

2019

[www.daekyo.com](http://www.daekyo.com)

# DAEKYO

## ANNUAL REPORT



# Presenting new values to human lives through practice of love of Noonnoppi for customers, members, and community.

We pursue the best well-rounded education with education services that meet customer needs and as a respected company, we create a healthy society through mutual respect and cooperation among our members that enables shared growth.



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### ABOUT THIS REPORT

This report includes a future outlook based on Daekyo's past performance and business status. Changes in the economic situation at home and abroad and various uncertain factors of business can lead to results that are different from the contents of the annual report. The executives and employees of Daekyo and its affiliates accept no responsibility for any damages caused by a third party's decision on investment or business based on the information and contents of this report. Therefore, we ask you to be cautious.

## Daekyo continues its efforts for change and innovation towards sustainable growth

Daekyo is creating a new paradigm through its advanced education platform and Noonoppi education, and is providing the new customer service necessary for the digital age as we turn our user centered perspective into a reality.



## CEO Message

Hello, shareholders!

Thanks for the generous support you have shown to Daekyo.

2019 was a year of concern and sorrow for everyone. The unexpected import restraints in Japan added anxiety to core industries, and both employment and growth fared below expectations, leaving our economy void of vitality. The overheated real estate market further shrank the already frozen consumer willingness to spend and also had an impact on fertility.

### Despite these challenging conditions, Daekyo continued to spur innovation to find breakthroughs for growth.

In January of 2019, we announced the 2025 New Vision World's Largest School and launched a beacon for the New Daekyo. We have pursued innovation in every aspect, from organizational culture to business operations. The Noonoppi Business Unit diversified digital-based services and expanded the scope of its application to improve its business structure. The Media Business Unit pioneered new paths through strategic alliances with leading domestic and foreign companies such as KT, CGV, and Scholastic. The Overseas Business Unit strengthened the value of the Eye Level brand, thereby laying the foundation for growth through a three-dimensional marketing strategy.

We were bold when taking on new businesses. We acquired the academy platform company Eduvation and started the academy riding platform Gorilride, thereby laying the groundwork to grow into Korea's leading educational platform company.

Dear shareholders,

The external environment still poses challenges for us in 2020. The fear of the pandemic spreading across the globe is already changing our lives in substantial ways. However, we will not step back.

During moments of past crisis, Daekyo achieved more significant growth by focusing on the fundamentals of our business. The COVID-19 crisis is an opportunity to expand our online-based learning system, and we are preparing for a bigger leap. Along with our commitment to complete the World's Largest School through continuous innovation, we also make the following three promises to our shareholders.

### First, we will accelerate the transition to a digital business.

We will revolutionize customer experiences for our Noonoppi Business Unit through a digital transformation of the products and AI service advancement, and we will respond to the diversifying education market through content design that incorporates both online and offline content.

For our Media Business Unit, we will expand the scope of collaboration with our business partners in order to diversify the ways digital content is used, and we will build a reliable profit model by producing content appropriate for the digital media environment. For our Overseas Business Unit, we will promptly adopt digital services that have been proven in Korea in other regions, and we will be audacious in building an IT-based customer management process to expand our business.

### Second, we will strengthen customer service capabilities through the quantitative and qualitative growth of teachers.

In accordance with individualized customer needs and changing education policies, we will reorganize the recruitment and operation procedures of teachers in order to enable their quantitative and qualitative growth. We will simultaneously build a platform that can accommodate a diversified group of teachers to increase the efficiency of our human resource management and lay the foundation for new growth.

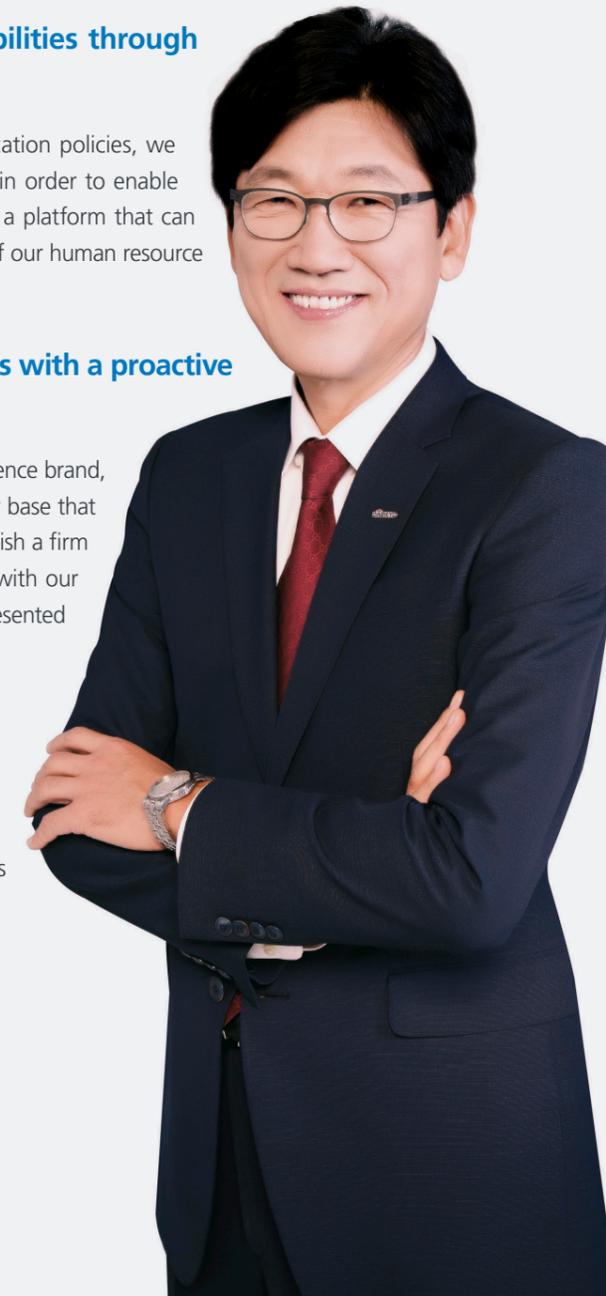
### Third, we will expand the age range of our customers with a proactive attitude.

In January, Daekyo acquired Teuni Teuni, a youth and toddler play experience brand, thereby laying the bridgehead to target the young and toddler customer base that has been regarded as one of our weaknesses. Additionally, we will establish a firm footing for the middle school, high school, and adult customer bases with our specialized products and services to help us overcome the difficulties presented by the declining school-age population.

Dear shareholders,

We promise you that all our employees will stand together as one and bring the fruits of our efforts to you after one year. Thank you for supporting us with a generous heart as we continue to pour our efforts into our businesses and strive to stay one step ahead.

