

CLASSYS

ANNUAL REPORT 2022

CEO Message

Respected Shareholders and Stakeholders of Classys,

On behalf of my fellow employees at Classys, I would like to express my sincere gratitude for your unwavering support, which has been instrumental in our continued growth.

Indeed, I am proud to share with you the fact that Classys enjoyed its highest performance results ever in 2022. This accomplishment is particularly noteworthy given the challenging market conditions arising from soaring commodity prices, global supply chain disruptions, and economic downturns. Our customer-oriented innovative products were the driving force behind this remarkable achievement. To be more precise, our total sales in 2022 reached KRW 141.8 billion, a robust 41% year-on-year growth, and our operating profit jumped by 33% to KRW 68.9 billion.

These stellar achievements can be attributed to our continuous efforts in customer-centric innovation, proactive investments in research and development, and unflinching quality control. Our flagship product, ULTRAFORMER III (Shurink), surpassed 10,000 units in cumulative global sales, and ULTRAFORMER MPT (Shurink Universe), which was launched early last year, achieved outstanding results as well, with global sales exceeding 1,600 units within just one year, and thus solidifying our leadership in the medical aesthetic device market.

For Classys, 2022 also marked a pivotal transition towards a new chapter in our business growth. First, we assembled a professional management team made up of external experts with profound expertise and experience in their respective areas of development, production, sales, and marketing. Under the leadership of a seasoned executive team that brings their extensive experience at renowned global companies with them, we are actively moving Classys towards a boundless future. Steadfast in our pursuit of becoming a global leader in the medical aesthetic device industry, we are implementing mid- to long-term strategies aimed at enhancing our financial stability and operational efficiency.

In addition, we have expanded our product portfolio to meet the evolving needs of our discerning customers. New offerings, such as the HIFU technology-based ULTRAFORMER MPT and the 6.78 MHz monopolar RF device VOLNEWMER, have not only broadened our product lineup but also reinforced our position in the market.

Throughout it all, Classys has demonstrated remarkable resilience, consistently achieving improved operational performance even in challenging circumstances thanks to the staunch dedication of our entire team. Moving forward, everyone at Classys will remain committed to raising the bar in terms of quality competitiveness and brand value enhancement. We will also remain resolute in our aspiration to become a global leader in the medical aesthetic device industry, working tirelessly to deliver consumer-oriented and innovative products and services.

In our relentless pursuit of excellence, we are committed to proactively addressing diversified customer demands through tailored solutions. As such, we will continue to further refine our products through ongoing development, ensuring an unparalleled customer experience. Furthermore, we will continue to compile research papers and clinical data, substantiating the safety and effectiveness of our products and thereby cementing our reputation as a globally recognized medical aesthetic device brand with unrivaled performance and quality.

In an effort to seize upon the flourishing energy-based devices (EBD) market, Classys is poised to expand its presence in the global skincare and medical aesthetic device market. With a focus on Central and South America, along with key Asian markets, we plan on simultaneously entering major markets, such as the United States, China, and Europe. Our vision is to be at the forefront of the global medical aesthetic device market.

I invite you to join us on this journey as we work towards becoming a global aesthetics business leader who sets the highest global standards. Once again, I extend my sincerest appreciation to each and every one of you.

I kindly request your continued support as we continue to champion the cause of Classys with profound dedication.

Thank you.



Seung Han Baek
CEO, Classys Inc.

A handwritten signature in black ink, appearing to read 'SH Baek', positioned to the right of the printed name and title.

Contents

1. Company Overview	04	2. 2022 Highlights	14	3. Growth Strategy	24	4. Sustainability Management	34	5. Financial Conditions	39
Corporate Profile	05	Business Performance	15	Vision & Strategy	25	Environmental	35	Consolidated Statements of Financial Position	40
Company History	06	Financial Performance	19	Domestic Market Strategies	27	Social	36	Consolidated Statements of Income	41
Business Portfolio	07			Overseas Market Strategies	29	Governance	38	Consolidated Statements of Cash Flow	42
Product Portfolio	08			Production/Quality Control Strategies	32				
Business Premises	12			R&D Strategies	33				
Research & Development	13								

DISCLAIMER

This is Classys's annual report for fiscal year 2022. It is intended to provide annual performance updates to the company's investors and stakeholders. The report scope encompasses Classys's business performance from January 1 to December 31, 2022, and, where applicable, includes information up to the publication date in July 2023.

This report incorporates forward-looking statements related to Classys's future financial positions, operational and business performance, and management's plans and objectives grounded in the company's historical performance and the current business landscape. However, it is essential to note that these forward-looking statements may yield results that differ from the contents of this annual report due to various unforeseen factors, including domestic and international economic fluctuations and uncertainties within the business environment. Classys's employees bear no responsibility for any damages arising from third-party investments or business decisions based on this report's information and content. We kindly request your careful consideration of this disclaimer.

Lastly, the information and medical-related content in this report about medical devices are provided to aid readers' comprehension. For more details, we recommend that you refer to the relevant product manuals and regulatory approvals issued by the Ministry of Food and Drug Safety (MFDS) of the Republic of Korea (ROK).



1. Company Overview

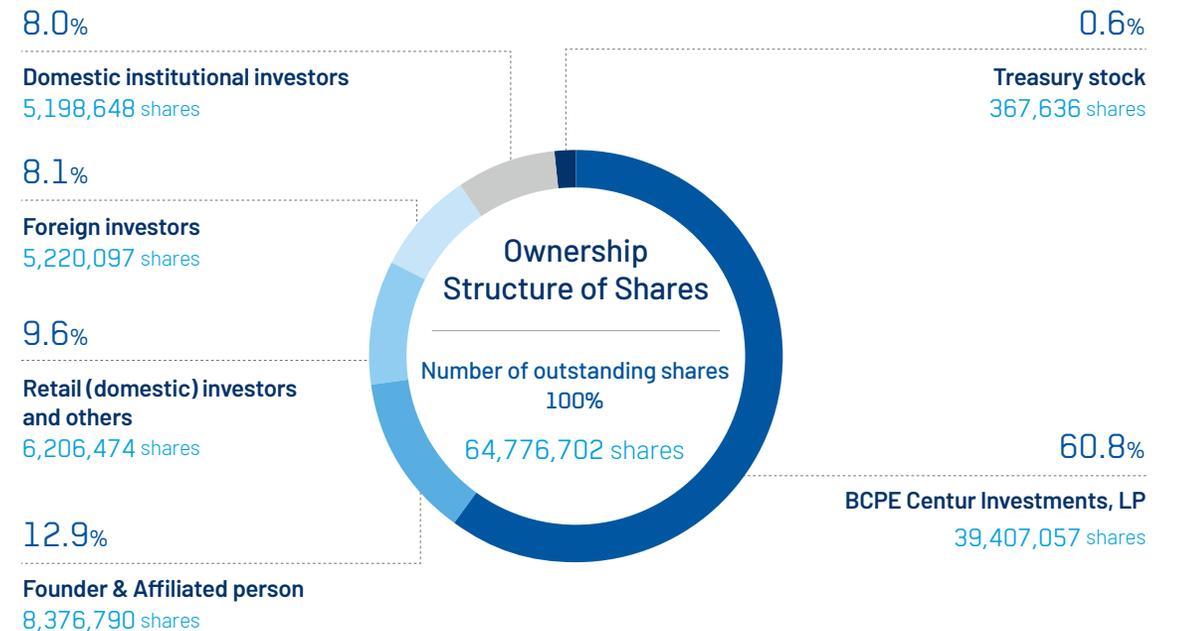
Corporate Profile	05
Company History	06
Business Portfolio	07
Product Portfolio	08
Business Premises	12
Research & Development	13

Corporate Profile

Established in 2007, Classsys is a manufacturer of medical aesthetic devices that are used in clinics and cosmetic procedures for beautification. Through our in-house technology research institute, we plan, design, and develop products tailored to a wide range of medical and aesthetic technologies and directly procure all the required materials ourselves. Our state-of-the-art facilities and thorough quality control system produce high-quality equipment and consumables to serve our outstanding clientele—comprised of international distributors, domestic medical clinics, and individual consumers—in over 60 countries. Today, our brands continue to grow on the back of continuous product upgrades and a wide array of marketing tactics.

Our products fall under the classification of “medical devices” as per the Korean Medical Devices Act, which prescribes certificates of manufacturer issued by the Republic of Korea’s Ministry of Food and Drug Safety (MFDS) for domestic production and sales. Likewise, each country has different regulations for manufacturing licenses and product permits for international sales. Classsys has acquired the required certificates from relevant authorities to sell our products in over 60 countries worldwide, including MFDS certificates.

Name of Company	Classsys Inc.
CEO	Seung Han Baek
Establishment / KOSDAQ Listing	January 10, 2007 / December 28, 2017
Paid-in Capital	KRW 6,477 million (as of 2022)
Number of Employees	350 employees (as of December 2022)
Business Areas	Manufacturing aesthetic medical devices/Sales of cosmetics
Brands	Cluederm shurink
Headquarters	Classsys, 208 Teheran-ro, Gangnam-gu, Seoul, Korea
Official website Contacts	http://www.classsys.com/ +82-2-6313-2106



* Aimed at enhancing shareholder value and stabilizing stock prices, the decision was made to enter into a KRW 20 billion share buyback on September 15, 2022.

* As of the end of 2022

Company History



2007 - 2014

- Jan. 2007 • Establishment of Classys
- May 2011 • Launch of Cryolipo
- Feb. 2012 • ULTRAFORMER approved by MFDS and kGMP
- Aug. 2014 • Release of ULTRAFORMER III

2015 - 2016

- Mar. 2015 • ULTRAFORMER III obtained CE certification in Europe
- June 2015 • CLATUU obtained CE certification in Europe
- Nov. 2015 • Awarded the ROK \$5 Million Export Tower
- Apr. 2016 • SCIZER approved by MFDS and kGMP

2017 - 2021

- Dec. 2017 • Listed on KOSDAQ/Headquarters relocated to Classys Tower
- Sep. 2018 • Acquisition of Munjeong-dong Plant 1
- Sep. 2019 • Completion of Misa Plant 2
- Oct. 2021 • ULTRAFORMER MPT (Shurink Universe) approved by MFDS and kGMP
- Dec. 2021 • Cumulative domestic sales of ULTRAFORMER III exceeded 3,500 units
 - Awarded the ROK \$50 Million Export Tower

2022 ~

- Jan. 2022 • ULTRAFORMER MPT rolled out to market
 - Headquarters relocated to the new Classys Tower at 208 Teheran-ro, Seoul
- Apr. 2022 • BCPE Centur Investments, LP (a fund managed by Bain Capital) became the largest shareholder
- Apr. 2022 • Inauguration of the new CEO, Seung Han Baek
- Aug. 2022 • VOLNEWMER approved by MFDS and kGMP
- Nov. 2022 • Listed on KOSDAQ's blue-chip segment, the KOSDAQ Global Segment
- Mar. 2023 • Cumulative sales of ULTRAFORMER series exceeded 13,000 units



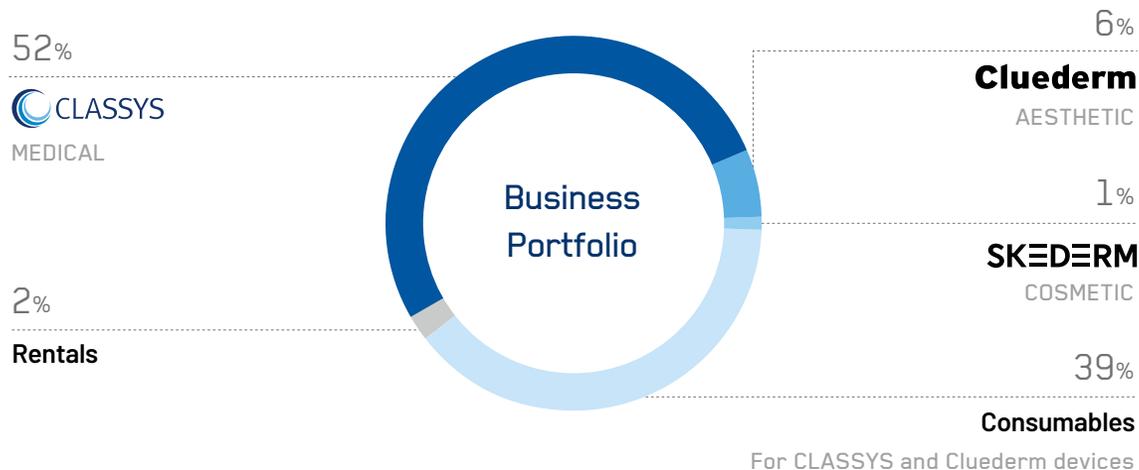
Business Portfolio

Classys conducts its operations under three brands: CLASSYS, which targets the medical devices market for aesthetic medical purposes; Cluederm, which specializes in distributing aesthetic beauty devices in the global market; and SKEDERM (Shurink 썸), which sells homecare beauty devices and cosmetics targeting retail consumers.

By brand, CLASSYS specializes in medical aesthetic devices utilizing HIFU¹⁾, RF²⁾, and cooling technologies. All products obtain medical device approval from the relevant authorities in each respective country before being sold in hospitals worldwide. Launched in 2016, Cluederm targets the aesthetic shop market in addition to clinics, aiming to provide differentiated products for both the medical and aesthetic markets. Moreover, with an increase in sales of flagship products and diversification into new devices, related consumables (cartridges, tips, gel pads, etc.) have also emerged as new sources of income.

SKEDERM (Shurink 썸) is a cosmetic brand that directly engages with end users, primarily selling lifting patches and Cibon (a homecare beauty device).

1) HIFU: High-intensity focused ultrasound
2) RF: Radiofrequency



* Consolidated sales as of 2022

Medical Devices

HIFU

ULTRAFORMER MPT
(Shurink Universe)

ULTRAFORMER III
(Shurink)

Scizer

RF

VOLNEWMER

Cooling

Clatuu Alph

+
Consumables

Aesthetic Devices

HIFU

Ulfit

RF

Refit

Vacuum

Aquapure I

Aquapure II

+
Consumables

Homecare Beauty Devices & Cosmetics

CIBON

Lifting Patch

Pink Blemish Calming Pad

Pore Clean Adlay Mud Mask

UV Shield Sports Patch

Product Portfolio

ULTRAFORMERMPT



- Switchable between two essential functions (MP & Normal [Dots]) without any cartridge replacement
- Faster operation speed with a bidirectional scanning method
- 4 exclusive cartridges for ULTRA F
- 3 exclusive cartridges for ULTRA Booster
- User-friendly ergonomic design

ULTRAFORMER MPT (Shurink Universe) | Focused Ultrasound Therapeutic Equipment

ULTRAFORMER MPT (Shurink Universe) is designed for eyebrow lifting by coagulating skin tissue with a focused ultrasound stimulation system.

Equipped with MPT (Micro Pulsed Technology)
Two modes: MP & Normal (Dots)



MP mode & Normal (Dot) mode interchangeable without any cartridge replacement

ULTRA F Cartridge

MP mode & Dot mode interchangeable with the same cartridge

ULTRA BOOSTER Cartridge

Circular MP mode and circular Dot mode interchangeable with the same cartridge

Items	Description
Energy Type	HIFU(High Intensity Focused Ultrasound)
Cartridge types	<p>ULTRA F Type ULTRAFORMER MPT 1.5, ULTRAFORMER MPT 2.0, ULTRAFORMER MPT 3.0, ULTRAFORMER MPT 4.5, ULTRAFORMER MPT 6.0, ULTRAFORMER MPT 9.0, ULTRAFORMER MPT 13.0</p> <p>ULTRA BOOSTER Type DERMA Booster 1.5mm, CELLUP Booster 3.0mm, LINEUP Booster 4.5mm</p>
Power	Normal (Dot) Mode 0.1 ~ 1.0 J *Indicate the minimum and maximum values for each cartridges.
Length	5 ~ 25mm
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	570(L) x 620(W) x 1330(H)mm
Weight	37kg



ULTRAFORMER MPT

Advertising Review Number: 12021-ET1-22-0249 (Valid until December 27, 2024)
As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is used for eyebrow lifting by coagulating skin tissue with a high-intensity focused ultrasound stimulation system. Focused ultrasound stimulation system.

