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lpk robotics corporation

Financial Statements

Audit Report

第 21 期

2024.01.01 From

2024.12.31 To

20th period

2023.01.01 From 2023.01.01 To

To December 31, 2023

Samdeok Accounting Corporation

Independent Auditor's Audit Report

To the Shareholders and Board of
Directors of LPK Robotics, Inc.

Audit Opinion

We have audited the accompanying financial statements of LPK Robotics (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis of Audit Opinion

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

Management's and governing body's responsibility for the financial statements

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

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

The governing body is responsible for the oversight of the entity's financial reporting process. **Auditor's responsibilities for auditing financial statements**

Our objective is to obtain reasonable assurance about whether the Company's financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that expresses our opinion. Reasonable assurance means a high degree of confidence, but it does not provide assurance that an audit performed in accordance with auditing standards will always detect material misstatements. A misstatement may result from fraud or error and is material when it is reasonably likely, individually or in the aggregate, that the misstatement will affect the economic decisions of users of the financial statements that are based on the financial statements.

A misstatement is considered material if it is reasonably likely to affect, individually or in the aggregate, the economic decisions of users of the financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional doubt throughout the audit. We also evaluate whether fraud or error is material to the financial statements:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that respond to those risks; and Obtain audit evidence that is sufficient and appropriate in the circumstances to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk due to error because fraud may involve collusion, forgery, intentional omission, misrepresentation, or defeat of internal control.
- In order to design audit procedures that are appropriate in the circumstances, we consider internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management in the preparation of the financial statements and the reasonableness of accounting estimates made and related disclosures.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the relevant disclosures in the financial statements and modify our opinion if those disclosures are inadequate. Although our conclusions are based on audit evidence obtained up to the date of our audit report, future events or circumstances may cause the Company to cease to be a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and assess whether the financial statements present fairly the transactions and events underlying the financial statements.

We communicate with the governing body about, among other things, the planned scope and timing of the audit and any significant audit findings, including any significant internal control deficiencies identified during the audit.

48, Ujeongguk-ro, Jongno-gu, Seoul, Korea

Samdeok Accounting Corporation

CEO Deok Soo Kim

March 26, 2025

This audit report is effective as of the date of the audit report. Therefore, events or circumstances may occur between the date of the audit report and the date of this report that could have a material effect on the accompanying financial statements of the Company, which may result in modifications to this audit report.

(Attachment) Financial Statements

Elpikay Robotics Co.

The 21st

2024.01.01 From

2024.12.31 To

20th period

2023.01.01 From

To December 31, 2023

"The accompanying financial statements have been prepared by us." Taeho Shim,
CEO of LPK Robotics Co.

Location of head office:	(Address, including street name)	86, Bupyeong-daero 329beon-gil, Bupyeong-gu, Incheon, Korea (Cheongcheon-dong)
	(Tel.)	032-341-1645

Financial Statements
As of December 31, 2024 As of December 31, 2024 As of
December 31, 2023 As of December 31, 2023

Ltd.

(Unit: KRW)

And	(in thousands)	Notes	21st (current) period end	December 31, 2020
Assets				
I. Current assets			11,552,044,809	11,006,652,456
Cash and cash equivalents	5,25,26		1,593,498,937	1,149,917,640
Short-term financial instruments	5,25,26		3,742,547,529	4,060,912,000
Trade receivables	6,25,26		3,865,794,467 Trade and other receivables	3,804,889,070 Other receivables
Other receivables	6,25,26		368,999,998	185,017,532
Inventories	7		1,927,781,160	1,784,637,159 Other current assets
Other current assets	8		53,422,718	21,279,055
II. Non-current assets			1,145,404,473	1,585,390,431
Long-term other receivables	6,25,26		9,129,088	320,150,103
Property, plant and equipment	9		431,493,812	446,538,134
Intangible assets	10		3,675,998	8,759,000
Deferred tax assets	22		701,105,575	809,943,194
Total assets			12,697,449,282	12,592,042,887
Liabilities				
I. Current liabilities			3,526,163,160	3,837,869,945
Trade payables	11,25,26		2,611,878,307	3,053,319,523 Other payables
Other payables	11,25,26		570,486,158	507,525,606
Current lease liabilities	24,25,26		277,637,385	247,793,106
Other current liabilities	12		66,161,310	29,231,710
II. Non-current liabilities			355,513,710	249,796,666
Defined benefit liabilities	301,820,396		301,820,396	171,632,442
Non-current lease liabilities	24,25,26		34,293,314	58,764,224
Restoration provisions			19,400,000	19,400,000
Total liabilities			3,881,676,870	4,087,666,611
Capital				
I. Capital Stock	1,14		3,749,162,000	3,749,162,000
II. Capital surplus	14		3,818,386,049	3,818,386,049
III. Retained earnings	1,248,224,363		1,248,224,363	936,828,227
Total capital			8,815,772,412	8,504,376,276
Total liabilities and equity			12,697,449,282 Total stockholders' equity	12,592,042,887

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

Statement of Comprehensive Income
 Twenty-first period January 1, 2024 to December 31, 2024 Twentieth period
 January 1, 2023 to December 31, 2023

lpk robotics

(Unit: KRW)

and κ	Notes	21st (current) period		20th (previous) period	
I. Sales	4,16		12,304,060,477		16,852,076,150
II. Cost of sales	16,20		9,411,054,657		13,175,240,044
III. Gross profit			2,893,005,820		3,676,836,106
Selling, general and administrative expenses	17,20	2,537,541,312		2,429,033,628	
IV. Operating income			355,464,508		1,247,802,478
Other income	18	73,259,428		83,007,435	
Other expenses	19	6,533,100		502,673	
Finance income	21,25	185,212,220		123,457,625	
Financial expenses	21,25	22,143,804		25,847,547	
V. Profit before income taxes			585,259,252		1,427,917,318
Income tax expense (benefit)	22	198,804,948		(882,360,057)	
VI. Net income			386,454,304		2,310,277,375
VII. Other comprehensive income			(75,058,168)		97,679,135
Items that will not be reclassified to profit or loss in subsequent periods			(75,058,168)		97,679,135
Remeasurements of defined benefit plans		(75,058,168) Remeasurement of defined benefit plans		97,679,135	
VIII. Total comprehensive income			311,396,136		2,407,956,510
IX. Earnings per share	Earnings per share				
Basic earnings per share			52		308
Diluted earnings per share			52		308

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

Statement of Changes in Shareholders' Equity
21st fiscal year January 1, 2024 to December 31, 2024 20th fiscal year January 1,
2023 to December 31, 2023

Ltd.

(Unit: KRW)

and	Capital stock	Capital surplus	Retained earnings	Total
January 1, 2023 (in thousands)	3,749,162,000	3,818,386,049	(1,471,128,283)	6,096,419,766
Total comprehensive income:				
Net income.	-	-	2,310,277,375	2,310,277,375
Remeasurement of defined benefit plans	-	-	97,679,135	97,679,135
December 31, 2023 (December 31, 2023)	3,749,162,000	3,818,386,049	936,828,227	8,504,376,276
2024.01.01 (beginning of the year)	3,749,162,000	3,818,386,049	936,828,227	8,504,376,276
Total comprehensive income:				
Net income.	-	-	386,454,304	386,454,304
Remeasurement of defined benefit plans	-	-	(75,058,168)	(75,058,168)
December 31, 2024 (December 31, 2024)	3,749,162,000	3,818,386,049	1,248,224,363	8,815,772,412

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

Cash Flow Statement
The 21st period January 1, 2024 to December 31, 2024 The 20th period January 1,
2023 to December 31, 2023

Ltd.

(Unit: KRW)

and 木	21st (current) year		20th (Previous) Period	
I. Cash flows from operating activities		572,714,256		3,224,523,006
1. Cash flow from operating activities	458,146,567		3,157,820,563	
2. Interest receivable	119,980,559		69,191,303	
3. Interest paid	(5,412,870)		- (5,412,870)	
4. Income taxes paid	-(2,488,860)		(2,488,860)	
II. Cash flows from investing activities		299,219,799		(2,115,880,819) Cash flows from investing activities
1. Cash inflow from investing activities	4,060,912,000		2,005,313,454	
Disposal of property and equipment.	-		313,454	
Disposal of short-term financial instruments	4,060,912,000		2,000,000,000	
Decrease in rental deposits	----- --- Decrease in rental deposits		5,000,000	
2. Cash outflows from investing activities	(3,761,692,201) Cash outflows from investing activities		(4,121,194,273)	
Increase in short-term financial instruments	(3,742,547,529) Increase in short-term financial instruments		(4,060,912,000) Proceeds from short-term financial instruments	
Acquisition of property, plant and equipment	(12,994,672) Acquisition of property, plant and equipment		(46,462,273)	
Increase in rental deposits	(5,000,000)		(13,820,000)	
Acquisition of intangible assets	(1,150,000)		-(1,150,000)	
III. Cash flows from financing activities		(428,352,774) Net cash provided by financing activities		(404,810,520)
1. cash inflows from financing activities	-		- - -	
2. cash outflows from financing activities	(428,352,774)		(404,810,520)	
Payments under finance leases	(428,352,774) Payments under finance leases		(404,810,520)	
IV. Effects of exchange rate changes on cash and cash equivalents		16		- -
V. Increase (decrease) in cash (I + II + III + IV)		443,581,297		703,831,667
VI. Cash at the beginning of the year		1,149,917,640		446,085,973
VII. Cash at the end of the period		1,593,498,937		1,149,917,640

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

Notes to the separate financial statements

December 31, 2024 December 31, 2024

As of December 31, 2023 Company name: Elpikay Robotics Co.

1. Overview of the Company

(hereinafter "the Company") was established on July 1, 2004 and is engaged in the business of orthogonal and linear robots, industrial articulated robots, collaborative robots, industrial robot solutions and precision stages. As of December 31, 2019, the Company's major shareholder is Mr. Tae Ho Shim (30.29%).

2. Basis of preparation and significant accounting policies

2.1 Basis of Presentation

The financial statements have been prepared in accordance with Korean International Financial Reporting Standards. Korean IFRSs are those standards and interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

Korean IFRSs permit the use of critical accounting estimates in the preparation of financial statements and require management's judgment in applying accounting policies. The more complex and high-level judgments or those that require significant assumptions and estimates are described in Note 3.

2.2 Critical accounting policies

2.2.1 Changes in accounting policies and disclosures

(1) New and revised standards adopted by the Company

The following new and revised standards and interpretations are effective for accounting periods beginning on or after January 1, 2024

1) Amendments to KIFRS 1001 "Presentation of Financial Statements" - Current and Non-current Classification of Liabilities, Non-current Liabilities with Commitments

An entity classifies a liability as current or non-current based on the substantive rights that exist at the end of the reporting period, without taking into account the exercisability of the right to defer settlement of the liability or management's expectations. The settlement of a liability also includes the transfer of an equity instrument, unless the option to settle the liability with an equity instrument in a compound financial instrument meets the definition of an equity instrument and is recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period do not affect the classification of the liability at the end of the reporting period, and information about the risk that the liability will be repaid within 12 months after the reporting period is required to be disclosed if the liability is classified as non-current at the end of the reporting period. The amendments to these standards do not have a material impact on the financial statements.