CEO of Daekyo Park Soo-wan

## Board of Directors

### Inside Director & Chairman of the board of directors

**Kang Young-joong** (Current) CEO of Daekyo Holdings  
(Current) Chief Director of Bong-Ahm Institute, an educational foundation  
(Current) Chief Director of World Youth & Culture Foundation

### Inside Director

**Park Soo-wan** (Current) CEO of Daekyo  
(Former) COO of Daekyo Holdings  
(Former) CFO of Daekyo

### Inside Director

**Park Dong-soo** (Current) Head of Media Business Unit of Daekyo  
(Former) Executive director of Contents Business in KT Media Business Headquarter  
(Former) Head of Broadcasting Headquarter of Joongang Ilbo's Joongang Broadcasting

### Inside Director

**Kang Ho-jun** (Current) CSO & Head of Overseas Business Unit of Daekyo  
(Current) CSO of Daekyo Holdings  
(Former) Head of Daekyo America

### Inside Director

**Kang Ho-chul** (Current) CFO of Daekyo  
(Current) CFO of Daekyo Holdings  
(Former) CEO of Daekyo CNS

### Outside Director & Chairman of the Audit Committee

**Lee Seung-ho** (Current) Advisor of Yulchon LLC  
(Former) Head of the Busan Regional Tax Office  
(Former) Director of Investigation Bureau of the National Tax Service Seoul Regional Office

### Outside Director & Member of Audit Committee

**U Won-gil** (Former) CEO & President of SBS Media Holdings  
(Former) CEO & President of SBS  
(Former) Chairman of the Korean Broadcasters Association

### Outside Director & Member of Audit Committee

**Gawk Sang-wook** (Current) Advisor of Law Firm Hwahyun  
(Former) Member of the Board of Audit and Inspection  
(Former) Head of Criminal Division of the Supreme Prosecutor's Office

## Daekyo Group Structure



(As of December 31, 2019)

## Financial Highlights

### Financial Position

(Unit : KRW 100 million)

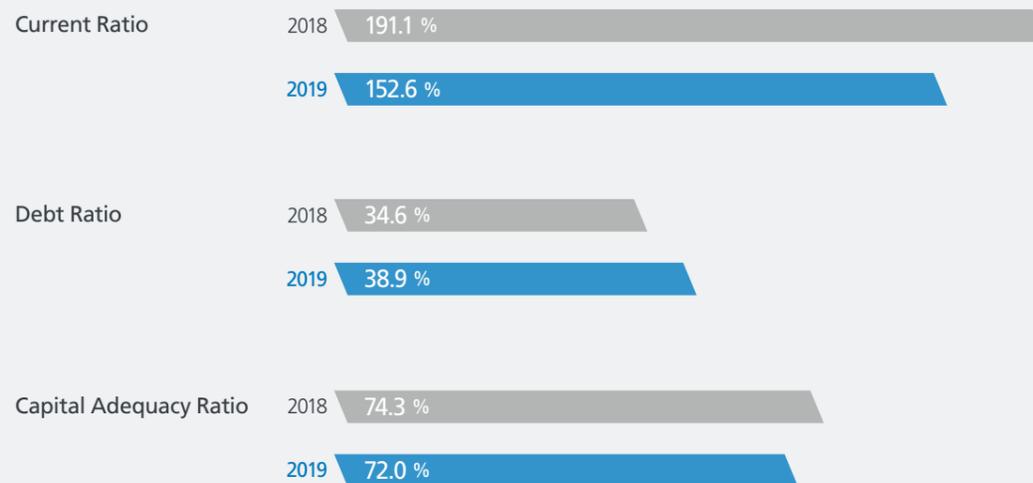
	2019	2018	YoY
Total Assets	9,199	8,303	10.8 %
Total Liabilities	3,067	2,135	43.7 %
Total Equity	6,132	6,168	- 0.6 %

### Income Statement

(Unit : KRW 100 million)

	2019	2018	YoY
Sales	7,619	7,631	- 0.2 %
Operating Profit	294	256	14.8 %
Net Income	172	192	- 10.4 %
Net Income per share (KRW)	190	205	- 7.3 %

### Financial Ratio

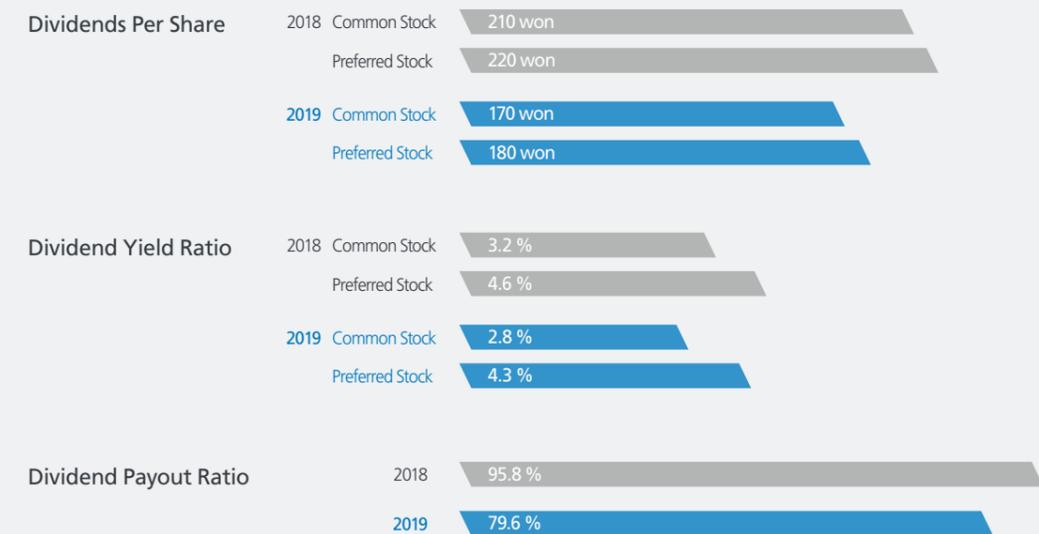


## Business Performance

(Unit : KRW 100 million)

	Sales	Operating Profit
<b>Daekyo</b>	<b>7,003</b>	<b>291</b>
Noonnoppi	5,642	363
Caihong	495	28
Soluny	237	- 7
Media Business	266	- 59
Others	363	- 34
<b>Subsidiaries</b>	<b>757</b>	<b>14</b>
Domestic Subsidiaries	424	10
Overseas Subsidiaries	333	4
<b>Consolidated Adjustment, Etc.</b>	<b>-141</b>	<b>- 11</b>
<b>Total</b>	<b>7,619</b>	<b>294</b>

### Dividend



## At a Glance 2019

In 2019, with the goal of rising to become the world's largest school, we pursued innovation in every aspect, from organizational culture to business operations.

### The acquisition of specialized academy service company Eduvation



Daekyo acquired specialized academy service company Eduvation in October of 2019 in order to fully get on board with the education platform business. Eduvation is a company specializing in comprehensive academy management through service offerings such as Tong Tong Tong, an easy academy management program, Hunjang Village, a recruitment portal for academy teachers, and Hunjang EDU, a specialized education center for academies. This acquisition will enable Daekyo to increase the users of its education platform, which include academies, lecturers, and parents, and to promote data-based education projects, and will expand into a specialized academy service platform business in future.

### The launch of Summit Speed Math, an AI-based fast calculation achievement program

For the fast and thorough learning of basic mathematics, Daekyo launched Summit Speed Math, an AI-based fast calculation achievement program in October of 2019. Summit Speed Math is a smart digital learning service that integrates our filtering algorithm, prediction algorithm, and mastery matrix technology to help learners understand mathematics easily and make the learning process fun, thereby enabling fast achievement of arithmetic for its users. The filtering algorithm analyzes types of weaknesses to enable efficient and complete learning, and the prediction algorithm predicts the amount of learning and it takes to complete learning to increase learning concentration and motivation. The mastery matrix visualizes the fully-learned type to easily understand the progress of learning at a glance.



