

# **Hansae Co., Ltd.**

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

Hansae Co., Ltd.

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## **Independent auditor's report**

(English Translation of a Report Originally Issued in Korean)

### **To the Shareholders and Board of Directors of Hansae Co., Ltd.**

#### **Audit Opinion**

We have audited the separate financial statements of Hansae Co., Ltd. (hereafter the "Company"), which comprise the separate statement of financial position as of December 31, 2024, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We have also audited the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2024, based on the "Framework for the Design and Operation of Internal Control over Financial Reporting". An unqualified opinion was expressed in our audit report dated March 14, 2025.

#### **Basis for opinion**

We conducted our audit in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### **(1) The appropriateness of the disclosure of transactions and balances with related parties**

- Reason for determining key audit matters

As described in Note 41 to the financial statements, the Company has related parties, and the volume of transactions and the balance of receivables and payables with those related parties are significant to the financial statements. The appropriateness of the disclosure of transactions and balances with related parties was determined as a key audit matter as we considered the risk related to such disclosures to be significant.

To assess the appropriateness of the disclosure of transactions and balances with related parties, our major audit procedures that we performed are as follows:

- Reviewed supporting documents such as minutes of shareholders' and board of directors' meetings, electronic disclosure records, and tax filings to assess the completeness of related party transactions
- Obtained an understanding of the Company's process established for the disclosure of related party transactions and balances, and evaluated the design and operating effectiveness of relevant controls
- Performed analytical procedures on related party transactions and balances
- Performed inspection procedures on supporting documents to verify the accuracy of the disclosed related party transactions and balances

### **Responsibilities of management and those charged with governance for the separate financial statements**

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 KSAs 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Company'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 separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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 Yong Kue Lee.

*Samhwa Accounting Corp.*

Seoul, Korea

March 14, 2025

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

# **Hansae Co., Ltd.**

Separate financial statements  
for the years ended December 31, 2024 and 2023

“The accompanying separate financial statements, including all footnotes and disclosures,  
have been prepared by, and are the responsibility of the Company.”

Kim, Ik Whan / Kim, Kyung

Chief Executive Officer

Hansae Co., Ltd.

5F, 29, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, South Korea

**Hansae Co., Ltd.**  
**Separate Statements of Financial Position**  
**as of December 31, 2024 and 2023**  
(In KRW)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,5,6,9	36,109,652,326	50,567,332,988
Short-term financial assets	5,6	-	20,067,189,177
Trade and other receivables	5,6,7,8,10,41	209,861,230,158	191,384,960,301
Financial assets at fair value through profit or loss('FVTPL')	5,6,14	2,928,364,420	64,508,280,716
Financial assets at fair value through other comprehensive income('FVOCI')	5,6,14	70,027,165,260	58,790,960,906
Current investments in associates	15	2,000,000,000	2,000,000,000
Inventories	11	219,176,356,433	192,431,748,306
Other current assets	12,41	94,941,823,524	78,043,095,721
<b>Total current assets</b>		<b>₩ 635,044,592,121</b>	<b>₩ 657,793,568,115</b>
<b>Non-current assets:</b>			
Other non-current receivables	5,6,13,41	92,907,826,646	19,258,278,379
Financial assets at fair value through profit or loss('FVTPL')	5,6,14	82,154,225,739	72,922,011,054
Financial assets at fair value through other comprehensive income('FVOCI')	5,6,14	124,107,235,651	122,150,025,124
Investments in associates and subsidiary	15	170,006,350,546	126,690,397,551
Property, plant and equipment	16	20,604,966,138	20,233,677,978
Right-of-use assets	17,19	6,323,059,174	5,667,275,063
Investment property	18	1,183,714,407	1,190,612,494
Intangible assets	20	279,537,349	456,170,754
Other non-current assets		2,494,564,589	-
Deferred tax assets	26	8,156,828,414	5,928,867,603
<b>Total non-current assets</b>		<b>₩ 508,218,308,653</b>	<b>₩ 374,497,316,000</b>
<b>Total assets</b>		<b>₩ 1,143,262,900,774</b>	<b>₩ 1,032,290,884,115</b>

(continued)

**Hansae Co., Ltd.**  
**Separate Statements of Financial Position (cont'd)**  
**as of December 31, 2024 and 2023**

(In KRW)

(continued)

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Liabilities</b>			
Current liabilities:			
Trade and other payables	4,5,6,21,41	76,822,216,210	72,488,670,647
Borrowings	4,5,6,22	299,809,972,372	251,671,187,536
Lease liabilities	4,6,19	2,839,389,724	2,630,138,275
Current tax liabilities		16,644,154,737	22,443,251,749
Other current liabilities	23	8,441,086,574	10,678,833,819
Other financial liabilities	4,5,6	1,445,070,348	2,933,214,039
<b>Total current liabilities</b>		<b>₩ 406,001,889,965</b>	<b>₩ 362,845,296,065</b>
<b>Non-current liabilities:</b>			
Other non-current liabilities	4,5,6,24	1,479,000,000	9,000,000
Non-current lease liabilities	4,6,19	3,711,898,704	3,213,987,558
Net defined benefit liabilities	25	14,950,228,985	9,632,220,855
Other non-current financial liabilities	4,5,6	2,494,564,589	-
<b>Total non-current liabilities</b>		<b>₩ 22,635,692,278</b>	<b>₩ 12,855,208,413</b>
<b>Total liabilities</b>		<b>₩ 428,637,582,243</b>	<b>₩ 375,700,504,478</b>
<b>Equity</b>			
Common capital	1,27	20,000,000,000	20,000,000,000
Other contributed capital	28	33,002,727,081	33,002,727,081
Other components of equity	28	8,074,976,809	6,473,534,198
Retained earnings	29	653,547,614,641	597,114,118,358
<b>Total equity</b>		<b>714,625,318,531</b>	<b>656,590,379,637</b>
<b>Total liabilities and equity</b>		<b>₩ 1,143,262,900,774</b>	<b>₩ 1,032,290,884,115</b>

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



**Hansae Co., Ltd.**  
**Separate Statements of Profit or Loss and Other Comprehensive Income**  
**for the years ended December 31, 2024 and 2023**

(In KRW)

	Notes	2024	2023
Revenue	30,41	₩ 1,719,024,089,082	₩ 1,658,425,896,972
Cost of sales	11,31,41	(1,421,917,132,843)	(1,374,166,436,527)
Gross profit		297,106,956,239	284,259,460,445
Selling and administrative expenses	31,32,41	(161,579,431,715)	(140,668,010,452)
Operating profit		₩ 135,527,524,524	₩ 143,591,449,993
Non-operating income(expense)			
Other income	33	61,634,788,150	55,806,834,549
Other expenses	34	(83,350,942,242)	(65,853,468,794)
Finance income	35	10,257,381,334	10,784,900,056
Finance expenses	36	(16,827,578,539)	(16,320,140,436)
Sub-total		(28,286,351,297)	(15,581,874,625)
Loss before income tax		107,241,173,227	128,009,575,368
Income tax expense	26	(27,240,391,989)	(25,116,408,295)
Profit for the period		₩ 80,000,781,238	₩ 102,893,167,073
Other comprehensive income		(2,274,422,844)	10,020,406,016
Item that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit liability	25	(5,040,137,132)	(1,110,016,950)
Tax effect on above	26	1,164,271,677	250,692,515
Unrealized gains and losses on financial assets at fair value through other comprehensive income	14	(106,372,769)	856,189,438
Tax effect on above	26	24,572,109	(197,460,760)
Revaluation gains and losses on property, plant and equipment	16	-	10,298,204,619
Tax effect on above	26	-	(2,378,885,267)
Item that will not be reclassified to profit or loss			
Unrealized gains and losses on financial assets at fair value through other comprehensive income	14	2,188,872,914	3,000,960,541
Tax effect on above	26	(505,629,643)	(699,278,120)
Total comprehensive income for the year		₩ 77,726,358,394	₩ 112,913,573,089
Earnings per share	37		
Basic/Diluted profit per share		₩ 2,031	₩ 2,617

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

**Hansae Co., Ltd.**  
**Separate Statements of Changes in Equity**  
**for the years ended December 31, 2024 and 2023**

(In KRW)

		Common capital	Other contributed capital	Other components of equity	Retained earnings	Total
		₩ 20,000,000,000	₩ 29,991,978,081	₩ (4,406,196,253)	₩ 514,700,010,720	₩ 560,285,792,548
<b>Balance as of January 1, 2023</b>						
<b>Other comprehensive income:</b>						
Profit for the period		-	-	-	102,893,167,073	102,893,167,073
Unrealized gains and losses on financial assets at fair value through other comprehensive income	14,26	-	-	2,960,411,099	-	2,960,411,099
Revaluation gains and losses on property, plant and equipment		-	-	7,919,319,352	-	7,919,319,352
Remeasurements of the net defined benefit liability, net of tax	25,26	-	-	-	(859,324,435)	(859,324,435)
<b>Transactions with shareholders:</b>						
Treasury shares		-	3,010,749,000	-	-	3,010,749,000
Annual dividends	38	-	-	-	(19,619,735,000)	(19,619,735,000)
<b>Balance as of December 31, 2023</b>		₩ 20,000,000,000	₩ 33,002,727,081	₩ 6,473,534,198	₩ 597,114,118,358	₩ 656,590,379,637
<b>Balance as of January 1, 2024</b>		₩ 20,000,000,000	₩ 33,002,727,081	₩ 6,473,534,198	₩ 597,114,118,358	₩ 656,590,379,637
<b>Other comprehensive income:</b>						
Profit for the period		-	-	-	80,000,781,238	80,000,781,238
Unrealized gains and losses on financial assets at fair value through other comprehensive income	14,26	-	-	1,601,442,611	-	1,601,442,611
Remeasurements of the net defined benefit liability, net of tax	25,26	-	-	-	(3,875,865,455)	(3,875,865,455)
<b>Transactions with shareholders:</b>						
Annual dividends	38	-	-	-	(19,691,419,500)	(19,691,419,500)
<b>Balance as of December 31, 2024</b>		₩ 20,000,000,000	₩ 33,002,727,081	₩ 8,074,976,809	₩ 653,547,614,641	₩ 714,625,318,531

The accompanying notes are an integral part of these financial statements

**Hansae Co., Ltd.**  
**Separate Statements of Cash Flows**  
**for the years ended December 31, 2024 and 2023**

(In KRW)