Product Portfolio

ULTRAFORMER III

- User-friendly dual handpieces
- Six cartridges for various indications
- Design based on the applied area
- Fast speed and uniform output
- Stable technology performance proven by clinical results

Clinically proven efficacy through clinical research



B.J.Kim et al. Efficacy and safety of non-invasive body tightening with high-intensity focused ultrasound (HIFU). [Skin Research and Technology 2017; 1-5]



ULTRAFORMER III (Shurink) | Focused Ultrasound Therapeutic Equipment

A high-intensity focused ultrasound surgical device used for tissue coagulation in eyelid lifting. It is also employed for skin tightening and improving subcutaneous tissue elasticity in the face (cheeks), abdomen, and thighs, as well as for addressing crow's feet, laugh lines, and neck wrinkles.

Six Color Cartridges

Six cartridges can be applied differently to the depths and conditions of each skin layer.



The procedure involves the delivery of HIFU to a specific depth under the skin in a non-invasive method. Various cartridges apply to different thicknesses and conditions of a person's skin.

Items	Description
Energy Type	HIFU(High Intensity Focused Ultrasound)
Cartridge types	L4-4.5, L7-3.0, L7-1.5, MF2, MF6, MF9, MF13
Power	Max. 3J
Length	5 - 25mm
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	500(W) x 515(D) x 1310(H)mm
Weight	35kg



ULTRAFORMER III

Advertising Review Number: 12021-ET1-05-0057 (Valid until September 2, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is used for eyebrow lifting (cartridge models: L4-4.5, L7-3.0, DERMA SHRINK L7-1.5, L2-3.0W, L7-3.0W, L7-1.5W, J SHRINK MF5, I SHRINK MF2) by coagulating skin tissue with a high-intensity focused ultrasound surgical instrument, and for improving the elasticity of the skin and subcutaneous tissue on the face (cheeks)(cartridge models: A SHRINK MF1, Y SHRINK MF3, K SHRINK MF4), abdomen, and thighs (cartridge models: A SHRINK MF1, Y SHRINK MF3, K SHRINK MF4, V SHRINK MF6, S SHRINK MF9). This instrument improves skin and subcutaneous tissue elasticity through a focused ultrasound stimulation system.

Product Portfolio



6.78Mhz Monopolar RF
VOLNEWMER®

- Four tip sizes available for use according to the treatment area
- Tilt and cushion tip designs for effective delivery of energy
- Six cooling levels and five vibration levels to reduce pain
- Automatic detection of impedance for safe energy delivery
- Dual handpieces for user convenience

VOLNEWMER | Monopolar Radiofrequency Therapeutic Equipment

VOLNEWMER is a medical device used to coagulate skin tissue as a general electrosurgical instrument.

6.78Mhz monopolar RF

Four color-coded VOLNEWMER tips

VOLNEWMER provides four tip sizes that can be used according to the applied area.



V Tip
4.0 cm²

I Tip
0.25 cm²

S Tip
16.0 cm²

F Tip
3.0 cm²

VOLNEWMER offers various features, such as six cooling levels, five vibration levels, and automatic impedance detection, allowing for more customized patient procedures.



Performance	Specification
RF Frequency	6.78Mhz
Treatment Range	Max, 16cm ²
Display	10.1 Inch LCD touch screen
Voltage, Frequency	220~240V, 50/60Hz
Power Consumption a Maximum Output	1,200VA

VOLNEWMER

Advertising Review Requirement: Confirmation Number Combination-2022-33-015 (Valid until September 1, 2025)
As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is an instrument used for tissue coagulation using a high-frequency current.

Product Portfolio



SCIZER CLASSYS

- An MDFS-certified focused ultrasound stimulation system
- An average reduction of approximately 2 cm
- Added cooling system
- Dual handpieces allow for simultaneous procedures for user convenience

Non-invasive Subcutaneous Fat Reduction

SCIZER can help reduce an average of approximately 2 cm in waist circumference for people with a BMI index of 30kg/m² or less and abdominal fat thickness of 2.5cm or more.



Items	Description
Energy Types	HIFU(High Intensity Focused Ultrasound)
Cartridge Types	13mm
Treatment Area	Max. 46 x 46mm (24 lines)
Electrical Requirements	220-240V~, 50/60Hz
Dimensions	601(W) x 463(D) x 1,207(H)mm
Weight	50kg

SCIZER

Advertising Review Number: Confirmation Number 12021-ET1-06-0075 (Valid until September 1, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is a device used for tissue coagulation using a high-frequency current, Focused ultrasound stimulation system.



CLATUU α CLASSYS

- Convenient attachment of applicator
- Portable body and unique design for easy movement
- Applicators deliberately designed with ergonomic depth and curvature
- Dual handpieces available

Non-invasive Subcutaneous Fat Reduction

CLATUU Alpha is a medical device that gradually reduces subcutaneous fat layers, particularly in areas with excessive fat accumulation, using low-temperature energy and negative pressure.



Items	Description
Energy Types	Cooling System
Cup Type	Alpha Wing V, Alpha Queen, Alpha Wing
Power Consumption	1600VA
Electrical Requirements	220-240V~, 50/60Hz
Dimensions	558(W) x 483(D) x 1505(H)mm
Weight	90kg

CLATUU Alpha

Advertising Review Number: Confirmation Number 12021-ET1-06-0087 (Valid until September 3, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is a device used for maintaining the area at a low temperature to relieve pain, reduce swelling, and non-invasively reduce subcutaneous fat layers. Medical low-temperature device.



Ulfit Cluederm

- Non-invasive HIFU method
- Improves elasticity in the abdomen and thighs
- B2-6.0, B2-9.0 cartridges
- Dual handpieces for user convenience
- Ulfit cartridges for the abdomen and thighs

Focused Ultrasound Stimulation System

Ulfit is a medical device used to improve skin elasticity and subcutaneous tissue in the abdomen and thighs by delivering HIFU energy.



Items	Description
Energy Types	HIFU(High Intensity Focused Ultrasound)
Cartridge Types	B2-6.0, B2-9.0
Power	Max. 3J
Length	67mm
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	500(W) x 450(D) x 270(H)mm
Weight	8.24kg

Ulfit

Advertising Review Number: Confirmation Number 12021-ET1-05-0056 (Valid until August 26, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is used for tissue coagulation using a focused ultrasound stimulation system to achieve eyebrow lifting (cartridge models: F7-1.5, F7-3.0, F4-4.5) and improve skin and subcutaneous tissue elasticity on the face (cheeks)(cartridge models: LMF1, LMF3, LMF4), abdomen, and thighs (cartridge models: B2-3.0, B2-4.5, B2-6.0, B2-9.0). Focused ultrasound stimulation system.

*Confirming the treatment area is mandated before applying this device with an ultrasound diagnostic device certified by Korea's Ministry of Food and Drug Safety (License No. 11-1051, 14-515, 14-288, etc.).



Refit. Cluederm

- Three types of handpieces
- Four types of pulses
- Easy operation with a GUI
- MDFS-certified device

Radiofrequency(RF) Energy

Refit is a medical device that uses RF and negative pressure to increase tissue temperature and blood flow, relieving pain in the treated area.



Items	Description
Hand-piece Types	Large, Medium, Small
Vacuum	Max.282mmHg
Radio Frequency	780kHz
Power Consumption	160VA
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	377.92(W) x 404.98(D) x 155.50(H)mm
Weight	6.71kg

Refit

Advertising Review Number: Confirmation Number 12021-ET1-22-0250 (Valid until December 28, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is a device that uses 780 kHz high-frequency energy to generate deep heat in the human body for pain relief.



AQUAPURE Cluederm

- User-friendly GUI
- Handpiece auto-activation
- Four different handpieces
- Various functions for customized use
- Utilizes suction pressure generated by a vacuum pump

Four Handpieces

The combination of four handpieces are respectively applied for acne suction, muscle pain relief, and other pain relief.



Items	Description
Hand-piece Types	Aquapeel, Electro, Cooling & Heating, Micro-current Rolling Y
Vacuum	Max.650mmHg
Water flow rate	Max.60ml/min
Output Frequency	Electroporation(0.33Hz), Microcurrent - Y(1.03 kHz)
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	523(W) x 365(D) x 455(H)mm
Weight	14kg

AQUAPURE

Advertising Review Number: Confirmation Number 12021-ET1-06-0080 (Valid until September 10, 2024)

As this product is a medical device, please carefully read the Precautions for Use and Instructions for Use. This is a combination device consisting of an electric suction device for suctioning blood, bodily fluids, and acne, a low-frequency stimulator for pain relief, and a medical low-temperature device for maintaining the area at a low temperature for pain relief and reduced swelling.

Business Premises

Classys is headquartered in Yeoksam-dong—the main business district of Seoul—and has two factories in and around the outskirts of Seoul. As we have recently completed an integrated system encompassing research and development, production, marketing, and the licensing process, we have ensured a stable infrastructure for the enhanced quality of products. This expansion effort was driven by our aggressive investments in expanding production lines and headquarters functions, spanning production capacity, R&D, and sales and marketing capabilities. After completing our head office building, Classys Tower, in 2017, we purchased the Munjeong-dong Plant 1 in 2018 and Misa Plant 2 in 2019. In 2021, we further expanded our production facilities at Munjeong Plant 1. In October 2021, we entered a new era of growth after purchasing and moving in to the new head office building at 208 Teheran-ro, Gangnam-gu, Seoul.

Amid rosy forecasts of steady growth in demand for skin beauty treatments worldwide, Classys's aesthetic medical device brands are becoming increasingly recognized by the public. Well aware of this trend, we have already secured the necessary production capacity to promptly meet the expected increase in demand. In addition, our overall competitiveness with respect to production and quality, as well as productivity and cost efficiency, has been given a boost, as our factories have recently introduced a lean production system.

Classys Headquarters

R&D, Sales, Marketing, and
Administrative Support

Address: 208 Teheran-ro, Gangnam-gu,
Seoul



Munjeong-dong Plant 1

Production of HIFU and other products

Address: Part of B3, 8F, and 15F of Building A, and 7F
of Building B, H-Business Park,
Munjeong-dong, Seoul



Misa Plant 2

Cooling equipment and materials storage

Address: Part of 7F, Testa Tower, 25 Misa Gangbyeon
seo-ro, Hanam-si, Gyeonggi-do

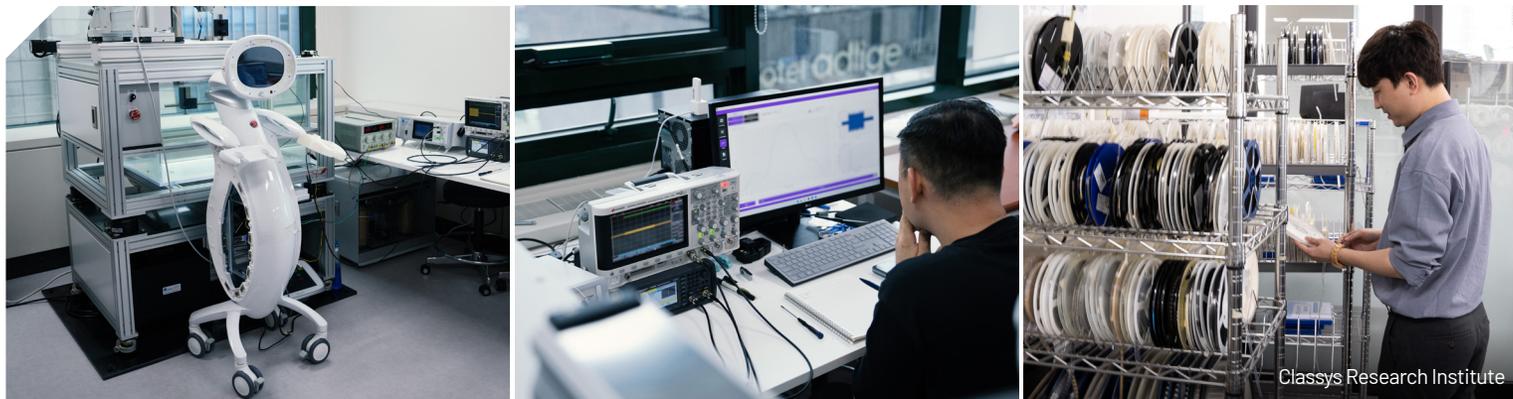
Research and Development

Classys continues to make significant R&D investments through its research institute to maintain technological competitiveness. Empowered by our technical edge over the competition, we are quickly making inroads into the global medical aesthetics device market with our products and solutions, all of which cater to the evolving needs of our clientele.

A case in point is the successful launch of two in-house developed new products in 2022, ULTRAFORMER MPT (Shurink Universe) and VOLNEWMER. With its higher treatment speed and expanded variety of handpieces, ULTRAFORMER MPT has significantly enhanced user convenience by expanding the applicable areas compared to the conventional model. Then there is the new VOLNEWMER, a 6.78 MHz monopolar RF device that employs advanced technology for the tips, which deliver RF energy to a person's skin. While maintaining the advantages of conventional RF devices, it is designed to enhance the efficiency and safety of RF energy delivery.

Classys is pushing forward with its relentless research and development efforts to create medical aesthetic devices that satisfy the needs of both users and recipients. Through vigilant monitoring of the dynamic skincare and medical device landscape in domestic and international markets, we determine the direction for product upgrades and new product developments. Moreover, we are committed to developing cutting-edge medical devices and nurturing industry experts to enhance our domestic and international competitiveness. In fact, as of 2022, our R&D staff has grown by 60% compared to 2020 to reach 48 employees, with 31% of all managers at Classys originally coming from the R&D department.

In response to the growing importance and value of intellectual property (IP), Classys is actively securing proprietary rights to our extensive portfolio of R&D outcomes. As we build entry barriers to protect our technological competitiveness in the industry, we are laying the foundation for exporting domestic medical devices to overseas markets. As of December 31, 2022, Classys held a total of 781 registered domestic and international IPs, including 116 patents & utility models, 227 designs, and 438 trademarks.



Most Recent Sales and R&D Expenditures

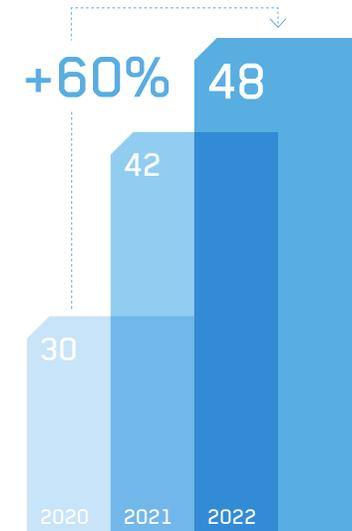
(Unit: KRW billion)

Category	2020	2021	2022
Sales	76.5	100.6	141.8
R&D Expenditures*	4.5	6.0	6.3
Percentage of R&D Expenditures to Sales	5.9%	6.0%	4.4%

(*) Includes licensing-related expenses

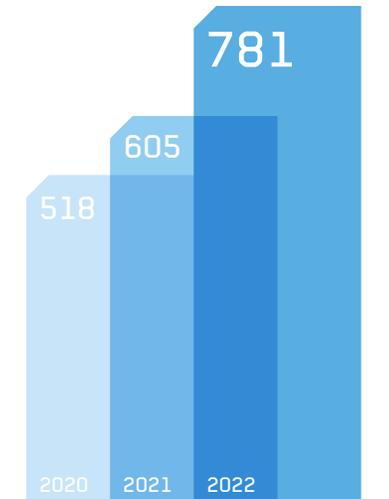
Research & Development Personnel

(Unit: persons)



IP Registration

(Unit: cases)





2. 2022 Highlights

Business Performance 15

Financial Performance 19

Business Performance

1 Launch of a New HIFU Product: ULTRAFORMER MPT

- Launched in January 2022, with 1,600 units in cumulative global sales achieved in just one year on the market
- Notable surge in sales of consumables due to expanded equipment installation

ULTRAFORMER MPT (Shurink Universe) entered the Korean market in early 2022. This introduction sparked an overwhelming interest and robust inquiries from healthcare professionals in clinics who held a high regard for our earlier model, ULTRAFORMER III (Shurink). In the astonishingly short span of just one year, ULTRAFORMER MPT was a decidedly resounding success, selling over 1,100 units in Korea.

