

Loti Co., Ltd.

Equity Valuation Report

Valuation Date December 31, 2021
Report Date January 28, 2022
Valuation Firm Seou Accounting Corp.

Exchange Rate: USD/KRW 1,483 (as of Mar 10, 2026)

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Purpose of Valuation

This valuation report was prepared to assess the fair value of the equity interest in Loti Co., Ltd. (the "Company") held by YAS Co., Ltd. (the "Client") as of the valuation date, for reference in preparing financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS).

- **Client:** YAS Co., Ltd. (CEO)
- **Valuation Date:** December 31, 2021
- **Report Date:** January 28, 2022
- **Purpose:** Fair value reference for K-IFRS financial statement preparation

Valuation Result: Equity Value **\$13.40M (KRW 19,870M)** | WACC 17.24% | Terminal Growth 0%

Asset Approach

Based on fair value of total assets held. Simple & objective, but fails to capture intangibles and future earnings.

✓ Selected

Income Approach (DCF)

Discounts projected future cash flows at the required rate of return. Widely used in practice & theoretically superior.

Market Approach

Derives relative value using publicly traded comparable company multiples. Subject to subjectivity in peer selection.

Key Assumptions: Projection Period: 2022–2026 (5 years) | WACC: 17.24% | Terminal Growth Rate: 0% | DLOM: 50%

PV of Projected FCF (2022–2026)

(\$0.00M)
(KRW 4,207M)

Terminal Value (PV)

\$0.03M
KRW 43,127M

Operating Value

\$0.03M
KRW 38,920M

Non-Operating Assets

\$0.00M
KRW 2,125M

Total Enterprise Value

\$0.03M
KRW 41,045M

Interest-Bearing Debt

(\$0.00M)
(KRW 1,304M)

Equity Value (Pre-Discount)

\$0.03M
KRW 39,741M

Equity Value after 50% DLOM

\$0.01M
KRW 19,870M

Sensitivity Analysis — WACC vs. Terminal Growth Rate (USD million)

WACC \ TGR	-1.0%	0.0%	1.0%
16.24%	\$0.0M	\$0.0M	\$0.0M
17.24%	\$0.0M	\$0.0M	\$0.0M
18.24%	\$0.0M	\$0.0M	\$0.0M

Company Name	Loti Co., Ltd.
CEO	Woo-Bin Lim
Founded	February 22, 2017
Address	317 Gajang-ro, Jeongnam-myeon, Hwaseong, Gyeonggi-do, Korea
Business	OLED Lighting Panel Manufacturing
Website	http://www.loti.co.kr

The Company develops OLED lighting that overcomes the limitations of conventional LED lighting and plans to begin commercial manufacturing and sales in 2022.

Key Advantages of OLED Lighting vs. LED

Natural Light

Closest to natural light spectrum; minimal eye fatigue and glare

Area Light Source

Uniform, diffuse emission eliminates hotspots and eye strain

Energy Efficient

Sensor-compatible dimming delivers high energy savings

Safe to Touch

Low heat emission ensures safety even after extended use

Eco-Friendly

No heavy metals (mercury-free); zero environmental impact at disposal

Ultra-Thin Design

Under 1mm thick with flexible form — enables innovative designs

Core Process Technology: Proprietary Roll-to-Roll (R2R) process — world's first mass-production technology for OLED lighting. Compared to flat-glass competitors: 1/20 capex, 50%+ variable cost reduction, 1.5× throughput.

(Unit: USD thousand | FX: 1 USD = KRW 1,483)

Item	2019	2020	Sep 2021
Current Assets	194.2	356.2	555.1
Cash & Deposits	185.6	138.9	242.9
Advance Payments	2.8	206.3	271.3
Non-Current Assets	145.7	1010.5	735.3
Property & Equipment	118.7	979.8	697.8
Total Assets	339.9	1366.7	1290.4
Current Liabilities	194.2	1308.9	1290.9
Non-Current Liabilities	43.9	189.0	744.6
Total Liabilities	238.1	1497.9	2035.4
Total Equity	101.8	(131.2)	(745.0)

* Unaudited financial statements. Converted at USD/KRW 1,483.