	Notes	2024	2023
<b>Operating activities</b>			
Cash generated from operations	39	71,893,949,500	198,061,897,715
Interest received		10,534,731,591	9,466,808,846
Interest paid		(17,025,466,723)	(15,492,863,997)
Income tax paid		(34,584,235,669)	(35,612,632,470)
Dividend received	33	3,725,766,766	565,815,284
<b>Net cash flows used in operating activities</b>		<b>₩ 34,544,745,465</b>	<b>₩ 156,989,025,378</b>
<b>Investing activities</b>			
Decrease in short-term financial assets		20,067,189,177	150,000,000,000
Decrease in other receivables		26,536,250,433	37,640,232,536
Disposal of FVTPL assets		108,505,327,045	22,254,730,832
Disposal of FVOCI assets		60,152,587,585	58,931,591,063
Decrease in other non-current receivables		8,229,263,714	72,423,500
Disposal of property, plant and equipment		247,338,180	70,377,732
Disposal of investments in subsidiary	15	38,154,536,893	500,000,000
Disposal of investments in associates	15	5,560,000,000	268,571,429
Acquisition of short-term financial assets		-	(135,067,189,177)
Increase in other receivables		(28,603,842,742)	(30,449,148,391)
Acquisition of FVTPL assets	14	(58,263,671,059)	(99,490,419,144)
Acquisition of FVOCI assets	14	(70,811,977,656)	(78,679,186,323)
Increase in other non-current receivables		(81,628,985,456)	(15,636,445,617)
Acquisition of investments in associates	15	(1,250,000,000)	(13,250,000,000)
Acquisition of investments in subsidiary	15	(85,231,213,087)	(12,115,680,000)
Acquisition of property, plant and equipment	16	(1,081,637,868)	(805,606,651)
Acquisition of intangible assets	20	-	(396,125,000)
<b>Net cash flows provided by (used in) investing activities</b>		<b>₩ (59,418,834,841)</b>	<b>₩ (116,151,873,211)</b>
<b>Financing activities</b>			
Increase in borrowings		346,865,075,093	193,694,207,440
Proceeds from supplier financing arrangements		436,808,361,182	425,867,676,430
Repayment of borrowings		(323,097,437,443)	(259,904,958,624)
Repayment of supplier financing arrangements		(427,958,322,915)	(476,388,916,343)
Repayment of lease liabilities		(2,509,847,703)	(2,486,172,727)
Dividends paid		(19,691,419,500)	(19,619,735,000)
<b>Net cash flows provided by (used in) financing activities</b>		<b>₩ 10,416,408,714</b>	<b>₩ (138,837,898,824)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(14,457,680,662)</b>	<b>(98,000,746,657)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>50,567,332,988</b>	<b>148,568,079,645</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 36,109,652,326</b>	<b>₩ 50,567,332,988</b>

*The accompanying notes are an integral part of these financial statements.*

## **1. General Information**

Hansae Co., Ltd. (hereafter, the “Company”) was established on January 1, 2009, as a newly incorporated entity through a spin-off of the apparel business division of Hansae YES24 Holdings Co., Ltd. The Company’s shares were subsequently relisted on the Korea Exchange’s securities market on March 20, 2009.

The Company produces fabric by outsourcing the processing of raw yarn to external partners. The manufactured or imported fabric is then supplied to overseas subsidiaries located in countries such as Vietnam, Nicaragua, and Indonesia for the production of apparel, which is exported to overseas markets.

The Company's headquarters is located on Eunhaeng-ro, Yeongdeungpo-gu, Seoul, South Korea. The Company’s common capital amounts to KRW 20,000 million and the largest shareholder of the Company is Hansae YES24 Holdings Co., Ltd., which, together with its related parties, holds a 64.68% equity interest in the Company as of December 31, 2024.

## **2. Material Accounting Policies**

The principal accounting policies applied in the preparation of these separate 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 Company prepares statutory financial statements in Korean language in accordance with Korean International Financial Reporting Standards (“K-IFRS”). These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea. The accompanying separate financial statements have been 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, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements were prepared using historical cost except the below

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Defined benefit plans – 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 3.

### **2.2 Changes in Accounting Policies and Disclosures**

#### **(1) New and amended K-IFRS Standards, interpretations adopted by the Company**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024.

- Amendments to Korea IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity’s own equity instruments, however, it would be excluded if an option to settle them by the entity’s own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments:

Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The Company has provided new disclosures for liabilities under supplier finance arrangements, as well as the associated cash flows, in Note 22.

- Amendments to Korea IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not have a significant impact on the financial statements.

- Amendments to Korea IFRS 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 do not have a significant impact on the financial statements.

**(2) New and amended K-IFRS Standards, interpretations not yet adopted by the Company**

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company.

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

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures

Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The key amendments are as follows. The amendments do not have a significant impact on the financial statements.

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial settled through an electronic cash transfer system;
  - Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - Add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
  - Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- Annual Improvement to Korea IFRS – Volume 11

Annual Improvement to Korean IFRS – 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 significant impact on the financial statements.

- Korean IFRS 1101 First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter
- Korean IFRS 1107 Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance
- Korean IFRS 1109 Financial Instruments: Derecognition of lease liabilities and definition of transaction price

- Korean IFRS 1110 Consolidated Financial Statements: Determination of a ‘de facto agent’
- Korean IFRS 1007 Statement of Cash Flows: Cost method

## **2.3 Subsidiaries, Associates, and Joint Arrangements**

The Company’s financial statements are separate financial statements prepared in accordance with Korean IFRS 1027 Separate Financial Statements. Investments in subsidiaries, associates, and joint arrangements are measured at cost based on direct equity interests. At the date of transition to Korean IFRS, the carrying amount under previous GAAP was used as the deemed cost. Dividends received from these investments are recognized in profit or loss when the right to receive the dividend is established.

## **2.4 Foreign Currency Translation**

### **(1) Functional currency and presentation currency**

Items included in the financial statements are measures using the currency of the primary economic environment in which each entity operates (the “functional currency”). The Company’s functional currency is Korean Won, and the separate financial statements are presented in Korean Won.

### **(2) Transactions in foreign currencies and translation as at the reporting date**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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 and loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

## **2.5 Financial Assets**

### **(1) Classification**

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

- Financial assets measured at fair value (changes in fair value recognized in either other comprehensive income, or profit or loss)
- Financial assets measured at amortized cost.

The classification depends on the Company’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 Company reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company 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.

### **(2) Measurement**

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

① Debt instruments

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

(a) 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 'financial income' using the effective interest rate method.

(b) 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 'financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income' or 'other expense' and impairment losses are presented in 'other expense'.

(c) 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 income statement within 'other income or expenses' in the year in which it arises.

② Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments 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 'financial income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other income and expenses' in the income statements 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.

**(3) Impairment**

The Company 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. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**(4) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognized or derecognized on a trade-date, the date on which the Company 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 Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as 'borrowings' in the separate statement of financial position (Note 22).

## **(5) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements 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 Company or the counterparty.

### **2.6 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses.

### **2.7 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method, except for materials in transit.

### **2.8 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 will 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.

### **2.9 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Company applies the cost model to property, plant and equipment other than land, which are carried at cost less accumulated depreciation and accumulated impairment losses after initial recognition. Land is measured using the revaluation model. After initial recognition, land is carried at its revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, if applicable. Revaluations are performed periodically at the end of the reporting period to ensure that the carrying amount does not differ materially from the fair value of the asset.

Depreciation on tangible assets, except land, is calculated using the straight-line method to allocate the difference between their cost and their residual values over the following estimated useful lives:

Category	Useful lives (years)
Buildings	50
Machinery	8
Other PPE	4-5

The asset's depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### **2.10 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. 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.

### **2.11 Government Grants**

Grants from the government are recognized at their fair values when there is reasonable assurance that the grant will be received and the Company 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.

## **2.12 Intangible Assets**

Intangible assets are initially recognized at their historical cost and carried at cost less accumulated amortization and accumulated impairment losses. Software and other intangible assets with finite useful lives are amortized on a straight-line basis over their estimated economic useful lives of five years.

## **2.13 Investment Property**

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Company depreciates investment properties, except for land, using the straight-line method over their useful lives of 50 years.

## **2.14 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. The recoverable amount 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.

## **2.15 Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## **2.16 Financial Liabilities**

### **(1) Classification and measurement**

The financial liabilities at fair value through profit or loss that held by are the financial instruments for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term.

The Company classifies non-derivative financial 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 costs and present as 'trade and other payables', and 'borrowings' in the statement of financial position.

### **(2) Derecognition**

Financial liabilities are removed from the separate statements of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## **2.17 Financial Guarantee Contract**

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

- (1) the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 Financial Instruments and
- (2) the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with K-IFRS 1115 Revenue from Contracts with Customers

## **2.18 Provisions**

Provisions are recognized when the Company 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. 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 Company 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 separate 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 profit 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 Company recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, and associates, except to the extent that the Company 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 Company 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 balance relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Company 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.

## **2.20 Employee Benefits**

### **(1) Post-employment benefits**

The Company's retirement pension plan is defined benefit plan. A defined benefit plan is any post-employment benefit plan other than 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 obligations 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 rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

## **2.21 Revenue Recognition**

### **(1) Identification of performance obligations and timing of revenue recognition**

The Company is engaged in the business of manufacturing or purchasing apparel for export. Revenue from the sale of goods is recognized at the point in time when the goods are delivered to the customer.

### **(2) Variable consideration**

The Company estimates variable consideration using the expected value method, as it is considered to better predict the amount of consideration to which the Company will be entitled. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal of the cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

## **2.22 Leases**

### **(1) Lessor**

Lease income from operating leases where the Company is 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.

### **(2) Lessee**

The Company leases office and equipment. Lease contracts are typically made for a short-term period of one year, but may have extension options as described below.

The Company determines the lease term as the non-cancellable period of 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.

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 payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option

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.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases without recent third-party financing, and
- Makes adjustments specific to the lease, for example term, country, currency and security

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

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

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

- Any initial direct costs, and
- Restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company 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 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 small items of office furniture.

## **2.23 Approval of Issuance of the Financial Statements**

These financial statements were approved by the Board of Directors on 10 February, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

## **3. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company'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 the related actual results, 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.

### **(1) Income tax**

The company'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 (Note 26).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Company 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 for such period. As the Company's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

### **(2) 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 Company 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).

### **(3) 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 25).

### **(4) Leases**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

### **(5) Impairment loss on investments in subsidiaries and associates**

The recoverable amount of investments in subsidiaries and associates is determined based on their value in use.

#### 4. Financial Risk Management

##### 4.1 Financial Risk Factors

The Company is exposed to various financial risks arising from its activities, including market risk (such as foreign exchange risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on its financial performance. In addition, the Company strives to mitigate the impact of financial risks by regularly reviewing its risk management policies and monitoring financial risks on an ongoing basis.

##### 4.1.1 Market Risk

###### (1) Foreign currency risk

The Company operates internationally and is exposed to foreign currency risk, primarily the US dollar. Foreign currency risk arises from future commercial transactions, recognized assets and liabilities.

The Company is exposed to foreign currency positions due to borrowings denominated in foreign currencies and revenue and expenditures in currencies other than its reporting currency. The primary foreign currency in which the Company is exposed is the USD. The Company regularly evaluates, manages, and reports its exposure to foreign currency-denominated assets and liabilities.

The Company's exposure to foreign currency risk at the end of reporting period, expressed in Korean won, was as follows:

(in thousands of Korean won)	2024		2023	
	Assets	Liabilities	Assets	Liabilities
USD	236,743,744	329,834,918	242,542,817	268,687,235

As of the end of the reporting period, assuming all other variables remain constant, the impact on profit or loss resulting from a 10% change in the exchange rate of each foreign currency against the Korean won is as follows.

(in thousands of Korean won)	2024		2023	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
USD	(9,309,117)	9,309,117	(2,614,442)	2,614,442

The sensitivity analysis includes only outstanding foreign currency-denominated monetary items and is based on the assumption of a 10% change in exchange rates as of the end of the reporting period.

###### (2) Price risk

The Company is exposed to equity securities price risk arises from investments held by the Company that are classified as at fair value through profit or loss in the separate statement of financial position. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company

###### (3) Interest rate risk

The Company's main interest risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The objective of the Company's interest rate risk management is to maximize corporate value by minimizing interest expense and uncertainty arising from fluctuations in interest rates. The Company's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

A 100 basis point increase (decrease) in interest rates on borrowings with variable interest rates, with all other variables held constant, would result in a decrease (increase) in profit before tax of KRW 2,698 million (2023: KRW 2,167 million) as of the end of the reporting period.

