

# **DOOSAN BOBCAT INC. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2023 and 2022**

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Index

December 31, 2023 and 2022

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	Page(s)
<b>Independent Auditor's Report .....</b>	<b>1 – 4</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position .....	5
Consolidated Statements of Profit or Loss .....	6
Consolidated Statements of Comprehensive Income.....	7
Consolidated Statements of Changes in Equity .....	8
Consolidated Statements of Cash Flows .....	9
Notes to the Consolidated Financial Statements.....	10 – 78
Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes .....	79 – 81



**Independent Auditor's Report**  
(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
Doosan Bobcat Inc.

**Opinion**

We have audited the accompanying consolidated financial statements of Doosan Bobcat Inc. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2023, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 14, 2024 expressed an unqualified opinion.

**Basis for Opinion**

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Key Audit Matters**

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

**(1) Revenue recognition: Estimation of liabilities related to revenue deductions**

Why it is determined to be a key audit matter

As at December 31, 2023, the Group has recorded USD 153 million of liabilities related to revenue deductions, including incentives, promotions and rebates. The Group offers customers a variety of incentive and promotion programs. Costs incurred in connection with these programs are recognized as deductions from revenue. Incentive and rebate arrangements are complex, and significant judgement of management is required in estimating amounts that the Group is expected to pay. Given the extent of complexity and judgement involved, we consider estimation of revenue deductions related to incentives, promotions and rebates recognized as at December 31, 2023 (Note 3) to be a key audit matter.

How our audit addressed the key audit matter

We have, utilizing the work of component auditors, performed related audit procedures including the followings. We:

- Obtained an understanding, evaluated and tested design and operating effectiveness of related internal controls
- Evaluated appropriateness of methods used by management and whether they have been consistently applied
- Tested completeness of sales quantity information subject to revenue deductions programs
- For selected samples, tested accuracy of the inputs and variables used for the management estimates, including sales quantity information, costs incurred, and associated contractual rates
- Performed lookback analysis by comparing the estimations of prior years to actual results

## **(2) Impairment assessment of goodwill**

Why it is determined to be a key audit matter

As at December 31, 2023, the carrying amount of goodwill is USD 2,658 million, which accounts for 33% of the total assets of the Group. The Group performed an impairment assessment on goodwill by using estimated recoverable amount of goodwill allocated to the cash-generating units group (CGU group) and did not recognize goodwill impairment as the recoverable amount of CGU group exceeds its carrying amount. Given the magnitude of goodwill balance in the consolidated financial statement, and the extent of judgement of management in estimating the recoverable amount, we consider impairment assessment of goodwill to be a key audit matter (Note 10).

How our audit addressed the key audit matter

Key audit procedures we have performed in relation to the goodwill impairment assessment are as follows. We have utilized the auditor's experts in performing audit procedures related to the goodwill impairment assessment. We:

- Obtained an understanding how management assessed goodwill impairment
- Obtained an understanding and evaluated design and operating effectiveness of related internal controls
- Evaluated reasonableness of identifying CGU by management for its assessment of goodwill impairment
- Assessed the qualification and independence of management's experts
- Evaluated appropriateness of valuation model used for estimation of values in use.
- Evaluated reasonableness of key assumptions such as discount rates, growth rates and etc. used in the valuation model by comparing those with market outlook and historical financial information of the Group
- Checked that future cash flow estimates related to impairment assessments are based on business plans approved by management
- Evaluated the results of sensitivity of discount rates and permanent growth rates conducted by management to assess the impact of key assumptions change on impairment test

## **(3) Impairment assessment of capitalized development costs**

Why it is determined to be a key audit matter

As at December 31, 2023, the carrying amount of development costs capitalized as intangible asset amounts to USD 125 million. The Group operates several R&D centers in the U.S., Europe, and other regions, and invests significant amounts in development of new products and technologies. Given the magnitude of the balance of development costs capitalized in the consolidated financial statement, and the extent of judgement of management required, we consider impairment assessment of capitalized development costs to be a key audit matter (Note 10).

How our audit addressed the key audit matter

We evaluated the accounting policies applied by the Group for the recognition and impairment of capitalized development costs. In addition, we have, utilizing the work of component auditors, performed the related audit procedures including the followings. We:

- Obtained an understanding, evaluated and tested design and operating effectiveness of related internal controls
- Obtained the details of capitalized development costs and reconciled the total amount to the amount recorded in the general ledger.
- Tested on a sample basis, capitalized development costs by interviewing with appropriate project managers regarding the progress and outlook of the project, verifying whether costs have been continually incurred for the project, and assessing the reasonableness of the forecast of sales generated from the project.
- Verified existence of any discontinued development projects and the projects that are not expected to be completed.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeo-Hyun Yoon, Certified Public Accountant.

Seoul, Korea

March 14, 2024

<p>This report is effective as at March 14, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**

<i>(in USD)</i>	<b>Notes</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,5	\$ 1,085,800,576	\$ 551,570,225
Short-term financial instruments	4,5	5,041,104	5,381,589
Trade and other receivables, net	4,5,6,25,35	437,369,916	490,765,783
Inventories, net	7	1,406,960,510	1,302,795,556
Derivative Assets	4,5,8	125,177	-
Other current assets		78,197,757	79,702,338
Assets held-for-sale	38	-	2,144,342
Total current assets		<u>\$ 3,013,495,040</u>	<u>\$ 2,432,359,833</u>
<b>Non-current assets</b>			
Long-term financial instruments	4,5	\$ 1,342,247	\$ 2,786,887
Long-term financial investments	4,5	8,581,140	3,517,757
Long-term trade and other receivables, net	4,5,6,25,35	17,475,768	17,419,150
Investment in associates	12	4,714,113	4,336,956
Property, plant and equipment, net	9	976,400,358	876,907,980
Intangible assets, net	10	3,865,879,152	3,794,489,708
Investment properties	11	87,080,595	92,578,344
Deferred tax assets	31	40,106,777	44,296,907
Net defined benefit assets	4,5	7,250,082	8,842,068
Other non-current assets		21,535,243	20,173,065
Total non-current assets		<u>\$ 5,030,365,475</u>	<u>\$ 4,865,348,822</u>
<b>Total assets</b>		<u>\$ 8,043,860,515</u>	<u>\$ 7,297,708,655</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4,5,14,26,35	\$ 1,387,587,708	\$ 1,204,139,835
Short-term borrowings	4,5,15	48,453,514	42,563,526
Current portion of long-term borrowings	4,5,15	21,995,092	40,063,164
Income tax payable		48,740,089	31,387,250
Derivative liabilities	5,8	1,861,013	-
Lease liabilities	4,5,13,35	32,299,902	28,178,536
Provisions	18	94,697,919	89,543,968
Sales and leaseback liabilities	4,5,16	13,393,336	21,699,226
Other current liabilities	4,5,26	220,699,231	162,800,972
Total current liabilities		<u>\$ 1,869,727,804</u>	<u>\$ 1,620,376,477</u>
<b>Non-current liabilities</b>			
Other non-current payables	4,5,14,35	\$ 9,043,689	\$ 10,094,801
Long-term borrowings	4,5,15	850,192,156	932,894,625
Net defined benefit liabilities	17	112,043,559	182,444,384
Deferred tax liabilities		287,827,053	304,633,288
Long-term derivative liabilities	5,8	434,800	1,050,038
Non-current lease liabilities	4,5,13,35	96,735,719	87,372,524
Non-current provisions	18	83,508,213	92,123,523
Non-current sales and leaseback liabilities	4,5,16	38,025,726	39,334,329
Other non-current liabilities	26	78,039,997	62,745,143
Total non-current liabilities		<u>\$ 1,555,850,912</u>	<u>\$ 1,712,692,655</u>
<b>Total liabilities</b>		<u>\$ 3,425,578,716</u>	<u>\$ 3,333,069,132</u>
<b>Equity</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Capital stock	1,19	\$ 43,095,528	\$ 43,095,528
Capital surplus	19	1,479,496,483	2,254,870,601
Other equity item	20,21	(180,206,037)	(179,177,950)
Accumulated other comprehensive loss	22	(247,208,643)	(318,615,934)
Retained earnings	23	3,523,104,468	2,164,467,278
<b>Total equity</b>		<u>\$ 4,618,281,799</u>	<u>\$ 3,964,639,523</u>
<b>Total liabilities and equity</b>		<u>\$ 8,043,860,515</u>	<u>\$ 7,297,708,655</u>

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

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Consolidated Income Statement**  
**Years Ended December 31, 2023 and 2022**

<i>(in USD)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Sales</b>	24,25,26,35	\$ 7,475,740,778	\$ 6,673,564,667
<b>Cost of sales</b>	27	<u>(5,655,217,211)</u>	<u>(5,165,366,819)</u>
<b>Gross profit</b>		1,820,523,567	1,508,197,848
Selling and administrative expenses	27,28	<u>(755,800,592)</u>	<u>(678,748,741)</u>
<b>Operating profit</b>		1,064,722,975	829,449,107
<b>Non-operating income (expenses)</b>			
Finance income	5,29	87,997,691	92,882,671
Finance expenses	5,29	(158,253,190)	(219,896,207)
Other non-operating income	30,35	2,401,710	4,594,151
Other non-operating expenses	30,35	(34,168,975)	(22,384,634)
Gains on equity method	12	<u>414,894</u>	<u>1,354,747</u>
		(101,607,870)	(143,449,272)
<b>Profit before income tax expense</b>		963,115,105	685,999,835
<b>Income tax expense</b>	31	<u>(257,222,754)</u>	<u>(187,485,158)</u>
<b>Profit for the year</b>		<u>\$ 705,892,351</u>	<u>\$ 498,514,677</u>
<b>Profit is attributable to:</b>			
Owners of the Parent Company		\$ 705,892,351	\$ 498,514,677
<b>Earnings per share</b>	32		
<b>attributable to the owners of the Parent Company</b>			
Basic earnings per share		\$ 7.05	\$ 4.97
Diluted earnings per share		\$ 7.04	\$ 4.97

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.



**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2023 and 2022**

<i>(in USD)</i>	<b>2023</b>	<b>2022</b>
<b>Profit for the year</b>	<u>\$ 705,892,351</u>	<u>\$ 498,514,677</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of net defined benefit liabilities	(2,819,374)	84,196,003
Gain on revaluation of property, plant and equipment through other comprehensive income	3,724,302	7,951
	-	542,453
Replacement of other comprehensive income of associates to retained earnings	-	(851,146)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Gain (loss) on translation of foreign operations	68,197,666	(117,881,445)
Gain (loss) on valuation of derivatives	<u>(80,718)</u>	<u>490,310</u>
<b>Total comprehensive income for the year</b>	<u>\$ 774,914,227</u>	<u>\$ 465,018,803</u>
<b>Total comprehensive income for the year is attributable to:</b>		
Owners of the Parent Company	\$ 774,914,227	\$ 465,018,803

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

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

Years Ended December 31, 2023 and 2022

(in USD)

	Attributable to owners of the Parent Company					
	Capital Stock	Capital Surplus	Other Equity Items	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
<b>Balance at January 1, 2022</b>	\$ 43,095,528	\$ 2,254,875,266	\$ (178,407,620)	\$ (200,924,057)	\$ 1,726,460,679	\$ 3,645,099,796
<b>Total comprehensive income:</b>						
Profit for the year	-	-	-	-	498,514,677	498,514,677
Remeasurements of net defined benefit liability	-	-	-	-	84,196,003	84,196,003
Gain on revaluation of property, plant and equipment	-	-	-	7,951	-	7,951
Loss on translation of foreign operations	-	-	-	(117,881,445)	-	(117,881,445)
Gain on valuation of derivatives	-	-	-	490,310	-	490,310
Gain on valuation of equity instruments at fair value through other comprehensive income	-	-	-	542,453	-	542,453
Replacement of other comprehensive income of associates to retained earnings	-	-	-	(851,146)	851,146	-
	-	-	-	(117,691,877)	583,561,826	465,869,949
<b>Capital Transactions with owners</b>						
Acquisition of treasury shares	-	-	(1,083,711)	-	-	(1,083,711)
Share compensation expenses	-	-	313,381	-	-	313,381
Annual dividend	-	-	-	-	(99,354,971)	(99,354,971)
Interim dividend	-	-	-	-	(46,200,256)	(46,200,256)
Changes in other additional capital	-	(4,665)	-	-	-	(4,665)
	-	(4,665)	(770,330)	-	(145,555,227)	(146,330,222)
<b>Balance at December 31, 2022</b>	\$ 43,095,528	\$ 2,254,870,601	\$ (179,177,950)	\$ (318,615,934)	\$ 2,164,467,278	\$ 3,964,639,523
<b>Balance at January 1, 2023, as previously reported</b>	\$ 43,095,528	\$ 2,254,870,601	\$ (179,177,950)	\$ (318,615,934)	\$ 2,164,467,278	\$ 3,964,639,523
<b>Total comprehensive income:</b>						
Profit for the year	-	-	-	-	705,892,351	705,892,351
Remeasurements of net defined benefit liability	-	-	-	-	(2,819,374)	(2,819,374)
Gain on translation of foreign operations	-	-	-	68,197,666	-	68,197,666
Loss on valuation of derivatives	-	-	-	(80,718)	-	(80,718)
Gain on revaluation of property, plant and equipment	-	-	-	3,724,302	-	3,724,302
Replacement of retained earnings due to disposal of equity instruments at fair value through other comprehensive income	-	-	-	(433,959)	433,959	-
	-	-	-	71,407,291	703,506,936	774,914,227
<b>Capital Transactions with owners</b>						
Acquisition of treasury shares	-	-	(1,928,113)	-	-	(1,928,113)
Share compensation expenses	-	-	900,026	-	-	900,026
Annual dividend	-	-	-	-	(57,648,441)	(57,648,441)
Interim dividend	-	-	-	-	(62,595,423)	(62,595,423)
Transferred to retained earnings	-	(775,374,118)	-	-	775,374,118	-
	-	(775,374,118)	(1,028,087)	-	655,130,254	(121,271,951)
<b>Balance at December 31, 2023</b>	\$ 43,095,528	\$ 1,479,496,483	\$ (180,206,037)	\$ (247,208,643)	\$ 3,523,104,468	\$ 4,618,281,799

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

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

<i>(in USD)</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations:	36	\$ 1,284,969,464	\$ 811,018,565
Profit for the year		705,892,351	498,514,677
Adjustments		504,249,768	531,097,517
Changes in operating assets and liabilities		74,827,345	(218,593,629)
Interest received		30,122,770	2,301,632
Interest paid		(83,218,707)	(62,776,115)
Income tax paid		(239,230,252)	(195,030,653)
<b>Net cash inflow from operating activities</b>		<u>992,643,275</u>	<u>555,513,429</u>
<b>Cash flows from Investing activities</b>			
Cash inflows from investing activities:			
Decrease in loan		222,152	2,461,396
Disposal of property, plant and equipment		3,082,131	3,149,557
Disposal of intangible asset		-	51,001
Disposal of investment in associates		-	32,778,495
Disposal of business		11,257,600	40,570,747
Disposal of short-term financial assets		-	73,532,257
Disposal of long-term financial assets		995,359	-
Other investing activities		-	7,006,021
		<u>15,557,242</u>	<u>159,549,474</u>
Cash outflows for investing activities:			
Purchase of property, plant and equipment		132,124,812	136,079,991
Purchase of intangible asset		69,475,812	51,439,491
Purchase of investment properties		845,527	-
Purchase of short-term financial asset		-	66,566,044
Purchase of long-term financial asset		6,015,321	2,207,740
		<u>(208,461,472)</u>	<u>(256,293,266)</u>
<b>Net cash outflow from investing activities</b>		<u>(192,904,230)</u>	<u>(96,743,792)</u>
<b>Cash flows from financing activities</b>			
Cash inflows from financing activities:			
Increase in borrowing		120,583,816	1,140,380,582
Increase of sales and leaseback liabilities		6,316,095	20,432,501
		<u>126,899,911</u>	<u>1,160,813,083</u>
Cash outflows for financing activities:			
Repayment of borrowing		219,929,767	1,327,044,492
Dividend paid		120,243,863	145,555,227
Payment of lease liabilities		34,813,625	26,025,847
Repayment of sales and leaseback liabilities		19,067,451	42,724,726
Acquisition of treasury shares		1,928,113	1,083,711
Repayment of bonds		-	308,814,000
Other outflows of cash		-	4,665
		<u>(395,982,819)</u>	<u>(1,851,252,668)</u>
<b>Net cash outflow from financing activities</b>		<u>(269,082,908)</u>	<u>(690,439,585)</u>
Effects of exchange rate changes on cash and cash equivalents		3,574,214	(19,593,960)
Net increase (decrease) in cash and cash equivalents		534,230,351	(251,263,908)
Cash and cash equivalents at the beginning of period		551,570,225	802,834,133
<b>Cash and cash equivalents at the end of period</b>		<u>\$ 1,085,800,576</u>	<u>\$ 551,570,225</u>

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

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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### 1. General Information

Doosan Bobcat Inc. ("DBI" or the "Company") was incorporated on April 25, 2014 by being split off from Doosan Infracore Co., Ltd. Main business purposes of the Company are to control and manage its subsidiaries (with the Company, collectively, referred to as the "Group") that manufacture and distribute compact construction equipment mainly at North America, Europe, South America and Asia region.

