia Fund 1 LIMITED, Young FRONT1 CRIT Metaverse Fund, Skybound Holdings LLC(formerly Mr. MangoLLC) (*1, *3), Companion Ground(*1)
<b>Associates in which the parent company and its subsidiaries directly invested:</b>	Game Changer Worldwide Co., Ltd. (formerly Block Changer Co., Ltd.) (*1, *2), RBW Inc, Grace Inc. (*5)	Game Changer Worldwide Co., Ltd. (formerly Block Changer Co., Ltd.) (*1, *2), RBW Inc, Grace Inc.
<b>Associates of subsidiaries:</b>	CRIT Ventures Inc., WYSIWYG Global Contents Investment Association, W Culture Co., Ltd., Y&CULTURE & SPACE, DS-Shinhan Content New technology Business Investment Association No.1, Studio Bom Co., Ltd, Studio Soo Co., Ltd, With A Studio Co., Ltd(*1), 4 <sup>th</sup> Creative Party Co., Ltd(*6), NP Inc.(*7), CSR E&M Inc.(*8), FILM MOMENTUM CO., LTD.(*11), RUN-UP COMPANY CO., LTD. (*1,*12), Locus Corporation Inc.(*1,*13), RaemongRaein Co., Ltd.(*15), RaemongRaein C&C Co., Ltd.(*15), Night Watchman Diary Culture Industry Company Co., Ltd.(*15), Anh Teu Studio co., Ltd(*16)	CRIT Ventures Inc., WYSIWYG Global Contents Investment Association, W Culture Co., Ltd., Y&CULTURE & SPACE, EU STUDIO. Co., Ltd. (*17), DS-Shinhan Content New technology Business Investment Association No.1, Studio Bom Co., Ltd, Studio Soo Co., Ltd, With A Studio Co., Ltd
<b>Subsidiaries of associates:</b>	MetaCross PTE. Ltd. (*4), MetaMagnet Limited (*4), CRIT Ventures USA, LLC, CRIT Ventures C GP, Inc., Fill Con Media Co., Ltd., FillCon Studio Co., Ltd., PLADI Co., Ltd., Media Ville. Co., Ltd, RBW JAPAN Inc., ContentsX Inc., WM ENTERTAINMENT INC., DSPmedia co., Ltd, Urbanworks Co., Ltd. (*9), UrbanLULU Co., Ltd. (*9), WYS en Scene Co., Ltd. (*10), PENTABREED CO., LTD. (*18), REAL PEACH INC. (*18)	MetaCross PTE. Ltd. (*4), MetaMagnet Limited (*4), CRIT Ventures USA, LLC, CRIT Ventures C GP, Inc., Fill Con Media Co., Ltd., FillCon Studio Co., Ltd., PLADI Co., Ltd., Media Ville. Co., Ltd, RBW VIETNAM JOINT STOCK COMPANY, RBW JAPAN Inc., ContentsX Inc., WM ENTERTAINMENT INC., DSPmedia co., Ltd
<b>Others</b>	S & S Investment Co., Ltd., PECTUS COMPANY CO., LTD., MyMusicTaste Co., Ltd., DS Shinhan JB Woori Investment Association	S & S Investment Co., Ltd., PECTUS COMPANY CO., LTD., MyMusicTaste Co., Ltd.

(\*1) Although the Group has the right to appoint directors, the benefits associated with the ownership interest are not exposed to risks similar to those of ordinary shares and are therefore recognized as financial instruments at fair value through profit or loss in accordance with Korean IFRS 1109 Financial Instruments.

(\*2) The company name was changed from Block Changer Co., Ltd. to Game Changer Worldwide Co., Ltd. for the year ended December 31, 2022.

(\*3) The company name was changed from Mr. Mango LLC to Skybound Holdings LLC for the year ended December 31, 2022.

(\*4) Com2us Southeast Asia Pte. Ltd. (Associates) has control.

## Com2uS Corporation and Subsidiaries

### Notes to the Consolidated Financial Statements

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(\*5) The company name was changed from Grace International Inc. to Grace Inc. for the year ended December 31, 2023.

(\*6) Convertible preferred stock issued by 4th Creative Party Co., Ltd. was acquired and classified as an associate as the Group has significant influence over it with the right to appoint directors according to the contract for the year ended December 31, 2023.

(\*7) The Group lost control over it with disposal of a part of investment and reclassified it to an associate during 2023.

(\*8) The Group acquired common shares of CSR E&M Inc. during 2023 and classified it as an associate as the Group has significant influence over it.

(\*9) The Group lost control over it with disposal of a part of investment and reclassified it to an associate during 2023.

(\*10) The Group lost control over it with disposal of a part of investment and reclassified it to an associate during 2023.

(\*11) The Group acquired common shares of FILM MOMENTUM CO., LTD. during 2023 and classified it as an associate as the Group has significant influence over it.

(\*12) The Group acquired redeemable convertible preferred stock issued by RUN-UP COMPANY CO., LTD. during 2023 and classified it as an associate as the Group has significant influence over it with the right to appoint directors according to the contract.

(\*13) Locus Corporation Inc., was classified as an associate as the Group has significant influence over it with participating in the decision-making body by appointing a management member of the Group as an executive director of the investee during 2023.

(\*14) It was liquidated for the year ended December 31, 2023.

(\*15) The group signed a termination agreement with RaemongRaein Co., Ltd. and its stakeholders to give up delegation from stakeholders on the voting rights and executives nomination rights. Accordingly, the Group concluded that it had lost control over RaemongRaein Co., Ltd. However, as the Group has significant influence over the investee through executives exchange, the Group classified it as an associate.

(\*16) Included as an associate with the acquisition of Sidus Corporation.

(\*17) It is an associate directly owned by Urbanworks Co., Ltd. and was excluded from related parties as the Group sold a portion of Urbanworks Co., Ltd. during 2023.

(\*18) The Group holds common stock and convertible preferred stock for A2Z Entertainment Co., Ltd., a subsidiary, and has significant influence considering potential voting rights.

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(2) Major gain or loss from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

Name of entity	2023		2022	
	Sales and others	Purchases and others	Sales and others	Purchases and others
<i>(in thousands of Korean won)</i>				
<b>The entity with significant influence over the Group</b>				
Com2uS Holdings	₩ 8,033,159	₩ 4,429,278	₩ 5,124,566	₩ 2,897,526
<b>Subsidiary of the entity with significant influence over the Group</b>				
Com2uS Platform Inc.	563,376	25,405,822	648,009	22,010,246
<b>Associates</b>				
Com2uS USA Inc.	207,172	34,967,895	143,347	24,771,901
Com2uS Europe GmbH.	-	7,247,603	-	5,298,128
Com2uS Southeast Asia Pte. Ltd.	-	2,425,262	-	1,817,654
Com2uS Taiwan Ltd.	-	2,260,972	-	1,770,266
MetaMagnet Limited	301,327	-	464,578	-
Clever E&M	-	60,000	-	80,000
EU STUDIO. Co., Ltd. (*1)	-	-	36,693	100
PLADI Co., Ltd.	-	332,572	-	288,696
4 <sup>th</sup> Creative Party Co., Ltd	112,290	785,250	-	-
Urbanworks Co., Ltd	373,562	-	-	-
With A Studio Co., Ltd	37,839	1,200,000	70,550	-
Companion Ground	1,574,658	-	-	-
CSR E&M Inc	2,416,234	774,484	-	-
WYS en Scene Co., Ltd	101,473	30,000	-	-
Y&CULTURE & SPACE	-	660	-	-
RUN-UP COMPANY CO., LTD	85,663	-	-	-
Locus Corporation Inc	4,200	89,220	-	-
RaemongRaein Co., Ltd	106,979	-	-	-
NP Inc.	-	94,622	-	600,191
<b>Other related party</b>				
S & S Investment Co., Ltd	-	58,240	-	28,402
PECTUS COMPANY CO., LTD	-	87,360	-	42,603
<b>Total</b>	₩ 13,917,932	₩ 80,249,240	₩ 6,487,743	₩ 59,605,713

(\*1) It was classified as an associate through a business combination during the year ended December 31, 2022, but it was disposed of before the end of the year and thus excluded from the scope of related parties.