(Unit: USD thousand | FX: 1 USD = KRW 1,483)

Item	2019	2020	Sep 2021
Revenue	29.7	176.3	3.6
Cost of Revenue	-	164.6	3.3
Gross Profit	29.7	11.7	0.3
SG&A Expenses	440.7	1123.7	710.4
Operating Income (Loss)	(411.0)	(1112.0)	(710.1)
Non-Operating Income	2.3	11.2	109.0
Non-Operating Expense	0	8.8	12.7
Pre-tax Income (Loss)	(408.7)	(1109.6)	(613.8)
Net Income (Loss)	(408.7)	(1109.6)	(613.8)

* Unaudited financial statements. Converted at USD/KRW 1,483.

01

NOPLAT

Net Operating Profit Less
Adjusted Tax
(Depreciation adjusted)

02

Free Cash Flow

$FCF = NOPLAT + D\&A$
 $- CAPEX - \Delta Working Capital$

03

Apply WACC

Discount projected FCFs
at WACC of 17.24%

04

Enterprise Value

Operating Value
+ Non-Operating Assets

$$\text{Enterprise Value} = \sum FCF_t / (1+WACC)^t + \text{Terminal Value} / (1+WACC)^n$$

Projection Period

2022–2026
(5 Years)

WACC

17.24%

Terminal Growth

0%

DLOM Applied

50%

WACC

17.24%

Weighted Avg. Cost of Capital

Component	Cost	Weight	WACC Contribution
Cost of Debt [$K_d \times (1-t)$]	7.83%	23.57%	1.85%
Cost of Equity [$R_f + \beta(R_p) + \alpha$]	20.15%	76.43%	15.40%

CAPM Key Parameters

Risk-Free Rate (R_f)	2.24%	Relevered Beta (β)	1.01
Market Risk Premium (R_p)	12.84%	Effective Tax Rate (t)	19.89%
Size Premium (α)	5.01%	Pre-tax Cost of Debt (K_d)	9.77%

Comparable Companies (Target Capital Structure)

Company	Debt %	Equity %	Levered β	Unlevered β
Kumho Electric	34.9%	65.1%	1.53	1.04
IL Science	0.0%	100.0%	0.51	0.51
Woori Bio	35.8%	64.2%	1.25	0.87
Average	23.6%	76.4%	1.10	0.81

Free Cash Flow & Discounting Schedule (Unit: USD million | FX: 1,483)

Item	2022	2023	2024	2025	2026	TV
Revenue	\$7.08	\$13.69	\$25.06	\$38.56	\$53.36	\$53.36
Operating Income	\$0.78	\$2.32	\$6.14	\$8.80	\$12.80	\$12.80
NOPLAT	\$0.64	\$1.87	\$4.93	\$7.05	\$10.26	\$10.26
Free Cash Flow	(\$1.68)	\$0.88	\$3.12	(\$14.94)	\$9.18	\$10.26
Discount Factor	0.9236	0.7877	0.6719	0.5731	0.4888	0.4888
Present Value	(\$1.55)	\$0.69	\$2.10	(\$8.57)	\$4.49	\$29.08

Operating Value

\$26.24

Non-Op. Assets

\$1.43

Enterprise Value

\$27.68

Debt (IBD)

(\$0.88)