### Kids JAM, the first CGV X Kids JAM opens at CGV Songpa

Daekyo, together with CJ CGV opened the first CGV X Kids JAM a kids' complex cultural space in CGV Songpa in August of 2019. CGV X Kids JAM is sectioned into a premium kids book lounge, Book Play Zone, and Art Play Zone, where the children and the entire family can spend an enjoyable time. In the Book Play Zone, which has 6,000 books, children can enjoy a variety of activities such as play, experience, and classes. In the multi-sensory art experience class Art Play Zone, customized classes are linked to the government's Nuri pre-school curriculum based on the children's interests.



### Daekyo is the first in the Korean education industry to adopt an agile organization... Accelerating innovation in the way of work

Daekyo is the first in the Korean education industry to adopt an "Agile" organization to accelerate innovation in the way of work. Daekyo will move away from a vertical hierarchical organizational culture and break the boundaries between departments by forming small teams (squads) and will adopt a new policy focused on prompt business engagement as well as rapid and flexible and response to changes. The fundamental theory behind the adoption of the agile organization is that it will give more autonomy to the employees who will lead their own work and create a culture that promotes to change. Daekyo will initially operate  $\Delta$  Platform Squad,  $\Delta$  Content Squad,  $\Delta$  Overseas Business Squad, and  $\Delta$  New Service Squad as pilots, and gradually expand the program to the organization in the future.

# BUSINESS OVERVIEW

Daekyo realizes a lifelong education service that creates new value for human lives, from toddlers to adults.



# Brand Portfolio

## Noonnoppi Business Unit

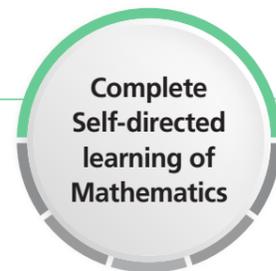
### Noonnoppi

Noonnoppi education is an individual-ability based learning system whose learning contents vary depending on individual academic ability regardless of school grade. It provides the best learning effect with one-to-one learning management of professional teachers in math and language area, systematic evaluation system, and the Smart learning service firstly introduced in the industry. Also, it creates a fast learning effect by offering a one-to-one customized learning portfolio with the introduction of the Noonnoppi customized learning program; up to five learning sessions a week are available according to the needs of school parents and members' ability. The Noonnoppi Learning Center, a self-directed learning center, helps children to study on their own by diagnosing individual study capacity and managing accumulated records with the introduction of a Next-generation learning center service. Customers can choose the optimal learning method with various learning channels such as home learning, Learning center, YES CLASS(Home class), and telecommunication education.

#### [ New Digital Transformation of Noonnoppi ]

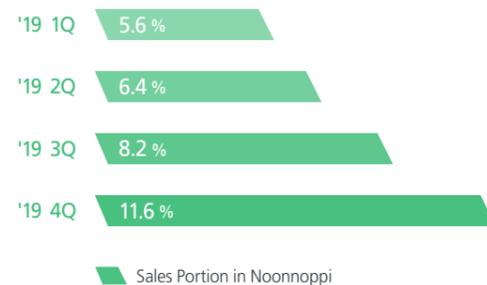


- AI-based learning program for school curriculum math
- Applied the drill down algorithm and knowledge unit technology



- AI-based learning program for fast calculation achievement
- Applied filtering & prediction algorithms, and mastery matrix technology

#### [ Increase in Sales of Summit Math ]



### Caihong

## CAIHONG

Caihong is a one-to-one visiting learning program for the Chinese language that cultivates the ability to listen, speak, read and write with phased learning from infants to adults. Caihong textbooks are divided into story book, junior, senior, Biz, and HSK course according to the learners. It enables customized management by level with a perfect curriculum consisting of "Caihong Hanz," in which Chinese characters and language are learned at the same time (serviced for the first time in Korea), "Caihong VideoOn," in which Chinese can be learned via screen education at anytime, anywhere, "Caihong Specialized," a professional course for sales and aerial service industries, and "Caihong Crash Course," a short-term intensive program. In addition, we are expanding the Chinese language and Chinese culture business including training of Chinese language instructors, operation of certification tests, hosting HSK and YCT exams and helping students study in prestigious Chinese universities by establishing 'Caihong Confucius Classroom' with Chinese Confucius Institute Headquarters(Hanban) which are subsidiaries of the Chinese Ministry of Education.

### Soluny



Soluny is a program dedicated to reading, debate and essays for elite students, based on learning by reading and debate. Children can think for themselves and talk and write through our two-way communication teaching between teacher and child. Consisting of reading, essays, and economic, education and history forums, this elementary school course kindles interest in school study and boosts confidence by reading books linked to the integrated curriculum in elementary school, which increases background knowledge, and by various activities after reading. The middle school course consists of curriculum literature, integrated essays and debates. They all prepare middle school students for the free semester education system and their performance assessment with intensive learning of critical reading, logical debate, and strategic writing.

### Dream Mentor



Dream Mentor is an integrated mentoring program that supports activities of children and adolescents to find and realize their dreams. Based on individual assessment, customized consulting, first-hand experience, camping, reading are all provided by experts through the one and only system in Korea. Dream Mentor is launching a variety of specialized programs that covers mentoring, caring, travelling, etc. for all ages from children to the elderly.

## Brand Portfolio

### Media Business Unit

#### Sobics



Sobics is a complete premium collection brand that offers a differentiated, theme-integrated education service to preschoolers and elementary school students. It offers about 50 kinds of completed collections by area and level according to children's development stage and reading level; it holds the best expertise in integrated education with the "Jump Series," our theme-integrated reading. It diagnoses children's reading level with an educational psychology test and provides a customized reading roadmap for children to develop correct reading habits and improve their integrated reading ability and basic learning ability.

#### SangSang Kids



Daekyo SangSang Kids is a new reading service where excellent contents and a digital media platform of Daekyo are combined. Various book contents by age, area and theme, curated by education experts, can be experienced on media such as TV or mobile devices. Also, it offers a variety of experiences such as an augmented reality (AR) experience linked to various books, as well as Daekyo Story Magic, the reading experience combined with artificial intelligence (AI).

#### Ggumdal



Daekyo's early childhood book brand Ggumdal contains the contents that are essential in the infant period according to educational trends, spanning from children's birth, their first walking and running, to the elementary student period when they broaden their knowledge and dream.

#### Kids JAM



The premium children's academy Kids JAM is a play & experience culture space that fosters the integrated development of the brain, body, and emotions of children. Located in Midas Hotel & Resort, Kids JAM Cheongpyeong Center offers a variety of learning through play, activities and family experience programs. Meanwhile, Jamsil center offers a multisensory experience based on books and teaching tools, with related premium convergence education programs for infants provided together.

#### Daekyo Kids TV



Daekyo Kids TV, which specializes in broadcasting for Kids, develops and provides two-way interaction education contents as well as HD digital contents usable in various platforms such as cable, satellite, IPTV, Internet and mobile Devices. Also, it advances one source multi-use (OSMU), such as the character licensing business, by acquiring Korean business licenses for overseas contents and developing its own excellent contents.

