

Hanwha Aerospace Co., Ltd. and its subsidiaries

Consolidated financial statements
for the year ended December 31, 2024
with independent auditor's report

Hanwha Aerospace Co., Ltd. and
its subsidiaries

Independent auditor's report

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Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting
for consolidation purposes

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

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 statement of financial position as of December 31, 2024, 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.

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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended 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, 2024 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 17, 2025 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 the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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.

(a) Revenue recognition based on the cost input method

As described in Note 2, 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 contractual obligations, such as revenue from prototype development (see Note 28). 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, thereby introducing uncertainty into 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:

- Understand the accounting policies for revenue recognition and identify whether the policies have changed.
- Assess whether the conditions for reasonably measuring progress are fulfilled.
- Understand and assess the design of internal controls related to the estimation and changes in the total contract costs.
- Recalculate the progress rate and assess the contracts with significant changes in the progress rate.
- Assess the occurrence and timing of recognition of input costs on a sample basis.

(b) Impairment test of goodwill

As described in Note 14 to the consolidated financial statements, the Group has recognized goodwill amounting to ₩ 4,405,439 million through several cases of business combination having occurred in the past. According to KIFRS 1036 *Impairment of Assets*, goodwill acquired in a business combination and intangible assets with indefinite useful life are subject to the annual impairment test. For the year ended December 31, 2024, the impairment loss recognized for goodwill arising from the acquisition of 100% of shares in Hanwha Aerospace USA Co., Ltd. (formerly, EDAC Technologies Holding Company) amounts to ₩ 149,388 million, presenting significant value. Considering the importance of management's assumptions and judgments used in estimating the value-in-use related to the goodwill impairment assessment, we have selected the impairment test of the goodwill associated with Hanwha Aerospace USA Co., Ltd. as a key audit matter.

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

- Understand the key internal controls over the goodwill impairment assessment process.
- Assess the qualifications and objectivity of external experts utilized by the Group for the estimation of value-in-use.
- Assess the key assumptions used in the impairment test, including the valuation methodology and discount rates, with the assistance of internal experts.
- Identify whether there is any bias in key assumptions used by management for value-in-use estimation by referencing the Group's business plans.
- Assess the impact of changes in key assumptions on the management's impairment test results through sensitivity analysis of the discount rates and perpetual growth rates used in the impairment test.
- Compare the prior year's forecasted amounts, including discounted cash flows, with actual results.
- Compare the financial data used in the impairment test with the business plans approved by management.

Other matters

The consolidated financial statements of the Group for the year ended December 31 2023 were audited by Samil PwC Korea whose report dated March 18, 2024 expressed an unqualified opinion thereon.

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.

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.

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.



March 17, 2025

This report is effective as of March 17, 2025, 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 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, 2024

“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, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5, 6, 8	₩ 2,967,733,422,929	₩ 1,806,358,649,283
Other financial assets	5, 6, 8, 9	353,821,515,372	92,827,923,067
Trade and other receivables	5, 6, 7, 9	8,896,298,884,865	2,126,474,599,272
Inventories	11	6,290,309,306,251	2,868,571,514,248
Derivative assets	5, 6, 10	6,446,389,717	1,855,075,999
Other current assets	12	4,308,999,090,366	2,251,352,375,599
Non-current assets held for sale	27	44,359,731,331	44,601,425,417
		<u>22,867,968,340,831</u>	<u>9,192,041,562,885</u>
Non-current assets			
Other financial assets	5, 6, 8, 9	1,102,792,234,726	651,628,260,066
Long-term trade and other receivables	5, 6, 9	408,324,086,749	144,004,692,587
Derivative assets	5, 6, 10	81,542,098,348	36,810,606,101
Other non-current assets	12, 21	212,258,404,764	227,288,442,567
Property, plant and equipment	13	8,319,912,257,726	3,410,331,686,890
Intangible assets	14	7,744,181,632,923	2,202,807,719,580
Investments in associates and joint ventures	16	963,857,165,786	3,203,778,118,352
Right-of-use assets	15	421,029,244,142	231,150,315,553
Deferred tax assets	22	1,215,008,219,478	243,058,521,127
		<u>20,468,905,344,642</u>	<u>10,350,858,362,823</u>
Total assets		<u>₩ 43,336,873,685,473</u>	<u>₩ 19,542,899,925,708</u>
Liabilities			
Current liabilities			
Trade and other payables	4, 5, 6, 17	₩ 4,269,928,223,547	₩ 1,879,294,033,063
Lease liabilities	4, 15	81,315,191,831	70,981,647,473
Borrowings and debentures	4, 5, 6, 7, 18	6,117,727,028,303	2,538,079,878,982
Derivative liabilities	5, 6, 10	361,958,731,889	3,497,376,618
Employee benefits liabilities	21	97,493,278,751	5,957,544,337
Income tax payables	22	378,855,775,411	130,917,354,095
Other current liabilities	19	14,203,491,663,706	7,444,627,172,812
Other current financial liabilities	20	5,374,683,801	3,242,871,434
		<u>25,516,144,577,239</u>	<u>12,076,597,878,814</u>
Non-current liabilities			
Long-term trade and other payables	4, 5, 6, 17	439,684,538,363	342,258,012,948
Lease liabilities	4, 15	329,385,529,930	159,928,827,048
Borrowings and debentures	4, 5, 6, 7, 18	4,164,782,798,202	1,401,027,062,937
Derivative liabilities	5, 6, 10	53,181,890,916	15,999,535,490
Employee benefits liabilities	21	851,475,801,601	668,424,416,280
Deferred tax liabilities	22	495,612,850,123	120,974,825,642
Other non-current liabilities	19	46,305,188,898	6,871,113,455
Other non-current financial liabilities	20	75,983,762,891	66,592,935,185
		<u>6,456,412,360,924</u>	<u>2,782,076,728,985</u>
Total liabilities		<u>31,972,556,938,163</u>	<u>14,858,674,607,799</u>
Equity			
Share capital	1, 23	240,405,805,000	265,650,000,000
Capital surplus	23	(510,432,401,817)	191,831,951,036
Capital adjustments	24	(21,019,887,775)	(2,197,828,640)
Accumulated other comprehensive income	25	539,650,693,864	445,655,712,039
Retained earnings	26	4,746,520,391,010	2,627,417,653,580
Equity attributable to owners of the Parent Company		<u>4,995,124,600,282</u>	<u>3,528,357,488,015</u>
Non-controlling interests		<u>6,369,192,147,028</u>	<u>1,155,867,829,894</u>
Total equity		<u>11,364,316,747,310</u>	<u>4,684,225,317,909</u>
Total liabilities and equity		<u>₩ 43,336,873,685,473</u>	<u>₩ 19,542,899,925,708</u>

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

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2024

<i>(in Korean won)</i>	Notes	2024	2023
Revenue		₩ 11,240,121,484,118	₩ 7,889,686,804,711
Cost of sales	31	8,370,268,279,539	6,461,534,940,699
Gross profit		2,869,853,204,579	1,428,151,864,012
Selling and administrative expenses	30, 31	1,036,021,042,102	734,845,022,544
Research and development expenses	31	101,953,337,135	99,000,737,552
Operating profit		1,731,878,825,342	594,306,103,916
Other income	32	1,489,464,089,069	107,531,271,097
Other expenses	32	557,940,476,621	350,578,179,291
Finance income	33	373,540,183,704	1,131,198,523,451
Interest income		70,034,942,909	81,047,449,422
Finance costs	33	494,883,629,643	367,491,314,086
Interest expenses		242,539,778,298	149,626,853,749
Share of profit of associates accounted for using the equity method	16	105,343,759,928	15,789,837,725
Profit before income tax		2,647,402,751,779	1,130,756,242,812
Income tax expenses	22	136,136,191,571	232,021,520,937
Profit from continuing operations		2,511,266,560,208	898,734,721,875
Profit from discontinued operations(after tax effect)	38	28,606,900,330	78,183,623,918
Profit for the year		₩ 2,539,873,460,538	₩ 976,918,345,793
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Loss on valuation of financial assets at fair value through other comprehensive income		₩ (63,090,319,592)	₩ (143,955,286,720)
Remeasurements of net defined benefit liabilities		(65,058,577,572)	(93,780,249,836)
Share in other comprehensive income of associates		13,996,417,869	(48,920,377,876)
Gain on revaluation		-	95,449,342,543
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedges		(1,088,165,472)	(4,241,894,738)
Share of other comprehensive income of associates		53,119,575,274	4,907,603,680
Exchange differences		120,132,135,192	32,879,839,527
Other comprehensive income (loss) for the year, net of tax		58,011,065,699	(157,661,023,420)
Total comprehensive income for the year		₩ 2,597,884,526,237	₩ 819,257,322,373
Profit from continuing operations is attributable to:			
Owners of the Parent Company		₩ 2,260,506,866,573	₩ 739,326,119,146
Non-controlling interest		250,759,693,635	159,408,602,729
Profit from discontinued operations is attributable to:			
Owners of the Parent Company		₩ 38,438,404,051	₩ 78,183,623,918
Non-controlling interest		(9,831,503,721)	-
Profit is attributable to:			
Owners of the Parent Company		₩ 2,298,945,270,624	₩ 817,509,743,064
Non-controlling interest		240,928,189,914	159,408,602,729
Total comprehensive income is attributable to:			
Owners of the Parent Company		₩ 2,375,667,201,321	₩ 749,929,920,512
Non-controlling interest		222,217,324,916	69,327,401,861
Earnings per share attributable to the equity holders of the Parent Company	34		
Basic and diluted earnings per share		₩ 45,935	₩ 14,563
Basic and diluted earnings per share from discontinued operation		781	1,540

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

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, 2024

(in Korean won)

	Share capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance as of January 1, 2023	₩ 265,650,000,000	₩ 217,087,300,635	₩ (2,197,828,640)	₩ 362,233,530,553	₩ 2,014,578,142,353	₩ 1,060,958,473,450	₩ 3,918,309,618,351
Total comprehensive income							
Profit for the year	-	-	-	-	817,509,743,064	159,408,602,729	976,918,345,793
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(68,109,303,135)	-	(75,845,983,585)	(143,955,286,720)
Gain on disposal of financial assets at fair value through other comprehensive income	-	-	-	79,294,555,142	(79,294,555,142)	-	-
Gain on revaluation	-	-	-	91,614,945,194	58,129,047	3,776,268,302	95,449,342,543
Cash flow hedges	-	-	-	(4,241,894,738)	-	-	(4,241,894,738)
Remeasurements of net defined benefit liabilities	-	-	-	-	(71,765,577,943)	(22,014,671,893)	(93,780,249,836)
Exchange differences	-	-	-	19,878,755,626	-	13,001,083,901	32,879,839,527
Share in other comprehensive income of associates	-	-	-	(35,014,876,603)	-	(8,997,897,593)	(44,012,774,196)
Total comprehensive income for the year	-	-	-	83,422,181,486	666,507,739,026	69,327,401,861	819,257,322,373
Transactions with owners							
Dividends paid	-	-	-	-	(50,569,412,000)	(25,257,463,959)	(75,826,875,959)
Grant of share options	-	12,356,423,530	-	-	-	-	12,356,423,530
Business combination under common control	-	(32,484,511,770)	-	-	-	-	(32,484,511,770)
Other changes in equity	-	(5,127,261,359)	-	-	(3,098,815,799)	50,839,418,542	42,613,341,384
Balance as of December 31, 2023	₩ 265,650,000,000	₩ 191,831,951,036	₩ (2,197,828,640)	₩ 445,655,712,039	₩ 2,627,417,653,580	₩ 1,155,867,829,894	₩ 4,684,225,317,909
Balance as of January 1, 2024	₩ 265,650,000,000	₩ 191,831,951,036	₩ (2,197,828,640)	₩ 445,655,712,039	₩ 2,627,417,653,580	₩ 1,155,867,829,894	₩ 4,684,225,317,909
Total comprehensive income							
Profit for the year	-	-	-	-	2,298,945,270,624	240,928,189,914	2,539,873,460,538
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(27,446,636,342)	8,518,950,325	(44,162,633,575)	(63,090,319,592)
Cash flow hedges	-	-	-	(1,088,165,472)	-	-	(1,088,165,472)
Remeasurements of net defined benefit liabilities	-	-	-	-	(56,629,350,800)	(8,429,226,772)	(65,058,577,572)
Exchange differences	-	-	-	83,891,956,796	-	36,240,178,396	120,132,135,192
Share in other comprehensive income of associates	-	-	-	102,339,295,277	(32,864,119,087)	(2,359,183,047)	67,115,993,143
Total comprehensive income for the year	-	-	-	157,696,450,259	2,217,970,751,062	222,217,324,916	2,597,884,526,237
Transactions with owners							
Dividends paid	-	-	-	-	(91,024,941,600)	(28,727,376,250)	(119,752,317,850)
Grant of share options	-	13,824,725,786	-	-	-	-	13,824,725,786
Acquisition of treasury shares	-	-	(19,041,232,579)	-	-	-	(19,041,232,579)
Spin-off	(25,244,195,000)	(714,769,789,286)	219,173,444	(63,701,468,434)	-	(3,928,226,333)	(807,424,505,609)
Changes in consolidation scope	-	-	-	-	-	5,016,008,584,089	5,016,008,584,089
Other changes in equity	-	(1,319,289,353)	-	-	(7,843,072,032)	7,754,010,712	(1,408,350,673)
Balance as of December 31, 2024	₩ 240,405,805,000	₩ (510,432,401,817)	₩ (21,019,887,775)	₩ 539,650,693,864	₩ 4,746,520,391,010	₩ 6,369,192,147,028	₩ 11,364,316,747,310

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, 2024

<i>(in Korean won)</i>	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	37	₩ 1,799,146,715,204	₩ 1,608,990,225,748
Interest received		68,042,580,125	78,120,482,994
Interest paid		(255,708,791,867)	(157,047,065,272)
Income taxes paid		(218,507,869,767)	(139,843,639,488)
Net cash inflow from operating activities		1,392,972,633,695	1,390,220,003,982
Cash flows from investing activities			
Decrease in short-term financial instruments		83,134,226,124	110,326,533,225
Decrease in long-term financial instruments		2,400,000,000	2,405,044,734
Collection of loans		5,340,512,434	7,716,972,416
Decrease in leasehold deposits provided		6,036,918,669	13,671,181,639
Dividends received		3,500,056,819	2,821,239,023
Disposal in financial assets at fair value through profit or loss		35,700,000,000	12,701,976,953
Disposal of financial assets at fair value through other comprehensive income		31,007,571,713	790,003,200
Proceeds from disposal of property, plant and equipment		1,666,563,050	3,165,692,084
Proceeds from disposal of intangible assets		26,443,958,548	16,333,265
Decrease in derivative instruments		69,147,023,155	11,309,897,258
Increase in derivative instruments		-	(7,006,922,984)
Increase in short-term financial instruments		(250,090,187,083)	(71,054,419,105)
Increase in long-term financial instruments		(11,346,819,314)	(13,296,283,441)
Acquisition of business segment and others		(5,900,000,000)	(75,000,000,000)
Acquisitions of investments in associates and joint ventures		(397,048,980,000)	(2,374,345,141,091)
Acquisition of financial assets at fair value through profit or loss		(71,942,787,835)	(55,167,378,789)
Acquisition of financial assets at fair value through other comprehensive income		(199,837,213,880)	(7,471,679,057)
Acquisition of property, plant and equipment		(578,204,897,971)	(453,364,797,879)
Acquisition of intangible assets		(175,429,175,487)	(117,815,341,248)
Increase in loans		(5,088,701,520)	(10,051,814,758)
Increase in leasehold deposits provided		(7,426,162,300)	(11,473,915,969)
Cash inflow due to business combination		57,127,659,184	2,739,150,515
Decrease (increase) in other non-current assets		13,468,320,046	(740,087,449)
Net cash outflow from investing activities		(1,367,342,115,648)	(3,029,123,757,458)
Cash flows from financing activities			
Proceeds from short-term borrowings		8,462,532,799,585	2,596,755,842,734
Proceeds from long-term borrowings		513,246,733,600	338,780,957,812
Proceeds from debentures		1,157,931,678,553	468,301,205,400
Net decrease in short-term borrowings (Nego)		-	(33,135,580,113)
Repayment of short-term borrowings		(7,535,875,968,205)	(2,193,196,593,764)
Repayment of long-term borrowings		(212,948,364,540)	(39,426,199,674)
Decrease of current borrowings (others)		(581,805,880,000)	(319,146,421,802)
Decrease of debentures		(520,000,000,000)	(328,365,000,000)
Decrease of lease liabilities		(50,137,813,530)	(45,606,729,659)
Payment of redeemable convertible preferred shares		-	(2,345,231,274)
Increase in leasehold deposits received		652,855,500	-
Decrease in leasehold deposits received		(1,596,073,970)	(213,283,365)
Dividends paid		(119,752,317,850)	(50,569,412,000)
Acquisition of treasury shares		(19,041,232,579)	-
Changes in non-controlling interests		248,287,204,719	(24,078,203,031)
Cash outflow due to spin-off		(275,827,519,094)	-
Net cash inflow from financing activities		1,065,666,102,189	367,755,351,264
Net increase (decrease) in cash and cash equivalents		1,091,296,620,236	(1,271,148,402,212)
Cash and cash equivalents at the beginning of the financial year		1,806,358,649,283	3,069,829,737,554
Effects of exchange rate changes on cash and cash equivalents		70,078,153,410	7,677,313,941
Cash and cash equivalents at the end of the current year		₩ 2,967,733,422,929	₩ 1,806,358,649,283

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

1. General Information

1.1 Description of 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, Sungsan-gu, Changwon, Gyeongsangnam-do. The Parent Company's domestic perpetual establishments 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 providing aircraft engines, repair services and manufacturing ground defense systems.

After several capital increases and reductions and spin-offs, the Parent Company's share capital amounts to ₩ 240,406 million as of December 31, 2024 and its largest shareholder is Hanwha Corp (33.95%).

1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of December 31, 2024 and 2023 are as follows:

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2024	2023	
Hanwha Vision America ⁵	U.S.A.	Sale of CCTV, etc.	-	100.00%	December
Hanwha Techwin (Tianjin) Co., Ltd. ⁵	China	Manufacture and sale of CCTV, etc.	-	100.00%	December
HANWHA VISION EUROPE LIMITED ⁵	U.K.	Sale of CCTV, etc.	-	100.00%	December
Hanwha Techwin (Shanghai) Co., Ltd. ⁵	China	Sale of turbo-machinery, IMS, etc.	-	100.00%	December
Techwin Engineering Center ⁵	Japan	Research and development of IMS	-	100.00%	December
		Manufacture and sale of military equipment,			
Hanwha Systems Co., Ltd. ¹	Korea	development of software and consulting	47.22%	47.22%	December
Hanwha Techwin Automation Americas, Inc. ⁵	U.S.A.	Sale of IMS	-	100.00%	December
HANWHA VISION VIETNAM COMPANY LIMITED ⁵	Vietnam	Manufacture of CCTV, etc.	-	100.00%	December
HANWHA VISION MEA FZE ⁵	UAE	Sale of CCTV, etc.	-	100.00%	December
Hanwha Techwin Automation Vietnam Co., Ltd. ⁵	Vietnam	Sale of IMS	-	100.00%	December
Hanwha Vision CO., LTD ⁵	Korea	Manufacture and sale of CCTV, etc.	-	100.00%	December
Hanwha Precision Machinery Co., Ltd. ⁵	Korea	Manufacture and sale of IMS	-	100.00%	December
Hanwha Aero Engines Co., Ltd.	Vietnam	Manufacture of engine	100.00%	100.00%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2024	2023	
Hanwha TechM (Suzhou) Co., Ltd. ⁵	China	Sale of IMS	-	100.00%	December
Hanwha Systems Vietnam Co., Ltd. ³	Vietnam	Logistics	-	100.00%	December
Hanwha Defense Australia PTY Ltd	Australia	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Aerospace USA Co., Ltd.	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EDAC Technologies Intermediate Company	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
Hanwha Aerospace USA LLC	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EBTEC Corporation	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
APEX Machine Tool Company, Inc.	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
Gros-Ite Industries, Inc.	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EDAC ND	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
Hanwha Phasor Ltd.	U.K.	Manufacture 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.	Manufacture and sale of military equipment	100.00%	100.00%	December
Vanila Studio Co., Ltd.	Korea	Development and supply of application software	100.00%	100.00%	December
Duclo ⁵	U.S.A.	Development of software	-	100.00%	December
Hanwha Systems USA Corporation	U.S.A.	New technology business	100.00%	100.00%	December
Hanwha Intelligence Co., Ltd.	Korea	Manufacturing	50.87%	50.77%	December
VISIONEXT CO., LTD. ⁵	Korea	Manufacture of electronic integrated circuit	-	100.00%	December
Hanwha Systems UK Ltd	U.K.	Manufacture of other wireless communication equipment	100.00%	100.00%	December
Satrec Initiative Co., Ltd. ²	Korea	Satellite system development and related services	33.63%	33.63%	December
SI Imaging Services	Korea	Satellite image sales and services	65.90%	65.90%	December
SI Analytics Co., Ltd	Korea	AI-based satellite/air image data analysis	69.44%	91.46%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2024	2023	
VANI STUDIO VIETNAM JOINT STOCK COMPANY	Vietnam	business Application software development and supply	98.62%	83.62%	December
VISIONEXT AMERICA INC. ⁵	U.S.A.	Semiconductor manufacturing and design	-	100.00%	December
Enterprise Blockchain Inc.	U.S.A.	Social web service	100.00%	100.00%	December
HANWHA DIGITAL INC. ³	U.S.A.	IT Service	-	100.00%	December
HANWHA AEROSPACE EUROPE	Poland	Manufacture and sale of military equipment	100.00%	100.00%	December
EBC GLOBAL PTE. LTD	Singapore	Telecommunications	100.00%	100.00%	December
Hanwha Vision Mexico,S.A.de C.V ⁵	Mexico	Marketing	-	100.00%	December
FABLESS-PIONEER HOLDINGS ⁵	U.S.A.	Manufacture of non-memory and other electronic integrated circuits	-	62.03%	December
A123 CORPORATIO ⁵	U.S.A.	Holding company	-	97.86%	December
Neubla Corporation ⁵	Korea	Development of software	-	100.00%	December
NEUBLA UK LTD ⁵	U.K.	Development of software	-	100.00%	December
Hanwha Aerospace Japan GK	Japan	Investment in real estate	100.00%	100.00%	December
Hanwha Aerospace UK Limited ⁴	U.K.	Manufacture and sale of military equipment	100.00%	-	December
Hanwha Aviation Co., Ltd. ⁴	Korea	Holding company	100.00%	-	December
Hanwha Ocean SG Holdings Pte. Ltd. ⁴	Singapore	Investment	100.00%	-	December
Hanwha Aerospace Romania S.R.L ⁴	Romania	Manufacture and sale of military equipment	100.00%	-	December
HS USA HOLDINGS CORP. ⁴	U.S.A.	Management of overseas subsidiaries	100.00%	-	December
Dyna-Mac Holdings Ltd. ⁶	Singapore	Marine plant	95.15%	-	December
Hanwha Offshore Engineering Services Singapore Pte Ltd. ⁶	Singapore	Marine plant	100.00%	-	December
Hanwha Offshore Services Singapore Pte Ltd. ⁶	Singapore	Marine plant	100.00%	-	December
Hanwha Offshore Solutions Singapore Pte Ltd. ⁶	Singapore	Marine plant	100.00%	-	December
Dyna-Mac Keppel Philippines Inc. ⁶	Philippines	Marine plant	60.00%	-	December
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd. ⁶	China	Marine plant	100.00%	-	December
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd. ⁶	China	Marine plant	100.00%	-	December
Hanwha Ocean Co., Ltd. ^{2,6}	Korea	Building of steel ships	34.71%	-	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			2024	2023	
Hanwha Ocean Ecotech Co., Ltd. ⁶	Korea	Manufacture of ship component	98.51%	-	December
Cheonjangsan Pung Ryeok Corporation ⁶	Korea	Private development	100.00%	-	December
Gogunsan Offshore Windpower Corporation ⁶	Korea	Development business	100.00%	-	December
Yeonggwang Chilhae Offshore Windpower Corporation ⁶	Korea	Private development	100.00%	-	December
BoryeongNokdo Offshore Windpower Corporation ⁶	Korea	Wind power generation	100.00%	-	December
Hanwha Ocean Engineering Co., Ltd. ⁶	Korea	Quality inspection	100.00%	-	December
Hanwha Ocean USA Holdings Corp. ⁶	U.S.A.	Holding company	100.00%	-	December
HANWHA PHILLY SHIPYARD INC. ⁶	U.S.A.	Building of steel ships	100.00%	-	December
Hanwha Ocean Europe Ltd. ⁶	U.K.	Sales support	100.00%	-	December
Hanwha Ocean Shandong Co., Ltd. ⁶	China	Manufacture of ship component	100.00%	-	December
DSME Kazakhstan LLP ⁶	Kazakhstan	Ship repair and technical support	100.00%	-	December
Hanwha Ocean USA International LLC ⁶	U.S.A.	Investment	100.00%	-	December
Hanwha Ocean Global Operation Center LLC ⁶	U.S.A.	Marine services	100.00%	-	December
Hanwha Drilling LLC ⁶	Cayman Islands	Drilling industry	100.00%	-	December
Tidal Action LLC ⁶	Cayman Islands	Drilling industry	100.00%	-	December
Hanwha Ocean Americas LLC ^{6,7}	U.S.A.	Marketing	-	-	December
Hanwha Ocean Global Project Center B.V. ^{6,7}	Netherlands	Marine design	-	-	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 the ability to appoint or dismiss 50% of members of board of directors in accordance with shareholders' agreement.

