Hanwha Aerospace Co., Ltd.
and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
Hanwha Aerospace Co., Ltd.

Opinion

We have audited the consolidated financial statements of Hanwha Aerospace Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

(a) Revenue recognition based on the cost input method

As described in Note 2 to the consolidated financial statements, the Group recognizes revenue related to contractual obligations based on the progress of contractual activities at the end of the reporting period when it is reasonably possible to measure the progress of performance obligations, such as revenue from the prototype development (Note 33). The Group measures the progress of contracts by dividing the accumulated contract costs incurred for the obligation performed by the total estimated contract costs. This measurement method may result in significant fluctuations in the measurement outcomes based on the management's significant judgments, and thus there exists uncertainty in the accounting estimates.

We determined the measurement of progress used for revenue recognition under the input method as a key audit matter, considering the potential errors of estimation or intentional misstatements in profit or loss.

As the audit procedures performed in relation to the key audit matter, we did:

- Identify changes in the accounting policies for revenue recognition by obtaining an understanding thereof.
- Review if the conditions to reasonably measure the progress are satisfied.
- Evaluate the design of internal controls related to the estimation and changes in the total contract costs by obtaining an understanding thereof.
- Identify the causes of, and inspect supporting documentation for, contracts in which contract amounts and the total estimated contract costs changed significantly.
- Recalculate the progress rate and assess the contracts with abnormal changes in the progress rate.
- Assess the occurrence and timing of recognition of input costs.

(b) Allocation of consideration transferred arising from the business combination

As described in Note 45 to the consolidated financial statements, the Group obtained the control over Hanwha Ocean Co., Ltd., which had previously been classified as an associate, by additionally securing the right to appoint directors for the year ended December 31, 2024. Accordingly, the acquisition was accounted for as a business combination achieved in stages in accordance with KIFRS 1103 *Business Combinations*.

As the Group was unable to complete the accounting for the business combination for the year ended December 31, 2024, the provisional amounts were reported in the consolidated financial statements in accordance with KIFRS 1103 *Business Combinations*. For the year ended December 31, 2025, the Group completed the accounting for the business combination, including the allocation of the consideration transferred. Accordingly, the consolidated financial statements for the year ended December 31, 2024, presented for comparative purposes, have been restated to reflect these adjustments.

The consideration transferred was allocated based on the measurement of the fair values for the identifiable assets acquired and liabilities assumed, for which the Group engaged the independent external valuation specialists. The excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, amounting to ₩ 2,509,156 million, was recognized as goodwill.

Considering that the amount of goodwill recognized is significant and that the allocation of the consideration transferred involves significant management judgment in determining fair values, we determined the allocation of the consideration transferred arising from the business combination as a key audit matter.

As the audit procedures performed in relation to the key audit matter, we did:

- Evaluate the effectiveness of design and operation of the Group’s internal controls over the allocation of consideration transferred arising from the business combination.
- Assess whether the transactions meet the definition of the business combination by obtaining

an understanding thereof.

- Inspect the contractual terms and conditions set out in the transaction agreements.
- Assess the competence and independence of the external valuation specialists engaged by the Group.
- Inquire as to and assess the valuation methodologies used to determine the fair values of the identifiable assets acquired and liabilities assumed in the business combination.
- Inquire as to and assess the key assumptions used in the fair value measurements, including the discount rates, internally and externally derived estimation data, and business plans.
- Perform the independent recalculations on the fair value measurements.
- Assess the appropriateness of the related disclosures in the notes to the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Baekun Cho.

EY Han Young

March 16, 2026

This audit report is effective as of March 16, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Hanwha Aerospace Co., Ltd.
and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025

"The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group."

Jaeil SON
Chief Executive Officer
Hanwha Aerospace Co., Ltd.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in thousands of Korean won)	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	4, 5, 6, 8, 9	₩ 7,713,355,500	₩ 2,967,733,423
Other financial assets	4, 5, 6, 9, 10	188,463,688	353,821,515
Trade and other receivables	5, 6, 10, 11	3,734,950,413	3,377,790,242
Contract assets	11, 33	6,487,721,490	5,518,508,643
Inventories	13	7,741,657,563	6,404,050,583
Derivative assets	5, 6, 12	27,519,400	6,446,390
Other current assets	14	4,767,409,083	4,308,999,090
Non-current assets held for sale	32	44,342,864	44,359,731
		30,705,420,001	22,981,709,617
Non-current assets			
Other financial assets	5, 6, 9, 10	1,893,220,822	1,104,204,440
Long-term trade and other receivables	5, 6, 10, 11	303,617,110	408,324,087
Derivative assets	5, 6, 12	11,247,569	81,542,098
Other non-current assets	14, 24	121,845,156	212,258,405
Property, plant and equipment	15	9,524,442,060	8,385,865,551
Intangible assets	16	7,497,790,450	7,756,319,631
Investments in associates and joint ventures	18	2,190,157,525	965,841,184
Right-of-use assets	17	442,822,830	421,029,244
Deferred tax assets	25	1,263,106,081	1,244,839,786
		23,248,249,603	20,580,224,426
Total assets		₩ 53,953,669,604	₩ 43,561,934,043
Liabilities			
Current liabilities			
Trade and other payables	4, 5, 6, 19	₩ 6,041,071,651	₩ 4,269,928,224
Contract liabilities	33	15,990,679,254	13,647,933,172
Lease liabilities	4, 17	83,443,405	81,315,192
Borrowings and debentures	4, 5, 6, 20	6,982,167,457	6,117,727,028
Derivative liabilities	5, 6, 12	66,699,345	361,958,732
Employee benefits liabilities	24	48,559,233	97,493,279
Income tax payables	25	385,687,206	378,855,775
Other current liabilities	21, 22	350,457,664	555,558,491
Other current financial liabilities	4, 5, 6, 23	27,631,516	5,374,683
		29,976,396,731	25,516,144,576
Non-current liabilities			
Long-term trade and other payables	4, 5, 6, 19	572,289,168	439,684,538
Lease liabilities	4, 17	347,044,604	329,385,530
Borrowings and debentures	4, 5, 6, 20	5,412,718,897	4,164,782,798
Derivative liabilities	5, 6, 12	3,650,594	53,181,891
Employee benefits liabilities	24	669,610,403	851,475,802
Deferred tax liabilities	25	27,565,245	592,983,297
Other non-current liabilities	21, 22	87,206,579	46,305,189
Other non-current financial liabilities	4, 5, 6, 23	69,002,711	75,983,763
		7,189,088,201	6,553,782,808
Total liabilities		37,165,484,932	32,069,927,384
Equity			
Share capital	1, 26	270,317,005	240,405,805
Capital surplus	26	2,887,294,863	(510,432,402)
Capital adjustments	28	(21,019,888)	(21,019,888)
Accumulated other comprehensive income	29	565,579,057	539,650,694
Retained earnings	30	5,982,735,731	4,746,520,391
Equity attributable to the owners of the Parent Company		9,684,906,768	4,995,124,600
Non-controlling interests		7,103,277,904	6,496,882,059
Total equity		16,788,184,672	11,492,006,659
Total liabilities and equity		₩ 53,953,669,604	₩ 43,561,934,043

The accompanying notes are an integral part of the consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2025

(in thousands of Korean won)	Notes		2025		2024
Revenue		₩	26,702,901,249	₩	11,240,121,484
Cost of sales	36		21,252,440,665		8,370,268,280
Gross profit			5,450,460,584		2,869,853,204
Selling and administrative expenses	35, 36		2,065,715,813		1,036,021,042
Research and development expenses	36		295,424,590		101,953,337
Operating profit			3,089,320,181		1,731,878,825
Other income	37		343,002,222		1,489,464,089
Other expenses	37		814,074,565		557,940,477
Finance income	38		1,270,561,983		373,540,184
Interest income			223,014,333		70,034,943
Finance costs	38		1,595,624,809		494,883,630
Interest expenses			489,672,629		242,539,778
Profits (losses) of associates and joint ventures accounted for using equity method	18		(83,311,738)		105,343,761
Profit before income tax expenses			2,209,873,274		2,647,402,752
Income tax expenses	25		7,890,188		136,136,192
Profit from continuing operations			2,201,983,086		2,511,266,560
Profit from discontinued operations (after tax effect)			-		28,606,901
Profit for the year		₩	2,201,983,086	₩	2,539,873,461
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains (losses) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")		₩	14,766,136	₩	(63,090,320)
Gains (losses) on remeasurements of net defined benefit liabilities			105,872,711		(65,058,578)
Losses on revaluation			(3,699,730)		-
Share in other comprehensive income of associates and joint ventures			-		13,996,418
Items that may be subsequently reclassified to profit or loss					
Cash flow hedges			2,020,137		(1,088,165)
Share in other comprehensive income (loss) of associates and joint ventures			(21,088,099)		53,119,575
Gain on translation of foregin operations			6,073,116		120,132,135
Other comprehensive income for the year, net of tax			103,944,271		58,011,065
Total comprehensive income for the year		₩	2,305,927,357	₩	2,597,884,526
Profit from continuing operations attributable to:					
Owners of the Parent Company		₩	1,404,962,303	₩	2,260,506,866
Non-controlling interests			797,020,783		250,759,694
Profit from discontinued operations attributable to:					
Owners of the Parent Company		₩	-	₩	38,438,405
Non-controlling interests			-		(9,831,504)
Profit attributable to:					
Owners of the Parent Company		₩	1,404,962,303	₩	2,298,945,271
Non-controlling interests			797,020,783		240,928,190
Total comprehensive income attributable to:					
Owners of the Parent Company		₩	1,437,195,710	₩	2,375,667,201
Non-controlling interests			868,731,647		222,217,325
Earnings per share attributable to the owners of the Parent Company	39				
Basic and diluted earnings per share from continuing operations		₩	28,530	₩	45,935
Basic and diluted earnings per share from discontinued operations			-		781

The accompanying notes are an integral part of the consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

(in thousands of Korean won)	Share capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance as of January 1, 2024	₩ 265,650,000	₩ 191,831,951	₩ (2,197,829)	₩ 445,655,712	₩ 2,627,417,654	₩ 1,155,867,830	₩ 4,684,225,318
Total comprehensive income							
Profit for the year	-	-	-	-	2,298,945,271	240,928,190	2,539,873,461
Gains (losses) on valuation of financial assets at FVOCI	-	-	-	(27,446,636)	8,518,950	(44,162,634)	(63,090,320)
Cash flow hedges	-	-	-	(1,088,165)	-	-	- 1,088,165
Losses on remeasurements of net defined benefit liabilities	-	-	-	-	(56,629,351)	(8,429,227)	(65,058,578)
Gain on translation of foreign operations	-	-	-	83,891,956	-	36,240,179	120,132,135
Share in other comprehensive income (loss) of associates and joint ventures	-	-	-	102,339,295	(32,864,119)	(2,359,183)	67,115,993
Total comprehensive income for the year	-	-	-	157,696,450	2,217,970,751	222,217,325	2,597,884,526
Transactions with the owners							
Annual dividends paid	-	-	-	-	(91,024,942)	(28,727,376)	(119,752,318)
Share options	-	13,824,725	-	-	-	-	13,824,725
Acquisition of treasury shares	-	-	- 19,041,232	-	-	-	(19,041,232)
Effect of spin-off	- 25,244,195	(714,769,788)	219,173	- 63,701,468	-	- 3,928,227	(807,424,505)
Changes in consolidation scope	-	-	-	-	-	5,143,698,496	5,143,698,496
Other changes in equity	-	(1,319,290)	-	-	(7,843,072)	7,754,011	(1,408,351)
Balance as of December 31, 2024	₩ 240,405,805	₩ (510,432,402)	₩ (21,019,888)	₩ 539,650,694	₩ 4,746,520,391	₩ 6,496,882,059	₩ 11,492,006,659
Balance as of January 1, 2025	₩ 240,405,805	₩ (510,432,402)	₩ (21,019,888)	₩ 539,650,694	₩ 4,746,520,391	₩ 6,496,882,059	₩ 11,492,006,659
Total comprehensive income							
Profit for the year	-	-	-	-	1,404,962,303	797,020,783	2,201,983,086
Gains on valuation of financial assets at FVOCI	-	-	-	6,964,872	-	7,801,264	14,766,136
Gains (losses) on disposal of financial assets at FVOCI	-	-	-	30,825,053	(30,825,053)	-	-
Cash flow hedges	-	-	-	2,233,388	-	- 213,251	2,020,137
Gains on remeasurements of net defined benefit liabilities	-	-	-	-	37,049,636	68,823,075	105,872,711
Losses on revaluation	-	-	-	(3,699,730)	-	-	(3,699,730)
Gain (loss) on translation of foregin operations	-	-	-	(1,242,982)	-	7,316,098	6,073,116
Share in other comprehensive loss of associates and joint ventures	-	-	-	(9,071,777)	-	(12,016,322)	(21,088,099)
Total comprehensive income for the year	-	-	-	26,008,824	1,411,186,886	868,731,647	2,305,927,357
Transactions with the owners							
Annual dividends paid	-	-	-	-	(159,132,918)	(35,927,392)	(195,060,310)
Share options	-	222,975,227	-	-	-	-	222,975,227
Paid-in capital increase	29,911,200	4,178,876,592	-	-	-	-	4,208,787,792
Other changes in equity	-	(1,004,124,554)	-	- 80,461	(15,838,628)	(226,408,410)	(1,246,452,053)
Balance as of December 31, 2025	₩ 270,317,005	₩ 2,887,294,863	₩ (21,019,888)	₩ 565,579,057	₩ 5,982,735,731	₩ 7,103,277,904	₩ 16,788,184,672

The accompanying notes are an integral part of the consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

(in thousands of Korean won)	Notes		2025		2024
Cash flows from operating activities					
Net cash flows from operations	43	₩	4,923,162,614	₩	1,799,146,715
Interest received			152,954,024		68,042,580
Interest paid			(454,367,174)		(255,708,791)
Income tax paid			(571,944,888)		(218,507,870)
Cash flows provided by operating activities			4,049,804,576		1,392,972,634
Cash flows from investing activities					
Decrease in short-term financial instruments			5,130,998,847		83,134,226
Decrease in long-term financial instruments			8,918,066		2,400,000
Collection of loans			8,140,357		5,340,512
Decrease in leasehold deposits provided			15,748,491		6,036,919
Disposal of property, plant and equipment			19,143,408		1,666,563
Disposal of intangible assets			20,219,812		26,443,959
Decrease in derivative instruments			6,460,876		69,147,023
Disposal of financial assets at fair value through profit or loss ("FVPL")			29,943,003		35,700,000
Disposal of financial assets at FVOCI			122,525,173		31,007,572
Disposal of investments in associates and joint ventures			184,004		-
Disposal of assets in business segments and others			5,852,333		-
Decrease in other non-current assets			4,386,954		13,468,319
Dividends received			34,455,196		3,500,057
Increase in short-term financial instruments			(5,012,431,950)		(250,090,187)
Increase in long-term financial instruments			(18,030,253)		(11,346,819)
Increase in loans			(202,993,895)		(5,088,702)
Increase in leasehold deposits provided			(20,066,716)		(7,426,162)
Acquisition of property, plant and equipment			(1,710,503,200)		(578,204,898)
Acquisition of intangible assets			(283,579,185)		(175,429,175)
Acquisition of assets in business segments and others			-		(5,900,000)
Acquisition of financial assets at FVPL			(220,832,758)		(71,942,788)
Acquisition of financial assets at FVOCI			(602,639,916)		(199,837,214)
Acquisitions of investments in associates and joint ventures			(1,356,675,056)		(397,048,980)
Cash inflows due to business combination			-		57,127,659
Cash flows used in Investing activities			(4,020,776,409)		(1,367,342,116)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

(in thousands of Korean won)	Notes	2025	2024
Cash flows from financing activities			
Increase in short-term borrowings		8,486,521,229	8,462,532,800
Increase in long-term borrowings		1,588,098,648	513,246,734
Issuance of debentures		1,376,881,001	1,157,931,679
Paid-in capital increase		4,208,787,792	-
Decrease in short-term borrowings		(8,436,258,690)	(7,535,875,968)
Decrease in long-term borrowings		(165,864,031)	(212,948,365)
Decrease in current borrowings (others)		(506,879,103)	(581,805,880)
Repayments of debentures		(209,100,000)	(520,000,000)
Decrease in lease liabilities		(98,680,891)	(50,137,814)
Interest payment on hybrid bonds		(23,328,323)	-
Changes in non-controlling interests		(1,342,915,161)	248,287,205
Increase in leasehold deposits received		(609,911)	(943,219)
Acquisition of treasury shares		-	(19,041,233)
Dividends paid		(195,060,310)	(119,752,318)
Cash outflow due to spin-off		-	(275,827,519)
Cash flows provided by financing activities		4,681,592,250	1,065,666,102
Increase in cash and cash equivalents		4,710,620,417	1,091,296,620
Cash and cash equivalents at the beginning of the year		2,967,733,423	1,806,358,649
Effects of exchange rate changes on cash and cash equivalents		35,001,660	70,078,154
Cash and cash equivalents at the end of the year		₩ 7,713,355,500	₩ 2,967,733,423

The accompanying notes are an integral part of the consolidated financial statements.

1. General information

1.1 Description on the Parent Company

Hanwha Aerospace Co., Ltd. (the “Parent Company”) was incorporated in August, 1977 under its original name of Samsung Precision Co, Ltd. The Parent Company changed its name to Samsung Aeronautics Co., Ltd. in February 1987, to Samsung Techwin Co., Ltd. in March 2000, to Hanwha Techwin Co., Ltd. on June 29, 2015, and finally changed its name to Hanwha Aerospace Co., Ltd. on March 23, 2018. The Parent Company listed its ordinary shares on the Korea Exchange in May 1987 and it is domiciled in the Republic of Korea with its address at 1204 Changwon Daero, Seongsan-gu, Changwon, Gyeongsangnam-do. The Parent Company’s domestic business sites are located in Changwon in Gyeongsangnam-do, Daejeon and Boeun in Chungcheongbuk-do, while its overseas plants and sales branches operates in U.S.A., Vietnam and Australia. The Parent Company is engaged in the manufacture and maintenance of aircraft engines, the manufacture and sale of weapons and ammunition, and the manufacture of ground defense systems.

After several capital increases and reductions, the Parent Company's share capital amounts to ₩ 270,317 million as of December 31, 2025 and its largest shareholder is Hanwha Corporation (32.18%).

1.2 Consolidated subsidiaries

Details of the Group’s subsidiaries subject to consolidation as of December 31, 2025 and 2024 are as follows:

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			Dec. 31, 2025	Dec. 31, 2024	
Hanwha Systems Co., Ltd. [1]	Korea	Manufacturing and sales of military equipment, development of software and consulting	47.22%	47.22%	December
Hanwha Aero Engines Co., Ltd.	Vietnam	Manufacturing gas turbine engines for aircrafts	100.00%	100.00%	December
Hanwha Defense Australia Pty Ltd.	Australia	Manufacturing and sales of military equipment	100.00%	100.00%	December
Hanwha Aerospace USA Corporation	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EDAC Technologies Intermediate Company	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
Hanwha Aerospace USA LLC	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EBTEC Corporation	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
APEX Machine Tool Company, Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
GROS-ITE Industries Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EDAC ND Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
Valpak Engineering LLC [3]	U.S.A.	Manufacturing of industrial engine components	100.00%	-	December
Hanwha Phasor Ltd.	U.K.	Manufacturing of communication devices	100.00%	100.00%	December
H Foundation Pte Ltd.	Singapore	New technology business	100.00%	100.00%	December
Enterprise Blockchain Co., Ltd.	Korea	Data processing	100.00%	100.00%	December
Hanwha Defense USA, Inc.	U.S.A.	Manufacturing and sales of military equipment	100.00%	100.00%	December
Vanila Studio Co., Ltd.	Korea	Development and supply of	100.00%	100.00%	December

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			Dec. 31, 2025	Dec. 31, 2024	
		application software			
Hanwha Systems USA Corporation	U.S.A.	New technology business	100.00%	100.00%	December
Hanwha Intelligence Co., Ltd.	Korea	Manufacturing	-	50.87%	December
Hanwha Systems UK Ltd.	U.K.	Manufacturing of other wireless communication equipment	100.00%	100.00%	December
Satrec Initiative Co., Ltd. [2]	Korea	Development of satellite system t and related services	33.63%	33.63%	December
SI Imaging Services	Korea	Sales of satellite image and services	65.90%	65.90%	December
SI Analytics Co., Ltd	Korea	AI-based satellite/air image data analysis business	69.44%	69.44%	December
VANI STUDIO VIETNAM JOINT STOCK COMPANY	Vietnam	Development and supply of application software	98.62%	98.62%	December
Enterprise Blockchain Inc.	U.S.A.	New technology business	100.00%	100.00%	December
HANWHA AEROSPACE EUROPE	Poland	Manufacturing and sales of military equipment	100.00%	100.00%	December
EBC Global Pte Ltd.	Singapore	Telecommunications	-	100.00%	December
Hanwha Aerospace Japan G.K	Japan	Investments in real estate	100.00%	100.00%	December
Hanwha Aerospace UK Limited	U.K.	Manufacturing and sales of military equipment	100.00%	100.00%	December
Hanwha Aviation Co., Ltd.	Korea	Holding company	100.00%	100.00%	December
Hanwha Ocean SG Holdings Pte Ltd.	Singapore	Investments	100.00%	100.00%	December
Hanwha Aerospace Romania S.R.L	Romania	Manufacturing and sales of military equipment	100.00%	100.00%	December
HS USA Holdings Corp.	U.S.A.	Management of overseas subsidiaries	100.00%	100.00%	December
HDUSA Ordnance Solutions LLC [3]	U.S.A.	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha Offshore Singapore Pte. Ltd. [5]	Singapore	Marine plants	100.00%	95.15%	December
Hanwha Offshore Engineering Services Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Hanwha Offshore Services Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Hanwha Offshore Solutions Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Dyna-Mac Keppel Philippines Inc.	Philippines	Marine plants	60.00%	60.00%	December
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd.	China	Marine plants	100.00%	100.00%	December
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd.	China	Marine plants	100.00%	100.00%	December
Hanwha Ocean Co., Ltd. [2,4]	Korea	Building of steel ships	42.01%	34.71%	December
Hanwha Ocean Ecotech Co., Ltd.	Korea	Manufacturing of ship component	98.51%	98.51%	December
Cheonjangsan Pung Ryeok Corporation	Korea	Private development	100.00%	100.00%	December
Gogunsan Offshore Windpower Corporation	Korea	Development business	100.00%	100.00%	December
Yeonggwang Chilhae Offshore Windpower Corporation	Korea	Private development	100.00%	100.00%	December
BoryeongNokdo Offshore Windpower Corporation	Korea	Wind power generation	100.00%	100.00%	December
Hanwha Ocean Engineering Co., Ltd.	Korea	Quality inspection	100.00%	100.00%	December
Hanwha Ocean USA Holdings Corp.	U.S.A.	Holding company	100.00%	100.00%	December
Hanwha Philly Shipyard, Inc.	U.S.A.	Building of steel ships	100.00%	100.00%	December

Subsidiaries	Location	Main business	Ownership interest held by the Group (%) Dec. 31, 2025	Ownership interest held by the Group (%) Dec. 31, 2024	Closing month
Hanwha Ocean Europe Ltd.	U.K.	Sales support	100.00%	100.00%	December
Hanwha Ocean Shandong Co., Ltd.	China	Manufacturing of ship components	100.00%	100.00%	December
DSME Kazakhstan LLP	Kazakhstan	Ship repair and technical supports	100.00%	100.00%	December
Hanwha Ocean USA International LLC	U.S.A.	Investments	100.00%	100.00%	December
Hanwha Ocean Global Operation Center LLC	U.S.A.	Marine services	100.00%	100.00%	December
Hanwha Drilling LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Tidal Action LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Hanwha Ocean Americas LLC [7]	U.S.A.	Marketing	100.00%	-	December
Hanwha Ocean Global Project Center B.V.	Netherlands	Marine design	100.00%	-	December
Hanwha Ocean Brazil Ltda. [3]	Brazil	Sales supports	100.00%	-	December
Hanwha Ocean Global Engineering Center India Private Limited [3]	India	Marine design	100.00%	-	March
Hanwha Ocean USA Investment LLC [3]	U.S.A.	Investments	100.00%	-	December
Hanwha Ocean Namibia Pyt Ltd [6]	Namibia	Contract management and sales for marine projects	100.00%	-	February
HAA No.1 Pty Ltd. [3]	Australia	Investments	100.00%	-	December
Hanwha Global Defense, Inc. [3]	U.S.A.	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha Aerospace Middle East & North Africa Regional Headquarters [3]	Saudi	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha WB Advanced System sp.z o.o. [3]	Poland	Manufacturing and sales of military equipment	51.00%	-	December
OCEAN E&I CO.,LTD. [3]	Korea	Transportation and storage	100.00%	-	December

[1] Although the Group has less than 50% ownership interest, the Group concluded that the Group has de facto control over Hanwha Systems Co., Ltd., and classified it as a subsidiary, considering the component ratio of the shareholders.

[2] Although the Group has less than 50% ownership interest, the Group concluded that the company should be classified as a subsidiary considering its ability to appoint or dismiss 50% of members of the board of directors in accordance with shareholders' agreement.

[3] Newly established for the year ended December 31, 2025.

[4] For the year ended December 31, 2025, the Group acquired additional shares of Hanwha Ocean Co., Ltd. from Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Co., Ltd.

[5] For the year ended December 31, 2025, the Group acquired additional interests held by non-controlling shareholders.

[6] Newly included in the scope of consolidation for the year ended December 31, 2025.

[7] Although no capital contribution was made by the Group, it is determined that the Group holds control over the entity, considering that the Group, as the sole member, can exercise voting rights in the decision-making process.

1.3 Changes in scope of consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2025 are as follows:

Subsidiaries	Reason
HAA No.1 Pty Ltd.	Newly established
Hanwha Global Defense, Inc.	Newly established
Hanwha Aerospace Middle East & North Africa Regional Headquarters	Newly established
Hanwha Ocean Brazil Ltda.	Newly established
Hanwha Ocean Global Engineering Center India Private Limited	Newly established
Hanwha WB Advanced System sp.z o.o.	Newly established
Valpak Engineering LLC	Newly established
Hanwha Ocean USA Investment LLC	Newly established
Hanwha Ocean Namibia Pyt Ltd	Newly acquired
OCEAN E&I CO.,LTD.	Newly established
HDUSA Ordnance Solutions LLC	Newly established

Subsidiaries excluded from the consolidation for the year ended December 31, 2025 are as follows:

Subsidiaries	Reason
Hanwha Intelligence Co., Ltd.	For sale
EBC Global Pte Ltd.	Liquidated

1.4 Summarized financial information

The summarized financial information on the Group's subsidiaries as of and for the year ended December 31, 2025 and 2024 is as follows:

(in millions of Korean won)

	As of and for the year ended December 31, 2025					
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Sales**	**Profit (loss) for the year**	**Total comprehensive income (loss)**
Hanwha Aero Engines Co., Ltd.	₩ 366,905	₩ 244,300	₩ 122,605	₩ 326,469	₩ 41,777	₩ 37,525
Hanwha Aerospace Japan G.K	8,874	29	8,845	341	(82)	(263)
Hanwha Aerospace USA Corporation [1]	327,534	248,091	79,443	333,430	2,951	924
Hanwha Defense USA, Inc.	20,884	7,070	13,814	741	(22,109)	(21,052)
Hanwha Global Defense, Inc. [5]	6,502	3,486	3,016	4,444	325	402
HDUSA Ordnance Solutions LLC [5]	-	-	-	-	-	-
Hanwha Aerospace UK Limited	-	-	-	-	-	-
Hanwha Aerospace Europe	5,954	541	5,413	12,529	710	1,238
Hanwha Aerospace Romania S.R.L	88,778	35,733	53,045	-	(3,283)	(3,861)
Hanwha WB Advanced System sp.z o.o. [5]	1,522,508	1,516,353	6,155	-	(2,571)	(2,174)
Hanwha Defense Australia Pty Ltd.	1,130,065	1,179,148	(49,083)	386,142	(10,946)	(14,193)
Hanwha Aerospace Middle East & North Africa Regional Headquarters [5]	5,856	2,140	3,716	2,851	(3,051)	(3,366)
Hanwha Ocean Co., Ltd.	19,724,646	13,730,328	5,994,318	12,903,594	1,344,199	1,433,962
Hanwha Ocean Engineering Co., Ltd.	16,161	7,341	8,820	52,479	(1,817)	(1,817)
Hanwha Ocean Ecotech Co., Ltd.	420,382	116,690	303,692	173,021	10,676	11,617
Cheonjangsan Pung Ryeok Corporation	4,064	4,101	(37)	-	(417)	(417)
Gogunsan Offshore Windpower Corporation	85	112	(27)	-	(15)	(15)
Yeonggwang Chilhae Offshore Windpower Corporation	13,677	15,330	(1,653)	-	(730)	(730)
BoryeongNokdo Offshore Windpower Corporation	1,659	3,316	(1,657)	-	(941)	(941)
OCEAN E&I CO.,LTD.[5]	304	39	265	-	(35)	(35)
Hanwha Ocean Shandong Co., Ltd.	451,086	172,195	278,891	303,000	14,607	19,824
DSME Kazakhstan LLP	1,043	-	1,043	-	(58)	(32)
Hanwha Ocean USA Holdings Corp. [3]	1,556,036	516,525	1,039,511	75,957	(69,839)	(140,049)

(in millions of Korean won)

	As of and for the year ended December 31, 2025					
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Sales**	**Profit (loss) for the year**	**Total comprehensive income (loss)**
Hanwha Ocean Europe Ltd.	5,855	5,611	244	5,923	213	224
Hanwha Ocean SG Holdings Pte Ltd.	876,534	3,459	873,075	-	(1,380)	(1,614)
Hanwha Offshore Singapore Pte Ltd [4]	542,039	265,326	276,713	482,102	67,554	76,429
Hanwha Philly Shipyard, Inc.	512,258	692,290	(180,032)	562,370	(127,010)	(126,373)
HAA No.1 Pty Ltd.[5]	541,441	58,019	483,422	-	61,954	145,981
Hanwha Systems Co., Ltd.	9,343,423	4,527,158	4,816,265	3,091,485	367,039	2,423,413
Enterprise Blockchain Co., Ltd.	-	-	-	-	7,351	7,351
Vanila Studio Co., Ltd.	13,753	12	13,741	-	577	577
Hanwha Intelligence Co., Ltd.[6]	-	-	-	-	(2,620)	(2,620)
VANI STUDIO VIETNAM JOINT STOCK COMPANY	9,981	2	9,979	-	319	(230)
H Foundation Pte Ltd.	34,044	102	33,942	-	(1,886)	12,874
EBC Global Pte Ltd. [7]	-	-	-	-	(114)	177
Hanwha Systems USA Corporation	733,607	2,907	730,700	10,061	(31,137)	(36,311)
Enterprise Blockchain Inc.	6,257	-	6,257	-	1,514	2,748
Hanwha Systems UK Ltd.	132,499	5	132,494	-	(16,101)	105,628
HS USA Holdings Corp.	308,861	14	308,847	-	(555)	347
Satrec Initiative Co., Ltd. [2]	411,002	173,999	237,003	206,917	14,086	14,086
Hanwha Phasor Ltd.	12,253	11,104	1,149	-	(6,494)	(6,590)
Hanwha Aviation Co., Ltd.	140,836	-	140,836	-	(364)	(364)

[1] Presenting the consolidated financial information on Hanwha Aerospace USA Co., which includes the financial information on seven subsidiaries.

[2] Presenting the consolidated financial information on Satrec Initiative Co., Ltd. which includes the financial information on two subsidiaries.