#### Daekyo Baby TV



Daekyo Baby TV is Korea's first broadcasting channel for babies aged less than 36 months. As it is programmed based on the standard childcare curriculum certified by the government, mothers can let babies watch it at peace. It produces programs optimized for babies with advisory panels consisting of mothers.

#### Eye Level Traumwelt



Eye Level Traumwelt is Korea's largest complex cultural space for children and families where they can find various cultural and experience-based contents, including performances and exhibitions. Equipped with a flexible multi-use stage, 400-seat auditorium, 547-inch LED display and other high-tech performance equipment, it stages its self-produced performances and exhibitions as well as strictly selected top-notch quality performances from external sources.

#### Daekyo Textbook



Daekyo textbook is a field-friendly textbook that enables students to do self-directed learning and is also suitable for teaching activities for teachers. We have developed English textbooks for elementary school, math textbooks for middle school, and digital English textbooks for elementary school that are in use in some schools. Also, we operate "Teaching LAB," a teaching and learning support service that provides a variety of multimedia class materials and level-based evaluation data.

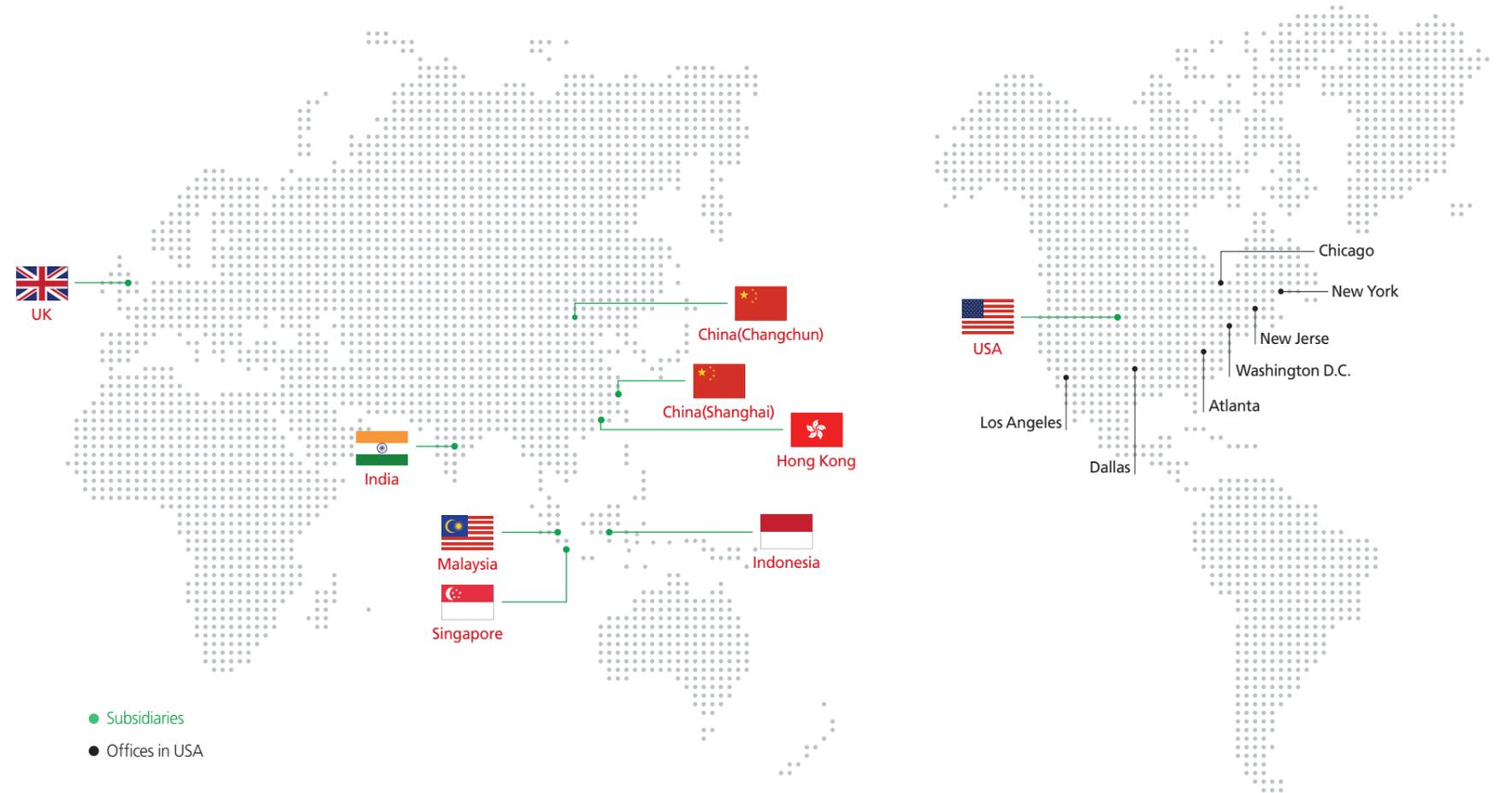
# Brand Portfolio

## Overseas Business

### Eye Level



Daekyo has established 9 overseas subsidiaries that are providing our high-quality Noonoppi education service to local people all over the world. We operate local branches in the USA (New York, Chicago, Los Angeles, Dallas, Washington D.C., and Atlanta), China (Shanghai and Changchun), Hong Kong, Malaysia, Indonesia, Singapore, India, and the UK, and have local franchises in Australia, New Zealand, Philippines, UAE(Dubai), Kuwait, Vietnam, Myanmar, Kazakhstan, and Greece. Spreading the Eye Level philosophy with these branches and franchises, Daekyo is advancing to become a global whole-person education company.



- Subsidiaries
- Offices in USA

#### Overseas Branch

North America	Daekyo America (Atlanta, Chicago, Dallas, Los Angeles, New Jersey, San Francisco, Washington D.C.)
Europe	Daekyo UK
Asia	Daekyo Hong Kong, Daekyo India, Daekyo Shanghai, Daekyo Changchun
Southeast Asia	Daekyo Indonesia, Daekyo Malaysia, Daekyo Singapore

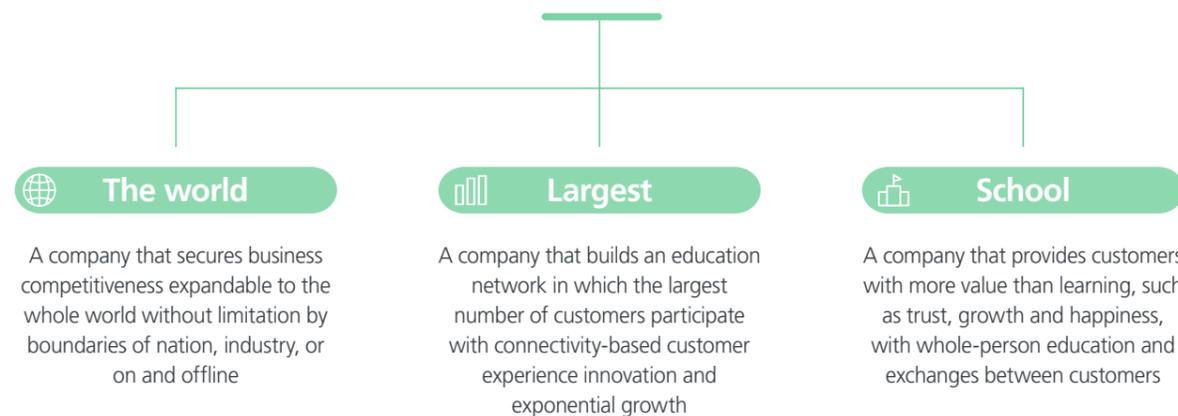
# Vision 2025

## “The World’s Largest School,”

Which offers more value than learning to the whole world!  
This is the new vision of Daekyo that creates tomorrow.