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(3) Major assets and liabilities from transaction with related parties as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Receivables	Payables	Receivables	Payables
<b>The entity with significant influence over the Group</b>				
Com2uS Holdings	₩ 1,460,319	₩ 1,566,013	₩ 772,771	₩ 322,290
<b>Subsidiary of the entity with significant influence over the Group</b>				
Com2uS Platform Inc.	131,176	2,349,785	122,345	2,407,505
<b>Associates</b>				
Com2uS USA Inc.	13,503	2,878,913	6,026	2,858,636
Com2uS Europe GmbH.	-	1,368,860	-	414,397
Com2uS Southeast Asia Pte. Ltd.	-	223,912	-	195,404
Com2uS Taiwan Ltd.	-	348,825	-	261,143
MetaMagnet Limited	530,777	-	456,102	-
Grace Inc. (*1)	1,996,800	-	1,996,800	-
Skybound Holdings LLC (*1)	12,198,312	-	16,869,752	-
Game Changer Worldwide Co., Ltd. (*1)	4,499,576	543,799	5,306,902	-
EU STUDIO. Co., Ltd. (*2)	-	-	422,999	105,596
Companion Ground (*3)	35,470,023	165,528	54,273,318	-
Studio Bom Co., Ltd. (*3)	4,771,494	-	941,176	-
Studio Soo Co., Ltd. (*3)	675,047	-	1,005,299	-
With A Studio Co., Ltd. (*3)	2,884,000	1,600,032	2,500,000	-
4 <sup>th</sup> Creative Party Co., Ltd. (*4)	8,137,269	25,025	-	-
PLADI Co., Ltd.	-	21,014	-	-
CSR E&M Inc	739,899	9,322	-	-
WYS en Scene Co., Ltd. (*4)	1,535,041	-	-	-
RUN-UP COMPANY CO., LTD. (*1)	1,031,717	-	-	-
Locus Corporation Inc	1,246,337	2,642,943	-	-
RaemongRaein Co., Ltd.	100,982	-	-	-
<b>Other related party</b>				
CEO of subsidiary	-	-	-	100,000
S & S Investment Co., Ltd.	-	14,680	29,838	-
PECTUS COMPANY CO., LTD.	-	22,020	44,757	-
MyMusicTaste Co., Ltd.	399,547	-	334,791	-
<b>Total</b>	₩ 77,821,819	₩ 13,780,671	₩ 85,082,876	₩ 6,664,971

(\*1) Receivables are redeemable convertible preferred shares issued by associates.

(\*2) It was classified as an associate through a business combination during the year ended December 31, 2022, but it was disposed of before the end of the year and thus excluded from the scope of related parties.

(\*3) Receivables are convertible bonds issued by associates.

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(\*4) Receivables include loans.

(4) The Group has entered into contracts with related parties to obtain a license and others, and the amount of assets and liabilities recognized as at December 31, 2023 and 2022, are as follows:

*(in thousands of Korean won)*

Name of entity	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Com2uS Holdings	₩ 441,667	₩ 4,100,000	₩ 2,300,000	₩ 3,380,216
Com2uS USA Inc. (*)	1,411,918	-	1,518,769	-
Grampus Co., Ltd. (*)	2,000,000	-	700,000	-
NP Inc.	29,787	-	-	-
	₩ 3,883,372	₩ 4,100,000	₩ 4,518,769	₩ 3,380,216

(\*) Assets include the Minimum Guarantee payment

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(5) Other transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

Name of entity	2023							
	Cash investment (*1)	Recovery of investment capital	Loans receivable	Recovery of loans receivable	Publishing contract	Disposal of investment stocks	License acquisition	Asset acquisition
<b>The entity with significant influence over the Group</b>								
Com2uS Holdings	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,200,000	₩ 122,167
<b>Associates</b>								
Mirae Changjo Sli Creative Mobile Investment Fund Smart-Dev Investment Association No. 7 Helios-KDBC Video Digital Content No. 1 New Technology Business Investment Association	-	476,800	-	-	-	-	-	-
Com2uS Southeast Asia Pte.Ltd.	2,000,000	-	-	-	-	-	-	-
Grampus Co., Ltd.	-	-	-	-	1,300,000	-	-	-
Companion Ground 4 <sup>th</sup> Creative Party Co., Ltd	-	1,456,955	-	-	-	-	-	-
Studio Bom Co., Ltd	374,466	-	-	-	-	-	-	-
Urban Works Co., Ltd	-	-	3,000,000	-	-	-	-	-
RBW Inc.	-	-	4,000,000	-	-	-	-	-
CSR E&M Inc	-	-	-	1,100,000	-	9,999,900	-	-
With A Studio Co., Ltd	1,100,000	-	100,000	100,000	-	-	-	-
RUN-UP COMPANY CO., LTD	-	-	-	800	-	-	-	-
FILM MOMENTUM CO., LTD.	1,000,054	-	-	-	-	-	-	-
DS Shinhan JB Woori Investment Association	4,501,750	-	-	-	-	-	-	-
	27,827,060	-	-	-	-	-	-	-
	<u>₩ 41,803,309</u>	<u>₩ 22,212,537</u>	<u>₩ 7,100,000</u>	<u>₩ 1,200,800</u>	<u>₩ 1,300,000</u>	<u>₩ 9,999,900</u>	<u>₩ 2,200,000</u>	<u>₩ 122,167</u>

(\*1) Includes acquisition of common stock and preferred stock.

(\*2) This is the contractual transfer price according to the stock transfer agreement. The Group recognized a disposal gain of KRW 5,834 million through the disposal transaction of the relevant investment stocks.

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Name of entity	2022						
	Cash investment (*1)	Recovery of investment capital	Loans receivable (*2)	Recovery of loans receivable	Loans payable	Recovery of loans payable	Asset acquisition
<b>The entity with significant influence over the Group</b>							
Com2uS Holdings	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 122,666
<b>Associates</b>							
Mirae Changjo Sli Creative Mobile Investment Fund	-	123,200	-	-	-	-	-
Smart-Dev Investment Association No. 7	2,000,000	-	-	-	-	-	-
Helios-KDBC Video Digital Content No. 1 New Technology Business Investment Association	1,720,000	-	-	-	-	-	-
Young FRONT1 CRIT Metaverse Fund	5,250,000	-	-	-	-	-	-
Companion Ground	-	-	9,000,000	-	-	-	-
RBW Inc.	22,999,978	-	-	-	-	-	-
Grace Inc.	1,996,800	-	-	-	-	-	-
YN Culture & Space Co., Ltd.	3,461,540	-	-	-	-	-	-
EU STUDIO. Co., Ltd.	-	-	519,700	138,000	36,400	101,200	-
DS-Shinhan Content New technology Business Investment Association No.1	1,500,000	-	-	-	-	-	-
Studio Bom Co., Ltd	1,800,000	-	1,200,000	-	-	-	-
Studio Soo Co., Ltd	1,800,000	-	1,200,000	-	-	-	-
With A Studio Co., Ltd	-	-	2,000,000	1,000,000	-	-	-
<b>Associates</b>							
CEO of subsidiary	-	-	-	-	859,000	1,259,000	-
	₩ 42,528,318	₩ 123,200	₩ 13,919,700	₩ 1,138,000	₩ 895,400	₩ 1,360,200	₩ 122,666

(\*1) Includes acquisition of common stock and preferred stock.