##### 4.1.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or other counterparty fails to meet its contractual obligations. It arises from the Company's normal operating and investing activities. In particular, the Company is

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exposed to credit risk on its trade receivables and on its cash and cash equivalents and deposits held with banks and other financial institutions.

To manage credit risk, the Company regularly monitors and evaluates the financial condition of customers and counterparties, taking into account factors such as historical experience. In the case of banks and financial institutions, the Company enters into transactions only with those that have a credit rating of at least 'A' from independent credit rating agencies (Note 7).

During the current period, there were no breaches of credit limits, and management does not anticipate any losses arising from non-performance by the above counterparties.

The maximum exposure to credit risk at the end of the reporting period does not exceed the carrying amount of the financial assets recognized in the statement of financial position.

(in thousands of Korean won)	2024	2023
Guaranteed amount under financial guarantee contracts	352,146,780	257,401,194

The guaranteed amount under financial guarantee liabilities represents the total amount guaranteed by the Company. The maximum exposure related to financial guarantee contracts is the maximum amount the Company would be required to pay if the guarantees were called.

In addition, the carrying amount of financial assets recognized in the financial statements, net of any impairment losses, represents the Company's maximum exposure to credit risk.

#### **4.1.3 Liquidity Risk**

The Company's treasury team continuously monitors liquidity forecasts to ensure that unused credit lines are maintained at appropriate levels and that operational funding needs are met, thereby avoiding breaches of borrowing limits or covenants. In preparing liquidity forecasts, the Company takes into account its funding plans, covenant compliance, internal target financial ratios, and any legal or regulatory requirements, including currency restrictions.

Based on the forecasts mentioned above, the treasury team invests surplus funds in financial instruments that provide appropriate maturities and sufficient liquidity, such as interest-bearing deposits, time deposits, demand deposits, and marketable securities, to ensure the availability of adequate liquidity. As of the end of the reporting period, the Company has invested KRW 36,110 million (2023: KRW 50,567 million) in demand deposits and other instruments that are readily available for withdrawal to manage liquidity risk.

#### **4.2 Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so the Company can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total borrowings less cash and cash equivalents. Total capital is 'equity' as shown in the separate statement of financial position plus net debt.

The gearing ratios at December 31, 2024 and 2023, were as follows:

(in thousands of Korean won)	2024	2023
Total borrowings	299,809,972	251,671,188
Less: cash and cash equivalents	36,109,652	50,567,333
Net debt(A)	263,700,320	201,103,855
Total equity(B)	714,625,319	656,590,379
Total capital(C=A+B)	978,325,639	857,694,234
Gearing ratio(A/C)	26.95%	23.4%

## 5. Fair Value

There were no significant changes in the business or economic environment during the current period that affected the fair value of the Company's financial assets and financial liabilities.

### (1) Fair value of financial instruments by category

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

(in thousands of Korean won)	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	36,109,652	(*1)	50,567,333	(*1)
Short-term financial assets	-	(*1)	20,067,189	(*1)
Trade and other receivables	209,861,230	(*1)	191,384,960	(*1)
Financial assets at fair value through profit or loss	85,082,590	85,082,590	137,430,292	137,430,292
Financial assets at fair value through other comprehensive income	194,134,401	194,134,401	180,940,986	180,940,986
Other non-current receivables	92,907,827	(*1)	19,258,278	(*1)
Sub total	618,095,700		599,649,038	
<b>Financial liabilities</b>				
Trade and other payables	76,822,216	(*1)	72,488,671	(*1)
Borrowings	299,809,972	(*1)	251,671,187	(*1)
Lease liabilities	6,551,288	(*1)	5,844,126	(*1)
Other financial liabilities	3,939,635	(*1)	2,933,214	(*1)
Other non-current payables	1,479,000	(*1)	9,000	(*1)
Sub total	388,602,111		332,946,198	

(\*1) Financial instruments for which the carrying amounts are a reasonable approximation of fair value have been excluded from the fair value disclosures.

### (2) Fair value hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, 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 (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).

-Unobservable inputs for the asset or liability not derived from observable market data (Level 3).

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

(in thousands of Korean won)	2024			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>Financial assets at fair value through profit or loss</b>				
-Fund and beneficiary certificates	-	-	9,361,404	9,361,404
-Capital contributions	-	-	36,252,886	36,252,886
-Contingent consideration	-	-	39,468,300	39,468,300
<b>Financial assets at fair value through other comprehensive income</b>				
-Government bonds	189,765,583	-	-	189,765,583
-Unquoted equity instruments	-	-	4,368,818	4,368,818

(in thousands of Korean won)	2023			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>				
<b>Financial assets at fair value through profit or loss</b>				

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-Fund and beneficiary certificates	-	-	64,508,281	64,508,281
-Capital contributions	-	-	32,098,683	32,098,683
-Redeemable convertible preferred shares	-	-	1,315,400	1,315,400
-Convertible bonds	-	-	1,078,128	1,078,128
-Contingent consideration	-	-	38,429,800	38,429,800
Financial assets at fair value through other comprehensive income				
-Government bonds	176,465,795	-	-	176,465,795
-Unquoted equity instruments	-	-	4,475,191	4,475,191

**(3) 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 at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)	Fair value		Level	Valuation techniques
	2024	2023		
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Fund and beneficiary certificates	9,361,404	64,508,281	3	Present value technique
-Capital contributions	34,409,305	29,676,144	3	Transaction cost
-Capital contributions	1,843,581	2,422,539	3	Net asset value method
-Redeemable convertible preferred shares	-	1,315,400	3	Transaction cost
-Convertible bonds	-	1,078,128	3	LSMC model
-Contingent consideration	39,468,300	38,429,800	3	Present value technique
Financial assets at fair value through other comprehensive income				
-Unquoted equity instruments	2,702,700	2,762,400	3	Guideline public company method
-Unquoted equity instruments	1,666,118	1,712,791	3	DCF Method

**6. Financial Instruments by Category**

**(1) Financial assets by category**

(in thousands of Korean won) 2024	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Cash and cash equivalent	36,109,652	-	-	36,109,652
Trade and other receivables	150,516,468	59,344,762	-	209,861,230
Current financial assets at fair value through profit or loss	-	-	2,928,364	2,928,364
Current financial assets at fair value through other comprehensive income	-	70,027,165	-	70,027,165
Non-current other receivables	92,907,827	-	-	92,907,827
Financial assets at fair value through profit or loss	-	-	82,154,226	82,154,226
Financial assets at fair value through other comprehensive income	-	124,107,236	-	124,107,236

(in thousands of Korean won) 2023	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Cash and cash equivalent	50,567,333	-	-	50,567,333
Short-term financial assets	20,067,189	-	-	20,067,189
Trade and other receivables	136,784,020	54,600,940	-	191,384,960
Current financial assets at fair value through profit or loss	-	-	64,508,281	64,508,281



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Current financial assets at fair value through other comprehensive income	-	58,790,961	-	58,790,961
Non-current other receivables	19,258,278	-	-	19,258,278
Financial assets at fair value through profit or loss	-	-	72,922,011	72,922,011
Financial assets at fair value through other comprehensive income	-	122,150,025	-	122,150,025

**(2) Financial liabilities by category**

(in thousands of Korean won) 2024	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
Trade and other payables	76,822,216	-	76,822,216
Borrowings, current	236,661,546	63,148,426	299,809,972
Lease liabilities	-	6,551,288	6,551,288
Other financial liabilities	-	3,939,635	3,939,635
Other non-current liabilities	1,479,000	-	1,479,000

(in thousands of Korean won) 2023	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
Trade and other payables	72,488,671	-	72,488,671
Borrowings, current	219,993,204	31,677,983	251,671,187
Lease liabilities	-	5,844,126	5,844,126
Other financial liabilities	-	2,933,214	2,933,214
Other non-current liabilities	9,000	-	9,000

**(3) Net gains or losses by category of financial instruments**

(in thousands of Korean won)	2024	2023
Financial assets at fair value through profit or loss		
Gains(losses) on valuation recognized in profit or loss	(2,111,261)	2,582,359
Gains(losses) on disposal recognized in profit or loss	5,215	(702)
Interest income	1,230,000	1,230,000
Dividend income	174,387	507,615
Financial assets at fair value through other comprehensive income		
Gains(losses) on valuation (*)	2,082,500	3,857,150
Gains(losses) on disposal (*)	451,525	(45,040)
Interest income	4,203,338	4,008,356
Dividend income	12,480	58,200
Financial assets at amortized cost		
Interest income	4,824,043	5,546,544
Foreign exchange gains(losses)	21,238,298	3,145,936
Impairment loss(reversal)	113,794	670,922
Loss on disposal of trade receivable	14,121,301	14,372,185
Financial liabilities at amortized cost		
Interest expense	14,438,205	14,038,491
Foreign exchange gains(losses)	(27,528,579)	(2,473,711)
Other financial liabilities		
Commission income	2,993,128	2,244,497
Interest expense on foreign currency short-term borrowings	2,049,335	2,049,335
Interest expense on lease liabilities	340,039	232,315
Foreign exchange gains(losses)	(2,702,805)	339,347

(\*) The amount is presented before the effect of income taxes.

## 7. Credit Quality of Financial Assets

### (1) Trade receivables

Where external credit ratings were available, the credit quality of financial assets that were neither past due nor impaired was assessed by reference to those external ratings or to historical information on default rates of counterparties.

(in thousands of Korean won)	2024	2023
Counter parties without external ratings		
Group 1	845,357	5,586,180
Group 2	188,920,718	167,927,187
Trade receivables that are not past due	189,766,075	173,513,367

To assess credit quality, the Group classified counterparties into the following groups based on their credit characteristics:

Group 1 – New customers with less than one year of transaction history

Group 2 – Existing customers with more than one year of transaction history and no history of default, including related parties

(2) The Company's bank deposits and short- and long-term time deposits are mostly held with financial institutions that have credit ratings of AA or higher.

(3) The Company's financial assets at fair value through other comprehensive income (FVOCI) consist of government bonds and financial debentures issued by institutions with a credit rating of AAA.

## 8. Transfer of financial assets

### (1) Transferred financial assets that are not entirely derecognized

During the current and prior periods, the Company discounted trade receivables with banks through export bill discounting arrangements. As the Company retains the obligation to repay the discounted amounts to the banks in the event of customer default, the transactions are considered with recourse, and have been accounted for as secured borrowings (Note 22).

(in thousands of Korean won)	Discounted export bills	
	2024	2023
Carrying amount of the asset (Note10)	63,148,426	31,677,983
Carrying amount of the related liability (Note22)	63,148,426	31,677,983
Recourse liabilities limited to the transferred assets		
Fair value of the asset	63,148,426	31,677,983
Fair value of the related liability	63,148,426	31,677,983

### (2) Transferred financial assets that are entirely derecognized

The Company transferred trade receivables to financial institutions, substantially transferring the risks and rewards associated with the receivables. Accordingly, the transferred receivables were derecognized from the financial statements, and a loss on disposal of KRW 14,121 million (2023: KRW 14,372 million) was recognized. As of the reporting date, the outstanding amount of receivables transferred but not yet matured is KRW 188,510 million (2023: KRW 151,688 million).

## 9. Cash and Cash Equivalents

### (1) Cash and cash equivalents

(in thousands of Korean won)	2024	2023
Cash in bank and on hand	13,786	11,752
Short-term bank deposits	36,095,866	50,555,581
Total	36,109,652	50,567,333

(2) There were no restricted amounts as of the reporting date.