[3] Presenting the consolidated financial information on Hanwha Ocean USA Holdings Corp. which includes the financial information on ten subsidiaries.

[4] Presenting the consolidated financial information on Hanwha Offshore Singapore Pte Ltd. which includes the financial information on six subsidiaries.

[5] Newly established for the year ended December 31, 2025.

[6] Excluded from subsidiaries due to due to disposal for the year ended December 31, 2025.

[7] Excluded from subsidiaries due to liquidation for the year ended December 31, 2025.

(in millions of Korean won)

Subsidiary	As of and for the year ended December 31, 2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
HANWHA VISION AMERICA, INC. [6]	₩ -	₩ -	₩ -	₩ 501,197	₩ 11,160	₩ 13,851
Hanwha Techwin (Tianjin) Co., Ltd. [6]	-	-	-	-	(286)	(116)
HANWHA VISION EUROPE LIMITED [6]	-	-	-	124,522	7,789	9,702
Hanwha Techwin (Shanghai) Co., Ltd. [6]	-	-	-	27,288	914	1,284
Techwin Engineering Center [6]	-	-	-	1,601	39	52
Hanwha Systems Co., Ltd.	5,219,490	2,788,455	2,431,035	2,793,633	263,133	236,022
Hanwha Techwin Automation Americas, Inc. [6]	-	-	-	20,614	(1,818)	(1,522)
HANWHA VISION VIETNAM COMPANY LIMITED [6]	-	-	-	228,046	12,889	13,353
HANWHA VISION MEA FZE [6]	-	-	-	45,381	(313)	(293)
Hanwha Techwin Automation Vietnam Co., Ltd. [6]	-	-	-	1,125	169	179
Hanwha Vision CO., LTD [6]	-	-	-	651,680	94,363	94,363
Hanwha Precision Machinery Co., Ltd. [6]	-	-	-	300,144	(24,706)	(24,706)
Hanwha Aero Engines Co., Ltd.	369,867	284,787	85,080	247,129	19,709	25,713
Hanwha TechM (Suzhou) Co., Ltd [6]	-	-	-	-	(15)	(26)
Hanwha Systems Vietnam Co., Ltd [4]	-	-	-	-	(37)	(56)
Hanwha Defense Australia PTY Ltd	772,487	807,377	(34,890)	254,299	6,758	4,943
Hanwha Aerospace USA Corporation [1]	315,759	237,248	78,511	264,223	(40,959)	(27,934)
Hanwha Phasor Ltd.	17,455	9,716	7,739	-	(52,659)	(48,290)
H Foundation PTE., Ltd.	21,196	128	21,068	-	(2,399)	(2,203)
Enterprise Blockchain Co., Ltd.	1,942	2,751	(809)	646	(11,680)	(11,579)
Hanwha Defense USA, INC	4,048	5,349	(1,301)	2,906	(15,487)	(15,643)
Vanila Studio Co., Ltd.	13,170	6	13,164	-	(2,214)	(2,214)
Duclo [6]	-	-	-	-	(8,457)	(8,485)
Hanwha Systems USA Corporation	346,678	9,264	337,414	8,991	46,940	78,901
Hanwha Intelligence Co., Ltd.	16,121	2,763	13,358	-	(18,336)	(18,363)
VISIONEXT CO., LTD. [6]	-	-	-	11,033	(10,834)	(10,834)
Hanwha Systems UK Ltd	92,195	43	92,152	-	39	(66,614)
Satrec Initiative Co., Ltd. [2]	446,984	222,962	224,022	171,279	6,249	6,249
VANI STUDIO VIETNAM JOINT STOCK COMPANY	10,215	7	10,208	1	(1,246)	(424)

(in millions of Korean won)

Subsidiary	As of and for the year ended December 31, 2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
VISIONEXT AMERICA INC [6]	-	-	-	-	(1)	12
Enterprise Blockchain Inc.	3,649	140	3,509	-	(20,350)	(20,888)
HANWHA DIGITAL INC. [3]	-	-	-	1,492	243	273
Hanwha Aerospace Europe	4,397	221	4,176	11,306	688	974
EBC GLOBAL PTE. LTD.	-	7	(7)	-	(3,518)	(3,119)
HanwhaVision Mexico.S.A.de C.V. [6]	-	-	-	3,592	(330)	(457)
Neubla Corporation [6]	-	-	-	7,966	(309)	(309)
FABLESS-PIONEER HOLDINGS [6]	-	-	-	-	-	(60)
A123 CORPORATION [6]	-	-	-	-	(19,881)	(19,721)
NEUBLA UK LTD [6]	-	-	-	3,430	(1,083)	(940)
Hanwha Aerospace Japan GK	9,134	26	9,108	173	(232)	(2)
Hanwha Aerospace UK Limited [5]	-	-	-	-	-	-
Hanwha Aviation Co., Ltd. [5]	110,453	103	110,350	-	659	659
Hanwha Ocean SG Holdings Pte. Ltd. [5]	879,315	4,617	874,698	-	(5,192)	(3,351)

[1] Presenting the consolidated financial information on Hanwha Aerospace USA Co., which includes the financial information on six subsidiaries.

[2] Presenting the consolidated financial information on Satrec Initiative Co., Ltd. which includes the financial information on two subsidiaries.

[3] Excluded from subsidiaries due to merger for the year ended December 31, 2024.

[4] Excluded from subsidiaries due to liquidation for the year ended December 31, 2024.

[5] Newly included for the year ended December 31, 2024.

[6] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through the spin-off of its security service and industrial machinery service, and Hanwha Industrial Solutions Co., Ltd. succeeded the relevant subsidiaries. The financial information on profit and loss presented above only includes the financial information for the eight-month period ended August 31, 2024, incurred prior to the spin-off.

2. Material accounting policies

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

2.1 Basis of preparation

The Group maintains its accounting records in Korean won and prepares its statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying financial statements.

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

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

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

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

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2025.

(a) Amendments to KIFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose the related information. The amendments had no material impact on the Group's consolidated financial statements.

(b) Amendments to KIFRS 1117 Insurance Contracts

If the estimation techniques used for input variables in measuring insurance contracts differ from the principles required by insurance regulations, the entity shall disclose those differences and their effects when the differences and their effects on the financial statements are considered relevant and material to users of financial statements. The amendments had no material impact on the Group's consolidated financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for reporting period starting on or after January 31, 2025 and have not been early adopted by the Group.

(a) Amendments to KIFRS 1109 Financial Instruments, KIFRS 1107 Financial Instruments: Disclosures

KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments had no material impact on the Group's consolidated financial statements. These amendments:

- clarify that a financial liability is derecognized on the "settlement date" and introduce an accounting policy choice (if specific conditions are met) to recognize financial liabilities settle using an electronic payment system before the settlement date:
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instrument if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

(b) Annual improvements to KIFRS -Volume 11

Annual Improvements to KIFRS - *Volume 11* should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a material impact on the financial statements.

- KIFRS 1101 *First-time Adoption of KIFRS: Hedge accounting by a first-time adopter*
- KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, guidance for application of amendments in practice*
- KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- KIFRS 1110 *Consolidated Financial Statements: Determination of a "de facto agent"*
- KIFRS 1007 *Statement of Cash Flows: Cost method*

(c) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that "contracts to buy or sell such electricity" are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments had no material impact on the Group's consolidated financial statements.

(d) KIFRS 1118 Presentation and Disclosure in Financial Statements

KIFRS 1118 *Presentation and Disclosure in Financial Statements* replaces KIFRS 1001 *Presentation of Financial Statements*. The new presentation requirements introduced in KIFRS 1118 will increase comparability of the financial performance of similar entities, especially related to how "operating profit or loss" is defined. The new disclosure requirements for "management-defined performance measures" will enhance transparency. The standard should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under KIFRS 1118.

The Group has not yet adopted KIFRS 1118 and is in the process of determining the impact on the Group of applying KIFRS 1118. The Group has prepared a transition plan and is on track to report their first KIFRS 1118-compliant interim financial statements for the period ending March 31, 2027 and annual financial statements for the period ending December 31, 2027.

2.3 Consolidation

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

(a) Subsidiaries

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

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

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

Intercompany transactions, balances, revenues, expenses, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(b) Associates

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

(c) Joint arrangements

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

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which each entity operates (the “functional currency"). The consolidated financial statements are presented in Korean won (presented herein as “Korean won”, “KRW” or “₩”), which is the functional and presentation currency of the Parent Company.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance income or finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income within “other income or other expenses”.

2.6 Financial assets

(a) Classification

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

- those to be measured at fair value through profit or loss (“FVPL”)
- those to be measured at fair value through other comprehensive income (“FVOCI”); and
- those to be measured at amortized cost.

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

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

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

(b) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) *Debt instruments*

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

- amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in “finance income” using the effective interest rate method;

- fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in "finance income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other income or expenses" and impairment losses are presented in "other expenses"; and

- fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within "finance income or costs" in the year in which it arises.

(ii) *Equity instruments*

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

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

(c) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(d) Recognition and derecognition

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

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

(e) Offsetting of financial instruments

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

2.7 Derivative financial instruments

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

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

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 12. Movements in the cash flow hedge reserve are shown in Note 29.

The Group applies cash flow hedge accounting to hedge the interest rate risk on its floating rate borrowings and the exchange rate risk on its borrowings denominated in foreign currency. The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income, and the ineffective portion is recognized in “finance income (costs)”. In addition, changes in the fair value of derivatives that qualify for fair value hedge accounting, as well as changes in the fair value of the hedged items attributable to the hedged risk, are recognized in “finance income (costs)”. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognized immediately in profit or loss within “finance income (costs)” based on the nature of transactions.

The full fair value of derivatives designated as hedging instruments is classified as a non-current asset or liability when the remaining maturity of the hedged item exceeds 12 months, and as a current asset or liability when the remaining maturity is 12 months or less. Derivatives that are not designated as hedging instruments are classified as current or non-current based on their settlement date in the case of derivative liabilities, and based on their expected maturity in the case of derivative assets.

2.8 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance (See Note 11 for further information about the Group's accounting for trade receivables).

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value, and the cost of inventories is determined by using the weighted-average method or the moving-average method, except for materials-in-transit and specific work-in-progress, which are measured using the specific identification method.

2.10 Non-current assets (or disposal group) held for sale

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

2.11 Property, plant and equipment

Land is shown at fair value based on valuations by independent external appraisers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When the Group carries out revaluation, the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, except for land. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount of land by revaluation are credited to other comprehensive income and shown as revaluation surplus in equity, less deferred tax effects. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against the revaluation surplus directly; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is measured using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

	Useful lives	
Buildings	10–60	years
Structures	7–50	
Machinery	3–30	
Tools and furniture	2–15	
Vehicles	3–15	
Vessels and Aircrafts	5–40	

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is adjusted to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as "other gains and losses" in the consolidated statements of comprehensive income.

When revalued assets are derecognized, the amount included in revaluation surplus is transferred to retained earnings.

2.12 Borrowing costs

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

2.13 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.14 Intangible assets

Intangible assets, except for goodwill, are initially recognized at their historical cost, and carried at cost, less accumulated amortization and accumulated impairment losses.

Development costs, which are internally generated intangible assets, represent the sum of expenditures incurred after the asset recognition criteria — including technical feasibility and the probability of generating future economic benefits — have been met. This asset is amortized by the straight-line method and units-of-production method as set out in the table below.

Business licenses for international joint projects represent payments made to participate in joint development and manufacturing programs for new products with foreign companies, and are amortized using the straight-line method over their estimated useful lives.

Certain intangible assets that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line and production proportional method over the following periods:

	Useful lives	
Development cost	3–20	years
Industrial rights	3–30	
Business license for international joint projects	30	
Technical license	7–20	
Software	3–10	
Customer relationships	1–16	
Others	2–40	

2.15 Impairment of non-financial assets

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

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months [or the normal operating cycle of the Group] after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Financial liabilities

(a) Classification and measurement

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

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

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the income statement as ‘finance costs’, together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when the contractual obligation is extinguished due to discharging, cancellation, expiration, or when the terms of an existing financial liability are substantially modified.

(c) Classification of liabilities and equity

Debt instruments and equity instruments are classified as financial liabilities or equity based on the substance of contracts and the definition of financial liabilities and equity instruments.

2.18 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments;* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as “other financial liabilities” in the consolidated statement of financial position.

2.19 Provisions

Provisions for service warranties, make good obligations, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expenses.

2.20 Greenhouse gas emissions rights and liabilities

Emission liabilities arising from greenhouse gas emissions are measured as the sum of the carrying amount of the emission allowances held by the Group for the relevant compliance year and the best estimate of the expenditure required at the end of the reporting period to settle the obligation for emissions in excess of such allowances. Emission rights and emission liabilities are classified as “intangible assets (other intangible assets)” and ‘provisions (current portion of provisions)’, respectively, in the consolidated statement of financial position.

2.21 Current and deferred tax

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

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

2.22 Employee benefits

(a) Post-employment benefits

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

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

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

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

(b) Other long-term employee benefits

The Group provides long-term employee benefits that are entitled to employees with service period for five years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service costs, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independently qualified actuary.

(c) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. In addition, the Group is required to remeasure the fair value of cash-settled share-based payments at the end of each reporting period and at the settlement date until the liability is settled, with any changes in value recognized in profit or loss for the year.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

2.23 Revenue recognition

For all contracts with customers within the scope of KIFRS 1115 *Revenue from Contracts with Customers*, revenue is recognized applying the following five-step process to contracts with customers:

- identify contracts with customers;
- identify the separate performance obligation;
- determine the transaction price of the contract;
- allocate the transaction price to each of the separate performance obligations; and
- recognize the revenue as each performance obligation is satisfied.

(a) Identify performance obligations

(i) *A performance obligation is satisfied at a point in time*

The Group recognizes revenue from the sale of goods or services at the point in time when control of the goods or services is transferred to the customer and the performance obligation is satisfied. The Group determined that the manufacturing of mass-production products represents a performance obligation that is satisfied at a point in time. In determining when the customer obtains control of the promised asset and when the Group satisfies its performance obligation, the Group considers the right to payment, legal ownership, physical possession, and the transfer of significant risks and rewards.

(ii) *A performance obligation is satisfied over time*

In accordance with KIFRS 1115 *Revenue from Contracts with Customers*, the Group recognizes a performance obligation as being satisfied over time when one or more of the three criteria set out in paragraph 35 are met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(b) Variable consideration

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognizes revenue at transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty has been resolved.

(c) A significant financing component in the contract

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

(d) Allocation of transaction prices

The Group allocates transaction prices based on the individual selling prices for the various performance obligations identified in a single contract.

(e) Incremental costs of obtaining a contract

The Group pays broker commissions to its brokers based on certain supply contracts. Such incremental cost for obtaining a contract is an incremental cost because it would not have incurred if the contract has not been obtained. Any cost that is incurred regardless of obtaining a contract is recognized as an expense as incurred unless it can be charged to the customer whether the contract is obtained or not.

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, and costs that are recognized as assets are amortized based on the progress towards complete satisfaction.

(f) Warranties

The Group analyzed the effect of warranties, and concluded that the impacts on the consolidated financial statements are not significant. The Group provides customers for certain project with another warranty in addition to the standard warranty assuring that the product complies with agreed-upon specifications. Therefore, the promised service is a separate performance obligation in accordance with KIFRS 1115.

If the Group provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Group accounts for the promised warranty as a separate performance obligation and allocate a portion of the transaction price to service provided and warranty service.

(g) Contract assets and liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. The Group presents contract assets and liabilities arising from the same contract in the consolidated statement of financial position at net amount by offsetting each other.

2.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group disclosed information relating to its operating segments in Note 34 to the consolidated financial statements in accordance with KIFRS 1108 *Operating Segments*.

2.25 Business combination of entities under common control

The Group applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company. However, if the consolidated financial statements are not available, the Group applies the carrying amount of assets and liabilities accounted on acquiree's financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as reserves.

2.26 Business Combinations

The Group has applied the acquisition method of accounting for business combinations. The consideration transferred is determined based on the fair value (at the exchange date) of the assets acquired in exchange for control over the acquiree, as well as the liabilities assumed in relation to the previous owners of the acquiree, and the equity instruments issued on the acquisition date. Acquisition-related costs are recognized as profit or loss in the period incurred.

On the acquisition date, identifiable assets acquired, liabilities assumed, and contingent liabilities are recognized at their fair value, with the exception of the following:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits obligations are recognized and measured in accordance with KIFRS 1012 *Income Taxes* and KIFRS 1019 *Employee Benefits*, respectively;

- any liabilities or equity instruments that arise when the Group substitutes equity-based compensation of the acquiree for its equity-based compensation are measured in accordance with KIFRS 1102 *Share-based Payment*; and

- non-current assets (or disposal groups) classified as held for sale in accordance with KIFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with KIFRS 1105.

Goodwill is measured as the excess of the total of the consideration transferred and the fair value of the equity interests previously held by the Group in the acquiree over the net fair value of the identifiable acquired assets and assumed liabilities as of the acquisition date. If the net fair value of identifiable acquired assets and assumed liabilities exceeds the total of the consideration transferred and the fair value of the equity interests previously held by the Group in the acquiree, the excess amount is recognized as a bargain purchase gain in the profit or loss for the period.

The acquisition consideration of the Group resulting from a business combination includes assets and liabilities arising from contingent consideration agreements, which are measured at fair value on the acquisition date and included as part of the acquisition consideration. Any changes in fair value after the acquisition date are adjusted retroactively based on the conditions of measurement period adjustments, which refer to the adjustments arising from obtaining additional information about facts and circumstances existing at the acquisition date during the adjustment period (which cannot exceed one year from the acquisition date).

If the conditions for measurement period adjustments are not met, changes in the fair value of contingent consideration are accounted for based on the classification of the contingent consideration. Contingent consideration classified as equity is not remeasured after the reporting date and is accounted for as equity when settled. Other contingent considerations are remeasured at fair value after the reporting date, and any changes in fair value are recognized in profit or loss.

In a business combination achieved in stages, the Group remeasures the equity interest previously held in the acquiree at its fair value on the acquisition date. If this results in a gain or loss, it is recognized in profit or loss (or, where appropriate, in other comprehensive income). Any fair value changes of the equity interest in the acquiree recognized in other comprehensive income prior to the acquisition date are recognized based on the standards applicable as if the previously held interest were directly disposed of.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for items for which the accounting has not been completed in the financial statements. If there is newly obtained information during the measurement period regarding facts and circumstances existing at the acquisition date, the Group retroactively adjusts the provisional amounts recognized as of the acquisition date to reflect that information or recognizes additional assets and liabilities, considering how that information would have affected the measurement of the amounts recognized at the acquisition date.

2.27 Leases

(a) Group as a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(b) Group as a lessee

The Group leases various offices, warehouses, equipment, vessels and cars. Lease contracts are typically made for fixed periods of two to fifty years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate or vessels for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

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

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

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

2.28 Approval of issuance of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2025 were approved for issue by the Board of Directors on February 23, 2026 and are subject to change with the approval at the annual shareholder's meeting.

3. Material accounting estimates and assumptions

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

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

(a) Impairment loss on intangible assets that have indefinite useful lives (goodwill) and business license for international joint projects

The Group tests whether Intangible assets that have indefinite useful lives (goodwill) and international joint projects has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

(b) Income tax

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

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages, there is an uncertainty measuring the final tax effects (see Note 25).

In addition, the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(d) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 24).

(e) Construction contracts

(i) *Uncertainty of the estimated total contract revenue*

The total contract revenue is measured based on contractual amount initially agreed. Yet the measurement of contract revenue is liable to various uncertainties of the future events, as the contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. The change in contract revenue is recognized when it is probable that the customer will approve of the increase in revenue due to the changes in contract work and the amount of changes can be measured reliably.

(ii) *Estimated total contract costs*

The total contract costs are estimated based on future estimates of material costs, labor costs and others. There is uncertainty in the estimated total contract costs, such as changes in order or contract period.

(f) Revaluation of property, plant, and equipment

Land is measured at fair value based on valuations conducted by independent appraisal firms, and revaluations are performed periodically to ensure that the carrying amount of the asset does not differ significantly from its fair value at the end of the reporting period. The evaluation applies the Officially Assessed Land Price (“OALP”) of base land disclosed by the Korean government for taxation purposes, while adjusting the OALP of base land considering the current status of the property to be appraised for determining its price.

(g) Impact of sanctions against Russia

As a result of the conflict between Russia and Ukraine that occurred in February 2022, international sanctions were imposed on Russia by countries such as the United States and the European Union. On March 1, 2022, the government of the Republic of Korea also joined the international sanctions. Consequently, Russian companies may face restrictions in accessing foreign currencies to settle accounts receivable denominated in the US dollar and the Euro, and increased credit risk may arise due to a lack of liquidity in the foreign exchange market and a significant depreciation of the Ruble. Additionally, restrictions on access to the SWIFT system for Russian banks may limit customers' ability to settle accounts payable, potentially affecting the timing of the Group’s receipt of payments. As of December 31, 2025, the Group has entered into certain shipbuilding contracts associated with Russian companies or banks, recognizing assets of ₩ 1,746,340 million and no related liabilities and the cumulative sales recognized in connection with such contracts amounted to ₩ 2,471,978 million.

Moreover, regarding contracts where the shipowners have failed to make payments for the construction fees within the stipulated deadline, termination notices have been issued, resulting in the recognition of amounts recorded as inventory totaling ₩ 1,105,109 million.

Currently, it is highly uncertain to predict the extent of the impact that these sanctions might have on the financial position and operating performance, and thus the Group’s consolidated financial statements do not reflect any such impact.

(h) Fair value measurement in business combination

The Group measures the identifiable assets acquired and liabilities assumed in a business combination at their fair value on the acquisition date. In the case of intangible assets acquired in a business combination, if there is a possibility of inflow of future economic benefits and they are separated, they are identified as separate intangible assets. To measure intangible assets, the fair value is determined by discounting the expected future cash flows using an appropriate discount rate (See Note 45).

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and others), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Group.

4.1.1 Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign entities. Additionally, the Group evaluates, manages and reports the risks of exchange rate fluctuation periodically by the managing system of receivables and payables.

The table below summarizes the impact of weakened/strengthened Korean won on the Group's profit before tax for the year. The analysis is based on the assumption that Korean won has weakened/strengthened by 10% with all other variables held constant.

(in thousands of Korean won)	**December 31, 2025**			
	Increase in profit or loss for the current period from a 10% increase in market variables	Decrease in profit or loss for the current period from a 10% increase in market variables	Increase in profit or loss for the current period from a 10% decrease in market variables	Decrease in profit or loss for the current period from a 10% decrease in market variables
USD	₩ 549,892,612	₩ -	₩ -	₩ (549,892,612)
EUR	15,269,042	-	-	(15,269,042)
PHP	1,644,520	-	-	(1,644,520)

(b) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings may fluctuate due to the changes in future market interest rate. The interest rate risk mainly arises from floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

As of December 31, 2025, the profit before income tax shall be increased/decreased by ₩ 36,119 million, if the interest rate on floating rate borrowings increases/decreases by 1% with all other variables held constant.

4.1.2 Credit risk

The Group manages credit risk by establishing policies and procedures in order to reduce credit risks related to financial assets. The Group is provided collateral or guarantee from the customers when entering a new contract. For the financial assets for which collections are overdue, status of overdue collection and collection plan are reported to management and the Group subsequently takes actions corresponding to reasons of overdue.

The maximum exposure to credit risk equals to the carrying amount and the maximum guaranteed amount of all financial assets (excluding equity securities), such as cash and cash equivalents deposited at the financial institutions and trade and other receivables.

4.1.3 Liquidity risk

The contractual maturities of the Group's non-derivative financial liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025						
	Carrying amount	**Contractual cash flows**	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	₩ 6,614,508,257	₩ 14,087,986,553	₩ 6,334,123,439	₩ 7,177,184,227	₩ 427,977,270	₩ 93,562,085	₩ 55,139,532
General facility loans	9,315,184,642	9,339,301,292	4,476,412,327	1,708,971,889	1,102,636,393	2,018,524,859	32,755,824
Corporate bonds	3,079,701,712	3,279,519,235	618,689,996	248,924,697	1,130,305,392	1,281,599,150	-
Lease liabilities	430,488,009	492,098,116	51,274,561	41,338,985	102,719,135	171,125,266	125,640,169
Redeemable convertible preferred shares	6,533,829	14,729,287	-	14,729,287	-	-	-
Financial liabilities at amortized cost	78,713,546	85,333,857	-	11,508,224	18,139,000	54,417,000	1,269,633
	₩ 19,525,129,995	₩ 27,298,968,340	₩ 11,480,500,323	₩ 9,202,657,309	₩ 2,781,777,190	₩ 3,619,228,360	₩ 214,805,158

(in thousands of Korean won)	December 31, 2024						
	Carrying amount	**Contractual cash flows**	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	₩ 4,690,227,868	₩ 4,695,908,536	₩ 4,246,110,784	₩ 4,681,616	₩ 257,248,477	₩ 77,374,855	₩ 110,492,804
General facility loans	8,217,570,165	8,754,552,269	1,598,417,520	4,457,414,320	550,379,931	2,146,593,276	1,747,222
Corporate bonds	2,064,939,661	2,237,923,550	302,941,350	129,927,825	814,130,798	990,923,577	-
Lease liabilities	410,700,722	442,644,347	20,054,367	68,403,829	36,485,277	211,099,459	106,601,415
Redeemable convertible preferred shares	5,374,684	14,146,829	2,448,255	11,698,574	-	-	-
Financial liabilities at amortized cost	75,983,763	84,461,042	-	-	10,635,409	54,417,000	19,408,633
	₩ 15,464,796,863	₩ 16,229,636,573	₩ 6,169,972,276	₩ 4,672,126,164	₩ 1,668,879,892	₩ 3,480,408,167	₩ 238,250,074

The above non-derivative financial liabilities include financial guarantee liabilities. Accordingly, the Group has an obligation to pay if the entity provided the guarantees cannot perform the obligations. Refer to the relevant liquidity risk which is described in Note 41 *Commitments and Contingencies*.

4.2 Capital risk management

The purpose of the Group's capital management is to maintain a sound capital structure and to maximize shareholder's profit. The Group monitors financial ratios such as debt ratio and net borrowings ratio to optimize capital structure and performs financial structure improvements as necessary.

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Liabilities (A)	₩ 37,165,484,932	₩ 32,069,927,384
Equity (B)	16,788,184,672	11,492,006,659
Debt ratio (A/B) (%)	221.4%	279.1%
Cash and cash equivalents (C)	₩ 7,713,355,500	₩ 2,967,733,423
Other current financial assets (D)	188,463,688	353,821,515
Borrowings and debentures (E)	12,394,886,354	10,282,509,826
Net borrowings ratio ((E-D-C)/B) (%)	26.8%	60.6%

5. Fair value

5.1 Financial instruments measured at fair value

The carrying amounts and fair values of financial instruments by category as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 7,713,355,500	₩ 7,713,355,500	₩ 2,967,733,423	₩ 2,967,733,423
Short-term financial instruments	188,463,688	188,463,688	322,872,566	322,872,566
Other current financial assets	-	-	30,948,949	30,948,949
Trade and other receivables	3,734,950,413	3,734,950,413	3,377,790,242	3,377,790,242
Current derivative assets	27,519,400	27,519,400	6,446,390	6,446,390
Long-term financial instruments	67,701,749	67,701,749	62,651,962	62,651,962
Other non-current financial assets	1,825,519,073	1,825,519,073	1,041,552,478	1,041,552,478
Long-term trade and other receivables	303,617,110	303,617,110	408,324,087	408,324,087
Non-current derivative assets	11,247,569	11,247,569	81,542,098	81,542,098
	₩ 13,872,374,502	₩ 13,872,374,502	₩ 8,299,862,195	₩ 8,299,862,195
Financial liabilities				
Trade and other payables	₩ 6,030,832,236	₩ 6,030,832,236	₩ 4,250,543,330	₩ 4,250,543,330
Current portion of borrowings and debentures	6,982,167,457	6,956,468,043	6,117,727,028	6,159,535,366
Current derivative liabilities	66,699,345	66,699,345	361,958,732	361,958,732
Other current financial liabilities	27,631,516	27,631,516	5,374,684	5,374,684
Long-term trade and other payables	572,289,168	572,289,168	439,684,538	439,684,538
Long-term borrowings and debentures	5,412,718,897	5,428,127,934	4,164,782,798	4,123,827,252
Non-current derivative liabilities	3,650,594	3,650,594	53,181,891	53,181,891
Other non-current financial liabilities	69,002,711	69,002,711	75,983,763	75,983,763
	₩ 19,164,991,924	₩ 19,154,701,547	₩ 15,469,236,764	₩ 15,470,089,556

5.2 Fair value hierarchy

Assets and liabilities that are measured at fair value are categorized by the fair value hierarchy, and the defined levels are as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- all inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2); and
- unobservable inputs for the asset or liability (Level 3).

The fair value hierarchy classifications of financial instruments that are measured at fair value as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Short-term financial instruments	₩ -	₩ 82,236,000	₩ -	₩ 82,236,000
Long-term financial instruments	-	4,304,700	-	4,304,700
Other non-current financial assets	982,234,982	313,055,473	530,228,618	1,825,519,073
Derivative assets	-	38,766,969	-	38,766,969
Derivative liabilities	-	65,594,970	4,754,969	70,349,939

(in thousands of Korean won)	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	₩ -	₩ 7,600,000	₩ -	₩ 7,600,000
Short-term financial instruments	-	71,894,000	-	71,894,000
Long-term financial instruments	-	2,601,064	-	2,601,064
Other current financial assets	-	-	30,948,949	30,948,949
Other non-current financial assets	486,988,306	44,000,902	510,563,270	1,041,552,478
Derivative assets	-	26,574,115	61,414,373	87,988,488
Derivative liabilities	-	409,602,723	5,537,900	415,140,623

5.3 Changes in Level 3 for recurring fair value measurements

Changes in level 3 for recurring fair value measurements for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025			
	Financial assets at FVPL	Financial assets at FVOCI	Derivative assets	Derivative liabilities
Beginning balance	₩ 505,590,302	₩ 35,921,917	₩ 61,414,373	₩ 5,537,900
Acquisition	67,130,501	44,220,641	-	-
Disposal[4]	(30,948,949)	-	(61,414,373)	-
Valuation	(93,250,510)	5,429,146	-	782,931
Others[1]	(4,486,774)	622,344	-	(1,565,862)
Business combination[2]	-	-	-	-
Spin-off[3]	-	-	-	-
Ending balance	₩ 444,034,570	₩ 86,194,048	₩ -	₩ 4,754,969

(in thousands of Korean won)	2024			
	Financial assets at FVPL	Financial assets at FVOCI	Derivative assets	Derivative liabilities
Beginning balance	₩ 458,984,447	₩ 24,754,915	₩ 36,810,606	₩ 10,612,762
Acquisition	74,394,482	500,000	-	-
Disposal	-	-	-	-
Valuation	63,790,846	(957,122)	24,603,767	(5,074,862)
Others[1]	(117,969,429)	882,363	-	-
Business combination[2]	30,948,949	10,741,761	-	-
Spin-off[3]	(4,558,993)	-	-	-
Ending balance	₩ 505,590,302	₩ 35,921,917	₩ 61,414,373	₩ 5,537,900

[1] The Group recognized a loss allowance for the entire balance of the convertible bonds it holds with a face value of ₩ 183,223 million, considering the maturity and collectability of the bonds as of June 16, 2024.

[2] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

[3] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the financial assets of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

[4] The Group held a call option to acquire the remaining shares (70%) of P&W NGPF Manufacturing Company Singapore Pte. Ltd.; however, as the option was not exercised within the exercise period, the Group recognized a loss on derivatives transactions of ₩ 61,414 million for the year ended December 31, 2025.