(\*2) Includes acquisition of convertible bonds.

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(6) Payment guaranteed and provided by the Group

Details on payment guarantees and collateral provided by the Group for the financial supports to the related parties as at December 31, 2023 and 2022, are as follows:

2023					
Relationship	Name of entity	Guaranteed by	Guaranteed amount	Guarantee period	Remark
Associates	Com2uS USA Inc.	The Export-Import Bank of Korea	USD 7,000,000	Nov. 08, 2023 ~Nov. 07, 2024	Guarantees for borrowings for operation
2022					
Relationship	Name of entity	Guaranteed by	Guaranteed amount	Guarantee period	Remark
Associates	Com2uS USA Inc.	The Export-Import Bank of Korea	USD 7,000,000	Nov. 08, 2022 ~Nov. 07, 2023	Guarantees for borrowings for operation

(7) The compensation paid or payable to key management for employee services for the years ended December 31, 2023 and 2022, consist as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Short-term employee benefits	₩	3,540,450	₩	4,832,466
Retirement benefit		669,350		767,554
Share-based payments		31,311		13,589
Long-term employee benefits		5,959		3,687
	₩	4,247,070	₩	5,617,296

Key management includes executives having authorities and responsibilities over planning, operations and controlling of the Group's business activities.

(8) Dividends paid for Com2uS Holdings for the year ended December 31, 2023, amount to KRW 9,828,800 thousand (2021: KRW 4,914,400 thousand).

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**31. Earnings per Share**

Earnings per share is the calculation of profit for the year for one ordinary share or one ordinary share and dilutive potential ordinary share, and the details are as follows:

(1) Basic earnings per share for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Profit attributable to the ordinary equity holders of the Parent Company	₩ 38,014,202	₩ 33,577,189
Number of ordinary shares to calculate basic earnings per share (in shares)	11,574,221	11,885,805
Basic earnings per share <i>(in Korean won)</i>	₩ 3,284	₩ 2,825

(2) Diluted earnings per share for the years ended December 31, 2023 and 2022 are calculated as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary equity holders of the Parent Company	₩ 38,014,202	₩ 33,577,189
Profit used to determine diluted earnings per share	38,014,202	33,577,189
Number of ordinary shares to calculate basic earnings per share (in shares)	11,574,221	11,885,805
Share options (in shares)	15,598	11,367
Number of ordinary shares to calculate diluted earnings per share (in shares)	11,589,819	11,897,172
Diluted earnings per share (in Korean won)	₩ 3,280	₩ 2,822

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**32. Commitments and Contingencies**

(1) The details of the payment guarantee received from an unrelated third party are as follows:

<i>(in thousands of Korean won, JPY)</i>	<b>2023</b>		<b>2022</b>		<b>Guarantee provided</b>
Seoul Guarantee Insurance	₩	8,611,670	₩	9,956,869	Guarantee for other receivables
Korea Technology Finance Corporation		7,343,000		11,733,000	Guarantee for loan
Korea Credit Guarantee Fund		100,000		100,000	Guarantee for loan
Korea Software Financial Cooperative		-		55,492	Contract guarantee, etc.
Hana Bank Tokyo Branch (*)	JPY	516,000,000	JPY	350,000,000	Guarantee for unused game paid goods

(\*) Term deposits are provided as collateral to the guarantee institution, and the deposit collateral amount is JPY619,200,000. (End of previous year: JPY420,000,000)

(2) As at December 31, 2023, the parent company and its subsidiaries each have two lawsuits in progress (end of the previous year: one case each) arising out of the normal course of business. The total litigation value of the case is estimated to be equivalent to approximately KRW 2.5 billion for all co-defendants, but the amount and timing of the resulting outflow of the Group's resources are uncertain. Additionally, management of the Group believes that the results of these lawsuits will not have a significant impact on the financial condition of the Group.

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(3) As at December 31, 2023 and 2022, the Group entered into a limited borrowing agreement with a financial institution, and related details are as follows:

*(in thousands of Korean won)*

		<b>2023</b>	
	<b>Loan type</b>	<b>Execution amount</b>	<b>Contract amount</b>
Kookmin Bank	Working Capital	₩ 500,000	₩ 500,000
Nonghyup Bank	Investment Loan	1,797,881	1,797,881
Korea Development Bank	Working Capital Loan	-	5,000,000
	Working Capital Loan	-	25,000,000
Shinhan Bank	General Loan	100,000	100,000
Woori Bank	Working Capital	-	1,000,000
	Working Capital (*1)	2,700,000	2,700,000
	Working Capital Loan	4,500,000	4,500,000
	Working Capital Loan	1,400,000	1,400,000
	Working Capital	50,000	1,500,000
	Limit Loan	-	580,000
Hana Bank	Working Capital Loan	1,000,000	1,000,000
	Working Capital Loan	-	400,000
Export-Import Bank of Korea	Export Growth Fund Loan	-	70,000,000
	Working Capital Loan (*2)	2,500,000	2,500,000

(\*1) In relation to the loan agreement at the end of the reporting period, the Group is provided with a loan guarantee up to KRW 960 million from the CEO of the subsidiary.

(\*2) In relation to the borrowing agreement at the end of the reporting period, the Group is receiving a joint and several guarantee of KRW 1,500,000 thousand from one co-CEO and one former co-CEO.

*(in thousands of Korean won)*

		<b>2022</b>	
	<b>Loan type</b>	<b>Execution amount</b>	<b>Contract amount</b>
Kookmin Bank	Working Capital	₩ 500,000	₩ 500,000
Nonghyup Bank	Facility Fund Loan	1,438,304	1,797,880
Korea Development Bank	Industry Working Capital Loan (*1)	3,000,000	3,000,000
	Working Capital Loan	3,500,000	5,000,000
Shinhan Bank	Working Capital (*2)	330,000	400,000
	General Loan	100,000	100,000
Woori Bank	Working Capital Loan (*3)	475,000	475,000
	General Loan	-	580,000
	Working Capital Loan	4,500,000	4,500,000
	Working Capital Loan	1,400,000	1,400,000
	Working Capital Loan	1,050,000	1,050,000

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	Broadcasting Promotion Fund Loan (*1)	1,400,000	1,400,000
	Broadcasting Promotion Fund Loan (*1)	1,500,000	1,500,000
	Broadcasting Promotion Fund Loan (*1)	1,000,000	1,000,000
	Completion Guarantee Loan	3,150,000	3,150,000
	Corporate Facility General Fund Loan	11,000,000	11,000,000
	Corporate Facility General Fund Loan	2,970,000	4,470,000
	Corporate Working Capital Loan	1,500,000	1,500,000
	Working Capital	650,000	1,500,000
	Working Capital (*4)	2,700,000	2,700,000
	Facility Fund Loan	12,500,000	12,500,000
	Facility Fund Loan	5,000,000	5,000,000
	Loan secured by accounts receivable	-	990,000
	Working Capital Loan	100,000	100,000
Industrial Bank of Korea	Small Corporation Turnover Fund Loan	1,000,000	1,000,000
	Small Corporation Turnover Fund Loan (*1)	500,000	500,000
	Small Corporation Loan	120,000	135,000
	Working Capital (*2)	160,000	160,000
	Working Capital (*2)	500,000	500,000
Hana Bank	Working Capital Loan (*5)	635,000	674,000
	Working Capital Loan (*6)	400,000	400,000
	Industry Working Capital Loan (*1)	1,500,000	1,500,000
	Loans secured by accounts receivable	-	200,000
Export-Import Bank of Korea	Export Growth Fund Loan	50,000,000	70,000,000
	Working Capital Loan (*7)	2,500,000	2,500,000

(\*1) The Group has received the joint and several guarantee from the representative director of its subsidiaries up to a limit of KRW 10,680 million.