2) Amendments to K-IFRS 1007, Statement of Cash Flows, and K-IFRS 1107, Financial Instruments: Disclosures

- Disclosure of information about supplier financing arrangements

When an entity applies supplier financing arrangements, it is required to disclose information about the supplier financing arrangements to enable financial statement users to assess the impact of the supplier financing arrangements on the entity's liabilities, cash flows and liquidity risk exposure. The amendments do not have a material impact on the financial statements.

3) Amendments to K-IFRS 1116 Leases - Lease Liabilities arising from Post-Sale Leases

Amendments to KIFRS 1116, Leases, which requires an entity to calculate lease payments or modified lease payments in a way that does not recognize gains or losses related to the right of use retained by the seller-lessee when subsequently measuring the lease liability arising from a post-sale lease. The amendments in this ASU did not have a material impact on the financial statements.

(2) New and revised standards and interpretations issued but not yet effective

As of December 31, 2018, new and revised IFRSs and interpretations that have been issued and are not yet effective for accounting periods beginning on or after January 1, 2024, and that the Company has not early adopted, are as follows

1) Amendments to KIFRS 1021, "Effects of Changes in Foreign Exchange Rates" and KIFRS 101, "First-time Adoption of Korean IFRSs" - Lack of Exchangeability

The amendments require an entity to assess the exchangeability of a currency, estimate the spot exchange rate if it is not exchangeable for another currency, and disclose related information. The amendments are effective for fiscal years beginning on or after January 1, 2025, with early adoption permitted. We do not expect the amendments to have a material impact on our financial statements.

We do not expect the amendments to have a material impact on our financial statements.

2) Amendments to KIFRS 1109, Financial Instruments, and KIFRS 1107, Financial Instruments: Disclosures

Amendments to KIFRS 1109, Financial Instruments, and KIFRS 1107, Financial Instruments: Disclosures, have been made to address questions raised in practice and to include new requirements. These amendments are effective for fiscal years beginning on or after January 1, 2026, with early adoption permitted. We do not expect the amendments to these standards to have a material impact on our financial statements.

2.2.2 Foreign Currency Translation

Monetary foreign currency transactions are recorded at the rates of exchange ruling at the date of the transaction and monetary foreign currency assets and liabilities are translated at the rates of exchange ruling at the balance sheet date, with resulting translation differences recognized in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the rate of exchange prevailing at the date of the initial transaction, and non-monetary items denominated in foreign currencies that are measured at fair value are translated at the rate of exchange prevailing at the date of fair value measurement.

2.2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position consist of cash in hand, petty cash and short-term deposits with original maturities of three months or less at the date of acquisition. Cash and cash equivalents in the statement of cash flows correspond to the amounts of these cash and cash equivalents.

2.2.4 Investments in associates

An associate is an entity over which the Company has significant influence but not control, which is generally defined as ownership of more than 20% but less than 50% of the voting shares.

Investments in associates are initially recognized at acquisition cost and subsequently accounted for using the equity method of accounting. Our investments in associates include goodwill identified at acquisition and are stated at cost, net of accumulated impairment losses.

Our share of the associate's profit or loss arising after acquisition is recognized in profit or loss, and our share of changes in the associate's surplus is recognized in surplus. Cumulative post-acquisition changes are adjusted to the carrying amount of the investment. When our share of the losses of an associate equals or exceeds the amount of our investment in the associate, including other unsecured receivables, we do not recognize any further losses except to the extent that we are obligated or required to make payments on behalf of the associate.

Unrealized gains and losses arising from transactions between us and an associate are eliminated to the extent attributable to our interest in the associate. Unrealized losses are similarly eliminated unless the transaction provides evidence that the assets transferred are impaired.

The accounting policies of associates are applied with changes where necessary to ensure consistency with our accounting policies.

2.2.5 Liquid/illiquid classification

We categorize assets and liabilities as current and noncurrent on our statement of financial position. Assets are

classified as current when they are

- expected to be realized within the normal operating cycle, or we intend to sell or consume them within the normal operating cycle.

expected to be realized within the normal course of business.

- Held primarily for the purpose of short-term trading.
- expected to be realized within 12 months after the reporting period.
- Cash or cash equivalents, the restriction period for use in exchange or to repay debt is not more than 12 months after the reporting period.

All other assets are classified as non-current.

Liabilities are classified as current when they are It is expected to be settled within the normal operating cycle. They are held primarily for short-term trading purposes.

- It is expected to be settled within 12 months after the reporting period.
- The Group does not have an unconditional right to defer settlement of the liability for more than 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets (liabilities) are classified as non-current assets (liabilities).

2.2.6 Fair value measurements

We value financial instruments, such as derivatives, at fair value at the end of the reporting period. Disclosures about the fair value of financial instruments and non-financial assets measured at fair value or for which fair value is disclosed are described in the following notes

- Valuation Techniques, Significant Estimates and Assumptions: Notes 2 and 3
- Financial instruments (including instruments carried at amortized cost): Note 25

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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability would be executed in one of the following markets

The asset or liability's principal market

If there is no principal market for the asset or liability, the most advantageous market.

We must have access to the principal (or most favorable) market.

The fair value of an asset or liability is measured based on the assumptions that market participants would use to determine the price of the asset or liability, assuming that market participants act in their economic best interest.

In the case of measuring the fair value of a nonfinancial asset, a market participant would use the asset in its highest and best manner to generate economic benefits or would sell the asset to another market participant who would use it in its highest and best manner.

We consider the ability of a market participant to sell an asset.

We use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities measured or disclosed at fair value in the financial statements are categorized into the following fair value hierarchy based on the lowest level of inputs that are significant to the fair value measurement Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that are accessible to the Company; and Level 2: Fair values using inputs that are observable for the asset or liability, either directly or indirectly that are significant to the fair value measurement.

Level 3: Fair value based on unobservable inputs for the asset or liability that are significant to the fair value measurement at the lowest level.

For assets and liabilities measured at fair value on a recurring basis in the financial statements, we reassess the classification based on the lowest level input that is significant to the fair value measurement at the end of each reporting period to determine if there are any transfers between levels in the hierarchy.

For fair value disclosure purposes, we categorize assets and liabilities based on their nature, characteristics and risks to determine the level of the fair value hierarchy.

2.2.7 Financial Instruments

(1) Financial assets

Financial assets are recognized in the statement of financial position only when the Group becomes a party to the contractual provisions of a financial instrument, and structured purchases or sales of financial assets are recognized on the trade or settlement date. Financial assets are classified into financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost based on the business model and the contractual cash flows of the financial instrument at initial recognition.

Financial assets are initially measured at fair value, except for financial assets at fair value through profit or loss, in which case transaction costs directly attributable to the acquisition of the financial asset are added to the initially recognized fair value.

(a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or short-term trading, or if it is designated as at fair value through profit or loss and does not qualify for other comprehensive income or amortized cost.

In addition, a financial asset may be designated as at fair value through profit or loss if the designation eliminates or significantly reduces a recognition and measurement inconsistency that would otherwise arise from measuring the asset or liability on a different basis and recognizing the resulting valuation gains or losses.

Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Dividends and interest income received from financial assets are also recognized in profit or loss.

(b) Financial assets at FVTPL

Debt securities whose business model is classified as a cash flow receiving and selling business model and satisfy the test that the contractual cash flows consist of principal and interest only, and equity securities that are not intended to be sold within the foreseeable future are designated as financial assets at FVTPL. Financial assets at fair value through other comprehensive income are measured at fair value subsequent to initial recognition. Gains and losses arising from changes in fair value are recognized in other comprehensive income in equity, except for interest income, dividend income and foreign exchange differences on monetary assets that are recognized directly in profit or loss using the effective interest rate method.

When a financial asset at FVTPL is derecognized, the cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss for the period. However, cumulative valuation gains and losses arising on equity securities designated as financial assets at FVTPL are not recognized in profit or loss for the period upon disposal.

The fair value of financial assets at fair value through other comprehensive income denominated in a foreign currency is measured in that foreign currency and translated at the exchange rate at the end of the reporting period. The portion of the change in fair value that results from translation differences arising from changes in amortized cost is recognized in profit or loss and other changes are recognized in equity.

(c) Financial assets at amortized cost

The fair value of financial assets at fair value through other comprehensive income denominated in a foreign currency is measured in that foreign currency and translated at the exchange rate ruling at the end of the reporting period. The portion of the translation differences arising from changes in fair value that result from changes in amortized cost is recognized in profit or loss and other changes are recognized in equity.

(d) Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or when the Group has transferred the rights to the cash flows and has transferred substantially all the risks and rewards of ownership of the financial asset. If the Company neither retains nor transfers substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company no longer controls the financial asset or, if the Company continues to control the financial asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement and recognizes the related liability.

(2) Expected credit losses on financial assets (debt instruments)

Financial assets at amortized cost and debt instruments at fair value through other comprehensive income, except for financial assets at fair value through profit or loss, are assessed for expected credit losses at the end of each reporting period. The measurement of the allowance for credit losses is based on whether there is a significant increase in credit risk. Depending on whether there is a significant increase in credit risk after initial recognition of the financial asset, an allowance for losses is recognized in three stages, as shown in the table below, based on the expected credit losses over 12 months or the expected credit losses over the entire period.

Category		Provision for losses
Stage1	When there has been no significant increase in credit risk since initial recognition(*1)	12-month expected credit losses: expected credit losses resulting from a financial instrument default event that is expected to occur within 12 months after the end of the reporting period.
Stage 2	When credit risk has increased significantly since initial recognition	All-period expected credit losses: Expected credit losses from all default events that could occur within the expected life of the financial instrument
Stage 3	When credit is impaired	

(Note 1) If the credit risk is low at the end of the reporting period, the credit risk may not be considered to have increased significantly.

For financial assets that are credit-impaired at initial recognition, only the cumulative change in expected credit losses over the entire period after initial recognition is recorded as an allowance for credit losses.

For trade receivables, contract assets, lease receivables, etc., the Group applies the simplified method of measuring the allowance for credit losses by the amount corresponding to the expected credit losses over the entire period.

Expected credit losses are measured as probability-weighted values of a range of possible outcomes, reflecting the time value of money and reflecting information that is available at the end of the reporting period without undue cost or effort to make predictions about past events, current conditions and future economic conditions.

(3) Financial liabilities

Financial liabilities are recognized in the statement of financial position only when the Group becomes a party to a financial instrument and are initially classified as either financial liabilities at fair value through profit or loss or other financial liabilities and measured at fair value. Except for financial liabilities at fair value through profit or loss, transaction costs that are directly attributable to the incurrence of the financial liability are deducted from the fair value at initial measurement.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated at initial recognition as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value subsequent to initial recognition and changes in fair value are recognized in profit or loss. Transaction costs incurred in connection with issuance are recognized in profit or loss as incurred.