5.4 Valuation techniques and inputs

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2025 are as follows:

(in thousands of Korean won)	December 31, 2025				
	Level	**Valuation techniques**	**Inputs**	**Range of inputs**	**Fair value**
Beneficiary certificates	3	Net asset value approach method	Net asset value	-	₩ 317,067,775
	3	Net asset value approach method	Net asset value	-	41,808,283
Unlisted equity securities	3	Market approach (relative valuation method)	-	-	23,518,222
	3	Discounted cash flow	Perpetual growth rate, weighted average cost of capital	-	15,576,991
Debt instruments	3	Net asset value approach method	Net asset value	-	33,002,700
Cooperative investments	3	Net asset value approach method	Net asset value	-	74,778,403
Redeemable convertible preferred shares / convertible preferred shares	3	Binomial model and others	Price volatility, risk-free interest rate	-	24,476,244
Derivative liabilities	3	Binomial model	Price volatility, risk-free interest rate	-	4,754,969
					₩ 534,983,587

6. Financial instruments by category

6.1 Carrying amounts of financial instruments by category

Details of financial assets and liabilities by category as of December 31, 2025 and 2024 are as follows:

(a) Financial assets

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Financial assets at FVPL		
Cash and cash equivalents	₩ -	₩ 7,600,000
Short-term and long-term financial instruments	86,540,700	74,495,064
Other financial assets	755,547,027	547,891,031
Financial assets at FVOCI	1,069,972,046	524,610,396
Financial assets at amortized cost		
Cash and cash equivalents	7,713,355,500	2,960,133,423
Short-term and long-term financial instruments	169,624,737	311,029,464
Trade and other receivables	4,038,567,523	3,786,114,329
Derivative instruments		
Option	-	61,414,373
Interest rate swap held for hedging	655,420	-
Currency swap held for hedging	16,245,533	25,113,409
Currency forward held for hedging	19,072,754	1,002,958
Currency forward held for trading	2,793,262	457,748
	₩ 13,872,374,502	₩ 8,299,862,195

(b) Financial liabilities

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Financial liabilities at amortized cost		
Trade and other payables[1]	₩ 6,603,121,404	₩ 4,690,227,868
Current borrowings and debentures	12,394,886,354	10,282,509,826
Other financial liabilities	96,634,227	81,358,447
Derivative instruments		
Interest rate swap held for hedging	-	1,274,917
Currency forward held for hedging	38,933,831	400,799,271
Currency forward held for trading	26,661,139	7,528,535
Redeemable convertible preferred shares	4,754,969	5,537,900
	₩ 19,164,991,924	₩ 15,469,236,764

[1] Provisional wage expenses are included.

6.2 Net gains or losses on financial instruments by category

Net gains (losses) on financial instruments by category for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024**[4]
Financial assets at FVPL				
Interest income	₩	18,829,837	₩	14,420,858
Dividend income		28,778,785		188,960
Gain on valuation		1,524,775		63,762,222
Loss on disposal		(1,607)		(882)
Gain on foreign currency translations[3]		-		4,792,106
Financial assets at FVOCI[1]				
Gain (loss) on valuation[2]		16,199,516		(54,570,950)
Loss on disposal		(19,394,519)		-
Financial assets at amortized cost				
Interest income		204,184,496		59,335,694
Gain (loss) on foreign currency translation		(38,884,448)		122,944,443
Gain (loss) on foreign currency transaction		(23,343,464)		66,614,111
Reversal (addition) of bad debt expenses		648,066		(401,665)
Reversal of other bad debt expenses		(466,555)		(132,755,941)
Loss on disposal		(8,315,741)		(7,821,826)
Financial liabilities at amortized cost				
Interest expenses		(472,161,407)		(248,109,240)
Gain (loss) on foreign currency translation		29,629,880		(116,327,167)
Gain (loss) on foreign currency transaction		(33,185,595)		24,064,631
Derivative instruments				
Gain on valuation of option		-		24,603,767
Loss on transaction of option		(61,414,373)		-
Gain on valuation of redeemable convertible preferred shares		782,931		5,074,863
Gain (loss) on valuation of interest rate swap held for hedging[1,2]		1,930,337		(1,274,917)
Gain (loss) on valuation of currency swap held for hedging[1,2]		1,959,610		(203,568)
Gain (loss) on valuation of currency swap held for hedging		(13,098,000)		33,516,000
Gain on valuation of currency forward held for hedging		14,845,839		-
Gain (loss) on valuation of currency forward held for trading		2,532,720		(6,223,688)
Loss on transactions such as the total return swaps		(1,495,348)		-
Gain on transaction of currency swap held for hedging		2,349,000		252,000
Gain (loss) on transaction of currency forward held for hedging		49,615,481		(332,524)

(in thousands of Korean won)	2025		2024[4]	
Loss on transaction of currency forward held for trading		(11,973,777)		(71,533,519)
Total	₩	(309,923,561)	₩	(219,986,232)

[1] Before tax effect.
[2] Gain (loss) on valuation was recognized in other comprehensive income.
[3] Including gain (loss) on foreign currency translation of convertible bonds for the year ended December 31, 2024.
[4] Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

7. Transfer of financial assets

There are no transferred financial assets that are not derecognized as of December 31, 2025 and 2024.

8. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
Cash on hand	₩	117,757	₩	98,217,278
Demand deposits		2,763,958,014		862,457,726
Other cash and cash equivalents		4,949,279,729		2,007,058,419
	₩	7,713,355,500	₩	2,967,733,423

9. Financial assets restricted in use

Details of financial instruments restricted in use as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	Dec. 31, 2025		Dec. 31, 2024		Restriction
Cash and cash equivalents[2]	₩	977,243,597	₩	44,832,045	Collateral provided, technology development business agreement and others
Other current financial assets[1] (short-term financial instruments)		118,555,260		95,789,330	Mutual cooperation fund and others
Other non-current financial assets (long-term financial instruments)		56,397,049		53,650,898	Secured deposits and others
	₩	1,152,195,906	₩	194,272,273	

[1] As of December 31, 2025, in relation to the Employee Stock Ownership Plan (ESOP), the Group has provided time deposits denominated in Korean won amounting to ₩ 13,878 million to Korea Securities Finance Corporation as collateral.

[2] As of December 31, 2025, in connection with the issuance of performance bonds for the Polish export business,

the Group has provided time deposits denominated in Korean won amounting to ₩ 500,000 million and time deposits denominated in foreign currency amounting to USD 300 million to Seoul Guarantee Insurance as collateral. The restrictions on the use of such collateral were released in January 2026 upon the termination of the related guarantees.

10. Financial assets

10.1 Financial assets at fair value through profit or loss

Details of financial assets measured at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Short-term and long-term financial assets				
Deposit for mutual growth of large and small business	₩ 82,236,000	₩ -	₩ 65,394,000	₩ -
Savings insurance and others	-	4,304,700	6,500,000	2,601,064
Other financial assets				
Beneficiary certificates	-	585,869,454	-	347,618,418
Equity investments	-	341,943	-	1,726,661
Cooperative investments[1]	-	117,489,161	-	116,253,634
Redeemable convertible preferred shares	-	18,843,769	-	17,533,369
Convertible bonds	-	-	-	14,700,000
Other debt instruments	-	33,002,700	30,948,949	19,110,000
	₩ 82,236,000	₩ 759,851,727	₩ 102,842,949	₩ 519,543,146

As of December 31, 2025, a portion of the above cooperative investments has been provided as collateral for guarantees (see Note 42).

10.2 Financial assets at fair value through other comprehensive income

Details of financial assets at fair value through other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Other non-current financial assets		
Equity investments	₩ 1,069,972,046	₩ 524,610,396

Upon disposal of these equity securities, any balance within the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

10.3 Financial assets at amortized cost

Details of financial assets at amortized cost as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Short-term and long-term financial instruments				
Time deposits and others	₩ 106,227,688	₩ 63,397,049	₩ 250,978,566	₩ 60,050,898
Other receivables				
Non-trade receivables	491,028,874	151,235,781	521,885,979	145,986,057
Less: loss allowance	(149,840,668)	(68,557,891)	(154,794,383)	(68,562,633)
Accrued income	58,329,426	297,631	35,529,709	251,330
Less: loss allowance	(27,828,343)	(6,101)	(27,828,343)	-
Guarantee deposits provided	81,188,928	34,840,117	8,905,480	210,651,873
Loans to employees	17,104,041	-	1,713,772	17,328,657
Loans	192,848,956	18,716,801	5,902,249	2,570,492
Less: loss allowance	(3,830,796)	(38,950)	(4,002,357)	-
	₩ 765,228,106	₩ 199,884,437	₩ 638,290,672	₩ 368,276,674

(in thousands of Korean won)	2025		2024[1]	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 186,625,083	₩ 68,562,633	₩ 486,122	₩ 302,359
(Reversal of) bad debt expenses	466,555	-	133,058,300	(302,359)
Write-off	(314,803)	-	(394,197)	-
Spin-off[2]	-	-	(19,985)	-
Business combination[3]	-	-	41,051,183	68,562,633
Others	(5,277,028)	40,309	12,443,660	-
Ending balance	₩ 181,499,807	₩ 68,602,942	₩ 186,625,083	₩ 68,562,633

[1] Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.
[2] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the trade and other receivables of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), Hanwha Techwin Co., Ltd., and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.
[3] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

11. Trade receivables and contract assets

Details of trade receivables and contract assets as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 3,090,419,928	₩ 762,330,361	₩ 3,007,702,005	₩ 695,785,765
Less: loss allowance	(14,469,933)	(595,200,639)	(17,223,869)	(595,687,454)
	3,075,949,995	167,129,722	2,990,478,136	100,098,311
Contract assets	6,487,721,490	-	5,518,508,643	-
	₩ 9,563,671,485	₩ 167,129,722	₩ 8,508,986,779	₩ 100,098,311

The Group transferred trade receivables to the bank and received cash and has no outstanding amounts. The Group is obligated to pay the relevant amount to a financial institution in the event of bankruptcy of the customer under the loan agreement regarding the outstanding amount.

Changes on loss allowances for trade receivables and contract assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025		2024[1]	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Beginning balance	₩ 612,911,323	₩ -	₩ 11,345,993	₩ -
(Reversal of) bad debt expenses	(648,066)	-	401,665	-
Write-off	(2,408,918)	-	(272,910)	-
Spin-off[2]	-	-	(6,408,094)	-
Business combination[3]	-	-	608,440,018	-
Others	(183,767)	-	(595,349)	-
Ending balance	₩ 609,670,572	₩ -	₩ 612,911,323	₩ -

[1] Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.
[2] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the trade and other receivables of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), Hanwha Techwin Co., Ltd., and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.
[3] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

12. Derivatives

Details of derivatives as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Derivatives assets				
Option[1]	₩ -	₩ -	₩ -	₩ 61,414,373
Interest rate swap held for hedging	655,420	-	-	-
Currency swap held for hedging	9,862,222	6,383,311	4,985,684	20,127,725
Currency forward held for hedging	14,208,496	4,864,258	1,002,958	-
Currency forward held for trading	2,793,262	-	457,748	-
	₩ 27,519,400	₩ 11,247,569	₩ 6,446,390	₩ 81,542,098
Derivatives liabilities				
Interest rate swap held for hedging	₩ -	₩ -	₩ 1,274,917	₩ -
Currency forward held for hedging	38,933,831	-	347,617,380	53,181,891
Currency forward held for trading	23,010,545	3,650,594	7,528,535	-
Redeemable convertible preferred shares	4,754,969	-	5,537,900	-
	₩ 66,699,345	₩ 3,650,594	₩ 361,958,732	₩ 53,181,891

[1] The Group held a call option to acquire the remaining shares (70%) of P&W NGPF Manufacturing Company Singapore Pte. Ltd.; however, as the option was not exercised within the exercise period, the Group recognized a loss on derivatives transactions of ₩ 61,414 million for the year ended December 31, 2025.

Derivatives for cash flow hedge

The Group has entered foreign exchange swap contracts to hedge the risk of volatility in exchange rates and interest rate in USD regarding FRNs. The Group also recognized currency swap derivative assets of ₩ 16,245,533 thousand as of December 31, 2025.

Derivatives for fair value hedge

The Group has entered foreign exchange swap and forward contracts to hedge the risk of volatility in exchange rates of KRW to USD and EUR regarding foreign contracts. The Group applied fair value hedge accounting, recognizing firm commitment assets of ₩ 43,404,736 thousand and commitment liabilities of ₩ 18,028,068 thousand as of December 31, 2025. In addition, the Group also recognized derivative asset of ₩ 19,072,754 thousand and derivative liabilities of ₩ 438,933,831 thousand as of December 31, 2025.

13. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise and finished goods	₩ 456,986,475	₩ (6,701,644)	₩ 450,284,831
Semi-finished goods	687,381,227	(1,899,984)	685,481,243
Work in progress	4,866,294,032	(450,359,044)	4,415,934,988
Raw materials	2,028,034,808	(147,842,869)	1,880,191,939
Supplies	42,232,811	(7,903,609)	34,329,202
Materials in transit	275,435,360	-	275,435,360
	₩ 8,356,364,713	₩ (614,707,150)	₩ 7,741,657,563

(in thousands of Korean won)	December 31, 2024		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise & finished goods	₩ 361,185,623	₩ (8,032,144)	₩ 353,153,479
Semi-finished goods	605,937,077	(1,353,885)	604,583,192
Work in progress	3,761,534,399	(494,368,997)	3,267,165,402
Raw materials	1,989,374,177	(158,383,022)	1,830,991,155
Supplies	43,065,619	(7,179,132)	35,886,487
Materials in transit	312,270,868	-	312,270,868
	₩ 7,073,367,763	₩ (669,317,180)	₩ 6,404,050,583

Details of inventories recognized as expenses and losses on valuation of inventories recognized in cost of sales for each of the two years in the period December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024[1]
Inventories recognized in expenses	₩ 21,307,050,695	₩ 8,925,550,928
(Reversal of) loss on valuation of inventories	(54,610,030)	2,092,102

[1] Gains (losses) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

14. Other assets

Details of other assets as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Advance payments	₩ 4,504,137,665	₩ 32,294,506	₩ 3,697,218,944	₩ 99,935,909
Prepaid expenses	142,920,847	89,243,989	209,660,146	46,188,667
Incremental costs of obtaining a contract[1]	76,945,835	-	58,183,782	-
Firm commitment assets	43,404,736	-	343,936,218	37,718,500
Other	-	306,661	-	28,415,329
	₩ 4,767,409,083	₩ 121,845,156	₩ 4,308,999,090	₩ 212,258,405

[1] The Group recognized as an asset broker commissions incurred as costs of obtaining a contract with a customer, which would not have been incurred if the contract had not been entered into.

The amortization and impairment loss amounts recognized as expenses in relation to the incremental costs of obtaining a contract recognized as assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024
Amortization recognized as expenses	₩ 25,083,524	₩ -
Reversal of impairment loss recognized as expenses	(1,199,613)	-

Incremental costs of obtaining a contract are expensed using the same method as that used to recognize revenue for the related contract.

Changes in the book amounts of accumulated impairment losses on incremental costs of obtaining a contract for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024
Beginning balance	₩ 1,199,613	₩ -
Reversal of impairment loss	(1,199,613)	-
Ending balance	₩ -	₩ -

15. Property, plant and equipment

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 3,759,079,528	₩ 2,388,297,658	₩ 1,055,809,168	₩ 833,590,464	₩ 349,088,733	₩ 8,385,865,551
Acquisition	8,142,302	35,325,093	224,905,446	1,405,386,181	107,160,882	1,780,919,904
Disposal	(273,421)	(6,323,858)	(14,130,431)	(1,077,880)	(2,550,517)	(24,356,107)
Depreciation	-	(125,259,893)	(179,128,027)	-	(89,082,560)	(393,470,480)
Others[1,2]	6,349,452	499,140,474	172,618,347	(1,412,260,784)	509,635,703	(224,516,808)
Ending balance[5]	₩ 3,773,297,861	₩ 2,791,179,474	₩ 1,260,074,503	₩ 825,637,981	₩ 874,252,241	₩ 9,524,442,060
Acquisition cost	₩ 3,773,297,861	₩ 5,039,553,021	₩ 3,765,446,934	₩ 825,637,981	₩ 2,148,682,405	₩ 15,552,618,202
Accumulated depreciation	-	(1,986,298,923)	(2,275,564,454)	-	(1,029,006,238)	(5,290,869,615)
Accumulated impairment loss	-	(262,074,624)	(229,807,977)	-	(245,423,926)	(737,306,527)

[1] Reclassification and exchange differences are included.
[2] The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 2.95%~4.12%, and the borrowing costs capitalized as property, plant and equipment as of December 31, 2025 amounted to ₩ 3,954 million.

Some of the above property, plant and equipment are provided as collateral for borrowings as of December 31, 2025 (see Note 42).

(in thousands of Korean won)	2024					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 1,565,098,825	₩ 925,754,993	₩ 508,724,151	₩ 295,620,154	₩ 115,133,564	₩ 3,410,331,687
Acquisition	4,296,409	30,778,999	119,306,845	456,026,905	30,429,796	640,838,954
Disposal	(230,040)	(8,908,639)	(858,675)	-	(779,988)	(10,777,342)
Depreciation[2]	-	(40,846,338)	(118,254,989)	-	(43,949,477)	(203,050,804)
Reversal of impairment loss (Impairment loss)	-	299,549	(1,987,378)	-	(1,918,285)	(3,606,114)
Spin-off[3]	(104,060,897)	(55,775,952)	(36,345,811)	(41,692,330)	(42,840,170)	(280,715,160)
Business combination[4]	2,286,885,512	1,413,368,247	483,922,856	443,552,918	233,509,356	4,861,238,889
Others[1]	7,089,719	123,626,799	101,302,169	(319,917,183)	59,503,937	(28,394,559)
Ending balance[5]	₩ 3,759,079,528	₩ 2,388,297,658	₩ 1,055,809,168	₩ 833,590,464	₩ 349,088,733	₩ 8,385,865,551
Acquisition cost	₩ 3,759,079,528	₩ 4,525,703,923	₩ 3,471,108,888	₩ 833,590,464	₩ 1,597,005,908	₩ 14,186,488,711
Accumulated depreciation	-	(1,874,715,942)	(2,179,874,188)	-	(998,543,425)	(5,053,133,555)
Accumulated impairment loss	-	(262,690,323)	(235,425,532)	-	(249,373,750)	(747,489,605)

[1] Reclassification and exchange differences are included.
[2] The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.
[3] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service, and Hanwha Industrial Solutions Co., Ltd. succeeded the property, plant and equipment of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.
[4] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.
[5] The capitalization interest rate applied to capitalization of borrowing costs is 4.27%~4.38%, and the borrowing costs capitalized as property, plant and equipment as of December 31, 2024 amounted to ₩ 2,360 million.

The Group has been recognizing land at revaluated value since 2015. Details of the revaluation model applied to land are as follows:

	Details
Valuation date	December 31, 2023
Valuation company	The First Appraisal & Consulting Co. and Pacific Appraisal Co., Ltd.
Valuation method	Transaction case value method and public land price standard method

The OALP method, complemented by the comparable transactions method, had been used to appraise the fair value of the land. The valuation method is based on the OALP of base land, whose traits are considered to be similar to those of land to be appraised in terms of use district, land category, state of use, etc. The price fluctuation rate or regional and individual factors have been analyzed, accordingly. The carrying amounts of land subject to revaluation and the carrying amounts when assessed on a cost model are as follows:

(in thousands of Korean won)	Revaluation model	Cost model
Land	₩ 3,773,297,861	₩ 3,152,374,017

Accumulated revaluation surplus that arises from the above land revaluation and recognized as other capital at the end of the current period is ₩ 620,923,844 thousand (before deducting income tax effect, including non-controlling interests).

The fair value hierarchy classifications of the land that are measured at fair value as of December 31, 2025 are as follows:

(in thousands Korean won)	December 31, 2025		
	Level 1	Level 2	Level 3
Land	₩ -	₩ -	₩ 3,773,297,861
Non-current assets held-for-sale	-	-	35,636,049
	₩ -	₩ -	₩ 3,808,933,910

Line items, including depreciation, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024[1]
Cost of sales	₩ 363,448,865	₩ 176,143,346
Selling and administrative expenses	18,543,875	19,935,494
Research and development	11,477,740	6,971,964
	₩ 393,470,480	₩ 203,050,804

[1] The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

16. Intangible assets

Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025							
	Goodwill	Development cost and technical value	Patents and trademark	Business license for international joint projects	Technical license	Software	Others	Total
Beginning balance	₩ 4,175,009,362	₩ 2,401,645,251	₩ 16,394,749	₩ 298,496,200	₩ 29,295,270	₩ 74,810,746	₩ 760,668,053	₩ 7,756,319,631
Internally generated	-	86,599,292	-	-	-	-	-	86,599,292
Acquisition	2,362	-	2,755,058	27,903,145	-	17,503,268	43,957,551	92,121,384
Disposal	-	-	(2,064,663)	-	-	(327,177)	(8,917,467)	(11,309,307)
Amortization	-	(195,545,793)	(1,995,723)	-	(2,094,304)	(32,305,333)	(146,043,277)	(377,984,430)
Impairment	-	(1,818,383)	-	-	-	(1,914,765)	(64,036)	(3,797,184)
Others[1,3,4]	(3,566,259)	(215,716,324)	(770,677)	190,937,957	(172,915)	95,771,081	(110,641,799)	(44,158,936)
Ending balance	4,171,445,465	2,075,164,043	14,318,744	517,337,302	27,028,051	153,537,820	538,959,025	7,497,790,450
Acquisition cost	4,343,070,536	2,461,740,085	42,231,438	602,293,963	52,191,972	459,657,179	782,625,700	8,743,810,873
Accumulated amortization[2]	₩ (171,625,071)	₩ (386,576,042)	₩ (27,912,694)	₩ (84,956,661)	₩ (25,163,921)	₩ (306,119,359)	₩ (243,666,675)	₩ (1,246,020,423)

[1] Reclassification and exchange differences are included.
[2] Accumulated impairment losses are included.
[3] The amount of ₩ 13,739,714 thousand recognized as deductions from sales is included.
[4] The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 3.36%~4.12%, and the borrowing costs capitalized as intangible assets as of December 31, 2025 amount to ₩ 1,968 million.

(in thousands of Korean won)	2024							
	Goodwill	**Development cost and technical value**	**Patents and trademark**	**Business license for international joint projects**	**Technical license**	**Software**	**Others**	**Total**
Beginning balance	₩ 1,014,280,802	₩ 642,544,775	₩ 26,475,450	₩ 281,591,980	₩ 32,566,550	₩ 74,246,633	₩ 131,101,530	₩ 2,202,807,720
Internally generated	-	73,186,421	-	-	-	-	-	73,186,421
Acquisition	6,172,653	-	1,808,451	29,579,773	-	20,590,605	82,646,315	140,797,797
Disposal	-	-	(49,596)	-	-	(94,163)	(27,624,680)	(27,768,439)
Amortization[4]	-	(28,460,260)	(3,707,229)	-	(3,271,280)	(28,758,425)	(7,724,650)	(71,921,844)
Impairment	(149,461,866)	(110,111)	(5,516,967)	-	-	(281,317)	(8,127,810)	(163,498,071)
Spin-off[5]	(73,286,661)	(4,926,699)	(7,362,284)	-	-	(8,260,305)	(9,000,893)	(102,836,842)
Business combination[6]	3,370,815,696	1,706,518,679	3,440,666	-	-	1,545,221	597,414,490	5,679,734,752
Others[1,3]	6,488,738	12,892,446	1,306,258	(12,675,553)	-	15,822,497	1,983,751	25,818,137
Ending balance[7]	4,175,009,362	2,401,645,251	16,394,749	298,496,200	29,295,270	74,810,746	760,668,053	7,756,319,631
Acquisition cost	4,346,630,897	2,673,598,683	163,996,476	383,452,861	55,375,992	363,130,569	812,089,966	8,798,275,444
Accumulated amortization[2]	₩ (171,621,535)	₩ (271,953,432)	₩ (147,601,727)	₩ (84,956,661)	₩ (26,080,722)	₩ (288,319,823)	₩ (51,421,913)	₩ (1,041,955,813)

[1] Reclassification and exchange differences are included.

[2] Accumulated impairment losses are included.

[3] The amount of ₩ 12,675,553 thousand recognized as deductions from sales is included.

[4] The amortizations incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

[5] The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the financial assets of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

[6] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

[7] The capitalization interest rate applied to capitalization of borrowing costs is 4.27%~4.38%, and the borrowing costs capitalized as intangible assets as of December 31, 2024 amount to ₩ 10,521 million.

Impairment test on goodwill

Goodwill is monitored by management at the operating segment level. The table below summarizes goodwill allocation for each operating segment (cash-generating unit). Goodwill allocation as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Landsystems division	₩ 272,825,375	₩ 272,825,375
Hanwha Systems Co., Ltd. – Defense division	127,333,294	127,333,294
Hanwha Systems Co., Ltd. – ICT division	331,756,852	331,756,852
Hanwha Ocean Co., Ltd.	2,509,067,287	2,509,156,333
Hanwha Aerospace USA Corporation	38,886,820	39,838,037
Hanwha Offshore Singapore Pte. Ltd.	606,874,802	611,749,417
Hanwha Philly Shipyard, Inc.	252,260,927	249,909,946
Satrec Initiative Co., Ltd.	28,228,520	28,228,520
Others	4,211,588	4,211,588
	₩ 4,171,445,465	₩ 4,175,009,362

The recoverable amount of the CGU is calculated on a basis of the value in use. Key assumptions for calculation of value in use are as follows:

	December 31, 2025							
	Hanwha Defense – Landsystems division	Hanwha Systems Co., Ltd. – Defense division	Hanwha Systems Co., Ltd. – ICT division	Hanwha Ocean Co., Ltd.	Hanwha Aerospace USA Corporation	Hanwha Offshore Singapore Pte. Ltd.	Hanwha Philly Shipyard, Inc.	Satrec Initiative Co., Ltd.
Gross margin rate[1]	20.61%	9.90%	8.32%	7.83%	8.10%	10.68%	6.38%	12.44%
Sales growth rate[2]	18.60%	19.81%	5.98%	8.89%	2.80%	15.51%	12.78%	8.96%
Discount rate	9.00%	8.34%	8.95%	8.00%	10.40%	9.80%	10.55%	8.66%
Perpetual growth rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

[1] The weighted average gross margin for estimating cash flows over the budgeted period

[2] The annual sales growth rate for estimating cash flows over the budgeted period

Also, as the result of sensitivity analysis from perpetual growth rate and discount rate fluctuate, even if the discount rate and perpetual growth rate change by 0.5%, respectively, the carrying amount does not exceed the recoverable amount.

Key assumptions that the Group has applied in estimating the value in use of business license for international joint projects as of December 31, 2025 are as follows:

	Business license for international joint projects
Gross margin rate[1]	50.30%
Sales growth rate[2]	-1.20%
Discount rate	7.88%
Perpetual growth rate[3]	-

[1] The weighted average gross margin for estimating cash flows over the budgeted period
[2] The annual sales growth rate for estimating cash flows over the budgeted period
[3] As the perpetual growth rate of the business license for international joint projects was estimated based on the cash flow for a limited period of business, the perpetual growth rate was not separately estimated.

As a result of the impairment assessment on the business license for international joint projects, it is determined that the carrying amount will not exceed the recoverable amount. In addition, as a result of the sensitivity analysis on changes in the perpetual growth rate and discount rate, the carrying amount does not exceed the recoverable amount even if the discount rate and the perpetual growth rate each change by 0.5%.

Details of intangible assets with indefinite useful lives as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		**December 31, 2025**		**December 31, 2024**
Golf membership rights	₩	20,620,357	₩	20,784,144
Other membership rights		11,045,665		8,290,563
Virtual assets		647,180		2,165,153
	₩	32,313,202	₩	31,239,860

Line items, including amortization, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024[1]**
Cost of sales	₩	64,096,015	₩	39,086,154
Selling and administrative expenses		310,616,027		30,337,308
Research and development		3,272,388		2,498,382
	₩	377,984,430	₩	71,921,844

[1] The amortizations incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

Virtual assets

The Group classifies acquired virtual assets as intangible assets, and for the virtual assets acquired through the operation of platforms, acquisition cost is recognized by adding costs directly attributable to the acquisition to the purchase price, while the virtual assets acquired by rendering the services or free of charge are stated at their fair value initially. Virtual assets classified as intangible assets are deemed to have indefinite useful life and thus are not amortized. Upon disposal, costs are determined by weighted average method. Impairment tests are conducted for virtual assets classified as intangible assets on a yearly basis or when there is an indication of impairment, and the carrying amounts are stated in the amounts less accumulated impairment losses. Impairment losses and gains or losses on disposal on virtual assets are classified as non-operating income or expenses as such virtual assets are not directly related to the main operations of the Group.

The status of virtual assets held by the Group as of December 31, 2025 is as follows:

(unit, in Korean won)		Quantity				Fair value (per unit)	
	Listing status	Beginning balance	Acquisition	Disposal	Ending balance	Dec. 31, 2024	Dec. 31, 2025
Kaia (formerly, Klaytn)	Listed[1]	₩ 7,236,292	₩ 709,445	₩ -	₩ 7,945,738	₩ 294	₩ 81

[1] It is listed on Coinone, a virtual asset exchange in Korea.

Changes in virtual assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025			
	Beginning balance	Acquisition	Impairment	Ending balance
Kaia (formerly, Klaytn)	₩ 2,165,153	₩ 396,792	₩ (1,914,765)	₩ 647,180

(in thousands of Korean won)	2024			
	Beginning balance	Acquisition	Disposal[1]	Ending balance
Kaia (formerly, Klaytn)	₩ 1,732,800	₩ 432,353	₩ -	₩ 2,165,153
MediBloc	330,602	44,119	(374,721)	-

[1] Loss on disposal of ₩ 180 million was recognized for the year ended December 31, 2024.

Risk of holding virtual assets

Fair values of virtual assets held by the Group as of December 31, 2025 have significantly changed after the year end and the impact thereof on the Group’s consolidated financial statements cannot be estimated. Due to this uncertainty, adjustments are not reflected in the Group’s consolidated financial statements.

Emission permits held for fulfilling obligations

The quantities of emission permits which are allocated free of charge for the 4th planning period (2026-2030) are as follows:

(in tCO2-eq)	2026	2027	2028	2029	2030	Total
Free allocation of emission	340,181	336,868	332,907	328,939	324,980	1,663,875

The quantity and carrying amount of certified emission reduction for the year ended December 31, 2025 are as follows:

(in thousands of Korean won)	2024		2025	
	Quantity	Amount	Quantity	Amount
Beginning balance	134,061	₩ -	102,868	₩ -
Free of charge	444,681	-	435,476	-
Submission[1]	(455,320)	-	(436,000)	-
Carryforwards	(102,868)	-	-	-
Disposal	(20,554)	-	-	-
Ending balance	-	₩ -	102,344	₩ -

[1] The quantity for the year ended December 31, 2024 represents the submission to the government, and the quantity for the year ended December 31, 2025 is the estimated emission obligations of the Group for the current year.

Emissions obligations are measured as the sum of the carrying amount of the allocated allowances that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of reporting period for any excess emission. Emission permits and emission obligations are classified as “intangible assets” and “current portion of provisions”, respectively, in the consolidated statement of financial position.