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

⁴ Newly established for the year ended December 31, 2024.

⁵ The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 by spinning off its security service and industrial machinery service, and Hanwha Industrial Solutions Co., Ltd. succeeded the relevant subsidiaries.

⁶ Newly included in the scope of consolidation for the year ended December 31, 2024.

⁷ Although the Group has no interests in the entities, it is determined that the Group holds control over those entities, considering that the Group can exercise the majority of voting rights in their decision-making process.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

1.3 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Reason
Hanwha Aviation Co., Ltd.	Newly established
Hanwha Aerospace UK Limited	Newly established
Hanwha Ocean SG Holdings Pte. Ltd.	Newly established
Hanwha Aerospace Romania S.R.L	Newly established
HS USA HOLDINGS CORP.	Newly established
Hanwha Ocean Co., Ltd.	Newly included
Hanwha Ocean Ecotech Co., Ltd.	Newly included
Cheonjangsan Pung Ryeok Corporation	Newly included
Gogunsan Offshore Windpower Corporation	Newly included
Yeonggwang Chilhae Offshore Windpower Corporation	Newly included
BoryeongNokdo Offshore Windpower Corporation	Newly included
Hanwha Ocean Engineering Co., Ltd.	Newly included
Hanwha Ocean USA Holdings Corp.	Newly included
HANWHA PHILLY SHIPYARD INC.	Newly included
Hanwha Ocean Europe Ltd.	Newly included
Hanwha Ocean Shandong Co., Ltd.	Newly included
DSME Kazakhstan LLP	Newly included
Hanwha Ocean USA International LLC	Newly included
Hanwha Ocean Global Operation Center LLC	Newly included
Hanwha Drilling LLC	Newly included
Tidal Action LLC	Newly included
Hanwha Ocean Americas LLC	Newly included
Hanwha Ocean Global Proejct Center B.V.	Newly included
DYNA-MAC Holdings Ltd.	Newly included
Hanwha Offshore Engineering Services Singapore Pte Ltd.	Newly included
Hanwha Offshore Services Singapore Pte Ltd.	Newly included
Hanwha Offshore Solutions Singapore Pte Ltd.	Newly included
Dyna-Mac Keppel Philippines Inc.	Newly included
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd.	Newly included
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd.	Newly included

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

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Subsidiaries excluded from the consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Reason
HANWHA DIGITAL INC	Merged
Hanwha Systems Vietnam Co., Ltd.	Liquidated
HANWHA VISION AMERICA, INC.	Spin-off
Hanwha Techwin (Tianjin) Co., Ltd.	Spin-off
HANWHA VISION EUROPE LIMITED	Spin-off
Hanwha Techwin (Shanghai) Co., Ltd.	Spin-off
Techwin Engineering Center	Spin-off
Hanwha Techwin Automation Americas, Inc.	Spin-off
HANWHA VISION VIETNAM COMPANY LIMITED	Spin-off
HANWHA VISION MEA FZE	Spin-off
Hanwha Techwin Automation Vietnam Co., Ltd.	Spin-off
Hanwha Vision CO., LTD	Spin-off
Hanwha Precision Machinery Co., Ltd.	Spin-off
Hanwha TechM (Suzhou) Co., Ltd.	Spin-off
Duclo	Spin-off
VISIONEXT CO., LTD.	Spin-off
VISIONEXT AMERICA INC.	Spin-off
Hanwha Vision Mexico, S.A.de C.V	Spin-off
FABLESS-PIONEER HOLDINGS	Spin-off
A123 CORPORATION	Spin-off
Neubla Corporation	Spin-off
NEUBLA UK LTD.	Spin-off

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

1.4 Summarized Financial Information

The summarized financial information for consolidated subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of
Korean won)

Subsidiary	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 Company Limited	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 Co., 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 Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

(in millions of
Korean won)

Subsidiary	2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
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)
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)
Hanwha Ocean Co., Ltd. ⁷	17,407,210	12,892,017	4,515,193	-	-	-
Hanwha Ocean Ecotech Co., Ltd. ⁷	420,622	127,511	293,111	-	-	-
Cheonjangsan Pung Ryeok Corporation ⁷	4,086	3,708	378	-	-	-
Gogunsan Offshore Windpower Corporation ⁷	94	106	(12)	-	-	-
Yeonggwang Chilhae Offshore Windpower Corporation ⁷	9,654	10,577	(923)	-	-	-
BoryeongNokdo Offshore Windpower Corporation ⁷	927	1,643	(716)	-	-	-
Hanwha Ocean Engineering Co., Ltd. ⁷	18,766	8,128	10,638	-	-	-
Hanwha Ocean USA Holdings Corp. ^{7,9}	473,389	7,069	466,320	-	-	-
HANWHA PHILLY SHIPYARD INC. ⁷	296,796	498,235	(201,439)	-	-	-
Hanwha Ocean Europe Ltd. ⁷	2,061	2,042	19	-	-	-

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

(in millions of
Korean won)

Subsidiary	2024					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Hanwha Aerospace Romania S.R.L. ⁵	2,966	80	2,886	-	(63)	(63)
Hanwha Ocean Shandong Co., Ltd. ⁷	343,445	84,378	259,067	-	-	-
DSME Kazakhstan LLP ⁷	1,075	-	1,075	-	-	-
DYNA-MAC Holdings Ltd. ^{7,8}	601,377	397,798	203,579	73,043	35,217	35,217
HS USA HOLDINGS CORP. ⁵	94,023	5,069	88,954	-	(5,005)	(5,005)

¹ Presenting the consolidated financial information of Hanwha Aerospace USA Co., which includes financial information of 6 subsidiaries.

² Presenting the consolidated financial information of Satrec Initiative Co., Ltd. which includes financial information of 2 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 established 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.

⁷ Newly included in for the year ended December 31, 2024.

⁸ Presenting the consolidated financial information of DYNA-MAC Holdings Ltd., which includes financial information of 6 subsidiaries.

⁹ Presenting the consolidated financial information of Hanwha Ocean USA Holdings Corp., which includes financial information of 6 subsidiaries.

(in millions of
Korean won)

Subsidiary	2023					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
HANWHA VISION AMERICA, INC.	₩ 320,858	₩ 236,502	₩ 84,356	₩ 627,707	₩ 6,682	₩ 8,117
Hanwha Techwin (Tianjin) Co., Ltd.	4,537	46	4,491	-	(534)	(538)
HANWHA VISION EUROPE LIMITED	82,803	59,186	23,617	147,091	3,344	5,333
Hanwha Techwin (Shanghai) Co., Ltd.	24,312	14,535	9,777	54,560	2,779	2,696
Techwin Engineering Center	1,470	315	1,155	2,601	40	(10)
Hanwha Systems Co., Ltd.	4,555,434	2,311,787	2,243,647	2,450,585	96,003	40,822
Hanwha Techwin Automation	33,646	26,018	7,628	27,532	1,123	1,228

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Notes to the consolidated financial statements
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(in millions of
Korean won)

Subsidiary	2023					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Americas, Inc.						
HANWHA VISION VIETNAM COMPANY LIMITED	126,003	66,524	59,479	254,853	15,146	14,148
HANWHA VISION MEA FZE	29,197	29,004	193	60,231	(1,863)	(1,815)
Hanwha Techwin Automation Vietnam Co., Ltd.	1,351	125	1,226	1,743	302	284
Hanwha Vision CO., LTD	677,484	279,014	398,470	722,756	91,463	97,969
Hanwha Precision Machinery Co., Ltd.	423,494	377,561	45,933	390,371	(30,246)	(32,614)
Hanwha Aero Engines Co., Ltd.	320,582	261,216	59,366	177,327	674	(163)
Hanwha TechM (Suzhou) Co., Ltd	224	524	(300)	-	(29)	(28)
Hanwha Systems Vietnam Co., Ltd	113	-	113	-	-	(1)
Hanwha Defense Australia PTY Ltd	276,531	316,364	(39,833)	74,539	(5,804)	(6,830)
Hanwha Aerospace USA Co., Ltd. ¹	268,775	162,223	106,552	252,138	7,155	8,785
Hanwha Phasor Ltd.	63,112	7,083	56,029	-	(30,144)	(26,295)
H Foundation PTE., Ltd.	23,454	82	23,372	-	(30,999)	(55,493)
Enterprise Blockchain Co., Ltd.	12,963	10,141	2,822	2,899	(19,654)	(19,716)
Hanwha Defense USA, INC	2,379	5,725	(3,346)	-	(14,100)	(14,477)
Vanila Studio Co., Ltd.	16,927	1,548	15,379	3,041	(26,516)	(26,493)
Duclo	3,683	244	3,439	-	(4,246)	(4,048)
Hanwha Systems USA Corporation	212,232	10	212,222	-	43,166	44,435
Hanwha Intelligence Co., Ltd.	29,172	3,646	25,526	-	(11,082)	(11,128)
VISIONEXT CO., LTD.	35,746	15,415	20,331	24,656	(15,767)	(16,168)
Hanwha Systems UK Ltd	158,790	24	158,766	-	(853)	(88,120)
Satrec Initiative Co., Ltd. ²	313,828	95,572	218,256	125,433	41,466	41,982
VANI STUDIO VIETNAM JOINT STOCK COMPANY	12,251	1,618	10,633	36	(8,936)	(8,825)
VISIONEXT AMERICA INC	41,258	8	41,250	-	(16)	(1,039)
Enterprise Blockchain Inc.	16,278	29	16,249	-	(19,581)	(19,304)
Renaissanx LLC	-	-	-	-	6,275	7,395
Hanwha Munitions Corporation ⁴	-	-	-	320,940	34,371	26,477
HANWHA DIGITAL INC. ³	2,323	1,308	1,015	2,015	35	8
Hanwha Aerospace Europe ³	4,845	1,644	3,201	-	(3,331)	(3,214)

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(in millions of
Korean won)

Subsidiary	2023					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
EBC GLOBAL PTE. LTD. ³	3,461	30	3,431	-	(145)	(236)
Hanwha Vision Mexico.S.A.de C.V. ³	2,952	1,456	1,496	2,583	866	852
FABLESS-PIONEER HOLDINGS ³	68,161	-	68,161	-	-	-
A123 CORPORATION ⁵	30,372	16,841	13,531	-	-	-
Neubla Corporation ⁵	19,197	8,582	10,615	-	-	-
NEUBLA UK LTD ⁵	3,125	788	2,337	-	-	-
Hanwha Aerospace Japan GK ³	9,114	3	9,111	-	(16)	63

¹ Presenting the consolidated financial information of Hanwha Aerospace USA Co., which includes financial information of 6 subsidiaries.

² Presenting the consolidated financial information of Satrec Initiative Co., Ltd. which includes financial information of 2 subsidiaries.

³ Newly established for the year ended December 31, 2023.

⁴ Excluded from subsidiaries due to merger with the Parent Company for the year ended December 31, 2023.

⁵ Newly included for the year ended December 31, 2023.

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.

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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 pension 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, 2024.

(a) Amendments to KIFRS 1007 Statement of Cash Flows, KIFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transitional provisions clarify that the Group is not required to disclose the amendments during the interim reporting period of the first fiscal year in which the amendments are applied. The amendments had no material impact on the Group's consolidated financial statements.

(b) Amendments to KIFRS 1116 Leases – Lease Liability in a Sale and Leaseback

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments had no material impact on the Group's consolidated financial statements.

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(c) Amendments to KIFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no material impact on the Group's consolidated financial statements.

(d) Amendments to KIFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. 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, 2024 and have not been early adopted by the Group.

(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

The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity is not required to restate comparative information. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets with environmental, social and corporate governance (ESG) and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing disclosures on financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income.

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, and only the amendments related to the classification of financial assets and associated disclosure requirements may be early adopted. The Group does not plan to early apply the amendments.

(c) 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 International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- KIFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- KIFRS 1007 *Statement of Cash Flows: Cost method*

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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 recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

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Intercompany transactions, balances, 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 the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

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

(b) Associates

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

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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, 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
- those to be measured at fair value through other comprehensive income, 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.

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(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'.
- **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 expenses' 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 held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'other income' when the right to receive payments is established.

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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).

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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 10. Movements in the cash flow hedge reserve are shown in Note 25.

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)'. Changes in the fair value of any derivatives that does 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 a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

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 9 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 inventory is determined by using the gross average method or moving-weighted average method, except for materials-in-transit and specific work-in-progress, which is 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.

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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:

	<u>Useful lives</u>
Buildings	10–60 years
Structures	10–50
Machinery	3–15
Tools and furniture	2–10
Vehicles	3–8
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 sold, the amount included in revaluation surplus are 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.

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Development costs that are directly attributable to internally generated by the Group are recognized when the criteria, such as, technically feasible, generating probable future economic benefits and other, are met. This asset is amortized by the straight-line method using the table below.

Business license for international joint projects that are the payments to join a development and manufacturing new product with foreign company are amortized using the straight-line method over the expected periods.

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:

	<u>Useful lives</u>
Development cost	3–20 years
Industrial rights	3–31
Business license for international joint projects	30
Technical license	7–20
Software	3–10
Backlog	2–11
Customer relationships	1–16
Others	3–40

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 an 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 a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

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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 payables 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 a 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.

(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 Provisions

Provisions for service warranties, make good obligation, 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 expense.

2.19 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.

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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 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.

2.20 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.

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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 or ten 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 cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent 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.

2.21 Revenue Recognition

The Group identified the prototype development as a performance obligation that is satisfied over time. Because the Group manufactures or improves the value of assets under the customer's controls, revenues from prototype development is recognized under the percentage-of-completion method.

However, the Group identified manufacturing of mass-production as a performance obligation that is satisfied at a point in time. To determine whether the customer has controls over the promised asset and the Group satisfies its obligations, the Group considers the right to payment, legal ownership, physical possession, and significant risks and rewards.

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.

2.22 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 29 to the consolidated financial statements in accordance with KIFRS 1108 *Operating Segments*.

2.23 Business Combination of Entities under a 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.

2.24 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*.
- 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).

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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.

2.25 Leases

(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) Lessee

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

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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.

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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.

2.26 Approval of Issuance of the Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2024 were approved for issue by the Board of Directors on February 24, 2025 and are subject to change with the approval at the annual shareholder's meeting.

3. Critical Accounting Estimates and Assumptions

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

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

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 22).

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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 21).

(e) Construction contracts

(i) Uncertainty of the estimated total contract revenue

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 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

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.

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(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, 2024, the Group has entered into certain shipbuilding contracts associated with Russian companies or banks, recognizing assets of ₩ 1,846,409 million and none of liabilities related thereto .

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 ₩ 1,087,586 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.

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.

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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)

	2024	
	10% Weakened	10% Strengthened
USD	₩ 523,133,037	₩ (523,133,037)
EUR	3,340,879	(3,340,879)
GBP	(672,122)	672,122

(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, 2024, the profit before income tax shall be increased/decreased by ₩ 48,268 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.

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4.1.3 Liquidity Risk

Contractual maturities of the Group's non-derivative financial liabilities as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	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 loan	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
Publicly issued debentures	1,486,383,844	1,602,620,335	140,653,725	23,989,121	662,712,189	775,265,300	-
Privately issued debentures	578,555,817	635,303,215	162,287,625	105,938,704	151,418,609	215,658,277	-
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

(in thousands of Korean won)

	2023						
	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	₩ 2,073,682,501	₩ 2,079,552,191	₩ 1,738,796,620	₩ 4,106,446	₩ 134,435,722	₩ 80,760,207	₩ 121,453,196
General facility loan	2,777,124,234	2,820,598,455	1,132,003,540	852,010,952	505,463,238	302,994,992	28,125,733
Publicly issued debentures	878,714,886	922,297,946	371,679,250	88,849,350	128,544,746	333,224,600	-
Privately issued debentures	283,267,822	310,780,559	56,002,441	35,107,957	97,969,435	121,700,726	-
Lease liabilities	230,910,475	264,890,959	26,039,143	53,054,567	36,792,041	79,619,573	69,385,635
Redeemable convertible preferred shares	4,419,100	14,415,399	-	2,448,239	11,967,160	-	-
Financial liabilities at amortized cost	63,122,649	73,825,633	-	-	-	36,278,000	37,547,633
	₩ 6,311,241,667	₩ 6,486,361,142	₩ 3,324,520,994	₩ 1,035,577,511	₩ 915,172,342	₩ 954,578,098	₩ 256,512,197

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 36 *Commitments and Contingencies*.

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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.

<i>(in thousands of Korean won)</i>		2024		2023
Liabilities (A)	₩	31,972,556,938	₩	14,858,674,608
Equity (B)		11,364,316,747		4,684,225,318
Debt ratio (A/B) (%)		281.3%		317.2%
Cash and cash equivalents (C)	₩	2,967,733,423	₩	1,806,358,649
Other current financial assets (D)		353,821,515		92,827,923
Borrowings and debentures (E)		10,282,509,826		3,939,106,942
Net borrowings ratio ((E-D-C)/B) (%)		61.3%		43.5%

5. Fair Value

5.1 Financial Instruments Measured at Fair Value

Carrying amount and fair value of financial instruments by category as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>		2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents	₩	2,967,733,423	₩ 2,967,733,423	₩ 1,806,358,649	₩ 1,806,358,649
Short-term financial instruments		322,872,566	322,872,566	92,827,923	92,827,923
Other current financial assets		30,948,949	30,948,949	-	-
Trade and other receivables		8,896,298,885	8,896,298,885	2,126,474,599	2,126,474,599
Current derivative assets		6,446,390	6,446,390	1,855,076	1,855,076
Long-term financial instruments		62,651,962	62,651,962	11,433,192	11,433,192
Other non-current financial assets		1,040,140,273	1,040,140,273	640,195,068	640,195,068
Long-term trade and other receivables		408,324,087	408,324,087	144,004,693	144,004,693
Non-current derivative assets		81,542,098	81,542,098	36,810,606	36,810,606
	₩	13,816,958,633	₩ 13,816,958,633	₩ 4,859,959,806	₩ 4,859,959,806
Financial liabilities					
Trade and other payables	₩	4,250,543,330	₩ 4,250,543,330	₩ 1,740,415,097	₩ 1,740,415,097
Current portion of borrowings and debentures		6,117,727,028	6,159,535,366	2,538,079,879	2,537,613,412
Current derivative liabilities		361,958,732	361,958,732	3,497,377	3,497,377
Other current financial liabilities		5,374,684	5,374,684	3,242,871	3,242,871
Long-term trade and other payables		439,684,538	439,684,538	330,973,346	330,973,346
Long-term borrowings and debentures		4,164,782,798	4,123,827,252	1,401,027,063	1,394,771,716
Non-current derivative liabilities		53,181,891	53,181,891	15,999,535	15,999,535
Other non-current financial liabilities		75,983,763	75,983,763	66,592,935	66,592,935
	₩	15,469,236,764	₩ 15,470,089,556	₩ 6,099,828,103	₩ 6,093,106,289

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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).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	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	509,151,065	1,040,140,273
Derivative assets	-	26,574,115	61,414,373	87,988,488
Derivative liabilities	-	409,602,723	5,537,900	415,140,623

(in thousands of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	₩ -	₩ 337,050,000	₩ -	₩ 337,050,000
Short-term financial instruments	-	66,475,000	-	66,475,000
Long-term financial instruments	-	2,700,000	-	2,700,000
Other non-current financial assets	156,455,706	-	483,739,362	640,195,068
Derivative assets	-	1,855,076	36,810,606	38,665,682
Derivative liabilities	-	8,884,150	10,612,762	19,496,912

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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, 2024 are as follows:

(in thousands of Korean won)

	2024			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	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	9,329,556	-	-
Spin-off ³	(4,558,993)	-	-	-
Ending balance	₩ 505,590,302	₩ 34,509,712	₩ 61,414,373	₩ 5,537,900

(in thousands of Korean won)

	2023			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative assets	Derivative liabilities
Beginning balance	₩ 394,939,191	₩ 303,450,314	₩ 27,497,695	₩ 10,925,551
Acquisition	54,869,156	7,470,796	-	-
Disposal	-	(790,003)	-	-
Valuation	37,756,856	(103,325,949)	9,312,911	938,211
Others ¹	(28,580,756)	(182,050,243)	-	(1,251,000)
Business combination ²	-	-	-	-
Spin off ³	-	-	-	-
Ending balance	₩ 458,984,447	₩ 24,754,915	₩ 36,810,606	₩ 10,612,762

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 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.

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5.4 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2024 are as follows:

*(in thousands of
Korean won)*

	2024				
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
Currency forward	₩ (399,796,313)	2	DCF	Forward rate, credit risk adjusted discount rate	N/A
Option	61,414,373	3	Binomial model	Annual rates of underlying asset volatility	29.30%
				Risk-free interest rate	2.62%
Redeemable convertible preferred shares / Convertible preferred shares (Lambda256 Inc)	18,911,218	3	Binomial model	Annual rates of underlying asset volatility	57.96%
				Risk-free interest rate	3.00%
Convertible preferred shares (Kymeta Corp)	13,631,328	3	DCF	Discount rate	30.00%
				Perpetual growth rate	2.00%

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6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2024 and 2023 are as follows:

(a) Financial assets

<i>(in thousands of Korean won)</i>	2024	2023
Financial assets at fair value through profit or loss		
Cash and cash equivalents	₩ 7,600,000	₩ 337,050,000
Short-term and long-term financial instruments	74,495,064	69,175,000
Other financial assets	547,891,031	459,019,959
Financial assets at fair value through other comprehensive income	523,198,191	181,175,109
Financial assets at amortized cost		
Cash and cash equivalents	2,960,133,423	1,469,308,649
Short-term and long-term financial instruments	311,029,464	35,086,115
Trade and other receivables	9,304,622,972	2,270,479,292
Derivative instruments		
Option	61,414,373	36,810,606
Currency swap held for hedging	25,113,409	-
Currency forward held for hedging	1,002,958	1,279
Currency forward held for trading	457,748	1,853,797
	<u>₩ 13,816,958,633</u>	<u>₩ 4,859,959,806</u>

(b) Financial liabilities

<i>(in thousands of Korean won)</i>	2024	2023
Financial liabilities at amortized cost		
Trade and other payables ¹	₩ 4,690,227,868	₩ 2,071,388,443
Current borrowings and debentures	6,117,727,028	2,538,079,879
Non-current borrowings and debentures,	4,164,782,798	1,401,027,063
Other current financial liabilities	5,374,684	3,242,872
Other non-current financial liabilities	75,983,763	66,592,935
Derivative instruments		
Interest rate swap held for hedging	1,274,917	-
Currency swap held for hedging	-	8,199,022
Currency forward held for hedging	400,799,271	335,103
Currency forward held for trading	7,528,535	350,024
Redeemable convertible preferred shares	5,537,900	10,612,763
	<u>₩ 15,469,236,764</u>	<u>₩ 6,099,828,104</u>

¹ Provisional wage expenses are included.