(b) Financial liabilities not classified as at fair value through profit or loss

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost using the effective interest rate method subsequent to initial recognition, except for the following financial liabilities

For financial liabilities that arise when the transfer of a financial asset does not meet the conditions for derecognition or when the continuing involvement approach is applied, the related liability is measured so that, if the transferred asset is measured at amortized cost, the net carrying amount of the transferred asset and the related liability is the amortized cost of the rights retained and the obligations assumed by the transferor; if the transferred asset is measured at fair value, the net carrying amount of the transferred asset and the related liability is the fair value of the rights retained and the obligations assumed by the transferor.

The related liability is measured so that the net carrying amount of the transferred asset and the related liability is the independently measured fair value of the rights and obligations retained by the transferor.

Financial guarantee liabilities (other than financial liabilities arising when the transfer of a financial asset does not meet the derecognition criteria or when the continuing involvement approach is applied) and commitments to lend at below-market rates are measured at the greater of the allowance for losses based on the expected credit loss model and the initial recognition amount less accumulated gains and losses.

(c) Derecognition of financial liabilities

A financial liability (or part of a financial liability) is derecognized from the statement of financial position only when it has been extinguished (i.e., when the contractual obligation has been discharged, canceled or expired). When an existing borrower and lender exchange debt instruments on materially different terms or when the terms of an existing financial liability (or part of a financial liability) are materially modified, the original financial liability is derecognized and a new financial liability is recognized. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to a third party and the consideration paid is recognized in profit or loss for the period.

(4) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the statement of financial position when the Company has a present and legally enforceable right of set-off against the recognized asset and liability and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(5) Classification of liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity, depending on the substance of the contract and the definitions of financial liabilities and equity instruments.

(6) Derivative financial instruments

Derivatives are initially recognized at fair value at the contract date and subsequently re-measured at fair value.

(a) Embedded derivatives

Composite contracts where the financial asset is the principal contract

A financial asset that contains an embedded derivative is classified by considering the composite contract as a whole and the embedded derivative is not recognized separately. The composite contract is also considered when determining whether the contractual cash flows consist of principal and interest only.

For other composite contracts (where the composite contract includes a principal contract that is not a financial asset), the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the principal contract and are not

If the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and a separate financial instrument with the same terms and conditions as the embedded derivative meets the definition of a derivative and changes in the fair value of the compound contract are not recognized in profit or loss, it is accounted for as a separate derivative from the host contract.

(b) Hedge accounting

The Company applies fair value hedge accounting to hedge changes in the fair value of a recognized asset or liability or all or part of an unrecognized firm commitment due to a specific risk and cash flow hedge accounting to hedge changes in the cash flows of a recognized asset or liability or highly probable forecasted transaction due to a specific risk.

To apply hedge accounting, the Company documents the hedging relationship, risk management objective, hedging strategy, hedged item, hedged risk and hedge effectiveness assessment method. Hedge effectiveness is the effect of changes in the fair value or cash flows of the hedging instrument that offset the risk of changes in the fair value or cash flows of the hedged item.

(c) Fair value hedges

Changes in the fair value of a derivative financial instrument designated as a hedging instrument and qualifying for fair value hedge accounting are recognized in profit or loss, and changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. However, if the hedged item is an equity instrument and the change in fair value is recognized in other comprehensive income

and the Group has elected to present changes in fair value in other comprehensive income, gains or losses on the hedging instrument and gains or losses on the hedged item attributable to the hedged risk are recognized in other comprehensive income. Fair value hedge accounting is discontinued when the hedging instrument is derecognized, sold, exercised or terminated, or when the conditions for applying fair value hedge accounting are no longer met. Adjustments to the carrying amount of the hedged item resulting from the hedged risk are amortized and recognized in profit or loss from the date hedge accounting is discontinued.

(d) Cash flow hedges

The portion of the change in fair value of a derivative instrument that is designated as a hedging instrument and qualifies for cash flow hedge accounting is recognized in other comprehensive income and the portion that is ineffective in hedging is recognized in profit or loss. Cash flow hedge accounting is discontinued when the hedging instrument is extinguished, sold, exercised or terminated, or when the hedge no longer meets the qualifying criteria for cash flow hedge accounting. When cash flow hedge accounting is discontinued, if the future cash flows of the hedged item are still expected to occur, the cumulative amount of the hedged item is retained in the cash flow hedge reserve until the future cash flows occur or until the hedged item is a loss and all or part of the loss is not expected to be recovered in future periods. However, when the hedged item is no longer expected to occur, the cumulative amount in the cash flow hedge reserve is recognized immediately in profit or loss.

(e) Hedges of net investment in foreign operations

In the case of a hedge of a net investment in a foreign operation, the effective portion of the hedge is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. The portion of the gain or loss recognized in other comprehensive income that is effective as a hedge is reclassified from other comprehensive income to profit or loss as a reclassification adjustment in accordance with K-IFRS 1021, "Effects of Changes in Foreign Currency Exchange Rates", when the foreign operation or a portion of the foreign operation is subsequently disposed of.

2.2.8 Inventories

We value inventories at the lower of acquisition cost and net realizable value. Net realizable value is calculated as the estimated selling price in the normal course of business less estimated additional costs of completion and selling expenses. The acquisition cost of inventories includes purchase price, conversion costs and other costs necessary to prepare inventories for use. The Company's method of determining unit costs for each classification of inventories is the gross average method.

2.2.9 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, less accumulated depreciation and accumulated impairment losses, which includes the cost of replacement when the asset meets the requirements for recognition and borrowing costs for long-term construction projects. If a major part of an item of property, plant and equipment requires periodic replacement, it is recognized as a separate asset and depreciated over its estimated useful life. In addition, all repair and maintenance costs are charged to profit or loss as incurred, provided that they meet the requirements for recognition of the asset, such as inspection fees. The present value of the estimated cost of removing, dismantling, or restoring an asset or site to its original condition after its economic use has ended is included in the acquisition cost of an item of property, plant and equipment if the requirements for recognizing a provision are met.

Depreciation expense is recognized on a straight-line basis using the following estimated useful lives

Account Subjects	Estimated useful life	Account Category	Estimated useful life
Building	15 years	Equipment	4 years
Buildings	15 years	Equipment	4 years
Machinery	4 years	Right-of-use assets (buildings)	1 to 5 years
Vehicle fleet	4 years	Right-of-use assets (vehicles)	4 to 5 years
Tools and appliances	4 years	Recovery provisions (equipment)	5 years

The estimated useful lives of right-of-use assets (buildings), right-of-use assets (vehicles), and restoration provisions (equipment) are based on the respective contractual periods.

Property, plant and equipment are derecognized when they are disposed of or when no future economic benefits are expected from their use or disposal. Gains or losses arising on derecognition are determined as the difference between the net proceeds and the carrying amount and are recognized in profit or loss when the asset is derecognized.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at least at the end of each financial year and changes are recognized prospectively.

2.2.10 Investment property

Investment property is real estate held by the Company to earn rental income, market appreciation or both and is initially measured at cost, with transaction costs included in the initial measurement. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, when it is probable that future economic benefits will flow from the asset and the cost of the asset can be measured reliably.

Land is not depreciated and investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives. The depreciation method, residual values and useful lives of investment properties are reviewed at each reporting date and changes are accounted for as changes in accounting estimates if deemed appropriate.

Substitutions of investment property are only recognized when the property's use changes and the carrying amount of the asset prior to the substitution is carried forward when a substitution occurs between investment property, property, plant and equipment and inventories.

Investment property is derecognized from the statement of financial position when it is disposed of or when the use of the investment property is permanently discontinued and no further economic benefits are expected from its disposal. Gains or losses arising on the disposal or retirement of investment property are the difference between the net proceeds and the carrying amount and are recognized in profit or loss in the period in which the disposal or retirement occurs.

2.2.11 Non-current assets held for sale

If the carrying amount of a non-current asset (or disposal group) is expected to be recovered primarily through a sale transaction rather than through continued use, it is classified as held for sale and measured at the lower of its fair value and carrying amount, and the asset is not depreciated (or amortized). Non-current assets classified as held for sale are presented separately from other assets on the statement of financial position and assets or liabilities included in a disposal group classified as held for sale are presented separately from other assets or liabilities on the statement of financial position.

2.2.12 Leases

A lease is an agreement under which the lessor transfers control of the use of an identified asset to the lessee for a specified period of time in exchange for consideration.

The Company determines, at the inception of the arrangement, whether the contract itself is a lease or whether the arrangement involves a lease.

Lessees and lessors account for each lease element of a lease or an arrangement that contains a lease separately from the non-lease elements ("non-lease elements") of the arrangement as a lease. However, in its accounting as a lessee, the Company applies the practical expedient and does not separate the non-lease elements from the lease elements and accounts for each lease element and the related non-lease elements as one lease element.

- Lessee

The Company recognizes a right-of-use asset (lease asset) representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments at the inception of the lease.

The right-of-use asset is initially measured at cost and is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. The right-of-use asset is measured at cost over the period from the inception of the lease to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term.

The right-of-use asset is classified as "Property, plant and equipment" in the statement of financial position.

Lease liabilities are measured at the inception of the lease at the present value of the lease payments not yet made as of that date. The present value measurement is based on discounting the lease payments at the lease's implied interest rate or, if the implied interest rate is not readily determinable, at the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest expense recognized on the lease liability and decreased to reflect the payment of the lease payments. Lease liabilities are remeasured when future lease payments change due to changes in indices or interest rates, changes in the amount expected to be paid under residual value guarantees, or changes in our assessment of whether it is reasonably certain that we will exercise the purchase or extension option or reasonably certain that we will not exercise the termination option. Lease liabilities are classified as either 'current portion of long-term debt' or 'long-term borrowings' in the statement of financial position.

For short-term leases, lease payments are recognized as an expense on a straight-line basis over the lease term using the practical expedient.

2.2.13 Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of an asset that requires a significant period of time to bring it to its intended use or to a saleable condition are capitalized as part of the cost of that asset. Other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of these funds.

2.2.14 Intangible assets

(1) Individually acquired intangible assets

Individually acquired intangible assets with finite useful lives are recognized at cost less accumulated amortization and accumulated impairment losses and are amortized on a straight-line basis over their estimated useful lives. The useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period and changes are accounted for as changes in accounting estimates if deemed appropriate. Individually acquired intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

(2) Internally generated intangible assets - Research and development expenditures

Expenditure on research activities is recognized as an expense in the period incurred.

Expenditure relating to development activities (or the development phase of an internal project) is recognized as an intangible asset only if the outcome of the development plan is the development of a new product or substantial improvement in functionality and the Group is satisfied that the development plan is technically and commercially achievable and the resources required can be measured reliably.

Internally generated intangible assets are initially recognized and carried at cost less accumulated amortization and accumulated impairment losses

and accumulated impairment losses.

(3) Derecognition of intangible assets

The carrying amount of an intangible asset is derecognized from the statement of financial position when the intangible asset is disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an intangible asset is determined as the difference between the net sales proceeds and the carrying amount and is recognized in profit or loss in the period in which the intangible asset is derecognized.