(\*2) The Group has received the joint and several guarantee from the representative director of its subsidiaries up to a limit of KRW 1,272 million.

(\*3) The Group has received joint guarantees from the representative director of its subsidiaries up to a limit of KRW 60 million and from Credit Guaranty Fund up to a limit of KRW 450 million.

(\*4) The Group has received joint guarantees from the representative director of its subsidiaries up to a limit of KRW 3,240 million.

(\*5) The Group has received real estate collateral of KRW 895 million from the representative director of its subsidiaries

(\*6) The Group has received real estate collateral of KRW 480 million from the representative director of its subsidiaries

(\*7) The Group has received the joint and several guarantee from the representative director of its subsidiaries up to a limit of KRW 3,000 million.

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- (4) Details of property and equipment and investment properties provided as collateral by the Group as at December 31, 2023 and 2022, are as follows: (See Notes 9, 10, and 18).

*(in thousands of Korean won)*

		<b>2023</b>	
<b>Assets provided as collateral</b>	<b>Book value</b>	<b>Collateral provider</b>	<b>Borrowings</b>
Property and Equipment (Asset under construction)	₩ 2,071,283	Nonghyup Bank	₩ 1,797,881

*(in thousands of Korean won)*

		<b>2022</b>	
<b>Assets provided as collateral</b>	<b>Book value</b>	<b>Collateral provider</b>	<b>Borrowings</b>
Property and equipment (Asset under construction)	₩ 1,727,160	Nonghyup Bank	₩ 1,438,304
Property and equipment (Land and Buildings)	17,992,263	Woori Bank Woori Bank	12,500,000 5,000,000
Property and equipment and Investment properties (Land and Buildings)	8,482,245	Woori Bank	2,970,000
Property and equipment (Land and Buildings)	337,057	Industrial Bank of Korea	120,000
Property and equipment and Investment properties (Land and Buildings)	16,854,958	Woori Bank Woori Bank	11,000,000 1,500,000

- (5) As at December 31, 2023, the parent company has joined a consortium to acquire the Magok Knowledge Industry Center, and the total contract amount is KRW 30,024,106 thousand. As at December 31, 2023, the amount paid as a contract fulfillment deposit is KRW 9,007,231 thousand, and the additional contract fulfillment deposit to be paid is KRW 6,004,821 thousand. The details of the guarantee provided by the Group to the developer in connection with the construction of the Knowledge Industry Center are as follows:

*(in thousands of Korean won)*

<b>2023</b>			
<b>Beneficiary</b>	<b>Joint guarantee provider</b>	<b>Warranty</b>	<b>Warranty limit amount</b>
Magok solution	IBK Capital	2022.11.03~2025.10.03	₩ 40,350,050
Magok solution	Shinhan Asset Trust	2022.11.03~2025.10.03	22,806,550

*(in thousands of Korean won)*

<b>2022</b>			
<b>Beneficiary</b>	<b>Joint guarantee provider</b>	<b>Warranty</b>	<b>Warranty limit amount</b>
Magok solution	IBK Capital	2022.11.03~2025.10.03	₩ 40,350,050
Magok solution	Shinhan Asset Trust	2022.11.03~2025.10.03	22,806,550

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- (6) As at December 31, 2023 and 2022, the parent company has entered into a stock transfer agreement with Twinworks PFV Co., Ltd. as follows:

(in thousands of Korean won)

<b>2023</b>			
<b>Target company</b>	<b>Seller</b>	<b>Expected transaction amount</b>	<b>Payment amount</b>
Twinworks PFV	YIDO Co., Ltd., etc.	₩ 155,900,000	₩ 10,000,000

(\*) Twinworks PFV Co., Ltd. is pursuing a redevelopment project in 130 landsites including the site at 237 Ipjeong-dong, Jung-gu, Seoul, which is designated as an urban environment improvement area (redevelopment area under the current Urban Maintenance Act). The Group entered into a stock transfer agreement with YIDO Co., Ltd. to jointly transfer the target stock with Abrdn investments (Singapore) 2 Pte. Ltd. (Shareholding ratio: 49%). The company records derivative assets of KRW 4,000,000 thousand in relation to this contract. (See Note 12)

(in thousands of Korean won)

<b>2022</b>			
<b>Target company</b>	<b>Seller</b>	<b>Expected transaction amount</b>	<b>Payment amount</b>
Twinworks PFV	YIDO Co., Ltd., etc.	₩ 155,900,000	₩ 10,000,000

- (7) As at December 31, 2023 and 2022, the details of payment guarantees provided by the Group for financing of related parties are as follows, and no collateral is provided. Additionally, there are no collateral or payment guarantees provided by related parties.

<b>2023</b>			
<b>Special relationship classification</b>	<b>Company name</b>	<b>Payment guarantee provider</b>	<b>Payment guarantee amount</b>
Affiliate	Com2uS USA Inc.	Korea Export-Import Bank	USD 7,000,000

  

<b>2022</b>			
<b>Special relationship classification</b>	<b>Company name</b>	<b>Payment guarantee provider</b>	<b>Payment guarantee amount</b>
Affiliate	Com2uS USA Inc.	Korea Export-Import Bank	USD 7,000,000

- (8) As at December 31, 2023, the Group provides collateral of financial institution deposits amounting to KRW 316,000 thousand to Woori Card Co., Ltd.

- (9) RaemongRaein Co., Ltd. was granted a call option to purchase 437,500 shares, which are a part of RaemongRaein Co., Ltd.'s shares held by WYSIWYG Studio Co., Ltd., and the exerciser was designated as the CEO of RaemongRaein Co., Ltd., a subsidiary. The expiration date of the exercise period is February 29, 2024, and the exercise price is the acquisition price plus an interest rate of 3.0% per annum (compounded on a quarterly basis) from the issuance date to the call option exercise date.

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- (10) As at December 31 2023, the Group has obligations to invest additional KRW 8,695,000 thousand of capital when requested from investee as per investment agreement with Gaia K Contents IP Investment Association, Michigan Pan Asia Contents Investment Association, Michigan Korean Film Main Investment, Baby Shark Next Wave Tour Fund, Solaire Scale Up Film Investment Association No. 2, K-Net-Crit Contents Investment Association, KJ&KCK -Content IP Investment Association, ATU Culture Tech M&A Private Investment Association, MIP Digital Realistic Content Investment Association, MIP Culture Tech Convergence Investment Association and KJ&KC K-Content IP Investment Association.
- (11) In relation to the issuance of new convertible preferred stock by A2Z Entertainment Co., Ltd., the Group entered into an agreement with the shareholder to grant the shareholder drag-along right, right of first refusal, listing-related put option and the put option under certain condition. (See Note 19)
- (12) The Group provides a payment guarantee for the advance purchase contract between MERRYCHRISTMAS Inc. and The Walt Disney Company (Korea) LLC in relation to the documentary <Full Count> and the drama <A shop for Killers> being produced by MERRYCHRISTMAS Inc. The payment guarantee amounts provided by the Group are KRW 4,758,916 thousand and KRW 12,733,118 thousand, respectively.