On November 18, 2016, the Company listed its shares on the securities market established by the Korea Stock Exchange. After several capital increases and capital reductions, the capital stock as at December 31, 2023 is \$ 43,096 thousand.

Doosan Infracore Co., Ltd., the largest shareholder of the Company, was merged with Doosan Enerbility Co., Ltd. by dividing its investment business from the entity on July 1, 2021. As a result, the Company's largest shareholder has been changed to Doosan Enerbility Co., Ltd.

The Company's shareholders as at December 31, 2023, is as follows:

Shareholder	Number of shares owned	Percentages of ownership (%)
Doosan Enerbility Co., Ltd.	46,176,250	46.06%
Treasury shares	96,490	0.10%
Others	53,976,426	53.84%
	<u>100,249,166</u>	<u>100.00%</u>

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 1.1 Consolidated Subsidiaries

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

Subsidiary	Main business	Location	Ownership interest held by the Group (%)		Fiscal year end
			December 31, 2023	December 31, 2022	
Doosan Bobcat North America Inc. <sup>7</sup>	Manufacturing and sales	USA	100	100	December
Doosan Bobcat North America Inc's subsidiaries:					
Doosan Bobcat Canada Ltd. <sup>7</sup>	Sales	Canada	100	100	December
Doosan Industrial Vehicle America Corp. <sup>1,8</sup>	Sales	USA	-	100	December
Doosan Equipment South East, LLC <sup>1,3</sup>	Rental and sales	USA	-	100	December
Doosan Bobcat Mexico Monterrey S. de R.L. de C.V. <sup>6</sup>	Other service	Mexico	100	-	December
Doosan Bobcat EMEA s.r.o	Manufacturing and sales	Czech	100	100	December
Doosan Bobcat EMEA s.r.o's subsidiaries:					
Doosan Bobcat Bensheim GmbH. <sup>7</sup>	Sales	Germany	100	100	December
Doosan Holdings France S.A.S.	Holdings	France	100	100	December
JSC Doosan International Russia	Sales	Russia	100	100	December
Doosan Bobcat UK LTD. <sup>7</sup>	Sales	England	100	100	December
Doosan Bobcat South Africa (PTY) LTD. <sup>7</sup>	Sales	South Africa	100	100	December
Doosan Bobcat France S.A.S. <sup>7</sup>	Manufacturing	France	100	100	December
Geith International Ltd.	Sales	Ireland	100	100	December
Doosan Bobcat Belgium BV. <sup>2,7</sup>	Sales	Belgium	100	100	December
Doosan Bobcat UK Northampton LTD. <sup>2,7</sup>	Sales	England	100	100	December
Doosan Bobcat Germany GmbH <sup>2,7</sup>	Manufacturing and sales	Germany	100	100	December
Genesis Forklift Trucks Limited <sup>2,3</sup>	Manufacturing	England	-	100	December
Rushlift Holdings Ltd. <sup>2,3</sup>	Holdings	England	-	100	December
Doosan Materials Handling UK Ltd. <sup>2,3</sup>	Holdings	England	-	100	December
Rushlift Ltd. <sup>4</sup>	Rental and sales	England	100	100	December
Doosan Bobcat Singapore Pte. Ltd.	Holdings	Singapore	100	100	December
Doosan Bobcat Singapore Pte.Ltd's subsidiaries:					
Doosan Bobcat China Co., Ltd.	Manufacturing and sales	China	100	100	December
Doosan Bobcat India Private Ltd.	Manufacturing and sales	India	100	100	March
Doosan Bobcat Japan <sup>7</sup>	Sales	Japan	100	100	December
Doosan Bobcat Mexico S.A. de C.V.	Other service	Mexico	100	100	December
Doosan Industrial Vehicle Co., Ltd. <sup>9</sup>	Manufacturing and sales	Korea	100	100	December
Doosan Bobcat China Yantai Co., Ltd. <sup>7</sup>	Manufacturing and sales	China	100	100	December
Doosan Bobcat Global Collaboration Center <sup>3</sup>	Other service	USA	-	100	December
Doosan Bobcat Korea Co., Ltd. <sup>5, 10</sup>	Sales	Korea	100	100	December

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

<sup>1</sup> During the year ended December 31, 2023, the shares were transferred from Doosan Industrial Vehicle Co., Ltd. to Doosan Bobcat North America Inc.

<sup>2</sup> During the year ended December 31, 2023, the shares were transferred from Doosan Industrial Vehicle Co., Ltd. to Doosan Bobcat EMEA s.r.o.

<sup>3</sup> Liquidated during the year ended December 31, 2023.

<sup>4</sup> During the year ended December 31, 2022, the shares were transferred from Doosan Industrial Vehicle Co., Ltd. to Doosan Bobcat EMEA s.r.o.

<sup>5</sup> During the year ended December 31, 2022, through a capital reduction in Doosan Bobcat Singapore Pte. Ltd., Doosan Bobcat Inc. acquired a direct ownership stake in Doosan Bobcat Korea Co., Ltd.

<sup>6</sup> Newly established during the year ended December 31, 2023.

<sup>7</sup> Changed its name during the year ended December 31, 2023.

<sup>8</sup> Merged with Doosan Bobcat North America Inc. during the year ended December 31, 2023.

<sup>9</sup> Changed its name after the year ended December 31, 2023.

<sup>10</sup> Merged with Doosan Industrial Vehicle Co., Ltd after the year ended December 31, 2023.

## 1.2 Summarized Financial Information

Summarized financial information of the consolidated subsidiaries as at and for the year ended December 31, 2023, are as follows:

(in thousands of USD)

	2023				
	Assets	Liabilities	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Doosan Bobcat Korea Co., Ltd.	\$ 190,102	\$ 84,214	\$ 292,711	\$ 23,616	\$ 22,715
Doosan Bobcat North America Inc. and its subsidiaries	5,342,878	2,654,535	5,765,320	572,019	576,371
Doosan Bobcat Canada Ltd.	143,395	54,833	384,341	6,460	6,516
Doosan Bobcat EMEA s.r.o. and its subsidiaries	2,382,538	651,540	1,581,053	57,232	58,601
Bobcat France S.A.	94,751	57,394	185,474	5,104	4,903
Doosan Bobcat Belgium BV	75,736	53,815	172,020	2,958	2,958
Rushlift Ltd.	109,009	99,460	54,936	201	201
Doosan Bobcat Singapore Pte., Ltd. and its subsidiaries	211,140	95,011	207,403	972	1,452
Doosan Bobcat China Co., Ltd	91,213	52,094	106,400	(892)	(892)
Doosan Bobcat India Private Ltd.	106,737	63,333	97,360	1,442	1,922
Doosan Industrial Vehicle Co., Ltd. and its subsidiaries	723,426	360,835	1,106,501	214,095	210,967

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### 1.3 Changes in Scope for Consolidation

Change in the scope for consolidation for the year ended December 31, 2023 is as follows:

Name of Subsidiary	Details	Reason
Genesis Forklift Trucks Limited	Excluded from the consolidation	Liquidation
Rushlift Holdings Ltd.	Excluded from the consolidation	Liquidation
Doosan Materials Handling UK Ltd.	Excluded from the consolidation	Liquidation
Doosan Bobcat Mexico Monterrey, S. de R.L. de C.V.	Included in the consolidation	Establishment
Doosan Bobcat Global Collaboration Center, Inc.	Excluded from the consolidation	Liquidation
Doosan Equipment South East, LLC	Excluded from the consolidation	Liquidation
Doosan Industrial Vehicle America Corp.	Excluded from the consolidation	Merger

Change in the scope for consolidation for the year ended December 31, 2022 is as follows:

Name of Subsidiary	Details	Reason
Doosan Bobcat Chile Compact S.p.A.	Excluded from the consolidation	Disposal

#### 2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### 2.1 Basis of Preparation

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

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- assets held-for-sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

#### 2.2 Changes in Accounting Policies and Disclosures

##### *(a) New standards and interpretations adopted by the Group*

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

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

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

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

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the financial statements.

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

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



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

---

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

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

- *New Standard: Korean IFRS 1117 Insurance Contract*

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

- *Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules*

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The impact of the Pillar Two income taxes is described in Note 31.

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

*(b) New and amended standards and interpretations not yet adopted by the Group*

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

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

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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- *Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements*

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

- *Amendments to Korean IFRS 1116 Leases - Lease Liability in a Sale and Leaseback*

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

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets*

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

### 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The assets and liabilities acquired under business combinations under common control are recognized at the carrying amounts recognized previously in the consolidated financial statements of the ultimate parent. The difference between consideration transferred and carrying amounts of net assets acquired is recognized in capital surplus.

In the case of accounting by the acquisition method, the consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the changed in carrying amount recognized in profit or loss.

### *(b) Associates*

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

### *(c) Joint Arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

## **2.4 Foreign Currency Translation**

### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The parent company's functional currency is Korean Won, whereas the consolidated financial statements are presented in US dollar.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

#### *(c) Translation to the presentation currency*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of profit or loss are translated at average exchange rates, unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions,
- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **2.5 Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with insignificant risk of change in value.

## **2.6 Financial Assets**

#### *(a) Classification*

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

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

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

#### *(b) Measurement*

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

##### *A. Debt instruments*

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or expenses' and impairment losses are presented in 'other non-operating expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income or expenses' in the year in which it arises.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### *B. Equity instruments*

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

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

#### *(c) Impairment*

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

#### *(d) Recognition and Derecognition*

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

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

#### *(e) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **2.7 Derivative Instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within other comprehensive income or loss and the ineffective portion is recognized in profit or loss.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as either:

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 8. Movements in the cash flow hedge reserve are shown in Note 22.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in profit or loss.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognized in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognized within the costs of hedging in other comprehensive income within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot element as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot element of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### 2.8 Inventory

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes fixed and variable manufacturing overhead costs that are systematically allocated to inventories using appropriate methods based on each category of inventory. The cost of inventories is determined using the weighted average method, except for materials in transit which are determined using specific identification method. During the year, perpetual inventory systems are used to value inventories, which are adjusted to physical inventory counts performed at the end of the year.

The Group periodically reviews changes in net realizable value of its inventories (current replacement cost for raw materials) due to damage, obsolescence, decline in selling prices and others and, if appropriate, recognizes loss on inventory valuation. Loss on inventory valuation is charged to cost of sales when it is ordinary and to other expense when it is extraordinary. When the circumstances that previously caused inventories to be written down below cost no longer exist and the new market value of inventories subsequently recovers, the related valuation loss is reversed to the extent of the original valuation loss when the reversal is deducted from cost of sales.

### 2.9 Non-current Assets (or Disposal Group) Held-for-sale

Non-current assets (or disposal Group) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

### 2.10 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost and subsequently recorded at cost, less accumulated depreciation and accumulated impairment losses, except for land, which is recorded using the valuation model. When the useful life of each part of an item of property, plant and equipment is different compared to that of the item, each part is recognized separately. The cost of an item of property, plant and equipment is directly attributable to its purchase or construction, including the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs incurred to replace part of previously recognized item of property, plant and equipment are added to the carrying amount of an asset, or recognized as a separate asset, if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of what was replaced is derecognized. Routine maintenance and repairs are expenses as incurred.

Depreciation expense for property, plant and equipment other than land is computed using the straight-line method, which reflects most closely the pattern in which the asset's economic benefits are expected to be consumed by the Group over the estimated useful lives of the assets as follows:

	Useful lives
Buildings	10 – 40 years
Machinery	5 – 15 years
Vehicles	3 – 6 years
Office equipment	3 – 10 years



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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If a part of a property, plant and equipment has a cost that is significant in relation to the total cost of property, plant and equipment, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

When the carrying amount of property, plant and equipment is higher than the recoverable amount, the carrying amount is adjusted to the recoverable amount and the difference is recognized as an impairment loss. Meanwhile, when the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by depreciation. Upon derecognition of property, plant and equipment, the difference between the net disposal proceed and the carrying amount of the item is recognized in other non-operating income (expense).

#### 2.11 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.12 Government Grants

For the purpose of acquisition of certain assets, government grants related to assets are accounted for as a deduction from related assets on the date that the related assets are received.

If a government grant that will be received is not subject to specific conditions attached to it, government grants related to primary operating activity are recognized in operating income; otherwise, those are recognized in other non-operating income. Meanwhile, expense related to the government grants is to be offset first and then recognized in profit and loss.

#### 2.13 Intangible Assets

Intangible assets are initially measured at cost and are carried at cost, less accumulated amortization and accumulated impairment losses. Subsequent expenditure on an intangible asset is capitalized only when it is probable that the expected future economic benefits that are attributable to the asset will increase.

Intangible assets other than goodwill and intangible assets with indefinite useful lives are amortized using the straight-line method with no residual value, with amortization beginning when the asset is available for use. However, useful lives of membership and other intangible assets with similar nature are determined to be indefinite as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflow from the Group and they are not amortized, but tested for impairment once a year.

	Useful lives
Industrial rights	5 – 10 years
Development costs	5 years
Other intangible assets	3 – 20 years

Goodwill acquired from business combination is measured as the consideration transferred in excess of acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired and is classified as intangible assets. Goodwill is not subject to amortization and tested annually for impairment. Goodwill is carried at cost less

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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accumulated impairment losses, if any. Impairment loss recognized for goodwill is not reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Expenditures relating to development activities are capitalized when the result of the development is for the development of new products or substantial improvement of functions of existing products, there is technical and commercial feasibility of completing the development and the Group has the ability to measure reliably the expenditure attributable to the development. Capitalized development costs include expenditure on materials, salaries, wages and other employment-related costs of personnel directly engaged in generating assets and related overhead cost that is systematically allocated. Capitalized development costs are presented at the acquisition cost, less accumulated amortization and accumulated impairment losses. Capitalized development costs are amortized using the straight-line method over the estimated useful life and amortization expenses are included in cost of goods manufactured and amortization in selling and administrative expenses. The expenditure on research and development that does not meet the conditions noted above is recognized as an expense when it is incurred.

The estimated useful life and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and for the assets that have been assessed as having indefinite useful life, that assessment is revisited each period, with the effect of any changes in estimate being accounted for as a change in accounting estimate.

### 2.14 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land and investment property replaced by leased assets, using the straight-line method over their useful lives of 19 years.