17. Lease

Set out below is the information for leases when the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statements of financial position show the following amounts relating to leases:

(in thousands of Korean won)		December 31, 2025		December 31, 2024
Right-of-use assets				
Properties	₩	334,986,558	₩	318,339,602
Vehicles		16,752,537		15,239,523
Others (IT tools and others)		91,083,735		87,450,119
	₩	442,822,830	₩	421,029,244
Lease liabilities				
Current	₩	83,443,405	₩	81,315,192
Non-current		347,044,604		329,385,530
	₩	430,488,009	₩	410,700,722

Additions to the right-of-use assets for the year ended December 31, 2025 were ₩ 101,837 million (2024: ₩ 35,931 million).

(b) Amounts recognized in the consolidated statement of comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

(in thousands of Korean won)		2025		2024[1]
Depreciation of right-of-use assets				
Properties	₩	64,714,354	₩	45,104,639
Vehicles		13,834,077		5,727,938
Others (IT tools and others)		22,738,517		5,142,539
	₩	101,286,948	₩	55,975,116
Interest expense relating to lease liabilities (included in finance cost)	₩	17,511,222	₩	9,110,858
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		7,682,797		6,190,262
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and selling administrative expenses)		9,072,273		6,855,464
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		8,905,860		-

[1] The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

The total cash outflow for leases for the year ended December 31, 2025 was ₩ 141,853 million (2024: ₩ 72,295 million).

18. Investments in associates and joint ventures

Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Name of entity	Location	Main business	December 31, 2025		December 31, 2024	
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Associates						
P&W NGPF Manufacturing Company Singapore Pte Ltd.	Singapore	Manufacturing of gas turbine engines for aircrafts	30.00%	₩ 79,981,688	30.00%	₩ 75,526,067
Sermatech Korea Co., Ltd.	Korea	Plasma coating, etc.	49.00%	10,445,889	49.00%	9,824,261
Overair, Inc.	U.S.A	Development of PAV aircraft and components	45.19%	-	45.19%	-
Luxrobo[1]	Korea	Coding education and development of IoT products	11.47%	4,619,783	11.61%	12,914,710
Musicow US, Inc.[2]	U.S.A	Operation of investment platforms for music copyrights	11.93%	4,603,061	15.00%	5,462,048
Infinidome Ltd.[3]	Israel	Development of anti-jamming solution	9.33%	6,898,794	9.33%	6,668,461
Forge Nano, Inc.[4]	U.S.A	Development of batteries and equipment for semiconductors	5.49%	20,582,524	2.76%	9,007,437
Hanwha Aviation Pte Ltd.[7]	Singapore	Other industrial machinery and equipment rental	50.00%	138,202,083	50.00%	107,636,416
Wing Shiptechnology Corp.	Korea	Other engineering research and development	23.20%	-	23.20%	-
TPI Mega Line Co., Ltd.[8]	Korea	Shipping	19.00%	5,052,435	19.00%	4,643,834
KC LNG Tech Co., Ltd.[8]	Korea	Patent management and licensing	16.60%	-	16.60%	-
YEONGDEOKBEULRUWINDEU CO., LTD.	Korea	Private development	50.00%	782,731	50.00%	827,524
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.[9]	China	Marine plants	51.00%	5,439	51.00%	31,576
Joint ventures						
Hanwha Futureproof Corp.	U.S.A	Holding company	50.00%	709,983,618	50.00%	722,381,036
Vivity AI Inc.[5]		Development of AI platform	27.69%	774,597	80.97%	5,983,750
Joob Global Pte Ltd.[6]		Telecommunications	-	-	80.62%	191,024
Shinan Ui Offshore Windpower Corporation[10]		Private development	60.00%	22,175,454	60.00%	4,743,040
Hanwha Shipping LLC		Shipping	50.00%	230,437,374	-	-
Hanwha Shipping Holdings LLC[11]		Management of overseas subsidiaries	50.00%	121,185,910	-	-
Hanwha Defense & Energy Corp.[11,12]		Management of overseas subsidiaries	75.00%	834,426,145	-	-
				₩ 2,190,157,525		₩ 965,841,184

[1] Although the Group owns under 20% shares of Luxrobo, it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.
[2] Although the Group owns under 20% shares of Musicow US, Inc., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.
[3] Although the Group owns under 20% shares of Infinidome Ltd., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.
[4] Although the Group owns under 20% shares of Forge Nano Inc., it is classified as an associate because the Group has significant influence as the participation in the board of directors.
[5] Although the Group owns 27.69% shares of Vivity AI Inc., it is classified as a joint venture because the Group has joint control through a joint agreement as Group has right to appoint a member of the board of directors.
[6] For the year ended December 31, 2025, the liquidation process was completed, and the entity was excluded from the scope of joint ventures.
[7] Although the Group owns under 50% shares of Hanwha Aviation Pte Ltd., it is classified as an associate because the Group has the right to appoint the entity’s directors in accordance with the investor agreement.
[8] The entities were classified as associates because the Group is deemed to have significant influence over the entities as the Group has the right to participate in the decision-making body of the entities.
[9] Although the Group owns over 50% shares of DM-CMHI Offshore Engineering(Jiangsu), the entity is classified as an associate because the Group cannot exercise the majority of voting rights pursuant to contracts and others.
[10] The Group classified the entity as a joint venture as major decisions of the decision-making body of the investee require unanimous agreement.
[11] The Group newly established the entity for the year ended December 31, 2025.
[12] Although the Group owns over 50% shares of Hanwha Defense & Energy Corp., the entity is classified as a joint venture because the Group cannot exercise the majority of voting rights pursuant to contracts and others.

Changes in associates and joint ventures for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Beginning balance	**Acquisition**	**Share of profit (loss) of associates and joint ventures**	**Share of other comprehensive income (loss) of associates and joint ventures**	**Others[1,3]**	**Ending balance**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 75,526,067	₩ -	₩ 6,181,111	₩ (1,725,490)	₩ -	₩ 79,981,688
Sermatech Korea Co., Ltd.	9,824,261	-	5,067,333	26,795	(4,472,500)	10,445,889
OVERAIR, Inc.[2]	-	-	-	-	-	-
Luxrobo	12,914,710	-	(1,570,534)	24,048	(6,748,441)	4,619,783
Musicow US, Inc.	5,462,048	-	(1,094,923)	-	235,936	4,603,061
Infinidome Ltd.	6,668,461	-	(617,022)	847,355	-	6,898,794
Forge Nano Inc.	9,007,437	11,686,400	(2,045,923)	(422,399)	2,357,009	20,582,524
Hanwha Aviation PTE. Ltd	107,636,416	37,016,900	(4,394,063)	(2,057,170)	-	138,202,083
Wing Shiptechnology Corp.	-	-	-	-	-	-
TPI Mega Line Co., Ltd.	4,643,834	-	1,370,001	-	(961,400)	5,052,435
KC LNG Tech Co., Ltd.[2]	-	-	-	-	-	-
YEONGDEOKBEULRUWINDEU CO., LTD.	827,524	-	(44,793)	-	-	782,731
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	31,576	-	(26,314)	254	(77)	5,439
Hanwha Futureproof Corp.	722,381,036	63,144,000	(60,096,967)	(15,444,451)	-	709,983,618
Vivity AI Inc.	5,983,750	-	(1,873,454)	(90,264)	(3,245,435)	774,597
Joob Global Pte Ltd.	191,024	-	(840)	-	(190,184)	-
Shinan Ui Offshore Windpower Corporation	4,743,040	27,106,200	(9,543,397)	(136,485)	6,096	22,175,454
Hanwha Shipping LLC	-	240,184,003	(13,846,496)	4,099,867	-	230,437,374
Hanwha Shipping Holdings LLC[3]	-	118,164,108	(775,457)	3,797,259	-	121,185,910
Hanwha Defense & Energy Corp.[4]	-	859,373,445	-	(24,947,300)	-	834,426,145
	₩ 965,841,184	₩ 1,356,675,056	₩ (83,311,738)	₩ (36,027,981)	₩ (13,018,996)	₩ 2,190,157,525

[1] Others include impairment and dividends.
[2] The Group discontinued the application of the equity method.
[3] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.
[4] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

(in thousands of Korean won)	2024					
	Beginning balance	**Acquisition**	**Share of profit (loss) of associates and joint ventures**	**Share of other comprehensive income (loss) of associates and joint ventures**	**Others[1,3]**	**Ending balance**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 60,899,152	₩ -	₩ 5,718,757	₩ 8,908,158	₩ -	₩ 75,526,067
Sermatech Korea Co., Ltd.	8,917,007	-	4,271,113	(5,704)	(3,358,155)	9,824,261
OVERAIR, Inc.[2]	-	-	(25,284,861)	(8,874,597)	34,159,458	-
Luxrobo	11,295,568	12,489,204	(3,241,859)	(36,249)	(7,591,954)	12,914,710
Musicow US, Inc.	5,554,130	-	(806,749)	-	714,667	5,462,048
Infinidome Ltd.	6,226,151	-	(246,617)	779,980	(91,053)	6,668,461
Vivity AI Inc.	3,707,238	4,978,760	(3,300,282)	(250,014)	848,048	5,983,750
Joob Global Pte Ltd.	3,635,490	138,510	(3,817,452)	21,020	213,456	191,024
Hanwha Ocean Co., Ltd.	2,721,827,571	-	144,690,337	13,996,418	(2,880,514,326)	-
Forge Nano Inc.	9,147,544	-	(815,212)	1,158,523	(483,418)	9,007,437
Hanwha Futureproof Corp	372,568,267	289,528,750	(10,185,901)	70,469,920	-	722,381,036
Hanwha Aviation PTE. Ltd	-	102,402,960	(1,236,466)	6,469,922	-	107,636,416
Wing Shiptechnology Corp.	-	-	-	-	-	-
TPI Mega Line Co., Ltd.	-	-	-	-	4,643,834	4,643,834
KC LNG Tech Co., Ltd.	-	-	-	-	-	-
YEONGDEOKBEULRUWINDEU CO., LTD.	-	-	-	-	827,524	827,524
Shinan Ui Offshore Windpower Corporation	-	-	-	-	4,743,040	4,743,040
Hanwha Shipping LLC	-	-	-	-	-	-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	-	-	(401,048)	10,327	422,297	31,576
	₩ 3,203,778,118	₩ 409,538,184	₩ 105,343,760	₩ 92,647,704	₩ (2,845,466,582)	₩ 965,841,184

[1] Others include dividends and business combination. In addition, Hanwha Ocean Co., Ltd. includes gains or losses on perpetual bonds.

[2] Losses are included, which recognized in excess of the investment amount of financial assets at fair value through profit or loss that form part of the net investment in associates.

[3] As the Group obtained control over Hanwha Ocean Co., Ltd. for the year ended December 31, 2024, the Group accounted for the transaction as disposal of investments in associates at fair value at the time of acquisition of control. The gain or loss on disposal of ₩ 1,143,151 million was recognized.

The tables below provides the summarized financial information on those associates and joint ventures as of and for the years ended December 31, 2025 and 2024:

(in thousands of Korean won)	As of and for the year ended December 31, 2025							
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Profit (loss) for the year**	**Total comprehensive income (loss)**	**Dividends received from associates and joint ventures**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 198,911,540	₩ 138,023,767	₩ 60,798,492	₩ 11,118,568	₩ 282,743,765	₩ 20,641,395	₩ 20,641,395	₩ -
Sermatech Korea Co., Ltd.	20,041,079	13,604,048	5,505,636	6,821,331	38,892,321	10,194,470	10,249,154	4,472,500
OVERAIR, Inc.	10,223,574	20,204,647	227,217,767	3,987,441	-	-	4,911,333	-
Luxrobo	10,051,821	82,044,975	13,141,034	20,109,209	2,891,430	(13,546,072)	(13,616,592)	-
Musicow US, Inc	4,154,784	4,923,803	8,012,073	11,766	14,264	(8,516,527)	(8,516,527)	-
Infinidome Ltd.	4,379,713	738,680	2,363,161	9,358,279	3,386,612	(5,807,977)	(5,807,977)	-
Forge Nano Inc.	31,048,769	76,877,621	36,770,699	5,265,584	10,066,871	(34,202,516)	(34,202,516)	-
Hanwha Aviation Pte Ltd.	60,629,285	388,308,973	166,564,590	5,969,503	50,706,879	(8,240,789)	(8,240,789)	-
Wing Shiptechnology Corp.	-	-	-	-	-	-	-	-
TPI Mega Line Co., Ltd	24,905,118	2,907,159	1,261,013	-	17,874,963	7,284,890	7,284,890	961,400
KC LNG Tech Co., Ltd	1,093,608	5,249,645	13,012,810	363,929	749,963	(1,546,380)	(1,546,380)	-
YEONGDEOKBEULRUWINDEU CO., LTD.	98,209	1,397,226	3,673	-	-	(89,585)	(89,585)	-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	554,086	-	607,849	-	1,305,417	(51,931)	(51,931)	-
Hanwha Futureproof Corp.	282,076,011	3,573,124,186	1,205,553,842	1,229,679,120	26,167,409	(118,382,997)	(118,382,997)	-
Vivity AI Inc.	1,040,564	734,735	1,938,211	1,382,227	1,364,626	(4,463,756)	(4,377,971)	-
Joob Global Pte Ltd.	-	-	-	-	-	(1,043)	(1,043)	-
Shinan Ui Offshore Windpower Corporation	10,418,811	69,353,802	32,438,646	15,570	-	(1,647,801)	(1,647,801)	-
Hanwha Shipping LLC	28,556,200	456,793,479	2,224,542	-	-	(5,405,717)	2,757,133	-
Hanwha Shipping Holdings LLC[1]	102,010	241,562,569	10,170	-	-	(2,261,819)	(2,261,819)	-
Hanwha Defense & Energy Corp.[2]	348,192	1,111,986,230	34,178	-	-	(33,934)	(33,934)	-

[1] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.

[2] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

(in thousands of Korean won)	As of and for the year ended December 31, 2024							
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Profit (loss) for the year**	**Total comprehensive income (loss)**	**Dividends received from associates and joint ventures**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 183,384,226	₩ 138,017,519	₩ 60,244,643	₩ 10,990,926	₩ 221,474,302	₩ 19,035,720	₩ 48,729,580	₩ -
Sermatech Korea Co., Ltd.	21,243,384	12,762,029	7,476,900	6,478,981	38,783,062	9,107,571	9,107,571	3,358,154
OVERAIR, Inc.	9,945,577	21,226,967	232,775,885	4,084,981	-	(55,882,934)	(78,128,636)	-
Luxrobo	14,310,540	89,253,064	12,010,165	22,524,628	19,993,646	(28,407,416)	(28,812,921)	-
Musicow US, Inc	1,096,264	131,110	3,258,334	-	-	(5,378,324)	(5,378,324)	-
Infinidome Ltd.	2,666,124	632,976	2,234,725	1,292,750	5,254,049	(2,664,021)	(3,120,121)	-
Vivity AI Inc.	3,439,764	953,433	544,900	911,024	1,141,642	(3,926,616)	(4,383,029)	-
Joob Global Pte Ltd.	237,060	-	124	-	-	(3,689,522)	(3,663,567)	-
Hanwha Ocean Co., Ltd.	11,378,594,093	8,313,311,932	10,346,614,469	4,556,076,586	10,776,004,934	416,874,315	457,169,727	-
Forge Nano Inc.	40,498,370	55,927,730	26,970,893	33,779,868	9,446,644	(28,635,999)	(25,080,249)	-
Hanwha Futureproof Corp.	288,452,906	2,486,288,172	1,304,442,960	25,536,046	5,303,122	(20,371,801)	120,568,039	-
Hanwha Aviation Pte Ltd.[1]	39,528,205	179,784,069	1,299,362	2,740,080	6,863,367	(2,448,270)	10,491,574	-
Wing Shiptechnology Corp.[2]	-	-	-	-	-	-	-	-
TPI Mega Line Co., Ltd[2]	26,224,152	869,633	2,338,652	313,902	-	-	-	-
KC LNG Tech Co., Ltd[2]	2,558,922	5,783,619	13,460,694	368,953	-	-	-	-
YEONGDEOKBEULRU WINDEU CO., LTD.[2]	291,992	1,294,055	4,700	-	-	-	-	-
Shinan Ui Offshore Windpower Corporation[2]	2,061,885	1,960,873	6,054	10,193	-	-	-	-
Hanwha Shipping LLC[2]	-	-	-	-	-	-	-	-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.[3]	300,809	85,877	323,866	-	3,417,977	(140,016)	(129,690)	-

[1] Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is May 22, 2025.

[2] Recognized as associates for the year ended December 31, 2024 of which the deemed acquisition date is December 31, 2024.

[3] Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is November 30, 2024.

Details of adjustments from financial information of associates and joint ventures to the carrying amount of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025				
	Net asset	**Ownership interests held by the Group (%)**	**Interest in net asset**	**Difference between investment and interest in net asset**	**Carrying amount**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 265,018,247	30.00%	₩ 79,513,513	₩ 468,175	₩ 79,981,688
Sermatech Korea Co., Ltd.	21,318,160	49.00%	10,445,889	-	10,445,889
OVERAIR, Inc.	(200,776,987)	45.19%	(90,730,081)	90,730,081	-
Luxrobo	56,752,759	11.47%	6,506,798	(1,887,015)	4,619,783
Musicow US, Inc	1,054,749	11.93%	125,840	4,477,221	4,603,061
Infinidome Ltd.	(6,603,047)	9.33%	(616,064)	7,514,858	6,898,794
Forge Nano Inc.	65,890,107	5.49%	3,618,639	16,963,885	20,582,524
Hanwha Aviation Pte Ltd.	276,404,165	50.00%	138,202,083	-	138,202,083
Wing Shiptechnology Corp.	-	23.20%	-	-	-
TPI Mega Line Co., Ltd	26,551,264	19.00%	5,044,740	7,695	5,052,435
KC LNG Tech Co., Ltd	(7,033,486)	16.60%	(1,167,559)	1,167,559	-
YEONGDEOKBEULRUWINDEU CO., LTD.	1,491,762	50.00%	745,881	36,850	782,731
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	(53,763)	51.00%	(27,419)	32,858	5,439
Hanwha Futureproof Corp.	1,419,967,235	50.00%	709,983,618	-	709,983,618
Vivity AI Inc.	(1,564,598)	27.69%	(433,216)	1,207,813	774,597
Shinan Ui Offshore Windpower Corporation	47,318,397	60.00%	28,391,038	(6,215,584)	22,175,454
Hanwha Shipping LLC	483,125,137	50.00%	241,562,569	(11,125,195)	230,437,374
Hanwha Shipping Holdings LLC[1]	241,654,409	50.00%	120,827,205	358,705	121,185,910
Hanwha Defense & Energy Corp.[2]	1,112,300,244	75.00%	834,225,183	200,962	834,426,145

[1] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.

[2] Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

(in thousands of Korean won)	December 31, 2024				
	Net asset	**Ownership interests held by the Group (%)**	**Interest in net asset**	**Difference between investment and interest in net asset**	**Carrying amount**
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 250,166,176	₩ 30.00%	₩ 75,057,893	₩ 468,174	₩ 75,526,067
Sermatech Korea Co., Ltd.	20,049,532	49.00%	9,824,261	-	9,824,261
OVERAIR, Inc.	(206,763,028)	45.19%	(93,435,142)	93,435,142	-
Luxrobo	66,658,697	11.61%	7,741,988	5,172,722	12,914,710
Musicow US, Inc	(2,030,960)	15.00%	(304,644)	5,766,692	5,462,048
Infinidome Ltd.	(228,375)	9.33%	(21,311)	6,689,772	6,668,461
Vivity AI Inc.	2,921,509	80.97%	2,365,513	3,618,237	5,983,750
Joob Global Pte Ltd.	236,936	80.62%	191,024	-	191,024
Forge Nano Inc.	35,675,339	2.76%	984,444	8,022,992	9,007,436
Hanwha Futureproof Corp.	1,444,762,072	50.00%	722,381,036	-	722,381,036
Hanwha Aviation Pte Ltd.[1]	215,272,832	50.00%	107,636,416	-	107,636,416
Wing Shiptechnology Corp.[2]	-	23.20%	-	-	-
TPI Mega Line Co., Ltd[2]	24,441,231	19.00%	4,643,834	-	4,643,834
KC LNG Tech Co., Ltd[2]	(5,487,106)	16.60%	(910,860)	910,860	-
YEONGDEOKBEULRUWINDEU CO., LTD.[2]	1,581,347	50.00%	790,674	36,850	827,524
Shinan Ui Offshore Windpower Corporation[2]	4,006,511	60.00%	2,403,733	2,339,307	4,743,040
Hanwha Shipping LLC[2]	-	-	-	-	-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.[3]	62,820	51.00%	32,038	(462)	31,576

[1] Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is May 22, 2025.

[2] Recognized as associates for the year ended December 31, 2024 of which the deemed acquisition date is December 31, 2024.

[3] Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is November 30, 2024.

19. Trade and other payables

Details of trade and other payables as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Trade payables	₩ 2,175,768,987	₩ 149,019,341	₩ 1,708,265,717	₩ 171,959,983
Non-trade payables	2,219,992,722	65,653,933	1,165,706,992	77,990,524
Accrued expenses	1,307,338,007	357,168,524	955,001,217	186,954,910
Withholdings	323,962,312	-	428,985,075	-
Deposits received	14,009,623	447,370	11,969,223	2,779,121
	₩ 6,041,071,651	₩ 572,289,168	₩ 4,269,928,224	₩ 439,684,538

The Group has entered into purchasing card arrangements and Banker's Usance agreements to ensure stable working capital management. Under these arrangements, the Group settles its obligations by making payments to suppliers through financial providers on the original payment due dates. The Group has not provided any collateral to the financial providers. All liabilities arising from supplier finance arrangements are included in trade and other payables and borrowings in the consolidated statement of financial position.

Purchasing card arrangements

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Carrying amount of payables that are parts of supplier finance arrangements	₩ 1,193,217,373	₩ 430,579,890
Amounts paid to suppliers	1,162,883,796	426,425,146
Payment due date		
Payables that are parts of supplier finance arrangements	within 9 months	within 9 months
Payables that are not parts of supplier finance arrangements	within 3 months	within 3 months

Banker's Usance agreements

(in thousands of Korean won)	2025	2024
Banker's Usance amount	₩ 510,946,019	₩ 65,106,336
Payment due date	within 1 year	within 1 year

Significant judgments
Non-trade payables include the amount of purchasing card usage for materials and others, and the Group makes payments to the financial institutions at the end of the extended credit period according to the credit card agreement. The Group has agreed with the supplier to use the purchasing card. Payments to financial institutions are classified as trade and other payables and presented as cash flows from operating activities in the consolidated statement of cash flows since the nature is to purchase goods or services in the normal course of business, the payment due for the financial institutions is within the normal course of business and no collateral is provided in relation to the

agreement.

In contrast, liabilities arising from usance arrangements are classified as supplier finance arrangement liabilities, and changes in such balances between the beginning and end of the reporting period are presented as cash flows from financing activities.

20. Borrowings and Debentures

Details of debentures as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	Date of issuance	Date of maturity	Annual interest rate (%)	December 31, 2025	December 31, 2024
The 125-2nd public bonds	Apr. 28, 2021	Apr. 28, 2026	2.19	₩ 140,000,000	₩ 140,000,000
The 126-1st public bonds	Apr. 20, 2023	Apr. 18, 2025	4.26	-	115,000,000
The 126-2nd public bonds	Apr. 20, 2023	Apr. 20, 2026	4.34	155,000,000	155,000,000
The 126-3rd public bonds	Apr. 20, 2023	Apr. 20, 2028	4.44	30,000,000	30,000,000
The 127-1st public bonds	Jan. 11, 2024	Jan. 9, 2026	4.05	60,000,000	60,000,000
The 127-2nd public bonds	Jan. 11, 2024	Jan. 11, 2027	4.14	260,000,000	260,000,000
The 127-3rd public bonds	Jan. 11, 2024	Jan. 11, 2029	4.27	80,000,000	80,000,000
The 128-1st public bonds	Jun. 26, 2024	Jun. 26, 2026	3.56	70,000,000	70,000,000
The 128-2nd public bonds	Jun. 26, 2024	Jun. 25, 2027	3.58	150,000,000	150,000,000
The 128-3rd public bonds	Jun. 26, 2024	Jun. 26, 2029	3.70	80,000,000	80,000,000
The 129-1st public bonds	Jan. 16, 2025	Jan. 15, 2027	3.02	60,000,000	-
The 129-2nd public bonds	Jan. 16, 2025	Jan. 14, 2028	3.18	240,000,000	-
The 129-3rd public bonds	Jan. 16, 2025	Jan. 16, 2030	3.30	100,000,000	-
The 4-1st non-guarantee private bonds	Sep. 19, 2023	Sep. 19, 2025	4.69	-	50,000,000
The 5-1st non-guarantee private bonds	Jun. 4, 2024	Jun. 4, 2026	3.71	100,000,000	100,000,000
The 5-2nd non-guarantee private bonds	Jun. 4, 2024	Jun. 4, 2027	3.79	150,000,000	150,000,000
The 6-1st non-guarantee private bonds	Apr. 29, 2025	Apr. 29, 2027	2.78	60,000,000	-
The 6-2nd non-guarantee private bonds	Apr. 29, 2025	Apr. 28, 2028	2.80	170,000,000	-
The 6-3rd non-guarantee private bonds	Apr. 29, 2025	Apr. 29, 2030	2.94	70,000,000	-
The 7-1st non-guarantee bonds	Oct. 29, 2025	Oct. 29, 2027	2.73	90,000,000	-
The 7-2nd non-guarantee bonds	Oct. 29, 2025	Oct. 27, 2028	2.89	190,000,000	-
The 7-3rd non-guarantee bonds	Oct. 29, 2025	Oct. 29, 2030	3.10	120,000,000	-
The 8-1st non-guarantee public bonds	Nov. 27, 2024	May 27, 2026	4.55	20,000,000	20,000,000
The 8-2nd non-guarantee public bonds	Nov. 27, 2024	Nov. 27, 2026	4.69	80,000,000	80,000,000
The 9-1st non-guarantee private bonds	Jan. 8, 2025	Jan. 8, 2026	3.90	28,000,000	-
The 9-2nd non-guarantee private bonds	Jan. 8, 2025	Jan. 8, 2027	4.52	22,000,000	-
The 10-1st non-guarantee public bonds	Feb. 19, 2025	Feb. 19, 2027	4.09	41,000,000	-
The 10-2nd non-guarantee public bonds	Feb. 19, 2025	Feb. 18, 2028	4.57	71,000,000	-
The 11-1st non-guarantee public bonds	Jul. 24, 2025	Jul. 23, 2027	3.53	39,000,000	-
The 11-2nd non-guarantee public bonds	Jul. 24, 2025	Jul. 24, 2028	4.02	81,000,000	-
Korea Investment &	Jul. 10, 2024	Jan. 10, 2025	4.72	-	50,000,000

Securities CP privately placed bonds					
Korea Investment & Securities CP privately placed bonds	Jul. 24, 2024	Jan. 24, 2025	4.72	-	50,000,000
Korea Investment & Securities CP privately placed bonds	Sep. 10, 2024	Mar. 10, 2025	4.55	-	50,000,000
FRN private bonds[1]	Aug. 12, 2022	Aug. 12, 2025	Compounded SOFR 3M + 1.05%	-	44,100,000
FRN private bonds[1]	Sep. 22, 2023	Sep. 22, 2026	Compounded SOFR 3M + 1.05%	129,141,000	132,300,000
FRN private bonds[1]	Jul. 29, 2024	Jul. 28, 2027	Compounded SOFR 3M + 1.05%	200,886,000	205,800,000
				3,087,027,000	2,072,200,000
Less: discount of debentures				(7,325,288)	(7,260,339)
Less: current portion of debentures				(781,473,417)	(358,167,898)
				₩ 2,298,228,295	₩ 1,706,771,763

[1] The Group has entered into currency swap agreements to hedge cash flows arising from interest rate fluctuations and foreign currency exchange risk (Note 12).

Details of short-term borrowings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
INDUSTRIAL BANK OF KOREA	General operating fund	2.95~4.55	₩ 5,500,000	₩ 7,500,000
	LC	2.42~4.69	19,988,974	9,690,240
KB Kookmin Bank	General operating fund	4.10	30,000,000	150,000,000
	Facility loans	3.73	170,000,000	80,000,000
	LC	2.41~4.84	97,648,161	1,062,808
KDB Development Bank	General operating fund	2.50~3.69	1,709,158,937	2,332,658,937
	LC	2.79~5.17	102,966,316	5,135,645
NH Nonghyup Bank	General operating fund	3.79	50,000,000	-
	Facility loans	4.04	50,000,000	170,000,000
	LC	2.57~4.90	23,220,079	504,345
Shinhan Bank	General operating fund	4.17	50,000,000	-
	General operating fund (BLCP)	3.97~4.02	300,000,000	-
	Facility loans	4.34~4.57	-	60,000,000
	LC	2.54~4.83	44,689,855	6,194,727
Woori Bank	General operating fund	4.19	100,000,000	151,742,605
	LC	2.42~4.83	91,568,223	9,858,511
KEB Hana Bank	General operating fund	3.61~4.00	288,000,000	208,000,000
	LC	2.37~4.79	127,723,337	32,660,061
The Export-Import Bank of Korea	General operating fund	2.50	950,000,000	1,250,000,000
Suhyup Bank	General operating fund	3.86~5.23	113,047,000	50,000,000
Busan Bank	General operating fund	3.85	50,000,000	-
IM BANK	General operating fund	3.84	60,000,000	-
Bank of China	General operating fund	3.71	90,000,000	90,000,000
Woori Investment & Securities	General operating fund	4.69	-	20,000,000
KB Securities Co.,Ltd.	CP	3.40	100,000,000	-
Korea Investment & Securities	CP	4.10	49,921,370	-
Industrial and Commercial Bank of China Yantai	General operating fund	3.00	8,223,968	-

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
Development				
China Merchants Bank Yantai Development	General operating fund	2.75	20,476,000	-
Bank of Hope	General operating fund	7.12	-	39,690,000
Shinhan Bank - Singapore	General operating fund	5.37	-	14,648,299
KDB Bank - New York	General operating fund	5.01~5.12	71,745,000	-
KDB Bank - Shanghai	General operating fund	2.60	4,095,200	-
Kookmin Bank - New York	General operating fund	5.51~5.63	-	29,400,000
Kookmin Bank - Singapore	General operating fund	4.66~4.88	48,669,239	51,274,217
Kookmin Bank - Hanoi	General operating fund	4.66~4.83	8,588,689	-
Woori Bank - New York	General operating fund	4.92	14,349,000	14,700,000
Woori America Bank - Philadelphia		4.30	114,792,000	-
Woori Bank - Hanoi	General operating fund	4.69~4.70	6,006,360	36,620,747
Woori Bank - Hongkong	General operating fund	5.08	25,766,068	26,366,938
Woori Bank - Beijing	General operating fund	2.85	10,238,000	-
Nonghyup Bank - Hanoi	General operating fund	5.11~5.13	-	14,648,299
KEB Hana Bank - Hongkong	General operating fund	4.84~5.02	48,955,528	27,099,353
Hanwha Chemical (Ningbo) Co., Ltd.	General operating fund	2.85	28,666,400	28,177,800
Banco Santander and 4 other banks[1]	General operating fund	5.63	286,980,000	235,200,000
Mitsubishi Capital	Facility loans	8.88	243,926	-
			₩ 5,371,227,630	₩ 5,152,833,532

[1] The total amount borrowed under the syndicated agreements with Banco Santander and four other banks (Banco Bilbao Vizcaya Argentaria, Shinhan Bank (Hong Kong), Westpac Banking Corporation, and Australia and New Zealand Banking Group Limited).

The Group sold trade receivables to financial institutions with foreign currency purchase agreement and other similar agreements. The amount of receivables which is not due in maturity is recorded as short-term borrowings. The Group has no related short-term borrowings as of December 31, 2025 and 2024.