## 10. Trade and Other Receivables

### (1) Composition of trade and other receivables

(in thousands of Korean won)	2024			2023		
	Receivable amount	Loss allowance	Book value	Receivable amount	Loss allowance	Book value
Trade receivables (*)	197,585,040	(7,818,965)	189,766,075	180,390,061	(6,876,694)	173,513,367
Short-term loans receivable	12,113,267	-	12,113,267	11,567,585	-	11,567,585
Other receivables	6,398,718	-	6,398,718	4,513,590	-	4,513,590
Accrued income	1,583,170	-	1,583,170	1,790,418	-	1,790,418
Total	217,680,195	(7,818,965)	209,861,230	198,261,654	(6,876,694)	191,384,960

(\*) As of the end of the reporting period, the Company had transferred trade receivables amounting to KRW 63,148 million (2023: KRW 31,678 million) to a bank and received cash in return. The transaction was accounted for as a secured borrowing (Notes 8 and 22). Under the terms of the loan agreement, the Company is obligated to reimburse the bank in the event of default by the underlying customers.

### (2) Fair value of trade and other receivables

The carrying amount of trade and other receivables classified as current assets does not differ significantly from their fair value.

### (3) Aging analysis of trade and other receivables

(in thousands of Korean won)	2024			2023		
	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Financial assets that are not past due	189,766,075	20,095,155	209,861,230	173,513,367	17,871,593	191,384,960
Sub-total	189,766,075	20,095,155	209,861,230	173,513,367	17,871,593	191,384,960
Impaired financial assets (*)	7,818,965	-	7,818,965	6,876,694	-	6,876,694
Total	197,585,040	20,095,155	217,680,195	180,390,061	17,871,593	198,261,654

(\*) The Company establishes an allowance for doubtful accounts by considering the aging of receivables past due from the contractual maturity date, historical loss rates, and forward-looking estimates of expected credit losses.

### (4) Movements in allowance for expected credit losses on trade and other receivables

(in thousands of Korean won)	2024	2023
Beginning balance	6,876,694	6,205,772
Provision for expected credit losses	113,794	670,922
Effects of foreign exchange	828,477	-
Ending balance	7,818,965	6,876,694

As of the reporting date, the maximum exposure to credit risk related to trade receivables is the carrying amount. The Company does not hold any collateral in respect of these receivables.

## 11. Inventories

(in thousands of Korean won)	2024	2023
Finished goods	26,317,717	21,699,057
Work in progress	88,953,461	88,792,397
Allowance for valuation losses on work in progress	(397,940)	(687,293)
Raw materials	101,792,482	82,164,427
Allowance for valuation losses on raw materials	(7,912,250)	(7,837,034)
Goods-in-transit	10,422,886	8,300,195
Total	219,176,356	192,431,749

The cost of inventories recognized as an expense during the year and included in cost of sales amounted to KRW 1,421,917

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million (2023: KRW 1,374,166 million). In addition, a reversal of inventory write-downs to net realizable value of KRW 214 million (2023: inventory write-down of KRW 4,683 million) was recognized in profit or loss and included in cost of sales in the statement of comprehensive income.

**12. Other Current Assets**

(in thousands of Korean won)	2024	2023
Advance payments	100,294,625	84,381,222
Allowance for doubtful advances	(8,961,220)	(10,891,812)
Prepaid expenses	2,580,026	3,644,652
VAT receivables	1,028,392	909,034
Total	94,941,823	78,043,096

**13. Other Non-current Receivables**

(in thousands of Korean won)	2024	2023
Deposit	5,605,596	4,983,651
Long-term loans receivable	90,347,918	14,274,627
Allowance for expected credit losses	(3,045,688)	-
Total	92,907,826	19,258,278

As of the reporting date, an allowance for expected credit losses of KRW 3,046 thousand has been recognized for long-term loans receivable from HANSAE MYANMAR CO., LTD. There are no overdue amounts related to this receivable.

**14. Financial Instruments**

**(1) Financial assets at fair value through profit or loss**

(in thousands of Korean won)	Classification	2024	2023
<b>Current assets</b>			
Financial assets at fair value through profit or loss	Fund and beneficiary certificates	2,928,364	64,508,281
Financial assets at fair value through other comprehensive income	Government bonds	70,027,165	58,790,961
Sub-total		72,955,529	123,299,242
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	Fund and beneficiary certificates	6,433,040	-
	Capital contributions and convertible bonds	36,252,886	34,492,211
	Contingent consideration	39,468,300	38,429,800
Financial assets at fair value through other comprehensive income	Government bonds	119,738,418	117,674,834
	Unquoted equity instruments	4,368,818	4,475,191
Sub-total		206,261,462	195,072,036
Total		279,216,991	318,371,278

**(2) Movements in financial assets measure at fair vale through profit or loss**

(in thousands of Korean won)	2024		2023	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Beginning balance	137,430,291	180,940,986	57,612,946	157,381,281
Acquisition	58,263,671	70,811,978	99,490,419	78,679,186
Fair value gain or loss recognized in profit or loss	(2,111,260)	-	2,582,359	-
Fair value gain or loss recognized in other comprehensive income	-	2,082,500	-	3,857,150
Disposal	(108,500,112)	(59,701,063)	(22,255,433)	(58,976,631)

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Ending balance	85,082,590	194,134,401	137,430,291	180,940,986
Less: current portion	(2,928,364)	(70,027,165)	(64,508,280)	(58,790,961)
Non-current portion	82,154,226	124,107,236	72,922,011	122,150,025

(3) At the end of the reporting period, the maximum exposure to credit risk in respect of debt securities classified as financial assets is equal to their carrying amount

**(4) Transfer of financial assets**

During the current period, the Company lent government bonds under a securities lending agreement with a financial institution. As the Company has not transferred substantially all the risks and rewards associated with the bonds, it continues to recognize the full carrying amount of the government bonds. The consideration received from the financial institution is recognized as finance income, and no collateral was received in relation to the transaction.

(in thousands of Korean won)	Financial assets at fair value through other comprehensive income	
	2024	2023
Book value	189,765,583	176,465,795
Fair value	189,765,583	176,465,795
Net position	189,765,583	176,465,795

(5) The maturity profile of the Company's non-derivative financial liabilities, based on the remaining period to contractual maturity from the reporting date, is as follows:

(in thousands of Korean won) 2024	Less than 1 year	1 to 2 years	Over 2 years	Total
Borrowings	299,809,972	-	-	299,809,972
Trade and other payables	76,822,216	-	-	76,822,216
Lease liabilities	2,839,390	2,302,017	1,409,882	6,551,289
Financial guarantee contract(*)	352,146,780	-	-	352,146,780
Other long-term liabilities	-	1,479,000	-	1,479,000
Total	731,618,358	3,781,017	1,409,882	736,809,257

(in thousands of Korean won) 2023	Less than 1 year	1 to 2 years	Over 2 years	Total
Borrowings	254,389,033	-	-	254,389,033
Trade and other payables	72,488,671	-	-	72,488,671
Lease liabilities	3,005,117	2,368,097	1,306,703	6,679,917
Financial guarantee contract(*)	257,401,194	-	-	257,401,194
Other long-term liabilities	-	9,000	-	9,000
Total	587,284,015	2,377,097	1,306,703	590,967,815

(\*) In the case of financial guarantee contracts, the maximum exposure under the guarantee has been allocated to the earliest period in which the guarantee may be required to be honored.

The non-derivative financial liabilities included in the above maturity analysis are presented based on the remaining period to contractual maturity as at the end of the reporting period. The maturity analysis reflects undiscounted cash flows, comprising both principal and interest amounts.

**15. Investments in Subsidiaries and Associates**

**(1) Details of investments in subsidiaries**

(in thousands of Korean won) Company name	Country	2024		2023	
		Ownership interest	Book value	Ownership interest	Book value
HANSAE VIETNAM CO., LTD.(*7)	Vietnam	100%	25,913,206	100%	25,913,206
HANSAE TN CO., LTD.(*1)(*7)	Vietnam	40%	491,184	40%	491,184
PT. HANSAE INDONESIA UTAMA(*2)	Indonesia	100%	-	100%	-
PT. BOMIN PERMATA ABADI(*1)(*6)	Indonesia	99.95%	2,549,259	99.95%	-
PT. HANSAE INDONESIA SUKSES(*1)	Indonesia	99%	220,097	99%	220,097
HANSAE INTERNATIONAL, S.A.(*7)	Nicaragua	100%	4,575,261	100%	4,575,261

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AALFS DOS, S.A.	Nicaragua	100%	4,175,040	100%	4,175,040
HANSAE SEBACO, S.A.(*4)	Nicaragua	100%	196,127	-	-
THE GLOBAL GUATEMALA MICHATOYA, S.A.(*3)	Guatemala	100%	18,047,798	-	-
HANSAE ECOSPIN, S.A.(*4)	Guatemala	100%	9,705,709	-	-
HANSAE MYANMAR CO., LTD.(*5)	Myanmar	100%	-	100%	2,605,260
HANSAE BAGO CO., LTD.	Myanmar	100%	23,783,590	100%	23,783,590
APPAREL MANUFACTURING PARTNERS INC.	United States	100%	116,760	100%	116,760
TEXOLLINI, INC.(*4)	United States	100%	19,732,320	-	-
COLOR & TOUCH CO., LTD.	South Korea	100%	35,000,000	100%	35,000,000
HS SOURCING CO., LTD.	South Korea	100%	500,000	100%	500,000
Total			145,006,351		97,380,398

(\*1) The Company holds 100% ownership interest, including shares held by its subsidiaries.

(\*2) The investment was fully impaired in 2023.

(\*3) During the current period, the entity acquired a 100% ownership interest in its subsidiary, HANSAE INTERNATIONAL, S.A., and subsequently made a capital contribution.

(\*4) The entity was included in the scope of consolidation during the current period.

(\*5) At the end of the current period, the Company conducted an impairment test on the investment in the subsidiary due to expected future underperformance. As the recoverable amount was lower than the carrying amount, the full amount was recognized as an impairment loss.

(\*6) At the end of the current period, the Company assessed whether there were any indications that the previously recognized impairment loss on the investment in the subsidiary may have decreased. As the estimated recoverable amount was determined to exceed the carrying amount, the previously recognized impairment loss was fully reversed.

(\*7) At the end of the current period, the Company identified indicators of impairment for the investment in the subsidiary and performed an impairment assessment. The value in use was estimated using cash flows based on a five-year business plan approved by management, with a terminal growth rate of 0% applied beyond the five-year period. The pre-tax discount rates used in the value-in-use calculation were 13.44% (for HANSAE VIETNAM CO., LTD. and others) and 14.53% (for HANSAE INTERNATIONAL, S.A.). As of the reporting date, the carrying amount of the investment did not exceed its recoverable amount.

**(2) Movement in investments in subsidiaries**

(in thousands of Korean won)	2024	2023
Beginning balance	97,380,398	85,264,718
Acquisition/capital contribution (*1)	85,231,213	12,115,680
Impairment (*2)	(2,605,260)	-
Reversal (*3)	2,549,259	-
Disposal (*4)	(37,549,259)	-
Ending balance	145,006,351	97,380,398

(\*1) During the current period, the Company acquired or additionally invested KRW18,047,798 thousand in THE GLOBAL GUATEMALA MICHATOYA, S.A. and KRW19,732,320 thousand in TEXOLLINI, INC. The Company also made new capital contributions of KRW35,000,000 thousand to IGIS INCOMEPLUS Private Investment Trust III, KRW9,705,709 thousand to HANSAE ECOSPIN, S.A., and KRW196,127 thousand to HANSAE SEBACO, S.A. In the prior period, the Company made capital contributions of KRW7,440,640 thousand to HANSAE BAGO CO., LTD., KRW500,000 thousand to HS Sourcing Co., Ltd., and KRW4,175,040 thousand to AALFS DOS S.A.