### 2.15 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.16 Financial Liabilities

#### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trades payables', 'borrowings', and 'other liabilities' in the statement of financial position.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### *(b) Derecognition*

Financial liabilities are removed from the statement of financial position when they are extinguished. This occurs, for example, when the obligation specified in the contract is fulfilled or cancelled, when it expires, or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### *(c) Financial Guarantee Contracts*

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

- the amount determined in accordance with the expected credit loss model and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

## **2.17 Provisions and Contingent Liabilities**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation when the effect of the time value of money is material. At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. The increase in provision due to passage of time is recognized as interest expense. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received. In the consolidated statements of profit or loss, a net amount is presented, being the anticipated cost of the obligation, less the reimbursement.

## **2.18 Current and Deferred Tax**

The tax expense for the year consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis.

#### 2.19 Employee Benefits

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depends on the employee's age, periods of service and salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

##### *(b) Share-based Compensation*

The Group's share-based payment transactions for services received from its employees are share-settled or cash-settled. Share-settled transactions granted to employees are measured at the fair value of equity instruments at the grant date and are recognized as profit or loss and other capital items at a fixed rate over the vesting period. Furthermore, cash-settled transactions granted to employees are remeasured at the fair value of the equity instrument at the end of each reporting period and at the settlement date until the liability is settled, and changes in fair value are recognized in profit or loss. It is recognized as current expenses and liabilities over the vesting period until settlement.

#### 2.20 Revenue Recognition

The Group has applied Korean IFRS 1115 *Revenue from Contracts with Customers* for annual

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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reporting period beginning on January 1, 2018. In accordance with K-IFRS 1115, the Group recognizes revenue from all types of the contracts by using the five-step revenue recognition model. The five-step revenue recognition model is as follows:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

#### *(a) Identify the separate performance obligation*

The Group engages in manufacturing and distributing compact construction equipment. The Group provides an extended warranty service in connection with the sale of product based on the contract.

#### *(b) Performance obligations recognizing through the periods: Extended warranty services*

The Group provides an extended warranty for products for coverage beyond the standard warranty period, and a customer has an option to purchase the extended warranty separately. Therefore, the extended warranty is classified as separate performance obligation according to the K-IFRS 1115, and a portion of the transaction price is allocated to that performance obligation in order to recognize revenue based on the progress towards complete satisfaction of the performance obligation.

#### *(c) Allocate the transaction price to each of the separate performance obligations*

The Group allocates the transaction price in an arrangement to each separate performance obligation based on the relative stand-alone selling prices of the goods or services being provided to a customer. The stand-alone selling prices of goods or services are observable in most cases. However, if the stand-alone selling prices are not directly observable, the Group estimates the selling prices by using expected cost plus a margin approach.

#### *(d) Sales with a right of return*

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognize revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Group does not expect to be entitled.

## **2.21 Lease**

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

# **DOOSAN BOBCAT INC. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023 and 2022**

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Lease liability measurement also include payments to be made in option periods if the lessee is reasonably certain to exercise an option to extend the lease.

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

The Group determines the incremental borrowing rate by excluding hedge effects from the borrowing rate of Doosan Bobcat North America, Inc. which had the financing from third-party.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Lease payments of short-term lease (a lease term of 12 months or less at the commencement date) and low value assets (at acquisition cost less than or equal to USD 5,000) will be recognized immediately in profit or loss.

## **2.22 Earnings Per Share**

Basic earnings per common share are computed by dividing net income attributable to owners of the Group by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing diluted net income attributable to the owners of the Group, which is adjusted by adding back the after-tax amount of expenses related to dilutive potential ordinary shares, by the weighted-average number of common shares and dilutive potential ordinary shares outstanding during the period. Antidilutive potential ordinary shares are disregarded in the calculation of diluted earnings per share.

## **2.23 Dividend**

Dividend payable is recognized as liability when declaration of the dividend is approved at the

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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shareholders' meeting.

#### 2.24 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to management. The management of the Group is responsible for allocating resources and assessing performance of the operating segments.

#### 2.25 Approval of Issuance of the Financial Statements

The consolidated financial statements 2023 were approved for issue by the Board of Directors on February 7, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

### 3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

#### *(a) Revenue recognition – Revenue deductions*

The Group offers customers a variety of promotion and incentive programs and its costs incurred are recognized as deductions from revenue. Any unsettled amounts are recognized on an accrual basis. These liabilities related to revenue deductions are estimated based on historical experience and judgement of management when the related revenue recognized. The Group's revenue is affected by these estimated revenue deductions.

#### *(b) Impairment of goodwill*

The Group annually performs impairment assessment on goodwill. Recoverable amount of cash-generating units is based on the higher of value in use or net fair value (fair value less cost of disposals). The calculation for impairment assessment requires accounting estimates (Note 10).

#### *(c) Impairment of capitalized development cost*

The Group performs an assessment for impairment of capitalized development costs at the end of each reporting period by reviewing project's business forecast, technical feasibility and future economic benefit. The assessment on indication of impairment or calculation of recoverable amount of capitalized development costs involves management's estimates and judgments (Note 10).

# **DOOSAN BOBCAT INC. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023 and 2022**

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#### *(d) Income taxes*

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

Current and deferred income tax is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period when the asset is realized or the liability is settled. However, the ultimate corporate income tax may not correspond to the related assets and liabilities recognized at the end of the current reporting period. Such difference may affect current and deferred tax assets and liabilities at the time when final tax effect is determined.

A deferred tax asset is recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The future taxable profit measured by management's estimate involves management's significant judgement, and this could affect the Group's deferred tax assets.

If certain portion of the taxable income is not used for investments, increase in wages or others in accordance with the tax system for recirculation of corporate Income, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by these tax effects. As the Group's income tax is dependent on the investments, increase in wages and others, there is an uncertainty measuring the final tax effects. (Note 29).

#### *(e) Net defined benefit liability*

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 17).

#### *(f) Warranty provision*

The Group provides warranty for products when the related revenue is recognized. At the end of each reporting period, provisions are recorded for the best estimated costs to fulfill current and future warranty obligations. These estimates may change in future due to additional provisions required under local legislation and practice (Note 18).

#### *(g) Impairment of financial assets*

The provision for impairment for financial assets are based on assumptions about risk of default and expected loss rates in accordance with K-IFRS 1109. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 4).



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 4. Financial Risk Management

##### 4.1 Financial Risk Factors

The Group's financial risk management focuses on improving financial structure and efficiency of liquidity management for stable and consistent financial performance of the Group by minimizing market risk, credit risk and liquidity risk.

The Group's financial risk management activities are mainly carried out by its treasury function with the cooperation of the Group's other functions, financial risks are identified, assessed and hedged based on financial risk management policies and potential impacts of financial risks are regularly monitored.

##### 4.1.1 Market Risk

###### (a) Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign entities.

Foreign currency risk is managed based on the Group's policy on foreign currencies and the Group's key strategy for managing this risk is to reduce the volatility of financial performances due to fluctuations in foreign exchange rates.

The Group's financial assets and liabilities exposed to foreign exchange risk as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023				
	USD	EUR	GBP	Others <sup>1</sup>	Total
Financial assets	\$ 643,187	\$ 72,860	\$ 36,095	\$ 7,465	\$ 759,607
Financial liabilities	(649,505)	(98,724)	(572)	(29,139)	(777,940)
Net	\$ (6,318)	\$ (25,864)	\$ 35,523	\$ (21,674)	\$ (18,333)

(in thousands of USD)

	December 31, 2022				
	USD	EUR	GBP	Others <sup>1</sup>	Total
Financial assets	\$ 554,509	\$ 35,560	\$ 45,481	\$ 8,904	\$ 644,454
Financial liabilities	(1,023,719)	(59,688)	(16,845)	(23,262)	(1,123,514)
Net	\$ (469,210)	\$ (24,128)	\$ 28,636	\$ (14,358)	\$ (479,060)

<sup>1</sup> Others are assets and liabilities denominated in foreign currencies other than USD, EUR and GBP.

The table below summarizes the impact of weakened/strengthened functional currency on the Group's profit before income tax expense for the year. The analysis is based on the assumption that the functional currency has weakened/strengthened by 10% against the respective foreign currencies above with all other variables held constant.

(in thousands of USD)

	Year ended December 31, 2023		Year ended December 31, 2022	
	10% increase in foreign exchange currency rate	10% decrease in foreign exchange currency rate	10% increase in foreign exchange currency rate	10% decrease in foreign exchange currency rate
Profit (loss) before income tax expense	\$ (1,833)	\$ 1,833	\$ (47,906)	\$ 47,906

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### (b) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings.

The Group manages interest rate risk through various activities. These include minimizing external borrowings by utilizing internal fund availability, reducing borrowings with higher interest rates, improving maturity structure of borrowings, maintaining appropriate balance between floating rate and fixed rate, and a regular monitoring of market trend and developing action plans.

Financial liabilities with floating interest rates exposed to interest rate risk as at December 31, 2023 and 2022 are as follows. The borrowings hedged with derivative contracts to hedge interest rate risk are excluded (Note 8):

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial liabilities	\$ 888,804	\$ 958,506

The table below summarizes the impact of increases/decreases of interest rate on the Group's annual income before income tax expense. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

<i>(in thousands of USD)</i>	<b>Impact on the profit before income tax estimated for</b>			
	<b>Year ended</b>		<b>Year ended</b>	
	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
Profit (loss) before income tax expense	\$ (8,888)	\$ 8,888	\$ (9,585)	\$ 9,585

#### 4.1.2 Credit Risk

Credit risk arises during the normal course of transactions and investing activities where customers or other parties are unable to comply with contractual obligations. The Group sets out and monitors credit limits for its customers and counterparts on a periodic basis considering financial conditions, historical experiences and other factors.

Credit risk arises from cash and cash equivalents, derivatives and deposits in banks and financial institutions, as well as the Group's receivables.

Main objectives of credit risk management are to efficiently manage credit risk based on the Group's credit policies, to promptly support decision-making processes and to minimize financial losses through safeguarding receivables. An allowance for doubtful accounts is specifically recognized for the receivables with impairment indicators individually identified. The Group uses the simplified approach to recognize the loss allowance for lifetime expected credit loss for a group of receivables with similar credit-risk nature that are not individually significant.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Maximum exposures of financial assets of the Group exposed to credit risk as at December 31, 2023 and 2022 are as follows.

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 1,085,801	\$ 551,570
Short-term financial instruments <sup>1</sup>	5,041	5,382
Trade and other receivables	437,370	490,766
Long-term financial instruments <sup>2</sup>	1,342	2,787
Long-term financial investments	8,581	3,518
Long-term trade and other receivables	17,476	17,419
Derivative assets	125	-
Other non-current assets	8,981	7,724
	<u>\$ 1,564,717</u>	<u>\$ 1,079,166</u>

<sup>1</sup> Short-term financial instruments include deposits restricted in use in relation to Win-win growth fund.

<sup>2</sup> Long-term financial instruments include deposits restricted in use in relation to government bids, and deposits pledged as collaterals in relation to sublease deposits.

Aging analysis of the Group's receivables as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>						
	<b>Receivables</b>						
	<b>Individually impaired receivables</b>	<b>assessed for impairment on a collective basis</b>					
		<b>Within due</b>	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Trade receivables	\$ 4,992	\$ 342,070	\$ 60,613	\$ 5,398	\$ 5,002	\$ 3,503	\$ 421,578
Other receivables	5,561	13,286	7,386	-	-	-	26,233
Accrued income	28	78	-	-	-	-	106
Short-term loans	23	63	-	-	-	-	86
Long-term other receivables	-	17,476	-	-	-	-	17,476
	<u>\$ 10,604</u>	<u>\$ 372,973</u>	<u>\$ 67,999</u>	<u>\$ 5,398</u>	<u>\$ 5,002</u>	<u>\$ 3,503</u>	<u>\$ 465,479</u>

<i>(in thousands of USD)</i>	<b>December 31, 2022</b>						
	<b>Receivables</b>						
	<b>Individually impaired receivables</b>	<b>assessed for impairment on a collective basis</b>					
		<b>Within due</b>	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Trade receivables	\$ 2,123	\$ 407,063	\$ 51,887	\$ 9,679	\$ 4,357	\$ 2,563	\$ 477,672
Other receivables	748	13,016	6,552	-	-	3	20,319
Accrued income	344	180	-	-	-	-	524
Short-term loans	254	47	-	-	-	-	301
Long-term other receivables	-	17,419	-	-	-	-	17,419
	<u>\$ 3,469</u>	<u>\$ 437,725</u>	<u>\$ 58,439</u>	<u>\$ 9,679</u>	<u>\$ 4,357</u>	<u>\$ 2,566</u>	<u>\$ 516,235</u>

Receivables with specific impairment indicators such as insolvency and bankruptcy are individually assessed using appropriate allowance rates. A group of financial assets with similar credit risk characteristics that are not individually material is assessed for expected credit losses based on aging analysis and the credit risk characteristics.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Aging analysis of the Group's receivables as at December 31, 2023 and 2022, are as follows:

(in thousands of USD)

	December 31, 2023						
	Allowance for bad debts for individually impaired receivables	Allowance for bad debts assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	\$ 4,732	\$ 866	\$ 544	\$ 724	\$ 973	\$ 2,752	\$ 10,591
Other receivables	-	-	42	-	-	-	42
	<u>\$ 4,732</u>	<u>\$ 866</u>	<u>\$ 586</u>	<u>\$ 724</u>	<u>\$ 973</u>	<u>\$ 2,752</u>	<u>\$ 10,633</u>

(in thousands of USD)

	December 31, 2022						
	Allowance for bad debts for individually impaired receivables	Allowance for bad debts assessed for impairment on a collective basis					Total
		Within due	0-3 months	3-6 months	6-12 months	Over 12 months	
Trade receivables	\$ 2,040	\$ 2,218	\$ 697	\$ 342	\$ 676	\$ 2,032	\$ 8,005
Other receivables	-	-	42	-	-	3	45
	<u>\$ 2,040</u>	<u>\$ 2,218</u>	<u>\$ 739</u>	<u>\$ 342</u>	<u>\$ 676</u>	<u>\$ 2,035</u>	<u>\$ 8,050</u>

#### 4.1.3 Liquidity Risk

Liquidity risk refers to the risk that the Group may encounter difficulties in meeting its obligations to repay financial liabilities or obtain additional funding for its normal business operation due to liquidity shortage.

The Group secures and maintains the appropriate level of liquidity volume and accordingly manages the liquidity risk in advance by forecasting the projected cash flows from operating, investing and financing activities periodically.

Details of annual repayment schedule of financial liabilities (except derivatives) as at December 31, 2023 and 2022, are as follows:

(in thousands of USD)

	December 31, 2023					
	Book value	Total	Contractual nominal cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade payables	\$ 895,350	\$ 895,350	\$ 895,350	\$ -	\$ -	\$ -
Other payables (current and non-current)	501,281	501,281	493,801	2,928	1,577	2,975
Other current liabilities	3,353	3,353	3,353	-	-	-
Borrowings	920,641	1,255,535	138,222	133,703	274,173	709,437
Lease liabilities	129,036	145,448	36,906	29,405	57,537	21,600
Sales and leaseback liabilities	51,419	59,544	16,477	14,009	25,733	3,325
	<u>\$2,501,080</u>	<u>\$ 2,860,511</u>	<u>\$ 1,584,109</u>	<u>\$ 180,045</u>	<u>\$ 359,020</u>	<u>\$ 737,337</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in thousands of USD)

	December 31, 2022					
	Book value	Total	Contractual nominal cash flows			
			Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade payables	\$ 880,744	\$ 880,744	\$ 880,744	\$ -	\$ -	\$ -
Other payables (current and non-current)	333,491	333,491	324,716	3,223	1,603	3,949
Other current liabilities	3,570	3,570	3,570	-	-	-
Borrowings	1,015,521	1,431,463	153,144	89,402	312,163	876,754
Lease liabilities	115,551	126,800	31,185	25,148	48,296	22,171
Sales and leaseback liabilities	61,034	66,812	24,027	12,701	24,642	5,442
	<u>\$ 2,409,911</u>	<u>\$ 2,842,880</u>	<u>\$ 1,417,386</u>	<u>\$ 130,474</u>	<u>\$ 386,704</u>	<u>\$ 908,316</u>

The amounts of financial liabilities by remaining maturity included in above represent undiscounted contractual nominal cash flows (including interest expenses), assuming the earliest year in which the Group can be required to pay, and therefore differ from the financial liabilities recognized in the consolidated statements of financial position. In addition, apart from the financial liabilities above, the maximum exposure related with financial guarantees provided by the Group as at December 31, 2023 is discussed in Note 33.