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**33. Revenue from Contracts with Customers and Relevant Contract Assets and Liabilities**

(1) For the years ended December 31, 2023 and 2022, the Group has recognized the following amounts relating to revenue in the statement of comprehensive income.

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers (*)	₩ 734,469,248	₩ 675,633,937

(\*) Rental income under lease agreements is not included. (See Note 10).

(2) Sales information according to the timing of revenue recognition for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
At the point in time	₩ 74,832,147	₩ 64,373,684
Over the period of time	659,637,101	611,260,253
	₩ 734,469,248	₩ 675,633,937

(3) Contract assets and contract liabilities recognized by the Group as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Contract Asset	₩ 3,728,027	₩ 16,479,825
Contract performance cost recognized as an asset (*1)	2,322,761	2,126,289
Contract Liabilities (*2)	21,800,422	19,273,047

(\*1) It is included in prepaid expenses.

(\*2) It is included in advance received and prepaid income. Of the contract liabilities of ₩19,273 million recognized as at December 31, 2022, ₩16,608 million was recognized as revenue for the year ended December 31, 2023, and contract liabilities as at December 31, 2023, is expected to be recognized as revenue within 12 months.

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(4) As at December 31, 2023, the details of major service contracts using the cost-accrued input method to measure progress are as follows:

<i>(in thousands of Korean won)</i>	<b>Total Contract Amount</b>	<b>Cumulative Revenue</b>	<b>Contract Asset</b>		<b>Trade Receivables</b>		<b>Contract Liability</b>
			<b>Total</b>	<b>Allowance</b>	<b>Total</b>	<b>Allowance</b>	
			<b>Amount</b>	<b>for Loss</b>	<b>Amount</b>	<b>for Loss</b>	
Project A	₩ 10,885,940	₩ 10,885,940	₩ -	₩ -	₩ -	₩ -	₩ -
Project B	14,422,496	14,422,496	2,163,374	-	793,237	-	-
Project C	32,000,000	31,794,925	-	-	-	-	-
Project D	15,200,000	15,030,394	-	-	-	-	-
Project E	11,200,000	11,200,000	-	-	-	-	-
Project F (*)	13,906,827	13,521,188	-	-	-	-	-
Others			4,331,109	(2,766,456)	9,515,107	(2,843,353)	7,486,142
			<u>₩ 6,494,483</u>	<u>₩ (2,766,456)</u>	<u>₩ 10,308,344</u>	<u>₩ (2,843,353)</u>	<u>₩ 7,486,142</u>

(\*) The total contract amount has changed due to changes in the estimate of variable consideration for the current period.

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(5) As at December 31, 2023, details of significant contracts among service contracts using the cost-accrued input method to measure progress are as follows:

	<b>Date of Contract</b>	<b>Completion Date</b>	<b>Progress Rate (%)</b>
Project A	2023-04-28	2023-07-28	100%
Project B	2023-03-24	2023-12-31	100%
Project C	2021-06-07	2023-12-31	99%
Project D	2021-09-30	2023-06-30	100%
Project E	2022-12-05	2023-06-30	100%
Project F	2022-11-01	2023-06-30	97%

(6) The amounts affecting the profit or loss for the current and future periods due to changes in total contract revenue and estimated total contract costs for the year are as follows:

<i>(in thousands of Korean won)</i>	<b>Increase in total contract amount</b>	<b>Increase of estimated total contract costs</b>	<b>Impact on Profit or Loss</b>	<b>Impact on future profit and loss</b>
VFX and New Media	₩ 45,000	₩ (543,271)	₩ 73,687	₩ (571,958)

**34. Leases**

(1) Carrying amount of right-of-use assets and lease liabilities as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Right-of-use assets	(*1)		
Building		₩ 17,719,636	₩ 5,848,344
Office Equipment		4,177,972	3,905,335
Vehicles		481,313	1,176,303
		₩ 22,378,921	₩ 10,929,982
 <i>(in thousands of Korean won)</i>			
Lease liabilities	(*2)		
Current		₩ 7,322,906	₩ 6,264,285
Non-current		12,308,960	3,914,776
		₩ 19,631,866	₩ 10,179,061

(\*1) It is included in the item of 'property and equipment' in the consolidated statement of financial position.

(\*2) It is included in the line item of 'other payables' in the consolidated statement of financial position.

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- (2) The consolidated statement of comprehensive income shows the following amounts relating to leases for the years ended December 31, 2023 and 2022:

*(in thousands of Korean won)*

	<b>2023</b>		<b>2022</b>	
Depreciation of right-of-use assets				
Building	₩	6,674,368	₩	6,217,234
Office Equipment		1,720,719		1,320,853
Vehicles		431,748		871,657
	₩	8,826,835	₩	8,409,744
Interest expense on lease liabilities (included in finance cost)	₩	1,110,175	₩	515,452
Short-term lease payment and Low-value lease payment		3,401,909		2,801,503
	₩	4,512,084	₩	3,316,955
	₩	13,338,919	₩	11,726,699

The total cash outflow for leases in 2023 was KRW 12,867,343 thousand (2022: KRW 10,597,056 thousand).

- (3) Remaining contractual maturity of the lease contracts as at December 31, 2023 is as follows:

*(in thousands of Korean won)*

	<b>1month ~ 6month</b>		<b>6month ~ 1year</b>		<b>1year ~ 5year</b>		<b>Total</b>
Amounts	₩	4,447,084	₩	3,950,517	₩	13,074,114	₩ 21,471,715

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**35. Risk Management**

(1) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other shareholders, and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. The overall capital risk management policy of the Group is consistent with that of the prior period.

The gearing ratios at December 31, 2023 and 2022, were as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Total borrowings	₩ 208,241,374	₩ 308,031,962
Less: cash and cash equivalents	143,194,089	173,214,799
Net debt	65,047,285	134,817,164
Total capital	1,236,766,084	1,322,833,809
Gearing ratio	5.26%	10.19%

(2) Financial Risk Management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The goal of risk management is to reduce, and to eliminate the financial risks to permitted levels by identifying sources of potential dangers to the Group's financial performance. The overall financial risk management policy of the Group is consistent with that of the prior period.