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6.2 Net Gains or Losses by Category of Financial Instruments

Net gain or net loss on each category of financial instruments for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Financial assets at fair value through profit or loss		
Interest income	₩ 14,420,858	₩ 21,601,432
Dividend income	188,960	24,630
Gain on valuation	63,762,222	43,235,189
Loss on disposal	(882)	(1,199)
Gain on foreign currency translations ³	4,792,106	294,321
Financial assets at fair value through other comprehensive income		
Loss on valuation ²	(54,570,950)	(146,456,278)
Financial assets at amortized cost		
Interest income	59,335,694	63,182,818
Impairment loss for trade receivables	(401,665)	(3,868,461)
Impairment loss on other receivables	(132,755,941)	(303,747)
Gain (loss) on foreign currency translation	122,944,443	(25,320,565)
Gain on foreign currency transaction	66,614,111	15,539,536
Loss on disposal	(7,821,826)	(6,036,016)
Financial liabilities at amortized cost		
Interest expenses	(248,109,240)	(162,175,903)
Gain (loss) on foreign currency translation	(116,327,167)	6,427,797
Gain on foreign currency transaction	24,064,631	11,108,601
Derivative instruments		
Gain on valuation of option	24,603,767	9,312,911
Gain on valuation of stock forward contract	-	771,540,473
Gain (loss) on valuation of redeemable convertible preferred shares	5,074,863	(938,212)
Loss on valuation of interest rate swap held for hedging ^{1,2}	(1,274,917)	-
Loss on valuation of currency swap held for hedging ^{1,2}	(203,568)	(5,662,176)
Gain (loss) on valuation of currency swap held for hedging	33,516,000	(10,470,000)
Gain on transaction of currency swap held for hedging	252,000	9,027,883
Loss on valuation of currency forward held for hedging	-	(1,919,603)
Gain (loss) on valuation of currency forward held for trading	(6,223,688)	3,139,567
Loss on transaction of currency forward held for hedging	(332,524)	(16,270)
Loss on transaction of currency forward held for trading	(71,533,519)	(7,465,977)
Total ⁴	₩ (219,986,232)	₩ 583,800,751

¹ Before tax effect.

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² Gain (loss) on valuation was recognized in other comprehensive income.

³ Including gain (loss) on foreign currency translation of convertible bonds for the period.

⁴ The gain or loss of the security service and industrial machinery service that have been spun off for the year ended December 31, 2024 is included for each of the two years in the period ended December 31, 2024.

7. Transfer of Financial Assets

There are no transferred financial assets that are not derecognized in their entirety as of December 31, 2024 and 2023.

8. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Cash on hand	₩	98,217,278	₩	21,165
Demand deposits		862,457,726		458,907,549
Other cash and cash equivalents		2,007,058,419		1,347,429,935
	₩	<u>2,967,733,423</u>	₩	<u>1,806,358,649</u>

Restricted financial instruments as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023		Restriction
Cash and cash equivalents	₩	44,832,045	₩	19,965,207	Technology development business agreement and others
Other current financial assets (short-term financial instruments)		95,789,330		75,175,016	Mutual cooperation fund and others
Other non-current financial assets (long-term financial instruments)		53,650,898		1,431,139	Secured deposits and others
	₩	<u>194,272,273</u>	₩	<u>96,571,362</u>	

The amount of ₩ 169,533,848 thousand is included in the non-current deposit for court deposit purposes such as shareholder damage claim lawsuits, in addition to the above short-term and long-term financial instruments (see Note 9).

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9. Financial Assets

9.1 Financial Assets at Fair Value through Profit or Loss

Financial assets mandatorily measured at fair value through profit or loss as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Short-term and long-term financial assets				
Deposit for mutual growth of large and small business	₩ 65,394,000	₩ -	₩ 66,475,000	₩ -
Saving insurance and others	6,500,000	2,601,064	-	2,700,000
Other financial assets				
Beneficiary certificates	-	347,618,418	-	174,301,484
Equity investments	-	1,726,661	-	7,324,331
Cooperative investments	-	116,253,634	-	73,214,908
Redeemable convertible preferred shares	-	17,533,369	-	37,014,798
Convertible bonds	-	14,700,000	-	150,402,238
Other debt instruments	30,948,949	19,110,000	-	16,762,200
	₩ 102,842,949	₩ 519,543,146	₩ 66,475,000	₩ 461,719,959

9.2 Financial Assets at Fair Value through Other Comprehensive Income

Equity securities at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

2024

2023

Other non-current financial assets

Equity investments	₩ 523,198,191	₩ 181,175,109
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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.

9.3 Trade Receivables and Other Financial Assets at Amortized Cost

Trade receivables and its provisions for impairment as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Trade receivables ¹	₩ 8,526,210,648	₩ 695,785,765	₩ 2,045,047,352	₩ 77,771,721
Less: loss allowance	(17,223,869)	(595,687,454)	(11,091,482)	(254,511)
Trade receivables - net	₩ 8,508,986,779	₩ 100,098,311	₩ 2,033,955,870	₩ 77,517,210

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¹ Contract assets of ₩ 518,509 thousand and ₩ 402,531 thousand as of December 31, 2024 and 2023 are included, respectively.

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. In accordance, this transaction was accounted for as collateralized borrowing (Note 18).

Movements on the provision for impairment of trade and other receivables for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ 11,345,993	₩ 788,481	₩ 8,425,443	₩ 800,608
Provision for impairment of receivables during the year ¹	401,665	132,755,941	3,868,461	303,747
Receivables written off during the year as uncollectible	(272,910)	(394,197)	(412,218)	-
Spin-off ²	(6,408,094)	(19,985)	-	-
Business combination ³	608,440,018	109,613,816	-	-
Others	(595,349)	12,443,660	(535,693)	(315,874)
Ending balance	₩ 612,911,323	₩ 255,187,716	₩ 11,345,993	₩ 788,481

¹ The 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 is included for each of the two years in the period 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 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.

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Other financial assets as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)	2024		2023	
	Current	Non-current	Current	Non-current
Short-term and long-term financial instruments				
Time deposits and others	₩ 250,978,566	₩ 60,050,898	₩ 26,352,923	₩ 8,733,192
Other receivables				
Non-trade receivables	367,091,596	77,423,424	81,427,487	6,674,009
Accrued income	7,701,366	251,330	3,212,352	9,642,946
Deposits provided	8,905,480	210,651,873	5,837,382	29,034,826
Loans to employees	1,713,772	17,328,657	1,843,490	19,585,062
Loans	1,899,892	2,570,492	198,018	1,550,640
	<u>₩ 638,290,672</u>	<u>₩ 368,276,674</u>	<u>₩ 118,871,652</u>	<u>₩ 75,220,675</u>

10. Derivatives

Derivatives as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)	2024		2023	
	Current	Non-current	Current	Non-current
Derivatives assets				
Option ¹	₩ -	₩ 61,414,373	₩ -	₩ 36,810,606
Currency swap held for hedging	4,985,684	20,127,725	-	-
Currency forward-hedge	1,002,958	-	1,279	-
Currency forward held for trading	457,748	-	1,853,797	-
	<u>₩ 6,446,390</u>	<u>₩ 81,542,098</u>	<u>₩ 1,855,076</u>	<u>₩ 36,810,606</u>
Derivatives liabilities				
Interest rate swap held for hedging	₩ 1,274,917	₩ -	₩ -	₩ -
Currency swap held for hedging	-	-	-	8,199,022
Currency forward held for hedging	347,617,380	53,181,891	335,103	-
Currency forward held for trading	7,528,535	-	350,024	-
Redeemable convertible preferred shares	5,537,900	-	2,812,250	7,800,513
	<u>₩ 361,958,732</u>	<u>₩ 53,181,891</u>	<u>₩ 3,497,377</u>	<u>₩ 15,999,535</u>

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¹ Detail of option of derivative assets as of December 31, 2024 is as follows:

Details

Underlying assets	P&W NGPF Manufacturing Company Singapore Pte. Ltd. (Remaining shares, 70%)
Call option exercise price	The price for 70% shares of P&W NGPF Manufacturing Company Singapore Pte. Ltd. at the point of exercise plus \$11,800,000
Call option exercise period	August 31, 2025
Owner of call option	Hanwha Aerospace Co., Ltd.
Discount rate	Interest curve of treasury bond of Singapore government

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 ₩ 25,113,409 thousand as of December 31, 2024.

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 ₩ 381,654,719 thousand as of December 31, 2024. In addition, the Group also recognized derivative asset of ₩ 1,002,958 thousand and derivative liabilities of ₩ 400,799,271 thousand as of December 31, 2024. The related valuation gain or loss from contracts was included in gain or loss on foreign currency translation in the statements of comprehensive income.

11. Inventories

Inventories as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	Acquisition cost	2024	
		Valuation allowance	Carrying amount
Merchandise and 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	3,647,793,122	(494,368,997)	3,153,424,125
Raw materials	1,862,540,324	(31,549,169)	1,830,991,155
Supplies	43,065,619	(7,179,132)	35,886,487
Materials in transit	312,270,868	-	312,270,868
	<u>₩ 6,832,792,633</u>	<u>₩ (542,483,327)</u>	<u>₩ 6,290,309,306</u>

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(in thousands of Korean won)

	2023		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise & finished goods	₩ 355,333,322	₩ (37,124,953)	₩ 318,208,369
Semi-finished goods	427,832,891	(4,335,790)	423,497,101
Work in progress	964,419,784	(10,695,016)	953,724,768
Raw materials	1,074,438,685	(48,671,224)	1,025,767,461
Supplies	10,179,928	(141,325)	10,038,603
Materials in transit	137,335,212	-	137,335,212
	<u>₩ 2,969,539,822</u>	<u>₩ (100,968,308)</u>	<u>₩ 2,868,571,514</u>

Details of cost of inventories recognized as expense and inventory write-down recognized in cost of sales as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024 ¹	2023 ¹
Inventories recognized in cost	₩ 8,925,550,928	₩ 7,206,814,860
Loss on valuation of inventories	<u>2,092,102</u>	<u>14,389,897</u>
	<u>₩ 8,927,643,030</u>	<u>₩ 7,221,204,757</u>

¹ 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 for each of the two years in the period ended December 31, 2024.

12. Other Assets

Details of other assets as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Advance payments	₩ 3,697,218,944	₩ 99,935,909	₩ 2,191,330,007	₩ 187,836,793
Prepaid expenses ¹	267,843,928	46,188,667	59,687,266	39,451,650
Firm commitment assets	343,936,218	37,718,500	335,103	-
Other	-	28,415,329	-	-
	<u>₩ 4,308,999,090</u>	<u>₩ 212,258,405</u>	<u>₩ 2,251,352,376</u>	<u>₩ 227,288,443</u>

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

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13. Property, Plant and Equipment

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows:

(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	1,380,107,180	463,984,098	443,552,918	220,755,888	4,795,285,596
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	₩ 2,355,036,591	₩ 1,035,870,410	₩ 833,590,464	₩ 336,335,265	₩ 8,319,912,258
Acquisition cost	₩ 3,759,079,528	₩ 4,492,442,856	₩ 3,451,170,130	₩ 833,590,464	₩ 1,584,252,440	₩ 14,120,535,418
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 depreciations 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 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.

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.

Some of the above property, plant and equipment are provided as collateral for borrowings as of December 31, 2024 (see Note 36).

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(in thousands of Korean won)

	2023					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 1,386,131,558	₩ 868,542,049	₩ 511,041,772	₩ 146,070,224	₩ 106,231,424	₩ 3,018,017,027
Acquisition	11,814,266	55,936,939	65,713,081	278,772,659	32,416,561	444,653,506
Disposal	(114,974)	(276,153)	(928,396)	-	(1,059,046)	(2,378,569)
Depreciation ²	-	(38,798,281)	(125,651,552)	-	(46,847,674)	(211,297,507)
Revaluation of assets	141,331,115	-	-	-	-	141,331,115
Business combination ³	968,586	6,068,744	7,158,733	28,587,910	7,315,287	50,099,260
Others ¹	24,968,274	34,281,695	51,390,513	(157,810,639)	17,077,012	(30,093,145)
Ending balance	₩ 1,565,098,825	₩ 925,754,993	₩ 508,724,151	₩ 295,620,154	₩ 115,133,564	₩ 3,410,331,687
Acquisition cost	₩ 1,565,098,825	₩ 1,350,294,182	₩ 1,729,233,846	₩ 295,620,154	₩ 508,037,277	₩ 5,448,284,284
Accumulated depreciation	-	(424,539,189)	(1,220,421,450)	-	(392,901,332)	(2,037,861,971)
Accumulated impairment loss	-	-	(88,245)	-	(2,381)	(90,626)

¹ Reclassification and exchange differences are included.

² The depreciations 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 included Hanwha Defense Co., Ltd. in the scope of consolidation for the year ended December 31, 2023.

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	₩ 3,759,079,528	₩ 3,210,648,848

Accumulated revaluation surplus that arises from the above land revaluation and recognized as other capital at the end of the current period is ₩ 548,430,680 thousand (before deducting income tax effect, including non-controlling interests).

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Fair value hierarchy classifications of the land that are measured at fair value as of December 31, 2024 are as follows:

<i>(in thousands Korean won)</i>	2024		
	Level 1	Level 2	Level 3
Land	₩ -	₩ -	₩ 3,759,079,528
Non-current assets held-for-sale	-	-	35,636,049
	₩ -	₩ -	₩ 3,794,715,577

Line items, including depreciation, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024¹		2023¹	
Cost of sales	₩	176,143,346	₩	186,494,850
Selling and administrative expenses		19,935,494		19,712,286
Research and development		6,971,964		5,090,371
	₩	203,050,804	₩	211,297,507

¹ The depreciations 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.

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14. Intangible Assets

Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

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	3,601,245,406	1,615,880,322	3,440,666	-	-	1,545,221	445,485,139	5,667,596,754
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	₩4,405,439,072	₩2,311,006,894	₩ 16,394,749	₩ 298,496,200	₩ 29,295,270	₩ 74,810,746	₩ 608,738,702	₩ 7,744,181,633
Acquisition cost	₩4,577,060,607	₩2,582,960,326	₩ 163,996,476	₩ 383,452,861	₩ 55,375,992	₩ 363,130,569	₩ 660,160,615	₩ 8,786,137,446
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, and 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 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.

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.

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in thousands of Korean won)	2023							
	Goodwill	Development cost and technical value	Patents and trademark	Business license for international joint projects	Technical license	Software	Others	Total
Beginning balance	₩ 998,609,632	₩ 605,026,583	₩ 27,215,237	₩ 278,107,539	₩ 35,506,648	₩ 71,517,938	₩ 116,597,090	₩ 2,132,580,667
Internally generated	-	71,232,447	-	-	-	-	-	71,232,447
Acquisition	-	-	2,472,982	24,640,385	100,000	19,981,684	48,581,361	95,776,412
Disposal	-	-	(12,521)	-	-	(22,817)	(6,350)	(41,688)
Amortization	-	(25,587,742)	(3,964,218)	-	(3,593,442)	(29,847,452)	(15,292,520)	(78,285,374)
Business combination	-	398,526	63,227	-	-	451,818	-	913,571
Impairment ⁴	-	(7,340,088)	-	(9,166,575)	-	-	82,623	(16,424,040)
Others ^{1,3}	15,671,170	(1,184,951)	700,743	(11,989,369)	553,344	12,165,462	(18,860,674)	(2,944,275)
Ending 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
Acquisition cost	₩1,036,440,471	₩ 961,629,485	₩ 78,684,692	₩ 366,548,641	₩ 55,021,475	₩ 329,126,798	₩ 269,321,590	₩ 3,096,773,152
Accumulated amortization ²	(22,159,669)	(319,084,710)	(52,209,242)	(84,956,661)	(22,454,925)	(254,880,165)	(138,220,060)	(893,965,432)

¹ Reclassification and exchange differences are included.

² Accumulated impairment losses are included.

³ The amount of ₩ 11,989,369 thousand recognized as deductions from sales is included.

⁴ ₩ 9,166,575 thousand of impairment loss on business license recognized arising from an indication of impairment on certain items of GTF RSP business is included.

Impairment test for 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 for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)	2024	2023
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 Vision CO., LTD ¹	-	57,043,889
Hanwha Ocean Co., Ltd.	2,577,036,597	-
Hanwha Aerospace USA Co.,	39,838,037	180,913,135
DYNA-MAC Holdings Ltd.	675,838,982	-
HANWHA PHILLY SHIPYARD INC.	348,369,827	-
Satrec Initiative Co., Ltd.	28,228,520	28,228,520
Others ¹	4,211,588	16,179,737
	₩ 4,405,439,072	₩ 1,014,280,802

¹ The relevant goodwill was transferred to Hanwha Industrial Solutions Co., Ltd., which was established through a spin-off for the year ended December 31, 2024.

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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:

	Hanwha Aerospace USA Co.	Satrec Initiative Co., Ltd.	Hanwha Systems Co., Ltd. – Defense division	Hanwha Systems Co., Ltd. – ICT division	Hanwha Defense – Landsystems division
Gross margin rate ¹	8.23%	10.42%	7.20%	8.47%	17.00%
Sales growth rate ²	3.87%	11.10%	20.70%	5.16%	17.01%
Discount rate	10.80%	9.08%	7.22%	8.00%	7.22%
Perpetual growth rate	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

As a result of the impairment assessment on goodwill, an impairment loss of ₩ 149,388 million was recognized for Hanwha Aerospace USA Co., Ltd., a cash generating unit (CGU) of which the carrying amount is expected to exceed the recoverable amount.

As a result of the impairment assessment on goodwill, it is judged that the carrying amount of goodwill, excluding the goodwill of the Hanwha Aerospace USA Co., Ltd. division for which impairment was recognized for the year ended December 31, 2024, will not exceed the recoverable amount. 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, 2024 are as follows:

Business license for international joint projects

Gross margin rate ¹	48.30%
Sales growth rate ²	-1.40%
Discount rate	8.90%
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%.

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Intangible assets with indefinite useful lives as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Golf membership rights	₩	20,784,144	₩	28,640,991
Other membership rights		8,290,563		12,084,798
Virtual assets		2,165,153		2,063,402
	₩	<u>31,239,860</u>	₩	<u>42,789,191</u>

Line items, including amortization, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024¹		2023¹	
Cost of sales	₩	39,086,154	₩	35,977,344
Selling and administrative expenses		30,337,308		40,242,065
Research and development		2,498,382		2,065,965
	₩	<u>71,921,844</u>	₩	<u>78,285,374</u>

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, 2024 is as follows:

<i>(unit, in Korean won)</i>	Listing status	Quantity					Fair value (per unit)	
		Beginning balance	Acquisition	Disposal	Ending balance		2023	2024
Kaia (formerly, Klaytn)	Listed ¹	₩ 6,624,921	₩ 611,371	₩ -	₩ 7,236,292	₩	315	₩ 294
MediBloc	Listed ²	19,562,256	2,205,522	(21,767,778)	-		17	15

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

² It is listed on Upbit, a virtual asset exchange in Korea.

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Changes in virtual assets for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)	2024				
	Beginning balance	Acquisition	Disposal ¹	Impairment	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.

(in thousands of Korean won)	2023				
	Beginning balance	Acquisition	Disposal	Impairment	Ending balance
Kaia (formerly, Klaytn)	₩ 1,296,266	₩ 436,534	₩ -	₩ -	₩ 1,732,800
MediBloc	198,914	172,064	-	(40,376)	330,602

Risk of holding virtual assets

Fair values of virtual assets held by the Group as of December 31, 2024 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.

15. Lease

Set out below is 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)	2024		2023	
Right-of-use assets				
Properties	₩	318,339,602	₩	190,904,893
Vehicles		15,239,523		9,349,443
Others (IT tools and others)		87,450,119		30,895,980
	₩	421,029,244	₩	231,150,316
Lease liabilities				
Current	₩	81,315,192	₩	70,981,647
Non-current		329,385,530		159,928,827
	₩	410,700,722	₩	230,910,474

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Additions to the right-of-use assets during the 2024 financial year were ₩ 35,931 million (2023: ₩ 128,145 million).

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

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

<i>(in thousands of Korean won)</i>	2024¹		2023¹	
Depreciation of right-of-use assets				
Properties	₩	45,104,639	₩	37,707,428
Vehicles		5,727,938		5,098,040
Others (IT tools and others)		5,142,539		6,709,322
	₩	<u>55,975,116</u>	₩	<u>49,514,790</u>
Interest expense relating to lease liabilities (included in finance cost)	₩	9,110,858	₩	7,600,311
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		6,190,262		4,630,888
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and selling administrative expenses)		6,855,464		6,394,867

¹ The depreciations 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, 2024 was ₩ 72,295 million (2023: ₩ 64,233 million).

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16. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)			2024		2023	
Name of entity	Location	Main business	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Associates						
P&W NGPF Manufacturing Company Singapore Pte. Ltd. ¹	Singapore	Manufacturing gas turbine engine for aircrafts	30.00%	₩ 75,526,067	30.00%	₩ 60,899,152
Sermatech Korea Co., Ltd.	Korea	Plasma coating, etc.	49.00%	9,824,261	49.00%	8,917,007
OVERAIR, Inc. ¹⁴	U.S.A	UAM	45.19%	-	45.28%	-
Luxrobo ²	Korea	Coding education and development of IoT products	11.61%	12,914,710	11.28%	11,295,568
Musicow US, Inc. ³	U.S.A	Music copyright investment platform operation	15.00%	5,462,048	15.00%	5,554,130
INFINIDOME.Ltd ⁴	Israel	Anti-jamming solution development	9.33%	6,668,461	9.29%	6,226,151
Hanwha Ocean Co., Ltd. ⁹	Korea	Building of steel ships	-	-	34.72%	2,721,827,571
Forge Nano Inc. ⁵	U.S.A	Development of batteries and equipment for semiconductors	2.76%	9,007,437	3.05%	9,147,544
Hanwha Aviation PTE. Ltd ⁸	Singapore	Other industrial machinery and equipment rental	50.00%	107,636,416	-	-
Wing Shiptechnology Corp.	Korea	Other engineering research and development	23.20%	-	-	-
TPI Mega Line Co., Ltd. ¹⁰	Korea	Shipping	19.00%	4,643,834	-	-
KC LNG Tech Co., Ltd. ¹⁰	Korea	Patent management and licensing	16.60%	-	-	-
YEONGDEOKBEULRUWIND EU CO., LTD.	Korea	Private development	50.00%	827,524	-	-
DM-CMHI Offshore Engineering(Jiangsu) ¹¹	China	Marine Plant	51.00%	31,576	-	-
Joint ventures						
Hanwha Futureproof Corp	U.S.A	Holding company	50.00%	722,381,036	50.00%	372,568,267
VIVITY AI INC ⁶	U.S.A	Development of AI platform	80.97%	5,983,750	68.57%	3,707,238
JOOB GLOBAL PTE. LTD. ⁷	Singapore	Telecommunications	80.62%	191,024	80.00%	3,635,490
Shinan Ui Offshore Windpower Corporation ¹²	Korea	Private development	60.00%	2,759,022	-	-
Hanwha Shipping LLC ¹³	Marshall Islands	Shipping	-	-	-	-
				₩ 963,857,166		₩ 3,203,778,118

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¹ On September 27, 2016, the Group entered into call option contract relating to 70% shares of P&W NGPF Manufacturing Company Singapore Pte. Ltd owned by United Technologies International Corporation- Asia Private Limited. Exercise period for the option is August 31, 2025 (Note 10).