Starting in late 2022, ULTRAFORMER MPT embarked on a progressive international expansion strategy. Employing a two-track approach for the global market, we strategically positioned the conventional ULTRAFORMER III to target the budget market while going after the premium market with the newly launched ULTRAFORMER MPT. Over the past year, we successfully introduced ULTRAFORMER MPT to eight countries, including Brazil, Japan, and Thailand. Looking ahead to 2023, we plan to expand our market presence into regions such as the CIS, Taiwan, and Australia.

In the meantime, as we continue to install our equipment in new places, there is a concurrent upward trajectory in the sale of consumables. Driving this growth has been ULTRAFORMER MPT, whose enhanced user convenience and reduced treatment times have led to a roughly 40% increase in consumables usage per device, based on domestic consumption data. On the global front, our consumables sales are also on the rise, and the reputation of the ULTRAFORMER series is on a noticeable upswing among local communities in overseas countries.

Less Pain, Faster Results

A shorter treatment time reduces pain, ensuring a more comfortable experience.

“MFDS-certified Safe medical device ULTRAFORMER MPT”



2 Launch of a New RF Product: VOLNEWMER

- Expanding our product portfolio through the debut of our inaugural RF medical device
- MFDS-certified as of August 2022, with full-scale marketing as of the end of October that same year

The introduction of VOLNEWMER, our new RF device, has successfully enriched the product lineup of Classsys's medical aesthetic devices.

VOLNEWMER utilizes 6.78 MHz RF thermal energy to initiate tissue tightening within the skin's dermal layer. In August 2022, it acquired Korean MFDS certificates of manufacturer, paving the way for its official launch in the domestic market by the end of October.

VOLNEWMER stands out for its cutting-edge design features, such as its concealed edge tip and continuous cooling mechanism, ensuring the safe and effective delivery of powerful RF energy. Additionally, it offers a variety of treatment tip sizes, granting the flexibility for personalized treatments tailored to each individual.

At present, VOLNEWMER is available for purchase by clinics in Korea and Japan. In our pursuit to enhance communication with users across various markets, we actively engage in diverse initiatives for clinic users, including user meetings and conference participation. Starting in 2023, Classsys mounted an aggressive marketing campaign to engage retail consumers with the newly appointed brand model for VOLNEWMER through multiple channels, encompassing TV commercial campaigns, our official website, Instagram, and digital media.



Business Performance

3 Industry Recognition and Awards

Classys's outstanding performance in its business activities has earned several awards and accolades from leading organizations and authorities.

In 2022, Classys was included in the KOSDAQ Global Segment (51 companies)—a group of blue-chip companies on the KOSDAQ market as selected by the Korea Exchange. Notably, we were the sole representative in the medical aesthetic device industry. We were also honored with the prestigious Financial Supervisory Service (FSS) Director's Award at the KOSDAQ Listed Companies Association's KOSDAQ Awards. This only adds to our previous achievements, including the 2020 Best Next-Generation Enterprises Award from the same awards panel, and highlights our consistent technological prowess and growth potential.

March 2022
Singled out for excellent disclosure practices among KOSDAQ-listed companies

August 2022
Designated as a 2022 Rising Star company among KOSDAQ-listed companies

September 2022
Named one of the "200 Best Under A Billion" by Forbes Asia

November 2022
Awarded the Best Beauty Sector IR Award at the 2022 Money Today IR Awards

November 2022
Included in the KOSDAQ Global Segment

November 2022
Received the FSS Director's Award at the 14th KOSDAQ Awards

December 2022
Honored as an Excellent Corporate Governance Company by the Korea Institute of Corporate Governance and Sustainability (KCGS)



4 Excellent ESG Management Performance

Classys has been recognized by ESG (environmental, social, and governance) rating agencies for its achievements in ESG management efforts. In 2022, we earned an A in our first comprehensive ESG evaluation conducted by a Korean ESG rating agency, SUSTINVEST.

Additionally, we obtained a B+ grade from another Korean ESG rating organization, the Korea Institute of Corporate Governance and Sustainability (KCGS). The KCGS upgraded us from a B in 2021 to a B+ in 2022 in recognition of our progress in all three environmental, social, and governance categories. Of particular note is that we received an A grade in the governance category and were singled out as one of the most outstanding companies in governance for 2022 by the KCGS.

A

2022 ESG Grade (by SUSTINVEST)

ESG Comprehensive Evaluation

A

87.41

Overall Ranking: 190th out of 1,045 companies
Sector Ranking: 3rd out of 20 companies



B+

2022 ESG Ratings (by KCGS)

ESG grade

Classys was upgraded from the previous year, indicating evident improvements in its governance framework.



* Of the total 974 companies (including 773 KOSPI-listed and 201 KOSDAQ-listed) under the ESG evaluation for 2022 - only 25% were rated with a comprehensive grade of B+ or above.

Business Performance

5 Intensifying B2B Marketing to Promote Our Product Reliability

- Over 61 events (including webinars) in which we shared academic and clinical information in 2022

Classys is ramping up its B2B marketing campaigns that target users for brand amplification and promotion of new products at home and abroad.

For a number of years, we have been organizing various events, including domestic and international conferences and seminars, as well as Classys Academies and user meetings in different countries, where we introduce our flagship products, such as ULTRAFORMER III (Shurink) and ULTRAFORMER MPT (Shurink Universe), along with academic content.

In 2022, we actively engaged with users through 61 events (including webinars) to share clinical information. This included participating in major medical device exhibitions like the Korea International Medical & Hospital Equipment Show (KIMES) and hosting large-scale user meetings in countries such as Thailand and Japan.

Image 1: ULTRAFORMER MPT Asia (Thailand) Launch Symposium

Roughly 300 attendees, including medical professionals from 12 Asian countries that included Thailand, Japan and Taiwan



Image 2: 2022 KIMES Seoul

Received praise for our ULTRAFORMER MPT and one of our new products, VOLNEWMER, from clinic representatives and distributors who visited the Classys booth



Image 3: VOLNEWMER Japan Launch Symposium

Participation of approximately 50 attendees in the VOLNEWMER Japan launch symposium



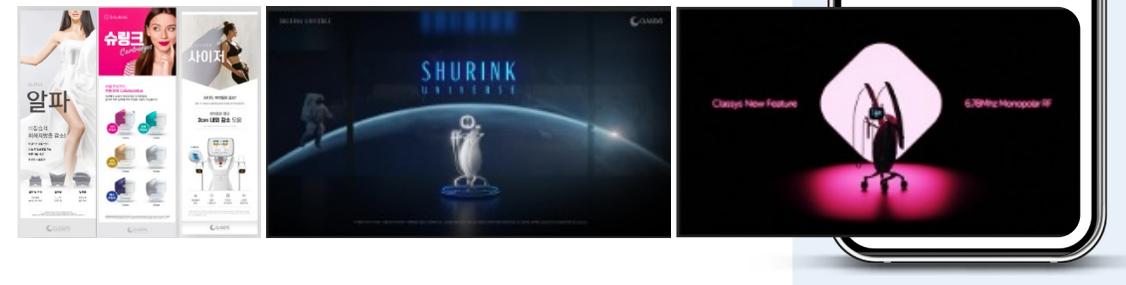
- Three more SCI-level papers added in 2022 Raising the total to 12 papers, including four preclinical papers and eight clinical papers

Classys is active in several preclinical and clinical trials and supports their publications through reputable journals and conference presentations. This allows us to enhance our reputation among medical professionals while also validating the safety and efficacy of our products.

In 2022, a total of three clinical trials successfully closed, resulting in the publication of several research papers. As of the end of 2022, Classys had published a total of twelve SCI(E)-level papers, including four preclinical and eight clinical papers.

6 Intensifying B2C Marketing for Brand Amplification

Classys is expanding its marketing targets from B2B for clinics to include B2C aimed at retail customers who directly experience our device treatments. In the future, we will continue to broaden our communication channels with consumers through a wide array of marketing initiatives to enhance brand awareness and boost sales.



Business Performance

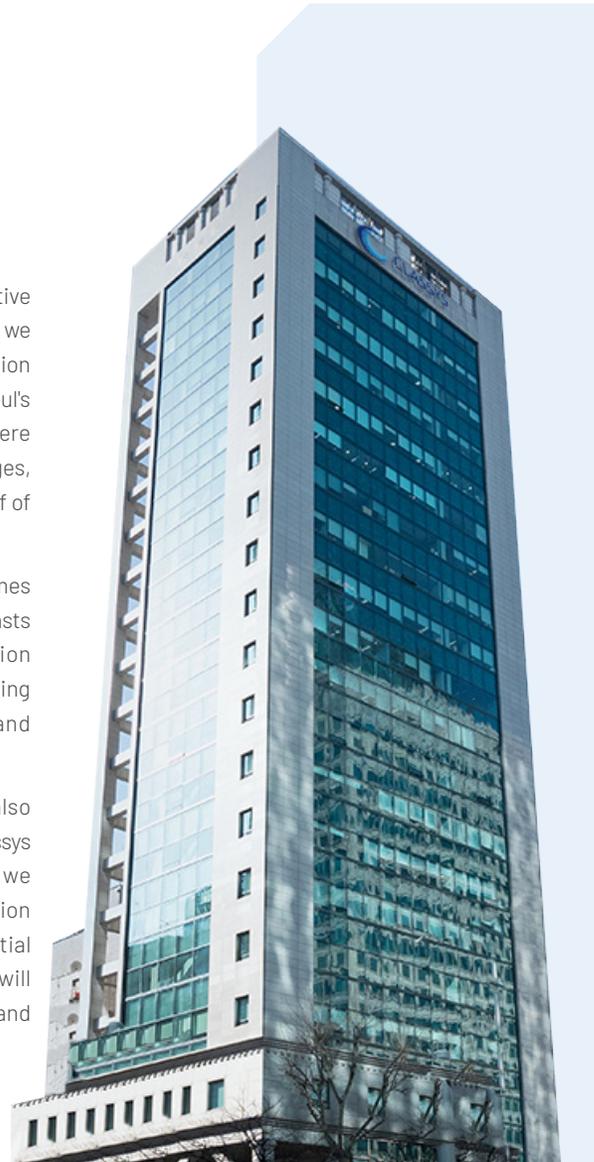
7 Relocation Due to Business Expansion

As our business continued to grow, it became imperative that we find a new head office building. In January 2022, we purchased a building in Yeoksam-dong (a KRW 125 billion purchase, the current headquarters) in downtown Seoul's central business district. After interior renovations were complete, including the installation of employee lounges, we moved into the new office building in the second half of 2022.

The new headquarters provides approximately 1.6 times more space than the previous Classys Tower. It also boasts excellent accessibility and convenient transportation facilities, making it a crucial foundation for accelerating the company's global growth by expanding R&D and promotional facilities.

For the sake of asset management efficiency, we also completed the sale of our previous headquarters, Classys Tower, located in Teheran-ro, Gangnam-gu, which we bought for KRW 29.5 billion in 2017. The KRW 60 billion sale of our old Classys Tower left us with a substantial profit margin of KRW 30 billion. The secured funds will be allocated for future activities, such as mergers and acquisitions (M&As) and debt repayment.

The new Classys headquarters in Yeoksam-dong

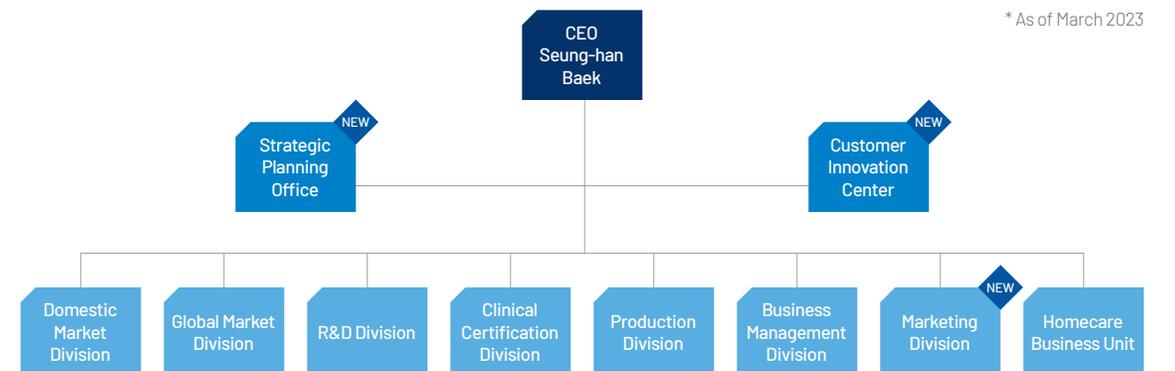


8 Gaining Growth Momentum from Our New High-Caliber Management Team

To maximize corporate value, Classys has been steadily appointing external experts to strengthen critical areas, such as ▲ reinforcing our domestic and international sales/marketing capabilities, ▲ securing quality/production control reinforcement and cost competitiveness, and ▲ developing innovative products and technologies based on customer analysis as well as enhancing licensing capabilities. In 2022, we assembled a management team with globally competitive industry expertise, including our CEO, Seung-han Baek, who has over 25 years of experience managing healthcare companies and global business development at home and abroad.

At the same time, we have completed restructuring the organization into 7 divisions, 1 Unit, and 2 offices. This includes the addition of a Strategic Planning Office, Customer Innovation Center, and Marketing Division. Created to provide customer-centered customized solutions, the key responsibilities of these newly established units are as follows:

- **Strategic Planning Office:** Planning new technologies/products in light of customer trends and needs
- **Customer Innovation Center:** Planning the upgrade of existing devices to reflect customer needs and preparing for the expansion of applicable indications according to market trends
- **Marketing Division:** Maximizing B2C customer touchpoints, such as SNS and online communities, and analyzing trends



Financial Performance

In 2022, Classys's sales stood at KRW 141.8 billion, up by 41% year on year. This record-high sales increase is attributable to the significant growth in sales of equipment and consumables on the back of rising global recognition of ULTRAFORMER III (Shurink) and ULTRAFORMER MPT (Shurink Universe). Despite a slight decline in the operating profit margin due to the launch of a new product, the declining proportion of consumables, as well as increased sales commissions and advertising expenses, the operating profit was up by 33% year on year to reach KRW 68.9 billion. In addition to this increase in operating profit, a gain from the sale of the former head office building in Gangnam, which was completed on October 11, 2022, resulted in a 72% year-on-year rise in net profit, which closed 2022 at KRW 75.4 billion.