#### 4.2 Capital Risk Management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital based on the debt-to-equity ratio which is calculated by dividing total liabilities by total equity in the financial statements.

Debt-to-equity ratio as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023	December 31, 2022
Debt	\$ 3,425,579	\$ 3,333,069
Equity	<u>4,618,282</u>	<u>3,964,640</u>
Debt-to-equity ratio	<u>74.17%</u>	<u>84.07%</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**5. Financial Instruments by Category**

**5.1 Carrying Amounts of Financial Instruments by Category**

Categorizations of financial assets and liabilities as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023				
<b>Assets</b>	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through OCI</b>	<b>Other Financial Assets</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,085,801	\$ -	\$ -	\$ -	\$ 1,085,801
Short-term financial instruments	5,041	-	-	-	5,041
Trade and other receivables	416,731	-	20,639	-	437,370
Derivative assets (current and non-current)	-	-	-	125	125
Long-term trade and other receivables	17,476	-	-	-	17,476
Long-term financial instruments	1,342	-	-	-	1,342
Long-term financial investments	-	8,326	255	-	8,581
Other non-current assets	8,981	-	-	-	8,981
	<u>\$ 1,535,372</u>	<u>\$ 8,326</u>	<u>\$ 20,894</u>	<u>\$ 125</u>	<u>\$ 1,564,717</u>

(in thousands of USD)

	December 31, 2023			
<b>Liabilities</b>	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Other financial liabilities<sup>1</sup></b>	<b>Total</b>
Trade and other payables	\$ 1,387,588	\$ -	\$ -	\$ 1,387,588
Borrowings	920,641	-	-	920,641
Derivative liabilities (current and non-current)	-	435	1,861	2,296
Sales and leaseback liabilities (current and non-current)	51,419	-	-	51,419
Other current payables	3,353	-	-	3,353
Other non-current payables	9,044	-	-	9,044
Financial guarantee liability	-	-	21,061	21,061
Lease liabilities (current and non-current)	-	-	129,036	129,036
	<u>\$ 2,372,045</u>	<u>\$ 435</u>	<u>\$ 151,958</u>	<u>\$ 2,524,438</u>

<sup>1</sup> Other financial liabilities include hedging derivative liabilities, financial guarantee liabilities, and lease liabilities that are not applied to financial liabilities by category.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in thousands of USD)

Assets	December 31, 2022			
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
Cash and cash equivalents	\$ 551,570	\$ -	\$ -	\$ 551,570
Short-term financial instruments	5,382	-	-	5,382
Trade and other receivables	440,843	-	49,923	490,766
Long-term trade and other receivables	17,419	-	-	17,419
Long-term financial instruments	2,787	-	-	2,787
Long-term financial investments	-	2,312	1,206	3,518
Other non-current assets	7,724	-	-	7,724
	<u>\$ 1,025,725</u>	<u>\$ 2,312</u>	<u>\$ 51,129</u>	<u>\$ 1,079,166</u>

(in thousands of USD)

Liabilities	December 31, 2022		
	Financial liabilities at amortized cost	Other financial liabilities <sup>1</sup>	Total
Trade and other payables	\$ 1,204,140	\$ -	\$ 1,204,140
Borrowings	1,015,521	-	1,015,521
Derivative liabilities (current and non-current)	-	1,050	1,050
Sale and leaseback liabilities (current and non-current)	61,034	-	61,034
Other current liabilities	3,570	-	3,570
Other non-current liabilities	10,095	-	10,095
Lease liabilities (current and non-current)	-	115,551	115,551
	<u>\$ 2,294,360</u>	<u>\$ 116,601</u>	<u>\$ 2,410,961</u>

<sup>1</sup> Other financial liabilities include hedging derivative liabilities, financial guarantee liabilities, and lease liabilities that are not applied to financial liabilities by category.

During the year ended December 31, 2023, there have been no significant changes in the business and economic environment affecting the fair value of the Group's financial assets and liabilities. Assets and liabilities whose carrying value is a reasonable approximation of fair value are excluded from the fair value disclosure above.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 5.2 Fair Value Hierarchy

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023			
	Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
Financial assets:				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 8,326	\$ 8,326
Financial assets at fair value through OCI	-	20,639	255	20,894
Other financial assets (Hedging derivatives)	-	125	-	125
	<u>\$ -</u>	<u>\$ 20,764</u>	<u>\$ 8,581</u>	<u>\$ 29,345</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss	-	435	-	435
Other financial liabilities (Hedging derivatives)	-	1,861	-	1,861
	<u>\$ -</u>	<u>\$ 2,296</u>	<u>\$ -</u>	<u>\$ 2,296</u>

(in thousands of USD)

	December 31, 2022			
	Level 1 <sup>1</sup>	Level 2 <sup>1</sup>	Level 3 <sup>1</sup>	Total
Financial assets:				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 2,312	\$ 2,312
Financial assets at fair value through OCI	-	49,923	1,206	51,129
	<u>\$ -</u>	<u>\$ 49,923</u>	<u>\$ 3,518</u>	<u>\$ 53,441</u>
Financial liabilities:				
Other financial liabilities (Hedging derivatives)	\$ -	\$ 1,050	\$ -	\$ 1,050
	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ -</u>	<u>\$ 1,050</u>

- <sup>1</sup> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.  
Level 2 – All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability.  
Level 3 – Unobservable inputs for the asset or liability.

#### 5.3 Changes in Fair Value of Level 3 Financial Instruments

Changes in level 3 financial instruments among the financial instruments that are measured at fair value for the year ended December 31, 2023 are as follows:

(in thousands of USD)

	Year ended December 31, 2023					
	Beginning	Fair value valuation	Acquisition	Disposal	Others <sup>1</sup>	Ending
Financial assets at fair value through profit or loss	\$ 2,312	\$ 1	\$ 6,015	\$ -	\$ (2)	\$ 8,326
Financial assets at fair value through OCI	1,206	-	-	(995)	44	255
	<u>\$ 3,518</u>	<u>\$ 1</u>	<u>\$ 6,015</u>	<u>\$ (995)</u>	<u>\$ 42</u>	<u>\$ 8,581</u>

- <sup>1</sup> Others include mainly currency translation effects.



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 5.4 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of USD)

	Year ended December 31, 2023						
	Profit for the year						Other comprehensive income
	Interest income (expense)	Reversal of bad debt expense	Loss on disposal	Gain (loss) on derivatives	Gain on valuation	Others	
Financial assets:							
Financial assets at amortized cost	\$ 29,705	\$ (3,927)	\$ -	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through profit or loss	-	-	-	53	1	-	-
Financial assets at fair value through OCI	-	-	(8,354)	-	-	-	-
Other financial assets (Hedging derivatives)	-	-	-	-	-	-	(111)
	<u>\$ 29,705</u>	<u>\$ (3,927)</u>	<u>\$ (8,354)</u>	<u>\$ 53</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (111)</u>
Financial liabilities:							
Financial liabilities at amortized cost	\$ (80,184)	\$ -	\$ (1,699)	\$ -	\$ -	\$ (2,214)	\$ -
Other financial liabilities	(5,938)	-	-	(426)	-	(95)	-
	<u>\$ (86,122)</u>	<u>\$ -</u>	<u>\$ (1,699)</u>	<u>\$ (426)</u>	<u>\$ -</u>	<u>\$ (2,309)</u>	<u>\$ -</u>

(in thousands of USD)

(in thousands of USD)	Year ended December 31, 2022					Other comprehensive income
	Profit for the year					
	Interest income (expense)	Bad debt expense	Loss on disposal	Others		
Financial assets:						
Financial assets at amortized cost	\$ 2,556	\$ 2,554	\$ -	\$ -	\$ -	-
Financial assets at fair value through profit or loss	-	-	(7)	1	-	-
Financial assets at fair value through OCI	-	-	(3,832)	-	-	-
Other financial assets (Hedging derivatives)	-	-	-	-	-	676
	<u>\$ 2,556</u>	<u>\$ 2,554</u>	<u>\$ (3,839)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>676</u>
Financial liabilities:						
Financial liabilities at amortized cost	\$ (61,833)	\$ -	\$ (20,153)	\$ (1,394)	\$ -	-
Other financial liabilities	(3,078)	-	-	(66)	-	-
	<u>\$ (64,911)</u>	<u>\$ -</u>	<u>\$ (20,153)</u>	<u>\$ (1,460)</u>	<u>\$ -</u>	<u>-</u>

All of other comprehensive income or loss (before tax effect) noted above resulted from cash flow hedge derivatives.

In addition, realized and unrealized foreign exchange differences (other than derivative contracts) resulted mainly from financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial liabilities measured at amortized cost.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**5.5 Offsetting Financial Assets and Financial Liabilities**

The following table presents the recognized financial instruments subject to enforceable master netting arrangements or other similar agreements as at December 31, 2023.

(in thousands of USD)

	December 31, 2023		
	Recognized gross financial instruments	Gross financial instruments set off	Net amounts of financial instruments presented in the statement of financial position
Financial assets:			
Trade receivables	\$ 12,486	\$ (6,279)	\$ 6,207
Other receivables	16	(15)	1
	<u>\$ 12,502</u>	<u>\$ (6,294)</u>	<u>\$ 6,208</u>
Financial liabilities:			
Trade payables	\$ (21,406)	\$ 6,294	\$ (15,112)

**6. Trade and Other Receivables**

Trade and other receivables as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023		
	Gross	Allowance for doubtful accounts	Net
Current:			
Trade receivables	\$ 421,578	\$ (10,591)	\$ 410,987
Other receivables	26,233	(42)	26,191
Accrued income	106	-	106
Short-term loans	86	-	86
	<u>\$ 448,003</u>	<u>\$ (10,633)</u>	<u>\$ 437,370</u>
Non-current:			
Long-term other receivables	\$ 17,476	\$ -	\$ 17,476
	<u>\$ 17,476</u>	<u>\$ -</u>	<u>\$ 17,476</u>

(in thousands of USD)

	December 31, 2022		
	Gross	Allowance for doubtful accounts	Net
Current:			
Trade receivables	\$ 477,672	\$ (8,005)	\$ 469,667
Other receivables	20,319	(45)	20,274
Accrued income	524	-	524
Short-term loans	301	-	301
	<u>\$ 498,816</u>	<u>\$ (8,050)</u>	<u>\$ 490,766</u>
Non-current:			
Long-term other receivables	\$ 17,419	\$ -	\$ 17,419
	<u>\$ 17,419</u>	<u>\$ -</u>	<u>\$ 17,419</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Changes in allowance for doubtful accounts for the years ended December 31, 2023 and 2022 are as follows:

*(in thousands of USD)*

	<b>Year ended December 31, 2023</b>		
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
Beginning balance	\$ 8,005	\$ 45	\$ 8,050
Increase (decrease)	3,929	(1)	3,928
Write-off	(1,301)	-	(1,301)
Others	(42)	(2)	(44)
Ending balance	<u>\$ 10,591</u>	<u>\$ 42</u>	<u>\$ 10,633</u>

*(in thousands of USD)*

	<b>Year ended December 31, 2022</b>		
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
Beginning balance	\$ 13,020	\$ 80	\$ 13,100
Increase (decrease)	(2,527)	(27)	(2,554)
Write-off	(682)	-	(682)
Others	(1,806)	(8)	(1,814)
Ending balance	<u>\$ 8,005</u>	<u>\$ 45</u>	<u>\$ 8,050</u>

Past due receivables are considered impaired. An allowance for doubtful accounts is specifically recognized for the receivables with impairment indicators individually identified. The Group applies the aging analysis to recognize the lifetime expected credit losses as allowance for credit losses for a group of financial assets with similar credit risk natures that are not individually significant. The allowance for doubtful accounts is included in selling and administrative expenses and other non-operating expenses in the consolidated statements of profit or loss.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**7. Inventories**

Inventories as at December 31, 2023 and 2022 are as follows:

*(in thousands of USD)*

	<b>December 31, 2023</b>		
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	<b>Net book value</b>
Merchandise and finished goods	\$ 660,434	\$ (40,568)	\$ 619,866
Work in progress	73,870	-	73,870
Raw materials	574,622	(22,617)	552,005
Materials in transit	161,220	-	161,220
	<u>\$ 1,470,146</u>	<u>\$ (63,185)</u>	<u>\$ 1,406,961</u>

*(in thousands of USD)*

	<b>December 31, 2022</b>		
	<b>Acquisition cost</b>	<b>Valuation allowance</b>	<b>Net book value</b>
Merchandise and finished goods	\$ 509,029	\$ (33,667)	\$ 475,362
Work in progress	72,708	-	72,708
Raw materials	604,684	(14,843)	589,841
Materials in transit	164,885	-	164,885
	<u>\$ 1,351,306</u>	<u>\$ (48,510)</u>	<u>\$ 1,302,796</u>

The cost of inventories recognized as expense and included in 'cost of sales' for the year ended December 31, 2023, amounts to \$ 5,385,558 thousand (December 31, 2022: \$ 4,837,026 thousand). Loss on inventory valuation included in 'cost of sales' amount to \$ 14,676 thousand for the year ended December 31, 2023 (December 31, 2022: \$ 1,697 thousand).

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**8. Derivatives**

The Group's derivative contracts are classified as follows:

Purpose	Type of derivative instruments	Description
Cash flow hedge	Foreign exchange forward	A contract in order to avoid cash flow risk arising from forecasted payment of borrowings and forecasted sales in foreign currencies
	Foreign exchange swap	A contract in order to avoid cash flow risk arising from changes in currency rate of forecasted cash flows in foreign currencies
Trading purpose	Interest rate swap	A contract which an interest rate swap is entered into to avoid risk arising from hedge future interest rate changes, but not applied hedge accounting

Details of valuation of derivatives as at December 31, 2023 and 2022 are as follows:

*(in thousands of respective currencies)*

		December 31, 2023					
		Buy		Sell		Derivative assets (liabilities)	Accumulated other comprehensive income <sup>1</sup>
	Currency	Amount	Currency	Amount			
Cross swap	JPY	1,906,578	KRW	20,000,000	(1,853)	\$ -	\$ 163
Foreign forward	JPY	7,732	KRW	82,930	(8)	-	(8)
Foreign forward	KRW	11,724,300	USD	9,000	125	-	125
Interest rate swap	EUR	39,832	EUR	39,832	(435)	(425)	-
Total					(2,171)	\$ (425)	\$ 280

<sup>1</sup> Tax effects were not reflected.

*(in thousands of respective currencies)*

		December 31, 2022					
		Buy		Sell		Derivative assets (liabilities)	Accumulated other comprehensive loss <sup>1</sup>
	Currency	Amount	Currency	Amount			
Cross swap	JPY	1,906,578	KRW	20,000,000	\$ (1,040)	\$ 401	
Foreign forward	JPY	15,464	KRW	165,859	(10)	(10)	
Total					\$ (1,050)	\$ 391	

<sup>1</sup> Tax effects were not reflected.

Derivatives are classified as non-current assets (liabilities) if their remaining maturities exceed 12 months from the end of the reporting year; otherwise, they are classified as current assets (liabilities).