(4) Amortization of intangible assets

Other than membership rights, which have indefinite useful lives, intangible assets are amortized on a straight-line basis over their estimated useful lives as follows

Classification	Estimated useful life
Development costs	5 years
Other intangible assets	5 years

2.2.15 Impairment of non-financial assets

At each reporting date, we review our assets for any indicators that may indicate impairment.

. We estimate the recoverable amount of an asset whenever such indicators exist or when an asset is required to be tested for impairment on an annual basis. The recoverable amount of an asset is the greater of the net fair value of the asset or cash-generating unit and its value in use, determined on an individual asset basis or, if the cash flows of an individual asset are not generated substantially independently of the cash flows of other assets or groups of assets, the cash-generating unit to which the individual asset belongs.

If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and the carrying amount of the asset is reduced to its recoverable amount. Value in use is measured at the present value of the estimated future cash flows from the asset using a pre-tax discount rate that reflects the time value of money and the market's assessment of the risks associated with the asset. The net fair value is determined using appropriate valuation models using quoted share prices of publicly traded subsidiaries or other available fair value measures. Impairment losses are recognized in profit or loss in an expense line item consistent with the function of the impaired asset.

For assets other than goodwill, we assess at each reporting date whether there is any indication that previously recognized impairment losses no longer exist or have decreased, and if so, we estimate the recoverable amount. Previously recognized impairment losses on assets, other than goodwill, are reversed by increasing the carrying amount of the asset to its recoverable amount to the extent that there is a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized, up to the amount that would have been the carrying amount of the asset had no impairment loss been recognized.

We test intangible assets with indefinite useful lives for impairment at each reporting date and whenever events or changes in circumstances indicate that an asset may be impaired, on an individual asset or cash-generating unit basis.

2.2.16 Treasury Stock

We account for treasury stock as a deduction from shareholders' equity. Gains or losses on the acquisition, sale, issuance or cancellation of treasury stock are not recognized in the statement of comprehensive income and the difference between the carrying amount and the disposal proceeds is recorded in other comprehensive income.

2.2.17 Retirement benefits

We operate pension plans, which are generally funded through payments to funds managed by insurance companies or trustees in amounts determined by periodic actuarial calculations. We operate both defined contribution and defined benefit plans.

The cost of benefits for defined benefit plans is determined for each plan using the projected unit credit method. Remeasurement items, consisting of actuarial gains and losses, returns on plan assets, excluding amounts included in net interest, and changes in the effect of asset ceiling, excluding amounts included in net interest, are recognized in other comprehensive income when they occur and are not subsequently reclassified to profit or loss.

Past service costs are recognized as an expense on the earlier of

- When the plan is amended or curtailed
- When the related restructuring costs or termination benefits are recognized.

Net interest is determined by multiplying the net defined benefit liability (asset) by the discount rate. We recognize the service cost and net interest on the defined benefit obligation as a component of general and administrative expenses in earnings.

Contributions payable to defined contribution plans in exchange for services rendered by employees in connection with defined contribution plans are recognized in profit or loss, except to the extent that they are included in the cost of assets. Contributions payable are recognized as a liability (accrued expenses), net of contributions already paid. If the contributions already paid exceed the contributions payable for services rendered before the end of the reporting period, an asset (prepaid expenses) is recognized to the extent that future payments are reduced or cash is refunded as a result of the excess contributions.

2.2.18 Share-based compensation

The Company provides share-based compensation to its employees for their services and operates a system whereby employees are granted stock options (equity-settled share-based payment transactions). Stock-based compensation expense is measured at the grant date fair value using an appropriate valuation model. Share-based payment expense is recognized as employee benefits over the service (or performance) condition vesting period ("vesting period"), with a corresponding increase in equity. At the end of each reporting period, the measurement of cumulative compensation cost reflects an estimate of whether the vesting period has been completed and the number of equity instruments that will ultimately vest. Changes in accumulated compensation cost between the beginning of the reporting period and the end of the reporting period are recognized in the statement of comprehensive income.

Service and non-market vesting conditions are not considered in estimating the fair value of stock options at the grant date but are reflected in the estimate of the number of equity instruments that will ultimately vest, while market vesting conditions are reflected in the fair value measurement at the grant date. Other conditions attached to share-based payments (unless there is an associated service condition) are considered non-vesting conditions. Non-vesting conditions are reflected in the fair value measurement of share-based payment expense and are recognized immediately as expense if there is no service (or performance) condition.

No expense is recognized for share-based payment awards that do not ultimately vest. However, equity-settled transactions with market or non-vesting conditions are accounted for as vested if all other performance or service conditions are met, regardless of whether the market or non-vesting conditions are met.

If the terms of an equity-settled share-based payment instrument change, the expense that would have been recognized if the terms had not changed is recognized as a minimum of the expense that would have been recognized if the terms had not changed, unless the specified vesting conditions have not been met and the equity instrument is no longer vested. The effect of a modification is recognized as an additional expense if it increases the total fair value of the award or changes the terms in favor of the employee.

. When an equity-settled award is canceled, the unrecognized compensation cost that was deemed to have vested on the date of cancellation is recognized immediately.

2.2.19 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources of economic benefit will be required to settle the obligation and the amount of the obligation can be reliably estimated. If reimbursement is expected from a third party for part or all of the expenditure required to settle the provision, the amount of the reimbursement is recognized and recorded as a separate asset only when it is probable that the reimbursement will be received if we settle the obligation. The expense recognized in the statement of comprehensive income in respect of the provision is offset against the amount recognized in respect of reimbursement by the third party.

If the time value of money effect is significant, the provision is discounted at the current pre-tax interest rate that reflects the specific risk of the liability. If the provision is valued at present value, the increase in the carrying amount over time is recognized as a finance cost.

2.2.20 Revenue recognition

We recognize revenue from all contracts with customers that are within the scope of K-IFRS 1115, Revenue from Contracts with Customers, using the five-step revenue recognition model: (1) Identify the contract; (2) Identify the performance obligations; (3) Estimate the transaction price; (4) Allocate the transaction price to the performance obligations; and (5) Recognize revenue when the performance obligations are satisfied.

(1) Identification of a contract

We determine whether an arrangement with a customer that gives rise to enforceable rights and obligations is a contract and, if so, whether revenue should be recognized by further examining the following steps: identification of performance obligations.

(2) Identifying Performance Obligations

We are engaged in the business of manufacturing and selling modules such as Cartesian and linear robots and precision stages to customers. We identify performance obligations as separate and distinct if (1) the customer can obtain the benefits from the goods or services by itself or in combination with other resources readily available to the customer, and (2) the promise to transfer goods or services to the customer can be separately identified from other promises in the contract. Due to the nature of our business, activities such as design, transportation, and installation are carried out, but as activities for the manufacture and delivery of products that meet the characteristics and needs of our customers' equipment, the customer does not receive separate benefits and it is not a service that can be identified from the sale of goods in the contract, so it is not classified as a separate performance obligation.

(3) Performance obligations to be fulfilled at a point in time

Revenue from the sale of modules such as Cartesian and linear robots and precision stages is recognized when the assets are transferred and the performance obligation is satisfied. A point-in-time performance obligation is satisfied when control of the goods or services is transferred to the customer. We use the following as indicators of transfer of control to determine when we have fulfilled our performance obligations. Since the customer's equipment and facilities equipped with our products are comprehensively completed and delivered to the prime contractor, the transfer of control of our products to the customer is judged based on the time when the customer's performance inspection procedure for the products provided by us is passed.

the customer's performance inspection procedure for the products provided by the Company.

The Company has a current payment claim to the asset.

The customer has legal title to the asset

The Company has transferred physical possession of the asset.

The customer bears significant risks and rewards of ownership of the asset.

The customer has acquired the asset.

(4) Floating price

We estimate the amount to which we will be entitled to transfer promised goods or services to customers in exchange for consideration when the consideration promised in a contract includes variable amounts. The consideration may vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. Promised consideration may also fluctuate if our right to receive consideration depends on the occurrence of a future event. For example, consideration may be variable if we have promised to sell a product with a right of return or to pay a fixed amount of performance bonus upon reaching certain milestones.

(5) Significant financial elements

In determining the transaction price, we adjust the promised consideration to reflect the effect of the time value of money when the transfer of goods or services to a customer provides significant financial benefits to the customer or the entity because of the timing of payments agreed to between the parties to the contract.

However, if, at the inception of a contract, an entity expects that the period between the transfer of promised goods or services to a customer and the customer's payment for those goods or services will be less than one year, the entity applies the practical expedient of not adjusting the promised consideration (amount) to reflect the impact of a significant financial element.

(6) Allocation of transaction price

We allocate the transaction price to multiple performance obligations identified in a single contract based on their relative individual selling prices. Where individual selling prices for each performance obligation are not available, we estimate the individual selling prices as appropriate, using a mark-to-market adjustment approach.

(7) Principal versus agent

We act as a "principal" in transactions involving goods and therefore recognize revenue to the extent of the total consideration transferred as a result of the performance obligation.

2.2.21 Income Taxes

(1) Current income taxes

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (or refunded from) tax authorities using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current income taxes related to items recognized directly in equity are recognized in equity and are not reflected in the statement of comprehensive income. Management periodically assesses the recoverability of income tax refunds related to the interpretation of relevant tax regulations and establishes provisions where necessary.

(2) Deferred income taxes

We recognize deferred tax assets and deferred tax liabilities for temporary differences, which are differences between the financial reporting and tax bases of assets and liabilities for financial reporting purposes.

We recognize deferred tax liabilities for all deductible temporary differences, except as follows

- A deferred tax liability arises when goodwill is initially recognized.
- a deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect accounting or taxable profit or loss at the time of the transaction.
- Deferred tax liabilities arise from taxable temporary differences relating to investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

In addition, deferred tax assets are recognized for deductible temporary differences, unused tax credits and tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except as follows

- Deferred tax assets arise from transactions in which an asset or liability is recognized for the first time, which are not business combinations and do not affect accounting or taxable profit or loss at the time of the transaction.
- Deductible temporary differences relating to investments in subsidiaries, associates and joint ventures, where it is not probable that the temporary differences will reverse in the foreseeable future and it is not probable that sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which all or part of the deferred tax asset can be utilized. In addition, at each balance sheet date, unrecognized deferred tax assets are reviewed and previously unrecognized deferred tax assets are recognized to the extent that it is more likely than not that the deferred tax asset will be recovered against future taxable profit.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred income taxes relating to items recognized outside of profit or loss are recognized in other comprehensive income. Deferred tax items are recognized in other comprehensive income or directly in equity, depending on the transaction.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxing authority.

If tax benefits acquired as part of a business combination do not meet the criteria for separate recognition at that time but are recognized during the measurement period as a result of new information about facts and circumstances existing at the acquisition date, the deferred tax benefits are recognized. The recognized deferred tax benefit is applied to reduce the carrying amount of goodwill related to the acquisition and, if the carrying amount of goodwill is zero, the remaining deferred tax benefit is recognized in profit or loss.