Equity Value

\$26.80

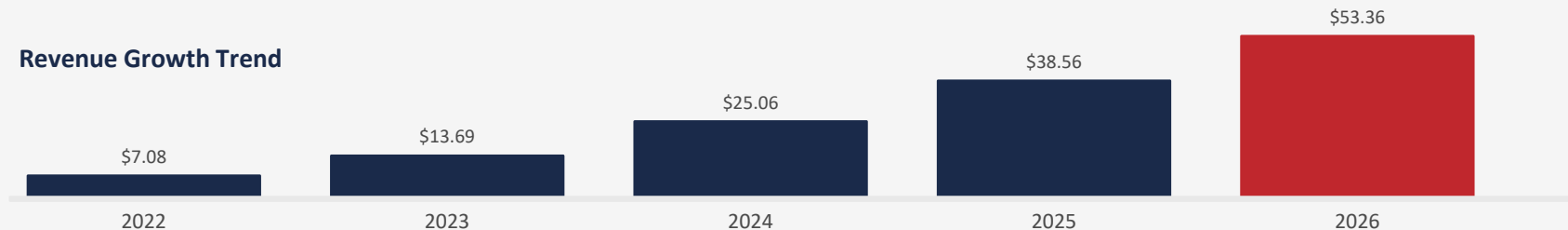
After 50% DLOM

\$13.40

Revenue by Product (Unit: USD million | FX: 1,483)

Product	2022	2023	2024	2025	2026	TV
Mask Pack	\$1.69	\$1.82	\$2.73	\$4.92	\$8.85	\$8.85
MASK (Skincare)	\$5.39	\$9.71	\$17.48	\$23.60	\$28.31	\$28.31
General Lighting	-	\$2.16	\$4.86	\$6.55	\$11.80	\$11.80
Automotive	-	-	-	\$3.50	\$4.40	\$4.40
Total	\$7.08	\$13.69	\$25.06	\$38.56	\$53.36	\$53.36

Revenue Growth Trend



Cost of Goods Sold (Unit: USD million)

Item	2022	2023	2024	2025	2026
Material Cost (54.26%)	3.84	7.43	13.60	20.92	28.96
Labor Cost	0.47	0.71	0.74	1.10	1.15
Overhead (209.9%)	1.00	1.49	1.56	2.30	2.42
Depreciation	0.20	0.23	0.23	1.15	2.10
Total COGS	5.51	9.85	16.13	25.48	34.63

Selling, General & Administrative Expenses (Unit: USD million)

Item	2022	2023	2024	2025	2026
Personnel Costs	0.15	0.22	0.23	0.37	0.39
R&D Expense (1.43%)	0.10	0.20	0.36	0.55	0.76
General SG&A (8.69%)	0.61	1.19	2.18	3.35	4.64
Total SG&A	0.87	1.61	2.77	4.27	5.79

IV Cash Flow Projections — Working Capital & Capex

Working Capital (Unit: USD million)

Item	2022	2023	2024	2025	2026
Accounts Receivable	\$1.24	\$2.39	\$4.38	\$6.74	\$9.33
Inventory	\$0.93	\$1.79	\$3.29	\$5.05	\$6.99
Accounts Payable	(\$0.64)	(\$1.24)	(\$2.28)	(\$3.51)	(\$4.85)
Net Working Capital	\$1.23	\$2.38	\$4.35	\$6.69	\$9.26
Working Capital Investment	\$2.05	\$1.15	\$1.97	\$2.34	\$2.57

Capital Expenditures & Depreciation (Unit: USD million)

Item	2022	2023	2024	2025	2026
Machinery Capex	\$0.46	\$0.06	\$0.06	\$18.11	\$0.60
Other Capex	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Total Capex	\$0.47	\$0.07	\$0.07	\$20.81	\$0.61
Total Depreciation	\$0.20	\$0.23	\$0.24	\$1.16	\$2.10

Note: Significant capex planned in 2025 for mass production equipment (machinery \$18.1M). TV capex maintained at depreciation level (\$2.1M).

Valuation Summary

Subject:	Equity Interest in Loti Co., Ltd.	Terminal Growth Rate:	0%
Valuation Date:	December 31, 2021	Equity Value (Pre-Discourt):	\$26.8M (KRW 39,741M)
Method:	Discounted Cash Flow (DCF)	DLOM Applied:	50% (Unlisted, Illiquid)
WACC:	17.24%		

Fair Value of Equity Interest (Post-DLOM)

\$13.4M (KRW 19,870M)