Details of long-term borrowings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
KB Kookmin Bank	General operating fund	1.00~5.07	₩ 186,055,925	₩ 88,977,503
	Facility loans	3.73	83,900,000	-
Korea Development Bank	General operating fund	3.49~4.88	1,301,956,981	1,134,348,101
	Facility loans	3.30~3.72	100,764,881	79,479,589
	LC	4.52	3,141,075	-
NH Nonghyup Bank	General operating fund	3.89	50,000,000	-
	Facility loans	3.83	100,000,000	100,000,000
	Munitions industry fund	2.00	5,578,800	7,438,400
Shinhan Bank	General operating fund	1.00	4,800,000	8,000,000
	Facility loans	1.30~3.79	152,168,826	150,000,000
Woori Bank	General operating fund	1.00	7,186,205	11,659,051
	Facility loans	3.58	150,000,000	150,000,000
KEB Hana Bank	General operating fund	1.00~4.09	125,767,277	41,184,377
	Facility loans	3.59~3.96	320,000,000	200,000,000
The Export-Import Bank of Korea	General operating fund	1.00~5.71	859,842,126	813,379,541
	Facility loans	2.19~3.73	71,693,011	2,443,011
Kyongnam Bank Co., Ltd.	General operating fund	4.69	-	50,000,000
Arab Bank Group	General operating fund	5.38	71,566,048	73,098,854
Industrial and Commercial Bank of China	General operating fund	3.56	248,222,260	-
Korea Housing Urban Guarantee Corporation	General operating fund	0.00	80,625	84,657
IBK CAPITAL CORPORATION	General operating fund	4.70	-	30,000,000
Shinhan Capital Co., Ltd.	General operating fund	4.70	-	10,000,000
Korea National Oil Corporation	General operating fund	0.00	7,309,400	-
Korea Energy Agency	General operating fund	0.00	-	7,426,461
Korea Midland Power Co., Ltd.	General operating fund	4.60~5.00	681,400	250,000
KEB Hana Bank - New York	General operating fund	5.01~5.12	71,745,000	73,500,000
KEB Hana Bank - Hongkong	General operating fund	5.90	8,946,551	12,817,262
Woori Bank - Hanoi	General operating fund	5.09	3,578,526	10,985,937
Department of Economic and community Development (USA)	Facility loans	0.00	7,838,806	9,663,889
Mitsubishi Capital	Facility loans	8.88	1,133,289	-
			3,943,957,012	3,064,736,633
Less: current portion of long-term liabilities			(829,466,410)	(606,725,599)
			₩ 3,114,490,602	₩ 2,458,011,034

21. Other liabilities

Details of other liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Advances	₩ 36,374,638	₩ -	₩ 32,914,609	₩ -
Unearned revenue	-	-	1,426	-
Firm commitment liabilities	18,028,068	-	-	-
	₩ 54,402,706	₩ -	₩ 32,916,035	₩ -

22. Provisions

Changes in provisions for expected losses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024
Beginning balance	₩ 169,346,052	₩ 58,023,465
Addition (reversal)	(63,834,074)	(12,538,421)
Utilization	(259,836)	(1,674,120)
Business combination[2]	-	132,356,735
Others[1]	2,652,422	(6,821,607)
Ending balance	₩ 107,904,564	₩ 169,346,052

[1] Exchange differences are included.
[2] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26, 2024, and HANWHA PHILLY SHIPYARD INC. on December 31, 2024 in the scope of consolidation through business combinations.

Changes in provisions for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025		
	Provision for product warranties[1]	Provision for contingent losses	Other provisions
Beginning balance	₩ 112,157,088	₩ 287,743,692	₩ 32,615,422
Addition (reversal)	35,974,952	15,647,998	(1,536,170)
Utilization	(22,623,337)	(6,904,457)	(7,974,995)
Others[2]	4,178,105	(166,835,501)	(7,085,824)
Ending balance	₩ 129,686,808	₩ 129,651,732	₩ 16,018,433

[1] Includes provisions for defect warranty obligations.
[2] Includes reclassifications and the effects of exchange differences.

(in thousands of Korean won)	2024[3]		
	Provision for product warranties[1]	Provision for contingent losses	Other provisions
Beginning balance	₩ 43,104,687	₩ 4,065,708	₩ 14,010,649
Addition (reversal)	10,154,989	(3,382,717)	(5,983,014)
Utilization	(13,450,867)	-	(288,169)
Spin-off	(20,493,115)	-	-
Business combination[4]	103,385,665	287,045,834	15,889,908
Others[2]	(10,544,271)	14,867	8,986,048
Ending balance	₩ 112,157,088	₩ 287,743,692	₩ 32,615,422

[1] Includes provisions for defect warranty obligations.
[2] Includes reclassifications and the effects of exchange differences.
[3] The business unit of security service and industrial machinery service, which was spun off for the year ended December 31, 2024, is included.
[4] The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26, 2024, and HANWHA PHILLY SHIPYARD INC. on December 31, 2024 in the scope of consolidation through business combinations.

23. Other financial liabilities

Details of other financial liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Redeemable convertible preferred shares as a liability	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -
Financial liabilities at amortized cost	-	67,652,537	-	65,348,354
Financial guarantee liabilities	10,036,678	1,350,174	-	-
Other financial liabilities	11,061,009	-	-	10,635,409
	₩ 27,631,516	₩ 69,002,711	₩ 5,374,684	₩ 75,983,763

Details of redeemable convertible preferred share liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
SIA redeemable convertible preferred share liabilities	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -
	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -

Details of the conditions for issuance of redeemable convertible preferred shares issued by subsidiaries of the Group are as follows:

	SI Analytics Co., Ltd.		
Investor	Medici 2014-2 startup investment association and others	Medici 2018-2 Small and medium-sized leading enterprise start-up investment association	Korea Development Bank
Date of issuance	Nov. 6, 2019	May 31, 2021	Jun. 11, 2021
The number of exercisable shares	12,500 shares	13,750 shares	13,750 shares
Exercise price	₩ 160,000	₩ 280,000	₩ 280,000
Total amount of issuance	₩ 2,000,000,000	₩ 4,999,995,000	₩ 4,999,995,000
Nature of preferred shares	Participating, Cumulative, Voting rights		
Dividend	Priority in dividends		
Liquidation	Priority in the distribution of residual assets		
Conversion period	From the date of issue to the end of the business immediately preceding the redemption maturity date (10 years from the date of issue)		
Redemption condition	Redemption can be claimed from the date 4 years have elapsed since the date of issuance (the amount equivalent to the principal including annual compounded interest rate of 4% and less the dividend which has already been paid)		
Automatic conversion	The shares that conversion right is not exercised within conversion period are automatically converted into ordinary share at the end of the conversion period according to the conversion ratio at that time.		

Adjustment of conversion rate	Adjusted for: - the amount is less than 70% of the entity's IPO public offering price - capital increase or issuance of shares-related bonds at an issuance price lower than the conversion price prior to conversion to preferred share - the amount is less than 70% of the appraised price for calculating the exchange rate used when the entity merges with another entity.
Conversion rate	1:1

Details of redeemable convertible preferred share liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		**December 31, 2025**		**December 31, 2024**
Issuance price	₩	11,999,990	₩	11,999,990
Carrying amount of preferred stock liabilities		6,533,829		5,374,684
Conversion right (derivative liabilities)		4,754,969		5,537,900

The net amount received from issuance of redeemable convertible preferred shares were recorded separately as the debt component, which is the main contract, and the conversion right and early redemption right, which are embedded derivatives. The debt component of the main contract is measured at amortized cost. The early redemption right and equity conversion right embedded in redeemable convertible preferred share as a liabilities were separated from the main contract and accounted for as derivatives because it does not correspond to the equity component and satisfies all conditions for separation of embedded derivatives. The fair value of the conversion right and early redemption right fluctuates according to the intrinsic share value.

24. Employee benefit liabilities

Details of employee benefit liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Net defined benefit liabilities	₩ 438,203,143	₩ 692,326,396
Other long-term employee benefits	279,966,493	256,642,685
	₩ 718,169,636	₩ 948,969,081

Details of net defined benefit liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	Dec. 31, 2025[1]	Dec. 31, 2024[1]
Present value of funded defined benefit obligations	₩ 1,809,775,673	₩ 1,790,274,107
Fair value of plan assets	(1,371,572,530)	(1,097,947,711)
Net defined benefit liabilities	₩ 438,203,143	₩ 692,326,396

[1] As of December 31, 2025, the amount of plan assets exceeding the defined benefit obligation amounted to ₩ 306,661 thousand (2024: ₩ 1,459,597 thousand). The amount has been reclassified as net defined benefit assets and is included in other non-current assets.

Changes in the present values of defined benefit obligations for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024
Beginning balance	₩ 1,790,274,107	₩ 918,876,457
Current service cost	168,770,528	97,927,427
Past service cost	45,231,586	6,125,477
Interest expense	72,943,222	45,176,952
Remeasurements:		
Actuarial gain (loss) from change in demographic assumptions	63,765	(9,246,774)
Actuarial gain (loss) from change in financial assumptions	(182,676,432)	35,344,070
Actuarial gain from experience adjustments	49,345,679	58,603,274
Transfer between affiliates	(1,463,860)	5,961,255
Payments of post-employment benefits	(129,144,004)	(61,547,697)
Business combination	-	839,450,522
Effect of spin-off	-	(145,566,593)
Others[1]	(3,568,918)	(830,263)
Ending balance	₩ 1,809,775,673	₩ 1,790,274,107

[1] Includes the effects arising from new employees hired for each of the two years in the period ended December 31, 2025.

Changes in the fair values of plan assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024**
Beginning balance	₩	1,097,947,711	₩	313,882,106
Interest income		45,851,685		15,790,433
Remeasurements:				
Return on plan assets		(29,741,257)		(3,258,333)
Contributions		307,216,446		115,245,000
Transfer between affiliates		1,434,581		3,236,300
Payments of post-employment benefits		(51,902,618)		(7,578,401)
Business combination		-		694,850,150
Effect of spin-off		-		(34,134,792)
Transfer to defined benefit assets[1]		(306,661)		(1,459,597)
Others[1]		1,072,643		1,374,845
Ending balance	₩	1,371,572,530	₩	1,097,947,711

[1] The excess of plan assets over the defined benefit obligation amounted to ₩ 306,661 thousand as of December 31, 2025 (2024: ₩ 1,459,597 thousand) and has been transferred to net defined benefit assets and is included in other non-current assets.

The composition of plan assets as of December 31, 2025 and 2024 is as follows:

(in thousands of Korean won)		**December 31, 2025**		**December 31, 2024**
Principal guaranteed financial instruments	₩	529,633,544	₩	421,895,873
Others[1]		841,938,986		676,051,838
	₩	1,371,572,530	₩	1,097,947,711

[1] Contributions to the National Pension Fund are included.

The expenses recognized as profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025		2024
Current service cost[1]	₩	168,770,528	₩	97,927,427
Past service cost		45,231,586		6,125,477
Net interest cost		27,091,537		29,386,519
	₩	241,093,651	₩	133,439,423

[1] Includes the effects arising from new employees hired for each of the two years in the period ended December 31, 2025.
[2] The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

Items included in the total expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025		2024
Cost of sales	₩	190,927,618	₩	89,516,782
Selling and administrative expenses		39,336,178		37,960,428
Research and development		10,829,855		5,962,213
	₩	241,093,651	₩	133,439,423

[1] The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

The significant actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Discount rate	3.1%~5.4%	3.7% ~ 5.5%
Salary growth rate	3.5%~5.8%	3.8% ~ 7.0%

The sensitivity analysis on defined benefit obligations to changes in the principal assumption is as follows:

(in thousands of Korean won)	Changes in assumption	Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption
Discount rate	1% Increase/Decrease	₩	(140,948,975)	₩	162,997,661
Salary growth rate	1% Increase/Decrease		163,391,104		(143,774,667)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is measured using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

The Group reviews the funding level on an annual basis and has a policy of making up for deficit in the fund.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2025 is as follows:

(in thousands of Korean won)	**Less than 1 year**	**Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
Benefit payments	₩ 141,612,765	₩ 208,208,958	₩ 435,758,031	₩ 5,317,503,404	₩ 6,103,083,158

The weighted-average duration of the defined benefit obligation is 7.4 ~ 9.3 years.

The amount of benefit payments made under defined contribution plan for the year ended December 31, 2025 is ₩ 25,499,866 thousand.

25. Income tax expense and deferred tax

Details of income tax expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	**2025**	**2024**[1]
Current tax:		
Current tax on profits for the year	₩ 610,120,845	₩ 461,854,794
Adjustments in respect of prior years	(981,717)	(7,760,826)
	609,139,128	454,093,968
Deferred tax expense:		
Changes in temporary differences	(601,248,940)	(296,540,381)
	(601,248,940)	(296,540,381)
Income tax expense	₩ 7,890,188	₩ 157,553,587

[1] The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

(in thousands of Korean won)		2025		2024
Profit before income tax expense[1]	₩	2,209,873,274	₩	2,697,427,047
Tax at domestic tax rates applicable to profit in the respective countries		806,039,228		742,299,340
Tax effects of:				
Non-taxable income		(10,933,786)		(5,203,872)
Expenses not deductible for tax purposes		66,278,505		7,097,930
Tax credits and tax reductions		(179,154,592)		(32,020,189)
Income tax on unappropriated earnings		-		(8,499,498)
Adjustment in respect of prior years		(981,717)		(7,760,826)
Non-recognition of deferred tax		(623,259,129)		(504,914,667)
Change in the tax rate		(70,754,165)		-
Others		20,655,844		(33,444,631)
Current adjustments		(798,149,040)		(584,745,753)
Income tax expense	₩	7,890,188	₩	157,553,587
Effective tax rate (%)		0.36%		5.84%

[1] Gains (losses) from discontinued operations resulting from spin-off that occurred for the year ended December 31, 2024 are included.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
		Before tax		Tax effect		After tax
Other capital surplus	₩	-	₩	-	₩	-
Gain (loss) on valuation of financial assets at FVOCI		17,561,534		(2,795,398)		14,766,136
Gain (loss) on valuation of derivatives		3,341,035		(1,320,898)		2,020,137
Revaluation of assets		-		(3,699,730)		(3,699,730)
Gain on translation of foreign operations		6,073,116		-		6,073,116
Share of other comprehensive income (loss) of associates and joint ventures		(39,432,895)		18,344,796		(21,088,099)
Remeasurements of net defined benefit liabilities		133,966,073		(28,093,362)		105,872,711
	₩	121,508,863	₩	(17,564,592)	₩	103,944,271

(in thousands of Korean won)	2024		
	Before tax	**Tax effect**	**After tax**
Other capital surplus	₩ -	₩ -	₩ -
Loss on valuation of financial assets at FVOCI	(62,109,315)	(981,005)	(63,090,320)
Gain (loss) on valuation of derivatives	(1,478,486)	390,321	(1,088,165)
Revaluation of assets	-	-	-
Gain on translation of foreign operations	120,132,135	-	120,132,135
Share of other comprehensive income of associates and joint ventures	67,115,993	-	67,115,993
Remeasurements of net defined benefit liabilities	(87,047,265)	21,988,687	(65,058,578)
	₩ 36,613,062	₩ 21,398,003	₩ 58,011,065

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in thousands of Korean won)	2025				
	Beginning balance	**Consolidated statement of comprehensive income (loss)**	**Changes in scope of consolidation**	**Equity**	**Ending balance**
Defined benefit obligations	₩ 137,625,896	₩ (23,971,631)	₩ -	₩ (28,093,362)	₩ 85,560,903
Financial assets at FVPLs	(137,534,153)	139,788,015	-	-	2,253,862
Financial assets at FVOCI	10,541,976	-	-	(2,795,398)	7,746,578
Investments in subsidiaries and associates	(86,543,582)	644,347,162	-	18,344,796	576,148,376
Depreciation	26,552,783	(1,120,299)	-	-	25,432,484
Provisions	294,441,621	(212,613,978)	-	-	81,827,643
Prepaid license fee	2,102,709	(276,578)	-	-	1,826,131
Loss allowance	41,158,007	170,453,147	-	-	211,611,154
Loss on valuation of inventories	7,438,127	959,010	-	-	8,397,137
Accrued expenses and others	138,489,677	20,762,565	-	-	159,252,242
Long-term employee benefits and others	41,154,221	8,221,520	-	-	49,375,741
Impairment loss on intangible assets	7,581,783	(3,586,645)	-	-	3,995,138
Right-of-use assets and lease liabilities	1,563,110	(50,122)	-	-	1,512,988
Loss on revaluation	(361,489,543)	-	-	(3,699,730)	(365,189,273)
Tax credits carried forward	22,439,736	134,252,488	-	-	156,692,224
Loss carried forward	10,916,163	529,547,342	-	-	540,463,505
Others	495,417,958	(805,463,056)	-	(1,320,898)	(311,365,996)
	₩ 651,856,489	₩ 601,248,940	₩ -	₩ (17,564,592)	₩ 1,235,540,837

(in thousands of Korean won)	2024				
	Beginning balance	Consolidated statement of comprehensive income (loss)	Changes in scope of consolidation	Equity	Ending balance
Defined benefit obligations	₩ 148,494,379	₩ (10,094,900)	₩ (22,762,270)	₩ 21,988,687	₩ 137,625,896
Financial assets at FVPL	(60,637,917)	(76,896,236)	-	-	(137,534,153)
Financial assets at FVOCI	10,216,843	-	1,306,138	(981,005)	10,541,976
Investments in subsidiaries and associates	(209,355,277)	307,595,655	(184,783,960)	-	(86,543,582)
Depreciation	30,402,924	(2,644,538)	(1,205,603)	-	26,552,783
Provisions	14,058,238	7,713,760	272,669,623	-	294,441,621
Prepaid license fee	2,863,430	(760,721)	-	-	2,102,709
Provision for impairment	2,145,114	41,027,094	(2,014,201)	-	41,158,007
Loss on valuation of inventories	14,010,455	(735,731)	(5,836,597)	-	7,438,127
Accrued expenses and others	143,941,159	13,846,852	(19,298,334)	-	138,489,677
Long-term employee benefits and others	12,751,142	8,619,292	19,783,787	-	41,154,221
Impairment loss on intangible assets	6,112,094	1,469,689	-	-	7,581,783
Right-of-use assets and lease liabilities	897,881	749,630	(84,401)	-	1,563,110
Gain (loss) on revaluation	(137,453,055)	10,245,373	(234,281,861)	-	(361,489,543)
Tax credits carried forward	30,821,250	(3,712,595)	(4,668,919)	-	22,439,736
Loss carried forward	17,478,768	-	(6,562,605)	-	10,916,163
Others	95,336,267	117,757	399,573,613	390,321	495,417,958
	₩ 122,083,695	₩ 296,540,381	₩ 211,834,410	₩ 21,398,003	₩ 651,856,489

The Group did not recognize deferred tax assets in consideration of future reliability for deductible temporary differences of ₩ 1,047,078,622 thousand related to investments in subsidiaries, associates and joint ventures, tax losses of ₩ 4,429,794,795 thousand and deferred tax credit of ₩ 40,436,041 thousand.

The expiry period for the deduction of losses carried forwards that have not been recognized as deferred tax assets is as follows:

(in thousands of Korean won)	Amount
Not later than five years	₩ 633,273,375
Later than five years and not later than ten years	-
Later than ten years and not later than fifteen years	3,746,519,460
No deduction period	50,001,960
	₩ 4,429,794,795

The maturity of unused tax credit is as follows:

(in thousands of Korean won)		**Amount**
2026	₩	4,261,881
2027		4,484,045
2028		5,794,081
2029		5,183,359
2030		3,952,494
2031		2,186,241
2032		3,806,033
2033		5,181,476
2034		4,433,838
2035		1,152,593
	₩	40,436,041

The Group did not recognize deferred tax liabilities all for taxable temporary differences related to investments in subsidiaries and associates as of December 31, 2025. Because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Under the Pillar Two Global Minimum Tax legislation, the Group is required to pay a top-up tax for the difference between the effective tax rate of each jurisdiction in which its constituent entities operate and the minimum tax rate of 15%. As the effective tax rate in Vietnam is below 15%, the Group has recognized the corresponding top-up tax for the difference up to 15% as current income tax expense during the period. In most other jurisdictions in which the Group operates, the transitional safe harbor provisions are met or the effective tax rates are at or above 15%, and therefore no significant additional top-up taxes are expected to arise. The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes.

26. Share capital and capital surplus

The Parent Company's total number of authorized shares is 200,000,000 shares and the total number of ordinary shares issued is 51,563,401 shares with a par value of ₩ 5,000 per share. The Parent Company acquired 2,620,655 shares cumulatively, and retired or disposed of 2,506,042 shares for the year ended December 31, 2025. As a result, differences of ₩ 12,500 million occurred between the total par value of the issued stock and the share capital.

Details of capital surplus as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		**December 31, 2025**		**December 31, 2024**
Share premium	₩	4,366,055,928	₩	187,200,001
Other capital surplus		(761,630,601)		19,498,061
Loss on spin-off[1]		(717,130,464)		(717,130,464)
	₩	2,887,294,863	₩	(510,432,402)

[1] The Group has established Hanwha Industrial Solutions Co., Ltd. by spinning off its security service and industrial machinery service.

27. Share-based payments

The Group granted restricted share units ("RSUs") to its key executives pursuant to a resolution in the Board of Directors, and details are as follows:

	December 31, 2025
Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	101,552 shares
Share value-based cash payments[1]	₩ 5,028,327,450
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2025, etc[1]
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the current year.
Exercisable date	The payment for the RSUs become effective from January 2027 to March 2035 depending on each executive, regardless of the executive's employment status (however, the Group may pay if the condition for an interim payment is satisfied).

[1] For executives who granted mid-term, the time of grant and the base stock price are determined depending on each executive contractual terms.

December 31, 2024

Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	100,096 shares
Share value-based cash payments[1]	₩ 13,799,234,560
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2024, etc[1]
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the position in the current year.
Exercisable date	The payment for the RSUs become effective from January 2027 to July 2034 depending on each executive, regardless of the executive's employment status (however, the Group may pay if the condition for an interim payment is satisfied).

[1] For executives who joined mid-term, the time of grant and the base stock price are determined through a resolution of the board of directors.

Changes in the number of equity-settled share options for each of the two years in the period ended December 31, 2025 are as follows:

(in shares)	**2025**	**2024**
Beginning balance	362,102	262,006
Granted	101,552	100,096
Change in plan[2]	224,289	-
Effects of paid-in capital increase[3]	10,362	-
Ending balance	698,305	362,102
Exercisable at the end of the year	-	-

[1] Pursuant to a resolution of the Board of Directors dated June 30, 2025, the Group modified share options from cash-settled to equity-settled share options only for those contracts for which the holders agreed to the modification.
[2] As a result of the ex-rights date arising from the capital increase conducted for the year ended December 31, 2025, the Group adjusted the previously granted RSUs in proportion to the ex-rights value ratio.

The weighted-average remaining contractual maturity of share options outstanding as of December 31, 2025 is 4.6 years and the exercise price is ₩ 0.

Changes in the number of cash-settled stock options for each of the two years in the period ended December 31, 2025 are as follows:

	Amount (in shares)		Market average stock price (in Korean won)			
	2025	2024		2025		2024
Beginning balance	483,979	607,852	₩	326,500	₩	124,500
Granted[1]	16,047	200,618		313,350		137,860
Spin-off	-	(324,491)		-		137,860
Change in plan[2]	(224,289)	-		848,000		-
Effects of paid-in capital increase[3]	4,448	-		837,000		-
Ending balance	280,185	483,979	₩	941,000	₩	326,500
Exercisable at the end of the year	-	-	₩	-	₩	-

[1] The grant price was calculated as the arithmetic average of closing prices in the securities market for one month immediately before the grant base date.
[2] Pursuant to a resolution of the Board of Directors dated June 30, 2025, the Group modified share options from cash-settled to equity-settled share options only for those contracts for which the holders agreed to the modification.
[3] As a result of the ex-rights date arising from the capital increase conducted for the year ended December 31, 2025, the Group adjusted the previously granted RSUs in proportion to the ex-rights value ratio.

Details of liabilities and intrinsic values related to share value-based cash payments for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025		2024
Liabilities	₩	263,654,085	₩	157,477,520
Intrinsic value (in Korean won)[1]		941,000		326,500

[1] The Group evaluates the intrinsic value based on the market value of the shares traded in security markets at the end of each reporting period.

Details of recognized expenses of share-based payments for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025		2024
Equity-settled share options	₩	32,971,500	₩	13,824,726
Share value-based cash payments[1]		296,180,187		148,773,047
	₩	329,151,687	₩	162,597,773

[1] The business unit of security service and industrial machinery service, which was spun off for the year ended December 31, 2024, is included.

28. Capital adjustments

The Group's capital adjustments consist of treasury shares and there are 114,613 treasury shares amounting to ₩ 21,020 million as of December 31, 2025. Treasury shares are restricted for voting rights in accordance with the *Commercial Act* of the Republic of Korea.

29. Accumulated other comprehensive income

Details of accumulated other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		December 31, 2025		December 31, 2024
Loss on financial assets at FVOCI	₩	(30,281,480)	₩	(68,071,405)
Cash flow hedge		(1,321,269)		(3,554,657)
Revaluation surplus		411,767,176		415,466,906
Gain on translation of foreign operations		119,129,128		120,372,110
Share in other comprehensive income of associates and joint ventures		65,849,667		74,921,444
Others		435,835		516,296
	₩	565,579,057	₩	539,650,694

Changes in accumulated other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
		Beginning balance		Increase (decrease)		Ending balance
Financial assets at FVOCI	₩	(68,071,405)	₩	37,789,925	₩	(30,281,480)
Cash flow hedge		(3,554,657)		2,233,388		(1,321,269)
Revaluation surplus		415,466,906		(3,699,730)		411,767,176
Gain (loss) on translation of foreign operations		120,372,110		(1,242,982)		119,129,128
Share in other comprehensive income (loss) of associates and joint ventures		74,921,444		(9,071,777)		65,849,667
Others		516,296		(80,461)		435,835
	₩	539,650,694	₩	25,928,363	₩	565,579,057

(in thousands of Korean won)	2024		
	Beginning balance	**Increase (decrease)**	**Ending balance**
Financial assets at FVOCI	₩ (40,624,768)	₩ (27,446,637)	₩ (68,071,405)
Cash flow hedge	(2,466,492)	(1,088,165)	(3,554,657)
Revaluation surplus	475,632,747	(60,165,841)	415,466,906
Gain on translation of foreign operations	40,011,195	80,360,915	120,372,110
Share in other comprehensive income (loss) of associates and joint ventures	(27,413,266)	102,334,710	74,921,444
Others	516,296	-	516,296
	₩ 445,655,712	₩ 93,994,982	₩ 539,650,694

30. Retained earnings

Details of retained earnings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)		**December 31, 2025**	**December 31, 2024**
Legal reserves	Legal reserves[1]	₩ 67,565,896	₩ 51,652,604
Discretionary reserves	Facility reserves and others[2]	2,733,460,971	1,913,381,926
Other reserves	Asset revaluation reserves and others	168,907,121	169,179,673
Retained earnings before appropriation	Profit and others	3,012,801,743	2,612,306,188
		₩ 5,982,735,731	₩ 4,746,520,391

[1] The *Commercial Act* of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).
[2] Reserves without specific purposes are accounted for as other reserves for business expansion and others by the Group. Those reserves can be used for other purposes afterwards upon a resolution at a shareholders' meeting.

31. Hybrid bonds

Hanwha Ocean Co., Ltd., a subsidiary, holds hybrid bonds, which is included in non-controlling interest in the consolidated financial statements. Details thereof are as follows:

(in thousands of Korean won)		December 31, 2025		December 31, 2024
8th Private unregistered non-guarantee convertible bonds	₩	1,000,000,000	₩	1,000,000,000
9th Private unregistered non-guarantee convertible bonds		1,284,775,000		1,284,775,000
10th Private unregistered non-guarantee convertible bonds		48,057,256		48,057,256
	₩	2,332,832,256	₩	2,332,832,256

8th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On December 29, 2016, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,000,000,000 thousand of the outstanding balance of exporting financing loan (expiry date: January 2, 2018) made from November 25, 2015 to December 12, 2016.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of June 28, 2017, December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

	Details
Name of the bonds	8th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 1,000,000,000 thousand
Bond maturity	December 29, 2046 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment[1] and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment [1], a late payment annual interest of 15% is incurred on the overdue amount. [1] Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group
Early redemption right	- Optional redemption for all and part of the bonds every year, after December 31, 2021. - Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-equity conversion of accrued interest	- The acquiring company may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)

9th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On June 28, 2017, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,284,775,000 thousand of the outstanding balance of exporting financing loan (expiry date: December 31, 2017) made from October 17, 2014 to February 9, 2017.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

	Details
Name of the bonds	9th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 1,284,775,000 thousand
Bond maturity	June 28, 2047 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the “closing date”) up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment[1] and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment [1], a late payment annual interest of 15% is incurred on the overdue amount. [1] Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group’s retained earnings or purchased, repaid by the Group
Early redemption right	- Optional redemption for all and part of the bonds every year, after December 31, 2021. - Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-equity conversion of accrued interest	- The acquirer may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors’ resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)

10th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On March 14, 2018, convertible bonds were issued to Korea Export-Import Bank to secure its capital, by offsetting ₩ 48,057,256 thousand of the outstanding balance of exporting financing loan (expiry date: March 27, 2018) made on January 31, 2018.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

	Details
Name of the bonds	10th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 48,057,256 thousand
Bond maturity	March 14, 2048 (30 years), The maturity date can be extended under the same conditions at the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment[1] , and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment [1], a late payment annual interest of 15% is incurred on the overdue amount. [1] Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group
Early redemption right	- Optional redemption for all and part of the bonds every year, after December 31, 2021. - Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-equity conversion of accrued interest	- The acquirer may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)

32. Non-current assets held for sale

Details of non-current assets held for sale as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Property, plant and equipment[1]	₩ 44,342,864	₩ 44,357,207
Intangible assets	-	2,524
	₩ 44,342,864	₩ 44,359,731

[1] ₩ 27,881,019 thousand of the cumulative revaluation gain of land classified as held-for-sale non-current assets recognized up until December 31, 2025 is included.

33. Construction contracts

Changes in the remaining balance of construction contracts for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Beginning balance	₩ 1,493,707,648	₩ 9,083,092,491	₩ 99,486,880	₩ 511,029,083	₩ 32,977,240,037	₩ 44,164,556,139
Increase	534,339,734	1,977,462,436	175,997,509	46,234,759	17,146,912,637	19,880,947,075
Construction revenue recognition	(557,026,955)	(2,675,688,184)	(186,431,964)	(206,198,235)	13,879,663,174)	(17,505,008,512)
Ending balance	₩ 1,471,020,427	₩ 8,384,866,743	₩ 89,052,425	₩ 351,065,607	₩ 36,244,489,500	₩ 46,540,494,702

(in thousands of Korean won)	2024						
	Aerospace	Security[1]	Defense	ICT	Satrec Initiative	Marine	Total
Beginning balance	₩ 730,958,924	₩ 3,306,599	₩ 7,257,503,373	₩ 136,024,691	₩ 353,853,923	₩ -	₩ 8,481,647,510
Increase	1,284,144,885	9,116,737	4,080,805,400	158,718,141	328,454,612	-	5,861,239,775
Construction revenue recognition	(516,724,968)	(7,981,189)	(2,182,475,192)	(195,255,952)	(171,279,452)	(73,042,874)	(3,146,759,627)
Spin-off[1]	-	(4,442,147)	-	-	-	-	(4,442,147)
Business combination[2]	(4,671,193)	-	(72,741,090)	-	-	33,050,282,911	32,972,870,628
Ending balance	₩ 1,493,707,648	₩ -	₩ 9,083,092,491	₩ 99,486,880	₩ 511,029,083	₩ 32,977,240,037	₩ 44,164,556,139

[1] The business unit of security service, which was spun off for the year ended December 31, 2024, is included.
[2] The effect of business combination of Hanwha Ocean Co., Ltd. and the spin-off of a business unit of security service for the year ended December 31, 2024 is included.