Financial Performance

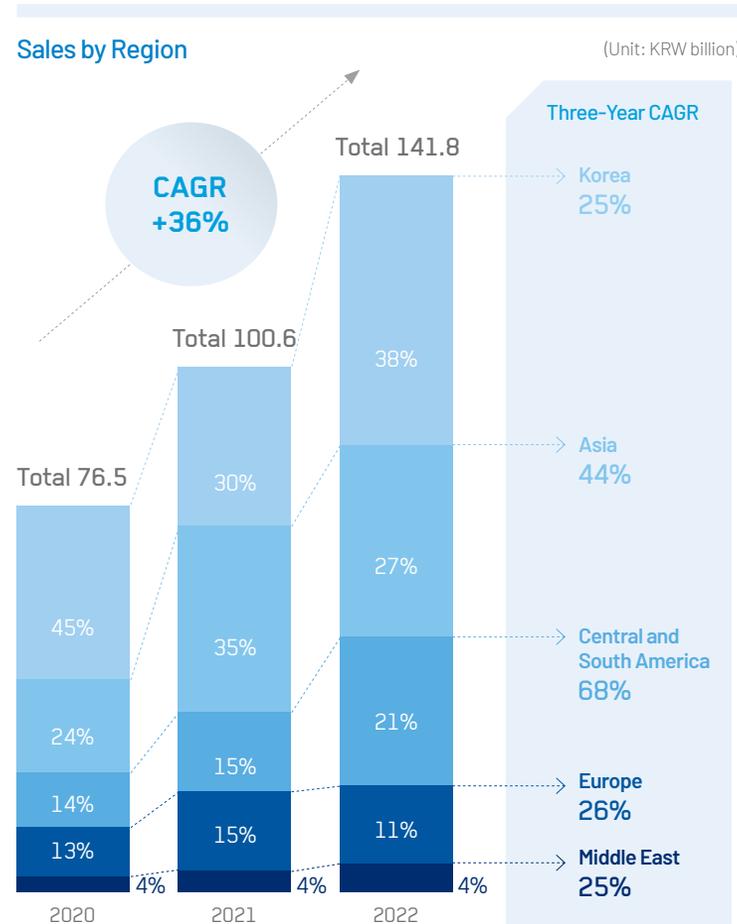
1. Sales by Market

Leveraging our excellent product competitiveness, Classys has entered more than 60 countries around the world, including Brazil, Japan, Thailand, the CIS, and Australia. Classys's aggressive marketing, not only domestically but also internationally, has resulted in consistent growth across six continents. Indeed, our overall sales growth has reached a remarkable 36% CAGR over the last three years.

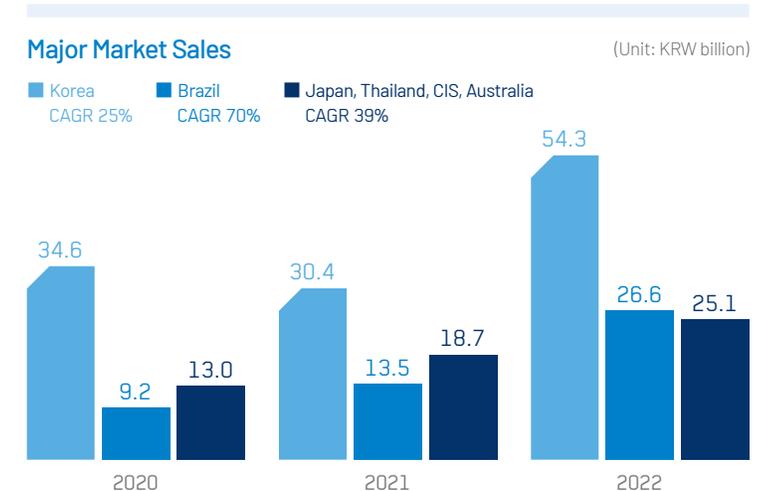
In 2022, domestic market sales saw an extraordinary 79% year-on-year growth, primarily due to the successful launch of ULTRAFORMER MPT. International sales also went up by 25% from the previous year to reach KRW 87.4 billion.

In particular, our market share continued to rise in Brazil, as it did in Japan, Thailand, the CIS, and Australia, with those five regions leading our international sales growth. Most notably, our sales in Brazil for 2022 soared 97% year on year to KRW 26.6 billion, recording a particularly high growth rate over the last two years. Furthermore, Thailand, where we ramped up our marketing efforts after resuming in-person user meetings in 2022, grew its sales by more than 250% in 2022 compared to 2021.

Additionally, in order to quickly penetrate both domestic and overseas markets simultaneously, Classys has established localized growth strategies for each major country and is implementing a "Tier-up" strategy, our unique approach to sales expansion that is differentiated by market. For more details on this strategy, please see the Overseas Market Strategies section on page 29.



* The numbers inside the bar graph represent the percentage of each region to overall sales.



Markets with a Classys Presence by Region

- Europe**
 - CIS, Spain, UK, Denmark, France, Greece, Germany, Switzerland, Austria, Italy, Poland, Turkey, Finland, Portugal, Hungary, Czech Republic, Romania, Bulgaria, Estonia, Norway, Sweden, Slovenia, Bosnia, Montenegro, Luxembourg, Croatia, Belgium, Netherlands, Latvia
- Asia**
 - Japan, Thailand, Australia, Taiwan, Indonesia, Vietnam, Nepal, Bangladesh, India, Hong Kong, Malaysia, Singapore, Philippines, Myanmar, Pakistan, Mongolia, Kazakhstan
- Americas**
 - Brazil, Mexico, Colombia, Chile, Argentina, Dominican Republic, Peru, Ecuador, Paraguay, Canada
- Middle East**
 - Saudi Arabia, Lebanon, UAE, Bahrain, Oman, Kuwait, Qatar, Iraq, Jordan, Libya, Syria, Sudan, Egypt, Israel, Iran
- Africa**
 - Kenya, Tunisia

Financial Performance

2) Sales by Brand | CLASSYS

- Contributing 52% of the company's total sales as of 2022, the CLASSYS brand, which shares the same name as the company, is our flagship brand. Under this brand name, we sell ULTRAFORMER III (Shurink), ULTRAFORMER MPT (Shurink Universe), VOLNEWMER, CLATUU Alha, and Scizer to clinics in a number of different countries, with medical device licenses in each of these respective nations.
- In 2022, sales of the CLASSYS brand rose by 58% (27.3 billion) year on year to KRW 74.2 billion. This was driven by the launch of two new products, ULTRAFORMER MPT and VOLNEWMER, as well as the stable sales growth of flagship products. Domestic sales soared 190% (KRW 19.6 billion) year on year to KRW 29.9 billion, while overseas sales reached KRW 44.3 billion, up 21% (KRW 7.7 billion) over the same period.

1) Domestic Sales

The successful launch and rapid market penetration of ULTRAFORMER MPT, a new product of ours, significantly boosted domestic sales. In fact, domestic sales of ULTRAFORMER MPT not only met captive customers' need for replacement of conventional ULTRAFORMER models but also drew in new customers, resulting in the sale of over 1,100 units annually. Additionally, products like Clatuu Alpha and Scizer have maintained consistent sales records, while VOLNEWMER, which went on sale domestically at the end of October 2022, has also received a positive response from the public.

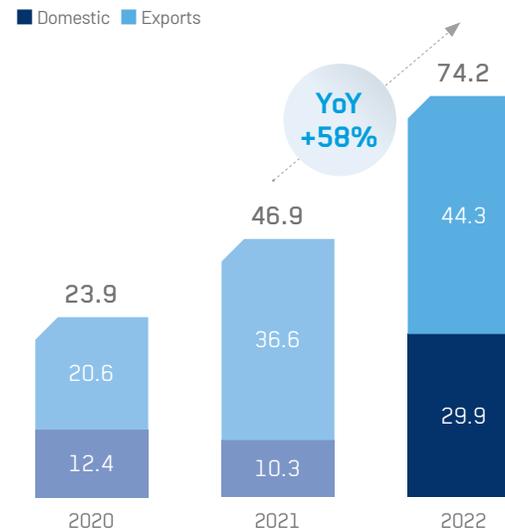
2) Export Sales

Export sales have shown stable growth in over 60 countries where ULTRAFORMER III has already been introduced. In the second half of the year, the launch of ULTRAFORMER MPT in countries like Brazil, Japan, Thailand, and Indonesia actually drove additional growth. As of 2022, the sales distribution by region was as follows: America 24%, APAC 23%, Europe 10%, and the Middle East 3%. Moreover, high growth rates continued to be seen in countries like Brazil, Japan, Thailand, the CIS, and Australia.

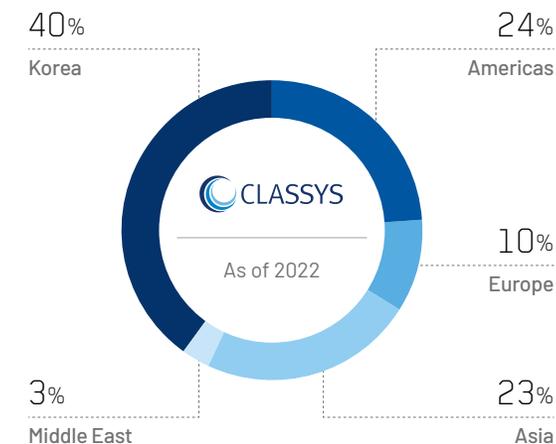
On the global front, we employ a dual-track strategy, differentiating our approach to target the budget market with ULTRAFORMER III and the premium market with ULTRAFORMER MPT. At the same time, in order to expand equipment sales and play a leading role in the HIFU treatment trend, we are expanding clinical research and large-scale user meetings for medical practitioners to bolster our position in the global medical aesthetic device market. Moving forward, we plan to introduce ULTRAFORMER MPT to more countries in an effort to further expand our share of the global HIFU medical aesthetic device market.



CLASSYS Annual Sales Growth (Unit: KRW billion)



Sales Breakdown by Region



Financial Performance

2) Sales by Brand | Cluederm

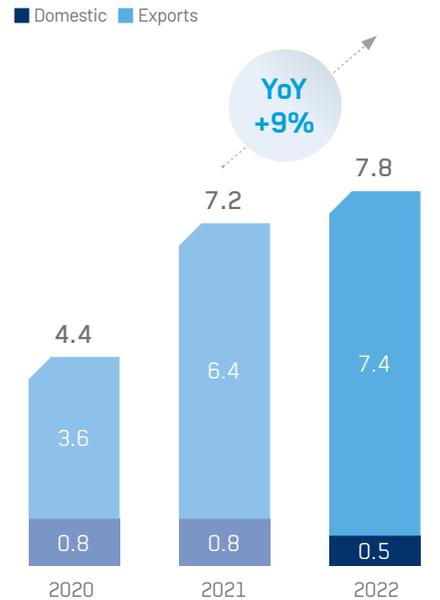
- Cluederm, a brand dedicated to beauty & aesthetics shops, has been gradually increasing its brand recognition since its launch in 2016. Particularly in overseas markets, where the use of beauty devices in aesthetics establishments (skincare clinics) is allowed in many countries, we are expanding our overseas beauty & aesthetics business through the Cluederm brand.

In 2022, Cluederm brand sales reached KRW 7.8 billion, a 9% increase from the previous year. Strong sales of AQUAPURE, Ulfit, and Refit devices also continued, with export sales showing a significant KRW 1.0 billion increase over the previous year. In 2022, the sales distribution of the Cluederm brand by region was as follows: Europe (37%), APAC (31%), and America (15%).

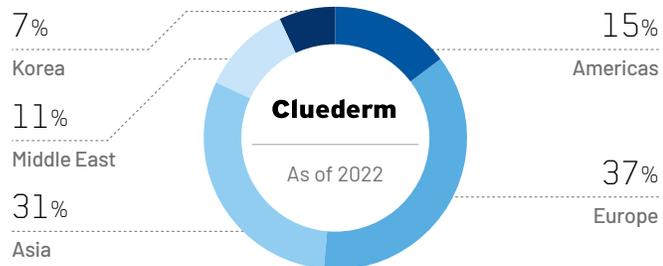
By product, AQUAPURE (I and II) and Refit are in high demand in Europe, especially in Spain, France and Germany, with sales in 2022 up by 9% and 30%, respectively, from the previous year. In addition, Ulfit, whose largest markets are Brazil, Australia, and Hong Kong, also showed a 3% increase in sales year on year.



Cluederm Annual Sales Growth (Unit: KRW billion)



Sales Breakdown by Region



3) Sales by Brand | SKEDERM (shurink)

- SKEDERM (shurink) is a brand aimed at expanding our B2C distribution network, with a focus on cosmetics and homecare beauty device businesses.

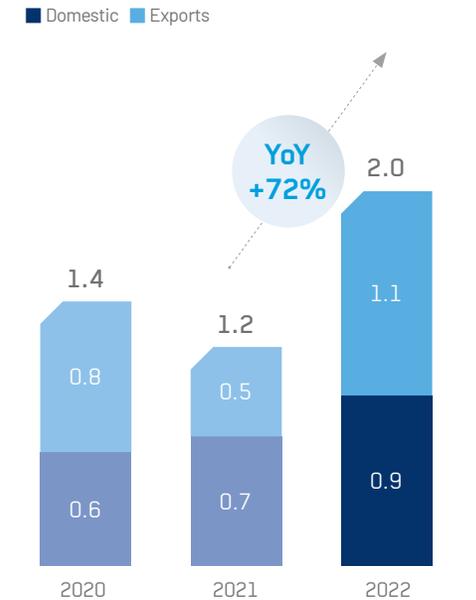
In 2022, SKEDERM (shurink) sales reached KRW 2.0 billion, a growth of 72% year on year. Of particular note, strong sales of its flagship product, LIFTING PATCH, drove up overseas sales by 125% year on year, while domestic sales increased by 32% over the same period.

The highest-selling items in the (shurink) brand include our LIFTING PATCH, SNAIL MASK, and CIBON products. As of 2022, their respective contribution to overall sales were 69%, 13%, and 10%. By market, their sales distribution was as follows: Korea (46%), China (35%), and the U.S. (19%).

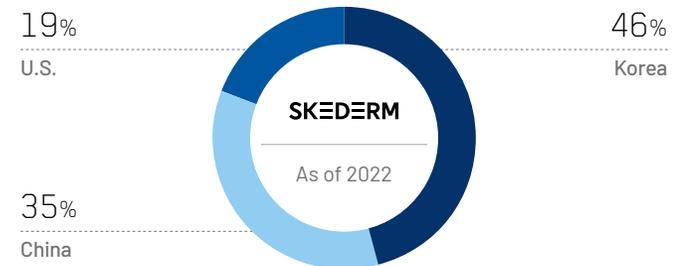
Furthermore, in 2022 we launched three new products—the UV Shield Sports Patch, Pore Clean Adlay Mud Masks, and Pink Blemish Calming Pads—while steadily expanding our B2C target product lineup.



SKEDERM (shurink) Annual Sales Growth (Unit: KRW billion)



Sales Breakdown by Market



Financial Performance

4) Sales by Brand | Consumables

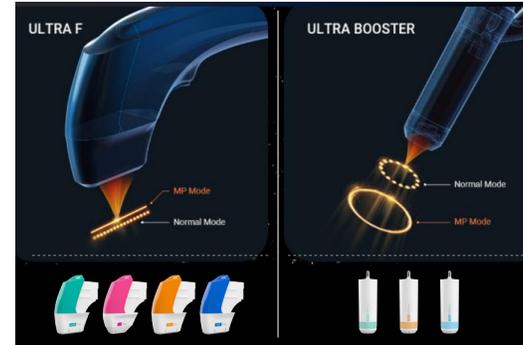
- Today, there is a direct correlation between the installation of our medical aesthetic devices and the steady supply of consumables, such as cartridges and gel pads, which are necessary to operate our equipment. As a result, the more our devices are sold and used in tandem with the increased brand recognition, the higher the sales of our consumable products grow. Indeed, as of 2022, consumables sales accounted for 39% of our overall sales.
- In 2022, total sales of consumables grew by 23% from the previous year to reach KRW 55.6 billion. Domestic sales of consumables amounted to KRW 20.9 billion, up 13% (KRW 2.3 billion) from the previous year. Overseas sales of consumables also increased by 30% (KRW 7.9 billion) over the same period to reach KRW 34.7 billion. As the number of installations for our flagship products—ULTRAFORMER III (Shurink) and ULTRAFORMER MPT (Shurink Universe)—continues to grow, consumables sales are rising in proportion.