(\*2) During the current period, the Company recognized an impairment loss of KRW2,605,260 thousand on its investment in HANSAE MYANMAR CO., LTD.

(\*3) During the current period, the Company fully reversed a previously recognized impairment loss of KRW2,549,259 thousand on its investment in PT. BOMIN PERMATA ABADI.

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(\*4) The Company disposed of KRW35,000,000 thousand of its investment in IGIS INCOMEPLUS Private Investment Trust III during the current period.

**(3) Details of financial information of major subsidiaries**

(in thousands of Korean won)	2024					
	Assets	Liabilities	Equity	Sales	Net income	Total comprehensive income
HANSAE VIETNAM CO., LTD.	20,319,409	25,483,742	(5,164,333)	38,854,928	822,678	149,239
HANSAE TN CO., LTD.	38,128,405	5,065,293	33,063,112	33,754,808	1,800,308	5,156,516
HANSAE TG CO., LTD.	50,050,252	54,908,800	(4,858,548)	50,853,113	670,136	55,817
HANSAE INTERNATIONAL, S.A.	97,100,619	49,481,281	47,619,338	69,951,233	2,821,310	8,355,691
HANSAE PINULA, S.A.	16,188,030	11,850,972	4,337,058	39,080,491	(192,429)	337,966
COLOR & TOUCH CO., LTD.	125,852,051	74,359,100	51,492,951	183,513,736	190,689	85,969
C&T VINA COMPANY LTD.	102,230,482	92,582,247	9,648,236	76,606,662	(1,933,144)	(997,758)

**(4) Details of investments in associates**

(in thousands of Korean won) Company name	2024		2023	
	Ownership interest	Book value	Ownership interest	Book value
Woori Global Blockchain Investment Fund No.15	28.57%	2,000,000	28.57%	2,000,000
Hansae YES24 Rising Star Investment Fund	34.62%	3,500,000	34.62%	3,500,000
Leading D New Technology Investment Fund No.1	-	-	28.57%	560,000
VTI Partners Healthcare Investment Fund	-	-	23.81%	5,000,000
NH Rhinos Mezzanine General Private Equity Trust	45.73%	4,000,000	45.73%	4,000,000
BNK Aone Convertible Mezzanine General Private Equity Trust C-s	49.17%	3,000,000	49.17%	3,000,000
Hansae YES24 Rising Investment Fund No.2	49.46%	2,500,000	49.46%	1,250,000
GVA Mezz-J General Private Equity Trust	29.41%	3,000,000	29.41%	3,000,000
VTI Partners EV Investment Fund	36.10%	5,000,000	36.10%	5,000,000
Aone Platinum KOSDAQ Venture General Private Equity Trust	37.57%	4,000,000	37.57%	4,000,000
Total		27,000,000		31,310,000

**(5) Movement in investments in associates**

(in thousands of Korean won)	2024	2023
Beginning balance	31,310,000	18,328,571
Acquisition/capital contribution (*1)	1,250,000	13,250,000
Disposal (*2)	(5,560,000)	(268,571)
Ending balance	27,000,000	31,310,000

(\*1) During the current period, the Company made an additional capital contribution of KRW1,250,000 thousand to Hansae YES24 Rising Investment Fund No.2. In the prior period, the Company contributed KRW1,250,000 thousand to Hansae YES24 Rising Star Investment Fund, KRW3,000,000 thousand to GVA Mezz-J General Private Equity Trust, KRW5,000,000 thousand to VTI Partners EV Investment Fund, and KRW4,000,000 thousand to Aone Platinum KOSDAQ Venture General Private Equity Trust.

(\*2) During the current period, the Company disposed of KRW560,000 thousand of its investment in Leading D New Technology Investment Fund No.1 and KRW5,000,000 thousand in VTI Partners Healthcare Investment Fund. In the prior period, the Company disposed of KRW268,571 thousand of its investment in Leading D New Technology Investment Fund No.1.

**(6) Details of financial information of associates**

(in thousands of Korean won)	Assets	Liabilities	Sales	Net income
Woori Global Blockchain Investment Fund No.15	4,400,821	44,426	2,353	(208,148)
Hansae YES24 Rising Star Investment Fund	6,718,456	-	-	(1,020,521)
NH Rhinos Mezzanine General Private Equity Trust	8,947,390	37	40,742	(121,529)

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BNK Aone Convertible Mezzanine General Private Equity Trust C-s	6,417,661	14,115	125,365	48,329
Hansae YES24 Rising Investment Fund No.2	4,489,940	-	-	(354,735)
GVA Mezz-J General Private Equity Trust	10,750,400	51	266,947	266,366
VTI Partners EV Investment Fund	13,268,983	-	7,874	(266,877)
Aone Platinum KOSDAQ Venture General Private Equity Trust	10,475,475	27,580	171,813	(276,247)

## 16. Property, Plant and Equipment

### (1) Changes in property, plant and equipment

(in thousands of Korean won) 2024	Land	Buildings	Machinery	Others	Total
Opening net book amount	17,252,709	1,787,950	13,800	1,179,221	20,233,680
Acquisitions	-	-	4,730	1,076,908	1,081,638
Disposals	-	-	-	(120,106)	(120,106)
Depreciation	-	(50,728)	(4,660)	(534,857)	(590,245)
Closing net book amount	17,252,709	1,737,222	13,870	1,601,166	20,604,967
Acquisition cost	17,252,709	2,536,410	233,890	8,802,186	28,825,195
Accumulated depreciation	-	(799,188)	(220,020)	(7,201,020)	(8,220,228)

(in thousands of Korean won) 2023	Land	Buildings	Machinery	Others	Total
Opening net book amount	6,954,504	1,840,069	10,867	867,936	9,673,376
Acquisitions	-	-	10,350	795,257	805,607
Revaluation surplus(*)	10,298,205	-	-	-	10,298,205
Disposals	-	-	-	(32,836)	(32,836)
Depreciation	-	(52,119)	(7,417)	(451,136)	(510,672)
Closing net book amount	17,252,709	1,787,950	13,800	1,179,221	20,233,680
Acquisition cost	17,252,709	2,536,410	229,161	8,700,135	28,718,415
Accumulated depreciation	-	(748,460)	(215,361)	(7,520,914)	(8,484,735)

(\*) As of December 31, 2023, the fair value of land at the end of the prior period was determined based on a valuation performed by an independent appraiser. As a result of the revaluation, the value of land increased by KRW10,298,205 thousand, which was recognized in other comprehensive income.

### (2) Land revaluation

The revaluation surplus on land is recognized in other comprehensive income, net of the effect of deferred income taxes, and presented under 'Accumulated Other Comprehensive Income' within equity. The changes in the revaluation surplus on property, plant and equipment during the prior period are as follows. Revaluation surplus arising from asset revaluation is restricted from being distributed as dividends to shareholders.

(in thousands of Korean won) 2023	Beginning balance	Increase	Tax effect	Disposal	Ending balance
Revaluation surplus	-	10,298,205	(2,378,885)	-	7,919,320

The carrying amount of land under the cost model would be as follows.

(in thousands of Korean won) 2023	Carrying amount before revaluation	Carrying amount after revaluation
Land	6,954,504	17,252,709



## 17. Right-of-use Asset

### (1) Changes in right-of-use asset

(in thousands of Korean won) 2024	Properties	Vehicles	Total
Opening net book amount	5,667,275	-	5,667,275
Acquisitions	6,381,011	-	6,381,011
Disposals	(3,069,252)	-	(3,069,252)
Depreciation	(2,655,975)	-	(2,655,975)
Closing net book amount	6,323,059	-	6,323,059
Acquisition cost	8,678,854	130,331	8,809,185
Accumulated depreciation	(2,355,795)	(130,331)	(2,486,126)

(in thousands of Korean won) 2023	Properties	Vehicles	Total
Opening net book amount	3,692,991	18,619	3,711,610
Acquisitions	7,572,035	-	7,572,035
Disposals	(3,073,784)	-	(3,073,784)
Depreciation	(2,523,967)	(18,619)	(2,542,586)
Closing net book amount	5,667,275	-	5,667,275
Acquisition cost	7,722,223	130,331	7,852,554
Accumulated depreciation	(2,054,948)	(130,331)	(2,185,279)

## 18. Investment Properties

### (1) Changes in investment properties

(in thousands of Korean won) 2024	Land	Buildings	Total
Opening net book amount	945,682	244,930	1,190,612
Depreciation	-	(6,898)	(6,898)
Closing net book amount	945,682	238,032	1,183,714
Acquisition cost	945,682	344,904	1,290,586
Accumulated depreciation	-	(106,872)	(106,872)

(in thousands of Korean won) 2023	Land	Buildings	Total
Opening net book amount	945,682	250,438	1,196,120
Depreciation	-	(5,508)	(5,508)
Closing net book amount	945,682	244,930	1,190,612
Acquisition cost	945,682	344,904	1,290,586
Accumulated depreciation	-	(99,974)	(99,974)

The Company has entered into agreements to provide operating leases in relation to its investment properties.

### (2) Details of profit or loss arising from investment properties

(in thousands of Korean won)	2024	2023
Rental income	97,320	97,320
Rental expense	(6,898)	(5,507)
Total	90,422	91,813

(3) The fair value of investment property is either determined by an independent appraiser with appropriate professional qualifications or estimated based on published government-assessed land values and remaining depreciation rates. As of the end of the reporting period, the fair value of investment property is KRW1,955 million (KRW1,865 million as of the prior year-end).

### (4) Future minimum lease payments expected to be received under operating leases

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(in thousands of Korean won)	2024	2023
Less than 1 year	83,880	83,880

## 19. Leases

### (1) Amounts recognized in the statement of financial position

The amounts recognized in the statement of financial position in relation to leases as of the current period are as follows:

(in thousands of Korean won)	2024	2023
Right-of-use		
Properties	6,323,059	5,667,275
Total	6,323,059	5,667,275

(in thousands of Korean won)	2024	2023
Lease liabilities		
Current	2,839,390	2,630,138
Non-current	3,711,899	3,213,988
Total	6,551,289	5,844,126

During the current period, right-of-use assets increased by KRW6,381 million (2023: KRW7,572 million).

### (2) Amounts recognized in the statement of comprehensive income

The amounts recognized in the statement of comprehensive income in relation to leases as of the current period are as follows:

(in thousands of Korean won)	2024	2023
Depreciation of right-of-use assets		
Properties	2,655,975	2,523,967
Vehicles	-	18,619
Interest expense on lease liabilities (included in finance costs)	340,039	232,315
Lease expenses for short-term and low-value asset leases (included in selling and administrative expenses)	184,368	184,600

Total cash outflows for leases during the current period amounted to KRW3,034 million (2023: KRW2,903 million).