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 9. Property, Plant and Equipment

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

(in thousands of USD)

	Year ended December 31, 2023							
	Land	Buildings	Machinery	Vehicles	Equipment	Construction in progress	right-of-use assets	Total
Beginning	\$ 131,550	\$ 220,153	\$ 304,730	\$ 1,739	\$ 33,846	\$ 76,273	\$ 108,617	\$ 876,908
Acquisition / capital expenditure	-	7,005	29,415	970	6,408	114,352	50,366	208,516
Disposal	-	(428)	(1,883)	(88)	(734)	-	-	(3,133)
Depreciation	-	(12,618)	(78,159)	(1,309)	(11,047)	-	(35,102)	(138,235)
Impairment	-	-	(149)	(12)	-	-	-	(161)
Reassessment	4,924	-	-	-	-	-	-	4,924
Others & transfer <sup>1</sup>	(861)	21,706	77,654	695	5,984	(78,476)	879	27,581
Ending	\$ 135,613	\$ 235,818	\$ 331,608	\$ 1,995	\$ 34,457	\$ 112,149	\$ 124,760	\$ 976,400
Acquisition cost	\$ 135,700	\$ 367,409	\$ 789,372	\$ 7,430	\$ 96,228	\$ 112,316	\$ 204,398	\$ 1,712,853
Accumulated depreciation	-	(129,149)	(456,473)	(5,435)	(61,750)	-	(79,638)	(732,445)
Government grants	-	(1,152)	(614)	-	(20)	(167)	-	(1,953)
Accumulated impairment losses	\$ (87)	\$ (1,290)	\$ (677)	\$ -	\$ (1)	\$ -	\$ -	\$ (2,055)

(in thousands of USD)

	Year ended December 31, 2022							
	Land	Buildings	Machinery	Vehicles	Equipment	Construction in progress	right-of-use assets	Total
Beginning	\$ 139,228	\$ 187,183	\$ 359,048	\$ 2,286	\$ 31,609	\$ 85,677	\$ 82,663	\$ 887,694
Acquisition / capital expenditure	-	46,908	45,589	566	15,532	42,936	58,860	210,391
Disposal	-	(301)	(5,996)	(674)	(1,069)	(24)	-	(8,064)
Depreciation	-	(10,377)	(79,265)	(723)	(10,135)	-	(27,387)	(127,887)
Impairment	-	(92)	(46)	(1)	(34)	-	-	(173)
Transfer to assets held-for-sale	-	-	(20,398)	(3)	-	-	-	(20,401)
Others & transfer <sup>1</sup>	(7,678)	(3,168)	5,798	288	(2,057)	(52,316)	(5,519)	(64,652)
Ending	\$ 131,550	\$ 220,153	\$ 304,730	\$ 1,739	\$ 33,846	\$ 76,273	\$ 108,617	\$ 876,908
Acquisition cost	\$ 131,550	\$ 328,846	\$ 711,636	\$ 5,777	\$ 84,914	\$ 76,273	\$ 170,001	\$ 1,508,997
Accumulated depreciation	-	(106,067)	(405,498)	(4,037)	(51,002)	-	(61,384)	(627,988)
Government grants	-	(1,215)	(821)	-	(32)	-	-	(2,068)
Accumulated impairment losses	-	(1,411)	(587)	(1)	(34)	-	-	(2,033)

<sup>1</sup> It includes machinery that is transferred through sale and leaseback transactions but recognized as assets of the Group as they do not meet the removal requirements.

After initial recognition, land is measured using a revaluation model. As at December 31, 2023, the carrying amount of land would be \$116,380 thousand if measured based on a cost model.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

As at December 31, 2023, certain property, plant and equipment included above are pledged as collateral in relation to the borrowings (Notes 15 and 34).

Classification of depreciation expenses for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>year ended December 31, 2023</b>	<b>year ended December 31, 2022</b>
Cost of sales	\$ 111,190	\$ 104,073
Selling and administrative expenses		
Depreciation expenses	22,675	19,752
Research and development expenses	4,370	4,062
	<u>\$ 138,235</u>	<u>\$ 127,887</u>

## 10. Intangible Assets

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

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>					
	<b>Goodwill</b>	<b>Industrial rights</b>	<b>Development costs</b>	<b>Construction in progress</b>	<b>Others</b>	<b>Total</b>
Beginning	\$ 2,616,809	\$ 977,687	\$ 136,534	\$ -	\$ 63,460	\$ 3,794,490
Internal development	-	-	26,190	-	-	26,190
Acquisition	-	255	-	38,565	7,680	46,500
Amortization	-	(109)	(35,206)	-	(15,560)	(50,875)
Impairment	-	(4,943)	(2,405)	-	-	(7,348)
Others & transfer	41,511	12,388	148	4,059	(1,184)	56,922
Ending	<u>\$ 2,658,320</u>	<u>\$ 985,278</u>	<u>\$ 125,261</u>	<u>\$ 42,624</u>	<u>\$ 54,396</u>	<u>\$ 3,865,879</u>
Acquisition cost	\$ 2,658,320	\$ 1,130,544	\$ 435,606	\$ 42,624	\$ 211,558	\$ 4,478,652
Accumulated amortization and impairment losses	-	(145,266)	(310,345)	-	(157,162)	(612,773)

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2022</b>				
	<b>Goodwill</b>	<b>Industrial rights</b>	<b>Development costs</b>	<b>Others</b>	<b>Total</b>
Beginning	\$ 2,696,843	\$ 998,083	\$ 140,793	\$ 59,068	\$ 3,894,787
Internal development	-	-	31,809	-	31,809
Acquisition	-	136	-	19,803	19,939
Disposal	(1,111)	-	-	(821)	(1,932)
Amortization	-	(105)	(32,301)	(13,913)	(46,319)
Impairment	-	-	-	(319)	(319)
Others	<u>\$ (78,923)</u>	<u>\$ (20,427)</u>	<u>\$ (3,767)</u>	<u>\$ (358)</u>	<u>\$ (103,475)</u>
Ending	<u>\$ 2,616,809</u>	<u>\$ 977,687</u>	<u>\$ 136,534</u>	<u>\$ 63,460</u>	<u>\$ 3,794,490</u>
Acquisition cost	2,616,809	1,116,112	408,186	180,832	4,321,939
Accumulated amortization and impairment losses	-	(138,425)	(271,652)	(117,372)	(527,449)

As at December 31, 2023, the carrying amount of goodwill and other intangible with indefinite useful lives included in others above is \$ 3,646,367 thousand (December 31, 2022: \$ 3,595,439 thousand).

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Certain intangible assets included above are pledged as collateral as at December 31, 2023 in connection with the borrowings (Notes 15 and 34).

Impairment losses on intangible assets for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	Individual asset	Book value	Accumulated Impairment Losses	
			December 31, 2023	December 31, 2022
Development costs	Medium Frame GenV and others	\$ -	\$ 4,139	\$ 4,139
	eMEX Shells E32e, E19e and others	-	2,405	-
Industrial property rights	RYAN trademark right	\$ -	\$ 4,943	\$ -

Classification of impairment losses on intangible assets for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023	December 31, 2022
Other non-operating expenses	\$ 7,348	\$ 319

Details of development costs as at December 31, 2023, are as follows:

(in thousands of USD)

		Balance	Remaining amortization year (months)
Compact product development (relating to new models and emission regulations)	Development in progress	\$ 46,715	
	Being amortized	56,764	33
Portable Power product development (relating to new models and emission regulations)	Development in progress	166	
	Being amortized	8,840	37
Forklift product development (relating to new models and emission regulations)	Development in progress	4,678	
	Being amortized	8,098	39
		<u>\$ 125,261</u>	

Classification of amortization expenses for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	December 31, 2023	December 31, 2022
Cost of sales	\$ 39,519	\$ 38,076
Selling and administrative expenses	11,356	8,243
Total	<u>\$ 50,875</u>	<u>\$ 46,319</u>



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Expenditures on research and development recognized as expenses amounted to \$ 152,762 thousand for the year ended December 31, 2023 (December 31, 2022: \$ 121,634 thousand).

Details of borrowing costs capitalized as intangible assets by the Group for the year ended December 31, 2023 are as follows.

(in thousands of USD)

December 31, 2023

Capitalized borrowing costs	\$	55
Capitalization interest rate		8.17%

#### Impairment Tests for Goodwill

The Group allocates goodwill to cash-generating unit group, and allocated goodwill for impairment testing purposes is as follows.

(in thousands of USD)

Cash-generating unit group	Description	December 31, 2023	December 31, 2022
Doosan Bobcat	Manufacturing and sales of construction equipment	\$ 2,658,320	\$ 2,616,809

The Group uses cash flow projections based on the five-year period financial budgets approved by the management. The financial budgets are determined based on historical result and expectation of market growth. Key assumptions used for value-in-use calculation are as follows:

#### DOOSAN BOBCAT INC.

Sales growth rate	6.4%
Permanent growth rate	1.5%
Discount rate <sup>1</sup>	9.8%

<sup>1</sup> The discount rate is applied to the expected cash flow.

The growth rate is calculated by continuing the estimated cash flows at the end of the five-year period, and this growth rate does not exceed long-term average growth rate of market. The discount rates used reflect relevant risks specific to the cash-generating units. The Group performed an impairment test in consideration of the value-in-use and concluded that the carrying value of cash generating units does not exceed the recoverable amount. Therefore, no impairment loss is recognized based on the impairment test for the year ended December 31, 2023.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**11. Investment Properties**

Changes in investment properties for the year ended December 31, 2023 and 2022 are as follows:

*(in thousands of USD)*

	Year ended December 31, 2023		
	Land	Building	Total
Beginning balance	\$ 72,734	\$ 19,844	\$ 92,578
Acquisition / capital expenditure	-	846	846
Transfer	-	(3,733)	(3,733)
Depreciation	-	(1,084)	(1,084)
Others	(1,248)	(278)	(1,526)
Ending balance	<u>\$ 71,486</u>	<u>\$ 15,595</u>	<u>\$ 87,081</u>
Acquisition cost	\$ 71,486	\$ 20,175	\$ 91,661
Accumulated amortization and impairment loss	-	(4,580)	(4,580)

*(in thousands of USD)*

	Year ended December 31, 2022		
	Land	Building	Total
Beginning balance	\$ 77,752	\$ 22,865	\$ 100,617
Depreciation	-	(1,516)	(1,516)
Others	(5,018)	(1,505)	(6,523)
Ending balance	<u>\$ 72,734</u>	<u>\$ 19,844</u>	<u>\$ 92,578</u>
Acquisition cost	\$ 72,734	\$ 24,274	\$ 97,008
Accumulated amortization and impairment loss	-	(4,430)	(4,430)

Changes in right-of-use assets classified as investment properties for the year ended December 31, 2023 and 2022 are as follows:

*(in thousands of USD)*

	year ended December 31, 2023	year ended December 31, 2022
Beginning balance	\$ 3,733	\$ 4,485
Transfer <sup>1</sup>	(3,733)	-
Depreciation	-	(453)
Others	-	(299)
Ending balance	<u>\$ -</u>	<u>\$ 3,733</u>

<sup>1</sup> During the year ended December 31, 2023, due to the changes in the contracts, the leased area has been adjusted. Accordingly, the right-of-use assets classified as investment property have been transferred to lease assets.

Rental income from investment properties occurred during the year ended December 31, 2023, amounted to \$ 4,008 thousand (December 31, 2022: \$ 7,136 thousand).

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Fair value of investment properties as at December 31, 2023 is as follows:

<i>(in thousands of USD)</i>		<b>December 31, 2023</b>	
Land		\$	88,370
Building			16,795
		\$	<u>105,165</u>

The assessment of investment properties at the fair value was performed by an independent appraiser. The Group considers the change in fair value subsequent to its initial recognition is immaterial. On the other hand, the fair value of investment properties is classified as level 3 based on inputs used in valuation techniques. The valuation techniques used to measure fair value are the individual valuation method, the transaction comparison method, and the return on revenue method.

## 12. Investment in Associates

Investments in associates that are accounted for using the equity method as at December 31, 2023 and 2022 are as follows:

Associates	Principal business activity	Location	Fiscal year end	Percentages of ownership (%)	
				December 31, 2023	December 31, 2022
Ainstein AI, Inc <sup>1</sup>	Manufacturing of electronic sensing devices and others	U.S.A	December	9.09	9.09
Presto Lite Asia Co., Ltd.	Manufacturing of motors and generators	Korea	December	32.31	32.31

<sup>1</sup> The Group considers it has significant influence over the entity with the right of decision-making of the Board of Directors.

Details of investments in associates that are accounted for using the equity method as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>		<b>December 31, 2023</b>		
	Percentages of ownership (%)	Acquisition cost	Book value	Net asset value
Ainstein AI, Inc	9.09	\$ 2,000	\$ 1,892	\$ 87
Presto Lite Asia Co., Ltd.	32.31	2,467	2,822	2,822
		<u>\$ 4,467</u>	<u>\$ 4,714</u>	<u>\$ 2,909</u>

<i>(in thousands of USD)</i>		<b>December 31, 2022</b>		
	Percentages of ownership (%)	Acquisition cost	Book value	Net asset value
Ainstein AI, Inc	9.09	\$ 2,000	\$ 1,859	\$ 39
Presto Lite Asia Co., Ltd.	32.31	2,467	2,478	2,478
		<u>\$ 4,467</u>	<u>\$ 4,337</u>	<u>\$ 2,517</u>

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Changes in investment in associates for the year ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

Investee	Beginning	Share of gain	Others	Ending
Ainstein AI, Inc	\$ 1,859	\$ 33	\$ -	\$ 1,892
Presto Lite Asia Co., Ltd.	2,478	382	(38)	2,822
	<u>\$ 4,337</u>	<u>\$ 415</u>	<u>\$ (38)</u>	<u>\$ 4,714</u>

(in thousands of USD)

Investee	Year ended December 31, 2022				
	Beginning	Share of gain	Disposal	Others	Ending
Doosan Property Co., Ltd. <sup>1</sup>	\$ 29,062	\$ 1,305	\$ (25,187)	\$ (5,180)	\$ -
Doosan Cuvex Co., Ltd. <sup>2</sup>	9,218	(27)	(7,591)	(1,600)	-
Ainstein AI, Inc	1,933	(74)	-	-	1,859
Presto Lite Asia Co., Ltd.	2,431	200	-	(153)	2,478
	<u>\$ 42,644</u>	<u>\$ 1,404</u>	<u>\$ (32,778)</u>	<u>\$ (6,933)</u>	<u>\$ 4,337</u>

<sup>1</sup> The Group disposed of Doosan Property Co., Ltd. during the year ended December 31, 2022.

<sup>2</sup> The Group disposed of Doosan Cuvex Co., Ltd. during the year ended December 31, 2022.

Summarized financial information of associates as at and for the year ended December 31, 2023, is as follows:

(in thousands of USD)

	December 31, 2023				
	Assets	Liabilities	Sales	Profit for the year	Total comprehensive income (loss)
Ainstein AI, Inc	\$ 5,717	\$ 4,755	\$ 6,820	\$ 368	\$ 368
Presto Lite Asia Co., Ltd.	12,185	4,199	15,061	1,180	1,180

On January 8, 2021, Doosan Property Co., Ltd. signed a contract to sell Bundang Doosan Tower located at 155 Jeongjail-ro, Bundang-gu, Seongnam-si, Gyeonggi-do to Doosan Tower Consignment Real Estate Investment Company, and Doosan Bobcat Korea Co., Ltd., Doosan Corp., Doosan Enerbility Co., Ltd. and Hyundai Doosan Infracore Co., Ltd. (formerly, Doosan Infracore Co., Ltd.) jointly sign a lease agreement for five years. As Hyundai Doosan Infracore Co., Ltd. withdrew from the lease agreement on December 31, 2022, Doosan Enerbility Co., Ltd. took over the relevant status and rights and obligations. Doosan Bobcat Korea Co., Ltd., a subsidiary of the Group, has agreed to jointly lease and sublease the real estate and owns a 9.7% stake. Doosan Bobcat Korea Co., Ltd. has the right to rental income to the extent that it corresponds to the portion of its share excluding the self-used portion, and bears the share of the jointly incurred expenses.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**13. Lease**

Changes in right-of-use assets for the year ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	<b>Year ended December 31, 2023</b>						
	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Tools</b>	<b>Equipment</b>	<b>Total</b>
Beginning balance	\$ 4,288	\$ 90,321	\$ 5,776	\$ 6,151	\$ 6	\$ 2,075	\$ 108,617
Acquisition	-	39,220	3,940	5,485	-	1,721	50,366
Depreciation	(467)	(26,737)	(2,518)	(4,243)	(4)	(1,133)	(35,102)
Transfer <sup>1</sup>	-	3,733	-	-	-	-	3,733
Others	(85)	(2,176)	13	(623)	-	17	(2,854)
Ending balance	<u>\$ 3,736</u>	<u>\$ 104,361</u>	<u>\$ 7,211</u>	<u>\$ 6,770</u>	<u>\$ 2</u>	<u>\$ 2,680</u>	<u>\$ 124,760</u>
Acquisition cost	\$ 4,334	\$ 167,332	\$ 11,294	\$ 15,725	\$ 16	\$ 5,697	\$ 204,398
Accumulated depreciation	(598)	(62,971)	(4,083)	(8,955)	(14)	(3,017)	(79,638)

<sup>1</sup> During the year ended December 31, 2023, due to a change in the contract, the leased area has been adjusted, and the right-of-use assets classified as investment property have been transferred to lease assets.