1) Domestic

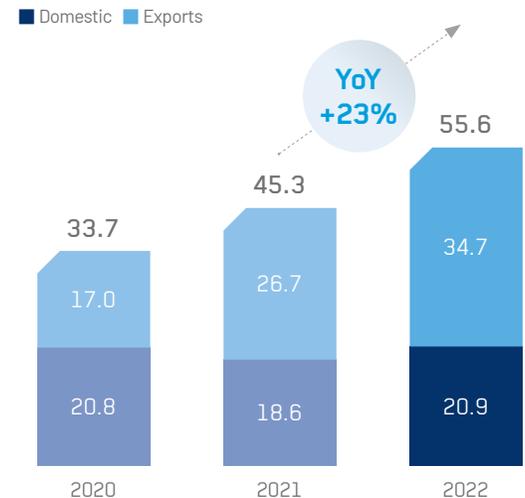
In Korea, the demand for consumable replacements has been gradually expanding following the installation of ULTRAFORMER MPT devices. This can be explained by the increased cartridge turnover rate and the purchase of paid cartridges, both of which have been driven by the improved speed of treatment with ULTRAFORMER MPT. Specifically, domestic sales of consumables have sustained consistent growth over the past four quarters, from KRW 3.5 billion in Q1 to KRW 4.4 billion in Q2 and KRW 5.5 billion in Q3, and eventually reaching KRW 7.5 billion in Q4, thereby surpassing pre-pandemic figures and setting a new record for quarterly consumables sales.

2) Overseas

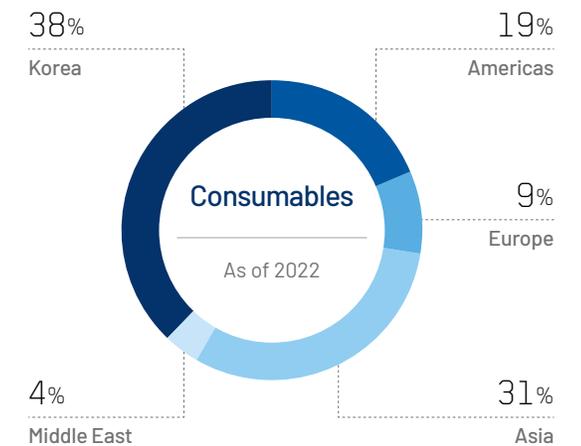
Overseas sales of consumables continue to grow steadily, with an increase in the number of cumulative global sales. By region, APAC accounted for 31% of overall sales, followed by America (19%), Europe (9%), and the Middle East (4%). We see more room for continued growth for both the installation of our devices and consumables sales in major markets, such as Brazil, Japan, Thailand, and the CIS.



Annual Sales of Consumables (Unit: KRW billion)



Sales Breakdown by Region





3. Growth Strategy

Vision & Strategy	25
Domestic Market Strategies	27
Overseas Market Strategies	29
Production/Quality Control Strategies	32
R&D Strategies	33

Vision & Strategy



Guided by a mission of contributing to a beautiful and happy life for all by providing the finest aesthetic products and solutions through tireless customer-oriented innovation, our vision is to become a Global Aesthetics Business Leader.

To achieve this vision and mission, we have come up with diversified growth strategies, and these strategies can be summarized into four key areas as follows:

- 1 **Domestic Market Strategy:** Establishing a dominant position in the domestic market
- 2 **Overseas Market Strategy:** Aggressive expansion and entry into overseas markets
- 3 **Product/Quality Strategy :** Securing world-class production/quality capabilities
- 4 **R&D Strategy:** Early launch of customer-centric innovative products

As demonstrated by the success of ULTRAFORMER III (Shurink)^(*), Classys has developed a self-perpetuating cycle of growth that is as follows: ① Launch of an innovative product → ② Aggressive expansion of installations based on product competitiveness → ③ Increased sales of consumables in tandem with the use of the installed devices → ④ Market expansion and the introduction of new innovative products. This invaluable experience of success feeds our aspiration and business know-how as a key strategy for sustainable growth in all aspects of our dealings.

(*) : See the next page for the success story behind ULTRAFORMER III.

Vision & Strategy

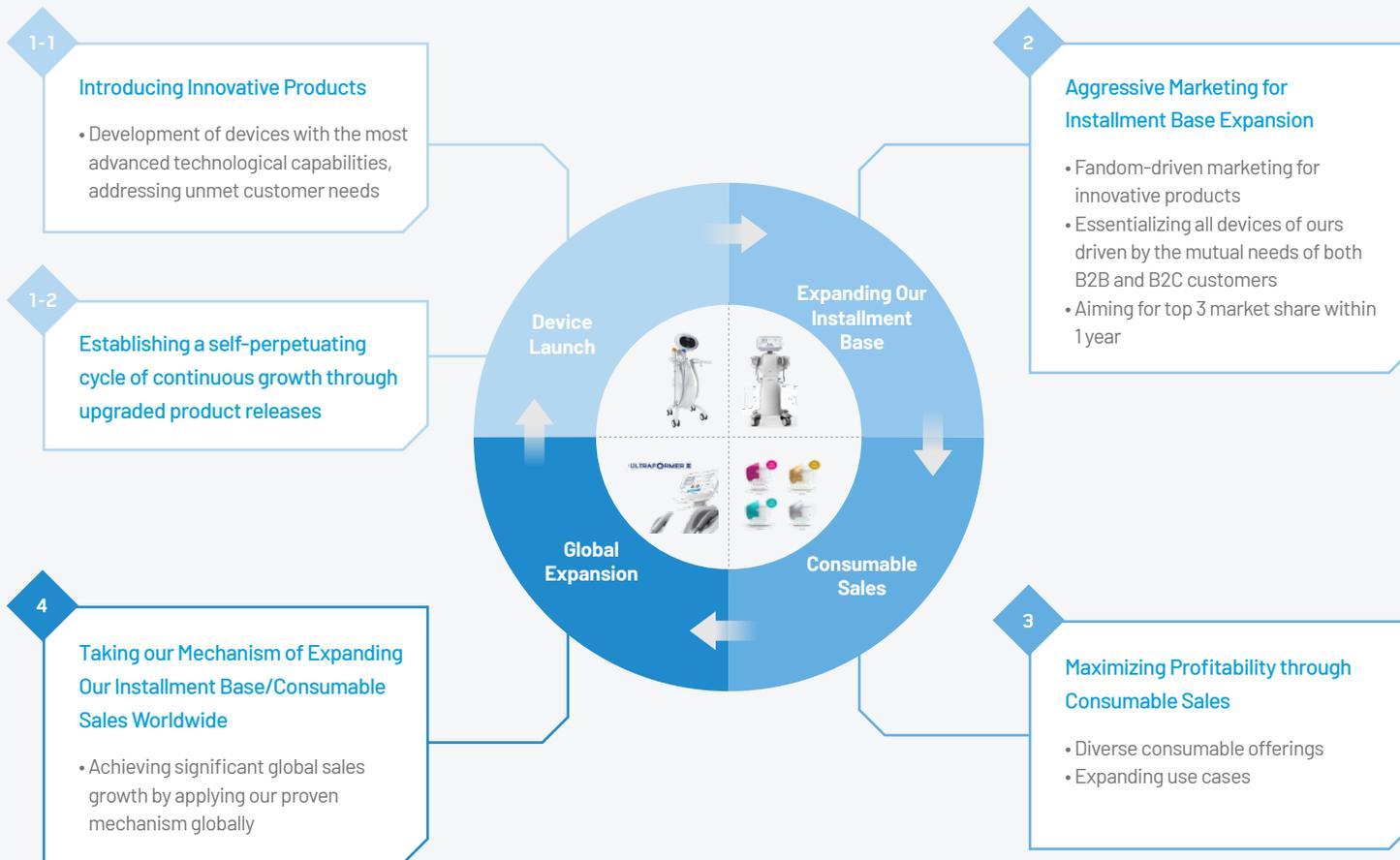
Focus

(*) ULTRAFORMER III's Success Story

Classys's ULTRAFORMER III (Shurink) artfully appeals to customer needs in the HIFU market with its customer-centric technology, which has led to the popularization of Shurink-lifting procedures. Today, ULTRAFORMER III commands the dominant market position in the Korean HIFU market. In fact, among the 5,500 registered dermatology clinics and hospitals in Korea that have HIFU medical aesthetic devices, almost 3,000 of them operate with ULTRAFORMER III. Thus, Classys claims a 55% market share of the domestic HIFU medical aesthetic device market.

Our key success factor process goes like this: First, we release an innovative product that addresses unmet customer needs, such as ensuring the safety, efficiency, and convenience of beauty-enhancing procedures. We then build a trust-based network among users, targeting key opinion leaders, and expand communication with consumers through various marketing channels, while simultaneously targeting both B2B and B2C marketing. This approach promotes equipment installations and increases the demand for beauty-enhancing procedures. As a result, a greater number of people seek ULTRAFORMER III treatments, giving rise to a growing demand for cartridge (consumables) purchases at clinics. Additionally, as the sales proportion of consumables, which have a relatively low production cost compared to devices, increases, profit margins can also be maintained at a high level.

Moreover, we have applied this mechanism to the global market, where ULTRAFORMER III's cumulative global sales have exceeded an impressive 10,000 units. Classys has upgraded its technology and launched a new product, ULTRAFORMER MPT, with the aim of establishing this continuous self-perpetuating cycle of growth.



Domestic Market Strategies

Establishing a Dominant Position in the Korean Market

Classys plans to secure a high market share in the domestic HIFU and RF markets through its new products, ULTRAFORMER MPT (Shurink Universe) and VOLNEWMER. By effectively drawing on our sales know-how and the network strengthened through ULTRAFORMER III (Shurink), we aim to bolster our domestic position with respect to ULTRAFORMER MPT, while also rapidly penetrating the market with VOLNEWMER as we set the trend in the domestic medical aesthetic device procedures. Additionally, we are concurrently engaging in B2B marketing that targets medical practitioners, as well as B2C marketing that targets general consumers, to raise our brand awareness.

1) Upholding the Top Position in the Domestic HIFU Market

As mentioned above, Classys has been maintaining its overwhelming top position in the domestic HIFU market with its existing ULTRAFORMER III products.

To solidify this leading position in the domestic HIFU market, Classys launched a new product, ULTRAFORMER MPT, in 2022. ULTRAFORMER MPT has leveraged the high satisfaction and loyal customers of its predecessor ULTRAFORMER III models, which have sold more than 3,500 units in Korea alone, to target replacement demand and expand its sales activities. Moreover, it is gradually expanding demand for new installations in clinics that had not previously installed conventional ULTRAFORMER models, emphasizing improved usability and performance.

Today, ULTRAFORMER MPT offers enhanced usability and shorter procedure durations than the previous ULTRAFORMER models, which has led to a roughly 40% increase in consumable usage rates per device. This maximizes consumable sales as well.

As the replacement and new demand for ULTRAFORMER MPT continues, Classys plans to expand the domestic HIFU market size while sustaining its overwhelming top market share.

Cumulative Domestic Sales of ULTRAFORMERS



* Sources: Classys

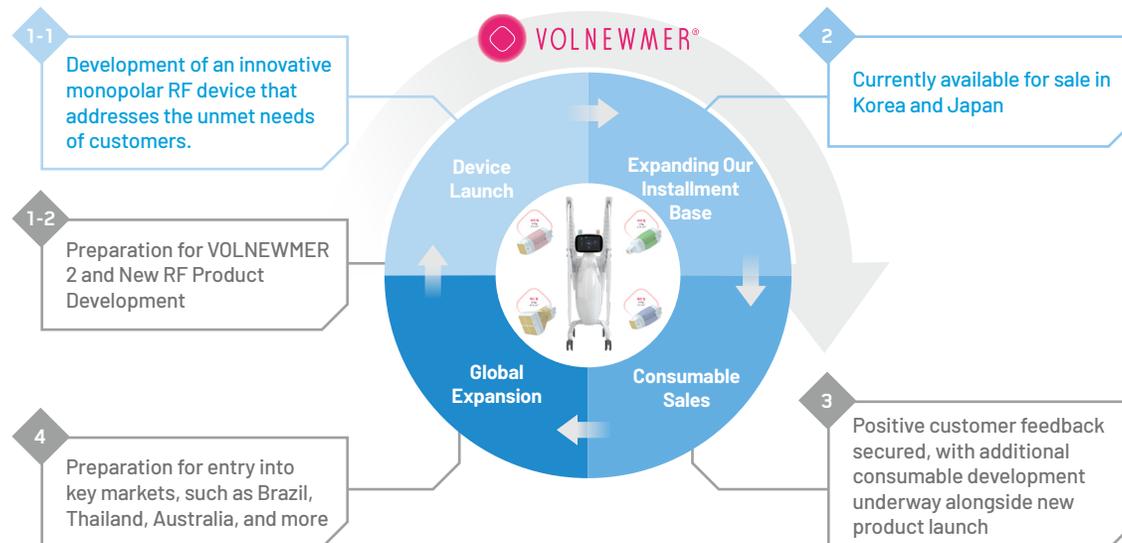
Domestic Market Strategies

Establishing a Dominant Position in the Korean Market

2) Entry into the RF Market with VOLNEWMER

Classys developed its own innovative monopolar RF product, VOLNEWMER, not only to target the HIFU market but also to enter the RF market. Released domestically as of Q4 2022, VOLNEWMER has incorporated differentiated technologies, such as water cooling, tilting, and hidden edge, to capture the RF market. At the same time, by targeting clinics that already possess the ULTRAFORMER series, we will develop protocols and marketing strategies that can create synergy between VOLNEWMER and ULTRAFORMER series procedures to rapidly expand sales of VOLNEWMER.

Once we succeed in expanding the installment base of VOLNEWMER, we will apply our proven success formula with the ULTRAFORMER series, which begins with consumable sales growth and moves on to global expansion, and then to developing and releasing a follow-up model to VOLNEWMER. The goal is to lead skincare trends using RF technology and thus expand our market share.



3) Aggressive B2B and B2C Marketing to Raise Brand Awareness

The safety, effectiveness, and convenience of our medical devices come before anything else at Classys, as we are constantly enhancing our trust-based network with medical practitioners and strengthening our B2B marketing efforts aimed at clinics and professionals. This includes participating in exhibitions, attending conferences, promoting academic efforts, and providing support for SCI-grade papers. Through these activities, Classys is building trust-based networks with healthcare facilities and professionals. In addition to all of this, Classys has secured ambassadors for each region and regularly hosts Classys Academy information sessions and conferences to expand brand recognition, with the aim of diversifying face-to-face interactions in domestic and international markets.

Furthermore, Classys actively engages in B2C marketing, targeting end consumers through outdoor advertising, brochures, digital advertising on social media, and TV commercials featuring celebrities. Through these and other proactive and strategic marketing efforts, Classys plans to enhance its brand value, increase customer loyalty, and strengthen its market dominance. In fact, Classys appointed actors Lim Ji-yeon and Cha Ju-young as models for VOLNEWME in March 2023, and shortly thereafter, Go Min-si was contracted to promote ULTRAFORMER MPT (Shrink Universe). Each of them will be featured in TV commercials, out-of-home (OOH) media advertising, digital advertising, and other similar efforts.