We will continue to take on new challenges based on our three-pronged philosophy of User Centered Perspective, Connect & Expand, and Ten Times oriented Thinking. We will improve our system and strengthen communication to firmly establish a culture of Communication & Collaboration, Freedom & Responsibility, and Implementation & Challenge, our organization management methods for Vision 2025.



# DAEKYO CSR

With our management philosophy of “Learn Together, Grow Together” (gyo-hak-sang-jang) we dream of the mutual growth of customers, community and company and sharing the fruits of sustainable growth as we take one more step toward a bigger and better Daekyo.

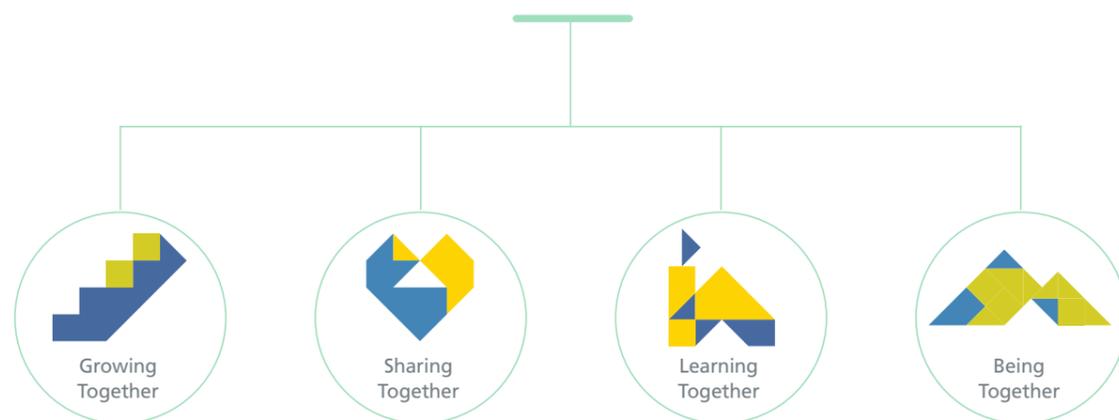


# CSR Brand Identity & CSR Activities

## Daekyo Group CSR Brand



Daekyo communicates through its corporate social responsibility brand "Learning by Teaching" with the goal of learning and growing together with the community. We are practicing Learning by Teaching through the four values of growing together, sharing together, learning together, and being together.



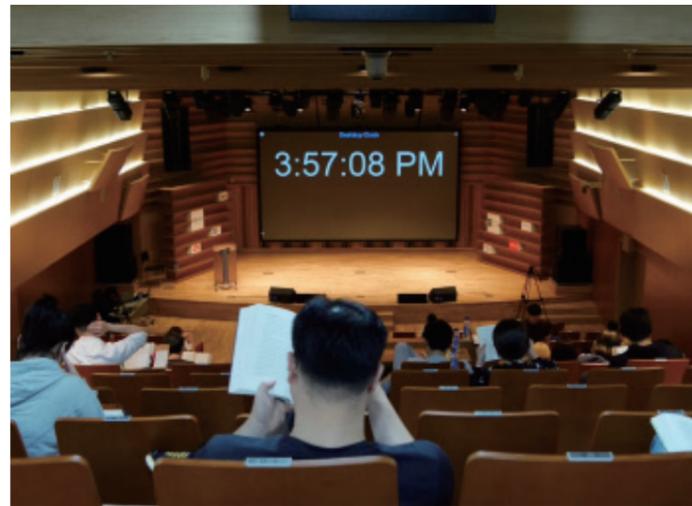
## CSR Activities

- 2019**
  - Dec Daekyo's re-certification as Excellent Institution for Supporting Culture and Arts Customer-Centered Management (CCM) 6th certification (in 6 consecutive years)
  - Oct Daekyo Culture Foundation, successful implementation of Asia's 1st Social Impact Bond Project for Seoul Children's Welfare Facility and Children's Education
  - Sep Implementation of local bookstore support project 'Segabang' World Youth & Culture Foundation-Peach Market, opened Noisy Library for the reading environment of youth with learning difficulties
  - Apr Noonnoppi Love Volunteers donated funds and implemented campaigns to help victims of the Gangwon Forest Fire
  - Feb 9th consecutive selection as Korea's most respected company
- 2018**
  - Sep Tanzania Edutainment Business Development Project Agreement Ceremony
  - May World Youth & Culture Foundation, held IB Education International Conference
  - Feb Implemented Ppaktok campaign for improved literacy (ongoing)
- 2017**
  - Jul Implemented Transport Safety Campaign
  - Mar Daekyo Culture Foundation received "Seoul, a blooming flower" award for those with merit
  - Jan Provided the Happy Talk education program to the 100th applicant school of SBS Hope School Project
- 2016**
  - Nov Received the Minister's Award from the Ministry of Trade, Industry and Energy for Korea's Most Loved Company in the Global CSR Category Selected as Excellent Institution for Supporting Culture and Arts
  - Sep Daekyo Culture Foundation attended Affordable Art Fair Seoul 2016
  - Aug Donated glamping facilities to Company-Community Sister Village
  - May Selected as the implementing institution for the Seoul Social Impact Bond (SIB) Project, the first of its kind in Asia

# CSR 2019 News

## Ppakdok (Read Hard)

Ppakdok (read hard) is a reading campaign to spread book-reading culture to enhance literacy. We'd like to help create positive changes in the quality of peoples' lives by creating a reading environment where people can develop book-reading habits and fostering a social movement of reading books.



In 2019, we expanded our campaign in various ways over twenty initiatives, including Main Ppakdok, Ppakdok collaboration with other organizations, and National Online Ppakdok. Over 100 attendees joined together in a physical space to immerse themselves in reading, and by creating connections between people from various backgrounds, we were able to achieved growth. We will continue to roll out the Ppakdok campaign to get more people involved in reading and communicating their reading experience.

### 2019 Ppakdok Campaign Status



Total applicants  
**18,083**



Total attendants  
**3,043**



Number of items  
**140**



SNS exposures  
**13,550,527**

## The World's Biggest Bookstore - Segabang

Local bookstores are having difficulty remaining afloat due to the low reading rate in Korea and other external factors. Segabang is helping local bookstores so that they stay operational in their communities for a long time and can serve as a platform for people to access books in their daily lives.



In 2019, we worked together with four local bookstores that had been operating for one to three years. We provided professional consulting to strengthen the core competencies of each bookstore and provided funds to develop new operational plans and business models. We also ran pop-up stores and networking conferences. Segabang aims to contribute to the expansion of the Korean reading population and the improvement of literacy by revitalizing local bookstores and turning them into places where people can experience reading culture in their daily lives.