2.2.22 Government grants

Government grants are recognized upon receipt of the grant and compliance with the conditions attached to the grant. Revenue-related grants are recognized as revenue on a systematic basis over the period required to match the related costs, while asset-related grants are recognized in profit or loss by reducing the depreciation expense of the related assets.

3. Critical Accounting Judgments, Estimates and Assumptions

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. However, uncertainties in these estimates and assumptions could result in material adjustments to the carrying amounts of assets and liabilities at the date of the financial statements. The following are the estimates and assumptions that are significant risks that could result in adjustments to the carrying amounts of assets and liabilities in the next financial year

(1) Impairment of non-financial assets

We assess all non-financial assets at each reporting date for the existence of any indicators of impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or whenever there is an indication of impairment. Other non-financial assets are tested for impairment whenever there is an indication that the carrying amount may not be recoverable. To calculate value in use, management estimates the future cash flows expected to arise from the asset or cash-generating unit and selects an appropriate discount rate to calculate the present value of those future cash flows.

(2) Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilized. Management makes key judgments in determining the amount of deferred tax assets that can be recognized based on future tax strategies and the timing and level of taxable profits.

(3) Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined by applying valuation techniques, including the discounted cash flow method, where significant estimates are required for inputs used in these valuation techniques where observable market information is not available. These judgments include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in these factors could affect the fair value of the financial instruments.

(4) Retirement benefit plans

The present value of a defined benefit pension plan is determined using actuarial valuation methods. The application of actuarial valuation methods requires making various assumptions. These assumptions include determining the discount rate, future wage growth, mortality rates, and future pension growth rates. Due to the complexity of the valuation methodology, the underlying assumptions and the long-term nature of the projected benefit obligation, the defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(5) Leases

We consider all relevant facts and circumstances that give rise to an economic incentive to exercise an extension option or not to exercise a termination option when estimating the term of a lease. The period covered by an extension option (or the period covered by a termination option) is included in the lease term only if it is reasonably certain that the lessee will (or will not) exercise the extension option.

The lease term is reassessed when the option is actually exercised (or not exercised) or the Company becomes obligated to exercise (or not exercise) the option. The Company changes its judgment about whether it is reasonably certain that it will (or will not) exercise the extension option only when there is a significant event or significant change in circumstances that is within the lessee's control and affects the estimation of the lease term.

4. Segment Information

(1) The types of products and services from which the reporting segment derives revenue.

The Company's operating segments are determined by management, which makes strategic decisions, and are principally comprised of orthogonal bots and linear robots, industrial articulated robots, collaborative robots, industrial robot solutions and precision stages.

(Unit: KRW 10,000)		
Business Segment	2019	2019
Robotics Division Sales	11,537,147	16,650,149
Robot Solution Division Sales	766,913	201,927
Total	12,304,060	16,852,076

(2) Information on geographic regions

The Company operates in the Republic of Korea, where its headquarters is located, and its sales by region for the years ended December 31, 2019 and 2018 are as follows

(Unit: Korean Won)		
Business segment	December 31, 2019	December 31, 2019
Republic of Korea	12,198,800	16,825,797
China	20,021	26,279
Singapore	85,239	-
Total	12,304,060	16,852,076

(3) Information on major customers

Revenues from major customers accounting for 10% or more of our revenues for the years ended December 31, 2017, 2016 and 2015 were as follows

(Unit: thousand won)		
Customer	December 31, 2019	December 31
Customer A	1,775,405	1,803,167
Customer B	911,319	2,037,626
Customer C	801,877	4,070,598
Total	3,488,601	7,911,391

5. Cash and cash equivalents and short-term financial instruments

(1) Cash and cash equivalents as of December 31, 2019 and 2018 are as follows

(Unit: Korean Won)		
Classification	December 31, 2019	December 31, 2018
Cash	1	1
Ordinary deposits	1,593,498	1,149,916
Total	1,593,499	1,149,917

(2) Short-term financial instruments as of December 31, 2019 and 2018 are as follows

(Unit: Korean Won)		
Classification	December 31, 2019	December 31, 2018
Time deposits	3,742,548	4,060,912

6. Trade and other receivables

(1) Trade and other receivables as of December 31, 2019 and 2018 are as follows

(in thousands of Korean won)						
Classification	December 31, 2019			December 31, 2018		
	Gross carrying amount	Allowance for doubtful accounts Present value discount	Net carrying amount	Gross carrying amount	Allowance for doubtful accounts Discounted present value	Net carrying amount
Trade and other receivables						
Trade and other receivables	4,749,971	(884,177)	3,865,794	4,732,675	(927,786)	3,804,889
Trade and other receivables	129,662	(129,662)	- -	186,234	(39,404)	146,830
Unearned revenue	48,130	- - 48,130	48,130	38,188	- 38,188	38,188
Security deposits	326,000	(5,130)	320,870	-	- - -	-Total
Subtotal	5,253,763	(1,018,969)	4,234,794	4,957,097	(967,190)	3,989,907
Long-term trade and other receivables						
Lease deposits	11,083	(2,304)	8,779	332,083	(12,283)	319,800
Other deposits	350	- - 350	350	350	-Other deposits	350
Subtotal	11,433	(2,304)	9,129	332,433	(12,283)	320,150
Total	5,265,196	(1,021,273)	4,243,923	5,289,530	(979,473)	4,310,057

(2) Credit risk and allowance for doubtful accounts

The above trade and other receivables are measured at amortized cost. The Company establishes an allowance for doubtful debts based on individualized analysis for receivables with individually identifiable indicators of impairment and an allowance for doubtful debts for other receivables based on the Company's loss experience rate.

(3) The carrying amounts of trade and other receivables by age as of December 31, 2019 and 2018 are as follows

(In thousands of Korean won)								
Age	December 31, 2019				December 31, 2018			
	Amount of receivables	Impaired amount	Present value Discount	Carrying amount	Amount of receivables	Impaired amount	Present value Discount difference	Carrying amount
6 months or less	3,819,075	(41,047)	(96)	3,777,932	3,579,960	(36,330)	(1,273)	3,542,357
More than 6 months Less than 1 year	103,442	(24,228)	-	79,214	432,637	(73,151)	(1,350)	358,136
Over 1 year	1,342,679	(948,563)	(7,338)	386,778	1,276,933	(857,709)	(9,660)	409,564
Total	5,265,196	(1,013,838)	(7,434)	4,243,924	5,289,530	(967,190)	(12,283)	4,310,057

(4) Changes in the allowance for doubtful accounts for trade and other receivables for the years ended December 31, 2019 and 2018 are as follows

(in thousands of Korean won)		
Classification	December 31, 2019	December 31, 2019
Beginning balance	967,190	823,941
Amortization	46,649	143,249
Ending balance	1,013,839	967,190

7. Inventories

The valuation of inventories as of December 31, 2019 and 2018 is as follows

(Unit: Korean Won)						
Category	December 31, 2019			December 31, 2019		
	Carrying amount	Valuation allowance	Carrying amount	Carrying amount	Valuation allowance	Carrying amount
Trade and other	200,451	(10,938)	189,513	112,716	(19,832)	92,884
Products	64,513	(5,674)	58,839	107,166	(5,654)	101,512
Raw materials	1,868,568	(189,138)	1,679,430	1,854,329	(264,088)	1,590,241
Total	2,133,532	(205,750)	1,927,782	2,074,211	(289,574)	1,784,637

8. Other current assets

Other current assets as of December 31, 2019 and 2018 are as follows

(Unit: Korean Won)		
Classification	December 31, 2019	December 31, 2019
Prepayments	20,020	355
Prepaid taxes	24,355	11,809
Prepaid expenses	9,048	9,115
Total	53,423	21,279

9. Property, plant and equipment

(1) The carrying amounts of property, plant and equipment as of December 31, 2019 and 2018 are as follows

(Unit: KRW 1,000)								
Classification	December 31, 2019				December 31			
	Acquisition cost	Accumulated depreciation	Government grants	Carrying amount	Acquisition cost	Accumulated depreciation	Government grants	Carrying amount
Machinery and equipment	971,194	(919,900)	(8,044)	43,250	966,744	(871,798)	(10,969)	83,977
Vehicle Operations	107,238	(59,829)	- (59,829)	47,409	107,238	(35,095)	-	72,143
Tools and instruments	154,523	(154,499)	-(154,499)	24	154,523	(153,729)	-(153,729)	794
Equipment	358,116	(287,257)	(36,704)	34,155	307,339	(268,157)	(19,668)	19,514
Facilities and equipment	469,296	(468,160)	-	1,136	469,296	(466,451)	-(466,451)	2,845
Right-of-use assets (vehicles)	99,697	(44,388)	-\$55,309	55,309	99,697	(19,464)	-(19,464)	80,233
Right-of-use assets (buildings)	428,140	(177,929)	-	250,211	1,772,487	(1,587,718)	-(1,587,718)	184,769
Recovery provisions (equipment)	19,400	(19,400)	-	-	19,400	(17,137)	-(17,137)	2,263
Total	2,607,604	(2,131,362)	(44,748)	431,494	3,896,724	(3,419,549)	(30,637)	446,538

(2) Significant changes in the Company's property, plant and equipment for the years ended December 31, 2019 and 2018 are as follows

(in thousands)

(Unit: KRW 1,000)					
Item	Carrying amount	Acquisition (including capital expenditure Capital expenditures)	Depreciation	Replacement	Ending carrying amount
Machinery	94,946	4,450	(48,102)	-(48,102)	51,294
Government grants (machinery)	(10,969)	-	2,925	-(2,925)	(8,044)
Vehicle fleet	72,143	-(24,734)	(24,734)	- (24,734)	47,409
Tools and instruments	794	-(794)	(770)	- (770)	24
Equipment	39,182	5,745	(19,099)	45,032	70,860
Government grants (equipment)	(19,668)	-	7,963	(25,000)	(36,705)
Facilities and equipment	2,845	-(1,709)	(1,709)	- (1,709)	1,136
Assets under construction	-	27,800	-(27,800)	(27,800)	-(27,800)
Government grants (assets under construction)	-	(25,000)	-	25,000	-25,000
Right-of-use assets (vehicles)	80,233	-(24,924)	(24,924)	- (24,924)	55,309
Right-of-use assets (buildings)	184,769	428,140	(362,698)	-	250,211
Recovery provisions (equipment)	2,263	-(2,263)	(2,263)	-	-(2,263)
Total	446,538	441,135	(473,411)	17,232	431,494

Electricity

(Unit: KRW 10,000)						
Class	Carrying amount	Acquisition (including capitalized expenditures) Capital expenditures	Disposals	Depreciation	Substitutions	Ending carrying amount
Machinery and equipment	111,732	53,385	-(70,171)	(70,171)	- (70,171)	94,946
Government grants (machinery)	-	-	-	731	(11,700)	(10,969)
Vehicle fleet	96,877	-	-	(24,734)	-(24,734)	72,143
Tools and instruments	21,093	-	-(20,299)	(20,299)	- (20,299)	794
Equipment	51,038	14,707	(35)	(26,529)	- (26,529)	39,181