B2B Marketing

Classys Ambassadors Secured nearly 30 domestic and international Classys Ambassadors (influential doctors)	Classys Academy Held over 20 Classys Academy information sessions in more than 10 countries	User Meetings Arranged over 10 gatherings and conferences in various domestic and international markets	Domestic and International Conferences/Seminars Participated in more than 20 conferences and delivered presentations to influential doctors
--	---	---	---

B2C Marketing

Hiring influential celebrity models 	Strengthened exposure through all-around B2B and B2C marketing channels
--	--

Overseas Market Strategies

Aggressive Expansion into Overseas Markets

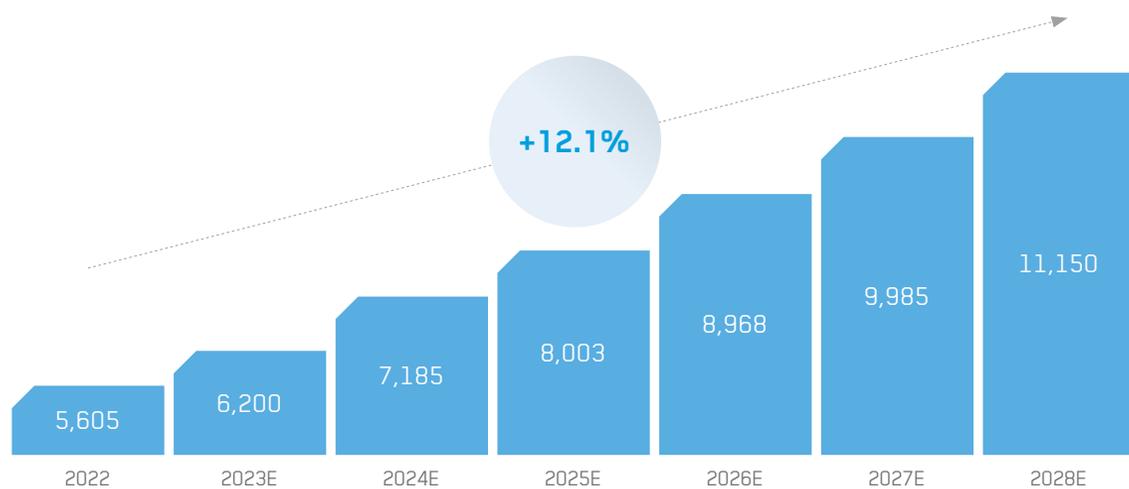
Recent market research points toward the global EBD (energy-based device) market shooting up from USD 5.6 billion in 2022 to USD 11.15 billion by 2028^(*) at an annual growth rate of over 12%.

Poised to lead the growth trend faster than the outlook, Classys aims to achieve even more impressive results. To accomplish this lofty goal, we plan to leverage the expertise and experience we have gained from our success with the ULTRAFORMER series. Specifically, our plans include 1) expanding the market with the launch of two new products, ULTRAFORMER MPT (Shurink Universe) and VOLNEWMER, and 2) implementing a “Tier-Up” strategy to increase our sales in each market where we already have a presence.

By strategically offering high-quality products and services at competitive prices, we will help make it more commonplace worldwide to undergo cosmetic skincare procedures using medical aesthetic devices. In other words, we hope to make skincare procedures a more readily accessible, cost-effective service for a broader consumer segment, rather than being a luxury reserved only for the affluent. With a more aggressive engagement strategy in the international market, we plan to continue our high growth efforts as we focus on countries such as Brazil, Japan, Thailand, and the CIS.

EBD¹⁾ Global Market Outlook

(Unit: USD million)



1) EBD (energy-based devices): devices that apply non-invasive energy stimulation to induce skin resurfacing, skin tightening, and other effects without surgical procedures.

* Sources: ASAPS, Gallup Korea, Markets and markets, Mordor Intelligence

Focus

(*) Market Growth Spurred On by Universal Popularization

The growth prospects for the EBD market are grounded in the normalization and ubiquity of medical aesthetic procedures and a high re-treatment rate.

- 1) In tandem with the increasing demand for a shorter required timespan for recovery with immediate results, coupled with a growing preference for non-invasive treatments, the widespread recognition of the safety and effectiveness of EBD is driving the growth of this market.
- 2) In an era of aging societies around the world, the number of skincare treatments and procedures is on the rise, especially among the upper-middle class who can afford it. In addition, the demand for skincare through specialized medical facilities is expanding to young people in their 20s and 30s—and not only women but also men.
- 3) Since regular re-treatment can help sustain the procedure’s effects over time, consumers who are satisfied with the treatment effects continue to use medical aesthetic treatments at regular intervals and revisit these specialized clinics for additional treatments.

Overseas Market Strategies

Aggressive Expansion into Overseas Markets

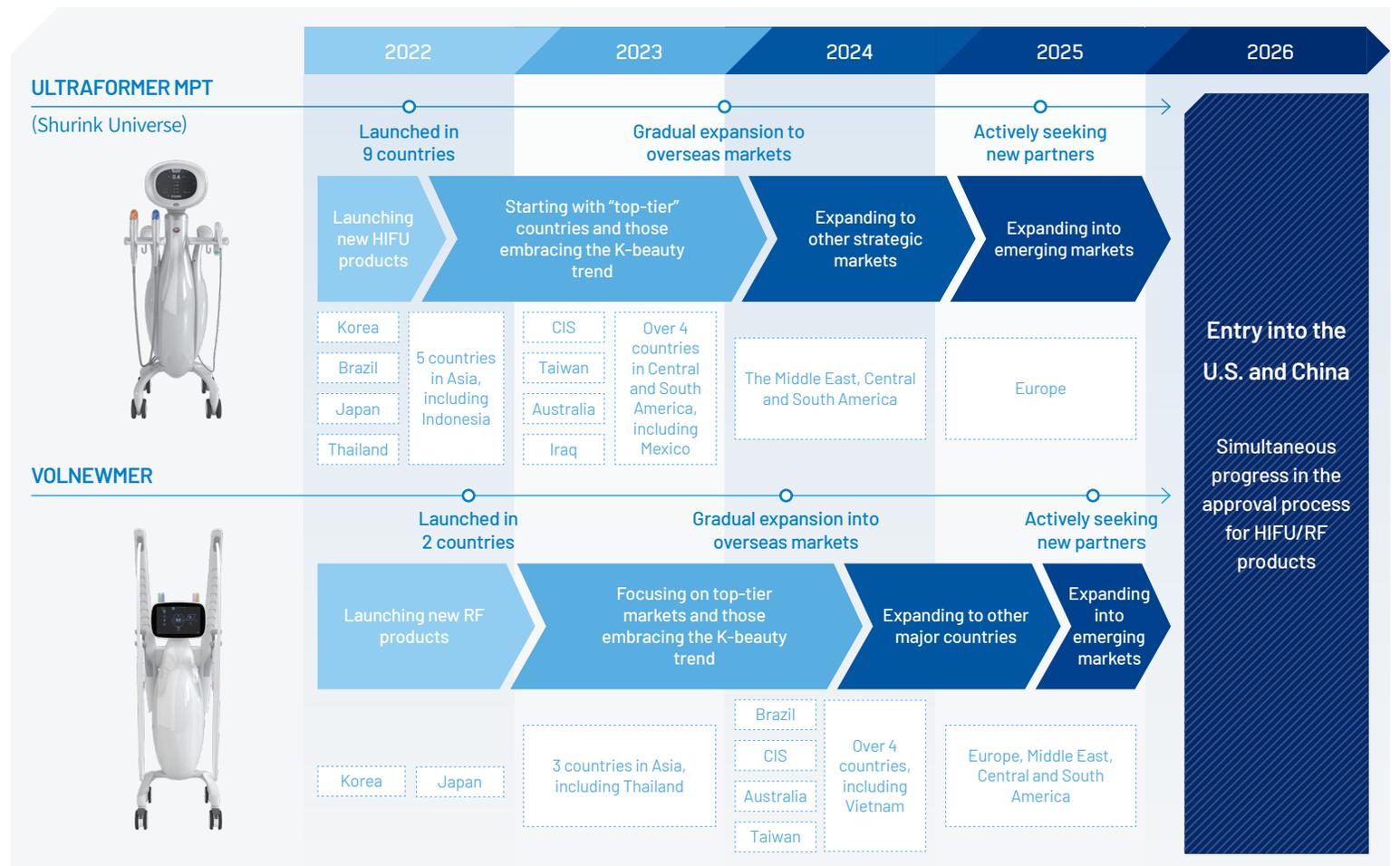
1) Market Expansion through the Launch of ULTRAFORMER MPT and VOLNEWMER

In order to expedite its growth in the global EBD market, we have established a differentiated global expansion roadmap for each product line, under which we are actively promoting product releases in existing markets and entry into new markets.

Following the lead of ULTRAFORMER III (Shurink), which is now present in over 60 countries globally, we plan to gradually expand the international presence of our ULTRAFORMER MPT (Shurink Universe) and VOLNEWMER under the roadmap as seen on the right-hand page. In fact, ULTRAFORMER MPT has already made preemptive moves into eight major markets, including Brazil, Japan, and Thailand, which it did in 2022. From 2023, we are expanding into other markets with high growth potential in sales, such as the CIS, Taiwan, and Australia.

Classys's first RF device, VOLNEWMER, is currently available for sale in Japan and Korea, and will soon enter other markets, starting with those countries where K-beauty is in vogue. Additionally, we are strategically working with authorities through the necessary channels in key countries where the HIFU market is on the rise.

Firmly based on our experience gained from this process, we aim to expand into emerging markets in Europe and the Middle East as well. With our ultimate targets on big markets like the United States and China down the road, we are directing our resources into local clinical trials and licensing of HIFU/RF devices in these markets.



Overseas Market Strategies

Aggressive Expansion into Overseas Markets

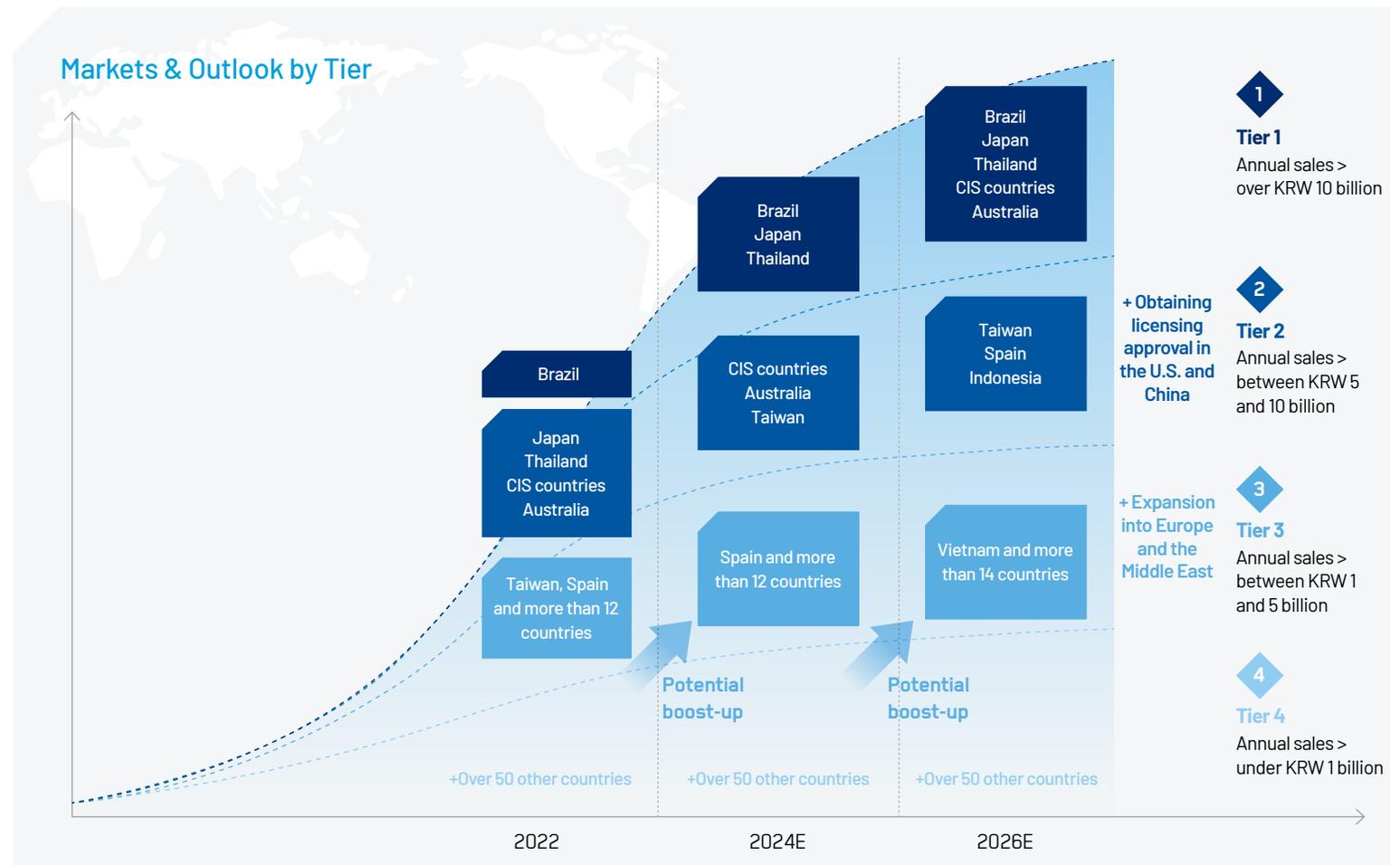
2) Tier-Up Strategy Anchored in Key Markets

Following our advance into new markets, we are carrying out a "Tier-Up" strategy to increase sales in each market where we are already present. Based on their annual sales records, each market/country is categorized into four segments, from Tier 1 to Tier 4, and we take a different approach to each tier to expand our sales in each respective market according to their tier.

First, we are proactively introducing ULTRAFORMER MPT (Shurink Universe) to Tier 1 markets and expanding sales through localized B2B marketing. We will expand our distribution network and rapidly grow our share of the global HIFU market under a two-track strategy, one in which the ULTRAFORMER III (Shurink) model targets the budget market, with the ULTRAFORMER MPT model targeting the premium market.

Second, we will prioritize core markets, such as those embracing K-culture trends, where we will strategically launch both ULTRAFORMER MPT and VOLNEWMER to penetrate local RF markets. Furthermore, we will benchmark Tier 1 markets and aggressively expand into the medical aesthetic procedure market while also increasing our sales in Tier 2 markets.

Third, to extend our market reach, we plan additional launches of ULTRAFORMER MPT in other countries and further expansion into European and Middle Eastern markets. In addition, we have plans to select Classys ambassadors for each country we operate in, organize more local conferences, and implement localized B2B marketing as well as B2C target marketing. We are also considering sales and marketing strategies to boost our business in high-potential countries.



Production/Quality Strategy

Securing Global Top-Level Production & Quality Capabilities

Today, Classys manufactures its products at its own factories in Munjeong-dong, Seoul and Misa, Hanam, both of which have obtained domestic and international quality certifications^(*). These factories maintain their cost of goods sold (COGS) ratio in the 20% range, with efficient production management capabilities and continuous cost-reduction efforts being made at every turn.

Furthermore, Munjeong-dong's Plant 1 is currently participating in our Smart Factory & Lean Project, aiming to align its quality and productivity management with global best practices for sustainable growth and entry into advanced markets. In preparation for accelerated expansion in both the number of regions it operates in and its product offerings, Classys is growing its production and quality capabilities to the highest level in the global medical aesthetic devices industry. At the same time, we are aiming to take the next step in the production process and quality control by completing key tasks in the following ways.

Focus

(*) Production & Quality Certifications



Classys manufactures products with a high level of stability and quality under its quality control systems. As customer satisfaction is our top priority, we highly value providing customers with the safest, highest quality products.

To enhance the reliability of the production process and product quality even more, Classys has obtained international quality certifications such as ISO 13485 for medical device quality control systems, GMP certification for medical device manufacturing and quality management, MDASP, CE, and other similar certifications for all its production facilities.