1) Foreign exchange risk

The Group is exposed to foreign exchange risk, as it makes transactions in foreign currencies. As at December 31, 2023 and 2022, the carrying amount of the Group monetary assets and liabilities presented in a currency other than its functional currency, are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	
	<b>Assets</b>	<b>Liabilities</b>
USD	₩ 174,527,292	₩ 15,738,373
EUR	5,395,491	4,172,852
JPY	862,454	804,457
CNY	6,189,395	21,620
Others	754,754	252,982
	₩ 187,729,386	₩ 20,990,284

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	<b>2022</b>			
	<b>Assets</b>		<b>Liabilities</b>	
USD	₩	128,225,935	₩	11,989,328
EUR		6,568,427		750,467
JPY		699,129		1,161,282
CNY		5,715,437		80,906
Others		799,967		223,758
	₩	142,008,895	₩	14,205,741

The Group regularly measures exchange risks on Korean won against foreign currency fluctuations. The impact of weakened/strengthened functional currencies by 10% against foreign currencies on profit or loss for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	<b>2023</b>			
	<b>Increase by 10%</b>		<b>Decrease by 10%</b>	
USD	₩	12,210,868	₩	(12,210,868)
EUR		94,021		(94,021)
JPY		4,460		(4,460)
CNY		474,302		(474,302)
Others		38,586		(38,586)
	₩	12,822,237	₩	(12,822,237)

(in thousands of Korean won)

	<b>2022</b>			
	<b>Increase by 10%</b>		<b>Decrease by 10%</b>	
USD	₩	8,810,735	₩	(8,810,735)
EUR		441,001		(441,001)
JPY		(35,031)		35,031
CNY		427,097		(427,097)
Others		43,677		(43,677)
	₩	9,687,479	₩	(9,687,479)

2) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to fluctuations in market interest rates. The Group is exposed to the risk of fluctuations in market interest rates related to long-term borrowings with floating interest rates. Accordingly, management of the Group maintains an appropriate balance between fixed and floating interest rate borrowings by periodically reviewing interest rate status.

The carrying amounts of assets and liabilities exposed to interest rate risk as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	<b>2023</b>		<b>2022</b>	
Floating Interest Rate:				
Financial Liabilities	₩	17,446,191	₩	42,944,934

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The Group internally measures interest rate risk due to interest rate fluctuations on a regular basis. As at December 31, 2023, if the interest rate for each asset and liability changes by 100 basis points, the effect of the change in interest rate on after-tax profit and loss and net assets for the years ended December 31, 2023 and 2022 is as follows:

<i>(in thousands of Korean won)</i>	<b>Increase of 100bp</b>		<b>Decrease of 100bp</b>	
	<b>Profit or Loss</b>	<b>Net Asset</b>	<b>Profit or Loss</b>	<b>Net Asset</b>
2023	₩ (134,161)	₩ (134,161)	₩ 134,161	₩ 134,161
2022	(325,523)	(325,523)	325,523	325,523

3) Price risk

The Group's equity investments are publicly traded and are included either in the KOSDAQ index. As at December 31, 2023, the equity investments exposed to the price fluctuation risk amount to ₩114,872,662 thousand (2022: ₩172,092,296 thousand), and if the price of the equity instruments increase/decrease by 10% with all other variables held constant, the impact on comprehensive income (in net of tax) amounts to ₩8,833,708 thousand (2022: ₩13,044,596 thousand).

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4) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table below discloses remaining contractual maturity of non-derivative financial liabilities in detail. The table is prepared based on undiscounted cash flow of nonderivative financial liabilities. Contractual maturity is based on the earliest day when the payment can be claimed to the Group.

(in thousands of Korean won)

	2023		
	Within one year	Later than one year but not later than five years	Total
Trade and other payables	₩ 65,243,222	₩ 13,746,121	₩ 78,989,343
Borrowings	137,424,257	74,713,976	212,138,233
Financial Liabilities	138,144,549	-	138,144,549
Financial guarantee contract (*)	72,182,400	-	72,182,400
	₩ 412,994,428	₩ 88,460,097	₩ 501,454,525

(\*) The financial guarantee contracts are the maximum amount that the Group must pay when the guarantee is charged. Based on the forecasts as at December 31, 2023, the Group believes that it is more likely not to pay the guarantee amount than to pay it under the financial guarantee contract.

(in thousands of Korean won)

	2022		
	Within one year	Later than one year but not later than five years	Total
Trade and other payables	₩ 70,382,091	₩ 4,615,617	₩ 74,997,708
Borrowings	118,893,979	202,670,921	321,564,900
Financial Liabilities	64,945,640	-	64,945,640
Financial guarantee contract (*)	72,027,700	6,751,200	78,778,900
	₩ 326,249,410	₩ 214,037,738	₩ 540,287,148

(\*) The financial guarantee contracts are the maximum amount that the Group must pay when the guarantee is charged. Based on the forecasts as at December 31, 2022, the Group believes that it is more likely not to pay the guarantee amount than to pay it under the financial guarantee contract.

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#### 36. Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments, favorable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate and individual customers, including outstanding receivables.

##### (1) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with more than certain credit rating.

If corporate customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

##### (2) Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model:

- trade receivables under provision of goods and services
- contract assets under service provision
- other financial assets measured at amortized cost

While Cash equivalents are also subject to the impairment rule, the identified impairment loss was immaterial. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. To measure expected credit loss, trade receivable and contract assets were classified based on the credit risk characteristics and overdue date. The expected credit loss ratio was calculated based on payment information related to sales in the past and related credit loss information.

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On that basis, the loss allowance as at December 31, 2023 and 2022 was determined as follows for both trade receivables and contract assets:

*(in thousands of Korean won)*

	<b>2023</b>					<b>Total</b>
	<b>Current</b>	<b>30 days past due</b>	<b>60 days past due</b>	<b>90 days past due</b>	<b>More than 90 days past due</b>	
Expected loss rate	0.30%	0.00%	0.00%	0.30%	70.38%	
Carrying amount	₩ 74,376,268	₩ 610,574	₩ 715,549	₩ 1,119,930	₩ 9,192,306	₩ 86,014,627
Loss allowance	222,225			3,350	6,469,691	6,695,266

*(in thousands of Korean won)*

	<b>2022</b>					<b>Total</b>
	<b>Current</b>	<b>30 days past due</b>	<b>60 days past due</b>	<b>90 days past due</b>	<b>More than 90 days past due</b>	
Expected loss rate	0.00%	0.02%	0.01%	0.00%	75.82%	
Carrying amount	₩ 77,493,953	₩ 5,340,091	₩ 1,648,075	₩ 5,731,946	₩ 7,501,900	₩ 97,715,965
Loss allowance	125	814	107	13	5,687,961	5,689,020

Movements in the loss allowance for trade receivables and contract assets for the years ended December 31, 2023 and 2022, are as follows:

*(in thousands of Korean won)*

	<b>Trade Receivables and Contract Asset</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 5,689,020	₩ 3,830,709
Increase (decrease) in loss allowance recognized in profit or loss	6,352,828	698,422
Others	(5,346,582)	1,159,889
Ending balance	6,695,266	5,689,020

Trade receivables and contract assets are written off when they are reasonably estimated not be recoverable. Impairment losses on trade receivables and contract assets are presented as net impairment losses within impairment loss in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