² Although the Group owns under 20% shares of Luxrobo, it is classified as an associate because the Group have 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 Musicow US, Inc., it is classified as an associate because the Group have 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 INFINIDOME. Ltd, it is classified as an associate because the Group have significant influence as the Group has right to appoint a member of the board of directors.

⁵ Although the Group owns under 20% shares of Forge Nano Inc., it is classified as an associate because the Group have significant influence as the participation in the board of directors.

⁶ Although the Group owns 80.97% shares of VIVITY AI INC, it is classified as a joint venture because the Group have joint control through a joint agreement as Group has right to appoint a member of the board of directors.

⁷ Although the Group owns 80.62% shares of JOOB GLOBAL PTE. LTD., it is classified as a joint venture because the Group have joint control through a joint agreement as Group has right to appoint a member of the board of directors.

⁸ Although the Group owns under 50% shares of Hanwha Aviation PTE. Ltd, it is classified as an associate because the Group is deemed to have significant influence over the entity as the Group has right to appoint the entity's directors.

⁹ As the Group obtained control for the year ended December 31, 2024, the entity was included in the consolidation scope with the related transaction being accounted for as disposal of investments in associate and business combination (see Note 39).

¹⁰ 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.

¹¹ 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.

¹² The Group acquired the entity for the year ended December 31, 2024 and classified it as a joint venture as major decisions of the decision-making body of the entity require unanimous agreement.

¹³ The Group has no ownership, but the entity is classified as a joint venture because the Group has joint control over the entity under an agreement.

¹⁴ Losses arising from financial assets at fair value through profit or loss accounting for a portion of the net investment in the associate in excess of the investment are recognized.

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Details of changes in associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)

	2024					
	Beginning balance	Acquisition	Share of profit (loss) of associates	Share of other comprehensive income of associates	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.	-	-	-	-	-	-
YEONGDEOKBEULRUWI NDEU CO., LTD.	-	-	-	-	827,524	827,524
Shinan Ui Offshore Windpower Corporation	-	-	-	-	2,759,022	2,759,022
Hanwha Shipping LLC	-	-	-	-	-	-
DM-CMHI Offshore Engineering(Jiangsu)	-	-	(401,048)	10,327	422,297	31,576
	₩ 3,203,778,118	₩ 409,538,184	₩ 105,343,760	₩ 92,647,704	₩ (2,847,450,600)	₩ 963,857,166

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.

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	2023						
	Beginning balance	Acquisition	Share of profit (loss) of associates	Share of other comprehensive income of associates	Others ¹	Ending balance	
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 55,557,174	₩ -	₩ 4,435,701	₩ 906,277	₩ -	₩ 60,899,152	
Sermatech Korea Co., Ltd.	8,737,766	-	2,934,624	60,330	(2,815,713)	8,917,007	
OVERAIR, Inc. ²	-	-	(34,990,541)	295,777	34,694,764	-	
Luxrobo ³	11,280,077	-	799,585	32,561	(816,655)	11,295,568	
Musicow US, Inc.	5,153,128	-	(387,202)	681,203	107,001	5,554,130	
INFINIDOME.Ltd	7,431,708	-	(502,364)	(754,113)	50,920	6,226,151	
VIVITY AI INC	-	5,180,900	(1,494,326)	25,157	(4,493)	3,707,238	
JOOB GLOBAL PTE. LTD.	-	3,235,644	452,902	(19,896)	(33,160)	3,635,490	
Hanwha Ocean Co., Ltd.	-	2,735,977,453	48,750,886	(15,563,387)	(47,337,381)	2,721,827,571	
Forge Nano Inc.	-	9,205,009	(271,593)	(154,179)	368,307	9,147,544	
Hanwha Futureproof Corp	-	381,400,990	(3,937,835)	(4,894,888)	-	372,568,267	
	₩ 88,159,853	₩ 3,134,999,996	₩ 15,789,837	₩ (19,385,158)	₩ (15,786,410)	₩ 3,203,778,118	

¹ Others include dividends. In addition, Hanwha Ocean Co., Ltd. includes gains or losses on disposal from participating in unequal capital increase and interest expense 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 Impairment loss of ₩ 816,655 thousand is included in others.

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The tables below provides summarized financial information for those associates and joint ventures and dividends received from the associates.

(in thousands of
Korean won)

Korean won)		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. ⁴		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		-		-		-		-
YEONGDEOKBEULR UWINDEU 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) 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, 2024.

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

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

(in thousands of
Korean won)

Korean won)		2023															
		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.		₩	127,667,430	₩	118,087,092	₩	35,048,545	₩	9,269,383	₩	173,265,657	₩	14,785,672	₩	17,806,595	₩	-
Sermatech Korea Co., Ltd.			17,385,851		13,377,415		6,611,868		5,953,409		33,523,233		6,823,835		6,823,835		2,815,713
OVERAIR, Inc.			59,132,728		25,315,335		204,610,357		7,337,995		-		(77,119,979)		(77,029,078)		-
Luxrobo			19,567,546		99,322,525		77,242,016		25,159,033		24,339,298		7,270,237		7,566,405		-
Musicow US, Inc			3,203,554		104,868		2,311		-		-		(2,581,348)		(2,581,348)		-
INFINIDOME.Ltd			3,965,055		174,335		1,155,819		614,529		3,269,349		(5,205,845)		(5,705,961)		-
VIVITY AI INC ¹			2,019,904		535,021		446,844		297,510		441,669		(2,428,189)		(2,393,708)		-
JOOB GLOBAL PTE. LTD ⁵			598,436		2,983,954		37,529		-		-		(446,815)		(471,685)		-
Hanwha Ocean Co., Ltd. ³			9,350,083,729		6,618,766,525		7,477,721,429		4,141,862,182		5,427,336,866		143,321,877		(11,866,599)		-
Forge Nano Inc. ⁴			65,518,232		15,856,336		9,831,464		26,605,059		11,691,264		(8,897,714)		(9,480,592)		-
Hanwha Futureproof Corp ²			232,737,115		1,327,142,863		788,208,517		26,698,821		392,391		(7,875,670)		(17,665,446)		-

¹ Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is March 31, 2023.

² Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is March 31, 2023.

³ Recognized as an associate for the year ended December 31, 2023 of which the deemed acquisition date is April 30, 2023.

⁴ Recognized as an associate for the year ended December 31, 2023 of which the deemed acquisition date is June 30, 2023.

⁵ Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is June 1, 2023.

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Details of adjustments from financial information of associates and joint ventures to the carrying amount of investments in associates as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	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	355,289	2,759,022
Hanwha Shipping LLC ²	-	0.00%	-	-	-
DM-CMHI Offshore Engineering(Jiangsu) 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, 2024.

² Recognized as an associate 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.

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(in thousands of Korean won)

		2023					
		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.	₩	201,436,594	30.00%	₩ 60,430,978	₩ 468,174	₩	60,899,152
Sermatech Korea Co., Ltd.		18,197,989	49.00%	8,917,007	-		8,917,007
OVERAIR, Inc.		(128,657,302)	45.28%	(58,260,644)	58,260,644		-
Luxrobo		11,367,615	11.28%	1,282,425	10,013,143		11,295,568
Musicow US, Inc.		3,306,111	15.00%	495,917	5,058,213		5,554,130
INFINIDOME.Ltd		2,369,042	9.29%	220,171	6,005,980		6,226,151
VIVITY AI INC ¹		1,810,571	68.57%	1,241,534	2,465,704		3,707,238
JOOB GLOBAL PTE. LTD ⁵		3,544,861	80.00%	2,835,889	799,601		3,635,490
Hanwha Ocean Co., Ltd. ³		4,344,562,177	34.72%	1,508,305,204	1,213,522,367		2,721,827,571
Forge Nano Inc. ⁴		44,938,045	3.05%	1,368,526	7,779,018		9,147,544
Hanwha Futureproof Corp ²		744,972,640	50.00%	372,486,319	81,948		372,568,267

¹ Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is March 31, 2023.

² Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is March 31, 2023.

³ Recognized as an associate for the year ended December 31, 2023 of which the deemed acquisition date is April 30, 2023.

⁴ Recognized as an associate for the year ended December 31, 2023 of which the deemed acquisition date is June 30, 2023.

⁵ Recognized as a joint venture for the year ended December 31, 2023 of which the deemed acquisition date is June 1, 2023.

Fair value of investments in associates and joint ventures that has a quoted market price as of December 31, 2024 and 2023 is as follows:

(in thousands of Korean won)	Company	2024		2023	
		Fair value	Book amount	Fair value	Book amount
Associates	Hanwha Ocean Co., Ltd.	₩ -	₩ -	₩ 2,669,453,523	₩ 2,721,827,571

¹ Although the Group owns less than 50% shares of the entity as of December 31, 2024, the entity is reclassified from an associate to a subsidiary as the Group is deemed to have substantial control over the entity considering the shareholding ratio and the right to appoint directors.

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17. Trade and Other Payables

Trade and other payables as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
	Current	Non-current	Current	Non-current
Trade payables	₩ 1,708,265,717	₩ 171,959,983	₩ 919,375,527	₩ 183,291,920
Non-trade payables	1,165,706,992	77,990,524	335,421,144	71,320,250
Accrued expenses	955,001,217	186,954,910	562,856,474	82,440,503
Withholdings	428,985,075	-	61,640,888	-
Deposits received	11,969,223	2,779,121	-	5,205,340
	<u>₩ 4,269,928,224</u>	<u>₩ 439,684,538</u>	<u>₩ 1,879,294,033</u>	<u>₩ 342,258,013</u>

The Group entered into a supplier finance arrangement. The Group settles its debts by paying the supplier through a financial provider in accordance with the original payment due date. The Group did not provide any collateral to the financial provider. All trade payables under supplier finance arrangements are included in trade and other payables in the financial statements and in non-trade payables in the above table. The details are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Carrying amount of non-trade payables that are part of a supplier finance arrangement	₩ 430,579,890	₩ -
Of which amount paid to supplier	426,425,146	-

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18. Borrowings and Debentures

Details of debentures as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	Date of issuance	Date of maturity	Annual interest rate (%)	2024	2023
The 122-2nd public bonds	2019.04.30	2024.04.30	2.30	₩ -	₩ 100,000,000
The 123-2nd public bonds	2019.10.02	2024.10.02	2.10	-	80,000,000
The 125-1st public bonds	2021.04.28	2024.04.28	1.62	-	260,000,000
The 125-2nd public bonds	2021.04.28	2026.04.28	2.19	140,000,000	140,000,000
The 126-1st public bonds	2023.04.20	2025.04.18	4.26	115,000,000	115,000,000
The 126-2nd public bonds	2023.04.20	2026.04.20	4.34	155,000,000	155,000,000
The 126-3rd public bonds	2023.04.20	2028.04.20	4.44	30,000,000	30,000,000
The 127-1st public bonds	2024.01.11	2026.01.09	4.05	60,000,000	-
The 127-2nd public bonds	2024.01.11	2027.01.11	4.14	260,000,000	-
The 127-3rd public bonds	2024.01.11	2029.01.11	4.27	80,000,000	-
The 128-1st public bonds	2024.06.26	2026.06.26	3.56	70,000,000	-
The 128-2nd public bonds	2024.06.26	2027.06.25	3.58	150,000,000	-
The 128-3rd public bonds	2024.06.26	2029.06.26	3.70	80,000,000	-
The 3-2nd non-guarantee private bonds	2019.07.05	2024.07.05	2.10	-	30,000,000
The 4-1st non-guarantee private bonds	2023.09.19	2025.09.19	4.69	50,000,000	50,000,000
The 5-1st non-guarantee private bonds	2024.06.04	2026.06.04	3.71	100,000,000	-
The 5-2nd non-guarantee private bonds	2024.06.04	2027.06.04	3.79	150,000,000	-
The 8-1st non-guarantee private bonds	2024.11.27	2026.05.27	4.55	20,000,000	-
The 8-2nd non-guarantee private bonds	2024.11.27	2026.11.27	4.69	80,000,000	-
Korea Investment & Securities CP privately placed bonds	2024.07.10	2025.01.10	4.72	50,000,000	-
Korea Investment & Securities CP privately placed bonds	2024.07.24	2025.01.24	4.72	50,000,000	-
Korea Investment & Securities CP privately placed bonds	2024.09.10	2025.03.10	4.55	50,000,000	-
FRN private bonds ¹	2022.08.12	2025.08.12	Compounded SOFR 3M + 1.05%	44,100,000	38,682,000
FRN private bonds ¹	2023.09.22	2026.09.22	Compounded SOFR 3M + 1.05%	132,300,000	116,046,000
FRN private bonds ¹	2024.07.29	2027.07.28	Compounded SOFR 3M + 1.05%	205,800,000	-
The 2nd private bonds	2019.03.27	2024.03.27	2.76	-	50,000,000
				<u>2,072,200,000</u>	<u>1,164,728,000</u>
Less: discount of debentures				(7,260,339)	(2,745,292)
Less: current portion of debentures				(358,167,898)	(519,817,335)
				<u>₩ 1,706,771,763</u>	<u>₩ 642,165,373</u>

¹ In relation to FRN bonds of ₩382,200 million, the Group has entered into currency swap to hedge foreign currency risk and interest rate risk (Note 10).

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Details of short-term borrowings as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	2024	2023
KB Kookmin Bank	General operating fund	4.90~5.03	₩ 150,000,000	₩ 50,000,000
	Facility loans	4.58~4.70	80,000,000	80,000,000
	LC	4.85	1,062,808	-
Bank of China	General operating fund	4.72~4.73	90,000,000	60,000,000
	Facility loans	5.08	-	10,000,000
Shinhan Bank	General operating fund	4.38	-	10,000,000
	Facility loans	4.34~4.57	60,000,000	30,000,000
	LC	4.74~4.80	6,194,727	-
Woori Bank	General operating fund	4.79~6.13	151,742,605	97,342,510
	LC	2.87~4.84	9,858,511	-
NH Nonghyup Bank	General operating fund	4.64	-	80,000,000
	Facility loans	4.37~4.47	170,000,000	210,000,000
	LC	4.91	504,345	-
KDB Development Bank	General operating fund	2.50~4.47	2,332,658,937	140,000,000
	LC	3.22~5.43	5,135,645	-
KEB Hana Bank	General operating fund	4.86~5.27	-	80,000,000
	Facility loans	4.18~4.63	208,000,000	208,000,000
	LC	4.33~4.90	32,660,061	-
The Export-Import Bank of Korea	General operating fund	2.50	1,250,000,000	10,000,000
Suhyup Bank	General operating fund	4.84	50,000,000	10,000,000
INDUSTRIAL BANK OF KOREA	General operating fund	4.18~5.54	7,500,000	-
	LC	4.67~4.80	9,690,240	-
DAISHIN SECURITIES CO., LTD	CP	4.43	-	50,000,000
MIRAE ASSET SECURITIES CO., LTD.	General operating fund	4.55	-	50,000,000
Woori Investment & Securities	General operating fund	2.50	20,000,000	-
Hanwha Chemical (Ningbo) Co., Ltd.	General operating fund	3.35	28,177,800	-
Shinhan bank Singapore	General operating fund	5.66	14,648,299	19,343,520
KOOKMIN BANK Singapore		5.16~5.65	51,274,217	38,687,040
KOOKMIN BANK New York	General operating fund	5.51~5.63	29,400,000	-
Shinhan bank New York	General operating fund	6.59~6.85	-	29,063,076
Bank of Hope	General operating fund	7.12	39,690,000	5,157,600
Woori Bank New York	General operating fund	5.71	14,700,000	12,894,000
Woori Bank Vietnam Ltd - Bac Ninh	General operating fund	6.55	-	6,439,570
Woori Bank Vietnam Ltd - Hanoi	General operating fund	5.28~5.63	36,620,747	12,895,680
KEB Hana Bank - Hanoi	General operating fund	6.24~6.47	-	24,715,925
Nonghyup Bank - Hanoi	General operating fund	5.40~5.42	14,648,299	-
Woori Bank - Hongkong	General operating fund	6.16	26,366,938	23,212,224
KEB Hana Bank - Hongkong	General operating fund	5.53~5.80	27,099,353	25,791,360
Banco Santander	General operating fund	6.74	235,200,000	-
			₩ 5,152,833,532	₩ 1,373,542,505

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The Group sold trade receivables to Woori Bank and three other banks in accordance 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, 2024 and 2023.

Details of long-term borrowings as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	2024	2023
NH Nonghyup Bank	Facility loans	4.68	₩ 100,000,000	₩ -
	Munitions industry fund	2.00	7,438,400	9,298,040
Shinhan Bank	General operating fund	1.00	8,000,000	30,000,000
	Facility loans	4.77	150,000,000	31,000,000
Korea Development Bank	General operating fund	4.28~5.52	1,134,348,101	180,000,000
	Facility loans	4.38~4.81	79,479,589	91,666,600
KB Kookmin Bank	General operating fund	1.00~5.07	88,977,503	80,000,000
Bank of China	General operating fund	2.30	-	30,000,000
The Export-Import Bank of Korea	General operating fund	1.00~6.70	813,379,541	525,791,360
	Facility loans	2.19	2,443,011	45,065,931
Woori Bank	General operating fund	1.00	11,659,051	-
	Facility loans	4.56	150,000,000	150,000,000
KEB Hana Bank	General operating fund	1.00	41,184,377	-
	Facility loans	4.62~4.68	200,000,000	-
Kyongnam Bank Co., Ltd.	General operating fund	4.69	50,000,000	50,000,000
Korea Housing Urban Guarantee Corporation	General operating fund	0.00	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 Energy Agency	General operating fund	0.00	7,426,461	-
Arab Bank Group	General operating fund	6.15	73,098,854	-
Korea Midland Power Co., Ltd.	General operating fund	5.00	250,000	-
Shinhan Bank Hong Kong	General operating fund	6.61	-	38,682,000
Woori Bank Hong Kong	General operating fund	7.04	-	12,895,680
Woori Bank Hanoi	Facility loans	5.78	10,985,937	16,119,180
KEB Hana Bank - Hongkong	Facility loans	6.67	12,817,262	12,895,680
KEB Hana Bank, New York	General operating fund	5.85~6.05	73,500,000	90,258,000
Department of Economic and community Development (USA)	Facility loans	0.00	9,663,889	9,909,258
			<u>3,064,736,633</u>	<u>1,403,581,729</u>
Less: current portion of long-term liabilities			<u>(606,725,599)</u>	<u>(644,720,039)</u>
			<u>₩ 2,458,011,034</u>	<u>₩ 758,861,690</u>

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19. Other Liabilities

Details of other liabilities as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)	2024		2023	
	Current	Non-current	Current	Non-current
Advances ¹	₩ 13,647,933,173	₩ -	₩ 7,332,292,498	₩ -
Provisions ²	555,557,065	46,305,189	112,333,396	6,871,113
Firm commitment liabilities	-	-	1,279	-
Unearned revenue	1,426	-	-	-
	<u>₩ 14,203,491,664</u>	<u>₩ 46,305,189</u>	<u>₩ 7,444,627,173</u>	<u>₩ 6,871,113</u>

¹ Contract liabilities of ₩ 6,669,925 thousand and ₩ 1,382,331 thousand as of December 31, 2024 and 2023 are included.

² Provisions include product warranty, construction warranty and legal claims.

Changes in provisions for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)	2024	2023
Beginning balance	₩ 119,204,509	₩ 125,486,565
Increase (reversal)	(11,749,163)	16,032,638
Decrease	(15,413,156)	(22,681,550)
Spin-off ⁴	(20,493,115)	-
Business combination ³	538,678,142	-
Others ¹	(8,364,963)	366,856
Ending balance ²	<u>₩ 601,862,254</u>	<u>₩ 119,204,509</u>

¹ Exchange differences are included.

² The expenses of the security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

³ The Group included 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.

⁴ 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 financial assets of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. held by the Group.

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20. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)	2024		2023	
	Current	Non-current	Current	Non-current
Redeemable convertible preferred shares as a liability	₩ 5,374,684	₩ -	₩ 986,421	₩ 3,432,679
Financial liabilities at amortized cost	-	65,348,354	-	63,122,649
Other financial liabilities	-	10,635,409	2,256,450	37,607
	₩ 5,374,684	₩ 75,983,763	₩ 3,242,871	₩ 66,592,935

Details of redeemable convertible preferred shares as a liability as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)	2024		2023	
	Current	Non-current	Current	Non-current
SIA redeemable convertible preferred shares as a liability	₩ 5,374,684	₩ -	₩ 986,421	₩ 3,432,679
	₩ 5,374,684	₩ -	₩ 986,421	₩ 3,432,679

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

	SI Analytics Co., Ltd.		
	Medici 2014-2 startup investment association and others	Medici 2018-2 Small and medium-sized leading enterprise start-up investment association	Korea Development Bank
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	2019.11.06	2021.05.31	2021.06.11
The number of exercisable shares	12,500 shares	13,750 shares	13,750 shares
Exercise price	₩ 160,000	₩ 363,636	₩ 363,636
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	Adjusted for:		

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conversion rate	<ul style="list-style-type: none"> - 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 shares as a liability as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Issuance price	₩ 11,999,990	₩ 11,999,990
Carrying amount of preferred stock liabilities	5,374,684	4,419,100
Early redemption rights consideration (derivative liabilities)	-	8,053,204
Conversion right (derivative liabilities)	5,537,900	2,559,559

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.

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21. Employee Benefits Liabilities

Details of employee benefits liabilities recognized as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Net defined benefit liabilities	₩ 692,326,396	₩ 604,994,351
Other long-term employee benefits	256,642,685	69,387,609
	<u>₩ 948,969,081</u>	<u>₩ 674,381,960</u>

Details of net defined benefit liabilities recognized as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024¹	2023
Present value of funded defined benefit obligations	₩ 1,790,274,107	₩ 918,876,457
Fair value of plan assets	(1,097,947,711)	(313,882,106)
Net defined benefit liabilities	<u>₩ 692,326,396</u>	<u>₩ 604,994,351</u>

¹ The amount of ₩ 1,459,597 thousand, which exceeds the defined benefit obligations among the plan assets, has been transferred to net defined benefit assets and is included in other non-current assets.

Movements in the present value of defined benefit obligations for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Beginning balance	₩ 918,876,457	₩ 738,116,919
Current service cost	97,927,427	80,690,640
Past service cost	6,125,477	-
Interest expense	45,176,952	43,907,775
Remeasurements:		
Actuarial gain from change in demographic assumptions	(9,246,774)	(3,735,725)
Actuarial loss from change in financial assumptions	35,344,070	96,504,936
Actuarial loss from experience adjustments	58,603,274	33,620,443
Other	-	(4,852,331)
Transfer between affiliates	5,961,255	2,342,836
Benefit payments	(61,547,697)	(67,812,726)
Business combination	839,450,522	2,366,352
Effect of spin-off	(145,566,593)	-
Others ¹	(830,263)	(2,272,662)
Ending balance	<u>₩ 1,790,274,107</u>	<u>₩ 918,876,457</u>

¹ Exchange differences from exchange rate fluctuation are included.

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Movements in the fair value of plan assets for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	313,882,106	₩	185,946,819
Interest income		15,790,433		11,169,488
Remeasurements:				
Income on plan assets		(3,258,333)		(2,000,344)
Contributions		115,245,000		125,489,000
Transfer between affiliates		3,236,300		459,726
Benefit payments		(7,578,401)		(7,182,583)
Business combination		694,850,150		-
Effect of spin-off		(34,134,792)		-
Transfer to defined benefit assets ¹		(1,459,597)		-
Others ¹		1,374,845		-
Ending balance	₩	1,097,947,711	₩	313,882,106

¹ The amount of ₩ 1,459,597 thousand, which exceeds the defined benefit obligations among the plan assets, 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, 2024 and 2023 is as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Severance insurance bonds	₩	1,097,438,129	₩	313,422,448
Others ¹		509,582		459,658
	₩	1,097,947,711	₩	313,882,106

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, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024¹		2023¹	
Current service cost	₩	97,927,427	₩	80,690,640
Past service cost		6,125,477		-
Net interest cost		29,386,519		32,738,288
	₩	133,439,423	₩	113,428,928

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.