Details of accumulated construction costs in relation with the ongoing construction contracts as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025					
	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,515,291,078	₩ 6,095,528,980	₩ 131,213,958	₩ 773,087,898	₩ 19,196,900,272	₩ 27,712,022,186
Accumulated contract cost	1,461,996,045	5,551,974,752	116,348,919	606,382,238	17,264,126,823	25,000,828,777
Accumulated contract profit	₩ 53,295,033	₩ 543,554,228	₩ 14,865,039	₩ 166,705,660	₩ 1,932,773,449	₩ 2,711,193,409

(in thousands of Korean won)	December 31, 2024						
	Aerospace	Security[1]	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,154,086,071	₩ 46,709,094	₩ 5,538,731,598	₩ 118,800,919	₩ 591,906,575	₩ 73,042,874	₩ 7,523,277,131
Accumulated contract cost	1,074,945,159	35,275,047	5,111,649,889	110,011,478	430,772,085	42,481,269	6,805,134,927
Accumulated contract profit	₩ 79,140,912	₩ 11,434,047	₩ 427,081,709	₩ 8,789,441	₩ 161,134,490	₩ 30,561,605	₩ 718,142,204

[1] The business unit of security service, which was spun off for the year ended December 31, 2024, is included.

Details of due from and due to customers for contract works as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025					
	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 201,552,337	₩ 651,250,925	₩ 23,682,883	₩ 27,592,777	₩ 5,565,403,906	₩ 6,469,482,828
Due to customers	152,843,825	1,817,949,330	9,674,167	70,011,818	5,567,926,568	7,618,405,708
Provision for expected losses[1]	₩ 6,406,106	₩ 29,066,581	₩ -	₩ 10,275	₩ 72,421,602	₩ 107,904,564

[1] The amounts are recognized as provisions in the consolidated statement of financial position.

(in thousands of Korean won)	December 31, 2024						
	Aerospace		Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 109,740,000		₩ 351,334,963	₩ 17,815,248	₩ 20,096,245	₩ 5,019,522,187	₩ 5,518,508,643
Due to customers	240,116,544		1,534,207,921	11,149,087	139,927,427	4,744,524,501	6,669,925,480
Provision for expected losses[1]	₩ 4,022,560		₩ 29,975,451	₩ 2,896,614	₩ 296,490	₩ 132,154,937	₩ 169,346,052

[1] The amounts are recognized as provisions in the consolidated statement of financial position.

For the year ended December 31, 2025, the total estimated revenue and costs for contracts in progress have changed due to factors causing the cost increases. Changes in the total estimated contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract works as of December 31, 2025 are as follows:

(in thousands of Korean won)	Changes in the total estimated contract revenue	Changes in the total estimated contract costs	Impact on profit or loss for the year	Impact on profit or loss for the succeeding year	Changes in contract assets	Changes in contract liabilities
Aerospace	₩ 1,543,750	₩ 7,701,481	₩ (8,065,011)	₩ 1,907,280	₩ 15,993,339	₩ 24,058,350
Defense	148,778,142	(38,040,416)	21,646,537	165,172,021	125,062,063	103,415,526
ICT	11,697,060	4,878,218	4,858,085	1,960,757	5,217,875	359,790
Satrec Initiative	9,339,574	13,204,708	(4,400,696)	535,562	6,578,980	10,979,676
Marine	54,455,876	(902,691,329)	61,559,155	895,588,050	373,128,778	311,569,623
	₩ 225,814,402	₩(914,947,338)	₩ 75,598,070	₩1,065,163,670	₩ 525,981,035	₩ 450,382,965

As of December 31, 2025 and 2024, the information on major contracts for which the contract revenue amount is 5% or more of the previous fiscal year sales is as follows.

(in thousands of Korean won)	December 31, 2025						
				Due from customers		Due to customers	
	Contract date	Construction due date	Progress rate	Gross amount	Loss allowance	Gross amount	Loss allowance
Contract A001[1]	Dec. 5, 2018	Apr. 15, 2026	99.73%	₩ 8,729,515	₩ -	₩ 19,543,613	₩ -
Contract A002[1]	Dec. 23, 2020	Oct. 31, 2029	58.60%	-	-	-	-
Contract A003[1]	Dec. 29, 2021	Dec. 31, 2030	40.49%	315,950,160	-	-	-
Contract A004[1]	Dec. 13, 2021	Mar. 31, 2028	73.29%	-	-	-	-
Contract A005[1]	Dec. 1, 2023	Jul. 31, 2033	32.71%	-	-	-	-
Contract B015[1]	May 9, 2024	Dec. 31, 2032	1.73%	-	-	-	-
Contract A006[1]	Jul. 8, 2024	Mar. 26, 2034	4.81%	-	-	-	-
Contract A007[1]	Oct. 27, 2025	Jan. 28, 2033	0.00%	-	-	-	-
Contract O001[1]	Oct. 10, 2019	Sep. 7, 2027	85.92%	463,978,637	-	-	-
Contract O002[1]	Dec. 22, 2023	Jul. 31, 2031	4.86%	-	-	-	-
Contract O003[1]	Sep. 9, 2021	Sep. 28, 2028	66.42%	153,208,946	-	-	-
Contract O004[1]	Jun. 1, 2021	Aug. 30, 2025	100%	1,381,955	-	9,036,851	-
Contract O005[1]	Jan. 10, 2022	Jul. 3, 2026	91.59%	380,199	-	126,817,827	-
Contract O006[1]	Sep. 30, 2024	Sep. 15, 2027	5.44%	-	-	-	-
Contract O007[1]	Dec. 24, 2012	Aug. 13, 2021	100%	57,333,681	-	-	-
Contract O008[1]	Dec. 1, 2020	Jun. 30, 2025	100%	-	-	-	-
Contract O009[1]	Dec. 22, 2025	Jun. 19, 2029	9.56%	188,574,693	-	-	-
Contract P001[1]	Jan. 19, 2021	Nov. 22, 2025	94.58%	34,119,367	-	-	-
Contract P002[1]	Nov. 1, 2022	Jul. 1, 2028	19.37%	-	-	-	-
Contract P003[1]	Aug. 26, 2025	Jun. 30, 2030	0.00%	-	-	-	-
				₩ 1,223,657,153	₩ -	₩ 155,398,291	₩ -

[1] The name of the contract was not separately indicated under the relevant laws and regulations.

(in thousands of Korean won)	December 31, 2024										
				Due from customers				Due to customers			
	Contract date	Construction due date	Progress rate	Gross amount		Loss allowance		Gross amount		Loss allowance	
Contract A001[1]	Dec. 5, 2018	Dec. 15, 2025	98.64%	₩	15,681,904	₩	-	₩	8,563,379	₩	-
Contract A002[1]	Dec. 23, 2020	Oct. 31, 2029	46.56%		-		-		-		-
Contract A003[1]	Dec. 29, 2021	Dec. 31, 2030	22.44%		121,960,196		-		17,054,774		-
Contract A004[1]	Dec. 13, 2021	Mar. 31, 2028	65.31%		-		-		-		-
Contract A005[1]	Dec. 1, 2023	Jul. 31, 2033	12.24%		-		-		-		-
Contract B015[1]	May 9, 2024	Dec. 31, 2032	0.34%		1,748,702		-		-		-
Contract A006[1]	Jul. 8, 2024	Mar. 26, 2034	1.75%		-		-		-		-
				₩	139,390,802	₩	-	₩	25,618,153	₩	-

[1] The name of the contract was not separately indicated under the relevant laws and regulations.

34. Information on operating segment

The Group classifies its operating segments by nature of products. The classification of revenue-generating goods and services, and major clients by operating segment is summarized as follows:

	Major products and services	Major customer
Aerospace engine	Manufacturing and sales of engines and components for aircraft	Ministry of Defense, Pratt and Whitney, General Electric and foreign others
Defense	Manufacturing and sales of defense machinery	Defense Acquisition Program Administration and foreign others
ICT	IT consulting, SI, ITO, logistics and others	Affiliates of the Group
Satrec Initiative	Manufacturing and sales of satellite systems and others	Ministry of Defense and foreign others
Marine	Manufacturing and sales of commercial ships, marine and specialty ships, plants and wind power	Mitsui O.S.K Lines.Ltd and foreign others

The classification of financial performance by operating segment as of and for the years ended December 31, 2025 and 2024 is as follows:

(in thousands of Korean won)	2025						
	Aerospace	Defense	ICT	Satrec Initiative	Marine	Consolidation adjustments	Total
Revenues	₩ 2,519,663,414	₩ 10,383,156,743	₩ 662,696,378	₩ 335,030,466	₩ 14,558,445,247	₩ (1,756,090,999)	₩ 26,702,901,249
Operating profit (loss)	13,502,395	2,272,594,142	50,795,206	(9,675,192)	1,115,269,305	(353,165,675)	3,089,320,181
Reportable segment profit (loss) before tax	(174,918,593)	2,424,796,342	5,443,279	(14,910,714)	825,927,218	(856,464,258)	2,209,873,274
Reportable segment profit (loss) for the year	(192,033,831)	2,063,463,060	8,081,208	(13,260,771)	1,234,450,173	(898,716,753)	2,201,983,086
Reportable segment interest income	4,034,913	125,836,042	1,601,478	1,765,970	104,926,876	(15,150,946)	223,014,333
Reportable segment interest expenses	105,598,387	176,655,607	3,102,494	2,310,246	206,866,291	(4,860,396)	489,672,629
Reportable segment depreciation[1]	66,547,168	218,786,265	30,683,936	9,336,063	264,015,571	283,372,855	872,741,858
Reportable segment assets	8,504,237,109	22,869,647,682	3,415,849,792	630,158,354	28,545,074,777	(10,011,298,110)	53,953,669,604
Reportable segment liabilities	4,708,213,042	17,776,052,071	644,447,315	324,288,716	15,532,674,464	(1,820,190,676)	37,165,484,932

[1] Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.

(in thousands of Korean won)	2024								
	Aerospace	Defense	ICT	Security	Industrial machinery	Satrec Initiative	Marine	Consolidation adjustments	Total[2]
Revenues	₩ 1,990,561,976	₩ 8,823,418,423	₩ 705,919,721	₩ 1,576,848,159	₩ 350,772,057	₩ 171,280,488	₩ 73,042,874	₩ (1,302,765,279)	₩ 12,389,078,419
Operating profit (loss)	(20,891,910)	1,652,607,220	46,197,766	124,549,141	(30,151,771)	(12,704,119)	34,539,930	(2,331,557)	1,791,814,700
Reportable segment profit (loss) before tax	(261,773,336)	1,605,887,304	182,246,518	126,445,255	(41,003,380)	(5,574,546)	32,087,550	1,059,111,682	2,697,427,047
Reportable segment profit (loss) for the year	(300,378,231)	1,386,026,649	131,267,487	84,668,515	(25,416,926)	(3,603,764)	25,019,152	1,242,290,579	2,539,873,461
Reportable segment interest income	7,358,750	60,964,019	1,419,143	2,262,109	1,459,524	3,479,772	2,545,667	(5,732,432)	73,756,552
Reportable segment interest expenses	115,208,696	120,618,783	3,302,999	7,327,781	7,156,116	781,991	6,396,915	(3,573,183)	257,220,098
Reportable segment depreciation[1]	64,107,928	187,463,023	31,391,591	14,968,301	11,281,362	8,396,479	1,709,348	11,629,732	330,947,764
Reportable segment assets	5,354,217,609	14,446,418,416	1,748,413,377	-	-	645,067,311	23,501,662,431	(2,133,845,101)	43,561,934,043
Reportable segment liabilities	3,534,251,612	13,975,374,237	331,143,771	-	-	373,816,139	14,042,897,293	(187,555,668)	32,069,927,384

[1] Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.
[2] The gain or loss incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 is included.

Revenues over 10% of the Group's revenue are derived from two external customers, of which 12.30% is from customer A and 12.42% is from customer B, for the year ended December 31, 2025.

Revenues over 10% of the Group's revenue are derived from two external customers, of which 27.68% is from customer A and 16.45% is from customer B, for the year ended December 31, 2024.

35. Selling and administrative expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024**
Salaries and allowances	₩	540,298,124	₩	265,891,781
Bonuses		133,028,843		191,321,545
Post-employment benefits		47,261,820		36,137,895
Employee welfare benefits		111,172,255		51,942,529
Depreciation		18,543,875		14,286,100
Amortization		310,616,027		27,981,886
Depreciation of right-of-use assets		30,432,904		20,587,780
Advertisement		141,196,563		65,595,717
Training and education		22,411,959		10,614,168
Social gatherings		9,106,080		6,058,072
(Reversal of) bad debt expenses		(648,066)		681,099
Publications		1,012,663		435,266
Document forwarding fee		72,548		40,533
Logistics		68,529,476		69,498,737
Insurance		63,905,198		39,419,962
Services		15,395,238		2,728,828
Taxes and dues		32,766,824		11,798,665
Supplies		9,119,795		3,614,847
Repairs and maintenance		15,815,544		2,097,874
Travel		41,778,846		27,220,855
Utilities		3,553,550		2,313,234
Prints		529,759		381,454
Rents		21,886,256		3,339,775
Electronic data processing		18,880,904		10,671,092
Research		1,300,536		335,680
Commission fees		389,895,498		159,110,564
Communication		2,509,332		1,885,970
Events		13,420,515		6,037,849
Conferences		1,922,947		3,991,285
	₩	2,065,715,813	₩	1,036,021,042

36. Expenses classified by nature

Details of expenses classified by nature for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024**
Changes in inventories of finished goods, semi-finished goods and work in process	₩	605,602,220	₩	(500,631,161)
Purchase of merchandise		606,461,772		339,547,315
Raw materials and consumables used		11,661,222,237		5,286,143,965
Salary and wages[1]		3,386,517,753		1,928,116,086
Employee welfare benefits		582,376,022		248,512,672
Depreciation		393,470,480		186,158,864
Amortization		377,984,430		68,500,268
Depreciation of right-of-use assets		101,286,948		47,218,775
Freight and custody charges		171,516,078		82,892,101
Taxes and dues		58,054,939		26,324,968
Repairs and maintenance		161,794,564		51,451,309
Utilities		200,047,909		58,782,602
Rents		108,129,787		19,175,455
Electronic data processing		85,311,598		60,975,125
Payment fees		805,775,540		328,103,749
Technical license fees		79,232,032		97,976,574
Outsourcing		3,461,541,644		913,947,581
Others		767,255,115		265,046,411
Total [2]	₩	23,613,581,068	₩	9,508,242,659

[1] Salary and post-employment benefits are included.

[2] The amounts include cost of sales, selling and administrative expenses and research and development expenses in the consolidated statements of comprehensive income.

37. Other income and expenses

Details of other income and expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025		2024
Other income				
Fees revenues	₩	1,756,359	₩	2,847,056
Gain on foreign currency transactions		137,828,213		149,028,196
Gain on foreign currency translations		48,318,189		137,070,113
Gain on disposal of property, plant and equipment		3,812,501		2,726,701
Gain on disposal of intangible assets		10,936,353		488,459
Gain on disposal of right-of-use asset		7,687,691		331,338
Gain on disposal of investment in subsidiaries and associates		15,049,665		1,143,106,168
Gain on disposal of business		20,784,235		-
Reversal of impairment loss of property, plant and equipment		-		3,299,998
Gain on valuation of firm commitments		225,255		-
Dividends income		28,778,785		188,960
Reversal of other loss allowances		5,031,617		192,869
Income on government grants		1,042,620		70,782
Miscellaneous income		61,750,739		50,113,449
	₩	343,002,222	₩	1,489,464,089
Other expenses				
Fees	₩	8,321,122	₩	5,959,969
Loss on foreign currency transactions		169,034,932		103,584,134
Loss on foreign currency translations		60,266,529		92,067,197
Loss on valuation of RSU		290,851,902		-
Loss on disposal of trade receivables		8,315,741		7,803,792
Loss on disposal of property, plant and equipment		5,925,623		5,853,989
Loss on disposal of intangible assets		18,494		821,119
Loss on disposal of right-of-use assets		707,135		44,744
Loss on disposal of investment in subsidiaries and associates		452		1,147,946
Loss on disposal of business		22,969,553		-
Loss on valuation of firm commitments		64,315,709		-
Impairment loss on property, plant and equipment		-		6,906,112
Impairment loss on intangible assets		3,879,124		163,498,071
Impairment loss on investment in subsidiaries and associates		6,839,994		7,586,028
Donations		39,866,619		20,309,732
Other bad debt expenses		5,498,172		132,948,810

Miscellaneous expenses		127,263,464		9,408,834
	₩	814,074,565	₩	557,940,477

38. Finance income and costs

Details of finance income and costs for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		**2025**		**2024**
Finance income				
Interest income	₩	223,014,333	₩	70,034,943
Gain on foreign currency transactions		658,767,492		111,566,249
Gain on foreign currency translations		147,561,986		43,823,167
Gain on valuation of financial assets at FVPL		96,165,198		75,756,384
Gain on valuation of derivatives		25,228,279		63,195,909
Gain on derivatives transactions		119,824,695		9,163,532
	₩	1,270,561,983	₩	373,540,184
Finance costs				
Interest expenses	₩	489,672,629	₩	242,539,779
Payment guarantee fee		49,084		(623,485)
Loss on foreign currency transactions		684,089,832		82,521,419
Loss on foreign currency translations		144,868,214		70,867,110
Loss on valuation of financial assets at FVPL		94,640,423		11,994,162
Loss on disposal of financial assets at FVPL		1,607		882
Loss on disposal of financial assets at FVOCI		19,394,519		-
Loss on valuation of derivatives		20,164,789		7,913,325
Loss on derivatives transactions		142,743,712		79,670,438
	₩	1,595,624,809	₩	494,883,630

39. Earnings per share

Basic earnings per share for each of the two years in the period ended December 31, 2025 are calculated as follows:

(in Korean won, except for earnings per share)	2025	2024
Profit attributable to the owners of the Parent Company	₩ 1,404,962,303,500	₩ 2,298,945,270,624
Profit from continuing operation attributable to the owners of the Parent Company	1,404,962,303,500	2,260,506,866,573
Weighted-average number of ordinary shares outstanding	49,244,865 shares	49,211,337 shares
Earnings per share from continuing operations	₩ 28,530	₩ 45,935
Earnings per share from discontinued operations	-	781

The weighted average number of ordinary shares for each of the two years in the period ended December 31, 2025 is calculated as follows:

(in shares)	2025	2024
Beginning balance	45,581,161	50,630,000
Effect of treasury shares	(114,613)	(71,257)
Effect of share options	543,730	326,319
Paid-in capital increase	3,234,587	-
Spin-off	-	(1,673,725)
Weighted average number of ordinary shares	49,244,865	49,211,337

Diluted earnings per share for each of the two years in the period ended December 31, 2025 are calculated as follows:

(in Korean won, except for earnings per share)	2025	2024
Profit attributable to the owners of the Parent Company	₩ 1,404,962,303,500	₩ 2,298,945,270,624
Profit from continuing operation attributable to the owners of the Parent Company	1,404,962,303,500	2,260,506,866,573
Weighted-average number of ordinary shares outstanding for diluted earnings per share	49,244,865 shares	49,211,337 shares
Earnings per share from continuing operations	₩ 28,530	₩ 45,935
Earnings per share from discontinued operations	-	781

The weighted average number of ordinary shares for diluted earnings per share for the years ended December 31, 2025 and 2024 is calculated as follows:

(in shares)	**2025**	**2024**
Beginning balance	45,581,161	50,630,000
Effect of treasury shares	(114,613)	(71,257)
Effect of share options[1]	543,730	326,319
Paid-in capital increase	3,234,587	-
Spin-off	-	(1,673,725)
Weighted average number of ordinary shares	49,244,865	49,211,337

[1] Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options granted to the key executives at the beginning of the current year for dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (average market price in the accounting period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options are exercised.

40. Transactions with the related parties

Details of the Group's related parties as of December 31, 2025 are as follows:

Type	Name of entity
Parent Company	Hanwha Corp.
Associates and joint ventures	Sermatech Korea Co., Ltd.
	Forge Nano, Inc.
	Hanwha Futureproof Corp.
	P&W NGPF Manufacturing Company Singapore Pte Ltd.
	Infinidome Ltd.
	Overair, Inc.
	Hanwha Aviation Pte Ltd.
	Vivity AI Inc.
	Musicow US, Inc.
	Luxrobo
	Lambda256 Co., Ltd[2]
	Hanwha Shipping LLC
	Shinan Ui Offshore Windpower Corporation
	YEONGDEOKBEULRUWINDEU CO., LTD.
	Wing Shiptechnology Corp.
	TPI Mega Line Co., Ltd.
	KC LNG Tech Co., Ltd.
	DM-CMHI Offshore Engineering(Jiangsu) Co., Ltd.
	Hanwha Shipping Holdings LLC[3]
	Hanwha Defense & Energy Corp. [3]
	Hanwha Shipping Inc. [3]
Joint arrangements	SAME Netherlands B.V.
Other related parties[1]	HANWHA SOLUTIONS CORPORATION and others

[1] Although those entities do not qualify as related parties as defined in Paragraph 9 of KIFRS 1024, they are classified as the related parties based on the substantive relationship criteria outlined in Paragraph 10 of KIFRS 1024, according to the resolution of the Securities and Futures Commission of Korea, which designates the Large-scale business group under the resolution by the Fair Trade Commission.
[2] Although the investment in Lambda256 Co., Ltd is classified and measured as financial assets at fair value through profit or loss as the redeemable convertible preferred shares and convertible preferred shares, the entity is classified as an associate since the Group has significant influence over Lambda256 Co., Ltd, considering potential voting rights.
[3] The entity was newly established for the year ended December 31, 2025.

Details of the Group's transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025				
	Sales and others	**Disposal of assets and others**	**Purchases and others**	**Acquisition of assets and others**	**Other expenses**
Parent Company					
Hanwha Corp.[1]	₩ 82,601,081	₩ -	₩ 37,577	₩ 7,130,000	₩ 97,667,262
Associates and joint venture					
Shinan Ui Offshore Windpower Corporation	201,518,519	8,877,967	-	-	1,078,440
Hanwha Shipping LLC	151,092,395	-	-	-	-
Sermatech Korea Co., Ltd.[2]	5,427,344	-	18,739,123	-	3,734,494
TPI Mega Line Co., Ltd.[3]	961,400	-	281,805	-	7,595,994
Hanwha Aviation Pte Ltd.	552,158	-	-	-	-
P&W NGPF Manufacturing Company Singapore Pte Ltd.	112,276	-	79,435,120	-	2,700
Vivity AI Inc.	-	-	116,400	-	116,400
Hanwha Futureproof Corp.	797,737	-	80,520	-	2,692,470
KC LNG Tech Co., Ltd.	-	-	-	-	258,003
Hanwha Shipping Holdings LLC	-	-	-	-	222,933
Joob Global Pte. Ltd.[4]	-	-	-	-	828
Others					
Hanwha TotalEnergies Petrochemical Co., Ltd.	93,030,715	-	5,698,217	-	1,267,526
H&G Chemical Co., Ltd.	86,563,342	-	-	-	-
Hanwha Solutions Corporation	72,446,870	-	-	52,071,100	6,910,880
Hanwha Life Insurance Co., Ltd.[5]	54,424,979	703,900	8,824	-	3,436,858
Hanwha General Insurance Co., Ltd.[6]	33,574,230	-	10,415,231	30,027	3,038,526
Hanwha Q Cells Georgia, Inc	21,399,666	-	-	-	8,533
Hanwha Power Systems Co., Ltd.	16,801,189	-	19,922,613	99,800	236,511
Hanwha Vision CO., LTD	15,610,027	100,000	-	30,803,512	1,112,749
HANWHA GALLERIA CORPORATION	12,506,963	-	145,677	-	20,725,712
HANWHA SEMITECH CO., LTD.	12,064,444	-	-	-	28,910
Hanwha Investment & Securities Co., Ltd	11,718,464	-	1,122	-	1,847,595
Hanwha Hotels & Resorts Co., Ltd.	10,173,231	1,395,117	6,365,430	63,239,053	32,684,709
YEOCHUN NCC Co., Ltd.	8,033,200	-	-	-	2,500
Hanwha Life Financial Service Co., Ltd	7,265,792	-	-	-	-
Hanwha Energy Corporation	7,243,089	-	1,145,464	85,905,260	40,614
Hanwha Advanced Materials Corporation	6,412,814	-	-	-	-
Hanwha Engine Co., Ltd.	6,151,375	-	553,291,911	10,966	811,525
Hanwha Q Cells Malaysia Sdn. Bhd.	6,071,215	-	-	-	-
Hanwha Momentum	5,681,561	-	-	-	-

Hanwha Q Cells Technologies, Inc.	5,276,228	-	-	-	-
Hanwha Eagles Professional Baseball Club	2,645,878	-	-	-	2,918,000
Hanwha Q Cells America Inc.	1,807,961	-	-	-	7,865,916
Hanwha International LLC	1,141,168	-	123,118,777	-	9,652,770
Hanwha Cultural Foundation	931,430	-	-	-	21,109,060
Hanwha Europe GmbH	615,502	-	74,151,896	500,986	1,196,391
JEONGSANG BUKHANSAN RESORT CO.,LTD.	339,752	-	-	14,284,694	-
Carrot Co., Ltd[7]	77,303	-	-	-	9,722,081
HANWHA ESTATE SERVICE	4,112	-	-	-	10,678,325
Hanwha REIT Co., Ltd.	-	-	-	12,794,811	8,214,174
Others	40,039,538	-	923,656	304,500	13,263,085
	₩ 983,114,948	₩ 11,076,984	₩ 893,879,363	₩ 267,174,709	₩ 270,142,474

[1] Includes other expenses of ₩ 218 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

[2] Including dividends ₩ 4,473 million received for the year ended December 31, 2025.

[3] Including dividends ₩ 961 million received for the year ended December 31, 2025.

[4] Includes other expenses of ₩ 828 thousand incurred by Joob Global Pte. Ltd., which was excluded from associates for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

[5] Includes other expenses of ₩ 475 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

[6] Includes other expenses of ₩ 32,817 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

[7] For the year ended December 31, 2025, Carrot Co., Ltd was merged into Hanwha Insurance Co., Ltd. The amount represents transactions incurred up until the merger.

(in thousands of Korean won)	2024				
	Sales and others	**Disposal of assets and others**	**Purchases and others**	**Acquisition of assets and others**	**Other expenses**
Parent Company					
Hanwha Corp.	₩ 59,056,767	₩ 1,600,455	₩ 191,981	₩ 11,801,300	₩ 36,497,945
Associates and joint venture					
Sermatech Korea Co., Ltd.[1]	5,596,570	-	13,254,961	-	4,829,580
OVERAIR, INC.	3,709,414	-	-	-	-
P&W NGPF Manufacturing Company Singapore PTE Ltd.	216,767	-	68,024,567	-	-
VIVITY AI INC.	-	-	-	-	46,800
Others					
Hanwha Ocean Co., Ltd.[2]	130,450,338	1,291	180,000	8,818,380	154,395
Hanwha Q Cells Georgia, Inc	92,292,723	-	-	-	-
Hanwha Life Insurance Co., Ltd.	57,299,387	8,787,184	-	2,895,939	3,555,965
Hanwha Solutions Corporation	48,243,620	23,680,000	-	20,310,000	4,793,310
Hanwha General Insurance Co., Ltd.	34,381,126	-	9,684	34,590	7,138,927
Hanwha TotalEnergies Petrochemical Co., Ltd.	18,496,681	-	-	-	58,735
Hanwha Europe GmbH	17,297,942	-	59,508,000	-	3,316,110
HANWHA GALLERIA CORPORATION	16,468,948	-	-	-	9,354,429
Hanwha Hotels & Resorts Co., Ltd.	13,394,868	-	-	6,734,509	18,776,306
Hanwha Power Systems Co., Ltd.	12,552,759	-	3,852,306	341,000	471,161
Hanwha Investment & Securities Co., Ltd	9,148,055	-	-	-	199,668
Hanwha Life Financial Service Co., Ltd	8,991,365	-	-	-	-
Hanwha Japan Co., Ltd	8,308,805	-	11,041	-	180,454
Hanwha Energy Corporation	7,791,477	-	-	-	-
Hanwha Machinery America Inc.	6,204,793	-	-	-	18,507
Hanwha Advanced Materials Corporation	6,163,824	-	-	-	-
Hanwha Vision CO., LTD[3]	5,846,125	-	-	-	159,376
Hanwha Impact Corporation	5,695,702	-	-	-	30,460
Hanwha Ocean SG Holdings Pte Ltd.[2]	5,691,184	-	-	-	-
Hanwha e-ssential Corporation	5,655,756	-	-	-	-
Hanwha Engine Co., Ltd.	5,011,317	-	-	-	627,097
HANWHA SEMITECH CO., LTD.(formerly Hanwha Precision Machinery Co., Ltd.)[3]	4,104,460	-	-	-	8,679
Hanwha Q CELLS America Inc.	2,126,138	-	-	-	3,518,732
VISIONEXT CO., LTD.[3]	501,323	-	-	-	-
Hanwha International LLC	488,559	-	92,727,829	-	35,526
Neubla Corporation [3]	216,640	-	-	-	-
Carrot Co., Ltd	137,857	-	-	-	8,516,878
Hanwha Vision Vietnam Company Limited[3]	43,356	-	-	-	-

Hanwha Cultural Foundation	36,605	-	-	-	14,725,000
Hanwha Vision America, Inc.[3]	29,931	-	-	-	-
Hanwha Techwin (Shanghai) Co., Ltd.[3]	26,860	-	-	-	-
Hanwha Vision Europe Limited[3]	23,322	-	-	-	-
Hanwha REIT Co., Ltd.	-	5,992,156	-	13,890,834	605,627
Others	47,811,055	-	309,049	2,396,568	12,270,080
	₩ 639,512,419	₩ 40,061,086	₩ 238,069,418	₩ 67,223,120	₩ 129,889,747

[1] Including dividends ₩ 3,358 million received for the year ended December 31, 2024.

[2] The above entities were included in the scope of consolidation for the year ended December 31, 2024. The transaction amount refers to the amount traded before the inclusion.

[3] The above entities were spun off from Hanwha Aerospace Co., Ltd. for the year ended December 31, 2024. The transaction amount refers to the amount traded after the spin-off.