(in thousands of USD)

	<b>Year ended December 31, 2022</b>						
	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Tools</b>	<b>Equipment</b>	<b>Total</b>
Beginning balance	\$ 4,880	\$ 67,497	\$ 1,325	\$ 6,912	\$ 13	\$ 2,036	\$ 82,663
Acquisition	(3)	46,740	6,992	3,129	-	2,002	58,860
Depreciation	(167)	(20,551)	(1,928)	(3,387)	(5)	(1,349)	(27,387)
Others	(422)	(3,365)	(613)	(503)	(2)	(614)	(5,519)
Ending balance	<u>\$ 4,288</u>	<u>\$ 90,321</u>	<u>\$ 5,776</u>	<u>\$ 6,151</u>	<u>\$ 6</u>	<u>\$ 2,075</u>	<u>\$ 108,617</u>
Acquisition cost	\$ 4,424	\$ 137,396	\$ 8,125	\$ 12,632	\$ 17	\$ 7,407	\$ 170,001
Accumulated depreciation	(136)	(47,075)	(2,349)	(6,481)	(11)	(5,332)	(61,384)

Changes in lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Beginning balance	\$ 115,551	\$ 88,642
Lease payments	(40,682)	(29,104)
Acquisition of lease assets	50,400	58,860
Interest expenses	5,868	3,078
Termination of lease agreement	(1,277)	(2,340)
Others	-	(24)
Foreign exchange differences	(824)	(3,561)
Ending balance	<u>\$ 129,036</u>	<u>\$ 115,551</u>

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Classification of depreciation expenses of lease assets for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2023	Year ended December 31, 2022
Cost of sales	\$ 17,559	\$ 12,916
Selling and administrative expenses	17,003	13,993
Research and development expenses	540	478
	<u>\$ 35,102</u>	<u>\$ 27,387</u>

Maturity profile of lease liability as at December 31, 2023, are as follows:

<i>(in thousands of USD)</i>	Contractual nominal cash flow				
	Total	Less than 1 year	Less than 2 years	Less than 5 years	More than 5 years
Lease liabilities	\$ 145,448	\$ 36,906	\$ 29,405	\$ 57,537	\$ 21,600

Expenditures on short-term leases or leases of low-value assets which are not included in lease assets for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2023	Year ended December 31, 2022
Cost of sales	\$ 505	\$ 2,170
Selling and administrative expenses	4,326	2,360
Research and development expenses, etc.	2	2
	<u>\$ 4,833</u>	<u>\$ 4,532</u>

Total cash outflow for leases for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	Year ended December 31, 2023	Year ended December 31, 2022
Lease liabilities	\$ 40,682	\$ 29,104
Short-term lease and low-value assets payment	4,833	4,532
	<u>\$ 45,515</u>	<u>\$ 33,636</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**14. Trade and Other Payables**

Trade and other payables as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current:		
Trade payables	\$ 895,350	\$ 880,744
Other payables	97,938	105,330
Accrued expenses	394,300	218,066
	<u>\$ 1,387,588</u>	<u>\$ 1,204,140</u>
Non-current:		
Other payables	\$ 21	\$ 20
Accrued expenses	4,491	4,543
Leasehold deposits received	4,532	5,532
	<u>\$ 9,044</u>	<u>\$ 10,095</u>

**15. Borrowings**

Borrowings as at December 31, 2023 and 2022 are as follows:

1) Short-term Borrowings

<i>(in thousands of USD)</i>		<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Lender</b>	<b>Annual interest rate</b>		
SB China	3.30%	\$ 21,038	\$ -
CSOB <sup>1</sup>	EURIBOR + 1.5%	17,470	3,367
SB China	3.30%	9,946	-
Belfius Bank <sup>2</sup>	1.36%	-	1,333
Sparkasse <sup>2</sup>	2.15%	-	28
Wells Fargo <sup>2</sup>	30D SOFR + 1.48%	-	12,836
Export-Import Bank of Korea <sup>2</sup>	6.67%	-	15,000
Export-Import Bank of Korea <sup>2</sup>	6.77%	-	10,000
Total		<u>\$ 48,454</u>	<u>\$ 42,564</u>

<sup>1</sup> In connection with the short-term borrowings above, property, plant and equipment and others are pledged as collateral (Notes 9, 10 and 34).

<sup>2</sup> Short-term borrowings were repaid during the year ended December 31, 2023.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

2) Long-term Borrowings

(in thousands of USD)

Lender	Annual interest rate	December 31, 2023	December 31, 2022
Syndicated lenders <sup>1</sup>	3 Month SOFR +2.5%	\$ 735,125	\$ 843,625
CSOB <sup>2</sup>	EURIBOR + 1.5%	71,334	17,115
Mizuho Bank	CD91D+1.5%	31,022	31,563
NongHyup Bank <sup>2</sup>	3M MOR + 1.88%	31,022	31,563
Shinhan Bank Japan <sup>2</sup>	3.28%	13,495	14,340
Shinhan Bank Japan <sup>2</sup>	Japan ST Prime Lending Rate -0.575%	2,831	-
Bank of America <sup>3</sup>	3 Month SOFR +1.75%	-	50,000
Sparkasse <sup>3</sup>	2.15%	-	56
Belfius Bank <sup>3</sup>	1.36%	-	1,599
Subtotal		884,829	989,861
Less: present value of discount		(12,642)	(16,903)
		872,187	972,958
Less: current portion		(21,995)	(40,063)
Total		\$ 850,192	\$ 932,895

<sup>1</sup> In connection with the long-term borrowings above, plant and equipment, intangible assets and others of Doosan Bobcat North America Inc. are pledged as collateral (Notes 9, 10 and 34).

<sup>2</sup> In connection with the long-term borrowings above, property, plant and equipment and others are pledged as collateral (Notes 9, 10 and 34).

<sup>3</sup> Long-term borrowings were repaid during the year ended December 31, 2023.

**16. Sales and Leaseback liabilities**

Sales and leaseback liabilities as at December 31, 2023 and 2022 are as follows :

(in thousands of USD)

Lender	Annual interest rate	December 31, 2023	December 31, 2022
HSBC	7.00%	\$ 28,801	\$ 28,555
Investec	7.00%	4,085	8,463
CMF	7.00%	1,977	2,926
Lombard	7.00%	16,556	21,089
Sub total		51,419	61,033
Less: current portion		(13,393)	(21,699)
Total		\$ 38,026	\$ 39,334

<sup>1</sup> DBI provides a guarantee regarding the sales and leaseback liabilities.



**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**17. Net Defined Benefit Liabilities**

Details of net defined benefit liabilities recognized in the statements of financial position as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of defined benefit obligations	\$ 452,775	\$ 478,103
Fair value of plan assets	(349,689)	(304,501)
Effects of asset ceiling	1,708	-
Net defined benefit liabilities	112,044	182,444
Net defined benefit assets	<u>\$ 7,250</u>	<u>\$ 8,842</u>

Profit and loss recognized for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current service cost	\$ 14,661	\$ 24,187
Past service cost and gains on settlements	(52,041)	(116)
Net interest cost	7,491	8,323
	<u>\$ (29,889)</u>	<u>\$ 32,394</u>

Classification of expenses related to defined benefit plan for the years ended December 31, 2023 and 2022 is as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Cost of sales	\$ 9,576	\$ 17,658
Selling and administrative expenses	(39,625)	14,429
Research and development expenses and others	160	307
	<u>\$ (29,889)</u>	<u>\$ 32,394</u>

The Group recognized expenses of \$ 24,392 thousand in relation to its defined contribution plan for the year ended December 31, 2023 (2022: \$ 21,190 thousand).

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Beginning balance	\$ 478,103	\$ 677,279
Current service cost	14,661	24,187
Past service cost and (gains) or losses on settlements	(52,041)	(116)
Interest expense	22,379	18,009
Remeasurements:		
Actuarial gain from change in demographic assumptions	(9,821)	(1,108)
Actuarial loss from change in financial assumptions	17,441	(204,964)
Other	8,912	(1,299)
Contributions by employees	792	1,049
Benefits paid	(29,143)	(26,164)
Transfers	762	(320)
Foreign exchange differences	730	(8,450)
Ending balance	<u>\$ 452,775</u>	<u>\$ 478,103</u>

Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Beginning balance	\$ 304,501	\$ 385,142
Expected return	14,888	9,686
Remeasurements	14,690	(95,915)
Contributions:		
Employers	40,784	38,244
Employees	792	1,049
Benefits paid	(27,016)	(22,076)
Transfers	186	(4,472)
Foreign exchange differences	864	(7,157)
Effects of asset ceiling	(1,708)	-
Ending balance	<u>\$ 347,981</u>	<u>\$ 304,501</u>

Actual gains on plan assets recognized are \$29,578 thousand and \$86,299 thousand for the years ended December 31, 2023 and 2022, respectively. Contributions to defined benefit plans for the year ending December 31, 2024 is expected to be \$ 33,089 thousand.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

The significant actuarial assumptions as at December 31, 2023 and 2022 are as follows:

<i>(in percentage, %)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	3.5~2.4	2.9~5.4
Future salary growth rate	2.0~4.5	0.8~4.5

Plan assets as at December 31, 2023 and 2022 consist of:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity instruments	\$ 56,563	\$ 72,329
Debt instruments	224,373	171,087
Others	68,753	61,085
Effects of asset ceiling	(1,708)	-
	<u>\$ 347,981</u>	<u>\$ 304,501</u>

The sensitivity of the defined benefit obligation to changes in the principal assumptions as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>
Discount rate:				
1%p increase	\$ (77,391)	(17.09)%	\$ (55,060)	(11.52)%
1%p decrease	33,663	7.43%	68,803	14.39%
Salary growth rate:				
1%p increase	\$ (17,812)	(3.93)%	\$ 7,456	1.56%
1%p decrease	(36,644)	(8.09)%	(6,675)	(1.40)%

The cash flows from expected future benefits as at December 31, 2023 are as follows:

<i>(in thousands of USD)</i>	<b>Less than 1 year</b>	<b>Between 1~2 years</b>	<b>Between 2~5 years</b>	<b>Between 5~10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Benefits paid	\$ 24,942	\$ 36,874	\$ 80,645	\$ 141,944	\$ 834,678	\$ 1,119,083

The weighted average maturity of the defined benefit obligations is 12 years.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**18. Provisions**

The Group estimates provisions based on expected expenditures required to settle its obligations for product warranty, refund, related after sales service activities, taking into account factors such as warranty year and historical experiences.

Changes in provisions for the years ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

	Year ended December 31, 2023						
	Beginning	Increase	Decrease	Others	Ending	Current	Non-current
Warranty	\$ 152,704	\$ 65,487	\$ (67,480)	\$ 697	\$ 151,408	\$ 87,462	\$ 63,946
Product liability	25,445	6,385	(8,169)	-	23,661	4,530	19,131
Litigation	1,114	761	(308)	(110)	1,457	1,457	-
Restructuring	833	-	(54)	(11)	768	768	-
Others	1,571	527	(1,385)	199	912	481	431
	<u>\$ 181,667</u>	<u>\$ 73,160</u>	<u>\$ (77,396)</u>	<u>\$ 775</u>	<u>\$ 178,206</u>	<u>\$ 94,698</u>	<u>\$ 83,508</u>

(in thousands of USD)

	Year ended December 31, 2022						
	Beginning	Increase	Decrease	Others	Ending	Current	Non-current
Warranty	\$ 148,999	\$ 63,733	\$ (57,497)	\$ (2,531)	\$ 152,704	\$ 81,551	\$ 71,153
Product liability	20,527	8,392	(3,474)	-	25,445	4,699	20,746
Litigation	610	771	(128)	(139)	1,114	1,114	-
Restructuring	1,320	452	(814)	(125)	833	833	-
Others	238	1,347	-	(14)	1,571	1,347	224
	<u>\$ 171,694</u>	<u>\$ 74,695</u>	<u>\$ (61,913)</u>	<u>\$ (2,809)</u>	<u>\$ 181,667</u>	<u>\$ 89,544</u>	<u>\$ 92,123</u>

**19. Capital Stock and Capital Surplus**

DBI is authorized to issue up to 400,000,000 ordinary shares with a par value of ₩ 500 per share. As at December 31, 2023, 100,249,166 ordinary shares are issued out of which 96,490 shares are ordinary shares with restricted voting rights under the Korean Commercial Law.

Changes on capital surplus for the year ended December 31, 2023 and 2022 are as follows.

(in thousands of USD)

	Share premium	Other capital surplus
At January 1, 2023	\$ 2,432,749	\$ (177,878)
Reclassification of share premium to retained earnings	(775,375)	-
As at December 31, 2023	<u>\$ 1,657,374</u>	<u>\$ (177,878)</u>

(in thousands of USD)

	Share premium	Other capital surplus
At January 1, 2022	\$ 2,432,753	\$ (177,878)
Reversal of preferred share issuance costs	(4)	-
As at December 31, 2022	<u>\$ 2,432,749</u>	<u>\$ (177,878)</u>

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### 20. Share-based Compensation

The Group has granted share-based compensation to executives of the Group in accordance with the resolution of the board of directors as follows.

	1st description
Grant type	Common stock
Granted to	Directors as of board resolution and grant date
Grant date	March 8, 2022
Grant method	Issuance of treasury shares, cash equivalent to share value
Exercise price	-
Vesting condition	2 more years of employment after grant
Vesting method	Prorated by the day from January 1 of grant year to December 31 of 2 <sup>nd</sup> anniversary year from grant
Payment method	Paid at the beginning of 3 <sup>rd</sup> anniversary year from grant

	2nd description
Grant type	Common stock
Granted to	Directors as of board resolution and grant date
Grant date	March 2, 2023
Grant method	Issuance of treasury shares, cash equivalent to share value
Exercise price	-
Vesting condition	2 more years of employment after grant
Vesting method	Prorated by the day from January 1 of grant year to December 31 of 2 <sup>nd</sup> anniversary year from grant
Payment method	Paid at the beginning of 3 <sup>rd</sup> anniversary year from grant

Share-settled share-based compensation as at December 31, 2023 and 2022 are as follows:

(in shares)	December 31, 2023	December 31, 2022
Beginning	33,117	-
Granted	67,107	33,117
Canceled	(3,734)	-
Ending	96,490	33,117

Cash-settled share-based compensation as at December 31, 2023 and 2022 are as follows:

(in shares)	December 31, 2023	December 31, 2022
Beginning	29,044	-
Granted	60,601	29,044
Canceled	(8,377)	-
Ending	81,268	29,044

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**21. Other components of equity**

Other components of equity as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Capital adjustment from equity transactions among subsidiaries	\$ 7,700	\$ 7,700
Ordinary shares issued in kind <sup>1</sup>	(186,108)	(186,108)
Treasury shares <sup>2</sup>	(3,012)	(1,083)
Stock compensation expenses <sup>2</sup>	1,214	313
	<u>\$ (180,206)</u>	<u>\$ (179,178)</u>

<sup>1</sup> The group received the Doosan Engine's subsidiaries' investment as an investment in kind before the prior year. The difference from the reduced book value of non-controlling interests was booked as other equity item.