Key Initiatives for Reinforcing Production and Quality Competitiveness

<p>Production Planning</p>	<p>Establishment of demand-driven production processes through sales and operations planning meetings</p> <ul style="list-style-type: none"> - Standardization of the optimal inventory criteria to minimize overstock and enhance responsiveness to market demand <p>Improved accuracy in sales forecasting to minimize lead times and obsolete inventory</p>
<p>Production Management</p>	<p>Establishment of Lean Production Systems and Continuous Flow Process</p> <ul style="list-style-type: none"> - Elimination of inefficient work processes and securing the optimized line of balance (LOB) - Improvement in labor-intensive processes through factory-automation robots (advancement) <p>Improvement of productivity through stabilization of the SIOP¹⁾ system and digital operations</p> <ul style="list-style-type: none"> - Dashboard-based management of performance indicators in procurement/materials/production
<p>Quality Management</p>	<p>Securing globally competitive quality through the improvement of the quality management systems (QMS)</p> <ul style="list-style-type: none"> - Introducing PFMEA²⁾ to improve manufacturing process defect rates and minimize any quality issues - Improving quality non-conformities through CAPA (Corrective Action/Preventive Action) activities



1) SIOP: Sales Inventory Operation Planning

2) PFMEA: Process Failure Mode Effects Analyze

R&D Strategies

Early Release of Customer-Centric Innovative Products

Drawing on its distinctive technological capabilities, Classys has in place and operates a segmented roadmap of technology development with the goal of creating innovative products that cater to customer needs. The roadmap consists of three main pillars: development for the launch of next-generation HIFU/RF products; expansion of the scope of applications through consumables development; and growth of medical aesthetic brands through new product releases.

1) Development for the Launch of Next-Generation HIFU/RF Products

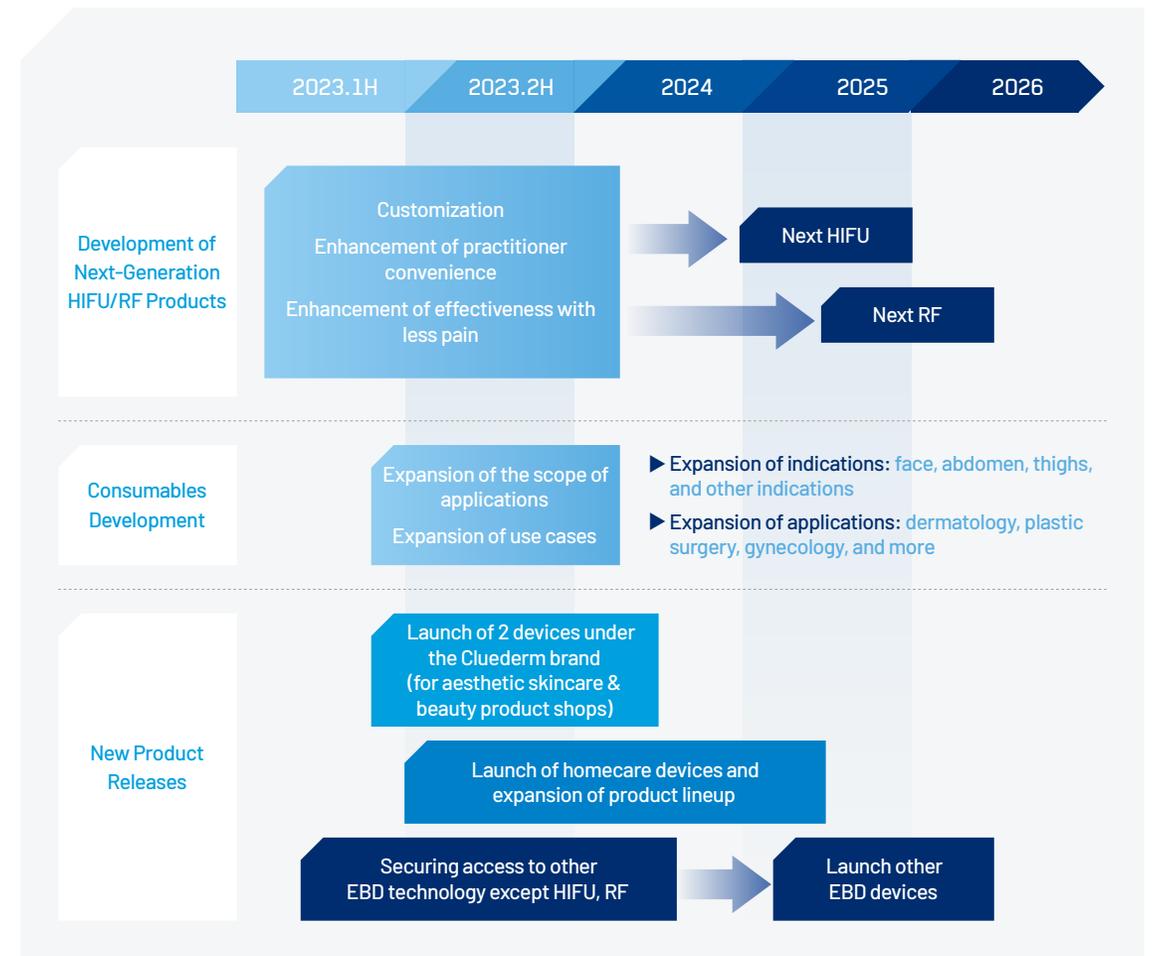
Classys has embarked on research and development for the upgraded versions of our conventional flagship HIFU and RF products to strengthen our dominance in the aesthetic medical device market. By offering products and solutions that cater to customer needs, we can increase the satisfaction of both practitioners and consumers, while also generating market demand for product replacement or purchase of new products.

2) Consumables Development for the Expanded Scope of Applications

Having its origins in therapeutic purposes, the medical aesthetic business has evolved into a beauty industry with a total anti-aging concept which aims to reverse aging skin through wrinkle lifting, skin tightening, and pore tightening. This evolution has led to the development of business models for clinics and hospitals. Moving forward, Classys plans to continue our research and development of consumables, expanding the scope of indications (face, abdomen, thighs, and more) and applications (dermatology, plastic surgery, gynecology, and more) to adapt to the growing and diversifying needs of customers and the specialized business models of clinics and hospitals.

3) Increased Medical Aesthetic Brands through New Product Releases

Finally, in addition to medical aesthetic devices, Classys aims to expand its Cluederm and SKEDERM (Shurink®) brands by launching new medical devices for aesthetic skincare & beauty product shops and homecare. Beginning with the launch of two additional products under the Cluederm brand, Classys plans to increase its product lineup and contribute to the growth of the global aesthetic market. Additionally, by leveraging our core technologies, Classys intends to diversify its B2C target products and target new customer segments through the launch of homecare devices.





4. Sustainability Management

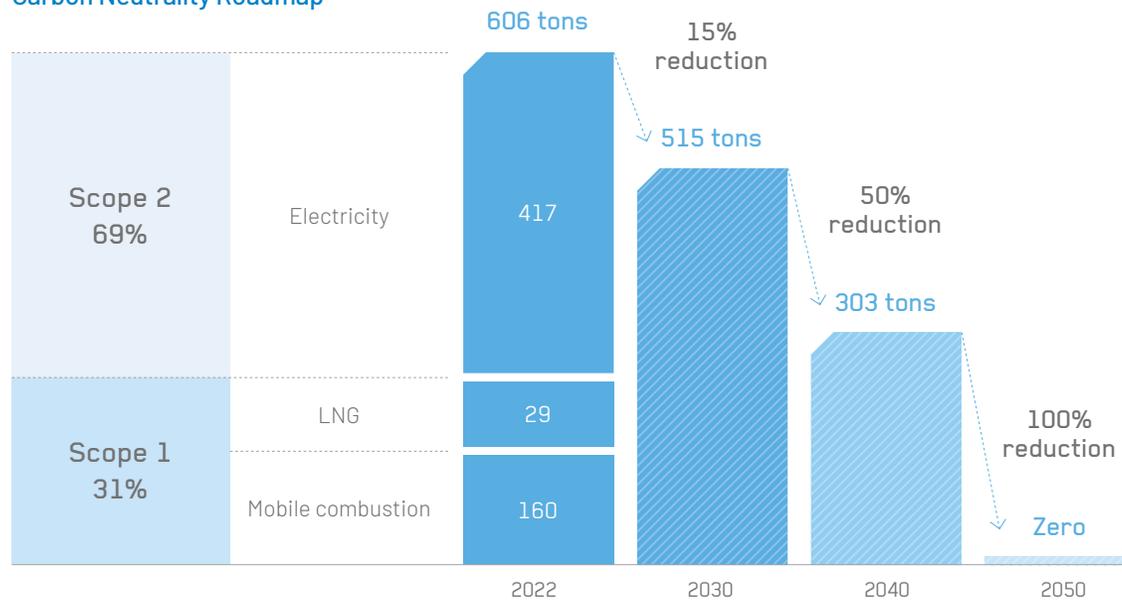
Environmental	35
Social	36
Governance	38

Environmental

Climate Change Response

Well aware of the urgency of taking action to mitigate global climate change risks, we are determined to play a role in overcoming the climate change crisis. To begin, Classys is systematically making its way through its carbon reduction policies with the goal of achieving net zero. We are also establishing carbon neutrality governance by setting up a board oversight system for ESG issues, with regular compliance checks by top management. Additionally, we are actively engaged in direct reduction activities, such as transitioning to green packaging materials and promoting energy conservation campaigns.

Carbon Neutrality Roadmap



Scope 1: Direct emissions from sources owned or controlled by Classys. For example, emissions of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) from burning fuel inside our operations
 Scope 2: Indirect emissions from the generation of electricity, heat, or steam purchased by Classys. For example, emissions generated in the process of producing electricity purchased by Classys

Environmental Management Policy

Classys has established an environmental management system related to our business activities and continuously strives to achieve specific performance objectives. We aim to assess and proactively address climate risks that may affect our business operations. Educational initiatives are conducted to promote employee engagement in environmental management. In the process of reviewing new businesses or investments, environmental management plans and environmental impact assessments are conducted to minimize the environmental risks associated with new ventures. As such, we are fully committed to managing the impact of our business operations on the environment through these and other ongoing efforts.

Environmental Management Organization

Classys's board of directors reviews and approves ESG plans and implementation results. Our dedicated team sets objectives and manages tasks related to environmental management, including the establishment of environmental campaigns.

For its part, the EHS (environment, health, and safety) team collaborates with compliance organizations to proactively review environmental regulations and amendments, allowing us to establish effective preemptive measures. To achieve established objectives, all departments collaborate in their operations, with the EHS team checking and mapping the progress of all activities and reporting on them directly to the CEO.

Zero Cases of Environmental Regulatory Violations or Fines

Classys has never had any instances of environmental regulatory violations or environmental accidents. Consequently, no legal cases have arisen as a result. Moving forward, we will continue our efforts to ensure compliance with environmental regulations and risk management in the future.

Key Initiatives to Strengthen Production and Quality Competitiveness

Category	2022	2021	2020
Environmental Accident Occurrences (cases)	0	0	0
Environmental Regulation Violations (cases)	0	0	0

Social

Human Rights Management

Classys respects human rights and has established a foundation for the protection and promotion of human rights based on our positive relationships with stakeholders. Acknowledging our responsibility for human rights protection, Classys has instituted a wide range of policies, including seven basic principles. We respect and protect human rights and strive to fulfill our social responsibilities and roles in all aspects of our business activities. Furthermore, we make every possible effort to prevent human rights violations in advance, while also minimizing any negative human rights impact.

Enhancement of Human Rights Education

At Classys, all employees are mandated to attend annual education sessions on human rights-related subjects, such as preventing sexual harassment at work and better understanding disabilities. Various other basic competency and ethics courses are part of the program to ensure the protection of employees' human rights and prevent discrimination of any kind. We strive to promote the human rights of employees through education on prohibiting discrimination, preventing harassment or bullying at work, and promoting gender equality. As we go forward, more education and management plans are in place to keep our workplace free from any unfair practices, such as sexual harassment or discrimination, forced labor, child labor, or any other infringement on basic human rights.

Organizational Health Assessment

Every year, Classys conducts an organizational health assessment through an organizational diagnosis assigned to external specialized agencies to specifically identify Classys's organizational properties, performance factors, and human rights risks, as well as its culture, managerial and production systems, and other aspects of the organization. Based on these findings, we explore directions and improvement measures. Most recently, the July 2022 assessment surveyed company employees, with 92.5% of them responding. Afterward, we prioritize the responses and took the next required steps. For instance, the company held a special session to discuss ways to improve both the promotion and evaluation reward system, the two most requested issues for improvement. Conducted annually, the organizational health assessment session will continue to serve as an effective means to gauge employee satisfaction in the workplace as well as to function as an indicator for developing mid- to long-term human resources management initiatives as an instrumental benchmark to ensure Classys becomes an even better workplace in the future.

Human Rights Risk Identification and Resolution Process

1. Organizational Health Assessment	Assigning a third-party agency to carry out surveys and grievance procedures to verify key risks and impacts concerning human rights issues
2. Grievance Procedures and Improvement Measures	Setting goals and implementing them
3. Monitoring	Checking all implementation results and reporting to top management

Respect for Diversity

Classys prohibits all forms of discrimination based on gender, age, race, nationality, religion, or any other factor. We ensure equal opportunities without discrimination throughout the entire work process, from recruitment to evaluation, compensation, and education. Today, Classys is still actively expanding its fair recruitment practices without discrimination based on gender or nationality to foster a corporate culture where the diverse values of each individual can be fully realized.

As of	Category		Gender		Nationality		Employment Form		Employees with Disabilities
	Employment	Number of Employees	Male	Female	Korean	Non-Korean	Full-Time workers	Contract workers	
December 31, 2022	Executives	8	7	1	8	-	-	8	-
	Team Managers	40	29	11	39	1	40	-	-
	Team Members	302	183	119	296	6	299	3	2
	Total	350	219	131	343	7	339	11	2

Employee Grievance Procedures

Classys has an established system for grievance procedures to promptly address various human rights violations, such as sexual harassment and bullying at work. Anyone can anonymously report through both online and offline channels, with the company strictly protecting the identity of the reporter and all related information in accordance with its Internal Reporting System Operation Regulations. It should also be noted that we take rigorous action against any attempts to uncover the identity of the reporter. In fact, the identity of the reporter and the content of the report are always classified as confidential. Moreover, the reporting system is managed with a protected security system, and the identity of the reporter and the content of the report are strictly managed by a limited number of authorized individuals who all take an oath of confidentiality.

Grievance Procedure Channels

Websites	Hotline: https://classys.co.kr/cs-center/ethical-inquiry/ E-mail: compliance@classys.com / Tel: 02-1544-3481
Voice of Employees	In operation 24/7
Grievance Procedures	In operation 24/7, the appointment of an officer(s) in charge of grievance procedures, investigation and handling of grievances, and counseling
Organizational Health Assessment	Annual

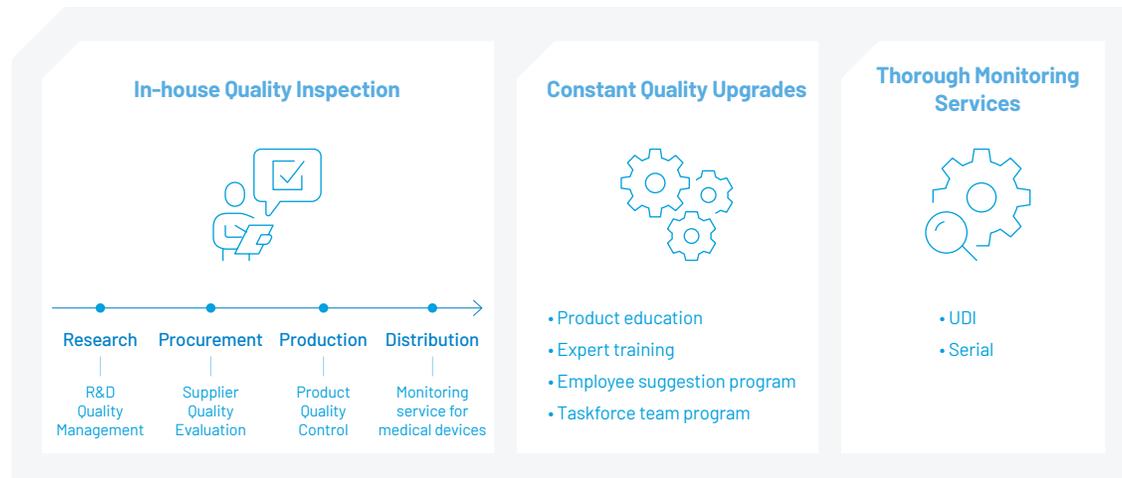
Social

Quality Inspection Process

Classys's high-quality products are manufactured from optimized operating systems and processes, and undergo in-house quality assessments in accordance with international standards requirements (IOS, KGMP, MDSAP, and CE). Our dedicated Quality Management Team not only supervises whether raw materials, intermediate products, finished products, packaging materials, serial labels, and other components meet quality control standards but also takes responsibility for the quality of all devices and consumables.