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Items included in total expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024¹		2023¹	
Cost of sales	₩	89,516,782	₩	76,953,868
Selling and administrative expenses		37,960,428		29,592,379
Research and development		5,962,213		6,882,681
	₩	<u>133,439,423</u>	₩	<u>113,428,928</u>

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, 2024 and 2023 are as follows:

	2024	2023
Discount rate	3.7% ~ 5.5%	5.3% ~ 6.0%
Salary growth rate	3.8% ~ 7.0%	3.9% ~ 6.9%

The sensitivity analysis of the defined benefit obligation to changes in the principal assumption is as follows:

<i>(in thousands of Korean won)</i>	Changes in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1% Increase/Decrease	₩ (149,587,337)	₩ 173,779,915
Salary growth rate	1% Increase/Decrease	171,926,194	(150,885,343)

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, 2024 is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Benefit payments	₩ 108,769,579	₩ 209,700,586	₩ 437,820,560	₩ 5,409,699,728	₩ 6,165,990,453

The weighted-average duration of the defined benefit obligation is 6.2 ~ 9.9 years.

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The amount of benefit payments made under defined contribution plan for the year ended December 31, 2024 is ₩ 10,124,370 thousand.

22. Tax Expense and Deferred Tax

Income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Current tax:		
Current tax on profits for the year	₩ 461,854,794	₩ 218,685,346
Adjustments in respect of prior years	(7,760,826)	(9,498,006)
	<u>454,093,968</u>	<u>209,187,340</u>
Deferred tax expense:		
Origination and reversal of temporary differences	(296,540,381)	28,663,195
	<u>(296,540,381)</u>	<u>28,663,195</u>
Income tax expense ¹	<u>₩ 157,553,587</u>	<u>₩ 237,850,535</u>

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 consolidated entities as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Profit before income tax expense ¹	₩ 2,697,427,047	₩ 1,214,768,881
Tax at domestic tax rates applicable to profit in the respective countries	742,299,340	250,993,385
Tax effects of:		
Income not subject to tax	(5,203,872)	(6,834,238)
Expenses not deductible for tax purposes	7,097,930	11,091,169
Tax credits and tax reductions	(32,020,189)	(28,753,168)
Corporate tax on unappropriated earnings	(8,499,498)	5,167,573
Adjustment in respect of prior years	(7,760,826)	(9,498,006)
Non-recognition of deferred tax	(504,914,667)	50,278,239
Change in the tax rate	-	(16,612,918)
Others	(33,444,631)	(17,981,501)
Current adjustments	<u>(584,745,753)</u>	<u>(13,142,850)</u>
Income tax expense	<u>₩ 157,553,587</u>	<u>₩ 237,850,535</u>
Effective tax rate (%)	<u>5.84%</u>	<u>19.58%</u>

¹ The gain or loss from discontinued operations resulting from spin-off that occurred for the year ended December

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31, 2024 is 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, 2024 are as follows:

(in thousands of Korean won)

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

(in thousands of Korean won)

	2023		
	Before tax	Tax effect	After tax
Other capital surplus	₩ 38,429,502	₩ (15,806,591)	₩ 22,622,911
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(147,872,879)	3,917,592	(143,955,287)
Remeasurements of net defined benefit liabilities	(121,389,596)	27,609,346	(93,780,250)
Share of other comprehensive income of associates and joint ventures	(57,753,382)	13,740,608	(44,012,774)
Exchange difference	32,879,840	-	32,879,840
Revaluation of assets	140,811,014	(45,361,671)	95,449,343
Gain (loss) on valuation of derivatives	(5,662,176)	1,420,281	(4,241,895)
	<u>₩ (120,557,677)</u>	<u>₩ (14,480,435)</u>	<u>₩ (135,038,112)</u>

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The movement in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in thousands of Korean won)

	2024					
	Beginning balance	Statement of comprehensive income	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 fair value through profit or loss	(60,637,917)	(76,896,236)	-	-	(137,534,153)	
Financial assets at fair value through other comprehensive income	10,216,843	-	1,306,138	(981,005)	10,541,976	
Investments in subsidiaries and associates	(209,355,277)	307,595,655	(117,245,080)	-	(19,004,702)	
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 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	
Losses 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	₩ 279,373,290	₩ 21,398,003	₩ 719,395,369	

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(in thousands of Korean won)

	2023				
	Beginning balance	Statement of comprehensive income	Business combination	Equity	Ending balance
Defined benefit obligations	₩ 93,181,868	₩ 27,703,165	₩ -	₩ 27,609,346	₩ 148,494,379
Financial assets at fair value through profit or loss	(2,260,426)	(58,377,491)	-	-	(60,637,917)
Financial assets at fair value through other comprehensive income	694,787	5,604,464	-	3,917,592	10,216,843
Investments in subsidiaries and associates	(72,361,604)	(134,927,690)	-	(2,065,983)	(209,355,277)
Depreciation	8,950,421	21,452,503	-	-	30,402,924
Provisions	12,068,067	1,990,171	-	-	14,058,238
Prepaid license fee	2,967,909	(104,479)	-	-	2,863,430
Provision for impairment	401,451	1,743,663	-	-	2,145,114
Loss on valuation of inventories	9,943,153	4,067,302	-	-	14,010,455
Accrued expenses and others	59,410,894	84,530,265	-	-	143,941,159
Long-term employee benefits and others	6,373,502	6,377,640	-	-	12,751,142
Impairment loss on intangible assets	3,507,205	2,604,889	-	-	6,112,094
Right-of-use assets and lease liabilities	341,913	555,968	-	-	897,881
Gain on revaluation	(92,059,631)	(31,753)	-	(45,361,671)	(137,453,055)
Tax credits carried forward	29,692,574	1,128,676	-	-	30,821,250
Losses carried forward	9,793,445	7,685,323	-	-	17,478,768
Others	85,323,443	(665,811)	9,258,354	1,420,281	95,336,267
	₩ 155,968,971	₩ (28,663,195)	₩ 9,258,354	₩ (14,480,435)	₩ 122,083,695

The Group did not recognize deferred tax assets in consideration of future reliability for deductible temporary differences of ₩ 974,045,904 thousand related to investments in subsidiaries, associates and joint ventures, tax losses of ₩ 6,412,742,818 thousand and deferred tax credit of ₩ 23,843,322 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	₩ 1,600,385,398
Later than five years and not later than ten years	-
Later than ten years and not later than fifteen years	4,782,274,571
No deduction period	30,082,849
	<u>₩ 6,412,742,818</u>

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The maturity of unused tax credit is as follows:

<i>(in thousands of Korean won)</i>	Amount	
2025	₩	2,572,231
2026		3,160,273
2027		3,303,540
2028		4,935,654
2029		3,928,806
2030		1,683,493
2031		1,107,429
2032		2,063,787
2033		1,037,523
2034		50,586
	₩	<u>23,843,322</u>

The Group did not recognize deferred tax liabilities all for taxable temporary differences related to investments in subsidiaries and associates as of December 31, 2024. 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.

The Group is subject to the global minimum taxes under Pillar Two legislation. The results of evaluating the effect based on the global minimum taxation introduced in Korea and the OECD model regulations, there is no income tax to be recognized in relation to the Pillar Two Model Rule since all jurisdictions where the Group' constituent entities operate have passed the transitional exemption. The Group applied the temporary mandatory exempts from the deferred income tax accounting for the effect of Pillar Two legislation. The Group recognizes the tax on Pillar Two legislation as the tax expense for the current period, if incurred.

23. 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 50,630,000 shares with a par value of ₩ 5,000 per share. The number of ordinary shares will be reduced by 5,048,839 shares due to the spin-off on September 1, 2024 and the total number of outstanding shares will be 45,581,161 shares. The Parent Company acquired 2,560,588 shares cumulatively, and retired 2,500,000 shares by retained earnings for the year ended December 31, 2024. As a result of these retirements, 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, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Share premium	₩	187,200,001	₩	187,200,001
Other capital surplus		19,498,061		4,631,950
Loss on spin-off ¹		(717,130,464)		-

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₩	(510,432,402)	₩	191,831,951
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¹ Hanwha Industrial Solutions Co., Ltd. was established through spin-off on September 1, 2024.

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:

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	2024-01-01, 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.

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Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	156,452 shares
Share value-based cash payments ¹	₩ 11,038,783,764
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	2023-01-01, 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 2028 to January 2033 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 as of December 31, 2024 and 2023 are as follows:

<i>(in shares)</i>	2024	2023
Beginning balance	262,006	105,574
Granted	100,096	156,432
Ending balance	362,102	262,006
Exercisable at the end of the year	-	-

The weighted-average remaining contractual maturity of share options outstanding at the end of reporting period is 5.8 years and the exercise price is ₩ 0.

Details of changes in the number of cash-settled stock options for each of the two years in the period ended December 31, 2024 are as follows:

	Amount (in shares)		Market average stock price (in Korean won)	
	2024	2023	2024	2023
Beginning balance	607,852	352,315	₩ 124,500	₩ 73,600
Granted ¹	200,618	255,537	137,860	80,297
Spin-off	(324,491)	-	137,860	-
Ending balance	483,979	607,852	₩ 326,500	₩ 124,500
Exercisable at the end of the year	-	-	₩ -	₩ -

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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.

Details of liabilities and intrinsic value related to share value-based cash payments for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>		2024		2023
Liabilities	₩	157,477,520	₩	68,272,473
Intrinsic value (in Korean won) ¹		326,500		124,500

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, 2024 are as follows:

<i>(in thousands of Korean won)</i>		2024¹		2023¹
Equity-settled share options	₩	13,824,726	₩	12,356,424
Share value-based cash payments		148,773,047		43,293,574
	₩	<u>162,597,773</u>	₩	<u>55,649,998</u>

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.

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24. 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, 2024. Treasury shares are restricted for voting rights in accordance with the Commercial Law.

25. Accumulated Other Comprehensive Income

Accumulated other comprehensive income as of December 31, 2024 and 2023 is as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Financial assets at fair value through other comprehensive income	₩	(68,071,405)	₩	(40,624,768)
Revaluation surplus		415,466,906		475,632,747
Cash flow hedge		(3,554,657)		(2,466,492)
Exchange differences		120,372,110		40,011,195
Share of other comprehensive income of associates		74,921,444		(27,413,266)
Others		516,296		516,296
	₩	<u>539,650,694</u>	₩	<u>445,655,712</u>

Changes in accumulated other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024		
	Beginning balance	Increase (decrease)	Ending balance
Financial assets at fair value through other comprehensive income	₩ (40,624,768)	₩ (27,446,637)	₩ (68,071,405)
Revaluation surplus	475,632,747	(60,165,841)	415,466,906
Cash flow hedge	(2,466,492)	(1,088,165)	(3,554,657)
Exchange differences	40,011,195	80,360,915	120,372,110
Share of other comprehensive income of associates	(27,413,266)	102,334,710	74,921,444
Others	516,296	-	516,296
	₩ <u>445,655,712</u>	₩ <u>93,994,982</u>	₩ <u>539,650,694</u>

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		2023	
	Beginning balance	Increase (decrease)	Ending balance
Financial assets at fair value through other comprehensive income	₩ (51,810,020)	₩ 11,185,252	₩ (40,624,768)
Revaluation surplus	384,017,802	91,614,945	475,632,747
Cash flow hedge	1,775,402	(4,241,894)	(2,466,492)
Exchange differences	20,132,440	19,878,755	40,011,195
Share of other comprehensive income of associates	7,601,610	(35,014,876)	(27,413,266)
Others	516,296	-	516,296
	<u>₩ 362,233,530</u>	<u>₩ 83,422,182</u>	<u>₩ 445,655,712</u>

26. Retained Earnings

Retained earnings as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

		2024	2023
Legal reserves	Legal reserves ¹	₩ 51,652,604	₩ 42,550,110
Discretionary reserves	Facility reserves and others ²	1,913,381,926	1,396,804,353
Other reserves	Asset revaluation reserves and others	169,179,673	193,947,935
Retained earnings before appropriation	Profit (loss) and others	<u>2,612,306,188</u>	<u>994,115,256</u>
		<u>₩ 4,746,520,391</u>	<u>₩ 2,627,417,654</u>

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.

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27. Non-current Assets and Liabilities Held for Sale

Details of assets and liabilities of disposal group classified as held for sale as of December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Property, plant and equipment ¹	₩	44,357,207	₩	44,601,425
Intangible assets		2,524		-
	₩	44,359,731	₩	44,601,425

¹ ₩ 27,881,019 thousand of the cumulative revaluation gain of land classified as held-for-sale non-current assets recognized at the end of current year, is included.

28. Construction Contracts

Changes in the remaining balance of construction contracts for each of the two years in the period ended December 31, 2024 are as follows:

(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.

(in thousands of Korean won)		2023										
		Aerospace		Security ¹		Defense		ICT		Satrec Initiative		Total
Beginning balance	₩	343,042,448	₩	5,161,950	₩	5,533,580,442	₩	196,792,765	₩	255,828,285	₩	6,334,405,890
Increase		761,343,315		9,927,966		3,506,726,041		188,080,721		223,463,601		4,689,541,644
Construction revenue recognition		(373,426,839)		(11,783,317)		(1,782,803,110)		(248,848,795)		(125,437,963)		(2,542,300,024)
Ending balance	₩	730,958,924	₩	3,306,599	₩	7,257,503,373	₩	136,024,691	₩	353,853,923	₩	8,481,647,510

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

Details of recognized construction profit or loss for ongoing construction contracts as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	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.

(in thousands of Korean won)

	2023						
	Aerospace	Security ¹	Defense	ICT	Satrec Initiative		Total
Accumulated contract revenue	₩ 890,793,091	₩ 53,782,105	₩ 5,015,668,114	₩ 201,478,009	₩ 416,696,488		₩ 6,578,417,807
Accumulated contract cost	841,074,660	40,250,545	4,663,782,588	190,931,485	345,485,395		6,081,524,673
Accumulated contract profit	₩ 49,718,431	₩ 13,531,560	₩ 351,885,526	₩ 10,546,524	₩ 71,211,093		₩ 496,893,134

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

Amounts due from and due to customers for contract work as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024						
	Aerospace	Security	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers ¹	₩ 109,740,000	₩ -	₩ 351,334,963	₩ 17,815,248	₩ 20,096,245	₩ 5,019,522,187	₩ 5,518,508,643
Due to customers ²	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 ³	₩ 4,022,560	₩ -	₩ 29,975,451	₩ 2,896,614	₩ 296,490	₩ 132,154,937	₩ 169,346,052

¹ Amounts are recognized as trade receivables in the statement of financial position.

² Amounts are recognized as advance received in the statement of financial position.

³ Amounts are recognized as provisions in the statement of financial position.

(in thousands of Korean won)

	2023						
	Aerospace	Security ⁴	Defense	ICT	Satrec Initiative		Total
Due from customers ¹	₩ 127,447,156	₩ 5,516,225	₩ 217,721,050	₩ 39,620,457	₩ 12,226,577		₩ 402,531,465
Due to customers ²	277,674,927	14,524	1,027,209,513	22,194,392	55,237,441		1,382,330,797
Provision for expected losses ³	7,518,157	-	42,901,158	6,998,788	605,362		58,023,465

¹ Amounts are recognized as trade receivables in the statement of financial position.

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² Amounts are recognized as advance received in the statement of financial position.

³ Amounts are recognized as provisions in the statement of financial position.

⁴ Security division which was spun off for the year ended December 31, 2024 is included.

For the year ended December 31, 2024, the estimated total revenue and estimated total costs for contracts in progress have changed due to factors causing cost increases. Details of changes in estimated total contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract work are as follows:

(in thousands of Korean won)	Changes in		Impact on profit		Impact on profit		Changes in
	estimated total	Changes in	Impact on profit	or loss for the	or loss for the	Changes in	
	contract	estimated total	or loss for the	succeeding	succeeding	contract assets	contract
	revenue	contract costs	year	year			liabilities
Aerospace	₩ 117,800,347	₩ 111,450,978	₩ 4,235,842	₩ 2,113,527	₩ 13,810,732	₩ 9,574,890	
Security ¹	-	-	-	-	-	-	-
Defense	375,694,265	120,662,432	86,521,428	168,510,405	121,781,009	35,259,581	
ICT	4,553,188	8,744,367	(4,808,119)	616,940	2,798,882	7,607,001	
Satrec Initiative	15,404,751	17,551,795	(571,192)	(1,575,852)	385,858	957,050	
	<u>₩ 513,452,551</u>	<u>₩ 258,409,572</u>	<u>₩ 85,377,959</u>	<u>₩ 169,665,020</u>	<u>₩ 138,776,481</u>	<u>₩ 53,398,522</u>	

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

As of December 31, 2024 and 2023, 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)	2024						
	Contract date	Construction due date	Progress rate	Due from customers		Due to customers	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Contract A001 ¹	2018.12.05	2025.12.15	98.64%	₩ 15,681,904	₩ -	₩ 8,563,379	₩ -
Contract A002 ¹	2020.12.23	2029.10.31	46.56%	-	-	-	-
Contract A003 ¹	2021.12.29	2030.12.31	22.44%	121,960,196	-	17,054,774	-
Contract A004 ¹	2021.12.13	2028.03.31	65.31%	-	-	-	-
Contract A005 ¹	2023.12.01	2033.07.31	12.24%	-	-	-	-
Contract B015 ¹	2024.05.09	2032.12.31	0.34%	1,748,702	-	-	-
Contract A006 ¹	2024.07.08	2034.03.26	1.75%	-	-	-	-
				<u>₩ 139,390,802</u>	<u>₩ -</u>	<u>₩ 25,618,153</u>	<u>₩ -</u>

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

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				2023			
Contract date	Construction due date	Progress rate		Due from customers		Due to customers	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Contract A001 ¹	2018.12.05	2025.12.15	97.28%	₩ 26,107,233	₩ -	₩ -	₩ -
Contract A002 ¹	2020.12.23	2029.10.31	29.79%	-	-	-	-
Contract A003 ¹	2021.12.29	2030.12.31	8.12%	-	-	-	-
Contract A004 ¹	2021.12.13	2028.03.31	41.20%	-	-	-	-
Contract A005 ¹	2023.12.01	2033.07.31	0.08%	871,975			
				₩ 26,979,208	₩ -	₩ -	₩ -

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

29. Operating Segment Information

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

	Major products and services	Major customer
Aerospace engine	Manufacture and sale of engine and components for aircraft	Ministry of Defense, Pratt and Whitney, General Electric and foreign others
Defense	Manufacture and sale of defense machinery	Defense Acquisition Program Administration and foreign others
ICT	IT consulting, SI, ITO, logistics and others	Affiliates of the Group
Security	Manufacture and sale of CCTV, Lead frame and others	SAMSUNG ELECTRONICS CO., LTD and foreign others
Industrial machinery	Manufacture and sale of SMT	SAMSUNG ELECTRONICS CO., LTD and foreign others
Satrec Initiative	Manufacture and sale of satellite systems and others	Ministry of Defense and foreign others
Marine	Manufacture and sale of commercial ships, marine and specialty ships, plant and wind power	Mitsui O.S.K Lines.Ltd and foreign others

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Financial performance by each service provided for each of the two years in the period ended December 31, 2024 is as follows:

(in thousands of Korean won)		2024																
		Aerospace		Defense		ICT		Security		Industrial machinery	Satrec Initiative	Maine	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		(2,358,905,459)		43,336,873,685
Reportable segment liabilities		3,534,251,612		13,975,374,237		331,143,771		-		-		373,816,139		14,042,897,293		(284,926,114)		31,972,556,938

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.

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	Aerospace		Defense		ICT		Security		Industrial machinery		Satrec Initiative		Consolidation adjustments		Total ²	
Revenues	₩	1,739,690,408	₩	5,881,284,128	₩	641,537,428	₩	1,839,877,951	₩	476,806,539	₩	125,433,495	₩	(1,345,623,968)	₩	9,359,005,981
Operating profit (loss)		9,726,051		628,113,376		(7,334,351)		100,426,095		(39,564,887)		(12,110,581)		11,858,979		691,114,682
Reportable segment profit (loss) before tax		315,999,919		601,996,142		15,313,328		108,974,008		(45,109,277)		(278,213)		217,872,974		1,214,768,881
Reportable segment profit (loss) for the year		122,571,898		549,263,268		(27,579)		95,074,705		(26,031,280)		35,134,877		200,932,457		976,918,346
Reportable segment interest income		44,263,815		29,516,131		3,835,498		3,164,481		1,028,636		3,432,006		(456,317)		84,784,250
Reportable segment interest expenses		130,317,714		14,903,777		3,766,101		11,538,593		8,989,064		(11,105)		272,070		169,776,214
Reportable segment depreciation ¹		64,284,357		191,360,413		33,635,553		18,636,709		10,472,193		7,021,007		13,687,439		339,097,671
Reportable segment assets		8,124,890,432		8,602,604,147		952,689,716		1,226,472,794		479,112,537		349,275,456		(192,145,156)		19,542,899,926
Reportable segment liabilities		5,270,923,685		8,374,577,073		349,790,916		713,610,842		419,078,009		201,311,513		(470,617,430)		14,858,674,608

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 27.68% is from customer A and 16.45% is from customer B, for the year ended December 31, 2024.

Revenues over 10% of the Group's revenue are derived from one external customer, of which 37.66% is from customer A, for the year ended December 31, 2023.

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30. Selling and Administrative Expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Salaries and allowances	₩ 265,891,781	₩ 226,447,304
Bonuses	191,321,545	91,678,706
Post-employment benefits	36,137,895	26,857,655
Employee welfare benefits	51,942,529	40,318,985
Depreciation	14,286,100	14,004,674
Amortization	27,981,886	36,650,381
Depreciation of right-of-use assets	20,587,780	19,275,477
Samples	15,857	26,360
Advertisement	65,595,717	60,083,055
Training	10,614,168	7,125,087
Social	6,058,072	4,031,022
Impairment loss for trade receivables	681,099	1,406,635
Publications	435,266	574,475
Document forwarding fee	40,533	23,567
Distribution	69,498,737	23,479,055
Insurance	39,419,962	26,972,162
Services	2,728,828	2,761,891
Taxes and dues	11,798,665	9,457,676
Supplies	3,614,847	7,441,526
Repairs and maintenance	2,097,874	1,669,910
Travel	27,220,855	25,072,600
Utility	2,313,234	2,129,220
Print	381,454	477,201
Rent	3,339,775	3,332,908
Electronic data processing	10,671,092	8,442,819
Research	335,680	512,739
Commission fees	159,094,707	83,137,110
Communication	1,885,970	1,845,527
Event	6,037,849	6,495,814
Conference	3,991,285	3,113,482
	<u>₩ 1,036,021,042</u>	<u>₩ 734,845,023</u>

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31. Breakdown of Expenses by Nature

Details of breakdown of expenses by nature for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Changes in inventories of finished goods, semi-finished goods and work in process	₩ (500,631,161)	₩ (707,064,355)
Purchase of merchandise	339,547,315	255,976,777
Raw materials and consumables used	5,286,143,965	4,052,457,381
Salary and wages ¹	1,928,116,086	1,471,552,298
Employee welfare benefits	248,512,672	204,941,329
Depreciation on property, plant and equipment	186,158,864	193,723,224
Amortization	68,500,268	73,831,975
Depreciation of right-of-use assets	47,218,775	39,171,674
Freight and custody charges	82,892,101	35,410,046
Taxes and dues	26,324,968	21,267,539
Repairs and maintenance	51,451,309	47,098,498
Utilities	58,782,602	53,053,043
Rent	19,175,455	16,392,725
Electronic data processing	60,975,125	53,153,575
Fees	328,103,749	232,621,551
Technical license fees	97,976,574	80,936,702
Outsourcing	913,947,581	788,912,615
Others	265,046,411	381,944,104
Total ²	₩ 9,508,242,659	₩ 7,295,380,701

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.