## 20. Intangible Assets

### (1) Changes in intangible assets

(in thousands of Korean won)	2024	2023
Software		
Opening net book amount	456,171	270,620
Acquisitions	-	396,125
Depreciation	(176,633)	(210,574)
Closing net book amount	279,538	456,171
Acquisition cost	2,517,602	2,937,872
Accumulated depreciation	(2,238,064)	(2,481,701)

## 21. Trade and Other payables

(in thousands of Korean won)	2024	2023
Trade payables	58,148,456	55,777,566
Other payables	15,932,223	13,993,259
Accrued expenses	2,741,537	2,717,846
Total	76,822,216	72,488,671

## 22. Borrowings

### (1) Details of borrowings

(in thousands of Korean won)	Lender	Interest rate	Maturity date	2024	2023
Current:					
Usance financing(*1)	KB Kookmin bank and others	5.20%~6.15%	2025-11-13	206,661,546	184,993,204
Export bill discounting(*2)	Hana bank and others	5.31%~5.46%	2025-11-11	63,148,426	31,677,983
Short-term borrowings	Woori bank	4.02%	2025-06-21	30,000,000	35,000,000
Total				299,809,972	251,671,187

(\*1) As of the end of the current period, this amount represents liabilities subject to the Company's supplier financing arrangements.

(\*2) This represents a financial liability recognized in relation to the transfer of foreign currency trade receivables that did not meet the criteria for derecognition. The Company's trade receivables have been pledged as collateral for this liability (Notes 8, 10 and 40).

### (2) Details of supplier financing arrangements

The Company has entered into supplier financing arrangements with certain major domestic suppliers. Participation in the program is at the discretion of the suppliers. Under the arrangement, participating suppliers may elect to receive early payment of their receivables from financial institutions. If a supplier opts for early payment, the related fees are borne by the supplier and paid to the financial institution, not the Company. For the financial institution to make early payments, the Company must first receive the goods or services and approve the related invoices. The financial institution then settles the amount with the supplier before the original due date.

In all cases, the Company settles its payables by remitting the full invoice amount to the financial institution on the originally agreed payment date. The payment terms with suppliers are not renegotiated as a result of the arrangement. The Company does not provide any collateral to the financial institutions. All liabilities arising from the supplier financing arrangements are included in borrowings in the statement of financial position.

As of the end of the reporting period, the outstanding balance of liabilities under the supplier financing arrangements is as follows:

(in thousands of Korean won)	2024	2023
Carrying amount of borrowings under supplier financing arrangements	206,661,546	184,993,204

As of the end of the current period, the range of payment due dates for liabilities under supplier financing arrangements, as well as for comparable trade payables not subject to such arrangements, is as follows:

(in thousands of Korean won)	Range of payment due dates
Financial liabilities under supplier financing arrangements	180 days
Comparable financial liabilities not subject to supplier financing arrangements	30~60 days

## 23. Other Current Liabilities

(in thousands of Korean won)	2024	2023
Unearned revenue	1,408,270	1,484,678
Withholdings	2,374,126	4,144,611
Other current liabilities	4,658,690	5,049,545
Total	8,441,086	10,678,834

## 24. Other Non-current Liabilities

(in thousands of Korean won)	2024	2023
Rental deposits	9,000	9,000
Non-current payables	1,470,000	-

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Total	1,479,000	9,000
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**25. Net Defined Benefit Liability**

**(1) Details of net defined benefit liability**

(in thousands of Korean won)	2024	2023
Present value of defined benefit obligation	40,352,339	31,769,205
Less: Fair value of plan assets	(25,398,074)	(22,132,947)
Less: Transferred amount to national pension fund	(4,036)	(4,036)
Net defined benefit liability	14,950,229	9,632,222

**(2) Changes in defined benefit liability**

(in thousands of Korean won)	2024	2023
Beginning balance	31,769,205	29,389,684
Current service	2,629,663	2,675,598
Interest cost	952,211	1,327,812
Past service cost and gains or losses on settlement	2,655,873	-
Remeasurements:		
-Actuarial gains and losses arising from changes in demographic assumptions	1,129	(31,795)
-Actuarial gains and losses arising from changes in financial assumptions	3,774,785	1,446,138
-Actuarial gains and losses arising from experience adjustments	1,138,927	(406,813)
Payments made by the plan:		
-Benefits paid	(2,849,994)	(3,182,009)
Transfers to/from related parties	280,540	550,590
Ending balance	40,352,339	31,769,205

**(3) Changes in plan assets**

(in thousands of Korean won)	2024	2023
Beginning balance	22,132,947	19,651,869
Interest income	907,603	933,565
Remeasurements:		
- Return on plan assets, excluding amounts included in net interest	(125,296)	(102,487)
Contributions:		
-Employer	4,500,000	4,178,980
Payments made by the plan:		
-Benefits paid	(1,993,345)	(2,538,212)
Transfers to/from related parties	(23,835)	9,232
Ending balance	25,398,074	22,132,947

**(4) Details of plan assets**

(in thousands of Korean won)	2024		2023	
	Amount	Proportion(%)	Amount	Proportion(%)
Interest-guaranteed insurance contracts	1,929,725	7	4,929,144	22
Principal-protected equity-linked product	19,748,389	78	5,819,612	26
Term deposits and other interest-bearing instruments	3,719,959	15	11,384,192	52
Total	25,398,073	100	22,132,948	100

**(5) Key actuarial assumptions**

	2024	2023
Discount rate	3.78%	4.34%
Salary increase rate	4.02%	4.29%

**(6) Sensitivity analysis of the defined benefit obligation to changes in key actuarial assumptions**

	Impact on the defined benefit obligation		
	Changes in key actuarial assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	1%	- 4.17%	+ 4.66%
Salary increase rate	1%	+ 4.62%	- 4.21%

The above sensitivity analysis is based on the assumption that all other actuarial assumptions remain unchanged. However, in practice, assumptions are interrelated and may change simultaneously. The sensitivity of the defined benefit obligation to changes in key actuarial assumptions has been calculated using the same projected unit credit method that is applied in the measurement of the defined benefit obligation recognized in the statement of financial position.

The methods and assumptions used in the sensitivity analysis are consistent with those applied in the prior year.

**(7) Effect of the defined benefit plan on future cash flows**

The expected contributions to the defined benefit plan for the year ending December 31, 2025, amount to KRW 3,173 million.

A maturity analysis of the undiscounted pension benefit payments as at the end of the reporting period is as follows:

(in thousands of Korean won)	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>Benefit payments</b>	4,141,171	4,143,720	10,831,367	29,843,712	48,959,970

The weighted average duration of the defined benefit obligation is 4.18 years.

**26. Income Tax Expense and Deferred Tax**

**(1) Details of income tax expense**

(in thousands of Korean won)	2024	2023
Current income tax		
Current tax on profit or loss	28,016,330	28,767,316
Adjustments in respect of prior years	768,809	(701,751)
Current tax under the Investment and Coexistence Promotion Tax Scheme (*)	-	(2,307,352)
Total current income tax	28,785,139	25,758,213
Deferred tax		
Changes in temporary differences	(1,544,747)	(641,805)
Total deferred tax effect	(1,544,747)	(641,805)
Income tax expense	27,240,392	25,116,408

(\*) In accordance with the Investment and Coexistence Promotion Tax Scheme, the Company is subject to an additional corporate income tax if a certain portion of taxable income from the prior year is not used for qualifying investments, wage increases, or dividend distributions as prescribed by the tax law. Accordingly, there is uncertainty in estimating the amount of corporate income tax, as the actual levels of taxable income, investment, wage growth, and dividends during the effective period of the scheme may differ from the Company's estimates as of the end of the prior reporting period.

**(2) Reconciliation of income tax expense and accounting profit**

(in thousands of Korean won)	2024	2023
Profit before income tax	107,241,173	128,009,575
Tax at applicable tax rate	24,310,711	29,108,212
Income tax effects:		
Non-deductible expenses	920,267	351,516
Non-taxable income	(2,686)	(79,325)
Change in unrecognized deferred tax assets	1,333,065	(1,363,204)
Adjustments in respect of prior years	768,809	(701,751)

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Additional tax (refund) under retained earnings recapture scheme	-	(2,307,352)
Other differences	(89,774)	108,312
Total income tax expense	27,240,392	25,116,408
Effective tax rate (Income tax expense / Profit before income tax)	25.4%	19.62%

**(3) Income tax effect related to components of other comprehensive income**

(in thousands of Korean won)	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on FVOCI financial assets	2,082,500	(481,058)	1,601,442	3,857,150	(896,739)	2,960,411
Revaluation surplus of property, plant and equipment	-	-	-	10,298,204	(2,378,885)	7,919,319
Remeasurements of net defined benefit liability	(5,040,137)	1,164,272	(3,875,865)	(1,110,017)	250,693	(859,324)
Total	(2,957,637)	683,214	(2,274,423)	13,045,337	(3,024,931)	10,020,406

**(4) Deferred tax recognized directly in equity**

(in thousands of Korean won)	2024	2023
Gain (loss) on FVOCI financial assets	(481,058)	(896,739)
Revaluation surplus of property, plant and equipment	-	(2,378,885)
Remeasurements of net defined benefit liability	1,164,272	250,693

**(5) Expected timing of realization and settlement of deferred tax assets and liabilities**

(in thousands of Korean won)	2024	2023
Deferred tax assets		
Expected to be realized after more than 12 months	3,496,784	2,284,555
Expected to be realized within 12 months	7,219,408	6,328,183
Gross deferred tax assets	10,716,192	8,612,738
Deferred tax liabilities		
Expected to be realized after more than 12 months	(2,378,885)	(2,378,885)
Expected to be realized within 12 months	(180,479)	(304,985)
Gross deferred tax liabilities	(2,559,364)	(2,683,870)
Net deferred tax assets (liabilities)	8,156,828	5,928,868

**(6) Movements in deferred tax assets and liabilities before offsetting**

(in thousands of Korean won) 2024	Beginning	Increase (Decrease)		Ending
		Recognized in profit or loss	Recognized in OCI	
Deferred tax assets				
Net defined benefit liability	646,985	64,188	-	711,173
Remeasurements of net defined benefit liability	1,578,059	-	1,164,272	2,742,331
Fair value gain(loss) on financial assets	1,463,735	789,683	(481,058)	1,772,360
Inventory valuation allowance	1,969,120	(49,466)	-	1,919,654
Allowance for doubtful accounts	896,154	154,232	-	1,050,386
Others	2,058,685	461,602	-	2,520,287
Sub-total	8,612,738	1,420,239	683,214	10,716,191
Deferred tax liabilities				
Accrued income	(304,985)	124,507	-	(180,478)
Revaluation surplus of property, plant and equipment	(2,378,885)	-	-	(2,378,885)
Sub-total	(2,683,370)	124,507	-	(2,559,363)

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Net deferred tax assets (liabilities)	5,928,868	1,544,746	683,214	8,156,828
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(in thousands of Korean won) 2023	Beginning	Increase (Decrease)		Ending
		Recognized in profit or loss	Recognized in OCI	
Deferred tax assets				
Net defined benefit liability	930,871	(283,886)	-	646,985
Remeasurements of net defined benefit liability	1,327,366	-	250,693	1,578,059
Fair value gain(loss) on financial assets	3,079,325	(718,851)	(896,739)	1,463,735
Inventory valuation allowance	891,208	1,077,912	-	1,969,120
Allowance for doubtful accounts	209,536	686,618	-	896,154
Others	1,957,400	101,285	-	2,058,685
Sub-total	8,395,706	863,078	(646,046)	8,612,738
Deferred tax liabilities				
Accrued income	(83,712)	(221,273)	-	(304,985)
Revaluation surplus of property, plant and equipment	-	-	(2,378,885)	(2,378,885)
Sub-total	(83,712)	(221,273)	(2,378,885)	(2,683,870)
Net deferred tax assets (liabilities)	8,311,994	641,805	(3,024,931)	5,928,868

(7) As of the end of the reporting period, the temporary differences for which deferred tax assets or liabilities have not been recognized are as follows:

(in thousands of Korean won)	Details	2024	2023	Explanation
Deductible temporary differences	Bad debt expense	23,154,594	22,039,498	Not deductible for tax purposes
Deductible temporary differences	Investment in subsidiaries	50,569,930	45,914,184	No plan to dispose

## (8) OECD BEPS 2.0 – Pillar Two effect of income taxes

Starting from 2024, under the Global Minimum Tax regime and the Act on International Tax Coordination, the Company is required to pay additional top-up tax for each constituent entity, corresponding to the shortfall between the effective tax rate in the relevant jurisdiction and the minimum tax rate of 15%.