The Quality Management Team has established a quality control manual which serves as the baseline for reviewing all specifications, work protocols, work measurement operation sheets, quality control processes, and manufacturing performance records. It also serves as the guideline for inspecting all products and facilities on a regular basis. Additionally, we provide periodic training to ensure that all employees are well versed with the necessary expertise to perform their duties. The reliability of our in-house quality management system is enhanced on a regular basis through internal audits followed by appropriate corrections in any cases of non-compliance.

We perform all-inclusive, product-specific quality evaluations throughout the entire production process, from the input of raw materials and the production process to rolling out finished products.



Responsible Marketing

To enhance the reliability of product quality and prevent damage to our product reliability, Classys has established a responsible marketing policy that applies to all our products and business activities. As such, all marketing materials are reviewed and approved in accordance with internal policies and laws to ensure compliance with regulations. Moreover, these materials include only accurate information about our products to minimize any chance of misuse or misunderstanding of our products. The bottom line is that customer satisfaction is our top priority, so we make sure to provide every customer with trustworthy information about our products and services and negate the possibility of any confusion that could arise along the way. More importantly, we conduct regular training on these marketing practices and policies to ensure that all our employees are always on the same page. In 2023, education on responsible marketing policies and their importance started being administered on a company-wide level.

Responsible Communication with Medical Practitioners

Classys is required to comply with all laws and regulations that govern not only promotional and marketing activities but also education and commercial relations with medical practitioners. As a result, all Classys employees involved in communication with medical practitioners must adhere to our ethical guidelines and responsible marketing policies. Employees are therefore obliged to receive periodic training on job ethics and marketing policies. Furthermore, we recommend compliance with ethical guidelines to our major customers and distributors. In 2022, we complied with ethical guidelines and marketing policies as we engaged in responsible communication with medical practitioners at more than 60 international events, including Dubai Derma, the 23rd Dubai World Dermatology and Laser Conference & Exhibition.

Zero Recalls by Regulatory Authorities

Thanks to our commitment to ensuring the highest quality and stability of products in our quality management, we have maintained a record of zero recall actions initiated by regulatory authorities, including the Korean Ministry of Food and Drug Safety and CE. We will continue to maintain the highest level of quality—one that is on par with our reputation as a global leader—and strive to achieve the very best in manufacturing excellence.

Governance

Board of Directors

Classys's board of directors consists of eight directors, with three of them being outside directors in accordance with the Korean Commercial Act. These outside directors are appointed from candidates who meet qualification requirements as stipulated by all relevant laws and the Articles of Incorporation, and who pose no significant conflict of interest with Classys.

Directors are appointed in consideration of many different factors, such as diversity and expertise among board members, as well as whether they share the company's vision. According to Article 363 of the Korean Commercial Act and Article 21 of Classys's Articles of Incorporation, the company provides written or electronic notices to shareholders, including the date, time, venue, and agenda items of the General Shareholders' Meeting (GSM), at least two weeks prior to the GSM. When an agenda item pertains to the appointment of a director(s), the notice also includes information on the candidate(s)'s name, background, and other relevant information.

BOD Operation

To ensure the efficient operation of the BOD, Classys's Articles of Incorporation and Board of Directors Regulations articulate the authorities and responsibilities of the BOD. The regulations stipulate that regular meetings of the BOD be held on a quarterly basis, with extraordinary meetings to be held whenever the need arises.

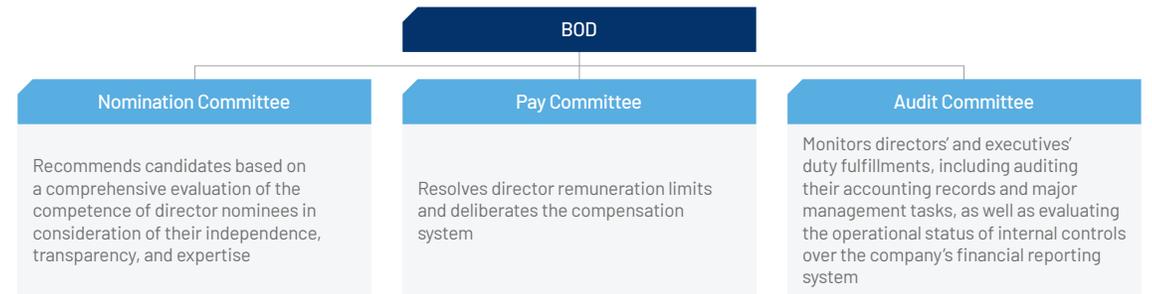
All BOD meetings are convened by the chair of the board in accordance with the Articles of Incorporation, and notice of the meeting date, time, venue, and agenda is given at least seven days in advance. According to the Articles of Incorporation, directors can participate in resolutions using communication media that allows all directors to simultaneously transmit and receive voice communication, while directors with a particular conflict of interest regarding an agenda item may have their voting rights restricted.

2022 BOD Performance



BOD Subcommittees

In 2023, Classys established two subcommittees—the Nomination Committee and the Pay Committee—to enhance transparency in our governance. The Nomination Committee recommends candidates through discussions that take into consideration diversity, expertise, and suitability to the company among individuals who meet the qualification requirements for becoming a director. We strive to identify fair and suitable directors by considering all possible risks in the process of selecting director candidates.



Ethics/Compliance Management

As a responsible corporate citizen, Classys not only fulfills its economic and social responsibilities but also complies with all relevant laws and regulations. At the same time, we also fully understand and carry out our ethical responsibilities. We are committed to building trust-based relationships with all our stakeholders, including customers, shareholders, and business partners. As we fulfill our social responsibilities, we are also working hard to establish a culture of ethical management. In fact, Classys has established a wide array of policies for ethical management, and regularly and transparently discloses them. We have also designated a dedicated compliance organization to conduct regular reminders and monitoring to ensure compliance.

At Classys, the Audit Committee functions as the compliance organization. The Audit Committee Support Team periodically runs internal audits, operates a compliance program tailored to the specific needs of Classys, and reports the results to the Audit Committee. Both the committee and its support team maintain their expertise through regular training and education programs. Internal audits are conducted at least once a year on important issues, such as ethics and compliance, with the results ultimately being reported to the Audit Committee. Regular evaluation of internal controls over the financial reporting system is also performed to report on the effectiveness of the design and operation of the internal controls. Moreover, the audit reports and recommendations are monitored, including the implementation status of improvement plans. In addition, internal reports are received and appropriately addressed only after providing protection measures for any whistleblowers. Finally, surveys on employee ethics are conducted to implement improvement measures for identified issues.



5. Financial Conditions

Consolidated Statements of Financial Position	40
Consolidated Statements of Income	41
Consolidated Statements of Cash Flow	42

Consolidated Statements of Financial Position

(Unit: KRW)

	2022	2021	2020
Assets			
Current Assets	147,788,690,727	73,140,020,626	83,012,388,624
Cash and Cash Equivalents	26,004,485,440	42,788,254,096	64,383,495,928
Short-Term Financial Instruments	65,377,445,900	-	3,240,706,464
Fair Value Through Profit or Loss	20,198,635,245	5,125,081,461	-
Accounts Receivable and Other Receivables	8,003,983,210	2,115,901,774	3,466,866,129
Inventory Assets	23,397,666,986	16,465,363,683	9,940,294,738
Other Financial Assets	2,076,639,142	905,863,455	1,467,640,085
Other Current Assets	2,705,307,480	5,715,120,631	511,857,728
Current Income Tax Assets	24,527,324	24,435,526	1,527,552
Non-Current Assets	183,622,417,572	143,239,184,710	54,513,727,744
Long-Term Financial Instruments	331,655,306	297,207,558	275,743,441
Tangible Assets	104,241,594,590	80,704,632,923	50,098,618,893
Intangible Assets	1,478,369,574	1,123,998,104	821,862,469
Investment Properties	74,654,142,444	58,418,164,117	-
Other Non-Current Financial Assets	1,038,003,840	1,894,438,860	1,846,884,560
Right-of-Use Assets	1,090,644,081	800,743,148	384,945,482
Deferred Income Tax Assets	788,007,737	-	1,085,672,899
Total Assets	331,411,108,299	216,379,205,336	137,526,116,368

	2022	2021	2020
Liabilities			
Current Liabilities	36,225,225,302	16,793,038,427	13,449,682,549
Accounts Payable and Other Liabilities	2,124,969,047	1,762,682,479	840,329,862
Current Portion of Long-Term Borrowings	2,400,000,000	-	-
Current Income Tax Liabilities	18,158,545,452	5,965,653,812	4,396,487,856
Other Financial Liabilities	5,465,274,676	980,208,015	580,431,267
Other Current Liabilities	6,293,182,762	6,742,818,342	6,641,273,139
Current Provision for Liabilities	1,225,950,125	827,521,251	775,580,984
Lease	557,303,240	514,154,528	215,579,441
Non-Current Liabilities	65,632,025,837	35,841,735,557	319,554,174
Long-Term Borrowings	64,400,000,000	35,000,000,000	-
Other Non-Current Financial Liabilities	690,712,000	178,000,000	148,000,000
Non-Current Lease	541,313,837	291,450,457	171,554,174
Deferred Income Tax Liabilities	-	372,285,100	-
Total Liabilities	101,857,251,139	52,634,773,984	13,769,236,723
Equity			
Equity Attributable to Owners of the Parent Company	229,553,857,160	163,744,431,352	123,756,879,645
Capital	6,477,670,200	6,471,686,400	6,470,916,800
Capital Surplus	24,229,755,029	24,122,104,354	24,108,258,978
Capital Adjustment	(5,421,976,100)	4,789,153	5,405,105
Other Comprehensive Income Accumulated	38,081,537	22,859,175	(28,567,206)
Retained Earnings	204,230,326,494	133,122,992,270	93,200,865,968
Total Equity	229,553,857,160	163,744,431,352	123,756,879,645
Total Equity and Liabilities	331,411,108,299	216,379,205,336	137,526,116,368

Consolidated Statements of Income

(Unit: KRW)

	2022	2021	2020
Sales	141,803,242,402	100,596,935,574	76,460,931,514
Cost of Goods Sold	33,636,218,547	22,744,271,711	15,501,675,464
Gross Profit	108,167,023,855	77,852,663,863	60,959,256,050
Selling and Administrative Expenses	39,290,816,397	26,139,943,465	20,350,687,039
Operating Profit	68,876,207,458	51,712,720,398	40,608,569,011
Financial Income	2,584,120,029	4,211,433,763	1,201,134,880
Financial Expenses	(4,675,705,739)	(367,148,616)	(2,582,900,459)
Other Income	30,374,149,233	214,610,833	75,312,801
Other Expenses	(400,334,309)	(147,027,685)	(8,748,529)
Profit Before Income Tax	96,758,436,672	55,624,588,693	39,293,367,704
Income Tax Expenses	21,379,789,424	11,819,912,311	1,128,544,281
Net Profit	75,378,647,248	43,804,676,382	38,164,823,423
Other Comprehensive Income	15,222,362	51,426,381	9,072,758
Items That May Be Reclassified to Profit or Loss	15,222,362	51,426,381	9,072,758
Derivative Valuation Gain (Loss)	-	-	20,835,066
Foreign Exchange Translation Gain (Loss)	15,222,362	51,426,381	(11,762,308)
Total Comprehensive Income	75,393,869,610	43,856,102,763	38,173,896,181
Net Profit Attributable to	75,378,647,248	43,804,676,382	38,164,823,423
Owners of the Parent Company	75,378,647,248	43,804,676,382	38,164,823,423
Non-controlling Interests	-	-	-

	2022	2021	2020
Total Comprehensive Income Attributable to	75,393,869,610	43,856,102,763	38,173,896,181
Owners of the Parent Company	75,393,869,610	43,856,102,763	38,173,896,181
Non-controlling interests	-	-	-
Earnings per Share			
Basic Earnings per Share	1,165	677	590
Diluted Earnings per Share	1,165	676	589

Consolidated Statements of Cash Flow

(Unit: KRW)

	2022	2021	2020
Cash Flows from Operating Activities	54,754,505,368	36,367,042,257	38,125,167,917
Net Profit (Loss)	75,378,647,248	43,804,676,382	38,164,823,423
Adjustments to Reconcile Net Profit	(1,673,811,565)	11,048,673,401	6,104,279,267
Changes in Assets and Liabilities from Operating Activities	(6,422,117,947)	(9,613,329,388)	(1,746,960,045)
Payment of Income Taxes	(10,340,797,227)	(8,821,975,758)	(4,427,624,729)
Interest Received	386,339,364	42,052,051	199,557,144
Interest Paid	(2,573,754,505)	(93,054,431)	(168,907,143)
Cash Flows from Investing Activities	(91,994,852,657)	(92,466,134,619)	6,655,641,811
Decrease in Fair Value Through Profit or Loss	5,076,295,107		4,087,674,714
Decrease in Long-Term Borrowings		500,000,000	
Decrease in Short-Term Borrowings	5,421,976,100	3,240,706,464	7,000,000,000
Disposal of Tangible Assets	60,027,636,362	61,551,000	
Decrease in Lease Deposits	158,000,000	735,000,000	425,000,000
Decrease in Other Deposits	1,500,000	300,000	
Decrease in Long-Term Financial Instruments	105,970,452		
Increase in Fair Value Through Profit or Loss	(20,000,000,000)	(4,960,317,460)	
Increase in Short-Term Financial Instruments	(70,906,844,000)		(3,021,741,885)
Increase in Long-Term Financial Instruments	(32,996,200)	(21,464,117)	(62,046,484)
Acquisition of Tangible Assets	(27,481,361,335)	(32,627,973,312)	(791,886,102)
Acquisition of Intangible Assets	(517,334,887)	(409,686,546)	(191,358,432)
Acquisition of Investment Properties	(43,759,576,256)	(58,278,608,648)	
Increase in Lease Deposits	(80,000,000)	(681,000,000)	(790,000,000)
Increase in Other Deposits	(8,118,000)	(24,642,000)	

	2022	2021	2020
Cash Flows from Financing Activities	21,055,238,698	30,719,729,449	(12,183,784,165)
Increase in Short-Term Borrowings			100,000,000
Increase in Long-Term Borrowings	69,000,000,000	35,000,000,000	
Exercise of Stock Purchase Options	108,845,322	13,999,024	627,169,372
Increase in Lease Deposits	85,000,000		
Dividends Paid	(4,271,313,024)	(3,882,550,080)	(2,960,761,480)
Acquisition of Treasury Shares	(5,421,976,100)		
Repayment of Short-Term Borrowings	(37,200,000,000)		(100,000,000)
Repayment of Current Portion of Long-Term Borrowings			(9,600,000,000)
Repayment of Lease Liabilities	(618,723,000)	(411,719,495)	(250,192,057)
Decrease in Lease Deposits	(626,594,500)		
Increase (Decrease) in Cash and Cash Equivalents	(16,185,108,591)	(25,379,362,913)	32,597,025,563
Cash and Cash Equivalents, Beginning of Year	42,788,254,096	64,383,495,928	33,976,505,980
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(598,660,065)	3,784,121,081	(2,190,035,615)
Cash, End of Year	26,004,485,440	42,788,254,096	64,383,495,928



Classys, 208, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea

<http://www.classys.com> | +82-2-6313-2106

email : ir@classys.com