<sup>2</sup> As at December 31, 2023, 96,490 shares are held by the Group for the purpose of share-based compensation.

**22. Accumulated Other Comprehensive Income**

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>				
	<b>Loss on translation of foreign operation</b>	<b>Gain (loss) on valuation of derivatives</b>	<b>Gain on revaluation of property, plant and equipment</b>	<b>Gain (loss) on valuation of equity instruments at fair value through OCI</b>	<b>Total</b>
Beginning balance	\$ (330,539)	\$ 294	\$ 11,087	\$ 542	\$ (318,616)
Increase (decrease)	68,197	(81)	3,724	(433)	71,407
Ending balance	<u>\$ (262,342)</u>	<u>\$ 213</u>	<u>\$ 14,811</u>	<u>\$ 109</u>	<u>\$ (247,209)</u>

<i>(in thousands of USD)</i>	Year ended December 31, 2022					
	Loss on translation of foreign operation	Gain (loss) on valuation of derivatives	Gain on revaluation of property, plant and equipment	Gain on valuation of equity instruments at fair value through OCI	Share of other comprehens ive income	Total
Beginning balance	\$ (212,658)	\$ (196)	\$ 11,079	\$ -	\$ 851	\$ (200,924)
Increase (decrease)	(117,881)	490	8	542	(851)	(117,692)
Ending balance	\$ (330,539)	\$ 294	\$ 11,087	\$ 542	\$ -	\$ (318,616)

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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**23. Retained Earnings**

Details of retained earnings as at December 31, 2023 and 2022 are as follow:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Legal reserves	\$ 22,566	\$ 22,566
Retained earnings before appropriation	3,500,538	2,141,901
	<u>\$ 3,523,104</u>	<u>\$ 2,164,467</u>

The details of changes in retained earnings of the group as at December 31, 2023 and December 31, 2022 are as follow:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
1.Beginning Balance	\$ 2,164,467	\$ 1,726,461
2.Profit(loss)	705,892	498,515
3.Remeasurements of net defined benefit liabilities	(2,818)	84,196
4.Replacement of retained earnings due to disposal of equity instruments at fair value through other comprehensive income	433	-
5.Transfer to retained earnings	775,374	851
6.Payment of dividends	(120,244)	(145,556)
7.Ending balance	<u>\$ 3,523,104</u>	<u>\$ 2,164,467</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**24. Segment Information**

The Group operates in a single operating segment, and its main products are as follows:

<b>Segment</b>	<b>Main products</b>
Construction Equipment	Compact (Skid Steer Loader, Compact Track Loader, Mini Excavator), Portable Power, Material Handling

Revenue by main products for the years ended December 31, 2023 and 2022 are as follows:

	<b>Sales</b>	
	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<i>(in thousands of USD)</i>		
Compact	\$ 5,762,725	\$ 5,249,836
Portable Power	392,504	313,111
Material Handling	1,320,512	1,110,618
Total	<u>\$ 7,475,741</u>	<u>\$ 6,673,565</u>

Revenue by region for the years ended December 31, 2023 and 2022 are as follows:

	<b>Sales</b>	
	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
<i>(in thousands of USD)</i>		
North America	\$ 5,561,434	\$ 4,822,792
Europe, Middle East & Africa	1,209,736	1,131,351
Asia, Latin America & Oceania	704,571	719,422
Total	<u>\$ 7,475,741</u>	<u>\$ 6,673,565</u>

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue for the years ended December 31, 2023 and 2022.

As of the end of the reporting year, the Group's non-current assets by region are as follows:

	<b>Non-current assets<sup>1</sup></b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<i>(in thousands of USD)</i>		
North America	\$ 1,275,807	\$ 1,229,251
Europe, Middle East and Africa	651,141	590,035
Asia, Latin America and Oceania	344,092	328,992
Total	<u>\$ 2,271,040</u>	<u>\$ 2,148,278</u>

<sup>1</sup> Non-current assets by region are based on the country where the asset is located. These assets consist of tangible assets, investment real estate, leased assets and intangible assets (excluding goodwill).



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 25. Revenue

Details of revenue for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	December 31, 2023	December 31, 2022
<b>Revenue from contracts with customers</b>		
By type of goods or services		
- Manufactured products/merchandise	\$ 7,379,761	\$ 6,562,715
- Others	24,420	27,194
	<u>7,404,181</u>	<u>6,589,909</u>
By timing of recognition		
- Products transferred at a point in time	7,379,761	6,562,715
- Service rendered over time	24,420	27,194
	<u>7,404,181</u>	<u>6,589,909</u>
<b>Revenue from other sources</b>		
- Rental income, etc.	71,560	83,656
	<u>\$ 7,475,741</u>	<u>\$ 6,673,565</u>

#### 26. Contract Balances

Details of receivables, contract assets and contract liabilities from contracts with customers as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	December 31, 2023	December 31, 2022
Trade and other receivables	\$ 421,578	\$ 477,672
Contract liabilities <sup>1</sup>	462,611	254,348

<sup>1</sup> Contract liabilities are included in the other payables, other current liabilities and other non-current liabilities.

The contract liabilities, primarily representative to the advance considerations received from customers, are normally recognized as revenue upon completion of transfer of goods or services.

Among the contract liabilities, 22,337 thousand was recognized as revenue during the year ended December 31, 2023 (December 31, 2022: \$ 21,113 thousand).

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**27. Expenses by Nature**

Expenses classified by nature for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Purchases of inventories (Raw materials & merchandises)	\$ 4,352,047	\$ 4,099,432
Changes in inventories	(104,165)	(329,955)
Employee benefits	702,255	680,388
Depreciation and amortization	190,194	175,722
Other expenses	1,270,687	1,218,529
	<u>\$ 6,411,018</u>	<u>\$ 5,844,116</u>

**28. Selling and Administrative Expenses**

Selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Salaries	\$ 237,473	\$ 202,414
Post-employment benefits <sup>1</sup>	(36,899)	16,435
Employee benefits	38,362	33,338
Rent	11,210	11,904
Depreciation	6,758	6,821
Amortization	11,355	8,243
Research and development	152,762	121,634
Advertising	76,540	51,201
Commission expenses	108,347	90,675
Bad debt expenses(reversal)	3,929	(2,527)
Insurance expenses	9,551	23,550
Others <sup>2</sup>	136,413	115,061
	<u>\$ 755,801</u>	<u>\$ 678,749</u>

<sup>1</sup> Include retirement bonus and others.

<sup>2</sup> Include stock compensation expense.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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**29. Finance Income and Expenses**

Finance income and expenses as at December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Finance income:		
Interest income	\$ 29,705	\$ 2,556
Gain on foreign currency transactions	48,015	59,911
Gain on foreign currency translation	10,225	30,416
Gain on derivative transactions	53	-
	<u>87,998</u>	<u>92,883</u>
Finance expenses:		
Interest expenses	\$ (86,122)	\$ (64,911)
Loss on foreign currency transactions	(37,724)	(52,357)
Loss on foreign currency translation	(29,973)	(81,014)
Loss on bond retirement	-	(12,157)
Loss on redemption	(1,699)	(7,996)
Expense on financial guarantee	(96)	(66)
Others	(2,639)	(1,395)
	<u>(158,253)</u>	<u>(219,896)</u>
Net finance expenses	<u>\$ (70,255)</u>	<u>\$ (127,013)</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**30. Other Non-operating Income and Expenses**

Other non-operating income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Other non-operating income:		
Gain on disposal of property, plant and equipment	\$ 82	\$ 486
Gain on disposal of assets held-for-sale	161	2,258
Others	2,159	1,850
	<u>2,402</u>	<u>4,594</u>
Other non-operating expenses:		
Loss on disposal of trade receivables	\$ (8,354)	\$ (3,832)
Other bad debt expenses (reversal)	1	27
Loss on disposal of property, plant and equipment	(133)	(285)
Impairment loss on property, plant and equipment	(161)	(173)
Impairment loss on intangible assets	(7,348)	(319)
Donations	(15,086)	(7,919)
Loss on disposal of investment in subsidiaries	(972)	-
Loss on disposal of non-current assets held-for-sale	(249)	(4,030)
Others	(1,867)	(5,854)
	<u>(34,169)</u>	<u>(22,385)</u>
Net other non-operating expense	<u>\$ (31,767)</u>	<u>\$ (17,791)</u>

**31. Income Tax Expense**

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

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Current tax	\$ 270,891	\$ 202,579
Changes in deferred tax assets and liabilities	(12,616)	19,058
	258,275	221,637
Deferred tax charged directly to equity	(2,051)	(34,152)
Others	999	-
Income tax expense	<u>\$ 257,223</u>	<u>\$ 187,485</u>

The Group offsets deferred tax assets and deferred tax liabilities if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Changes in deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022 are as follows:

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

(in thousands of USD)

	Year ended December, 2023		
	Beginning balance	Increase (decrease)	Ending balance
Net defined benefit liabilities	\$ 43,829	\$ (19,733)	\$ 24,096
Property, plant and equipment	(40,123)	(12,909)	(53,032)
Development costs	7,356	35,695	43,051
Intangible assets	(381,594)	(5,680)	(387,274)
Provisions	42,561	2,940	45,501
Inventories	12,081	6,367	18,448
Others	70,544	(4,790)	65,754
Consolidation adjustments	(14,990)	10,726	(4,264)
	<u>\$ (260,336)</u>	<u>\$ 12,616</u>	<u>\$ (247,720)</u>

(in thousands of USD)

	Year ended December, 2022		
	Beginning balance	Increase (decrease)	Ending balance
Net defined benefit liabilities	\$ 67,808	\$ (23,979)	\$ 43,829
Property, plant and equipment	(37,271)	(2,852)	(40,123)
Development costs	(21,101)	28,457	7,356
Intangible assets	(346,562)	(35,032)	(381,594)
Provisions	39,997	2,564	42,561
Inventories	14,337	(2,256)	12,081
Others	59,947	10,597	70,544
Consolidation adjustments	(18,433)	3,443	(14,990)
	<u>\$ (241,278)</u>	<u>\$ (19,058)</u>	<u>\$ (260,336)</u>

Carryforwards of tax losses, temporary differences and tax credits for which deferred tax assets (liabilities) are not recognized as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)	December 31, 2023	December 31, 2022
Tax loss carryforwards	\$ 9,411	\$ 8,345
Donation carryforwards	4,665	-
Temporary differences	79,901	144,824
Tax credits	\$ 17,671	\$ 16,836

Realization of the future tax benefits related to deferred tax assets (liabilities) is dependent on many factors, including the Group's ability to generate taxable income within the period during which temporary differences reverse, the outlook of the economy, and the overall future state of the industry. The Group evaluates these factors each period.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Temporary differences from investments in subsidiaries for which deferred tax assets as at December 31, 2023 and 2022 are not recognized are as follows:

<i>(in thousands of USD)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Investments in subsidiaries and others	\$ (2,061,032)	\$ (1,373,360)

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Profit before income tax expense	\$ 963,115	\$ 686,000
Income tax based on statutory tax rate in the respective countries	304,029	196,386
Tax effects of:		
Permanent difference	(39,067)	1,336
Changes in unrecognized deferred tax assets	(17,943)	3,653
Tax credits	(11,648)	(26,165)
Additional tax	(4,834)	(245)
Changes in tax rate	191	557
Others	26,495	11,963
Income tax expense	\$ 257,223	\$ 187,485
Average effective tax rate (Income tax expense / Profit before income tax)	26.7%	27.3%

Statutory tax rates in the respective countries vary from 12.5% to 30.0%.

#### Global Minimum Top-up Tax

The global minimum top-up is a system under which multinational companies with consolidated revenue of 750 million EUR or more in at least two of the four preceding financial years are required to pay a substantial amount of tax to the tax authorities of the country in which the parent company resides if their effective tax rate in those countries is less than 15%.

The Republic of Korea, where the parent company is domiciled, enacted the Global Minimum Tax Act in 2023, which requires the application of the Global Minimum Tax for accounting periods beginning on or after January 1, 2024.

The Company believes that it will be subject to the Global Minimum Tax Act, but as the Global Minimum Tax Act will be effective in the Republic of Korea from January 1, 2024, there is no impact on the Company's current income tax expense. In addition, the Company has applied the temporary exemption for deferred taxes under Korean IFRS 1012 and has not recognized any deferred tax assets or liabilities related to the global minimum tax law and has not disclosed any deferred tax information.

As the legislation in the countries where the Company's subsidiaries are located that are primarily affected by the global minimum top-up tax legislation has not been enacted or specific legislation is in the process of being enacted, it is not possible to reasonably estimate the impact on the Company as at December 31, 2023. Each of the Company's subsidiaries is reviewing the impact on its financial statements with tax experts in each country.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**32. Earnings Per Share**

**32.1 Basic Earnings Per Share**

Basic earnings per share is computed by dividing profit for the year attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Earnings per share attributable to owners of the Group for the years ended December 31, 2023 and 2022 are computed as follows:

<i>(in USD and in shares)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Profit attributable to owners of Group	\$ 705,892,351	\$ 498,514,677
Weighted average number of ordinary shares outstanding	100,165,871	100,223,462
Basic earnings per share	\$ 7.05	\$ 4.97

Weighted average number of shares are computed as follows:

<i>(in USD and in shares)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Number of ordinary shares outstanding	100,216,049	100,249,166
Treasury shares	(50,178)	(25,704)
Weighted average number of ordinary shares outstanding	100,165,871	100,223,462

**32.2 Diluted Earnings Per Share**

Diluted earnings per share is computed by dividing profit for the period attributable to owners of the Group by the adjusted weighted average number of ordinary shares with the assumption that all convertible securities were converted to common shares. And diluted profit for the period available to owners of the Group divided by the weighted average number of shares outstanding adjusted by diluted potential shares.

Diluted earnings per share attributable to owners of the Group for the years ended December 31, 2023 and 2022 are computed as follows:

<i>(in USD and in shares)</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Profit attributable to owners of the Group	\$ 705,892,351	\$ 498,514,677
Adjusted weighted average number of ordinary shares outstanding	100,206,370	100,232,069
Diluted earnings per share	\$ 7.04	\$ 4.97

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

Adjusted weighted average number of shares are computed as follows:

<i>(in shares)</i>	December 31, 2023	December 31, 2022
Weighted average number of ordinary shares outstanding	\$ 100,165,871	\$ 100,223,462
Shares subject to transfer restrictions	40,499	8,607
Adjusted weighted average number of ordinary shares outstanding	<u>\$ 100,206,370</u>	<u>\$ 100,232,069</u>

### 33. Commitments and Contingencies

#### 33.1 Litigations

As at December 31, 2023, the Group was a defendant in several legal actions arising from the ordinary course of business, including lawsuits related to product liability claim. Provisions are recognized for those cases with high probability of outflow of resources expected (Note 18). For other cases, the assessments have been performed and it has been concluded that the outcomes is uncertain and would not have a material impact on the consolidated financial statements.

#### 33.2 Financial Guarantees and Assets Provided as Collaterals

As at December 31, 2023, guarantees provided by the Group for third parties, are as follows:

*(in thousands of USD)*

Provided by	Provided for	Amount guaranteed
Doosan Bobcat North America Inc, and others	End customers, etc.	\$ 92,899
Doosan Bobcat EMEA s.r.o. and others	End customers, etc.	30
Doosan Bobcat Korea Co., Ltd. and others	End customers, etc.	31,010
Doosan Industrial Vehicle China Co., Ltd. and others	End customers, etc.	765
		<u>\$ 124,704</u>

The Group provides a payment guarantee of \$ 130,000 thousand for Supply chain financing contracts between Doosan Bobcat North America Inc. and Doosan Bobcat EMEA,s.r.o, the subsidiaries of the Group.