The Company has assessed the impact of the implementation of the Global Minimum Tax regime in the jurisdictions where its constituent entities operate. Based on the assessment, it was concluded that either the jurisdictions qualify for transitional safe harbor relief or the effective tax rates are above the 15% minimum rate. As the Company has continued to operate the same business during the year ended December 31, 2024, as in the previous year, no top-up tax is expected to arise for the current year.

Accordingly, no amount related to the Global Minimum Tax has been recognized as the current income tax expense for the year.

## 27. Equity

(1) The total number of shares the Company is authorized to issue is 50,000,000 shares. The number of issued and outstanding shares is 40,000,000 ordinary shares (2023: 40,000,000 ordinary shares), with a par value of KRW 500 per share.

### (2) Changes in equity

(in thousands of Korean won)	Number of shares	Amount		
		Share capital	Share premium	Total
Jan 1, 2023	40,000,000	20,000,000	47,632,939	67,632,939
Dec 31, 2023	40,000,000	20,000,000	47,632,939	67,632,939
Jan 1, 2024	40,000,000	20,000,000	47,632,939	67,632,939
Dec 31, 2024	40,000,000	20,000,000	47,632,939	67,632,939

## 28. Other Contributed Capital and Other Components of Equity

### (1) Details of other contributed capital

(in thousands of Korean won)	2024	2023
Capital surplus	47,632,939	47,632,939
Treasury shares	(14,316,007)	(14,316,007)
Gain on disposal of treasury shares	(314,206)	(314,206)
Total	33,002,726	33,002,726

### (2) Details of other components of equity

(in thousands of Korean won)	2024	2023
Revaluation surplus of property, plant and equipment	7,919,319	7,919,319
Fair value gain on FVOCI financial assets	1,329,145	1,471,735
Fair value loss on FVOCI financial assets	(1,173,487)	(2,917,520)
Total	8,074,977	6,473,534

## 29. Retained Earnings

### (1) Details of retained earnings

(in thousands of Korean won)	2024	2023
Legal reserve (*)	18,534,266	16,565,124
Unappropriated retained earnings	635,013,348	580,548,994
Total	653,547,614	597,114,118

(\*) In accordance with the Korean Commercial Code, the Company appropriates at least 10% of cash dividends each fiscal year to a legal reserve, until the reserve equals 50% of the Company's paid-in capital. The legal reserve is not available for distribution as cash dividends but may be utilized to offset retained losses or to increase capital through a capitalization of reserves. If the total amount of the capital reserve and legal reserve exceeds 1.5 times the Company's paid-in capital, the excess amount may be reversed or reclassified by a resolution of the general meeting of shareholders.

### (2) Statement of appropriation of retained earnings

The statement of appropriation of retained earnings for the year ended December 31, 2024, will be approved at the shareholders' meeting on March 26, 2025. The prior year's appropriation was approved on March 28, 2024.

(in thousands of Korean won)	2024		2023	
Unappropriated retained earnings		635,013,348		580,548,994
Unappropriated retained earnings carried forward from prior year	558,888,432		478,515,151	
Net income for the current year	80,000,781		102,893,167	
Remeasurements of net defined benefit liability	(3,875,865)		(859,324)	
Appropriation of retained earnings		21,660,562		21,660,562
Legal reserve	1,969,142		1,969,142	
Dividends				
Cash dividends (dividend per share(rate):				
Current year KRW500(100%),	19,691,420		19,691,420	
Prior year KRW500(100%)				
Unappropriated retained earnings to be carried forward		613,352,786		558,888,432



### 30. Revenue from Contracts with Customers and Related Contract Liabilities

#### (1) Revenue from contracts with customers

(in thousands of Korean won)	2024	2023
Revenue recognized at a point in time	1,718,926,769	1,658,328,577
Revenue from other sources: rental income	97,320	97,320
Total revenue	1,719,024,089	1,658,425,897

#### (2) Contract liabilities

The Company accounted for liabilities arising from contracts with customers as advances received (Note 23).

### 31. Classification of expense by nature

(in thousands of Korean won)	2024	2023
Changes in finished goods and work-in-progress	(5,069,078)	33,256,909
Raw materials and consumables used	866,823,263	841,600,081
Outsourcing costs	533,320,647	482,377,002
Employee benefits expense	47,611,472	47,597,477
Freight and transportation expenses	26,660,480	13,379,748
Commission expenses	76,777,857	59,958,500
Packaging and sample expenses	8,306,104	7,049,403
Rental and building management expenses	945,540	880,829
Depreciation and amortization	3,429,751	3,269,338
Share-based compensation expense	-	3,010,749
Other expenses	24,690,529	22,454,411
Total of cost of sales and selling and administrative expenses	1,583,496,565	1,514,834,447

### 32. Selling and Administrative Expenses

(in thousands of Korean won)	2024	2023
Salaries and wages	38,786,440	41,052,341
Retirement benefit expenses	5,330,145	2,814,996
Employee welfare expenses	6,883,816	7,178,700
Travel and transportation expenses	142,947	144,279
Overseas travel expenses	3,618,807	3,695,408
Entertainment expenses	655,556	541,601
Communication expenses	286,338	302,514
Depreciation expenses	590,244	510,672
Depreciation of right-of-use assets	2,655,975	2,542,586
Depreciation of investment property	6,898	5,507
Amortization of intangible assets	176,634	210,574
Lease payments	95,535	101,904
Freight and transportation expenses	12,756,792	6,727,381
Commission expenses	76,777,857	59,958,500
Export-related expenses	139,421	149,138
Samples and packaging expenses	8,294,928	6,944,487
Bad debt expenses	113,794	670,922
Share-based compensation expenses	-	3,010,749
Other expenses	4,267,305	4,105,751
Total	161,579,432	140,668,010

### 33. Other Income

(in thousands of Korean won)	2024	2023
Foreign exchange gains	32,882,172	38,655,727

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Gain on foreign currency translation	12,796,807	6,049,246
Fair value gain on financial assets at FVTPL	1,805,160	3,990,120
Gain on disposal of financial assets at FVTPL	5,215	-
Gain on disposal of financial assets at FVOCI	451,525	478,802
Gain on disposal of investment in subsidiaries	605,278	-
Reversal of impairment loss on investment in subsidiaries	2,549,259	-
Dividend income	3,725,767	565,815
Commission income	2,993,128	2,244,497
Gain on lease termination	93,475	44,693
Reversal of allowance for doubtful accounts	1,930,592	-
Others	1,796,411	3,777,935
Total	61,634,789	55,806,835

**34. Other Expenses**

(in thousands of Korean won)	2024	2023
Foreign exchange losses	36,593,144	39,771,463
Loss on foreign currency translation	18,078,921	3,921,938
Loss on disposal of trade receivables	14,121,301	14,372,185
Fair value loss on financial assets at FVTPL	3,916,421	1,407,761
Loss on disposal of financial assets at FVTPL	-	702
Loss on disposal of financial assets at FVOCI	-	523,842
Loss on disposal of investment in subsidiaries	-	1,742,433
Impairment loss on investment in subsidiaries	2,605,260	-
Other bad debt expenses	3,045,688	-
Other expenses	4,990,207	4,113,145
Total	83,350,942	65,853,469

**35. Financial Income**

(in thousands of Korean won)	2024	2023
Interest income from financial assets measured at amortized cost	4,824,043	5,546,544
Interest income from financial assets measured at fair value	5,433,338	5,238,356
Total	10,257,381	10,784,900

**36. Financial Expenses**

(in thousands of Korean won)	2024	2023
Interest expense on financial liabilities	16,827,579	16,320,140

**37. Earnings per Share**

**(1) Basic earnings per share**

Basic earnings per share is calculated by dividing the Company's net income for the period by the weighted average number of ordinary shares outstanding during the period.

(in Korean won, shares)	2024	2023
Net income attributable to ordinary shareholders (A)	80,000,781,238	102,893,167,073
Weighted average number of ordinary shares (B)(*)	39,382,839	39,312,136
Basic earnings per share (A/B)	2,031	2,617

(\*) The weighted average number of ordinary shares outstanding for the current year was calculated based on the total number of issued shares (40,000,000 shares), adjusted for changes in treasury shares during the period.

**(2) Diluted earnings per share**

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The Company did not have any dilutive potential ordinary shares during the reporting period. Accordingly, basic earnings per share is equal to diluted earnings per share.

### 38. Dividends

The Company paid dividends of KRW 19,691 million for the current year and KRW 19,620 million for the prior year, corresponding to KRW 500 per share in both years.

The dividends per share and total dividends for the current fiscal year are KRW 500 and KRW 19,691 million, respectively. These dividends are to be proposed as an agenda item at the annual general meeting of shareholders scheduled on March 26, 2025. The financial statements for the current year do not reflect the proposed dividends, as they have not yet been approved.

### 39. Cash Flows

#### (1) Cash generated from operations

(in thousands of Korean won)	2024	2023
Net income for the year	80,000,781	102,893,167
Adjustments:		
Income tax expense(income)	27,240,392	25,116,408
Financial income	(10,257,381)	(10,784,900)
Financial expense	16,827,579	16,320,140
Dividend income	(3,725,767)	(565,815)
Inventory valuation loss	8,310,190	8,524,327
Reversal of inventory valuation loss	(8,524,327)	(3,841,411)
Depreciation	590,244	510,672
Depreciation of right-of-use assets	2,655,975	2,542,586
Depreciation of investment property	6,898	5,507
Amortization of intangible assets	176,633	210,574
Bad debt expense and other impairment	3,159,482	670,922
Reversal of other provisions	(1,930,592)	-
Retirement benefit expense	5,330,145	2,814,996
Impairment loss on investments in subsidiaries	2,605,260	-
Reversal of impairment loss on investments in subsidiaries	(2,549,259)	-
Loss on disposal of investments in subsidiaries	-	1,742,433
Gain on disposal of investments in subsidiaries	(605,278)	-
Fair value loss on financial assets at FVTPL	3,916,421	1,407,761
Fair value gain on financial assets at FVTPL	(1,805,160)	(3,990,120)
Loss on disposal of financial assets at FVTPL	-	702
Gain on disposal of financial assets at FVTPL	(5,215)	-
Loss on disposal of financial assets at FVOCI	-	523,842
Gain on disposal of financial assets at FVOCI	(451,525)	(478,802)
Gain on disposal of property, plant and equipment	(139,026)	(37,541)
Loss on disposal of property, plant and equipment	11,793	-
Gain on lease termination	(93,475)	(44,693)
Foreign currency translation loss	18,078,921	3,921,938
Foreign currency translation gain	(12,796,807)	(6,049,246)
Changes in trade receivables	(7,448,612)	(8,103,216)
Changes in other receivables	(299,045)	597,549
Changes in inventories	(26,530,471)	50,158,237
Changes in other current assets	(16,032,807)	14,621,337
Changes in trade payables	1,209,933	293,808
Changes in other payables	2,562,445	203,775
Changes in other current liabilities	(2,237,747)	688,988
Retirement benefits paid	(856,649)	(643,797)
Increase in plan assets	(4,500,000)	(4,178,980)