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32. Other Income and Expenses

Details of other income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)

	2024		2023	
Other income				
Fees revenues	₩	2,847,056	₩	106,082
Gain on foreign currency transactions		149,028,196		66,278,948
Gain on foreign currency translations		137,070,113		19,242,464
Gain on disposal of property, plant and equipment		2,726,701		1,101,293
Gain on disposal of intangible assets		488,459		-
Gain on disposal of right-of-use asset		331,338		489,290
Gain on disposal of investment in subsidiaries and associates		1,143,106,168		551,204
Reversal of impairment loss of property, plant and equipment		3,299,998		480,919
Reversal of impairment loss of intangible assets		-		123,000
Dividends income		188,960		24,630
Government grants income		70,782		75,219
Gain on disposal of business		-		3,236,072
Reversal of provision for impairment on receivables		192,869		30,850
Miscellaneous income		50,113,449		15,791,300
	₩	<u>1,489,464,089</u>	₩	<u>107,531,271</u>
Other expenses				
Fees	₩	5,959,969	₩	23,165,756
Loss on foreign currency transactions		103,584,134		69,259,486
Loss on foreign currency translations		92,067,197		27,738,013
Loss on disposal of trade receivables		7,803,792		6,036,016
Loss on disposal of property, plant and equipment		5,853,989		659,592
Loss on disposal of intangible assets		821,119		12,945
Loss on disposal of right-of-use assets		44,744		24,221
Loss on disposal of investment in subsidiaries and associates		1,147,946		43,797,747
Loss on disposal of business		-		362,048
Impairment loss of property, plant and equipment		6,906,112		-
Impairment loss of intangible assets		163,498,071		16,547,040
Impairment loss of investment in subsidiaries and associates		7,586,028		816,655
Impairment on other receivables		132,948,810		334,597
Donations		20,309,732		11,070,577
Miscellaneous expenses		9,408,834		150,753,486
	₩	<u>557,940,477</u>	₩	<u>350,578,179</u>

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33. Finance Income and Costs

Details of finance income and costs for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)

	2024		2023	
Finance income				
Interest income	₩	70,034,943	₩	81,047,449
Gain on foreign currency transactions		111,566,249		163,825,737
Gain on foreign currency translations		43,823,167		4,944,375
Gain on valuation of financial assets at fair value through profit or loss		75,756,384		66,541,055
Gain on valuation of derivatives		63,195,909		783,546,783
Gain on derivatives transactions		9,163,532		30,642,466
Gain on redemption of bonds		-		650,658
	₩	<u>373,540,184</u>	₩	<u>1,131,198,523</u>
Finance costs				
Interest expenses	₩	242,539,779	₩	149,626,854
Payment guarantee fee		(623,485)		(843,558)
Loss on foreign currency transactions		82,521,419		143,301,913
Loss on foreign currency translations		70,867,110		9,458,052
Loss on valuation of financial assets at fair value through profit or loss		11,994,162		23,305,866
Loss on disposal on financial assets at fair value through profit or loss		882		1,199
Loss on valuation of derivatives		7,913,325		13,544,159
Loss on derivatives transactions		79,670,438		29,096,829
	₩	<u>494,883,630</u>	₩	<u>367,491,314</u>

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34. Earnings per Share

Basic earnings per share for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won, except for earnings per share)</i>		2024		2023
Profit attributable to the ordinary equity holders of the Parent Company	₩	2,298,945,271	₩	817,509,743
Profit from continuing operation attributable to the ordinary equity holders of the Parent Company		2,260,506,867		739,326,119
Weighted-average number of ordinary shares outstanding		49,211,337 shares		50,767,968 shares
Earnings per share from continuing operations	₩	45,935	₩	14,563
Earnings per share from discontinued operations		781		1,540

Weighted average number of ordinary shares for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in shares)</i>		2024		2023
Beginning balance		50,630,000		50,630,000
Effect of treasury shares		(71,257)		(60,588)
Effect of share options		326,319		198,556
Spin-off ¹		(1,673,725)		-
Weighted average number of ordinary shares		<u>49,211,337</u>		<u>50,767,968</u>

¹ Hanwha Industrial Solutions Co., Ltd. was established through spin-off on September 1, 2024.

Diluted earnings per share for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won, except for earnings per share)</i>		2024		2023
Profit attributable to the ordinary equity holders of the Parent Company	₩	2,298,945,271	₩	817,509,743
Profit from continuing operation attributable to the ordinary equity holders of the Parent Company		2,260,506,867		739,326,119
Weighted-average number of ordinary shares outstanding for diluted earnings per share		49,211,337 shares		50,767,968 shares
Earnings per share from continuing operations	₩	45,935	₩	14,563
Earnings per share from discontinued operations		781		1,540

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Weighted average number of ordinary shares for diluted earnings per share for the years ended December 31, 2024 and 2023 are as follows:

<i>(in shares)</i>	2024	2023
Beginning balance	50,630,000	50,630,000
Effect of treasury shares	(71,257)	(60,588)
Effect of share options ¹	326,319	198,556
Spin-off	(1,673,725)	-
Weighted average number of ordinary shares	<u>49,211,337</u>	<u>50,767,968</u>

¹ Diluted earnings per share is 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.

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35. Related-Party Transactions

Details of the Parent Company of the Group as of December 31, 2024 is as follows:

Type	Name of entity
Parent Company	Hanwha Corp.
Associates and joint venture	P&W NGPF Manufacturing company Singapore Pte. Ltd. Sermatech Korea Co., Ltd. OVERAIR, INC. Luxrobo Musicow US, Inc. INFINIDOME LTD Forge Nano, INC Hanwha Aviation PTE. Ltd Hanwha Futureproof Corp VIVITY AI INC JOOB GLOBAL PTE. LTD. Lambda256 Co., Ltd ¹ Wing Ship Technology Corp. TPI MEGALINE CO, LTD KC LNG Tech Co., Ltd. Yeongdeok Blue Wind Corporation Hanwha Shipping LLC Shinan Ui Offshore Windpower Corporation DM-CMHI Offshore Engineering(Jiangsu)
Joint arrangements	SAME Netherlands B.V.
Other related parties ²	HANWHA SOLUTIONS CORPORATION and others

¹ 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.

² Although those entities do not qualify as related parties as defined in Paragraph 9 of KIFRS 1024, they are classified as 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.

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Transactions with related parties including operating revenues and expenses for each of the two years in the period ended December 31, 2024 are as follows:

(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										
Sermatech Korea Co., Ltd. ¹		5,596,570		-		13,254,961		-		4,829,580
P&W NGPF Manufacturing Company Singapore PTE Ltd.		216,767		-		68,024,567		-		-
OVERAIR, INC.		3,709,414		-		-		-		-
VIVITY AI INC.		-		-		-		-		46,800
Others										
Axia Solar Corp.		29,123		-		-		-		-
EnFin Corp.		42,033		-		-		-		-
FLEXRACK by Qcells LLC		41,247		-		-		-		-
Hanwha Advanced Materials America LLC		1,014,187		-		-		-		-
Hanwha Advanced Materials Beijing Co., Ltd.		144,399		-		-		-		-
Hanwha Advanced Materials Europe, s.r.o.		252,638		-		-		-		-
Hanwha Advanced Materials Georgia Inc.		3,548,716		-		-		-		-
Hanwha Advanced Materials Mexico S. De R.L. De C.V.		189,091		-		-		-		-
Hanwha AZDEL, Inc.		417,437		-		-		-		-
Hanwha Chemical (Ningbo) Co., Ltd.		63,182		-		-		-		-
Hanwha Chemical (Thailand) Co., Ltd.		91,395		-		-		-		-
Hanwha Cimarron LLC		743,634		-		-		-		-
Hanwha Energy Australia Pty. Ltd.		-		-		-		-		276,855
Hanwha Energy Corporation Europe S.L.		58,986		-		-		-		-
Hanwha Energy Corporation Singapore Pte. Ltd.		129,264		-		-		-		-
Horizon Energy Singapore Pte. Ltd.		129,264		-		-		-		-
Hanwha Europe GmbH		17,297,942		-		59,508,000		-		3,316,110
Hanwha Futureproof LLC		12,438		-		210,062		-		1,374,108
Hanwha Holdings(USA), Inc.		-		-		-		-		63,808
HANWHA INTERNATIONAL INDIA PVT., LT		-		-		-		-		778,861
Hanwha International LLC.		488,559		-		92,727,829		-		35,526
Hanwha Life Insurance Company Limited. (Vietnam)		-		-		-		-		2,467
Hanwha Machinery America Inc.		6,204,793		-		-		-		18,507
Hanwha NxMD (Thailand) Co.,		152,417		-		-		-		-

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Ltd.					
Hanwha Ocean SG Holdings Pte. Ltd. ²	5,691,184	-	-	-	-
Hanwha Ocean USA Holdings Corp. ²	620,118	-	-	-	1,087,911
Hanwha Power Systems(Shanghai) Co.LTD	48,821	-	-	-	-
Hanwha Q CELLS America Inc.	2,126,138	-	-	-	3,518,732
Hanwha Q CELLS Australia Pty Ltd.	68,422	-	-	-	-
Hanwha Q Cells Georgia, Inc	92,292,723	-	-	-	-
Hanwha Q CELLS Gmbh	2,894,202	-	-	-	-
Hanwha Japan CO., LTD.	8,308,805	-	11,041	-	180,454
Hanwha Q CELLS Malaysia Sdn. Bhd.	580,949	-	-	-	-
Hanwha Q Cells Technologies, Inc.	2,801,568	-	-	-	-
Hanwha Q CELLS USA Corp.	3,524,016	-	-	-	-
Hanwha Q CELLS USA, INC.	2,538,099	-	-	-	-
Hanwha Q CELLS (Qidong) Co., Ltd.	781,240	-	-	-	-
HANWHA VISION AMERICA, INC. ³	29,931	-	-	-	-
HANWHA VISION EUROPE LIMITED ³	23,322	-	-	-	-
HANWHA VISION VIETNAM COMPANY LIMITED ³	43,356	-	-	-	-
HAU Cheshire Project LLC	-	-	58,506	-	-
HAU Newington Project LLC	-	-	40,481	-	-
H-SUMMIT	-	-	-	-	37,224
Power Systems Mfg., LLC	62,796	-	-	-	-
Q CELLS ENABLE LLC	53,621	-	-	-	-
Q Energy Solutions SE	1,555,602	-	-	-	-
Sermatech Vietnam Co., Ltd	132,170	-	-	-	1,892,903
Silver Peak Solar LLC	2,837,853	-	-	-	-
Techwin Engineering Center	12,573	-	-	-	-
TransGrid Energy LLC	73,702	-	-	-	2,410
Dongguan Hanwha Total Engineering Plastic Co., Ltd	40,873	-	-	-	-
VIRNECT Co., Ltd.	-	-	-	166,200	3,800
VISIONEXT CO., LTD. ³	501,323	-	-	-	-
Shinan Ui Offshore Windpower Corporation	2,146	-	-	-	-
Aqua planet Co., Ltd.	97,550	-	-	-	-
YEOCHUN NCC Co., Ltd.	4,756,295	-	-	-	-
H-Global Partners Limited	5,976	-	-	-	-
H&G Chemical Co., Ltd.	597,456	-	-	-	-
Neubla Corporation	216,640	-	-	-	-
Vino Galleria Co., Ltd.	60	-	-	-	-
Vivity AI Korea Inc.	-	-	-	-	156,400
Seoulyeokbukbuyeoksegwon Development Co.	5,703	-	-	-	-
Suseoyeok transfer center Development Co.	3,919	-	-	-	-
H-C&D Co., Ltd..	8,815	-	-	-	-

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FG Korea Inc.	73,215	-	-	-	9,033
Hanwha 63 City Co., Ltd.	1,038,106	-	-	-	2,132
HANWHA GALLERIA CORPORATION	16,468,948	-	-	-	9,354,429
Hanwha Galleria Time World Co., Ltd.	2,337,895	-	-	-	-
Hanwha B&B Co., Ltd.	122,977	-	-	-	221,835
Hanwha Eagles Professional Baseball Club	610,715	-	-	-	2,045,044
Hanwha e-ssential Corporation	5,655,756	-	-	-	-
HANWHA SAVINGS BANK CO, LTD.	156,077	-	-	-	-
Hanwha Cultural Foundation	36,605	-	-	-	14,725,000
Carrot Co., Ltd	137,857	-	-	-	8,516,878
PURE PLUS CO., LTD.	50	-	-	-	-
Bookil Academy	98,283	-	-	-	1,600,000
Hanwha Global Asset Corporation	4	-	-	-	-
Hanwha Next Co. Ltd.	157	-	-	-	125,000
Hanwha Life Lab Co., Ltd	3,113	-	-	-	-
HANWHA ROBOTICS CO., LTD.	1,023,344	-	-	145,000	-
Hanwha Momentum	2,874,608	-	-	1,594,236	91,612
Hanwha Vision CO., LTD ³	5,846,125	-	-	-	159,376
Hanwha Techwin (Shanghai) Co., Ltd. ³	26,860	-	-	-	-
Hanwha General Insurance Co., Ltd.	34,381,126	-	9,684	34,590	7,138,927
HANWHA I&A Co., Ltd.	131,553	-	-	-	-
Hanwha Solutions Corporation	48,243,620	23,680,000	-	20,310,000	4,793,310
Hanwha Shinhan TW H Co., Ltd.	48,149	-	-	-	-
Hanwha Life Financial Service Co., Ltd	8,991,365	-	-	-	-
Hanwha Life Insurance Co., Ltd.	57,299,387	8,787,184	-	2,895,939	3,555,965
Hanwha Ocean Digital Co., Ltd.	738,384	-	-	-	1,124,200
Hanwha Ocean Co., Ltd. ²	130,450,338	1,291	180,000	8,818,380	154,395
Hanwha Impact Corporation	5,695,702	-	-	-	30,460
Hanwha Energy Corporation	7,791,477	-	-	-	-
Hanwha Ocean Ecotech Co., Ltd. ²	12,347	-	-	-	-
Hanwha Ocean Engineering Co., Ltd. ²	1,836	-	-	-	-
Hanwha NxMD Corporation	3,457,119	-	-	-	-
Hanwha Engine Co., Ltd.	5,011,317	-	-	-	627,097
Hanwha REIT Co., Ltd.	-	5,992,156	-	13,890,834	605,627
Hanwha Asset Management Co., Ltd.	1,779,823	-	-	-	-
Hanwha Precision Machinery Co., Ltd. ³	4,104,460	-	-	-	8,679
Hanwha Advanced Materials Corporation	6,163,824	-	-	-	-
HANWHA CONNECT CO., Ltd.	272,699	-	-	-	-
HANWHA CONVERGENCE CO., LTD.	722,184	-	-	491,132	-
Hanwha Compound Co., Ltd	968,079	-	-	-	-

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Hanwha TotalEnergies Petrochemical Co., Ltd.	18,496,681	-	-	-	58,735
Hanwha Total Petrochemical Trading (Shanghai) Co., Ltd.	13,473	-	-	-	-
Hanwha Investment & Securities Co., Ltd	9,148,055	-	-	-	199,668
Hanwha Power Systems Co., Ltd.	12,552,759	-	3,852,306	341,000	471,161
Hanwha Foodtech	45,769	-	-	-	1,374,477
Hanwha Hotels & Resorts Co., Ltd.	13,394,868	-	-	6,734,509	18,776,306
Hanwha OCEAN(SHANDONG) CO., LTD ²	39,829	-	-	-	-
Hanwha Chemical(Shanghai)Co., Ltd	44,270	-	-	-	-
Hero Claims Survey & Adjusting Co., Ltd.	2,665	-	-	-	-
Haemodum Solar Co., Ltd.	30,336	-	-	-	-
	<u>₩ 639,512,419</u>	<u>₩ 40,061,086</u>	<u>₩ 238,069,418</u>	<u>₩ 67,223,120</u>	<u>₩ 129,889,747</u>

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.

(in thousands of Korean won)

	2023				
	Sales and others	Disposal of assets and others	Purchases and others	Acquisition of assets and others	Other expenses
Parent Company					
Hanwha Corp.	₩ 78,541,684	₩ -	₩ 252,644	₩ 38,835,810	₩ 32,657,839
Associates					
Sermatech Korea Co., Ltd. ¹	4,714,628	-	16,516,229	-	1,509,653
P&W NGPF Manufacturing Company Singapore PTE Ltd.	177,012	-	50,094,187	-	-
OVERAIR, INC.	7,054,417	-	-	-	2,912,351
Hanwha Ocean Co., Ltd. ²	27,666,908	-	320,000	-	-
Others					
Hanwha Ocean Digital Co., Ltd.	65,000	-	-	-	-
Hanwha Advanced Materials America LLC	434,371	-	-	-	-
Hanwha Advanced Materials Beijing Co., Ltd.	117,894	-	-	-	-
Hanwha Advanced Materials Chongqing Co., Ltd.	29,770	-	-	-	-
Hanwha Advanced Materials Europe, s.r.o.	279,418	-	-	-	-
Hanwha Advanced Materials Georgia Inc.	102,906	-	-	-	-
Hanwha Advanced Materials Mexico S. De R.L. De C.V.	162,864	-	-	-	-
Hanwha Advanced Materials	52,791	-	-	-	-

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Shanghai Co., Ltd. ³					
HANWHA ASSET MANAGEMENT PTE.LTD	2,592	-	-	-	-
Hanwha AZDEL, Inc.	388,170	-	-	-	-
Hanwha Chemical (Ningbo) Co., Ltd.	61,490	-	-	-	-
Hanwha Chemical (Thailand) Co., Ltd.	88,262	-	-	-	-
Hanwha Cimarron LLC	1,213,529	-	-	-	-
Hanwha Energy Corporation Japan	37,340	-	-	-	-
Hanwha Energy Corporation Singapore Pte. Ltd.	156,955	-	-	-	-
Horizon Energy Singapore Pte. Ltd.	139,947	-	-	-	-
Hanwha Europe GmbH	21,877,962	-	34,708,952	-	2,462,087
Hanwha Futureproof LLC	2,628	-	-	-	10,567
Hanwha Holdings(USA), Inc.	-	-	95,672	-	555,378
HANWHA INTERNATIONAL INDIA PVT., LT	-	-	-	-	952,004
Hanwha International LLC.	38,437	-	41,751,350	-	3,348,784
Hanwha Machinery America Inc.	7,660,267	-	-	-	-
Hanwha NxMD (Thailand) Co., Ltd.	188,814	-	-	-	-
Hanwha Power Systems Americas, Inc.	27,551	-	-	-	-
Hanwha Power Systems(Shanghai) Co. LTD	119,688	-	-	-	-
Hanwha Power Systems Vietnam Company Limited	-	-	-	-	14,041
Hanwha Q CELLS America Inc.	5,882,698	-	-	-	119,759
Hanwha Q Cells Georgia, Inc	2,106,757	-	-	-	-
Hanwha Q CELLS GmbH	3,066,098	-	-	-	-
Hanwha Japan CO., LTD. (formerly, Hanwha Q CELLS Japan Co., Ltd.)	9,662,034	-	61,734	-	289,715
Hanwha Q CELLS Malaysia Sdn. Bhd.	639,055	-	-	-	-
Hanwha Q CELLS USA Corp.	4,466,414	-	-	-	-
Hanwha Q CELLS USA, INC.	8,832,775	-	-	-	-
Hanwha Q CELLS Co., Ltd. (Qidong)	210,034	-	-	-	-
Power Systems Mfg., LLC	739,904	-	-	-	-
Q Energy Solutions SE	3,925,312	-	-	-	-
Sermatech Vietnam Co., Ltd	192,567	-	-	-	1,011,718
Silver Peak Solar LLC	147,344	-	-	-	-
TransGrid Energy LLC	387,076	-	-	-	-
The Tastable Co., Ltd	1,323	-	-	-	-
Dongguan Hanwha Total Engineering Plastic Co., Ltd	54,075	-	-	-	-
VIRNECT Co., Ltd.	-	-	-	-	1,500
Shinan Ui Offshore Windpower Corporation	350	-	-	-	-
Aqua planet Co., Ltd.	7,864	-	-	-	-

Hanwha Aerospace Co., Ltd. and its subsidiaries
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YEOCHUN NCC Co., Ltd.	7,871,115	-	-	-	-
H-Global Partners Limited	5,976	-	-	-	-
H&G Chemical Co., Ltd.	308,612	-	-	-	-
Vivity AI Korea Inc.	34,532	-	-	-	-
Seoulyeokbukbuyeoksegwon Development Co.	3,819	-	-	-	-
Suseoyeok transfer center Development Co.	3,055	-	-	-	-
H-C&D Co., Ltd..	9,660	-	-	-	-
FG Korea Inc.	30,030	-	-	-	-
Hanwha 63 City Co., Ltd.	1,937,915	-	-	-	57,923
HANWHA GALLERIA CORPORATION ⁴	11,084,135	-	-	-	8,352,838
Hanwha Galleria Time World Co., Ltd.	1,991,112	-	-	-	-
Hanwha B&B Co., Ltd.	90,264	-	-	-	185,531
Hanwha Eagles Professional Baseball Club	589,699	-	-	-	1,276,134
Hanwha e-ssential Corporation	797,588	-	-	-	-
HANWHA SAVINGS BANK CO, LTD.	133,514	-	-	-	-
Hanwha Cultural Foundation	31,708	-	-	-	3,725,000
Carrot Co., Ltd	81,426	-	-	-	6,750,458
Bookil Academy	86,474	-	-	-	1,700,000
Hanwha Global Asset Corporation	4	-	-	-	-
Hanwha Next Co. Ltd.	108	-	-	-	10,000
Hanwha Life Lab Co., Ltd	1,969	-	-	-	-
HANWHA ROBOTICS CO., LTD.	2,469	-	-	-	-
Hanwha General Insurance Co., Ltd.	25,139,969	-	13,441	22,240	5,707,865
HANWHA I&A Co., Ltd.	70,679	-	-	-	-
Hanwha Solutions Corporation	42,464,303	-	-	-	4,616,158
Hanwha Life Financial Service Co., Ltd	13,043,024	-	-	-	-
Hanwha Life Insurance Co., Ltd.	63,197,448	12,457,327	-	20,251,530	4,881,919
Hanwha Impact Corporation	8,868,007	-	-	-	64,910
Hanwha Energy Corporation	4,705,138	-	-	-	290,294
Hanwha NxMD Corporation	3,198,703	-	-	-	-
Hanwha REIT Co., Ltd.	-	18,034,322	-	-	926,225
Hanwha Asset Management Co., Ltd.	1,704,158	-	-	-	-
Hanwha Advanced Materials Corporation	5,374,559	-	-	-	-
HANWHA CONNECT CO., Ltd.	239,750	-	-	-	-
HANWHA CONVERGENCE CO., LTD.	1,636,114	-	-	-	8,070
Hanwha Compound Co., Ltd	934,319	-	-	-	-
Hanwha TotalEnergies Petrochemical Co., Ltd.	19,891,859	-	-	-	279,393
Hanwha Total Petrochemical Trading (Shanghai) Co., Ltd.	29,296	-	-	-	-
Hanwha Investment & Securities Co., Ltd	9,554,040	-	-	-	159,456

Hanwha Aerospace Co., Ltd. and its subsidiaries

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Hanwha Power Systems Co., Ltd.	10,230,493	-	177,181	-	78,353
Hanwha Hotels & Resorts Co., Ltd.	8,876,593	-	-	1,447,399	18,345,191
Hanwha Chemical(Shanghai)Co., Ltd	42,676	-	-	-	-
Hero Claims Survey & Adjusting Co., Ltd.	4,969,815	-	-	-	-
Haemodum Solar Co., Ltd.	30,336	-	-	-	-
	<u>₩ 441,021,438</u>	<u>₩ 30,491,649</u>	<u>₩ 143,991,390</u>	<u>₩ 60,556,979</u>	<u>₩ 103,261,114</u>

¹ Including dividends ₩ 2,816 million received for the year ended December 31, 2023.

² Including transactions of Hanwha Ocean Co., Ltd. after the deemed acquisition date of April 30, 2023.