Government grants (supplies)	(15,112)	--	--	5,374	(9,930)	(19,668)
Facilities and equipment	72,004	--	-(69,159)	(69,159)	-(69,159)	2,845
Right-of-use assets (vehicles)	36,260	62,972	--	(18,998)	-(18,998)	80,234
Right-of-use assets (buildings)	538,169	5,466	-(358,866)	(358,866)	-(358,866)	184,769
Recovery provisions (equipment)	6,143	--	--	(3,880)	-(3,880)	2,263
Total	918,204	136,530	(35)	(586,531)	(21,630)	446,538

10. Intangible assets

(1) The carrying amounts of intangible assets as of December 31, 2019 and 2018 are as follows

(in thousands of Korean won)								
Account Category	December 31, 2019				December 31, 2018			
	Acquisition cost	Accumulated amortization	Impairment (disposal) Total	Carrying amount	Acquisition cost	Accumulated amortization	Impairment (disposal) Accumulated	Carrying amount
Patent rights	39,400	(39,400)	--	-(39,400)	39,400	(39,400)	-(39,400)	-(39,400)
Software	266,871	(261,695)	(1,500)	3,676	265,721	(255,462)	(1,500)	8,759
Total	306,271	(301,095)	(1,500)	3,676	305,121	(294,862)	(1,500)	8,759

(2) Changes in intangible assets for the years ended December 31, 2019 and 2018 are as follows

(in thousands)

(Unit: Korean Won)				
Item	Amount	Acquisition amount	Amortization of intangible assets	Amortization expense
Software	8,759	1,150	(6,233)	3,676

Electricity

(Unit: KRW 10,000)			
Subject	Amortization expense	Amortization of intangible assets	Amortization expense
Software	21,781	(13,022)	8,759

(3) For the years ended December 31, 2019 and 2018, ordinary research and development expenses incurred were recorded as selling, general and administrative expenses and amounted to W321,057 thousand and W311,715 thousand, respectively.

11. Trade and other payables

Trade and other payables as of December 31, 2017 and 2016 were as follows

(Unit: thousand won)				
Total	December 31, 2019		December 31	
	Current	Non-current	Current	Noncurrent
Trade payables	2,611,878	Non-current	3,053,320	----- Trade payables

Accounts payable	429,832	-----	386,070	--- Accrued expenses
		Trade payables		
Accrued expenses	140,654	---	121,455	-Total
Total	3,182,364	-Total	3,560,845	-Other current liabilities

12. Other current liabilities

Other current liabilities as of December 31, 2019 and 2018 are as follows

(Unit: Korean Won)			
Classification	December 31, 2019		December 31, 2018
Advances		35,194	1,030
Deposits		30,967	28,202
Total		66,161	29,232

13. Employee Benefits

The Company operates two retirement benefit plans for employees: a defined benefit plan for executives and a defined contribution plan for employees. The defined benefit plan provides for payment of the final three-month average salary per year of service multiplied by the payout ratio upon retirement. The actuarial valuation of the defined benefit obligation was performed by qualified independent actuaries using the projected unit credit method.

(1) The defined benefit obligations as of December 31, 2019 and 2018 are as follows

(in thousands of Korean won)		
Classification	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	709,053	426,042
Fair value of plan assets	(407,233)	(254,409)
Defined benefit liability on the statement of financial position	301,820	171,633

(2) As of December 31, 2019 and 2018, plan assets consisted of the following items

(Unit: thousand won)		
Classification	Current year	December 31, 2018
Term deposits	407,233	254,409

(3) Significant actuarial assumptions are as follows

(Unit: thousand won)		
Classification	Current year	Previous year
Discount rate	3.74	4.74
Future wage growth rate	6.40	6.40

(4) Changes in the Company's retirement benefits for the year ended December 31, 2019 are as follows

(Unit: thousand won)		
Classification	Current year	Previous year
Total	426,042	448,325
Current service cost	103,942	130,104
Interest expense	19,429	24,012
Remeasurements:		
- Actuarial gains and losses	159,640	(176,399)
Amount at the end of the reporting period	709,053	426,042

(5) Changes in the Company's plan assets for the year ended December 31, 2019 are as follows

(Unit: thousand won)		
Classification	December 31, 2019	December 31, 2018
Beginning balance	254,409	120,840
Interest income	13,642	9,241
Remeasurements:		
- Return on plan assets, net of amounts included in interest income .	(5,386)	(3,814)
Contributions:		
- Employers .	144,568	128,142
Amount at the end of the reporting period	407,233	254,409

(6) The postretirement benefits recognized in connection with defined contribution plans for the years ended December 31, 2019 and 2018 are as follows

(in thousands of Korean won)		
Classification	2019	December 31, 2018
Cost of sales	36,824	28,386
General and administrative expenses	29,939	26,989
Research and development expenses	23,629	20,415
Total	90,392	75,790

14. Capital Stock

(1) The Company's capital stock as of December 31, 2019 and 2018 is as follows

	December 31, 2019	December 31
Number of shares to be issued	50,000,000 shares	50,000,000 shares
Par value per share	500,000	500
Number of Shares Issued	7,498,324 shares	7,498,324 shares
Capital Stock	3,749,162,000	3,749,162,000

(2) Capital surplus as of December 31, 2019 and 2018 is as follows

(Unit: Korean Won)		
	December 31, 2019	December 31, 2019
Share premium	3,492,027	3,492,027
Other capital surplus	326,359	326,359
Total	3,818,386	3,818,386

15. Retained earnings

(1) Retained earnings as of December 31, 2019 and 2018 are as follows

(Unit: Korean Won)		
Classification	December 31, 2019	December 31, 2018
Retained earnings	136,039	136,039
Retained earnings	1,112,185	800,789
Total	1,248,224	936,828

(2) The statements of disposition of retained earnings for the years ended December 31, 2019 and 2018 are as follows

(Unit: KRW)				
Subject	21st (current) period		20th (Previous)	
	(Scheduled disposal date: March 31, 2025)		(Disposition confirmed: March 29, 2024)	
Undisposed retained earnings		1,112,185,248		800,789,112
Unappropriated retained earnings carried forward from prior periods (unrecognized losses)	800,789,112		(1,607,167,398)	
Remeasurement of defined benefit plans	(75,058,168)		97,679,135	
		Remeasurement of defined benefit plans		
Net income	386,454,304		2,310,277,375	
Disposal of retained earnings		-		- - -
Retained earnings carried forward		1,112,185,248		800,789,112

16. Revenue and cost of sales

(1) Sales for the years ended December 31, 2019 and 2018 were as follows

(Unit: KRW in thousands)		
Category	December 31, 2019	December 31, 2018
Sales of goods	300,763	201,927
Product sales	12,003,297	16,650,149
Total	12,304,060	16,852,076

(2) Cost of sales for the years ended December 31, 2019 and 2018 are as follows

(Unit: KRW in thousands)		
Category	December 31, 2019	December 31, 2018
Cost of goods sold		
Inventories	112,716	159,501
Purchases of goods during the year	333,824	107,203
Reversal of valuation allowance (reversal)	(8,894)	19,832
Inventories	(200,451)	(112,716)
Subtotal	237,195	173,820
Cost of goods sold		
Basic product inventories	107,166	133,153
Cost of goods manufactured	9,224,804	13,043,921
Transfers to other accounts	(18,669)	- (18,669)
Reversal of valuation allowance (reversal)	(74,929)	(68,488)
Ending product inventories	(64,513)	(107,166)
Subtotal	9,173,859	13,001,420
Total	9,411,054	13,175,240

17. Selling, general and administrative expenses

SG&A expenses for the years ended December 31, 2019 and 2018 are as follows

(Unit: thousand won)		
Category	December 31, 2019	December 31, 2019
Salaries	1,081,889	908,566
Miscellaneous	-Other	5,302
Retirement benefits	139,669	171,864
Welfare expenses	89,594	92,862
Travel and transportation	8,751	5,349
Entertainment expenses	64,753	58,318
Communication expenses	6,321	7,272
Water and utilities	7,395	6,050
Electricity	12,425	12,636
Taxes and utilities	26,440	21,740
Depreciation	248,150	317,898
Rent expense	836	414
Insurance premiums	19,018	15,803
Vehicle maintenance	24,634	15,846
Research and development expenses	321,057	311,715
Transportation expenses	80,144	75,232
Education and training expenses	208	208
Book printing	8,473	2,369
Supplies	11,630	9,118
Commissions paid	333,272	234,201
Bad debt expense	46,649	143,249
Amortization of intangible fixed assets	6,233	13,022
Total	2,537,541	2,429,034

18. Other income

Other income for the years ended December 31, 2019 and 2018 is as follows

(in thousands of Korean won)		
and Neck	December 31	December 31
Miscellaneous income	73,259	82,729
Gain on disposal of property, plant and equipment	-Gain on disposal of property, plant and equipment	278
Total	73,259	83,007

19. Other expenses

Other expenses for the years ended December 31, 2019 and 2018 are as follows

(Unit: KRW 1,000)		
Category	December 31, 2019	December 31, 2019
Miscellaneous losses	6,533	503

20. Classification of expenses by nature

The classification of major expense items by nature for the years ended December 31, 2019 and 2018 is as follows

(Unit: thousand won)		
Classification	Current year	December 31, 2019
Changes in products	24,005	26,726
Changes in goods	(96,628)	66,617
Raw materials used	7,997,517	11,295,993
Purchase of goods	333,824	107,203
Payroll	1,449,913	1,350,841
Retirement benefits	176,493	200,250
Welfare expenses	122,567	136,246
Depreciation	473,411	586,532
Amortization of intangible assets	6,233	13,022
Outsourcing expenses	299,001	664,657
Bad debt expense	46,649	143,249
Commissions paid	348,658	265,513
Research and development expenses	321,057	311,715
Other expenses	445,896	435,711
Total	11,948,596	15,604,275

21. Finance income and finance expense

The following table summarizes the financial income and financial expense recognized in profit or loss for the years ended December 31, 2017, 2016 and 2015

(Unit: thousand won)		
Classification	Current year	December 31, 2019
<Financial income		
Interest income	181,688	122,313
Foreign exchange gain	1,264	1,144
Gain on foreign currency translation	2,260	-Gain on foreign currency translation
<Financial income	185,212	123,457
<Financial expenses		
Interest expense	19,728	24,799
Foreign exchange losses	2,416	914
Loss on foreign currency translation	-----	134
	Loss on foreign currency translation	
<Financial expenses	22,144	25,847

22. Income taxes

(1) Income tax expense is as follows

(Unit: thousand won)		
Year Minutes	Current period	Previous year
Current income taxes		
Current income taxes on profit or loss	--	---
Adjustments to prior period income taxes	- - Income taxes	2,489
Total current income taxes	-Total current income taxes	2,489
Deferred income taxes		
Increase in temporary differences	108,838	(809,943)
Income taxes recognized directly in equity	89,967	(74,906)
Total deferred income taxes	198,805	(884,849)
Income tax expense (benefit)	198,805	(882,360)

(2) Income tax expense charged directly to equity for the years ended December 31, 2017, 2016 and 2015 was as follows

(in thousands of Korean won)		
Year Minutes	Current period	
Remeasurement of net defined benefit liability	89,967	(74,906)

(3) The relationship between profit before income taxes and income tax expense is as follows

(in thousands of Korean won)		
Year	Minutes	
	Current period	Previous year
Net loss before income taxes(A)	585,259	1,427,917
Income tax expense at the applicable tax rate	100,319	276,435
Income tax effect:		
- Non-deductible expenses	42,535	1,281
- Use of unrecognized tax losses.	-	(321,848)
- Change in deferred tax assets	- (321,848)	(884,849)
- Other	55,951	46,621
Income tax expense (benefit)(B)	198,805	(882,360)
Effective tax rate (C=B/A)(*)	33.97	--

(*) The effective tax rate was not calculated for the year ended December 31, 2019 due to the accrual of income taxes.