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**37. Cash Flows**

(1) Significant transactions that do not involve cash inflows and outflows for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	<b>2023</b>	<b>2022</b>
Valuation of financial assets at fair value through other comprehensive income	₩ 11,646,453	₩ (80,711,563)
Reclassification from other comprehensive income to retained earnings	451,024	2,598,182
Reclassification of current portion of financial asset at fair value through profit or loss	-	10,000,000
Reclassification of current portion of long-term loans	(1,351,200)	-
Reclassification of current portion of long-term prepaid expenses	(1,426,745)	69,166
Reclassification of current portion of long-term rental deposits	130,000	1,879,673
Recognition of right-of-use assets due to lease contracts	21,311,812	6,803,538
Recognition of lease liabilities due to lease contracts	16,783,604	6,703,434
Reclassification of current portion of lease liabilities	(3,039,277)	(1,408,842)
Non-trade payables related to acquisition of property and equipment and intangible assets	171,865	-
Reduction of capital without compensation	5,346,000	-
Reclassification of investment in associate due to acquisition of control	-	200,004
Reclassification of investment in associate due to loss of significant influence	4,999,781	-
Replacement of financial assets measured at fair value through profit or loss with investment stocks in subsidiaries	5,619,555	-
Substitution of affiliated company investment stock account due to loss of control	20,834,872	-
Replacement of account for non-current assets scheduled for sale due to loss of control	3,750,000	-
Liquidity replacement for private bonds	119,863,377	7,002,408
Conversion of redeemable convertible preferred stock	15,259,016	-
Conversion of convertible bonds	2,611,596	-
Liquidity replacement for financial institution loans	(5,553,320)	-
Replacement of long-term advance payments with assets under construction	1,108,348	-
Recognition of assets under construction due to financial guarantee contracts	-	8,957,065
Reclassification of held for sales liabilities	8,502,179	8,577,915
Reclassification of held for sales assets	-	5,783,288

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(2) Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023					
	Beginning balance	Interest expense	Net cash outflow from financing activities	Non-cash transaction	Change in the scope of consolidation	Ending balance
Short-term leasehold deposits received	₩ 120,000	₩ -	₩ (110,000)	₩ 290,000	₩ (10,000)	₩ 290,000
Long-term leasehold deposits received	130,000	-	-	(130,000)	-	-
Short-term borrowings	106,995,000	-	(77,135,000)	-	(14,820,000)	15,040,000
Current portion of long-term borrowings	5,878,320	57,802	(2,548,744)	123,885,001	(5,470,000)	121,802,379
Long-term borrowings	195,158,642	125,353	-	(123,885,001)	-	71,398,994
Current lease liabilities	6,264,285	797,753	(7,755,937)	8,744,733	(727,928)	7,322,906
Non-current lease liabilities	3,914,776	322,849	(1,033,998)	9,501,601	(396,268)	12,308,960
Convertible preferred shares	8,578,778	-	36,826,983	(20,287,441)	(12,444,132)	12,674,188
Redeemable convertible preferred shares	43,177,379	(5,848,325)	4,499,220	(15,259,016)	2,020,995	28,590,253
Convertible Bonds	13,754,154	(454,963)	(87,800)	-	171,607	13,382,998

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	2022					
	Beginning balance	Interest expense	Net cash outflow from financing activities	Non-cash transaction	Change in the scope of consolidation	Ending balance
Short-term leasehold deposits received	₩ 623,484	₩ 8,652	₩ (2,589,400)	₩ 2,077,264	₩ -	₩ 120,000
Long-term leasehold deposits received	1,281,385	19,648	746,000	(2,047,033)	130,000	130,000
Short-term borrowings	39,296,887	1,401,680	59,228,618	106,748	6,961,067	106,995,000
Long-term borrowings	202,847,807	4,623,897	(6,336,864)	(597,878)	500,000	201,036,962
Current lease liabilities	5,709,346	292,244	(7,795,554)	6,661,096	1,397,153	6,264,285
Non-current lease liabilities	4,360,617	223,207	-	(1,765,134)	1,096,086	3,914,776
Convertible preferred shares	8,273,824	-	1,500,000	(1,195,046)	-	8,578,778
Redeemable convertible preferred shares	15,542,947	2,679,155	-	(5,082,674)	30,037,951	43,177,379
Convertible Bonds	1,500,000	454,987	(1,500,000)	-	13,299,167	13,754,154

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#### 38. Business Combination

During the year, the Group acquired 57,301 common shares (5.77%) of Sidus Corporation and recorded as financial assets at fair value through profit or loss. Subsequently, the Group acquired an additional 513,980 common shares (51.75%) from LOCUS Corporation, the controlling company of Sidus Corporation, bringing the total number of shares to 571,281 (57.52%) and gained control. As a result of the step-by-step business combination, the Group remeasured its previously held equity interest in Sidus Corporation to its acquisition date fair value of ₩ 836 million and recognized the resulting gain or loss in profit or loss.

Meanwhile, the Group acquired an equity interest in LOCUS Corporation and was able to exercise significant influence, and therefore accounted for it as an investment in associate. (See Note 14)

1) An overview of the acquiring company is as follows:

	<b>Overview</b>
Company name	Sidus Corporation
Acquisition date	2023-11-17
Main office location	7th floor, 128, Dosan-daero, Gangnam-gu, Seoul, Republic of Korea
Co-CEO	Kim Beom-hyu, Lee Han-dae
Industry	Movie production, investment, and distribution

2) The transfer consideration and the amounts recognized as at the acquisition date for the assets and liabilities are as follows:

<i>(in thousands of Korean won)</i>	<b>Amount</b>	
<b>Consideration transferred:</b>	₩	8,336,132
Fair value for shares held prior to acquisition of control		836,136
Cash payment to acquire shares at the time of acquisition of control		7,499,996
<b>Identifiable assets acquired and liabilities assumed:</b>		
Cash and cash equivalents		1,559,425
Inventories		5,593,057
Property and equipment		407,843
Intangible asset		749,404
Non-current Investment assets		3,274,611
Trade receivables and other receivables		2,817,447
Trade payables and other payables		(3,031,733)
Borrowings		(2,000,000)
<b>Non-controlling interest</b>		<b>(4,073,324)</b>
<b>Goodwill</b>		<b>3,039,402</b>

(\*) The amounts of assets and liabilities recognized in the consolidated financial statements as a result of the above business combinations have been provisionally determined as final valuations have not been completed, and these amounts may be subject to future adjustments.

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**39. Assets and liabilities classified as held for sale**

The details of assets and liabilities classified as held for sale are as follows:

<i>(in thousands of Korean won)</i>		<b>Beginning balance</b>		<b>Increase (*1)</b>		<b>Decrease (*2)</b>		<b>Ending balance</b>
Held for sales								
non-current assets	₩	8,577,915	₩	18,417,062	₩	(26,994,978)	₩	-
Held for sales liabilities		5,783,289		-		(5,783,289)		-

(\*1) During the current year, the Group entered into a real estate purchase agreement to sell land and a building, which was reclassified to non-current assets held for sale and the Group received the sale proceeds on September 15, 2023.

(\*2) On January 1, 2023, the Group completed the transfer of its interest in its subsidiary Urbanworks Co., Ltd. which was classified as assets and liabilities held for sale as at December 31, 2022.

**40. Events after the Reporting Period**

- (1) The Group started to reduce its workforce in January 2024 to improve corporate competitiveness and completed it in February 2024.
- (2) On January 23, 2024, the Group disposed of 437,500 ordinary shares of RaemongRaein Co., Ltd. held by the Group at a price of KRW 4,575 per share as the CEO of RaemongRaein Co., Ltd., an associate of the Group, exercised a call option. As a result of the sale of the shares, the Group's shareholding decreased from 21.95% to 15.19% and the Group lost its status as the largest shareholder.

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**41. Discontinued Operations**

During the current period, the exhibition event business was sold as the Group sold its shares of NP Inc. The comparative statement of comprehensive income has been restated to show discontinued operations separated from continuing operations.