## Global Education Funding Business

Daekyo, SBS, and Good Neighbors are engaging in KOICA's Inclusive Business Solution (IBS)\* project together all across the Zanzibar region in Africa. Daekyo has reproduced the educational program Happy Talk, which was originally produced in English, in the local language for broadcast through Zanzibar mass media. The aim is to create a sustainable educational environment where African students can enjoy equal educational opportunities. In September of 2019, we held The First Africa Edutainment Forum with the goal of growing businesses in the local media and education industries.



Inclusive Business Solution (IBS)\* is a strategic partnership project with the dual goal of solving problems that are endemic to developing countries while also addressing the needs of businesses.

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## Consolidated Statements of Financial Position

Daekyo Co., Ltd. and Subsidiaries  
December 31, 2019 and 2018

(in Korean won)

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	64,028,732,954	58,507,873,463
Financial deposits	27,686,801,154	23,128,149,103
Trade receivables	17,040,000,114	15,998,207,201
Other receivables	2,972,700,877	34,769,959,057
Contract assets	2,597,912,008	2,570,078,302
Financial assets at fair value through profit or loss	112,258,834,533	131,226,354,939
Derivative financial instruments	137,300,467	-
Inventories	13,449,653,951	14,805,379,860
Other current assets	32,454,405,728	4,200,042,063
	<b>272,626,341,786</b>	<b>285,206,043,988</b>
<b>Non-current assets</b>		
Other receivables	42,151,382,878	14,666,265,682
Contact assets	4,240,175,151	3,152,913,647
Financial assets at fair value through profit or loss	23,187,628,246	28,734,503,435
Financial assets at fair value through other comprehensive income	73,548,645,893	82,204,430,525
Investments in associates	21,547,773,168	34,123,900,787
Property, plant and equipment	185,049,341,645	190,952,897,625
Investment properties	118,256,963,622	123,593,476,346
Intangible assets	77,590,291,202	66,032,749,796
Right-of-use assets	97,658,493,809	-
Deferred tax assets	4,013,791,290	1,608,992,365
Other non-current assets	2,746,106	52,208,006
	<b>647,247,233,010</b>	<b>545,122,338,214</b>
<b>Total assets</b>	<b>919,873,574,796</b>	<b>830,328,382,202</b>

(in Korean won)

	2019	2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	3,986,917,574	6,568,628,076
Other payables	64,172,354,215	66,839,545,794
Derivative financial instruments	-	195,488,182
Contract liabilities	45,602,073,159	45,439,634,091
Borrowings	20,851,194,848	21,572,029,240
Lease liabilities	24,253,301,275	-
Income tax payable	4,728,503,774	3,672,423,518
Provisions	6,358,921,096	-
Other current liabilities	8,797,010,452	7,888,423,917
	<b>178,750,276,393</b>	<b>152,176,172,818</b>
<b>Non-current liabilities</b>		
Other payables	34,502,022,050	39,604,045,881
Contract liabilities	189,172,851	208,954,675
Borrowings	8,423,745,575	8,341,742,361
Lease liabilities	72,219,155,037	-
Net defined benefit liability	11,423,389,375	13,171,552,647
Provisions	872,313,606	-
Deferred tax liabilities	266,951,509	-
	<b>127,896,750,003</b>	<b>61,326,295,564</b>
<b>Total liabilities</b>	<b>306,647,026,396</b>	<b>213,502,468,382</b>
<b>Equity</b>		
Share capital	52,064,920,000	52,064,920,000
Reserves	73,605,009,933	73,072,275,962
Other components of equity	(125,861,803,039)	(121,996,794,805)
Accumulated other comprehensive income	36,696,357,046	33,853,963,242
Retained earnings	572,478,813,984	575,666,588,298
	<b>608,983,297,924</b>	<b>612,660,952,697</b>
<b>Equity attributable to owners of the Parent Company</b>	<b>608,983,297,924</b>	<b>612,660,952,697</b>
<b>Non-controlling interest</b>		
Non-controlling interest	4,243,250,476	4,164,961,123
	<b>613,226,548,400</b>	<b>616,825,913,820</b>
<b>Total equity</b>	<b>613,226,548,400</b>	<b>616,825,913,820</b>
<b>Total liabilities and equity</b>	<b>919,873,574,796</b>	<b>830,328,382,202</b>

## Consolidated Statements of Profit or Loss

Daekyo Co., Ltd. and Subsidiaries  
Years Ended December 31, 2019 and 2018

	(in Korean won)	
	2019	2018
Sales	761,938,685,823	763,142,133,236
Cost of sales	621,780,549,344	626,714,040,973
<b>Gross profit</b>	<b>140,158,136,479</b>	<b>136,428,092,263</b>
Selling and administrative expenses	109,159,978,682	109,343,412,083
Bad debt expense	1,602,627,184	1,478,122,665
<b>Operating income</b>	<b>29,395,530,613</b>	<b>25,606,557,515</b>
Other income	17,560,567,881	19,907,605,903
Other expenses	21,453,331,936	24,311,057,747
Other bad debt expense	43,101,891	60,985,817
Share of profit (loss) of associates	(691,722,420)	4,307,537,123
Interest income	3,416,722,269	3,782,784,353
Other finance income	54,907,604	286,459,178
Finance costs	3,046,821,147	1,401,591,055
<b>Profit before income tax</b>	<b>25,192,750,973</b>	<b>28,117,309,453</b>
Income tax expense	8,037,491,045	8,892,792,261
<b>Profit for the year</b>	<b>17,155,259,928</b>	<b>19,224,517,192</b>
<b>Profit for the year attributable to :</b>		
Owners of the Parent Company	16,875,252,488	18,849,339,314
Non-controlling interests	280,007,440	375,177,878
<b>Basic earnings per share</b> <b>attributable to the equity holders of the Parent Company :</b>		
Basic earnings per share for ordinary shares	190	205
Basic earnings per share for preferred shares	217	250
<b>Diluted earnings per share</b> <b>attributable to the equity holders of the Parent Company :</b>		
Diluted earnings per share for ordinary shares	190	205
Diluted earnings per share for preferred shares	214	247

## Consolidated Statements of Comprehensive Income

Daekyo Co., Ltd. and Subsidiaries  
Years Ended December 31, 2019 and 2018

	(in Korean won)	
	2019	2018
<b>Profit for the year</b>	<b>17,155,259,928</b>	<b>19,224,517,192</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income	3,176,574,631	(12,176,575,243)
Share of other comprehensive income of associates	-	36,592,550
Remeasurements of the net defined benefit liability	(2,633,334,940)	(2,121,419,040)
Items that may be subsequently reclassified to profit or loss		
Gain on valuation of debt instruments at fair value through other comprehensive income	80,219,140	161,651,080
Currency translation differences	1,194,484,866	72,745,485
Share of other comprehensive income of associates	-	89,362,738
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>1,817,943,697</b>	<b>(13,937,642,430)</b>
<b>Total comprehensive income for the year</b>	<b>18,973,203,625</b>	<b>5,286,874,762</b>
<b>Total comprehensive income for the year is attributable to :</b>		
Owners of the Parent Company	18,854,395,907	4,807,599,603
Non-controlling interest	118,807,718	479,275,159