³ The Group sold the entity on October 16, 2023. The transaction amount refers to the amount traded before the sale.

⁴ HANWHA GALLERIA CORPORATION was spun off from Hanwha Solutions Corporation for the year ended December 31, 2023. The transaction amount refers to the amount traded after the spin-off.

Outstanding balances arising from sales/purchases of goods and services as of December 31, 2024 and 2023 are as follows:

(in thousands of Korean won)

	2024					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Parent Company						
Hanwha Corp.	₩ 28,498,479	₩ 1,840,723	₩ 368,179	₩ 17,183,002	₩ 773,698	₩ 10,675,190
Associates						
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						
Axia Solar Corp.	-	-	3,505	-	-	-
EnFin Corp.	-	-	5,046	-	-	-
FLEXRACK by Qcells LLC	-	-	4,934	-	-	-
Hanwha Advanced Materials America LLC	309,582	-	320,065	-	-	80,665
Hanwha Advanced Materials Beijing Co., Ltd.	14,948	-	-	-	-	-
Hanwha Advanced Materials Georgia Inc.	30,135	-	-	-	-	-
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,177,800
Hanwha Chemical (Thailand) Co., Ltd.	7,928	-	-	-	-	-
Hanwha Cimarron LLC	137,420	-	-	-	-	-
Hanwha Energy Australia Pty. Ltd.	-	-	-	-	23,947	-
Hanwha Europe GmbH	-	-	8,919,254	1,225,054	642,122	-
Hanwha Futureproof LLC	-	-	-	416,160	261,444	1,552
Hanwha International LLC.	-	-	15,941,320	783,931	-	-
Hanwha Power Systems Americas, Inc.	-	-	-	41,528	-	-
Hanwha Q CELLS America Inc.	74,937	-	476,478	-	-	-
Hanwha Q Cells Georgia, Inc	4,945,005	-	2,145,109	-	-	2,063,373

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(in thousands of Korean won)

	2024					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Hanwha Q CELLS GmbH	201,296	-	68,944	-	-	8,750
Hanwha Q CELLS Co., Ltd. (Qidong)	720,447	-	-	-	-	108,342
Hanwha Q Cells Technologies, Inc.	12,125	-	10,958	-	-	-
Hanwha Japan CO., LTD.	69,263	-	-	-	42,680	-
Hanwha Q CELLS USA Corp.	150,506	-	742,478	-	-	-
Hanwha Q CELLS USA, INC.	473,078	-	730,803	-	-	-
HANWHA VISION VIETNAM COMPANY LIMITED ³	11,540	-	-	-	-	-
HAU Cheshire Project LLC	-	-	-	61,809	-	-
HAU Newington Project LLC	-	-	-	94,330	-	-
QCELLS ENABLE LLC	-	-	6,415	-	-	-
Q Energy Solutions SE	175,088	-	57,694	-	-	-
Sermatech Vietnam Co., Ltd	20,467	-	-	-	-	231,552
VISIONEXT CO., LTD. ³	42,429	101,073	-	-	-	473,379
Shinan Ui Offshore Windpower Corporation	193	-	-	-	-	-
Aqua planet Co., Ltd.	274	-	-	-	-	-
YEOCHUN NCC Co., Ltd.	334,740	-	-	-	-	-
H&G Chemical Co., Ltd.	20,517,300	-	-	-	-	428,187
Vivity AI Korea Inc.	-	-	-	51,480	-	-
FG Korea Inc.	285	-	-	-	-	-
H-C&D Co., Ltd.	858	-	-	-	-	-
Hanwha 63 City Co., Ltd	68,943	-	-	-	-	-
HANWHA GALLERIA CORPORATION	2,588,566	-	106,598	3,072	433,767	165,000
Hanwha Galleria Time World Co., Ltd.	223,023	-	-	-	-	-
Hanwha B&B Co., Ltd.	19,641	-	-	-	12,289	-
Hanwha Eagles Professional Baseball Club	55,812	621,903	-	-	-	-
Hanwha e-ssential Corporation	1,609,881	-	-	-	-	-
KC LNG Tech Co., Ltd.	-	-	-	-	718,250	-
Carrot Co., Ltd	62,939	-	-	-	-	5,233
PURE PLUS CO., LTD.	47	-	-	-	-	-
Hanwha Engine Co., Ltd.	329,496	-	92,862,378	48,222,616	4,290	30,000
Hanwha Precision Machinery Co., Ltd. ³	528,885	511,219	526,555	-	1,678	2,266,255
Hanwha Next Co. Ltd.	-	-	250,000	-	-	-
Hanwha Life Lab Co., Ltd	4,624	-	-	-	-	-
HANWHA ROBOTICS CO., LTD.	84,741	-	-	-	-	-
Hanwha Momentum	964,128	-	-	-	-	80,000
Hanwha Vision CO., LTD ³	2,106,601	369,619	83,000	-	19,618	900,012
Hanwha General Insurance Co., Ltd.	3,025,005	-	1,969,622	443,757	17,655	1,037,882
Hanwha Solutions Corporation	14,317,160	-	14,922,814	124,434	205,663	268,810
Hanwha Life Financial Service Co., Ltd	1,274,253	-	-	-	-	15,284
Hanwha Life Insurance Co., Ltd.	10,213,735	1,472,071	265,379,705	-	-	4,383,407
Hanwha Impact Corporation	203,850	-	-	-	-	-
Hanwha Energy Corporation	837,562	-	134,190	-	-	-
HANWHA ESTATE SERVICE	-	377	-	-	622,170	-
Hanwha NxMD Corporation	361,873	-	-	-	-	-
Hanwha REIT Co., Ltd.	-	-	3,999,804	-	-	42,706,409
Hanwha Asset Management Co., Ltd.	121,560	-	-	-	-	1,350
HANWHA SAVINGS BANK CO, LTD.	1,462	-	-	-	-	1,176
Hanwha Advanced Materials Corporation	1,143,929	-	-	-	-	-

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(in thousands of Korean won)

	2024					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
HANWHA CONNECT CO., Ltd.	22,622	-	-	-	-	-
HANWHA CONVERGENCE CO., LTD.	-	-	10,958,500	155,320	-	-
Hanwha Compound Co., Ltd	147,995	-	-	-	-	-
Hanwha TotalEnergies Petrochemical Co., Ltd.	8,916,174	56,397	-	772,382	227,076	7,450,520
Hanwha Investment & Securities Co., Ltd	821,914	-	-	-	-	19,449
Hanwha Power Systems Co., Ltd.	1,846,993	193,989	392,129	501,804	571,574	18,900
Hanwha Foodtech	189	-	-	-	132,567	-
Hanwha Hotels & Resorts Co., Ltd.	1,535,439	431	6,408,922	2,368,685	1,781,734	-
Hanwha Chemical(Shanghai)Co., Ltd	3,799	-	-	-	-	-
	₩ 110,191,164	₩ 148,675,218	₩ 636,210,594	₩ 79,321,918	₩ 7,936,429	₩ 162,344,864

¹ The Group established ₩ 143,329,545 thousand as the allowance for loss on the loans to the related parties as of December 31, 2024. Impairment loss and gain or loss on foreign currency transactions of ₩ 143,329,545 thousand was recognized for the year ended December 31, 2024.

² Redeemable convertible preferred shares are included.

³ The above entities were spun off from Hanwha Aerospace Co., Ltd. for the year ended December 31, 2024.

(in thousands of Korean won)

	2023					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Parent Company						
Hanwha Corp.	₩ 12,024,758	₩ -	₩ 2,082,427	₩ 580,804	₩ 8,526,184	₩ 12,678,060
Associates						
Sermatech Korea Co., Ltd.	-	37,992	-	1,763,320	-	133,303
P&W NGPF Manufacturing Company Singapore Ltd.	-	129,705	-	3,120,883	-	-
OVERAIR, INC. ¹	-	-	190,853,999	-	-	-
Luxrobo Co., Ltd ¹	-	-	10,549,235	-	-	-
Lambda256 Co., Ltd ¹	-	-	26,465,562	-	-	-
Hanwha Ocean Co., Ltd.	4,241,716	-	6,330,928	-	-	71,973,762
Others						
Hanwha Advanced Materials America LLC	47,253	-	-	-	-	-
Hanwha Advanced Materials Beijing Co., Ltd.	11,454	-	-	-	-	-
Hanwha Advanced Materials Chongqing Co., Ltd.	1,453	-	-	-	-	-
Hanwha Advanced Materials Georgia Inc.	381,907	-	-	-	-	651,932
Hanwha Chemical (Ningbo) Co., Ltd.	14,660	-	-	-	-	25,317,600
Hanwha Chemical (Thailand) Co., Ltd.	7,211	-	-	-	-	-
Hanwha Cimarron LLC	120,547	-	-	-	-	-
Hanwha Europe GmbH	3,147,381	-	6,129,519	4,979,982	-	-
Hanwha Futureproof LLC	-	107,259	-	-	-	-
Hanwha Holdings(USA), Inc.	-	-	-	39,991	51,835	-
HANWHA INTERNATIONAL INDIA PVT., LT	-	-	-	-	75,758	-
Hanwha International LLC.	-	-	31,835,603	589,488	-	-
Hanwha Machinery America Inc.	6,691,881	28,454	-	-	-	-
Hanwha NxMD (Thailand) Co., Ltd.	-	-	-	-	-	62,380
Hanwha Power Systems(Shanghai) Co. LTD	-	16,995	-	-	-	-
Hanwha Power Systems Vietnam Company	-	-	-	908	-	-

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	2023					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Limited						
Hanwha Q CELLS America Inc.	172,920	-	-	-	-	74,466
Hanwha Q Cells Georgia, Inc	-	-	43,541	-	-	20,209,874
Hanwha Q CELLS Gmbh	742,293	-	-	-	-	-
Hanwha Japan CO., LTD.	2,430,607	-	-	1,635	-	33,900
Hanwha Q CELLS Malaysia Sdn. Bhd.	180,690	-	-	-	-	-
Hanwha Q CELLS USA Corp.	347,910	-	-	-	-	2,179
Hanwha Q CELLS USA, INC.	890,665	-	-	-	-	-
Hanwha Q CELLS Co., Ltd. (Qidong)	206,494	-	-	-	-	-
Power Systems Mfg., LLC	-	92,743	-	-	-	-
Q Energy Solutions SE	1,507,023	-	-	-	-	-
Sermatech Vietnam Co., Ltd	17,459	-	-	-	-	148,977
Silver Peak Solar LLC	-	74,002	-	-	-	-
Thomassen Energy B.V.	7,397	-	-	-	-	-
TransGrid Energy LLC	-	371,993	-	-	-	-
Hanwha Foodtech	121	-	-	-	-	-
Aqua planet Co., Ltd.	958	-	-	-	-	-
YEOCHUN NCC Co., Ltd.	740,547	-	-	-	-	353,646
H&G Chemical Co., Ltd.	19,184	-	-	-	-	-
Vivity AI Korea Inc.	-	-	-	-	17,259	-
FG Korea Inc.	87	-	-	-	-	-
Hanwha 63 City Co., Ltd	448,111	-	-	-	1,100	-
HANWHA GALLERIA CORPORATION	1,707,402	-	470,670	-	542,735	33,359
Hanwha Galleria Time World Co., Ltd.	172,159	-	-	-	-	-
Hanwha B&B Co., Ltd.	9,006	-	-	-	10,244	900
Hanwha Eagles Professional Baseball Club	53,855	219,764	133,238	-	-	-
Hanwha e-ssential Corporation	230,980	-	-	-	-	196,390
Carrot Co., Ltd	2,659	-	-	-	-	-
Hanwha Global Asset Corporation	6	-	-	-	-	-
Hanwha Next Co. Ltd.	-	-	100,000	-	-	-
Hanwha Life Lab Co., Ltd	5,942	-	-	-	-	-
HANWHA ROBOTICS CO., LTD.	1,924	-	-	-	-	-
Hanwha General Insurance Co., Ltd.	2,382,839	-	115,572	-	21,760	1,093,127
Hanwha Solutions Corporation	4,608,799	-	26,695,285	-	123,071	7,653,170
Hanwha Life Financial Service Co., Ltd	851,426	-	1,327,853	-	-	31,000
Hanwha Life Insurance Co., Ltd.	3,556,562	-	189,259,288	-	5,421	37,898,629
Hanwha Impact Corporation	3,018,886	-	-	-	-	-
Hanwha Energy Corporation	584,860	-	-	-	-	732,784
Hanwha NxMD Corporation	297,673	-	-	-	-	-
Hanwha Asset Management Co., Ltd.	106,793	-	-	-	-	-
HANWHA SAVINGS BANK CO, LTD.	1,462	-	-	-	-	-
Hanwha Advanced Materials Corporation	1,125,890	-	-	-	-	41,800
HANWHA CONNECT CO., Ltd.	22,179	-	-	-	-	-
HANWHA CONVERGENCE CO., LTD.	12,297	-	85,095	-	-	-
Hanwha Compound Co., Ltd	158,155	-	-	-	-	-
Hanwha TotalEnergies Petrochemical Co., Ltd.	5,093,500	-	-	-	3,938	-
Hanwha Investment & Securities Co., Ltd	797,971	-	-	-	-	-
Hanwha Power Systems Co., Ltd.	1,971,064	242,672	1,733,999	221,953	62,786	38,258
Hanwha Hotels & Resorts Co., Ltd.	1,635,620	-	10,178,570	218,410	2,764,679	1,330
Hanwha Chemical(Shanghai)Co., Ltd	3,455	-	-	-	-	-
Hero Claims Survey & Adjusting Co., Ltd	2,817,256	-	-	-	-	-

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2023					
Receivables			Payables		
Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
₩ 65,633,307	₩ 1,321,579	₩ 504,390,384	₩ 11,517,374	₩ 12,206,770	₩ 179,360,826

¹ Convertible bonds and redeemable convertible preferred shares are included.

Fund transactions with related parties for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of Korean won)

	2024					
	Borrowing transactions			Dividend spending	Dividend receipt	For sale
	Borrowings	Collections	Investment			
Parent company						
Hanwha Corp.	₩	- ₩	- ₩	₩ 30,941,296	₩	- ₩
Associates						
Sermatech Korea Co., Ltd.	-	-	-	-	3,358,154	-
Luxrobo ¹	-	-	12,489,204	-	-	-
Hanwha Aviation PTE. Ltd	-	-	102,402,960	-	-	-
Joint ventures						
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.

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(in thousands of Korean won)

	2023					
	Borrowing transactions					
	Borrowings	Collections	Investment	Dividend spending	Dividend receipt	For sale
Parent company						
Hanwha Corp.	₩	-	₩	-	₩	17,189,609
Associates						
Forge Nano Inc. ¹	-	-	9,179,799	-	-	-
Sermatech Korea Co., Ltd.	-	-	-	-	2,815,713	-
Hanwha Ocean Co., Ltd. ²	-	-	1,968,837,309	-	-	-
Joint ventures						
Hanwha Futureproof Corp ³	-	-	381,400,990	-	-	-
VIVITY AI INC. ⁴	-	-	5,180,900	-	-	-
JOOB GLOBAL PTE. LTD. ⁵	-	-	3,235,644	-	-	-
Other						
Hanwha International LLC.	-	(2,534,600)	-	-	-	-
PT. JOOB GLOBAL INDONESIA	-	-	867,999	-	-	-
Vivity AI Korea Inc.	-	1,000,000	-	-	-	-
Hanwha Power Systems Co., Ltd.	-	-	-	-	-	3,200,000
Hanwha Investment & Securities Co., Ltd	-	-	-	947	-	-
Hanwha Energy Corporation	-	-	-	6,043,547	-	-

¹ The Group acquired 3.05% shares by investing to the preferred shares with voting right on May 25, 2023.

² The Group acquired 34.72% shares through participation in capital increase with third party allocation on May 23, 2023 and November 17, 2023.

³ The Group established a new joint venture on March 15, 2023 and acquired 50% of shares therein.

⁴ Newly acquired for the year ended December 31, 2023.

⁵ Newly established for the year ended December 31, 2023.

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Lease fund transactions with related parties for each of the two years in the period ended December 31, 2024 are as follows:

(in thousands of
Korean won)

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 Life Insurance Co., Ltd.		1,093,126		34,591		-		(188,078)		39,327		-		-		978,966
Hanwha General 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

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.

(in thousands of
Korean won)

		2023											
		Beginning balance		New agreement		Termination		Lease payments		Interest expense (lease liabilities)		Ending	
Parent Company													
Hanwha Corp.		₩	4,230,394	₩	3,220,386	₩	-	₩	(2,168,728)	₩	79,003	₩	5,361,055
Other													
Hanwha Life Insurance Co., Ltd.			35,032,512		21,560,749		(13,158,798)		(8,186,933)		1,828,682		37,076,212
Hanwha General Insurance Co., Ltd			1,209,376		22,238		-		(184,883)		46,395		1,093,126
Hanwha REIT Co., Ltd.			19,658,954		-		(18,034,322)		(2,434,144)		809,512		-

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As of December 31, 2024, the amount of investment commitments related to investment in financial instruments with related parties is as follows:

<i>(in thousands of Korean won)</i>		Commitment amount	Cumulative contribution amount	Remaining contract amount
Hanwha Asset Management Co., Ltd.	₩	140,000,000	₩ 38,073,563	₩ 101,926,437

As of December 31, 2024 and 2023, the Group provides home mortgage loans to its employees.

Details of payment guarantees provided by the Group to the related parties as of December 31, 2024 are as follows:

<i>(in thousands of Korean won, USD)</i>		2024
	Guaranteed by	Guaranteed amount
Joint Arrangements		
SAME Netherlands B.V. ¹	Petroleo Brasileiro S.A	₩ 1,506,505,274 (USD 1,024,833,520)

¹ The Group provides performance guarantees for SAME Netherlands B.V., a joint venture that the Group established with SAIPEM S.p.A. The total performance guaranteed amount is USD 2,436.81 million, and the guaranteed amount corresponding to the Group's responsibility is estimated to be USD 1,024.83 million.

As of December 31, 2024, the amount of payment guarantees provided by management in relation to foreign currency payment guarantees and others is ₩ 14,114,400 thousand, and the actual amount is ₩ 1,071,415 thousand.

The compensation paid or payable to the key management for employee services for each of the two years in the period ended December 31, 2024 is as follows:

<i>(in thousands of Korean won)</i>		2024		2023
Short-term employee benefits	₩	66,936,199	₩	64,127,397
Share-based payments		133,457,182		53,683,173
Post-employment benefits		12,409,895		11,539,063
	₩	<u>212,803,276</u>	₩	<u>129,349,633</u>

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.

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36. Commitments and Contingencies

Details of agreements with financial institution as of December 31, 2024 are as follows:

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Korea Development Bank	KRW	2,522,658,937	General purpose loans
	KRW	66,999,960	Facility loans
	USD	730,000,000	General purpose loans
	USD	397,954,190	Other payment guarantee in other foreign currencies
	USD	21,360,157	Import L/C
	EUR	2,051,516	Import L/C
Korea Development Bank (Shanghai)	CNY	222,700,000	General purpose loans
Woori Bank	KRW	161,963,518	General purpose loans
	KRW	150,000,000	Facility loans
	KRW	315,000,000	Combined limits loan agreements
	KRW	3,000,000	Purchasing card
	KRW	6,000,000	Mutual partnership loan
	KRW	4,000,000	Limit loans
	USD	1,833,696	General purpose loans
	USD	30,600,000	Other payment guarantee in other foreign currencies
	USD	5,834,079	Import L/C
	EUR	838,875	Import L/C
Woori Bank (New York)	USD	10,000,000	General purpose loans
Woori Bank (Hanoi)	USD	25,000,000	General purpose loans
	USD	20,000,000	Facility 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	131,184,377	General purpose loans
	KRW	408,000,000	Facility loans
	KRW	15,000,000	Credit sales facility
	KRW	3,000,000	Overdraft loan limit
	KRW	4,085,000	Limit loans
	KRW	5,000,000	Purchasing card
	USD	23,717,728	Import L/C
	USD	129,800,000	Other payment guarantee in other foreign currencies
	RON	1,288,744,103	Other payment guarantee in other foreign currencies
KEB Hana Bank (New York)	USD	50,000,000	General purpose loans
KEB Hana Bank (Hong Kong)	USD	20,000,000	General purpose loans
	USD	10,000,000	Facility loans
KEB Hana Bank (Sydney)	AUD	20,000,000	Limit loans
Shinhan Bank	KRW	48,000,000	General purpose loans
	KRW	180,000,000	Facility loans
	KRW	30,000,000	Limit loans
	KRW	160,000,000	CP acquisition agreement
	KRW	1,500,000	Credit sales facility
	USD	4,214,100	Import L/C
	USD	5,552,500	Other payment guarantee in other foreign currencies
	PHP	97,815,000	Other payment guarantee in other

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<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
			foreign currencies
Shinhan Bank (New York)	USD	8,000,000	Limit loans
Shinhan Bank (Sydney)	AUD	15,000,000	Limit loans
Shinhan Bank (Singapore)	USD	15,000,000	General purpose loans
Kookmin Bank	KRW	268,977,503	General purpose loans
	KRW	80,000,000	Facility loans
	KRW	3,000,000	Credit sales facility
	KRW	100,000,000	Trade financing
	USD	722,999	Import L/C
	USD	167,292,340	Other payment guarantee in other foreign currencies
	USD	20,000,000	Combined payment guarantee in other foreign currencies
Kookmin Bank (New York)	USD	10,000,000	General purpose loans
	USD	10,000,000	Import L/C
Kookmin Bank (Singapore)	USD	4,000,000	Limit loans
	USD	34,000,000	General purpose loans
Industrial Bank of Korea	KRW	7,500,000	General purpose loans
	KRW	14,000,000	Electric bill limit
	KRW	2,500,000	Purchasing card
	USD	22,592,000	Import L/C
	USD	600,000	Other payment guarantee in other foreign currencies
NH Nonghyup Bank	KRW	75,000,000	General purpose loans
	KRW	311,157,684	Facility loans
	KRW	10,000,000	Credit sales facility
	USD	10,343,092	Import L/C
NH Nonghyup Bank (Hanoi)	USD	10,000,000	General purpose loans
Korea Export-Import Bank	KRW	1,442,900,000	General purpose loans
	KRW	202,800,000	Export fund limit loans
	KRW	200,000,000	Overseas investment fund limit loans
	USD	319,692,803	General purpose loans
	USD	65,000,000	Facility loans
	USD	99,368,059	Other payment guarantee in other foreign currencies
	USD	943,110,056	Performance guarantee
	EUR	297,800,000	Performance guarantee
Suhyup bank	KRW	80,000,000	General purpose loans
BANK OF CHINA	KRW	90,000,000	General purpose loans
Kyongnam Bank	KRW	50,000,000	General purpose loans
iM Bank	KRW	50,000,000	General purpose loans
Arab Bank Group	USD	49,727,111	General purpose loans
Kwangju Bank	KRW	485,000	Purchasing card
SAMSUNG CARD	KRW	250,000	Purchasing card
Woori Investment Securities	KRW	20,000,000	General purpose loans
Shinhan Capital	KRW	10,000,000	General purpose loans
IBK Capital	KRW	30,000,000	General purpose loans
VILC	USD	9,162,820	Finance lease limit
Bank of Hope	USD	27,000,000	Import L/C
ANZ Bank	AUD	30,000,000	Limit loans
Societe Generale	USD	100,000,000	Import L/C
	USD	328,988,637	Performance guarantee

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<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
First Abu Dhabi Bank	USD	65,400,000	Performance guarantee
Banco Santander	USD	323,020,000	Performance guarantee
Credit Agricole	USD	100,000,000	Performance guarantee
	USD	247,609,975	Refund guarantee
Kexim VLC	USD	15,600,000	Finance lease limit
Natixis	USD	345,291,321	Other payment guarantee in other foreign currencies

Details of guarantee provided by the others as of December 31, 2024 are as follows:

<i>(in thousands of Korean won and in foreign currencies)</i>	Details	Currency	Amount
Korea Defense Industry Association	Performance guarantee	KRW	12,080,015,284
Seoul Guarantee Insurance	Performance guarantee	KRW	5,417,287,997
Company	Performance guarantee	USD	646,126,986
	Performance guarantee	EUR	244,502,133
Korea Software Financial	Performance guarantee	KRW	1,126,691,175
Cooperative			
KEB Hana Bank	Payment guarantee denominated in foreign currency	USD	119,512,532
	Payment guarantee denominated in foreign currency	RON	1,288,744,103
Woori Bank	Payment guarantee denominated in foreign currency	USD	57,653,000
	Performance guarantee	USD	18,274,545
	Performance guarantee	EUR	690,000
	Performance guarantee	AED	29,067,116
	Import L/C	EUR	46,660
	Import L/C	USD	1,740,798
Korea Export-Import Bank	Payment guarantee denominated in foreign currency	USD	99,368,059
	Performance guarantee	EUR	277,368,326
	Performance guarantee	USD	5,142,936,787
	Performance guarantee	KRW	7,025,522
Shinhan Bank	Payment guarantee denominated in foreign currency	PHP	97,815,000
	Payment guarantee denominated in foreign currency	USD	428,500
	Performance guarantee	USD	5,124,000
Kookmin Bank	Payment guarantee denominated in foreign currency	USD	165,058,343
	Performance guarantee	USD	7,929,130
	Import L/C	USD	6,052,065
Capital Goods Deduction Association	Performance guarantee	KRW	63,603,135
Korea Development Bank	Performance guarantee	KRW	2,934,728,778

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	Import L/C	USD	89,653
Societe Generale	Performance guarantee	USD	328,988,637
	Import L/C	USD	47,167,365
First Abu Dhabi Bank	Performance guarantee	USD	65,400,000
Banco Santander	Performance guarantee	USD	323,020,000
Natixis	Payment guarantee		
	denominated in foreign currency	USD	345,291,321
Credit Agricole	Refund guarantee	USD	247,609,975
Other financial institutions	Performance guarantee	USD	5,331,918

Details of assets provided as collateral for the Group's debt as of December 31, 2024 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	Secured borrowings and others
	USD	880,000,000	Korea Export-Import Bank	Secured borrowings and others
	CNY	267,240,000	Korea Development Bank (Shanghai)	Secured borrowings and others
Time deposit	KRW	11,100,000	Woori Bank, Industrial Bank of Korea	Employee stock loan collateral and others
Restricted deposit	USD	40,836,114	Citizens, Wells Fargo	Collateral for corporate card
Cooperative investments	KRW	72,944,760	Korea Defense Industry Association, Korea Software Financial Cooperative, Haeundae Blueline, Korea Construction Financial Corp., Capital Goods Deduction Association	Issuance of guarantee insurance and others
Financial assets at fair value through profit or loss	KRW	38,950,874	Korea Defense Industry Association, Capital Goods Deduction Association, Korea Construction Financial Corp.	Performance guarantee
Financial assets at fair value through other comprehensive income	KRW	390,000,000	Kookmin Bank and others	Joint guarantee

As of December 31, 2024, the Group has provided eleven blank promissory notes to Korea Energy Agency and others as collateral.