Details of the Group's outstanding balances arising from the sales/purchases of goods and services with its related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 6,056,386	₩ 164,809	₩ 330,801	₩ 11,427	₩ 381,381	₩ 15,449,770
Associates and joint venture						
Shinan Ui Offshore Windpower Corporation	188,574,693	19,719,131	-	-	-	-
Hanwha Shipping LLC	36,650,375	437,913	-	-	-	207,869,557
OVERAIR, INC.[1]	-	138,000,101	-	-	-	-
Hanwha Futureproof Corp.	-	4,928,914	-	-	2,511	1,756,376
Hanwha Aviation Pte Ltd.	-	3,665,358	-	-	-	-
P&W NGPF Manufacturing Company Singapore Ltd.	-	159,337	-	3,670,483	-	-
Sermatech Korea Co., Ltd.	-	15,978	-	1,600,461	-	458,453
Lambda256 Co., Ltd [2]	-	-	17,522,220	-	-	-
TPI MEGALINE CO, LTD	-	-	-	-	1,412,396	50,384,933
Vivity AI Inc.	-	-	-	-	128,040	-
Joint Arrangements						
SAME Netherlands B.V.	91,831,899	-	-	-	-	-
Others						
Hanwha TotalEnergies Petrochemical Co., Ltd.	10,860,536	-	-	760,235	4,315	231,520
Hanwha Solutions Corporation	6,695,826	-	11,706,393	-	195,235	376,699
Hanwha Life Insurance Co., Ltd.	3,932,464	810,298	218,353,254	-	13,740	24,925
Hanwha Hotels & Resorts Co., Ltd.	1,927,208	4,316	4,310,667	4,829,156	5,873,210	-
Hanwha Investment & Securities Co., Ltd	1,784,777	-	-	-	-	38,113,234
Hanwha Q Cells Georgia, Inc	1,513,862	1,171,280	4,971,256	-	-	4,242,581
Hanwha Energy Corporation	844,778	-	477,683	3,487,488	25,279,540	260,039
Hanwha Engine Co., Ltd.	643,529	120,587	145,487,595	54,631,665	6,966	4,948,164
Q Energy Solutions SE	137,036	-	85,459,315	-	-	58,925
Transgrid Energy LLC	7,611	-	115,652,738	-	-	-
Hanwha International LLC	-	-	30,153,725	29,635,827	-	9,711,349
Hanwha REIT Co., Ltd.	-	-	3,994,696	-	-	51,846,002
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,666,400
Others	16,573,291	3,660,195	11,287,797	10,708,128	6,709,514	3,248,167
	₩ 368,034,271	₩ 172,858,217	₩ 649,708,140	₩109,334,870	₩ 40,006,848	₩ 417,647,094

[1] The Group established ₩ 138,000 million as the allowance for loss on the loans to the related parties as of December 31, 2025. Gains (losses) on foreign currency transactions of ₩ 5,329 million were recognized for the year ended December 31, 2025.

[2] Redeemable convertible preferred shares are included.

(in thousands of Korean won)	December 31, 2024					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 28,498,479	₩ 1,840,723	₩ 368,179	₩ 17,183,002	₩ 773,698	₩ 10,675,190
Associates and joint venture						
Sermatech Korea Co., Ltd.	-	15,400	-	1,255,615	-	364,290
P&W NGPF Manufacturing Company Singapore Ltd.	-	162,471	-	5,616,939	-	-
OVERAIR, INC.[1]	-	143,329,545	-	-	-	-
Lambda256 Co., Ltd [2]	-	-	17,533,369	-	-	-
TPI MEGALINE CO, LTD	-	-	-	-	1,444,207	60,382,097
Joint Arrangements						
SAME Netherlands B.V.	-	-	190,881,826	-	-	-
Others						
H&G Chemical Co., Ltd.	20,517,300	-	-	-	-	428,187
Hanwha Solutions Corporation	14,317,160	-	14,922,814	124,434	205,663	268,810
Hanwha Life Insurance Co., Ltd.	10,213,735	1,472,071	265,379,705	-	-	4,383,407
Hanwha TotalEnergies Petrochemical Co., Ltd.	8,916,174	56,397	-	772,382	227,076	7,450,520
Hanwha Hotels & Resorts Co., Ltd.	1,535,439	431	6,408,922	2,368,685	1,781,734	-
Hanwha Engine Co., Ltd.	329,496	-	92,862,378	48,222,616	4,290	30,000
Hanwha International LLC	-	-	15,941,320	783,931	-	-
HANWHA CONVERGENCE CO., LTD.	-	-	10,958,500	155,320	-	-
Hanwha Europe GmbH	-	-	8,919,254	1,225,054	642,122	-
Hanwha REIT Co., Ltd.	-	-	3,999,804	-	-	42,706,409
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,177,800
Others	25,863,381	1,798,180	8,034,523	1,613,940	2,857,639	7,478,154
	₩ 110,191,164	₩ 148,675,218	₩ 636,210,594	₩ 79,321,918	₩ 7,936,429	₩ 162,344,864

[1] The Group established ₩ 143,330 million as the allowance for loss on the loans to the related parties as of December 31, 2024. Bad debt expenses and gains (losses) on foreign currency transactions amounting to ₩ 143, 330 million were recognized for the year ended December 31, 2024.

[2] Redeemable convertible preferred shares are included.

Details of the Group's financial transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Borrowing transactions					
	Borrowings	**Collections**	**Investment**	**Dividend expenditure**	**Dividend receipt**	**Others**
Parent company						
Hanwha Corp.	₩ -	₩ -	₩ -	₩ 54,164,096	₩ -	₩ 11,686,400
Associates and joint venture						
Hanwha Defense & Energy Corp.	-	-	859,373,445	-	-	-
Hanwha Shipping LLC	-	-	240,184,003	-	-	-
Hanwha Shipping Holdings LLC	-	-	118,164,108	-	-	-
Hanwha Futureproof Corp.	-	-	63,144,000	-	-	-
Hanwha Aviation Pte Ltd.	-	-	37,016,900	-	-	-
Shinan Ui Offshore Windpower Corporation	-	-	27,106,200	-	-	-
Sermatech Korea Co., Ltd.	-	-	-	-	4,472,500	-
TPI MEGALINE CO, LTD	-	-	-	-	961,400	-
Other						
Transgrid Energy LLC	111,451,045	-	-	-	-	-
Hanwha Investment & Securities Co., Ltd	-	-	-	284	-	25,000,000
Q Energy Solutions SE	85,459,315	-	-	-	-	-
Hanwha Asset Management Co., Ltd.	-	-	-	20,475	-	-

[1] For the year ended December 31, 2025, the Group acquired an equity interest in Forge Nano, Inc. from Hanwha Corp.

[2] For the year ended December 31, 2025, Hanwha Investment & Securities Co., Ltd. acquired the Company's corporate bonds amounting to ₩ 25,000 million.

(in thousands of Korean won)	2024					
	Borrowing transactions					
	Borrowings	Collections	Investment	Dividend expenditure	Dividend receipt	Others
Parent company						
Hanwha Corp.	₩ -	₩ -	₩ -	₩ 30,941,296	₩ -	₩ -
Associates and joint venture						
Sermatech Korea Co., Ltd.	-	-	-	-	3,358,154	-
Luxrobo[1]	-	-	12,489,204	-	-	-
Hanwha Aviation PTE. Ltd	-	-	102,402,960	-	-	-
VIVITY AI INC[2]	-	-	4,978,760	-	-	-
Hanwha Futureproof Corp	-	-	289,528,750	-	-	-
JOOB GLOBAL PTE. LTD.	-	-	138,510	-	-	-
Other						
Hanwha Investment & Securities Co., Ltd	-	-	-	670	-	-
Hanwha Energy Corporation	-	-	-	6,768,772	-	-
Employees	(140,000)	(140,000)	-	-	-	-

[1] The Group acquired 0.33% of shares by exercising the conversion right of the redeemable convertible preferred shares on June 28, 2024.
[2] Although the Group has 80.97% of shares through participation in capital increase on January 5, 2024, the entity is classified as a joint venture as the Group has joint control over the entity through joint arrangements such as the right to appoint directors.

Details of the Group's lease transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025					
	Beginning balance	**New agreement**	**Termination**	**Lease payments**	**Interest expense (lease liabilities)**	**Ending**
Parent Company						
TPI MEGALINE CO, LTD	₩ 60,568,485	₩ -	₩ (186,388)	₩ (11,880,000)	₩ 1,882,836	₩ 50,384,933
Other						
Hanwha REIT Co., Ltd.	42,959,597	21,937,204	(253,188)	(14,261,909)	1,464,298	51,846,002
Hanwha Engine Co., Ltd.	5,178,878	10,966	-	(651,520)	308,615	4,846,939
Hanwha General Insurance Co., Ltd	978,966	30,027	-	(192,416)	31,316	847,893
Hanwha Life Insurance Co., Ltd.	799,800	83,066	(703,900)	(185,448)	20,489	14,007

(in thousands of Korean won)	2024							
	Beginning balance	**New agreement**	**Termination**	**Lease payments**	**Interest expense (lease liabilities)**	**Spin-off**	**Business combination**	**Total**
Parent Company								
Hanwha Corp.	₩ 5,361,055	₩ -	₩ (1,594,235)	₩ (1,538,494)	₩ 99,483	₩ (2,327,809)	₩ -	₩ -
Associates								
TPI MEGALINE CO, LTD	-	-	-	-	-	-	60,568,485	60,568,485
Other								
Hanwha Momentum	-	1,594,237	-	(382,455)	7,437	(1,219,219)	-	-
Hanwha General Insurance Co., Ltd	1,093,126	34,591	-	(188,078)	39,327	-	-	978,966
Hanwha Life Insurance Co., Ltd.	1,091,796	93,068	-	(435,363)	44,636	-	5,663	799,800
Hanwha REIT Co., Ltd.[1]	35,984,416	7,927,738	(6,013,374)	(8,812,222)	1,379,349	-	12,493,689	42,959,596
Hanwha Engine Co., Ltd.	5,498,873	-	-	(648,720)	328,725	-	-	5,178,878

[1] Hanwha Life Insurance Co., Ltd. transferred the ownership of the building leased by the Group to Hanwha REIT Co., Ltd. on August 28, 2024.

As of December 31, 2025, the amount of investment commitments related to investments in financial instruments with the related parties is as follows:

(in thousands of Korean won)		**Commitment amount**		**Cumulative contribution amount**		**Remaining contract amount**
Hanwha Asset Management Co., Ltd.	₩	140,000,000	₩	86,374,777	₩	53,625,223

The Group obtained approval from the Board of Directors to conduct transactions in investment securities and other financial instruments with Hanwha Investment & Securities Co., Ltd. up to a limit of ₩ 1,430,000 million for the purpose of enhancing the profitability of fund management. As of the end of the current period, out of the approved transaction limit of ₩ 1,430,000 million, transactions amounting to USD 310 million and ₩ 61,000 million had been executed.

As of December 31, 2025 and 2024, the Group provides home mortgage loans to its employees.

Details of payment guarantees provided by the Group to its related parties as of December 31, 2025 are as follows:

(in thousands of USD)	**Guaranteed by**		**Total guaranteed amount**		**Guaranteed amount**	
Associates						
Hanwha Aviation Pte Ltd.[1]	Hana Bank (Singapore) KEXIM (Singapore) NH Nonghyup Bank (Hong Kong)	USD	168,000	USD	168,000	Payment guarantee
Joint Arrangements						
SAME Netherlands B.V.[1]	Petroleo Brasileiro S.A	USD	2,517,811	USD	1,057,651	Performance guarantee

[1] On July 31, 2025, Hanwha Aviation Pte Ltd. entered into borrowing agreements with Hana Bank (Singapore), KEXIM (Singapore), and NH NongHyup Bank (Hong Kong) for credit facilities amounting to USD 80 million, USD 30 million, and USD 30 million, respectively, totaling USD 140 million. These borrowings are secured by a joint and several guarantee provided by the Group, covering 120% of the outstanding debt amount. In connection with the above guarantees, on July 31, 2025, the Group entered into a shareholders' agreement with Hanwha Impact Partners Inc., under which the guarantee obligations are shared between the parties in proportion to their equity interests at a ratio of 50:50 pursuant to a separate agreement.

On April 30, 2025, Hanwha Futureproof Corp. issued USD 400 million in bonds to the Korea Development Bank, supported by joint and several guarantees provided by the Group and Hanwha Solutions Corporation. Subsequently, on June 30, 2025, the Group entered into a separate agreement with Hanwha Solutions Corporation to share the guarantee obligations in proportion to their indirect ownership interests. Under this agreement, the guarantee sharing ratio between the Group and Hanwha Solutions Corporation is 87.5:12.5.

For the year ended December 31, 2025, the Group acquired shares of Hanwha Ocean Co., Ltd. from Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation in the amounts of ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively. In connection with the acquisition, related incidental costs amounting to \ 260 million were paid to Hanwha Investment & Securities Co., Ltd.

For the year ended December 31, 2025, the Group conducted a third-party allotment capital increase to Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation, with capital contributions of ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively, fully paid during the period. In addition, the Group carried out a rights offering followed by a public offering of unsubscribed shares, and capital contributions amounting to ₩ 765,878 million were fully paid by Hanwha Corporation during the current period.

As of December 31, 2025, the amount of payment guarantees provided by management in relation to foreign currency payment guarantees and others is ₩ 6,000,000 thousand, and the actual amount is ₩ 1,018,909 thousand.

Details of compensations paid or payable to the key management for employee services for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of Korean won)	2025	2024
Short-term employee benefits	₩ 83,956,084	₩ 66,936,199
Share-based payments	269,560,423	133,457,182
Post-employment benefits	30,090,455	12,409,895
	₩ 383,606,962	₩ 212,803,276

Key management includes all registered executives and general executives who have significant authority and responsibility in respect to planning, operating and controlling of the Group's business activities.

41. Commitments and contingencies

Details of the Group's major agreements with the financial institution as of December 31, 2025 are as follows:

(in thousands of Korean won and in foreign currencies)	Currency	Limit	Details
Korea Development Bank	KRW	108,333,320	Facility loans
	KRW	2,537,658,937	General purpose loans
	USD	6,697,954,190	Other payment guarantee in other foreign currencies
	USD	334,400,000	Import L/C
	USD	730,000,000	General purpose loans
Woori Bank	KRW	3,000,000	Purchasing card
	KRW	100,000,000	Supplier finance arrangement
	KRW	7,200,000	Other payment guarantee
	KRW	6,000,000	Mutual partnership loan
	KRW	150,000,000	Facility loans
	KRW	18,991,616	General purpose loans
	KRW	315,000,000	Combined limits loan agreements
	KRW	40,000,000	Limit loans
	USD	640,000	Other payment guarantee in other foreign currencies
	USD	196,000,000	Import L/C
	USD	1,449,319	General purpose loans
Woori Bank (Beijing)	CNY	70,000,000	General purpose loans
Woori Bank (Hanoi)	USD	20,000,000	Facility loans
	USD	25,000,000	General purpose loans
Woori Bank (Hong Kong)	USD	18,000,000	General purpose loans
Woori Bank (Sydney)	AUD	18,000,000	Limit loans
KEB Hana Bank	KRW	5,000,000	Purchasing card
	KRW	10,000,000	Supplier finance arrangement
	KRW	3,000,000	Overdraft loan limit
	KRW	608,000,000	Facility loans
	KRW	15,000,000	Credit sales facility
	KRW	117,573,610	General purpose loans
	KRW	4,127,500	Limit loans
	USD	129,800,000	Other payment guarantee in other foreign currencies
	USD	247,500,000	Import L/C
	RON	2,110,318,468	Other payment guarantee in other foreign currencies
KEB Hana Bank (Hong Kong)	USD	10,000,000	Facility loans
	USD	40,000,000	General purpose loans
Shinhan Bank	KRW	85,922,054	Other payment guarantee
	KRW	150,000,000	Facility loans
	KRW	1,500,000	Credit sales facility
	KRW	344,800,000	General purpose loans
	KRW	50,000,000	CP acquisition agreement
	USD	55,097,309	Other payment guarantee in other foreign currencies
	USD	78,000,000	Import L/C
	PHP	97,815,000	Other payment guarantee in other foreign currencies
Shinhan Bank (New York)	USD	10,000,000	Limit loans
Shinhan Bank (Singapore)	USD	15,000,000	General purpose loans

(in thousands of Korean won and in foreign currencies)	Currency	Limit	Details
Shinhan Bank (Sydney)	AUD	15,000,000	Limit loans
Kookmin Bank	KRW	130,000,000	Supplier finance arrangement
	KRW	150,000,000	Trade financing
	KRW	170,000,000	Facility loans
	KRW	3,000,000	Credit sales facility
	KRW	216,000,000	General purpose loans
	USD	284,781,727	Combined payment guarantee in other foreign currencies
	USD	161,000,000	Import L/C
	USD	70,000,000	General purpose loans
Kookmin Bank (Singapore)	USD	34,000,000	General purpose loans
	USD	4,000,000	Limit loans
Kookmin Bank (Hanoi)	USD	6,000,000	General purpose loans
Industrial Bank of Korea	KRW	2,500,000	Purchasing card
	KRW	5,500,000	General purpose loans
	KRW	34,000,000	Electric bill limit
	KRW	50,000,000	Supplier finance arrangement
	USD	100,000,000	Combined payment guarantee in other foreign currencies
	USD	200,000	Forward exchange contract
	USD	58,400,000	Import L/C
NH Nonghyup Bank	KRW	10,000,000	Supplier finance arrangement
	KRW	155,578,800	Facility loans
	KRW	10,000,000	Credit sales facility
	KRW	325,000,000	General purpose loans
	USD	43,000,000	Import L/C
NH Nonghyup Bank (Hanoi)	USD	10,000,000	General purpose loans
Korea Export-Import Bank	KRW	27,000,000	Import fund limit loans
	KRW	102,693,011	Export fund limit loans
	KRW	1,642,900,000	General purpose loans
	KRW	142,000,000	Overseas investment fund limit loans
	USD	6,105,854,990	Other payment guarantee in other foreign currencies
	USD	1,021,436,456	Performance guarantee
	USD	15,000,000	Facility loans
	USD	319,357,429	General purpose loans
	EUR	9,348,326	Other payment guarantee in other foreign currencies
	EUR	297,800,000	Performance guarantee
Suhyup bank	KRW	120,000,000	General purpose loans
Kyongnam Bank	KRW	30,000,000	Supplier finance arrangement
Kwangju Bank	KRW	30,000,000	General purpose loans
iM Bank	KRW	120,000,000	General purpose loans
Busan Bank	KRW	35,000,000	Supplier finance arrangement
Korea Development Bank (Shanghai)	CNY	222,700,000	General purpose loans
Bank of China	KRW	90,000,000	General purpose loans
Kexim VLC	USD	15,600,000	Finance lease limit
VILC	USD	9,162,820	Finance lease limit
ANZ Bank	AUD	30,000,000	Limit loans
Societe Generale	USD	100,000,000	Import L/C
		429,000,000	Performance guarantee

(in thousands of Korean won and in foreign currencies)	Currency	Limit	Details
First Abu Dhabi Bank	USD	34,200,000	Performance guarantee
Banco Santander	USD	323,020,000	Performance guarantee
	USD	200,000,000	General purpose loans
Credit Agricole	USD	100,000,000	Other payment guarantee in other foreign currencies
	USD	247,609,975	Performance guarantee
Natixis	USD	345,291,321	Other payment guarantee in other foreign currencies
Woori America Bank	USD	40,000,000	Limit loans
SAMSUNG CARD	KRW	90,864,094	Supplier finance arrangement
WOORI CARD	KRW	129,528,472	Supplier finance arrangement
LOTTE CARD	KRW	71,492,456	Supplier finance arrangement
Commerz Bank	USD	100,000,000	General purpose loans
CHUBB	USD	150,000,000	Other payment guarantee in other foreign currencies
United Overseas Bank	USD	330,000,000	Other payment guarantee in other foreign currencies
BBVA	USD	500,000,000	Other payment guarantee in other foreign currencies
	USD	99,000,000	Limit loans
HSBC	USD	130,000,000	Other payment guarantee in other foreign currencies
Allianz Trade	USD	220,000,000	Other payment guarantee in other foreign currencies
Industrial and Commercial Bank of China	CNY	46,000,000	General purpose loans
China Merchants Bank	CNY	100,000,000	General purpose loans

Details of guarantees provided by others as of December 31, 2025 are as follows:

(in thousands of Korean won and in foreign currencies)	**Details**	**Currency**	**Amount**
Korea Defense Industry Association	Performance guarantee	KRW	10,451,035,265
Seoul Guarantee Insurance Company	Performance guarantee	KRW	5,109,407,878
	Performance guarantee	USD	741,497,475
	Performance guarantee	EUR	271,670,603
Korea Software Financial Cooperative	Performance guarantee	KRW	1,456,023,627
KEB Hana Bank	Import L/C	USD	72,426,109
	Import L/C	EUR	14,118,070
	Payment guarantee denominated in foreign currency	USD	115,000,000
	Performance guarantee	RON	2,110,318,468
Woori Bank	Import L/C	USD	37,631,049
	Import L/C	EUR	22,288,061
	Performance guarantee	KRW	813,535
	Performance guarantee	USD	38,259,644
	Performance guarantee	EUR	4,011,171
	Performance guarantee	AED	32,207,853
Korea Export-Import Bank	Payment guarantee denominated in foreign currency	USD	99,088,309
	Performance guarantee	EUR	4,791,420,274
	Performance guarantee	USD	307,148,326
Shinhan Bank	Import L/C	USD	25,727,455
	Import L/C	EUR	4,611,400
	Payment guarantee denominated in foreign currency	PHP	97,815,000
	Performance guarantee	KRW	85,922,054
	Performance guarantee	USD	55,097,309
Kookmin Bank	Import L/C	USD	49,969,139
	Import L/C	EUR	17,751,614
	Payment guarantee denominated in foreign currency	USD	157,304,553
	Performance guarantee	USD	95,470,421
Capital Goods Deduction Association	Performance guarantee	KRW	39,071,739
Korea Development Bank	Import L/C	USD	41,197,224
	Import L/C	EUR	27,877,402
	Performance guarantee	USD	3,227,714,833
NH Nonghyup Bank	Import L/C	USD	13,010,452
	Import L/C	EUR	2,699,963
INDUSTRIAL BANK OF KOREA	Import L/C	USD	12,506,713
	Import L/C	EUR	1,212,000
Banco Santander	Performance guarantee	USD	323,020,000
Credit Agricole	Performance guarantee	USD	247,609,975
Natixis	Performance guarantee	USD	345,291,321
Societe Generale	Import L/C	USD	27,823,039
	Performance guarantee	USD	92,367,181
First Abu Dhabi Bank	Performance guarantee	USD	34,200,000

United Overseas Bank	Performance guarantee	USD	130,648,876
BBVA	Performance guarantee	USD	113,313,960
HSBC	Performance guarantee	USD	14,515,146
Allianz Trade	Performance guarantee	USD	72,165,232

Details of PF-related guarantees provided by the Group to the third parties as of December 31, 2025 are as follows:

(in thousands of Korean won)	Debtor	Guarantee limit	Guarantee amount[1]	Outstanding loan balance	Type of loan	Guarantee provider
Yangyang Suri Onshore Wind Power	YANGYANG SURI WIND POWER CO.,LTD.	₩ 325,000,000	₩ 325,000,000	₩ 212,000,000	PF LOAN	KB Kookmin Bank, Shinhan Bank, Kyobo Life Insurance Co.,Ltd., private investment trusts, and policy loan lenders
Ulsan HDOT Storage Tank	Hyundai Oil Terminal Ulsan Co., Ltd	180,000,000	180,000,000	120,500,000	PF LOAN	Korea Investment & Securities Co.,Ltd. and Kyobo Life Insurance Co.,Ltd.
		505,000,000	505,000,000	332,500,000		

[1] A conditional compensation agreement for damages is provided in the event of failure to achieve responsible completion.

Details of non-PF-related collateral and guarantees provided by the Group to the third parties as of December 31, 2025 are as follows:

(in thousands of Korean won and in US dollar and CNY)

Type of guarantee	Beneficiary	Total performance guarantee amount		Guaranteed amount		Guarantee provider
Performance guarantee	Joint venture partners of plant project sites, etc.	KRW	2,401,363	KRW	2,401,363	Daewoo Engineering & Construction Co.,Ltd.
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY	3,965	CNY	3,965	China Merchants Bank Yantai Development
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY	9,929	CNY	9,929	China Merchants Bank Yantai Development

Matters relating to contingent liabilities

The amount of investment agreement for the Group’s investment in financial instruments as of December 31, 2024 are as follows:

(in thousands of Korean won)	**Amount of investment agreement**	**Cumulative invested amount**	**Remaining amount**
Financial assets at fair value through profit or loss[1]	₩ 170,000,000	₩ 98,073,401	₩ 71,926,599

[1] In addition to the above, the Group entered into investment agreements with related parties in relation to financial instruments as of December 31, 2025 (Note 40).

The Company and the newly incorporated company (Hanwha Industrial Solutions) are jointly liable for the obligations that the spun-off company had before the spin-off according to provisions of paragraph 1, Article 530-9 of the Commercial Act. For some of the Group's borrowing agreements, when below standards are exceeded, it is considered to be an event of default. Standards are differently applied for each borrowing, and include an excess of debt ratio over certain level, capital to collateral ratio, total asset to disposal of assets ratio and exclusion of mutual investment restriction group. However, even if an event of default occurs, an obligation to repay the borrowings arises only upon a resolution by the lenders and the delivery of written notice.

The Group has technical assistance agreements with General Electric Company, etc. to develop and manufacture new products.

The Group entered into Risk and revenue Sharing program (RSP) with Pratt & Whitney in the USA and others to promote engine parts business and expand the mid- to long-term business model. Through RSP, the Group is allocated with benefits and risks from business including development, mass production, and aftermarket sales of airplane engines in proportion to its participation. Pratt & Whitney and others, who are Consortium leaders (OEM, Original Equipment Manufacturer) of the agreement, have been providing products and services to aircraft manufacturers such as Airbus and others and transportation service company such as Korean Air and others. The Group bears rights and obligations up to the proportion of its participation (1~3% for each program classified by types of engines supplied by the Group) according to the agreement.

Revenues in relation to the agreement mostly occur through supply of designated products, and some of the revenues occur by providing engine repair and other services. Also, costs of the agreement include manufacturing cost to supply products, business participation cost agreed to pay for participation in business, development cost to enhance capability of engines, program management cost, sales promotion cost paid to customers, and others.

In addition, the Group has been distributed with arrangements such as borrowing limits provided by the program in accordance with the agreement up to its percentage of shares. According to the agreement, the Group has provided ₩ 129,457 million of borrowing limits to Indigo Airline, Delta Airline, and others.

As of December 31, 2024, the Group has entered into an agreement for mutual growth of large and small business with Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank. In accordance with the agreement, Woori Bank and Korea Development Bank supports small business that cooperates with the Group, where Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank additionally sets up a special fund based on the deposit of ₩ 82.2 billion from the Group.

The Group entered into a put option contract with the existing largest shareholders of Satrec Initiative Co.,Ltd through a shareholder agreement regarding stock purchase agreement. According to the contract, the existing largest shareholders of Satrec Initiative Co.,Ltd have a put option that allows the Group to claim a certain number of stock purchases each year from 2027 to 2031.

The Group is subject to offset obligation requirements in connection with certain defense export projects and expected to fulfill the obligation during the periods of the agreement. Due to the nature of offset orders agreement, the Group does not recognize provisions as a specific performance obligation is not specified and impossible to reliably measure the costs.

The Group entered into a quantity commitment agreement with Shinhan Heavy Industries Co., Ltd. to ship Deck House and Engine for more than 70% of the Group’s orders of commercial ships and more than 6,000 tons for general blocks per year from January 1, 2022, to December 31,2026. The Group evaluates the quality and delivery date for the delivered products every year, and the Group may make a downward adjustment for the quantity commitment standard or cancel the quantity commitment in case certain conditions are not met.

The Group has invested in Nigeria oil fields development project by forming a Korean consortium (9.75% of the Group’s shares) including Korea National Oil Corp. However, the Group is considering business withdrawal. The Group recognized the investment in Nigeria oil fields as other investment assets.

The Group jointly established SAME Netherlands B.V. with SAIPEM S.p.A. to perform P-79 FPSO Project ordered by PETROLEO BRASILEIRO S.A.

According to the agreement entered with Seoul National University in 2015, the Group completed the construction of tank facilities for testing purpose in Siheung Campus on September 14, 2020, and registered a right of ownership on October 24, 2020. The Group will transfer its ownership to Seoul National University after 25 years of the completion.

The Group has issued put options on the equity interests of its subsidiary, SIA Co., Ltd. As a result, the non-controlling shareholders holding the put options have the right to require the Group to purchase all or a portion of their shares if an initial public offering is not completed within two years from the issuance date. The exercise price per share is determined as the sum of the original issue price per share at the time of share acquisition and an amount calculated by applying an annual compound interest rate of 4% from the day following the share payment date to the settlement date of the share purchase price.

Contingent liabilities related to legal proceedings

Certain investors have filed a lawsuit for damages against the Group's subsidiary, Hanwha Ocean Co., Ltd. and its accounting firm, alleging that they suffered losses by acquiring stocks, corporate bonds, and commercial papers based on false consolidated financial statements, audit reports, business reports, securities registration statements, and investment prospectuses resulting from accounting fraud. The Group recorded expected losses from pending lawsuits and performance guarantees as provisions in its consolidated financial statements.

On April 17, 2023, the Group has been notified to cancel the contracts for development of new generation system and supply of products that were entered into with Heungkuk Life Insurance Co., Ltd. ('customer').Then, on July 5, 2023, the customer filed a lawsuit to claim the recovery due to notification of contract cancellation and compensations for damages due to default of obligations, to Hanwha Systems Co., Ltd., a subsidiary. Hanwha System Co., Ltd., a subsidiary, decided the one-sided cancellation from the customer as unfair cancellation, and would be respond by considering many different ways to the relevant notification of contract cancellation and lawsuits. As the financial impacts on this case cannot be reasonably predicted, the Group will review according to the progress.

In addition to the cases discussed in Note 41, the Group is involved in 35 cases as a plaintiff aggregating to ₩ 852,928 million, and involved in 66 cases as a defendant aggregating to ₩ 1,423,075 million. Management is unable to predict the result of the cases.

42. Assets provided as collateral

Details of assets provided as collateral for the Group's debts as of December 31, 2025 are as follows:

(in thousands of Korean won and in US dollar and CNY)

Secured assets	Secured amount		Secured party	Details
Property, plant and equipment	KRW	4,442,700,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	USD	880,000,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	CNY	267,240,000	Korea Development Bank (Shanghai)	Secured borrowings and others
Time deposit	KRW	19,411,230	Korea Securities Finance Corporation, Industrial Bank of Korea	Employee stock loan collateral and others
	USD	42,018,742	Citizens, Wells Fargo	NSMV 3 Escrow, NSMV bonds collateral
Cash and cash equivalents	USD	300,384,700	Seoul Guarantee Insurance	Collateral for guarantee insurance
	KRW	500,000,000		
Cooperative investments	KRW	73,693,745	Korea Defense Industry Association, Korea Software Financial Cooperative, Haeundae Blueline, Construction Guarantee, Machinery Financial Cooperative	Issuance of guaranteed insurance and others
Financial assets at FVPL	KRW	38,971,874	Korea Defense Industry Association, Machinery Financial Cooperative, Construction Guarantee Fire Guarantee	Performance guarantee
Financial assets at fVOCI	KRW	390,000,000	Kookmin Bank and others	Joint guarantee

[1] As of December 31, 2025, in relation to the Employee Stock Ownership Association, the Group has provided the time deposits denominated in Korean won amounting to ₩ 13,878 million to Korea Securities Finance Corporation as collateral.
[2] As of December 31, 2025, in connection with the issuance of performance bonds for the Polish export business, the Group has provided the time deposits denominated in Korean won amounting to ₩ 500,000 million and the time deposits denominated in USD amounting to USD 300 million to Seoul Guarantee Insurance as collateral. The restrictions on the use of such collateral were released in January 2026 upon the termination of the related guarantees.

As of December 31, 2025, the Group has provided eleven blank promissory notes to Korea Energy Agency and others as collateral.