## Consolidated Statements of Changes in Equity

Daekyo Co., Ltd. and Subsidiaries

Years Ended December 31, 2019 and 2018

(in Korean won)

	Attributable to owners of the Parent Company					Non-controlling interest	Total equity
	Share capital	Reserves	Other components of equity	Accumulated other comprehensive income	Retained earnings		
<b>Balance at January 1, 2018</b>	52,064,920,000	72,720,242,871	(79,861,427,413)	53,452,808,387	572,213,321,630	6,342,598,712	676,932,464,187
Changes in accounting policy	-	-	-	(6,692,790,718)	7,281,704,622	-	588,913,904
<b>Restated total equity at the beginning of the financial year</b>	52,064,920,000	72,720,242,871	(79,861,427,413)	46,760,017,669	579,495,026,252	6,342,598,712	677,521,378,091
<b>Comprehensive income (loss)</b>							
Profit for the year	-	-	-	-	18,849,339,314	375,177,878	19,224,517,192
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	(12,176,575,243)	-	-	(12,176,575,243)
Gain on valuation of debt instruments at fair value through other comprehensive income	-	-	-	161,651,080	-	-	161,651,080
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	-	-	-	(978,121,107)	978,121,107	-	-
Currency translation differences	-	-	-	(38,964,445)	-	111,709,930	72,745,485
Remeasurement of net defined benefit liability	-	-	-	-	(2,113,806,391)	(7,612,649)	(2,121,419,040)
Share of other comprehensive income of associates	-	-	-	125,955,288	-	-	125,955,288
Share of retained earnings of associates	-	-	-	-	(12,417,594)	-	(12,417,594)
<b>Transactions with owners</b>							
Dividends	-	-	-	-	(12,664,568,790)	-	(12,664,568,790)
Interim dividends	-	-	-	-	(8,865,105,600)	-	(8,865,105,600)
Dividends of subsidiaries	-	-	-	-	-	(719,148,200)	(719,148,200)
Capital reduction of subsidiaries	-	25,014,588	-	-	-	(4,795,856,848)	(4,770,842,260)
Issuance of shares of subsidiaries	-	-	-	-	-	1,268,271,381	1,268,271,381
Acquisition of subsidiary	-	-	(26,442,538,944)	-	-	1,589,820,919	(24,852,718,025)
Acquisition of treasury share	-	-	(15,923,491,215)	-	-	-	(15,923,491,215)
Disposal of treasury share	-	327,018,503	1,002,178,984	-	-	-	1,329,197,487
Stock options	-	-	(771,516,217)	-	-	-	(771,516,217)
<b>Balance at December 31, 2018</b>	52,064,920,000	73,072,275,962	(121,996,794,805)	33,853,963,242	575,666,588,298	4,164,961,123	616,825,913,820
<b>Balance at January 1, 2019</b>	52,064,920,000	73,072,275,962	(121,996,794,805)	33,853,963,242	575,666,588,298	4,164,961,123	616,825,913,820
Changes in accounting policy	-	-	-	-	(477,294,987)	-	(477,294,987)
<b>Restated total equity at the beginning of the financial year</b>	52,064,920,000	73,072,275,962	(121,996,794,805)	33,853,963,242	575,189,293,311	4,164,961,123	616,348,618,833
<b>Comprehensive income (loss)</b>							
Profit for the year	-	-	-	-	16,875,252,488	280,007,440	17,155,259,928
Gain on valuation of equity instruments at fair value through other comprehensive income	-	-	-	3,176,574,631	-	-	3,176,574,631
Gain on valuation of debt instruments at fair value through other comprehensive income	-	-	-	80,219,140	-	-	80,219,140
Loss on disposal of debt instruments at fair value through other comprehensive income	-	-	-	(301,684,000)	-	-	(301,684,000)
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	-	-	-	(1,437,162,775)	1,437,162,775	-	-
Currency translation differences	-	-	-	1,324,446,808	-	(129,961,942)	1,194,484,866
Remeasurement of net defined benefit liability	-	-	-	-	(2,602,097,160)	(31,237,780)	(2,633,334,940)
<b>Transactions with owners</b>							
Dividends	-	-	-	-	(9,770,628,830)	-	(9,770,628,830)
Interim dividends	-	-	-	-	(8,650,168,600)	-	(8,650,168,600)
Dividends of subsidiaries	-	-	-	-	-	(548,017,680)	(548,017,680)
Issuance of shares of subsidiaries	-	-	-	-	-	507,499,315	507,499,315
Increase in other components of equity	-	-	5,388,561,845	-	-	-	5,388,561,845
Increase in other reserves	-	360,000,000	-	-	-	-	360,000,000
Acquisition of treasury share	-	-	(9,902,220,470)	-	-	-	(9,902,220,470)
Disposal of treasury share	-	172,733,971	621,307,094	-	-	-	794,041,065
Stock options	-	-	27,343,297	-	-	-	27,343,297
<b>Balance at December 31, 2019</b>	52,064,920,000	73,605,009,933	(125,861,803,039)	36,696,357,046	572,478,813,984	4,243,250,476	613,226,548,400

## Consolidated Statements of Cash Flows

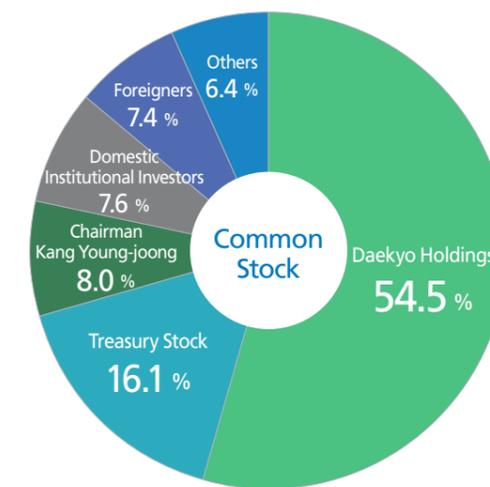
Daekyo Co., Ltd. and Subsidiaries  
Years Ended December 31, 2019 and 2018

(in Korean won)