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

<i>(in thousands of Korean won)</i>	Amount of investment agreement	Cumulative invested amount	Remaining amount
Financial assets at fair value through profit or loss ¹	₩ 127,000,000	₩ 92,799,789	₩ 34,200,211

¹ In addition to the above, the Group entered into investment agreements with related parties in relation to financial instruments as of December 31, 2024 (Note 35).

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.

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 ₩ 154,879 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 and others. 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 ₩ 65.4 billion from the Group.

As of December 31, 2024, the Group is obligated to trade offset orders of K9, self-propelled artillery, with Norway

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and is 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 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.

On February 10, 2025, the Group decided to acquire additional shares of Hanwha Ocean Co., Ltd., a subsidiary, through a board of directors' resolution in order to enhance synergy and strengthen responsible management through equity expansion. The Group plans to purchase common shares issued by related parties such as Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd. and HANWHA ENERGY CORPORATION. The expected number of shares to be acquired is 22,375,216, and the expected acquisition amount is ₩ 1.3 trillion. The expected acquisition date is March 13, 2025.

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 submitted a letter of commitment for the completion of construction in the name of the Group after the reporting period in response to the request of the major shareholders of Tongyeong Eco Power, which is the ordering party for the "Tongyeong natural gas power plant construction project" included in the plant business acquired from HANWHA CORP on July 1, 2024. In the event that the Group fails to fulfil the obligations stated in the letter of commitment by the completion date, the Group agrees to provide a compensation for damages to the ordering party's PF loan (loan agreement amount of ₩ 700,000 million).

The Group submitted a letter of commitment for the completion of construction to the major shareholders of Hyundai Oil Terminal Ulsan Co., Ltd, which is the ordering party of the "Ulsan liquid cargo tank terminal expansion and operation project", and the guarantee for completion of construction was initiated after the reporting period. In the event that the Group fails to fulfil the obligation stated in the letter of commitment by the completion date, the Group agrees to provide a compensation for damages to the ordering party's PF loan (loan agreement amount of ₩ 180,000 million).

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Regarding the fire that erupted near the generator no. 4 in the data center of Samsung SDS in Gwacheon, on April 20, 2014, Samsung fire & Marine Insurance Co., Ltd. filed a lawsuit against the Group claiming the amount for indemnity, which is equivalent to the amount Samsung fire & Marine Insurance Co., Ltd. paid to Samsung SDS as benefit of fire insurance. The lawsuits are in the process of the second trial.

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.

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.

In addition to the cases discussed in Note 36, the Group is involved in 62 cases as a plaintiff aggregating to ₩ 1,545,084 million, and involved in 104 cases as a defendant aggregating to ₩ 1,751,671 million. Management is unable to predict the result of the cases.

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37. Statements of Cash Flows

Details of cash generated from operations for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Profit before income tax	₩ 2,697,427,047	₩ 1,214,768,881
Adjustment for:		
Depreciation	203,050,804	211,297,507
Amortization	71,921,844	78,285,374
Depreciation on right-of-use assets	55,975,116	49,514,790
Post-employment benefits	143,563,794	118,711,806
Other long-term employee benefits	47,467,100	16,328,301
Share-base payments	162,597,773	63,955,821
Loss on valuation of inventories	2,092,102	14,389,897
Provisions (reversal)	(11,749,163)	16,032,637
Impairment loss on trade receivables	401,665	3,868,461
Impairment loss on other receivables	132,755,941	303,746
Technical license fees	127,410,557	21,007,540
Interest expenses	257,220,098	169,776,214
Loss on foreign currency translations	174,604,372	44,651,843
Loss on disposal of trade receivables	7,821,826	6,047,533
Loss on disposal of property, plant and equipment	11,923,507	932,220
Loss on disposal of intangible assets	950,154	25,355
Loss on disposal of right-of-use assets	46,026	24,221
Impairment loss on property, plant and equipment (reversal)	3,606,114	(480,919)
Impairment loss on intangible assets	163,498,071	16,424,040
Loss on disposal of financial assets at fair value through profit or loss	882	1,199
Loss on disposal of investments in associates	1,147,946	43,797,747
Loss on disposal of business	-	362,048
Loss on valuation of derivatives	8,575,838	13,544,159
Loss on valuation of financial assets at fair value through profit or loss	11,994,162	23,305,866
Impairment loss on investments in associates	7,586,028	816,655
Loss on derivatives transactions	80,871,833	29,096,829
Share of profit of associates	(105,343,760)	(15,789,838)
Dividend income	(188,960)	(24,630)
Interest income	(73,756,552)	(84,784,250)
Gain on foreign currency translations	(186,013,754)	(26,053,396)
Gain on disposal of property, plant and equipment	(3,046,554)	(1,446,772)
Gain on disposal of intangible assets	(488,459)	-

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<i>(in thousands of Korean won)</i>	2024	2023
Gain on disposal of right-of-use	(393,195)	(489,290)
Gain on disposal of investments on associates	(1,143,106,168)	(551,204)
Gain on disposal of business	-	(3,236,072)
Gain on valuation of derivatives	(65,546,779)	(784,209,295)
Gain on derivatives transactions	(9,257,790)	(30,642,466)
Gain on valuation of financial assets at fair value through profit or loss	(75,756,384)	(66,541,055)
Miscellaneous gains	2,074,911	4,015,464
Change in operating assets and liabilities		
Trade receivables	(1,108,833,072)	(566,725,551)
Non-trade receivables	11,921,518	(15,873,804)
Inventories	(882,289,227)	(713,525,571)
Deposits received	(393,155)	59,304
Other current assets	(249,272,847)	(884,953,134)
Other non-current assets	(74,030,416)	(20,696,186)
Trade payables	5,956,339	221,489,379
Non-trade payables	(83,659,870)	22,240,317
Accrued expenses	185,148,234	178,212,449
Withholdings	2,834,192	33,772,804
Other current liabilities	1,043,943,107	2,410,601,222
Other non-current liabilities	426,206,238	(8,084,576)
Other long-term employee benefits liabilities	(71,745,372)	(6,986,420)
Payments of post-employment benefits	(43,829,042)	(61,948,511)
Severance payments	5,497,095	(328,463)
Pension plan assets	(70,245,000)	(125,300,000)
Cash generated from operations	<u>₩ 1,799,146,715</u>	<u>₩ 1,608,990,226</u>

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Details of non-cash transactions excluded in cash flows for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Reclassification of construction in progress to property, plant and equipment	₩ 336,441,491	₩ 164,856,676
Reclassification of long-term borrowings and debentures to current portion	528,577,736	559,722,222
Reclassification of debentures to current portion	223,110,113	519,527,775
Reclassification of financial assets at fair value through profit or loss/other non-trade receivables	143,329,545	-

Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	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 current year are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

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(in thousands of Korean won)

	2023						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
At January 1, 2023	₩ 992,065,628	₩ 415,056,938	₩ 1,016,198,922	₩ 328,128,127	₩ 696,225,924	₩ 178,154,006	₩ 3,625,829,545
Cash flows	380,423,669	(329,146,422)	299,354,758	(328,365,000)	468,301,205	(45,606,730)	444,961,480
Gain (loss) on foreign currency translations	-	-	663,000	-	(3,810,000)	3,974	(3,143,026)
Amortization of bond discounts	-	-	-	506,092	976,019	-	1,482,111
Reclassification to current portion	-	559,722,222	(559,722,222)	519,527,775	(519,527,775)	-	-
Others ¹	1,053,209	(912,700)	2,367,232	20,341	-	98,359,224	100,887,306
At December 31, 2023 ²	₩ 1,373,542,506	₩ 644,720,038	₩ 758,861,690	₩ 519,817,335	₩ 642,165,373	₩ 230,910,474	₩ 4,170,017,416

¹ Exchange differences are included.

² Changes in liabilities incurred by the business units of security and industrial machinery division which were spun off for the current year, are included.

Hanwha Aerospace Co., Ltd. and Subsidiaries

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38. Spin-Off

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. The statement of comprehensive income presented for comparative purposes has been restated to show discontinued operations separated from continuing operations.

Details of the spin-off are as follows:

Details	
Spin-off method	Spin-off
Existing entity	Hanwha Aerospace Co., Ltd.
Newly incorporated entity	Hanwha Industrial Solutions
Spin-off date	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. The difference between the carrying amounts of assets and liabilities transferred as a result of the spin-off was recognized as other reserves within equity.

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

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Details of operating profit or loss from discontinued operation due to the spin-off for the year ended December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Revenue	₩ 1,148,956,935	₩ 1,469,319,177
Cost of sales	557,374,750	759,669,817
Selling and administration expense	531,646,309	612,840,781
Operating profit	59,935,876	96,808,579
Profit before income tax	50,024,295	84,012,638
Income tax expense	21,417,395	5,829,014
Profit of discontinued operations	<u>₩ 28,606,900</u>	<u>₩ 78,183,624</u>

Cash flows related to the discontinued operation for the year ended December 31, 2024 and 2023 are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Cash flows from operating activities	₩ 154,814,446	₩ 139,836,253
Cash flows from investing activities	(39,994,474)	(69,711,634)
Cash flows from financing activities	(75,041,598)	65,438,833
Net increase in cash and cash equivalents	<u>₩ 39,778,374</u>	<u>₩ 135,563,452</u>

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.

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39. Business Combination

The Group acquired 95.15% shares of the subsidiaries Dyna-Mac Holdings Ltd. and 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 combination.

The Group's accounting treatment for business combination 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:

<i>(in thousands of Korean won)</i>	Main business	Acquisition date	Percentage of ownership		Consideration transferred
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

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The consideration transferred in relation to the acquisition of the subsidiaries and the fair value of the assets and liabilities acquired and non-controlling interest on the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Dyna-Mac Holdings Ltd. and its subsidiaries	Hanwha Ocean Co., Ltd. and its subsidiaries	HANWHA PHILLY SHIPYARD INC
Assets			
Current assets	₩ 470,812,205	₩ 11,542,729,713	₩ 158,654,526
Cash and cash equivalents	341,096,599	588,259,735	43,396,348
Short-term financial assets	61,858,691	46,003,529	7,371,751
Trade and other receivables	60,221,853	5,881,087,306	11,760,699
Inventories	-	2,779,695,382	2,429,890
Other current assets	7,635,062	2,247,683,761	93,695,838
Non-current assets	98,660,956	8,425,962,069	138,141,215
Other financial assets	-	254,635,467	52,657,337
Long-term trade and other receivables	-	267,215,330	810,448
Right-of-use assets	50,537,195	133,041,574	23,514,028
Property, plant and equipment	47,626,484	4,686,620,372	61,038,740
Intangible assets	-	2,066,351,348	-
Investments in associates	422,297	5,791,000	-
Deferred tax assets	(26)	942,711,495	-
Other non-current assets	75,006	69,595,483	120,662
Total assets	₩ 569,473,161	₩ 19,968,691,782	₩ 296,795,741
Liabilities			
Current liabilities	₩ 356,615,228	₩ 10,346,614,469	₩ 487,388,294
Trade and other payables	117,942,208	1,671,989,516	87,695,748
Current portion of borrowings	-	3,237,744,026	-
Income tax payables	13,741,801	3,007,758	-
Other current liabilities	222,260,757	5,403,408,810	397,948,816
Lease liabilities	2,670,462	30,464,359	1,743,730
Non-current liabilities	50,503,357	3,179,016,761	10,846,511
Long-term borrowings	-	2,028,126,040	-
Long-term trade and other payables	-	15,320,021	-
Long-term lease liabilities	50,479,809	98,270,131	8,234,999
Employee benefits liabilities	-	228,230,526	-
Other non-current liabilities	20,562	241,083,549	-
Deferred tax liabilities	2,986	567,986,494	2,611,512
Total liabilities	₩ 407,118,585	₩ 13,525,631,230	₩ 498,234,805
Fair value of identifiable net assets	162,354,576	6,443,060,552	(201,439,064)
Non-controlling interest	(10,726,993)	(5,005,281,591)	-
Fair value of net assets of acquired shares	151,627,583	1,437,778,961	(201,439,064)

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Transferred consideration	827,466,565	4,014,815,558	146,930,763
Goodwill	₩ 675,838,982	₩ 2,577,036,597	₩ 348,369,827

¹ As of December 31, 2024, the fair value of the above assets acquired and liabilities assumed has been provisionally determined as an independent valuation has not been completed.

² 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.

The profit or loss after the acquisition date recognized in the consolidated income statement and the profit or loss that would have been recognized if consolidated from the beginning of the current period are as follows:

[Profit or loss recognized after the acquisition date]

<i>(in thousands of Korean won)</i>	Dyna-Mac Holdings Ltd. and its subsidiaries	Hanwha Ocean Co., Ltd. and its subsidiaries	HANWHA PHILLY SHIPYARD INC
Revenue	₩ 73,042,874	₩ -	₩ -
Profit	35,216,980	-	-

[Profit or loss that would have been recognized if the entities are consolidated from January 1, 2024]

<i>(in thousands of Korean won)</i>	Dyna-Mac Holdings Ltd. and its subsidiaries	Hanwha Ocean Co., Ltd. and its subsidiaries	HANWHA PHILLY SHIPYARD INC
Revenue	₩ 516,719,280	₩ 10,776,004,934	₩ 496,696,893
Profit (loss)	93,872,305	528,212,898	(192,299,314)

Hanwha Aerospace Co., Ltd. and Subsidiaries

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40. Information for Non-controlling Interests

40.1 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, 2024 is as follows:

(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	-	-	-	5,005,281,591	5,005,281,591

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.

(in thousands of
Korean won)

	2023					
	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 ₩	930,051,568 ₩	140,538,247 ₩	(24,675,985) ₩	(66,128,626) ₩	979,785,204 ₩
Satrec Initiative Co., Ltd.	66.37	130,906,906	18,870,356	(581,479)	16,468,985	165,664,768

Hanwha Aerospace Co., Ltd. and Subsidiaries
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40.2 Summarized Financial Information on Subsidiaries

Set out below is 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)

	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.

(in thousands of Korean won)

	2023	
	Hanwha Systems Co., Ltd.	Satrec Initiative Co.,Ltd.
Current assets	₩ 1,890,139,661	₩ 166,337,583
Non-current assets	2,593,071,163	147,490,379
Current liabilities	1,951,414,762	81,995,186
Non-current liabilities	377,669,899	13,576,980
Equity	₩ 2,154,126,163	₩ 218,255,796

Hanwha Aerospace Co., Ltd. and Subsidiaries
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Summarized consolidated statements of comprehensive income

(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

(in thousands of Korean won)

	2023	
	Hanwha Systems Co., Ltd.	Satrec Initiative Co.,Ltd.
Revenue	₩ 2,453,079,542	₩ 125,433,495
Profit for the year	343,083,289	41,465,967
Total comprehensive income	166,682,728	41,982,097

Hanwha Aerospace Co., Ltd. and Subsidiaries
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Summarized consolidated statements of cash flows

(in thousands of Korean won)

	Hanwha Systems Co., Ltd.	
	2024	2023
Cash flows from operating activities	₩ 132,623,694	₩ 83,363,237
Cash flows from investing activities	(442,015,642)	(863,685,642)
Cash flows from financing activities	35,063,552	26,653,319
Net decrease in cash and cash equivalents	(274,328,396)	(753,669,086)
Cash and cash equivalents at beginning of year	476,088,816	1,228,217,655
Effects of exchange rate changes on cash and cash equivalents	(1,915,122)	1,540,247
Cash equivalents included in asset group held for sale	(2,559)	-
Cash and cash equivalents at end of year	₩ 199,842,739	₩ 476,088,816

(in thousands of Korean won)

	Satrec Initiative Co., Ltd.	
	2024	2023
Cash flows from operating activities	₩ 68,326,064	₩ 28,555,034
Cash flows from investing activities	(61,963,615)	(11,897,111)
Cash flows from financing activities	16,095,479	(4,189,747)
Net increase in cash and cash equivalents	22,457,928	12,468,176
Cash and cash equivalents at beginning of year	102,776,985	90,394,761
Effects of exchange rate changes on cash and cash equivalents	32,533	(85,952)
Cash and cash equivalents at end of year	₩ 125,267,446	₩ 102,776,985

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)

	2024	2023
8th Private unregistered non-guarantee convertible bond	₩ 1,000,000	₩ -
9th Private unregistered non-guarantee convertible bond	1,284,775	-
10th Private unregistered non-guarantee convertible bond	48,057	-
	₩ 2,332,832	₩ -

¹ On December 16, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination, and newly recognized hybrid bonds held by these entities. Such bonds are included in non-controlling interest.

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8th Private unregistered non-guarantee convertible bond

On December 16, 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 million 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 bond	8th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 1,000,000 million
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	<p>- 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.</p> <p>- Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ 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.</p> <p>- 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 payment¹, a late payment annual interest of 15% is incurred on the overdue amount.</p> <p>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</p> <p>- Optional redemption for all and part of the bonds every year, after December 31, 2021.</p>
Early redemption right	<p>- 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)</p>
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-Equity conversion of accrued interest	<p>- 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.</p> <p>- 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)</p>

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9th Private unregistered non-guarantee convertible bond

On December 16, 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 million 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 bond	9th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 1,284,775 million
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	<p>- 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.</p> <p>- Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ 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.</p> <p>- 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 payment¹, a late payment annual interest of 15% is incurred on the overdue amount.</p> <p>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</p> <p>- Optional redemption for all and part of the bonds every year, after December 31, 2021.</p>
Early redemption right	<p>- 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)</p>
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-Equity conversion of accrued interest	<p>- 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.</p> <p>- 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)</p>

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10th Private unregistered non-guarantee convertible bond

On December 16, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On Marh 14, 2018, convertible bonds were issued to Korea Export-Import Bank to secure its capital, by offsetting ₩ 48,057 million 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 bond	10th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 48,057 million
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	<p>- 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.</p> <p>- Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹, 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.</p> <p>- 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 payment¹, a late payment annual interest of 15% is incurred on the overdue amount.</p> <p>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</p> <p>- Optional redemption for all and part of the bonds every year, after December 31, 2021.</p>
Early redemption right	<p>- Starting form 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)</p>
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-Equity conversion of accrued interest	<p>- 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.</p> <p>- 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)</p>

41. Events After the Reporting Period

The Group decided to participate in the paid-in capital increase of HAA No.1 PTY LTD, established in Australia for the purposes of advancing into the global defense industry, through a resolution of the Board of Directors on March 17, 2025. The investment amount to ₩ 266.9 billion, and the total accumulated investments amount to ₩ 337.1 billion.

Audit opinion on internal control over financial reporting for consolidation purposes

The accompanying independent auditor's report on internal control over financial reporting for consolidation purposes 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, 2024 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 for consolidation purposes
2. Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purpose

**Independent auditor's report on
internal control over financial reporting for consolidation purposes**

(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 for consolidation purposes

We have audited Internal Control over Financial Reporting ("ICFR") of Hanwha Aerospace Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") for consolidation purposes based on *Conceptual Framework for Designing and Operating ICFR* established by the Operation Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 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 at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 17, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR for consolidation purposes

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 for consolidation purposes 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 audit opinion.

Other matters

The Company's Chief Executive Officer and Internal Control over Financial Reporting Officer excluded newly consolidated entities Hanwha Ocean Co., Ltd., Dyna-Mac Holdings Ltd. and Hanwha Philly Shipyard from the scope of management evaluation in accordance with the *Evaluation and Reporting Application of Internal Control over Financial Reporting*. Accordingly, we also excluded the entities from the audit scope same as management.

Responsibilities of management and those charged with governance for internal control over financial reporting for consolidation purposes

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

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

Auditor's responsibilities for the audit of internal control over financial reporting for consolidation purposes

Our responsibility is to express an opinion of the Group's ICFR for consolidation purposes 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"). An ICFR of a 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.

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

Ernst & Young Han Young

Seoul, Korea
March 17, 2025

This audit report is effective as of March 17, 2025, 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 for consolidation purposes and may result in modifications to this report.

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

(English Translation of a Report Originally Issued in Korean)

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

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of Hanwha Aerospace Co., Ltd. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2024.

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

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2024, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

The Company has excluded the acquired entities, Hanwha Ocean Co., Ltd. (consolidated as at December 31, 2024, with total assets of ₩ 18,681.3 billion as of the evaluation date corresponding to 40.9% of total assets after the acquisition), Dyna-Mac Holdings Ltd. (consolidated as at November 30, 2024, with total assets and revenues of ₩ 601.4 billion and ₩ 73 billion as of the evaluation date corresponding to 1.3% and 0.5% respectively after the acquisition), and Philly Shipyard Inc. (consolidated as at December 31, 2024, with total assets of ₩ 296.8 billion as of the evaluation date corresponding to 0.7% of total assets after the acquisition) from the evaluation scope for Internal Control over Financial Reporting for consolidation purposes.

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 cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

February 10, 2025

Jae-il Son,
Chief Executive Officer



Jang-hyuk Ahn,
Internal Control over Financial Reporting Officer