(4) Changes in temporary differences and deferred tax assets (liabilities) for the years ended December 31, 2019 and 2018 are as follows

Current year

(Unit: Korean Won)				
Distinctions	基本	Incremental	End of period	Deferred tax assets (liabilities)
Accrued expenses	99,325	19,199	118,524	24,771
Allowance for doubtful accounts	1,117,529	47,041	1,164,570	243,395
Impairment losses on other receivables	246,625	-246,625	246,625	51,545
Lease liabilities	306,557	5,374	311,931	65,194
Right-of-use assets	(265,001)	(40,519)	(305,520)	(63,854)
Inventory valuation allowance	289,574	(83,824)	205,750	43,002
Provision for retirement benefits	426,042	283,011	709,053	148,192
Retirement benefits	(254,409)	(152,824)	(407,233)	(85,112)
Impairment loss on investments in associates	2,085,000	- - - - Impairment loss on investments in associates	2,085,000	435,765
Impairment loss on investments held for sale	874,802	- Impairment losses	874,802	182,834
Other	(362,717)	8,235	(354,482)	(74,086)
Temporary differences subtotal	4,563,327	85,693	4,649,020	971,646
Tax loss carryforwards	2,232,618	(510,640)	1,721,978	170,476
Tax loss carryforwards	177,583	-177,583	177,583	177,583
Unrecognized deferred tax assets	(2,959,802)	-	(2,959,802)	(618,599)
Total	4,013,726	(424,947)	3,588,779	701,106

Electricity

(Unit: KRW 10,000)				
Classification	Basic	Increase	End of period	Deferred tax assets (liabilities)
Accrued expenses	100,157	(832)	99,325	20,759
Allowance for doubtful accounts	959,594	157,935	1,117,529	233,563

Impairment loss on other receivables	246,625	-246,625	246,625	51,545
Lease liabilities	621,024	(314,467)	306,557	64,070
Right-of-use assets	(574,428)	309,427	(265,001)	(55,385)
Provision for inventory valuation	338,230	(48,656)	289,574	60,521
Provision for retirement benefits	448,325	(22,283)	426,042	89,043
Retirement benefits	(120,842)	(133,567)	(254,409)	(53,172)
Impairment loss on investments in associates	2,085,000	----- ----- Impairment loss on investments in associates	2,085,000	435,765
Impairment loss on investments held for sale	874,802	-Impairment losses	874,802	182,834
Other	(347,146)	(15,571)	(362,717)	(75,808)
Temporary differences subtotal	4,631,341	(68,014)	4,563,327	953,735
Tax loss carryforwards	3,772,559	(1,539,941)	2,232,618	297,224
Tax loss carryforwards	177,583	-----	177,583	177,583
Unrecognized deferred tax assets	(8,581,483)	5,621,681	(2,959,802)	(618,599)
Total	-	4,013,726	4,013,726	809,943

(5) The timing of recovery and settlement of deferred tax assets and liabilities as of December 31, 2019 and 2018 is as follows

(Unit: thousand won)			
Year	Minutes	December 31, 2019	December 31, 2019
	Deferred tax assets		
	Deferred tax assets to be settled within 12 months	539,977	663,860
	Deferred tax assets to be settled after 12 months	424,922	367,389
	Deferred tax assets before offset	964,899	1,031,249
	Deferred tax liabilities		
	Deferred tax liabilities to be settled within 12 months	(10,059)	(7,981)
	Deferred tax liabilities to be settled after 12 months	(253,734)	(213,325)
	Deferred tax liabilities before offset	(263,793)	(221,306)
	Deferred tax asset (liability) after offsetting	701,106	809,943

(6) As of December 31, 2019 and 2018, the Company did not recognize deferred tax assets and liabilities as follows

(Unit: Korean Won)				
Year	Minutes	December 31, 2019	December 31, 2019	Expiration date
	Temporary differences to be deducted	2,959,802	2,959,802	More than one year

23. Earnings per share

(1) Basic Earnings Per Share

The calculation of basic earnings per share for the years ended December 31, 2019 and 2018 is as follows

(Unit: KRW, shares)		
Classification	Current year	December 31, 2019
Net income	386,454,304	2,310,277,375
Net income attributable to common stockholders	386,454,304	2,310,277,375
÷Weighted average number of common shares outstanding (*)	7,498,324	7,498,324
Basic earnings per share	52	308

(*) As there was no change in the number of shares during the years ended December 31, 2019 and 2018, the weighted average number of shares outstanding is the same as the number of shares issued.

(2) Diluted earnings per share

Basic and diluted earnings per share are the same for the current and prior years.

24. Cash Flow Statement

(1) Cash flows generated from operations for the years ended December 31, 2019 and 2018 are as follows

(in thousands of Korean won)				
Classification	December 31, 2019		December 31, 2019	
A. Net income		386,454		2,310,277
B. Adjustments		586,784		(140,995)
Bad debt expense	46,649		143,249	
Gain on foreign currency translation	(2,260)		-(2,260)	
Loss on foreign currency translation	(2,260) - Loss on foreign currency translation		134	
Gain on disposal of property, plant and equipment	- - Gain on disposal of property, plant and equipment		(278)	
Depreciation expense	473,411		586,532	
Amortization of intangible assets	6,233		13,022	
Retirement benefits	109,730		144,875	
Interest income	(181,688) Interest income		(122,313)	
Interest expense	19,728		24,799	
Income tax expense	198,805		(882,360)	
Loss on valuation of inventories	20		20,571	
Reversal of inventory valuation losses	(83,844)		(69,226)	
C. Changes in assets and liabilities due to operating activities		(515,091)		988,539
Decrease (increase) in trade receivables	(15,037)		1,339,415	
Decrease in accounts receivable	38,188		7,493	
Decrease (increase) in accounts receivable	56,572		(86,549)	

Decrease (increase) in prepayments	(19,664)		18,948	
Increase in prepaid expenses	(12,479)		(4,817)	
Decrease (increase) in inventories	(76,553)		356,499	
Decrease in trade payables	(441,441)		(475,886)	
Increase (decrease) in accounts payable	43,762		(33,667)	
Increase (decrease) in accrued expenses	19,199		(833)	
Increase (decrease) in prepaid expenses	34,165		(3,205)	
Increase (decrease) in deposits	2,765		(717)	
Increase (decrease) in plan assets	(144,568)		(128,142)	
Total		458,147		3,157,821

(2) Significant non-cash investing and non-cash financing activity transactions not included in the statements of cash flows for the years ended December 31, 2017, 2016 and 2015 are as follows

(in thousands of Korean won)		
Classification	2019	December 31, 2019
Substitution of current portion of lease liabilities	24,471	245,119
Substitution of current portion of security deposit	326,000	-326,000

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows

(in thousands)

(Unit: KRW thousand)						
Classification	Beginning	Financing activities Cash flows	Acquisitions	Amortization	Replacements	End of period
Liquidity						
Current lease liabilities	247,793	(428,353)	419,411	14,315	24,471	277,637
Non-current						
Non-current lease liabilities	58,764	-	-	-	(24,471)	34,293
Total	306,557	(428,353)	419,411	14,315	-Total	311,931

Electricity

(Unit: KRW 10,000)						
Distinctions	Fundamentals	Financing activities Cash flows	LeasesNew Contracts	Interest expense	Substitutions	End of period
Liquidity						
Current lease liabilities	372,869	(404,811)	9,817	24,799	245,119	247,793
Non-current						
Non-current lease liabilities	248,155	Non-current lease liabilities	55,728	Non-current lease liabilities	(245,119)	58,764
Total	621,024	(404,811)	65,544	24,799	-	306,557

25. Classification of financial instruments by category and gains and losses

(1) The carrying amounts of financial instruments by category as of December 31, 2019 and 2018 are as follows

(in thousands of Korean won)		
Category	December 31, 2019	
	Financial assets at amortized cost	Financial assets at amortized cost
Current assets		
Cash and cash equivalents	1,593,499	1,149,918
Short-term financial instruments	3,742,548	4,060,912
Trade and other receivables	3,913,925	3,989,907
Lease deposits	320,870	- 320,870
Subtotal	9,570,842	9,200,737
Non-current assets		
Lease deposits	8,779	319,800
Other deposits	350	350
Subtotal	9,129	320,150

(*) Amounts exclude security deposits.

(2) As of December 31, 2019 and 2018, financial liabilities by category were as follows

(Unit: Korean Won)		
Category	December 31, 2019	
	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Current liabilities		
Trade and other payables	3,182,364	3,560,845
Current lease liabilities	277,637	247,793
Subtotal	3,460,001	3,808,638
Non-current liabilities		
Non-current lease liabilities	34,293	58,764

(3) For the years ended December 31, 2019 and 2018, the Company recognized gains and losses by category of financial instruments as follows

(in thousands)

(Unit: Korean Won)			
Category	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Selling, general and administrative expenses :			
Bad debt expense	46,649	- -	46,649
Finance income :			
Interest income	181,688	-Interest income	181,688
Gain on foreign currency translation	2,260	- -	2,260
Gain on foreign currency translation	1,264	-1,264	1,264
Total finance income	185,212	-185,212	185,212
Financial expenses :			
Interest expense .	-Interest expense	19,728	19,728
Foreign exchange losses	2,416	- - -	2,416
Total financial expenses	2,416	19,728	22,144
Net gain (loss)	182,796	(19,728)	163,068

Electricity

(Unit: Korean Won)			
Classification	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Selling, general and administrative expenses :			
Bad debt expense	143,249	----- Bad debt	143,249
Finance income :			
Interest income	122,313	-Interest income	122,313
Foreign exchange gain	1,144	- -	1,144
Total financial income	123,457	-123,457	123,457
Finance costs :			
Interest expense	-Interest expense	24,799	24,799
Foreign exchange losses	914	- - -	914
Loss on foreign currency translation	134	-134	134
Total financial expenses	1,048	24,799	25,847
Net gains and losses	122,409	(24,799)	97,610

26. Risk Management

In connection with our financial instruments, we are exposed to credit risk, liquidity risk and market risk. This note provides information about the above risks to which we are exposed and discloses our risk management objectives, policies, risk assessment and management procedures and capital management. Additional quantitative information is disclosed throughout these financial statements.