(1) Details of gain/loss from discontinued operations as at December 31, 2023 and 2022, are as follows:

*(in thousands of Korean won)*

	<b>2023</b>	<b>2022</b>
Operating revenue	₩ 9,831,731	₩ 39,824,511
Sales from rendering of services	9,831,731	39,824,511
Other sales	-	-
Operating expenses	11,301,245	41,415,562
Salaries	2,440,306	8,943,272
Retirement Benefits	184,903	668,128
Fringe Benefits	218,175	817,059
Travel Expenses	25,973	97,934
Entertainment	104,349	267,518
Communication	6,859	22,898
Utilities	42,197	123,449
Taxes and Dues	139,782	486,183
Depreciation	541,809	2,009,566
Rental Expenses	18,379	107,552
Insurance Premium	36,571	139,453
Supplies	11,268	99,367
Commissions and Fees	345,970	1,141,141
Reverse of bad debt expenses	(11,225)	(116,463)
Amortization	228,169	851,182
Outsourcing Fees	-	-
Outsourcing production cost	6,694,310	24,667,374
Stock Option Expense	201,924	702,943
Other operating expenses	71,526	387,006
Operating Income	(1,469,514)	(1,591,051)
Non-operating income	29,164,345	138,260
Non-operating expenses	(10,109)	(52,429)
Financial Income	85,106	407,381
Financial expenses	(219,446)	(947,939)

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Gain/Loss from investment stocks accounted in equity method	(30,794)	(36,466)
Income before income tax expenses(income)	27,519,588	(2,082,244)
Income tax expenses(income)	5,666,129	(298,504)
Gain/Loss from discontinued operations	21,853,459	(1,783,740)

(2) Net cash flows generated from discontinued operations as at December 31, 2023 and 2022, are as follows:

*(in thousands of Korean won)*

	<b>2023</b>	<b>2022</b>
Cash flow from operating activities	₩ (24,835,543)	₩ (295,766)
Cash flow from investment activities	(533,886)	(4,303,704)
Cash flow from financing activities	(37,448)	(1,291,701)
Effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currency	31,387	128,150

(3) Changes in financial position

The details of assets and liabilities removed as NP Inc. and its subsidiaries were excluded from the scope of consolidation in 2023 and 2022, respectively, are as follows.

*(in thousands of Korean won)*

	<b>2023</b>	<b>2022</b>
Current assets	₩ 13,545,781	₩ 12,000,446
Non-current assets	33,808,989	46,530,703
Total assets	47,354,770	58,531,149
Current liabilities	21,109,684	20,103,026
Non-current liabilities	1,030,618	951,630
Total liabilities	22,140,303	21,054,656
Net asset amount	25,214,467	37,476,493
Compensation for disposal	24,042,571	24,042,571
Fair value of residual equity	59,287,073	59,287,073
Gain on disposal of discontinued operations	58,115,177	45,853,151
Income tax expenses related to disposal of discontinued operations	(12,146,072)	(9,583,309)

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**42. Restatement of Prior Financial Statements**

During the current period, the Group discovered the following errors, and in order to correct the previous period errors, the Group did not reissue the previous period's consolidated financial statements but restated the amounts in the comparative consolidated financial statements presented the consolidated financial statements for the year ended December 31, 2023.

- Measurement of non-controlling interest and recognition of goodwill when accounting for business combination

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(1) The impact on the 2022 consolidated financial statement due to the restatement of the previous financial statements is as follows:

(in thousands of Korean won)

	2022-12-31			2022-01-01		
	Before correction	After correction	Correction effect	Before correction	After correction	Correction effect
<b>Assets</b>						
Current assets	₩ 606,158,775	₩ 606,158,775	₩ -	₩ 644,908,682	₩ 644,908,682	₩ -
Cash and cash equivalents	173,214,799	173,214,799	-	253,740,229	253,740,229	-
Debt instruments	-	-	-	25,000,000	25,000,000	-
Current portion of fair value through profit or loss financial instruments	12,034,087	12,034,087	-	14,829,145	14,829,145	-
Due from financial institutions	239,121,262	239,121,262	-	225,099,575	225,099,575	-
Trade receivables and contract assets	92,026,944	92,026,944	-	80,358,584	80,358,584	-
Inventories	10,133,207	10,133,207	-	6,208,765	6,208,765	-
Other Receivables	18,262,425	18,262,425	-	6,328,825	6,328,825	-
Other current assets	51,904,335	51,904,335	-	33,306,503	33,306,503	-
Current tax assets	883,802	883,802	-	37,056	37,056	-
Non-current assets held for sale	8,577,915	8,577,915	-	-	-	-
Non-current assets	₩ 1,302,199,587	₩ 1,292,687,312	₩ (9,512,274)	₩ 1,213,896,506	₩ 1,204,384,232	₩ (9,512,274)
Fair value through profit or loss financial instruments	553,611,144	553,611,144	-	464,797,326	464,797,326	-
Fair value through other comprehensive income financial instruments	108,826,585	108,826,585	-	192,353,190	192,353,190	-
Long term due from financial institutions	-	-	-	52,186	52,186	-
Long-term other receivables	37,566,671	37,566,671	-	16,757,665	16,757,665	-
Investments in affiliates	101,743,302	101,743,302	-	59,356,929	59,356,929	-
Other non-current assets	33,580,049	33,580,049	-	21,111,526	21,111,526	-
Tangible assets	97,604,819	97,604,819	-	86,819,324	86,819,324	-
Investment -real estate	807,455	807,455	-	27,235,838	27,235,838	-
Intangible assets (*)	365,032,795	355,520,521	(9,512,274)	343,208,616	333,696,342	(9,512,274)
Deferred income tax assets	3,426,766	3,426,766	-	2,203,904	2,203,904	-
Total assets	₩ 1,908,358,362	₩ 1,898,846,087	₩ (9,512,274)	₩ 1,858,805,188	₩ 1,849,292,913	₩ (9,512,274)
<b>Liabilities</b>						
Current Liabilities	325,882,091	325,882,091	-	175,250,887	175,250,887	-
Non-current Liabilities	250,130,188	250,130,188	-	270,613,412	270,613,412	-
Total liabilities	₩ 576,012,278	₩ 576,012,278	₩ -	₩ 445,864,300	₩ 445,864,300	₩ -
<b>Equity</b>						
Controlling Interests	1,138,963,001	1,138,963,001	-	1,173,852,767	1,173,852,767	-
Non-controlling interests	193,383,082	183,870,808	(9,512,274)	239,088,121	229,575,847	(9,512,274)
Total Equity	₩ 1,332,346,084	₩ 1,322,833,809	₩ (9,512,274)	₩ 1,412,940,888	₩ 1,403,428,614	₩ (9,512,274)
Total debt and equity	₩ 1,908,358,362	₩ 1,898,846,087	₩ (9,512,274)	₩ 1,858,805,188	₩ 1,849,292,913	₩ (9,512,274)

(\*) Goodwill amount has changed

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- (2) The impact on the consolidated statement of changes in capital due to restatement of financial statements is as follows:

*(in thousands of Korean won)*

	Before correction		After correction		Correction effect	
	Non-controlling Interests	Total equity	Non-controlling Interests	Total equity	Non-controlling Interests	Total equity
At January 1, 2022	₩ 239,088,121	₩ 1,412,940,888	₩ 229,575,847	₩ 1,403,428,614	₩ (9,512,274)	₩ (9,512,274)
At December 31, 2022	193,383,082	1,332,346,084	183,870,808	1,322,833,809	(9,512,274)	(9,512,274)

- (3) Due to the restatement of the consolidated financial statements, the notes related to the above-mentioned corrections to the consolidated financial statement have been restated.