The Group is provided with a payment guarantee of \$ 2,138 thousand for its contracts and defects from the Machinery Financial Cooperative. In this regard, equity investment of \$ 120 thousand in Machinery Financial Cooperative is also pledged as collateral. Also, the Group is provided with a performance guarantee of \$ 559 thousand from the Seoul Guarantee Insurance Company. Further, guarantees amounting to \$ 1,416 thousand are provided by the Woori Bank in relation to foreign currency performance guarantee, and guarantee amounting to \$ 13,495 thousand is provided by Shinhan Bank. Payment guarantees of \$ 5,478 thousand and \$ 3,332 thousand are provided by CSOB and Unicredit, respectively, and there are other guarantees of \$ 1,954 thousand.



# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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### 33.3 Key Commitments

#### 33.3.1 Credit agreement

As at December 31, 2023, the Group has contracts with financial institutions for limit loans of \$ 743,933 thousand, including general loans and overdrafts, comprehensive loans of \$ 8,878 thousand, and loans secured by accounts receivables of \$ 38,002 thousand.

#### 33.3.2 Supply Chain Financing commitments

The Group entered into a supply chain financing contract and \$ 33,659 thousand is recognized as accounts payable.

#### 33.3.3 Other commitments

The Group terminated the lease contract for Bundang Doosan Tower with Doosan Property Co., Ltd. in January 2021, and entered into a new co-lease contract with Doosan Bobcat Korea Co., Doosan Corp., Doosan Enerbility Co., Ltd. and Hyundai Doosan Infracore Co., Ltd. (formerly, Doosan Infracore Co., Ltd.) for 5 years. As Hyundai Doosan Infracore Co., Ltd. withdrew from the lease agreement on December 31, 2022, Doosan Enerbility Co., Ltd. took over the relevant status and rights and obligations. Unless certain conditions are met, the lease contract will be extended for another 5 years under the same conditions.

In connection with the business combination during the year ended December 31, 2022, the Group has succeeded the joint debts for financial and operating liabilities of Doosan Corporation and Doosan Industrial Vehicle Co. Ltd., and the Group believes that the possibility of outflow of resources is low.

### 34. Assets Provided as Collaterals

Doosan Bobcat North America Inc., a subsidiary of the Group, entered into an agreement for its new borrowing of \$ 850,000 thousand and a credit limit agreement up to \$ 595,000 thousand on April 20, 2022. The Group increased the credit limit agreement on October 31, 2023 to \$45,000 thousand. In relation to this, the Group has provided all equity shares of Doosan Bobcat North America Inc. as collateral. In addition, Doosan Bobcat North America Inc.'s certain property, plant and equipment, intangible assets and others are also pledged as collateral as at December 31, 2023. The book value of related borrowings and bonds as at December 31, 2023, is \$ 735,125 thousand.

Doosan Bobcat EMEA s.r.o, a subsidiary of the Group, provided accounts receivable and inventory as collateral for its borrowings and credit limit agreements. As at the end of the reporting year, the balance of related borrowings is \$ 88,803 thousand.

Doosan Industrial Vehicle Co., Ltd., a subsidiary of the Group, provided property, plant and equipment as collateral for its borrowings and credit limit agreements. As at the end of the reporting year, the balance of related borrowings is \$ 47,349 thousand.

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

#### 35. Related Party Transactions

The Group's related party disclosures as at December 31, 2023, are as follows:

##### 35.1 Nature of Relationship

Relationship	Name
Ultimate parent	Doosan Corp.
Immediate parent	Doosan Enerbility Co., Ltd. <sup>1</sup>
Associates	Ainstein AI, Inc Presto Lite Asia Co., Ltd.
Others	Doosan Cuvex Co., Ltd. <sup>2</sup> Doosan Engineering & Construction Co., Ltd. Oricom Inc. Doosan Bears Inc. DBC Co. Ltd and others <sup>2</sup>

<sup>1</sup> In 2022, the entity name was changed from Doosan Heavy Industries & Construction Co., Ltd. to Doosan Enerbility Co., Ltd.

<sup>2</sup> In 2022, DBI has liquidated its stake in Doosan Cubex Co., Ltd. and DBC Co., Ltd., and those have been reclassified from associated companies to others.

Significant transactions with related parties for the year ended December 31, 2023 and 2022 are as follows:

(in thousands of USD)

		Year ended December 31, 2023				
Relationship	Related party	Sales	Other income	Purchase	Other expense	Purchases of investment properties & fixed asset
Ultimate parent	Doosan Corp.	\$ 4,356	\$ -	\$ -	\$ 34,956	\$ 16,250
Immediate parent	Doosan Enerbility Co., Ltd.	302	-	-	1	-
Associate	Presto Lite Asia Co., Ltd	-	33	8,598	-	-
Others	Doosan Digital Innovation America, LLC,	5	-	-	44,956	69
	Oricom Inc	-	-	-	5,771	-
	DLI Inc	-	-	-	1,710	-
	Doosan Cuvex Co., Ltd.	-	-	-	4,542	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	304	-
	Others	1,001	4	62	8,400	55
	Subtotal	1,006	4	62	65,683	124
	Total	\$ 5,664	\$ 37	\$ 8,660	\$ 100,640	\$ 16,374

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in thousands of USD)

		Year ended December 31, 2022			
Relationship	Related party	Sales	Other income	Other expenses	Purchases of investment properties & fixed asset
Ultimate parent	Doosan Corp.	\$ 4,242	\$ -	\$ 18,602	\$ 46
Immediate parent	Doosan Enerbility Co., Ltd. <sup>1</sup>	525	9	-	-
Others	Doosan Digital Innovation America, LLC,	-	42	45,869	-
	Oricom Inc	-	-	4,464	-
	DLI Inc	-	-	2,173	-
	Doosan Cuvex Co., Ltd. <sup>2</sup>	-	-	1,379	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	342	-
	Others	1,072	-	7,710	-
	Subtotal	1,072	42	61,937	-
	Total	\$ 5,839	\$ 51	\$ 80,539	\$ 46

<sup>1</sup> In 2022, the entity name was changed from Doosan Heavy Industries & Construction Co., Ltd. to Doosan Enerbility Co., Ltd.

<sup>2</sup> In 2022, DBI has liquidated its stake in Doosan Cubex Co., Ltd. and Doosan Cubex Co., Ltd. has been reclassified from associated companies to others.

Related significant balances as at December 31, 2023 and 2022 are as follows:

(in thousands of USD)

		December 31, 2023				
Relationship	Related party	Trade receivables	Other receivables	Trade payables	Other payables	Lease liabilities
Ultimate parent	Doosan Corp.	\$ 408	\$ 719	\$ -	\$ 11,840	\$ -
Immediate parent	Doosan Enerability Co., Ltd.	48	-	-	271	-
Associate	Presto Lite Asia Co., Ltd			239	-	-
Others	Doosan Digital Innovation America LLC	-	98	-	4,149	1,744
	Oricom Inc	-	-	-	980	-
	DLI Inc	-	-	-	176	-
	Doosan Cuvex Co., Ltd.	-	552	-	347	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	-	14,522
	Others	94	452	-	1,527	-
	Subtotal	94	1,102	-	7,179	16,266
	Total	\$ 550	\$ 1,821	\$ 239	\$ 19,290	\$ 16,266

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in thousands of USD)

Relationship	Related party	December 31, 2022			
		Trade receivables	Other receivables	Other payables	Lease liabilities
Ultimate parent	Doosan Corp.	\$ 404	\$ 703	\$ 4,843	\$ -
Immediate parent	Doosan Enerbility Co., Ltd. <sup>1</sup>	48	-	279	-
Others	Doosan Digital Innovation America, LLC	-	80	191	1,069
	Oricom Inc.	-	-	550	-
	DLI Inc.	-	-	87	-
	Doosan Cuvex Co., Ltd. <sup>2</sup>	-	-	135	-
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	-	16,584
	Others	96	-	1,128	-
	Subtotal	96	80	2,091	17,653
	Total	\$ 548	\$ 783	\$ 7,213	\$ 17,653

<sup>1</sup> In 2022, the entity name was changed from Doosan Heavy Industries & Construction Co., Ltd. to Doosan Enerbility Co., Ltd.

<sup>2</sup> In 2022, DBI has liquidated its stake in Doosan Cubex Co., Ltd. and Doosan Cubex Co., Ltd. has been reclassified from associated companies to others.

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

Relationship	Related party	Year ended	
		December 31, 2023	
		Capital transactions Dividend paid	Repayment of lease liabilities
Immediate parent	Doosan Enerbility Co., Ltd. <sup>1</sup>	\$ 58,605	\$ -
Others	Doosan Digital Innovation America, LLC	-	577
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	2,063
	Total	\$ 58,605	\$ 2,640

<sup>1</sup> In 2022, the entity name was changed from Doosan Heavy Industries & Construction Co., Ltd. to Doosan Enerbility Co., Ltd.

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

		Year ended December 31, 2022		
		Capital transactions		Repayment of lease liabilities
		Dividend paid	Disposal of investments in associates	
Relationship	Related party			
Immediate parent	Doosan Enerbility Co., Ltd <sup>1</sup>	\$ 73,797	\$ 32,778	\$ -
Others	Doosan Digital Innovation America, LLC	-	-	562
	BUNDANG DOOSAN TOWER REIT Co., Ltd.	-	-	2,051
	Total	<u>\$ 73,797</u>	<u>\$ 32,778</u>	<u>\$ 2,613</u>

<sup>1</sup> In 2022, the entity name was changed from Doosan Heavy Industries & Construction Co., Ltd. to Doosan Enerbility Co., Ltd.

The Parent Company defines key management personnel as a person that has an authority and responsibility for planning, directing and controlling the activities of company, regardless of whether they are registered or non-registered officers. Compensation to key management personnel for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Employee benefits	\$	6,875	\$	5,050
Share-based payment expenses		973		312
Post-employment benefits		746		210
	<u>\$</u>	<u>8,594</u>	<u>\$</u>	<u>5,572</u>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**36. Consolidated Financial Statements of Cash Flows**

Details of adjustments and changes in operating assets and liabilities in the consolidated statement of cash flows for the years ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>year ended December 31, 2023</b>	<b>year ended December 31, 2022</b>
Adjustments:		
Income tax expense	\$ 257,223	\$ 187,485
Finance income	(39,930)	(32,972)
Finance expenses	117,795	166,079
Post-employment benefits (defined benefit plan)	(29,889)	32,394
Depreciation	138,236	127,887
Depreciation on investment properties	1,084	1,516
Amortization	50,874	46,319
Gain on disposal of property, plant and equipment	(82)	(486)
Loss on disposal of property, plant and equipment	133	285
Impairment loss on property, plant and equipment	161	173
Impairment loss on intangible assets	7,348	319
Gain on equity method investments	(415)	(1,355)
Gain on valuation of long-term financial investments	(1)	-
Loss from termination of lease contract	150	336
Gain on disposal of non-current assets held for sale	(161)	(2,258)
Loss on disposal of non-current assets held for sale	249	4,030
Impairment loss on non-current assets held for sale	-	263
Share-based compensation	1,475	313
Loss on disposal of intangible assets	-	770
	<b>\$ 504,250</b>	<b>\$ 531,098</b>
<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Changes in operating assets and liabilities:		
Trade receivables and other receivables	\$ 32,510	\$ (141,742)
Inventories	(126,950)	(331,198)
Other current assets	(13,025)	(511)
Other non-current assets	(16,717)	(5,491)
Trade payables and other payables	215,655	304,081
Derivatives	1,009	1,140
Provisions	(3,008)	6,934
Other current liabilities	14,727	(5,042)
Defined benefit obligations (defined benefit plan)	(27,590)	(25,435)
Plan assets	(14,745)	(12,745)
Other non-current liabilities	12,961	(8,585)
	<b>\$ 74,827</b>	<b>\$ (218,594)</b>

**DOOSAN BOBCAT INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Significant non-cash transactions for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>	<b>Year ended December 31, 2022</b>
Substitution of other receivables for assets held for sale	\$ -	\$ (2,144)
Reclassified from construction-in-progress	78,602	51,301
Increase(decrease) in other payables related to purchase of property, plant, and equipment	7,664	(4,755)
Increase in other payables related to purchase of intangible assets	3,160	309
Acquisition of right-of-use assets	50,367	58,860
	<u>\$ 139,793</u>	<u>\$ 103,571</u>

Details of adjustments in liabilities arising from financing activities for the year ended December 31, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2023</b>			
	<b>Borrowings</b>	<b>Sales and leaseback liabilities</b>	<b>Lease liabilities</b>	<b>Total</b>
Beginning balance	\$ 1,015,521	\$ 61,034	\$ 115,551	\$ 1,192,106
Acquisition of right-of-use assets	-	-	50,400	50,400
Cash flows	(99,346)	(12,751)	(40,682)	(152,779)
Foreign exchange differences	204	3,137	(825)	2,516
Other non-financial changes	4,262	(1)	4,592	8,853
Ending balance	<u>\$ 920,641</u>	<u>\$ 51,419</u>	<u>\$ 129,036</u>	<u>\$ 1,101,096</u>

<i>(in thousands of USD)</i>	<b>Year ended December 31, 2022</b>				
	<b>Bonds</b>	<b>Borrowings</b>	<b>Sales and leaseback liabilities</b>	<b>Lease liabilities</b>	<b>Total</b>
Beginning balance	\$ 296,197	\$ 1,194,225	\$ 92,598	\$ 88,642	\$ 1,671,662
Acquisition of right-of-use assets	-	-	-	58,860	58,860
Cash flows	(308,814)	(186,664)	(22,292)	(29,104)	(546,874)
Foreign exchange differences	-	(4,434)	(9,272)	(3,584)	(17,290)
Account replacement	-	2,083	-	-	2,083
Other non-financial changes	12,617	10,311	-	737	23,665
Ending balance	<u>\$ -</u>	<u>\$ 1,015,521</u>	<u>\$ 61,034</u>	<u>\$ 115,551</u>	<u>\$ 1,192,106</u>

# DOOSAN BOBCAT INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

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#### 37. Assets and Liabilities Held-for-sale

During the year ended December 31, 2022, the Group decided to sell rental assets in operation and classified them as assets held-for-sale. This transaction was completed on April 12, 2023.

Details of assets and liabilities classified as held-for-sale as at December 31, 2023 and December 31, 2022, are as follows:

There are no assets and liabilities classified as held-for sale as at December 31, 2023.

*(in thousands of USD)*

	December 31, 2022		
	Book value before impairment	Accumulated impairment losses	Fair value
Assets held-for-sale:			
Property, plant and equipment <sup>1</sup>	\$ 2,413	\$ (268)	\$ 2,144

<sup>1</sup> Non-operating expenses recognized as an impairment loss due to classification as held-for-sale is \$ 263 thousand.



**Independent Auditor's Report on  
Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
Doosan Bobcat Inc.

**Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited Internal Control over Financial Reporting (ICFR) of Doosan Bobcat Inc. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report March 14, 2024 expressed unqualified opinion.

**Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes**

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purpose.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

## **Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

## **Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

An entity's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Yeo-Hyun Yoon, Certified Public Accountant.

[Signature in the name of the audit firm]

Seoul, Korea

March 14, 2024

This report is effective as at March 14, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Management's Report on the Effectiveness of Internal Control over Financial Reporting  
for Consolidation Purpose

Management's Report on the Effectiveness of Internal Control over  
Financial Reporting for Consolidation Purposes

제3호 안건

To the Shareholders, Board of Directors and Audit Committee of Doosan Bobcat Inc.

We, as the Chief Executive Officer and the Internal Control over Financial Reporting Officer of Doosan Bobcat Inc. and its subsidiaries, assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea the ICFR Committee. And, we conducted an evaluation of ICFR for consolidation purposes based on Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

2024. 2. 7.

Chief Executive Officer

Scott Sungchull Park

Internal Accounting Manager

Duck je Cho