(1) Risk management policies

The objective of our risk management is to identify potential risks that affect our financial performance and to reduce, eliminate or avoid them to an acceptable level. We have enterprise-wide risk management policies and procedures in place, and our Finance function has overall responsibility for risk management.

(2) Credit Risk Management

We are exposed to the credit risk that one party to a financial instrument will fail to fulfill its obligations, resulting in financial loss to the other party. To manage credit risk, our management believes that we only do business with counterparties that have a certain level of creditworthiness and have policies and procedures in place to enhance the credit quality of our financial assets. We report on the status of delinquent financial assets and recovery measures on a quarterly basis and take appropriate action depending on the reason for the delay.

The carrying amounts of financial assets represent the maximum exposure to credit risk. As of December 31, 2019 and 2018, the Company's maximum exposure to credit risk was as follows

(in thousands of Korean won)		
Category	December 31, 2019	December 31, 2018
Cash and cash equivalents	1,593,499	1,149,918
Short-term financial instruments	3,742,548	4,060,912
Trade and other receivables	5,253,763	4,957,097
Long-term trade and other receivables	11,433	332,433
Total	10,601,243	10,500,359

(*) Trade and other receivables are net of allowances and present value discount.

(3) Liquidity Risk Management

We are exposed to liquidity risk, which is the risk that we will have difficulty meeting our obligations related to financial liabilities that are settled by the delivery of financial assets, such as cash. To manage liquidity risk, the Group's management establishes short-, medium- and long-term cash management plans and continuously analyzes and reviews budgeted and actual cash outflows to match the maturity of financial liabilities and financial assets. The Company's management believes that the Company's financial liabilities are repayable from cash flows from operating activities and cash inflows from financial assets. The contractual maturities of financial liabilities as of December 31, 2019 and 2018 are as follows. Contractual cash flows include interest payments and do not include the effect of netting arrangements.

(in thousands of Korean won)					
Financial liabilities	Carrying amount	Contractual cash flows	Remaining contractual maturity		
			Less than 3 months	3 months - 1 year	1 year - 5 years
Current year end:					
Accounts payable	2,611,878	2,611,878	1,901,411	710,467	----- Accounts payable
Accounts payable	429,832	429,832	324,646	105,186	----- ----- Accrued expenses
Accrued expenses	140,654	140,654	3,999	136,655	----- ----- ----- Current lease liabilities

Current lease liabilities	277,637	284,442	113,676	170,766	Non-current lease liabilities
Non-current lease liabilities	34,293	37,179	-	- - - Non-current lease liabilities	37,179
Total	3,494,294	3,503,985	2,343,732	1,123,074	37,179
December 31, 2019					
Accounts payable	3,053,320	3,053,320	2,446,342	606,977	----- Accounts payable
Accounts payable	386,070	386,070	302,634	83,436	-.
Accrued expenses	121,455	121,455	57,885	63,571	-
Current lease liabilities	247,793	259,947	103,378	156,569	-156,569
Non-current lease liabilities	58,764	66,090	-	- - - Non-current lease liabilities	66,090
Total	3,867,402	3,886,883	2,910,239	910,553	66,090

(4) Market risk management

1) Foreign exchange risk

The Company is exposed to the risk of fluctuations in foreign exchange rates, including the USD, in connection with transactions involving the importation of raw materials for the manufacture of products and the exportation of products and commodities.

As of December 31, 2019 and 2018, the Company's monetary assets and liabilities denominated in foreign currencies were as follows

December 31, 2019

(Unit: Korean Won)	
Classification	Amount
Assets :	
Trade and other receivables	243,964
Liabilities :	
Trade and other payables	6,996
Net assets (liabilities)	236,968

December 31, 2019

(Unit: thousand won)	
Classification	Amount
Assets :	
Trade and other receivables	207,333
Liabilities :	
Trade and other payables	6,996
Net assets (liabilities)	200,338

The table below shows the sensitivity to a 10% change in the exchange rate of the Korean won against each foreign currency. 10% is the sensitivity ratio applied in reporting foreign currency risk internally to key management personnel and represents management's assessment of reasonably possible changes in foreign exchange rates.

The sensitivity analysis includes only monetary items denominated in foreign currencies that have not been settled and adjusts foreign currency translations based on a 10% change in exchange rates at the end of the reporting period. In the table below, a positive number (+) indicates an increase in profit or loss and other equity items for a 10% increase in the Korean won against the relevant currency. The impact on profit or loss and equity would be similar to the table below, but would be negative (-) if the Korean won depreciated by 10% against the relevant currency.

(Unit: KRW)				
Category	December 31, 2019		December 31, 2019	
	10% appreciation	10% down	At 10% up	10% down
Net Assets	Net assets	(23,697)	20,034	(20,034)

2) Interest rate risk management

The Company borrows funds at fixed and variable interest rates, which exposes the Company to interest rate risk. Accordingly, our management periodically reviews our interest rate position to maintain an appropriate balance of fixed and variable rate borrowings.

As of December 31, 2017, we had no variable interest rate financial instruments.

3) Fair Value and Carrying Amounts

The carrying amounts and fair values of our financial instruments as of December 31, 2017 and 2016 were as follows

(In thousands of Korean won)				
Classification	December 31, 2019		December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets :				
Financial assets recognized at amortized cost				
Cash and cash equivalents	1,593,499	1,593,499	1,149,918	1,149,918
Short-term financial instruments	3,742,548	3,742,548	4,060,912	4,060,912
Trade and other receivables	3,913,925	3,913,925	3,989,907	3,989,907
Lease deposits	329,649	329,649	319,800	319,800
Other deposits	350	350	350	350
Total financial assets	9,579,971	9,579,971	9,520,887	9,520,887
Financial liabilities :				
Financial liabilities recognized at amortized cost				
Trade and other payables	3,182,364	3,182,364	3,560,845	3,560,845
Current lease liabilities	277,637	277,637	247,793	247,793
Non-current lease liabilities	34,293	34,293	58,764	58,764
Total financial liabilities	3,494,295	3,494,295	3,867,402	3,867,402

(*) Amount excludes rent deposits and other deposits.

4) Capital Management

Our capital risk management objective is to maintain a sound capital structure. We utilize the debt-to-equity ratio as a capital risk management indicator. This ratio is calculated by dividing total liabilities by total equity, and total liabilities and total equity are calculated as disclosed in the financial statements.

The Company is not subject to any externally imposed equity capital regulations. The debt-to-equity ratio as of December 31, 2019 and 2018, is as follows

(Unit: KRW in thousands)		
Category	December 31, 2019	December 31, 2018
Total debt	3,881,677	4,087,667
Less: Cash and cash equivalents	(1,593,499)	(1,149,918)
Adjusted liabilities	2,288,178	2,937,749
Total equity	8,815,772	8,504,376
Debt to Equity Ratio	26	35

27. Contingent liabilities and commitments

(1) As of December 31, 2019, the Company's significant commitments with financial institutions were as follows

(Unit: thousand won)			
Name of financial institution	Classification	Limit	Amount utilized
KEB Hana Bank	Commitment discount (WOR off-balance sheet)	1,000,000	-1,000,000
	Commitment discount (WOR overdraft)	300,000	--
	Commitment discount (WOR overdraft)	40,000	-40,000
	Commitment discount (off-balance sheet collateral)	100,000	-Total
Total		1,440,000	--

(2) As of December 31, 2019, the Company has received a payment guarantee from Seoul Guarantee Insurance Co.

28. Related parties

(1) As of December 31, 2019, the Company's related parties were as follows

Category	Name of related party
Taeho Shim	CEO

(2) There were no financial transactions with related parties during the years ended December 31, 2019 and 2018.

(3) As of December 31, 2019 and 2018, there were no receivables or payables to related parties.

(4) Compensation of key management personnel for the years ended December 31, 2019 and 2018 is as follows

(Unit: Korean Won)		
Category	Compensation	December 31, 2019
Short-term employee benefits	481,000	478,200
Retirement benefits	101,895	101,164
Total	582,895	579,364

29. Events after the reporting period

(1) Approval of the financial statements

Our financial statements were approved by the Board of Directors on March 10, 2025 and are subject to approval as amended at the Annual General Meeting of Shareholders on March 31, 2025.

(2) Capital Increase

Pursuant to a resolution of the Board of Directors dated February 27, 2025, the Company has carried out a capital increase of 2,001,676 fully paid ordinary shares by way of third party allotment.

Details of External Audit

Details of the external audit are attached according to Article 18 (3) of the Act on External Audit of Stock Companies, Etc.

1. Audited business

Company name	株式会社Ipkrobotics			
Audited fiscal year	2024.01.01	From	2024.12.31	To

2. Headcount and audit hours by category of audit participants

(Unit: persons, hours)

Audit participants \ Headcount and time	Quality control reviewer (Hearing room, etc.)		Accountant in charge of audit work						Specialists in computerized audit, taxation, valuation, etc.		Professionals in industries involving order-taking, such as construction contracts		总计		
			Director in charge (Executive director)		Registered certified public accountant		Trainee Certified public accountant								
	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	
Headcount involved	--	--	1	-1	3	-1	1	--	--	--	--	1	--	5	-Input time
Input time	Quarterly and half-year reviews	--	--	--	--	--	-B	-B	-B	-B	-B	-B	-B	-B	-Audit
	Audit	-	--	90	Audit -- 90	100	-B	112	-B	--	--	--	--	302	-Total
	Total	-Total	--	90	Total -- 90	100	-B	112	--	--	--	--	--	302	-Main audit details

3. Main audit details

类别	详细信息						
Overall audit plan (Audit initiation stage)	Conducting period		October 2 - 3, 2024		2	Date	
	Main contents		Understanding the company to identify audit risks and establish an audit plan				
Main contents of on-site audit	Conducting period			Headcount involved			Main contents of audit work
				Resident		Non-resident	
	December 9-11, 2024		3	Date	3	Number of persons	1
February 24-26, 2025		3	Date	3	Number of persons	1	Questioning of account balances and disclosures, analytical procedures, and attestation audits
Inventory inspection	Due diligence		December 30, 2024			1	Date

(Attendance)	(Attendance) period			
	Due diligence (Attendance) location	Incheon Bupyeong Headquarters		
	Due diligence (Attendance) target	Products, raw materials		
Financial asset inspection (Attendance)	Due diligence (Attendance) period	--	--	Date
	Due diligence (Attendance) location	-地點		
	Due diligence (Attendance) target	----- Target		
External inquiry	Inquiry on financial transaction	O	Inquiry on receivables and payables	O
	Other inquiries	Inquiries about assets in other custody		
Communication with those charged with governance	Number of communications	2	Number	
	Conducting period	December 9, 2024, March 19, 2025		
Utilization of external experts	Utilization of audit contents	-Utilization of audit contents		
	Conducting period	--	--	Date

4. Communication with auditors (Audit Committee)

Category	Date	Attendees	Method	Key discussions
1	Dec. 9, 2024	Company: CEO and 2 others Auditor's side: 2 people, including the director of business performance	Face-to-face report	Discussion of audit plan and progress
2	Mar. 19, 2025	Company: CEO and 2 others Auditor's side: 2 people including the director of engagement	Written report	Report on Audit Results