	2019	2018
<b>Cash flows from operating activities</b>		
Cash generated from operations	81,732,192,310	68,132,790,014
Dividends received	5,613,146,918	5,264,889,629
Interest received	2,395,242,895	2,578,193,287
Interest paid	(3,924,423,244)	(1,050,233,119)
Income tax paid	(10,672,905,895)	(10,744,733,819)
<b>Net cash inflow from operating activities</b>	<b>75,143,252,984</b>	<b>64,180,905,992</b>
<b>Cash flows from investing activities</b>		
Decrease in financial deposits	16,104,586,069	16,111,772,238
Proceeds from disposal of financial assets at fair value through profit or loss	78,632,202,451	134,897,398,968
Proceeds from disposal of financial assets at fair value through other comprehensive income	12,998,359,130	2,062,782,816
Decrease in other receivables	7,645,725,000	15,520,291,826
Proceeds from disposal of investments in associates	11,399,521,665	5,121,850,000
Proceeds from disposal of property, plant and equipment	101,602,376	182,678,149
Proceeds from disposal of intangible assets	-	89,723,340
Increase in financial deposits	(18,214,271,708)	(18,360,628,564)
Acquisition of financial assets at fair value through profit or loss	(50,451,261,167)	(97,777,693,335)
Increase in other receivables	(5,640,820,876)	(14,031,228,209)
Acquisition of investments in associates	(245,192,308)	(10,159,865,271)
Acquisition of property, plant and equipment	(11,197,474,619)	(22,238,245,780)
Acquisition of intangible assets	(10,068,983,032)	(19,451,618,311)
Increase in advance payments	(27,550,000,000)	-
Acquisition of investments in subsidiaries	(24,428,496)	-
Acquisition of business	(18,529,016,573)	(16,930,090,038)
<b>Net cash outflow from investing activities</b>	<b>(15,039,452,088)</b>	<b>(24,962,872,171)</b>
<b>Cash flows from financing activities</b>		
Disposal of treasury shares	90,090,000	226,300,000
Issuance of shares of subsidiaries	507,499,315	1,268,271,381
Proceeds from borrowings	3,289,226,668	6,475,535,158
Acquisition of treasury shares	(9,902,220,470)	(15,923,491,215)
Dividends of subsidiaries	(548,017,680)	(5,515,005,048)
Dividends paid	(18,420,797,430)	(21,529,674,390)
Repayments of borrowings	(4,713,720,546)	(6,398,933,342)
Repayments of lease liabilities	(25,129,479,188)	-
<b>Net cash outflow from financing activities</b>	<b>(54,827,419,331)</b>	<b>(41,396,997,456)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,276,381,565</b>	<b>(2,178,963,635)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>58,507,873,463</b>	<b>60,251,798,959</b>
Exchange gains on cash and cash equivalents	244,477,926	435,038,139
<b>Cash and cash equivalents at the end of the year</b>	<b>64,028,732,954</b>	<b>58,507,873,463</b>

## Stock Information

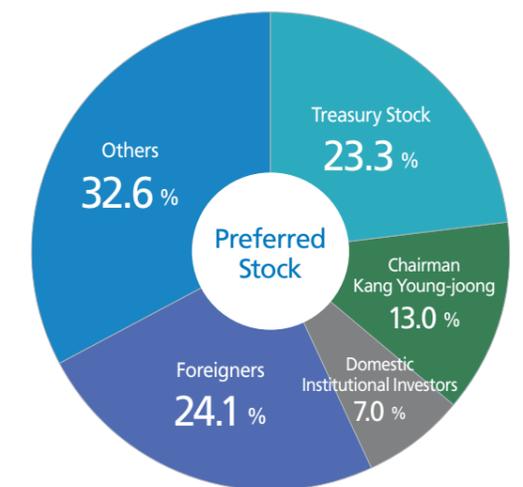
### Ownership Status



Outstanding Shares

**84,702,850** shares

(As of December 31, 2019)



Outstanding Shares

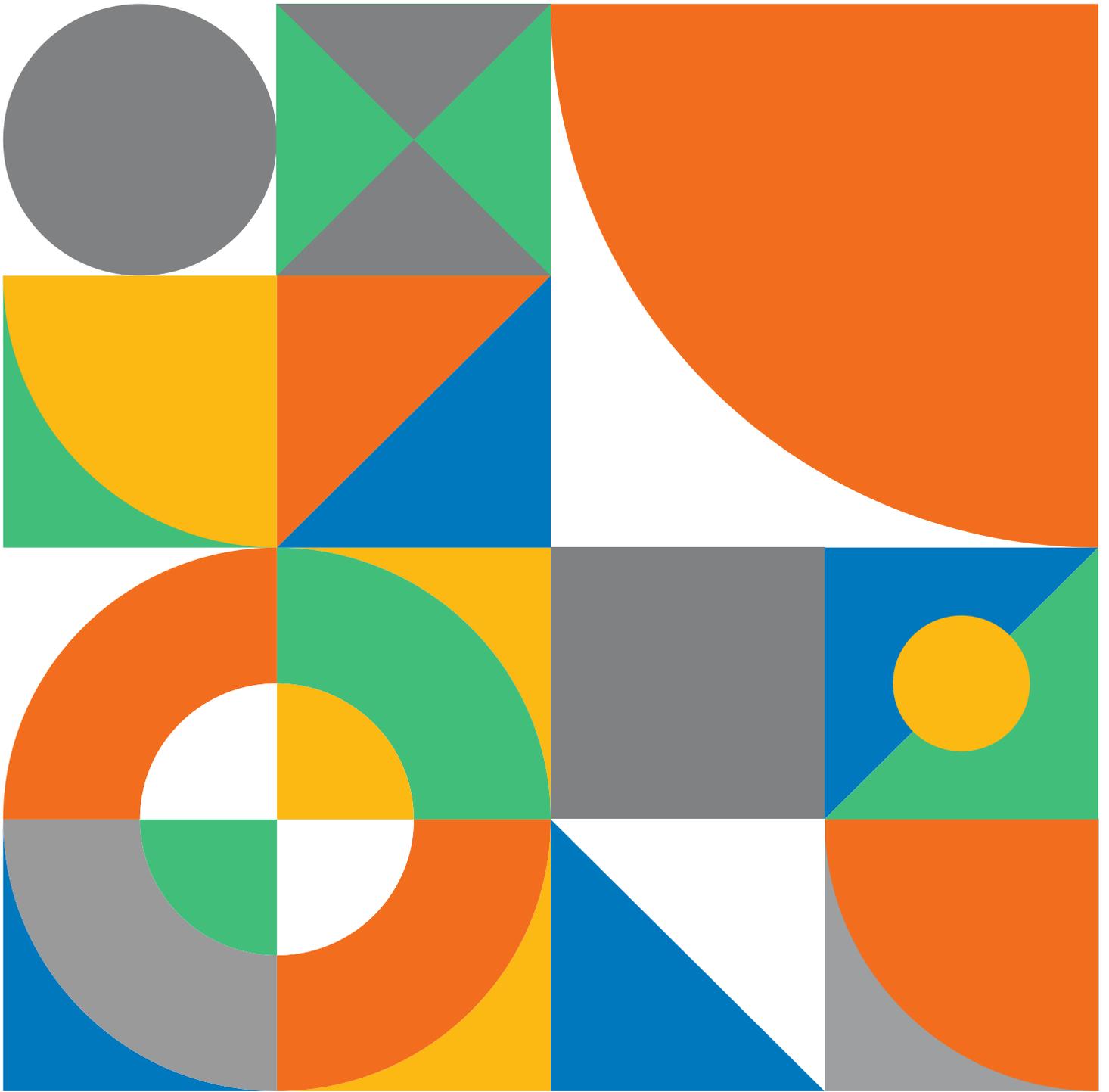
**19,426,990** shares

### Company Overview

Company Name	Daekyo Co., Ltd.
CEO	Park Soo-wan
Establishment	July 9, 1976
KRX Listing	February 3, 2004
Capital	KRW 52,065 million
Headquarters	(Zip code 08708) Daekyo Tower, 23, Boramae-ro 3-gil, Gwanak-gu, Seoul
Homepage	www.daekyo.com

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2019 **DAEKYO** ANNUAL REPORT