43. Consolidated statements of cash flows

Details of cash generated from operations for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	**2025**	**2024**
Profit	₩ 2,201,983,086	₩ 2,539,873,461
Adjustment for:		
Income tax expense	7,890,188	157,553,586
Depreciation	393,470,480	203,050,804
Amortization	377,984,430	71,921,844
Depreciation of right-of-use assets	101,286,948	55,975,116
Post-employment benefits	266,593,517	143,563,794
Other long-term employee benefits	124,362,778	47,467,100
Share-base payments	329,151,687	162,597,773
Technical license fees	79,232,032	127,410,557
Loss on valuation of inventories (reversal)	(54,610,030)	2,092,102
Provisions (reversal)	(2,360,441)	(11,749,163)
Interest expenses	489,672,629	257,220,098
Loss on foreign currency translations	205,134,743	174,604,372
Loss on disposal of trade receivables	8,315,741	7,821,826
Loss on disposal of property, plant and equipment	5,925,623	11,923,507
Loss on disposal of intangible assets	18,494	950,154
Loss on disposal of right-of-use assets	707,135	46,026
Loss on derivatives transactions	142,743,712	80,871,833
Loss on disposal of financial assets at FVPL	1,607	882
Loss on disposal of financial assets at FVOCI	19,394,519	-
Loss on disposal of investments in associates	452	1,147,946
Loss on disposal of business	22,969,553	-
Impairment loss on property, plant and equipment	-	3,606,114
Impairment loss on intangible assets	3,879,124	163,498,071
Impairment loss on investments in associates	6,839,994	7,586,028
Loss on valuation of firm commitments	64,315,709	-
Loss on valuation of derivatives	20,164,789	8,575,838
Loss on valuation of financial assets at FVPL	94,640,423	11,994,162
Miscellaneous loss	107,107,934	2,074,911
Impairment loss on trade receivables (reversal)	(648,066)	401,665
Impairment loss on other receivables (reversal)	466,555	132,755,941
Interest income	(223,014,333)	(73,756,552)
Gain on foreign currency translations	(195,880,175)	(186,013,754)
Gain on disposal of property, plant and equipment	(3,812,501)	(3,046,554)
Gain on disposal of intangible assets	(10,936,353)	(488,459)

(in thousands of Korean won)	**2025**	**2024**
Gain on disposal of right-of-use assets	(7,687,691)	(393,195)
Gain on derivatives transactions	(119,824,695)	(9,257,790)
Gain on disposal of business	(20,784,235)	-
Gain on valuation of derivatives	(25,228,279)	(65,546,779)
Gain on valuation of firm commitments	(225,255)	-
Gain on valuation of financial assets at FVPL	(96,165,198)	(75,756,384)
Gain on disposal of investments in associates	(15,049,665)	(1,143,106,168)
Dividend income	(28,778,785)	(188,960)
Share of profit (loss) of associates	83,311,738	(105,343,760)
Change in operating assets and liabilities		
Trade receivables	(1,074,872,197)	(1,108,833,072)
Non-trade receivables	46,280,427	11,921,518
Inventories	(1,107,693,580)	(882,289,227)
Deposits received	(76,417,547)	(393,155)
Other current assets	(355,229,602)	(249,272,847)
Other non-current assets	(35,887,932)	(74,030,416)
Trade payables	1,826,230,532	5,956,339
Non-trade payables	272,704,458	(83,659,870)
Accrued expenses	70,579,222	185,148,234
Withholdings	(90,950,210)	2,834,192
Other current liabilities	1,492,330,786	1,043,943,107
Other current financial liabilities	(11,386,853)	-
Other non-current liabilities	47,826,397	426,206,238
Other long-term employee benefits liabilities	(36,191,350)	(71,745,372)
Payments of post-employment benefits	(86,704,625)	(43,829,042)
Additional contributions to plan assets	(307,216,446)	(70,245,000)
Changes in post-employment benefits via trasnfer	(2,798,784)	5,497,095
Cash flows provided by operations	₩ 4,923,162,614	₩ 1,799,146,715

Details of non-cash transactions excluded from cash flows for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025	2024
Reclassification of construction in progress to property, plant and equipment	₩ 1,345,644,427	₩ 336,441,491
Reclassification of long-term borrowings and debentures to current portion	1,513,747,601	751,687,849
Reclassification of financial assets at FVPL/other non-trade receivables	-	143,329,545

Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
Beginning balance	₩ 5,152,833,529	₩ 606,725,599	₩ 2,458,011,035	₩ 358,167,898	₩ 1,706,771,765	₩ 410,700,722	₩ 10,693,210,548
Cash flows	50,262,539	(506,879,103)	1,422,234,617	(209,100,000)	1,376,881,001	(98,680,891)	2,034,718,163
Gain (loss) on foreign currency translations	15,554,529	(1,408,181)	(38,654,960)	-	(8,073,000)	-	(32,581,612)
Amortization of bond discounts	-	-	-	787,937	3,635,370	-	4,423,307
Reclassification to current portion	-	732,760,760	(732,760,760)	780,986,841	(780,986,841)	-	-
Others[1]	152,577,033	(1,732,665)	5,660,670	(149,369,259)	-	118,468,178	125,603,957
Ending balance	₩ 5,371,227,630	₩ 829,466,410	₩ 3,114,490,602	₩ 781,473,417	₩ 2,298,228,295	₩ 430,488,009	₩ 12,825,374,363

[1] Exchange differences are included.

(in thousands of Korean won)	2024						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
At January 1, 2024	₩ 1,373,542,505	₩ 644,720,039	₩ 758,861,690	₩ 519,817,335	₩ 642,165,373	₩ 230,910,474	₩ 4,170,017,416
Cash flows	926,656,832	(581,805,880)	300,298,369	(520,000,000)	1,157,931,679	(50,137,814)	1,232,943,186
Gain on foreign currency translations	32,175,679	2,138,745	10,670,198	5,418,000	28,098,000	31,323	78,531,945
Amortization of bond discounts	-	-	-	453,190	2,086,146	-	2,539,336
Reclassification to current portion	-	528,577,736	(528,577,736)	223,110,113	(223,110,113)	-	-
Spin-off	(244,299,930)	(40,059,000)	(13,360,560)	(20,000,000)	-	(29,772,636)	(347,492,126)
Business combination	3,045,943,073	42,431,692	1,928,415,110	149,369,260	99,600,680	191,863,490	5,457,623,305
Others[1]	18,815,370	10,722,267	1,703,964	-	-	67,805,885	99,047,486
At December 31, 2024 [2]	₩ 5,152,833,529	₩ 606,725,599	₩ 2,458,011,035	₩ 358,167,898	₩ 1,706,771,765	₩ 410,700,722	₩ 10,693,210,548

[1] Exchange differences are included.

[2] Changes in liabilities incurred by the business units of security and industrial machinery divisions which were spun off for the year ended December 31, 2024 are included.

44. Discontinued operations

On April 5, 2024, the Group decided to spin off its business units of security service and industrial machinery to establish a spin-off company in order to strengthen its business competitiveness and focus its capabilities on specialized business areas for sustainable growth. As the spin-off was approved on the shareholders' meeting on August 14, 2024, Hanwha Industrial Solutions was incorporated on September 1, 2024.

Changes in assets acquired and liabilities assumed as a result of the spin-off for the year ended December 31, 2024 are as follows:

(in thousands of Korean won)		**Amount**
Current assets	₩	1,061,643,580
Non-current assets		574,789,935
		1,636,433,515
Current liabilities		586,426,038
Non-current liabilities		240,003,123
		826,429,161
	₩	810,004,354

Details of operating profit or loss from discontinued operation due to the spin-off for the year ended December 31, 2024 are as follows:

(in thousands of Korean won)		**Amount**
Revenue	₩	1,148,956,935
Cost of sales		557,374,750
Selling and administration expense		531,646,309
Operating profit		59,935,876
Profit before income tax		50,024,295
Income tax expense		21,417,395
Profit from discontinued operations		28,606,900

Cash flows related to the discontinued operation for the year ended December 31, 2024 are as follows:

(in thousands of Korean won)		**Amount**
Cash flows from operating activities	₩	154,814,446
Cash flows from investing activities		(39,994,474)
Cash flows from financing activities		(75,041,598)
Net increase in cash and cash equivalents		39,778,374

45. Business combination

The Group acquired 95.15% shares of the subsidiaries Hanwha Offshore Singapore Pte. Ltd. (formerly Dyna-Mac Holdings Ltd.) in order to secure future growth engine and create strategic business synergies related to the marine business division for the year ended December 31, 2024 and applied accounting treatment for business combination.

The Group classified Hanwha Ocean Co., Ltd. and its subsidiaries as subsidiaries by securing additional board appointment rights for the year ended December 31, 2024 and accounted for as the business combination through acquisition in stages from an existing associate.

The Group acquired 100% shares of Hanwha Philly Shipyard, Inc. in order to secure future growth engine and create strategic business synergies related to the marine business division for the year ended December 31, 2024 and applied accounting treatment for business combinations.

The Group's accounting treatment for business combinations is based on provisional amounts reported at the end of the current period, and may be adjusted if new information is obtained regarding facts and circumstances related to the business combination within a measurement period of one year from the acquisition date.

The consideration transferred in the business combination is as follows:

(in thousands of Korean won)	**Main business**	**Acquisition date**	**Percentage of ownership**		**Consideration transferred**
Hanwha Offshore Singapore Pte. Ltd. (formerly Dyna-Mac Holdings Ltd.) and its subsidiaries	Marine plant	2024.11.26	95.15%	₩	827,466,565
Hanwha Ocean Co., Ltd. and its subsidiaries	Building of steel ships	2024.12.26	34.71%		4,014,815,558
Hanwha Philly Shipyard, Inc.	Building of steel ships	2024.12.31	100.00%		146,930,763

The consideration transferred in connection with the acquisition of subsidiaries, as well as the fair values of the assets acquired and liabilities assumed and the carrying amount of non-controlling interests at the acquisition date, are as follows. The accounting for the business combinations was not completed as of December 31, 2024 and was therefore reported in the prior year's consolidated financial statements based on provisional amounts. For the year ended December 31, 2025, the Group completed the accounting for the business combinations by retrospectively adjusting the provisional amounts recognized at the acquisition date based on the new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Accordingly, the consolidated financial statements for the year ended December 31, 2024, presented for comparative purposes, have been restated to reflect these adjustments.

Hanwha Offshore Singapore Pte. Ltd. and its subsidiaries

(in thousands of Korean won)	**Before adjustment**	**Adjustment**	**After adjustment**
Assets			
Current assets	₩ 470,812,205	₩ -	₩ 470,812,205
Cash and cash equivalents	341,096,599	-	341,096,599
Short-term financial assets	61,858,691	-	61,858,691
Trade and other receivables	60,221,853	-	60,221,853
Other current assets	7,635,062	-	7,635,062
Non-current assets	98,660,956	77,216,343	175,877,299
Right-of-use assets	50,537,195	-	50,537,195
Property, plant and equipment	47,626,484	-	47,626,484
Intangible assets	-	77,216,343	77,216,343
Investments in associates	422,297	-	422,297
Deferred tax assets	(26)	-	(26)
Other non-current assets	75,006	-	75,006
Total assets	₩ 569,473,161	₩ 77,216,343	₩ 646,689,504
Liabilities			
Current liabilities	₩ 356,615,228	₩ -	₩ 356,615,228
Trade and other payables	117,942,208	-	117,942,208
Income tax payables	13,741,801	-	13,741,801
Other current liabilities	222,260,757	-	222,260,757
Lease liabilities	2,670,462	-	2,670,462
Non-current liabilities	50,503,357	13,126,778	63,630,135
Long-term lease liabilities	50,479,809	-	50,479,809
Other non-current liabilities	20,562	-	20,562
Deferred tax liabilities	2,986	13,126,778	13,129,764
Total liabilities	₩ 407,118,585	₩ 13,126,778	₩ 420,245,363
Fair value of identifiable net assets	162,354,576	64,089,565	226,444,141
Non-controlling interest[1]	(10,726,993)	-	(10,726,993)
Fair value of net assets of acquired shares	151,627,583	64,089,565	215,717,148
Transferred consideration	827,466,565	-	827,466,565

	Before adjustment	Adjustment	After adjustment
Goodwill	₩ 675,838,982	₩ (64,089,565)	₩ 611,749,417

[1] Non-controlling interests from a business combination are measured at the non-controlling interests' proportionate share of the identifiable net assets as of the acquisition date.

Hanwha Ocean Co., Ltd. and its subsidiaries

(in thousands of Korean won)	Before adjustment	Adjustment	After adjustment
Assets			
Current assets	₩ 11,542,729,713	₩ 113,741,277	₩ 11,656,470,990
Cash and cash equivalents	588,259,735	-	588,259,735
Short-term financial assets	46,003,529	-	46,003,529
Trade and other receivables	5,881,087,306	-	5,881,087,306
Inventories	2,779,695,382	113,741,277	2,893,436,659
Other current assets	2,247,683,761	-	2,247,683,761
Non-current assets	8,425,962,069	119,118,358	8,545,080,427
Other financial assets	254,635,467	1,412,205	256,047,672
Long-term trade and other receivables	267,215,330	-	267,215,330
Right-of-use assets	133,041,574	-	133,041,574
Property, plant and equipment	4,686,620,372	-	4,686,620,372
Intangible assets	2,066,351,348	85,890,568	2,152,241,916
Investments in associates	5,791,000	1,984,018	7,775,018
Deferred tax assets	942,711,495	29,831,567	972,543,062
Other non-current assets	69,595,483	-	69,595,483
Total assets	₩ 19,968,691,782	₩ 232,859,635	₩ 20,201,551,417
Liabilities			
Current liabilities	₩ 10,346,614,469	₩ -	₩ 10,346,614,469
Trade and other payables	1,671,989,516	-	1,671,989,516
Current portion of borrowings	3,237,744,026	-	3,237,744,026
Income tax payables	3,007,758	-	3,007,758
Other current liabilities	5,403,408,810	-	5,403,408,810
Lease liabilities	30,464,359	-	30,464,359
Non-current liabilities	3,179,016,761	37,289,458	3,216,306,219
Long-term borrowings	2,028,126,040	-	2,028,126,040
Long-term trade and other payables	15,320,021	-	15,320,021
Long-term lease liabilities	98,270,131	-	98,270,131
Employee benefits liabilities	228,230,526	-	228,230,526
Other non-current liabilities	241,083,549	-	241,083,549
Deferred tax liabilities	567,986,494	37,289,458	605,275,952
Total liabilities	₩ 13,525,631,230	₩ 37,289,458	₩ 13,562,920,688
Fair value of identifiable net assets	6,443,060,552	195,570,177	6,638,630,729

Non-controlling interest[1]		(5,005,281,591)		(127,689,912)		(5,132,971,503)
Fair value of net assets of acquired shares		1,437,778,961		67,880,265		1,505,659,226
Transferred consideration		4,014,815,558		-		4,014,815,558
Goodwill	₩	2,577,036,597	₩	(67,880,265)	₩	2,509,156,332

[1] Non-controlling interests from a business combination are measured at the non-controlling interests' proportionate share of the identifiable net assets as of the acquisition date.

Hanwha Philly Shipyard, Inc.

(in thousands of Korean won)		**Before adjustment**		**Adjustment**		**After adjustment**
Assets						
Current assets	₩	158,654,526	₩	-	₩	158,654,526
Cash and cash equivalents		43,396,348		-		43,396,348
Short-term financial assets		7,371,751		-		7,371,751
Trade and other receivables		11,760,699		-		11,760,699
Inventories		2,429,890		-		2,429,890
Other current assets		93,695,838		-		93,695,838
Non-current assets		138,141,215		145,414,090		283,555,305
Other financial assets		52,657,337		-		52,657,337
Long-term trade and other receivables		810,448		-		810,448
Right-of-use assets		23,514,028		-		23,514,028
Property, plant and equipment		61,038,740		65,953,293		126,992,033
Intangible assets		-		79,460,797		79,460,797
Other non-current assets		120,662		-		120,662
Total assets	₩	296,795,741	₩	145,414,090	₩	442,209,831
Liabilities						
Current liabilities	₩	487,388,294	₩	-	₩	487,388,294
Trade and other payables		87,695,748		-		87,695,748
Other current liabilities		397,948,816		-		397,948,816
Lease liabilities		1,743,730		-		1,743,730
Non-current liabilities		10,846,511		46,954,210		57,800,721
Long-term lease liabilities		8,234,999		-		8,234,999
Deferred tax liabilities		2,611,512		46,954,210		49,565,722
Total liabilities	₩	498,234,805	₩	46,954,210	₩	545,189,015
Fair value of identifiable net assets		(201,439,064)		98,459,880		(102,979,184)
Fair value of net assets of acquired shares		(201,439,064)		98,459,880		(102,979,184)
Transferred consideration		146,930,763		-		146,930,763
Goodwill	₩	348,369,827	₩	(98,459,880)	₩	249,909,947

46. Information on non-controlling interests

46.1 Changes in accumulated non-controlling interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of Korean won)	2025					
	Non-controlling interest rate (%)	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Others	Accumulated non-controlling interests at the end of the year
Hanwha Systems Co., Ltd.	52.78	₩ 1,176,694,351	₩ 121,743,323	₩ (34,546,379)	₩ 91,610,409	₩ 1,355,501,704
Satrec Initiative Co.,Ltd.	66.37	166,505,850	6,726,971	(1,381,013)	(1,922,293)	169,929,515
Hanwha Ocean Co., Ltd.	57.99	5,132,971,503	747,434,027	-	(230,666,408)	5,649,739,122

(in thousands of Korean won)	2024					
	Non-controlling interest rate (%)	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non-controlling interests	Dividends paid to non-controlling interests	Others	Accumulated non-controlling interests at the end of the year
Hanwha Systems Co., Ltd.	52.78	₩ 979,785,204	₩ 245,583,961	₩ (27,637,103)	₩ (21,037,711)	₩ 1,176,694,351
Satrec Initiative Co.,Ltd.	66.37	165,664,768	989,339	(1,090,273)	942,016	166,505,850
Hanwha Ocean Co., Ltd.[1]	65.29	-	-	-	5,132,971,503	5,132,971,503

[1] The Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination on December 26, 2024 and the deemed acquisition date is December 31, 2024.

46.2 Summarized financial information on subsidiaries

Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized consolidated statements of financial position

(in thousands of Korean won)	December 31, 2025		
	Hanwha Systems Co., Ltd.	Satrec Initiative Co.,Ltd.	Hanwha Ocean Co., Ltd.[1]
Current assets	₩ 2,920,934,049	₩ 225,384,881	₩ 12,082,155,481
Non-current assets	7,398,735,921	185,617,053	8,058,758,533
Current liabilities	3,327,264,209	170,766,603	11,200,499,199
Non-current liabilities	1,991,406,659	3,232,389	2,765,407,819
Equity	₩ 5,000,999,102	₩ 237,002,942	₩ 6,175,006,996

(in thousands of Korean won)	December 31, 2024		
	Hanwha Systems Co., Ltd.	Satrec Initiative Co.,Ltd.	Hanwha Ocean Co., Ltd.[1]
Current assets	₩ 2,286,147,317	₩ 289,087,193	₩ 11,246,034,307
Non-current assets	3,437,862,798	157,897,400	6,597,774,854
Current liabilities	2,677,051,475	209,768,802	10,346,614,469
Non-current liabilities	630,541,745	13,194,069	2,633,844,801
Equity	₩ 2,416,416,895	₩ 224,021,722	₩ 4,863,349,891

[1] The Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination on December 26, 2024 and the deemed acquisition date is December 31, 2024.

Summarized consolidated statements of comprehensive income

(in thousands of Korean won)	2025					
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.		Hanwha Ocean Co., Ltd.	
Revenue	₩	3,664,150,568	₩	206,916,796	₩	12,783,512,278
Profit for the year		209,145,275		14,085,784		1,245,921,538
Total comprehensive income		2,397,007,829		14,085,784		1,266,487,497

(in thousands of Korean won)	2024			
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.	
Revenue	₩	2,803,686,058	₩	171,279,451
Profit for the year		445,378,843		6,249,304
Total comprehensive income		410,805,324		6,249,304

Summarized consolidated statements of cash flows

(in thousands of Korean won)	Hanwha Systems Co., Ltd.			
	2025		2024	
Cash flows from operating activities	₩	78,736,817	₩	132,623,694
Cash flows from investing activities		(1,170,444,452)		(442,015,642)
Cash flows from financing activities		1,237,306,572		35,063,552
Net increase (decrease) in cash and cash equivalents		145,598,937		(274,328,396)
Cash and cash equivalents at beginning of year		199,842,739		476,088,816
Effects of exchange rate changes on cash and cash equivalents		(19,958,018)		(1,915,122)
Cash equivalents included in asset group held for sale		-		(2,559)
Cash and cash equivalents at end of year	₩	325,483,658	₩	199,842,739

(in thousands of Korean won)	Satrec Initiative Co.,Ltd.			
	2025		2024	
Cash flows from operating activities	₩	(73,995,687)	₩	68,326,064
Cash flows from investing activities		18,959,449		(61,963,615)
Cash flows from financing activities		5,887,564		16,095,479
Net increase (decrease) in cash and cash equivalents		(49,148,674)		22,457,928
Cash and cash equivalents at beginning of year		125,267,446		102,776,985
Effects of exchange rate changes on cash and cash equivalents		(172,295)		32,533
Cash and cash equivalents at end of year	₩	75,946,477	₩	125,267,446

(in thousands of Korean won)	Hanwha Ocean Co., Ltd.	
	2025	**2024**
Cash flows from operating activities	₩ 1,205,334,802	₩ -
Cash flows from investing activities	(1,339,241,711)	-
Cash flows from financing activities	329,524,082	-
Net increase in cash and cash equivalents	195,617,173	-
Cash and cash equivalents at beginning of year	588,259,735	-
Effects of exchange rate changes on cash and cash equivalents	(5,405,748)	-
Cash and cash equivalents at end of year	₩ 778,471,160	₩ -

47. Events After the Reporting Period

Subsequent to the end of the reporting period, the Group issued corporate bonds to refinance existing debt and secure working capital. Their details are as follows:

(in thousands of Korean won)	Issue date	Maturity date	Interest rate (%)	Amount	Purpose of issuance	Issuer
130-1st Public Bond	Jan. 15, 2026	Jan. 14, 2028	3.10	₩ 120,000,000	Debt repayment	Hanwha Aerospace Co., Ltd.
130-2nd Public Bond	Jan. 15, 2026	Jan. 15, 2029	3.32	280,000,000	Debt repayment	Hanwha Aerospace Co., Ltd.
130-3rd Public Bond	Jan. 15, 2026	Jan. 15, 2031	3.48	100,000,000	Working capital	Hanwha Aerospace Co., Ltd.
8-1st Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2028	3.46	130,000,000	Debt repayment and working capital	Hanwha Systems Co., Ltd.
8-2nd Unsecured Public Bond	Feb. 11, 2026	Feb. 9, 2029	3.65	220,000,000	Debt repayment and working capital	Hanwha Systems Co., Ltd.
8-3rd Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2031	3.89	50,000,000	Debt repayment	Hanwha Systems Co., Ltd.
12-1st Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2028	3.89	110,000,000	Debt repayment	Hanwha Ocean Co., Ltd.
12-2nd Unsecured Public Bond	Feb. 11, 2026	Feb. 9, 2029	4.19	150,000,000	Debt repayment	Hanwha Ocean Co., Ltd.
				₩ 1,160,000,000		

In January 2026, Hanwha Futureproof Corp. obtained borrowings totaling USD 400 million from Hana Bank and other financial institutions, supported by joint and several guarantees provided by the Group and Hanwha Solutions Corporation. Subsequently, in February 2026, the Group entered into a shareholders' agreement with Hanwha Solutions Corporation to share the guaranteed obligations in proportion to their respective indirect ownership interests.

Pursuant to a resolution of the Board of Directors dated February 13, 2026, Hanwha Ocean Co., Ltd., a subsidiary of the Group, submitted a letter of commitment for responsible completion to the lender group of the power generation project of its subsidiary, Sinan-Ui Offshore Wind Power Co., Ltd. Following the reporting period, the guarantee related to the responsible completion obligation became effective. In the event that Hanwha Ocean Co., Ltd. fails to fulfil the obligations stated in the letter of commitment by the responsible completion date, Hanwha Ocean Co., Ltd. has provided a compensation agreement for damages in connection with the project finance loans with a committed amount of ₩ 2,640,000 million. In addition, Hanwha Ocean Co., Ltd. plans to pledge 134,300,000 shares of Sinan-Ui Offshore Wind Power Co., Ltd., which it expects to hold, as collateral to the lender group.

Pursuant to a resolution of the Board of Directors dated March 6, 2026, Hanwha Systems Co., Ltd., a subsidiary of the Group, resolved to dispose of a portion of its shares in Hanwha Ocean Co., Ltd. The expected disposal date is April 6, 2026, and in connection with the share disposal, Hanwha Systems Co., Ltd. plans to enter into a Price Return Swap (PRS) agreement concurrently.

During the first quarter of 2026, the Group acquired 1,627,365 shares of Korea Aerospace Industries, Ltd. Including the 3,236,635 shares held as of December 31, 2025, the total number of shares held by the Group amounts to 4,864,000 shares as of the reporting date, March 16, 2026, representing a 4.99% ownership interest based on the total number of shares outstanding.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Hanwha Aerospace Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2025 in accordance with Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report

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Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

Hanwha Aerospace Co., Ltd.
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of Hanwha Aerospace Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") based on *Conceptual Framework for Design and Operation of ICFR (referred to as the Conceptual Framework for Designing and Operating ICFR for consolidation purpose in the Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report)* established by the Operation Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2025 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under these standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report.

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

Auditor's responsibilities for the audit of ICFR

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

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

ICFR definition and inherent limitations

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

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the consolidated financial statement. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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The engagement partner on the audit resulting in this independent auditor's report is Baekun Cho.

EY Han Young

March 16, 2026

This audit report is effective as of March 16, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

[Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report]

To the Shareholders, Board of Directors, and Audit Committee of Hanwha Aerospace Co., Ltd.

We, as the Chief Executive Officer and the Internal Accounting Manager of Hanwha Aerospace Co., Ltd. (the Company), assessed operating status of the Company's Internal Control over Financial Reporting(ICFR) for Consolidation Purposes for the year ending December 31, 2025.

Design and operation of ICFR for consolidation purpose is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager.

We evaluated whether the Company effectively designed and operated its ICFR for consolidation purpose to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating ICFR for consolidation purpose' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee)' as the criteria for design and operation of the Company's ICFR for consolidation purpose. And we conducted Appendix 6, 'Standards for Evaluation and Reporting on Consolidated ICFR of the Enforcement Rule of the Act on External Audit of Stock Companies' as the evaluation criteria.

Based on our assessment, we concluded that the Company's ICFR for consolidation purpose is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

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

February 9, 2026

President and CEO Son Jae-il

Internal Accounting Manager Yoon Seo-wook

(Appendix) Internal Control Activities performed by Consolidated Subsidiaries to Address Fund-Related Fraud Risks

(Appendix) Internal Control Activities Performed by Consolidated Subsidiaries to Address Fund-Related Fraud Risks

- Consolidated ICFR

Category	Internal Control Activities	Companies	Results of Design and Operating Effectiveness Assessment (Responsible Department, Review Date)
Entity Level Control	<Operation of Anti-Fraud system> To prevent fraudulent activities such as embezzlement, management operates a whistleblowing system and regularly disseminates ethical regulations and codes of conduct to all employees through company-wide announcements	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
	<Fraud Risk Assessment> The Internal Accounting Control Officer updates the identification and assessment of potential fraud risks, taking into account changes in business processes, and ensures that these updates are appropriately reflected in the internal controls	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
	<Management of Segregation of Duties (SoD)> Management ensures the segregation of incompatible duties. In cases where such segregation is not feasible (e.g., due to limited personnel), management selects and implements compensating controls to mitigate the associated risks.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
	<Monitoring> A qualified approver, such as the Treasury Team Leader, defines criteria for abnormal transactions to identify exceptions that deviate from pre-established standards and performs periodic reviews of such activities	Hanwha Aerospace, Hanwha Ocean, and 5 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 5 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
Treasury Controls	<Opening and Closing of Bank Accounts> A qualified approver, such as the Treasury Team Leader, reviews the justification for bank account registration and deactivation before granting final approval	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Management of Bank Account Status> A qualified approver, such as the Treasury Team Leader, identifies any dormant or unnecessary bank accounts held under the company's name and reviews whether to terminate of maintain them before granting final approval	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
	<Review of Bank Account Completeness> A qualified approver, such as the Treasury Team Leader, reviews and approves the completeness of bank accounts by conducting a comprehensive inquiry of all partner banks to identify any accounts omitted from the management list.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)

	<Control of Corporate Seal Usage> A qualified approver, such as the Administration Team Leader, restricts physical access to corporate and registered seals and affixes them only after reviewing the purpose of the seal use and the approval status of related documents	Hanwha Aerospace, Hanwha Ocean, and 6 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 6 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Restriction on Fund Transfers / Payments> The firm banking system is configured to prohibit transfers to any bank accounts that are not registered in the Vendor Master Data.	Hanwha Aerospace, Hanwha Ocean, and 8 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 8 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)
	<Payment Execution Review> The Treasury Team Leader, or other designated approvers, will verify the consistency of key details between the payment voucher and supporting documentation before granting approval.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Segregation of Duties for Disbursement Voucher Approval> Separation between final voucher approver and disbursement authorizer.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
Treasury Controls	<Management of Fund Performance Reporting> The treasury specialist prepares periodic fund performance reports. A qualified approver, such as the Treasury Team Leader, then reviews and approves these reports after reconciling them with the fund plan and verifying the closing details and cash balance.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Financing Review> Key terms of loans and bond issuances are reviewed for adequacy and approved by qualified management, such as the Treasury Team Leader	Hanwha Aerospace, Hanwha Ocean, and 8 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 8 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Review and Payment of Corporate Card Expenses> Corporate card users must request approval from a qualified approver, such as their team leader, along with supporting documents. The approver reviews the usage and evidence for any irregularities before granting approval, after which the payment for the approved transactions is processed.	Hanwha Aerospace, Hanwha Ocean, and 8 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 8 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Corporate Card Issuance Management> A qualified approver, such as the Treasury Team Leader, reviews and approves corporate card registration requests from each business department after verifying the adequacy of business purpose.	Hanwha Aerospace, Hanwha Ocean, and 8 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 8 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)

Treasury Controls	<Review of bank Balance Certificates> The treasury specialist periodically obtains bank balance certificates from financial institutions to reconcile them with the book balances. The results of this reconciliation are reviewed and approved by a qualified approver, such as the Treasury Team Leader.	Hanwha Aerospace, Hanwha Ocean, and 10 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 10 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Approval for Purchasing Card> In accordance with the pre-authorized Table of Authority, a qualified approver, such as the Treasury Team Leader, reviews and approves the usage of purchasing cards and the settlement of payments after verifying the adequacy of the target items and the payment amounts.	Hanwha Aerospace, Hanwha Ocean, and 2 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 2 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
	<Review of Vendor Master Creation and changes> A qualified approver, such as the Procurement Team Leader, reviews and approves requests for Vendor Master creation or changes after verifying that key information(e.g., Business Registration Number, Bank Account Number) is consistent with the supporting documents	Hanwha Aerospace, Hanwha Ocean, and 9 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 9 other companies – Dedicated ICFR Departments and External experts, Jul./Oct. 2025, Jan. 2026)
Other Operational Level Controls	<Determining Ending Inventory through Physical Inspection> The inventory specialist performs periodic physical stock-takes and prepares an inventory count report. A qualified approver, such as the Financial Accounting Team Leader, reviews and approves the adequacy of any variances and adjustments before finalization	Hanwha Aerospace, Hanwha Ocean, and 7 others	No Material weaknesses were identified. (Hanwha Aerospace – ICFR Team, Hanwha Ocean and 7 other companies – Dedicated ICFR Departments and External experts, Jul. 2025, Jan. 2026)