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Share-based compensation expense	-	3,010,749
Net cash generated from operating activities	71,893,949	198,061,897

**(2) Changes in liabilities arising from financing activities**

(in thousands of Korean won) 2024	Beginning balance	Financing cash flows	Non-cash changes			Ending balance
			Effect of exchange rate changes	Increase in right-of-use assets, etc.	Others	
Borrowings	66,677,984	23,767,638	2,702,805	-	-	93,148,427
Supplier financing arrangement	184,993,204	8,850,037	12,818,304	-	-	206,661,545
Lease liabilities	5,844,126	(2,509,848)	-	3,218,284	(1,274)	6,551,288
Total	257,515,314	30,107,827	15,521,109	3,218,284	(1,274)	306,361,260

(in thousands of Korean won) 2023	Beginning balance	Financing cash flows	Non-cash changes			Ending balance
			Effect of exchange rate changes	Increase in right-of-use assets, etc.	Others	
Borrowings	133,228,082	(66,201,751)	(339,347)	-	-	66,677,984
Supplier financing arrangement	239,566,134	(50,521,240)	(4,051,690)	-	-	184,993,204
Lease liabilities	3,863,850	(2,486,173)	-	4,453,558	12,891	5,844,126
Total	376,658,066	(119,218,164)	(4,391,037)	4,453,558	12,891	257,515,314

**(3) Significant non-cash transactions**

(in thousands of Korean won)	2024	2023
Reclassification from advances to short-term/long-term loans	-	9,994,052
Transfer of retirement benefit obligations to/from related parties	280,540	541,359
Increase in right-of-use assets	6,381,011	7,572,035
Reclassification of FVOCI financial assets between current and non-current	70,025,106	19,491,364
Revaluation increase (decrease) in property, plant and equipment	-	10,298,205

**40. Contingent Liabilities and Commitments**

(1) As of the end of the reporting period and the prior period, certain foreign currency trade receivables were pledged as collateral in connection with discounting or assignment of export receivables. Apart from the above, no other assets have been pledged as collateral in relation to the Company's obligations.

(2) As of the end of the reporting period, the Company has received the following guarantees provided by third parties.

(in USD)	Guarantor	Type of guarantee	Guaranteed amount			
			2024		2023	
Joint and several guarantee	CEO	Personal joint and several guarantee	USD	24,000,000	USD	24,000,000
Total			USD	24,000,000	USD	24,000,000

(3) As of the end of the reporting period, details of guarantees provided by the Company to third parties are disclosed in Note 41 – Related Party Transactions.

(4) As of the end of the reporting period, the Company has entered into credit limit agreements amounting to KRW 764,404 million (including USD 513,200 thousand) with financial institutions including KEB Hana Bank, in relation to import of

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raw materials (including USANCE financing), opening of letters of credit, and discounting of export receivables. (At the end of the prior year: KRW 707,823 million, including USD 541,200 thousand)

(5) As of the end of the reporting period, the Company has entered into general loan agreements with financial institutions including Woori Bank, with a total credit limit of KRW 59,400 million (including USD 20,000 thousand).  
(At the end of the prior year: KRW 60,788 million, including USD 20,000 thousand)

(6) The Company has received a payment guarantee of KRW 20,000 thousand from Seoul Guarantee Insurance Company in connection with contract performance.

(7) The Company has entered into management consulting service and trademark license agreements with Hansae YES24 Holdings Co., Ltd.

(8) The Company has entered into production consulting service agreements with HANSAE HCM CO., LTD., HANSAE HANOI CO., LTD., PT. HANSAE INDONESIA SUKSES, and HANSAE GSN S.A.

#### **41. Related Party Transactions**

##### **(1) Status of parent and subsidiaries**

1) As of the end of the reporting period, the Company's parent company is Hansae YES24 Holdings Co., Ltd., which holds 50.49% of the Company's shares.

2) Status of subsidiaries

Company name	Ownership interest		Remark
	2024	2023	
HANSAE VIETNAM CO., LTD.	100%	100%	
HANSAE TN CO., LTD.	40%	40%	(*1)
HANSAE TG CO., LTD.	-	-	(*1)
HANSAE HANOI CO., LTD.	-	-	(*1)
HANSAE HCM CO., LTD.	-	-	(*1)
PT. HANSAE INDONESIA UTAMA	100%	100%	
PT. BOMIN PERMATA ABADI	99.95%	99.95%	(*1)
PT. HANSAE INDONESIA SUKSES	99%	99%	(*1)
HANSAE INTERNATIONAL, S.A.	100%	100%	
HANSAE GUATEMALA, S.A	-	-	(*1)
HANSAE GLOBAL, S.A.	-	-	(*1)
HANSAE PINULA, S.A.	-	-	(*1)
HS APPAREL, S.A.	-	-	(*1)
HANSAE GSN, S.A.	-	-	(*1)
THE GLOBAL GUATEMALA MICHATOYA, S.A.	100%	-	(*2)
HANSAE ECOSPIN, S.A.	100%	-	(*3)
AALFS DOS, S.A.	100%	100%	
HANSAE SEBACO, S.A.	100%	-	(*3)
HANSAE HAITI, S.A.	-	-	(*1)
HANSAE EL SALVADOR, S.A DE C.V.	-	-	(*1)(*3)
MODAS B.I. APPAREL, S.A.	-	-	(*1)
HANSAE MYANMAR CO., LTD.	100%	100%	
HANSAE BAGO CO., LTD.	100%	100%	
APPAREL MANUFACTURING PARTNERS INC.	100%	100%	
TEXOLLINI, INC.	100%	-	(*3)
COLOR & TOUCH CO., LTD.	100%	100%	
C&T VINA CO., LTD.	-	-	(*1)
C&T G-TECH CO., LTD.	-	-	(*1)
COLOR&TOUCH HCM CO., LTD.	-	-	(*1)
C&T GUATEMALA, S.A.	-	-	(*1)(*3)
HS SOURCING CO., LTD.	100%	100%	

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(\*1) The Company holds 100% of the ownership interest, including shares held indirectly through its subsidiaries.

(\*2) In the current year, the entity acquired full ownership of HANSAE INTERNATIONAL, S.A. and carried out a paid-in capital increase.

(\*3) The entity was included in the scope of consolidation as a subsidiary during the current year.

3) Related parties and affiliates having sales, purchases, or financial transactions with the Company

Classification	2024	2023	Remark
Related parties	Yes24 Co.,Ltd	Yes24 Co.,Ltd	Subsidiaries of the parent company
	Dong-A Publishing Co.,Ltd	Dong-A Publishing Co.,Ltd	Subsidiaries of the parent company
	HANSAE MK CO.,LTD	HANSAE MK CO.,LTD	Subsidiaries of the parent company
Affiliates	Woori Global Blockchain Investment Fund No.15	Woori Global Blockchain Investment Fund No.15	-
	Hansae YES24 Rising Star Investment Fund	Hansae YES24 Rising Star Investment Fund	-
	-	Leading D New Technology Investment Fund No.1	-
	-	VTI Partners Healthcare Investment Fund	-
	NH Rhinos Mezzanine General Private Equity Trust	NH Rhinos Mezzanine General Private Equity Trust	-
	BNK Aone Convertible Mezzanine General Private Equity Trust C-s	BNK Aone Convertible Mezzanine General Private Equity Trust C-s	-
	Hansae YES24 Rising Investment Fund No.2	Hansae YES24 Rising Investment Fund No.2	-
	GVA Mezz-J General Private Equity Trust	GVA Mezz-J General Private Equity Trust	-
	VTI Partners EV Investment Fund	VTI Partners EV Investment Fund	-
	Aone Platinum KOSDAQ Venture General Private Equity Trust	Aone Platinum KOSDAQ Venture General Private Equity Trust	-

**(2) Details of transactions with related parties, including sales and purchases**

1) 2024

(in thousands of Korean won)	Company name	Sales	Outsourcing charges	Purchases	Other expenses
Parent company	Hansae YES24 Holdings Co., Ltd	1,706,350	-	-	7,021,740
Subsidiary	HANSAE VIETNAM CO., LTD.	18,974	35,154,510	-	2,076,023
	HANSAE TN CO., LTD.	-	32,776,484	-	-
	HANSAE TG CO., LTD.	311,199	48,409,643	-	1,145,796
	HANSAE HANOI CO., LTD.	-	-	-	8,171,743
	HANSAE HCM CO., LTD.	-	-	-	27,948,608
	PT. HANSAE INDONESIA UTAMA	198,719	27,838,267	-	365,629
	PT. BOMIN PERMATA ABADI	18,739	19,644,946	-	18,739
	PT. HANSAE INDONESIA SUKSES	-	-	-	6,312,173
	HANSAE INTERNATIONAL, S.A.	19,480	68,788,340	-	-
	HANSAE PINULA, S.A.	-	38,167,111	-	308,580
	HS APPAREL S.A.	-	971,800	-	-
	HANSAE GSN, S.A.	-	-	-	8,544,523
	THE GLOBAL GUATEMALA MICHATOYA, S.A.	271,656	-	-	271,656
	TEXOLLINI, INC.	44,273	-	-	-
	HANSAE HAITI, S.A.	-	10,293,198	-	-
	C&T VINA CO., LTD.	256,711	-	-	256,711

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	HANSAE MYANMAR CO., LTD.	482,430	617,471	-	56,775
	HANSAE BAGO CO., LTD.	4,861	-	-	-
	COLOR & TOUCH CO., LTD.	1,517,023	-	117,530,450	1,158,911
	HS SOURCING CO., LTD.	119,331	-	-	84,363
Others	Yes24 Co.,Ltd	-	-	-	206,680
	Dong-A Publishing Co.,Ltd	-	-	-	82,148
	HANSAE MK CO.,LTD(*)	-	-	-	35,464
Total		4,969,746	282,661,770	117,530,450	64,066,262

(\*) The interest expense on the lease liability related to the warehouse lease agreement with HANSAE MK Co., Ltd. amounted to KRW 5,940 thousand for the current year.

**2) 2023**

(in thousands of Korean won)	Company name	Sales	Outsourcing charges	Purchases	Other expenses	Acquisition of right-of-use assets
Parent company	Hansae YES24 Holdings Co., Ltd	184,489	-	-	5,572,546	-
Subsidiary	HANSAE VIETNAM CO., LTD.	101,663	38,771,237	-	2,244,012	-
	HANSAE TN CO., LTD.	-	37,973,758	-	-	-
	HANSAE TG CO., LTD.	145,549	47,988,508	-	630,846	-
	HANSAE HANOI CO., LTD.	-	-	-	8,512,745	-
	HANSAE HCM CO., LTD.	-	-	-	19,921,104	-
	PT. HANSAE INDONESIA UTAMA	41,261	25,179,017	-	230,954	-
	PT. BOMIN PERMATA ABADI	27,788	18,482,085	-	27,788	-
	PT. HANSAE INDONESIA SUKSES	-	-	-	5,748,287	-
	HANSAE INTERNATIONAL, S.A.	588,330	62,576,124	-	-	-
	HANSAE PINULA, S.A.	-	31,438,442	-	249,458	-
	HANSAE GSN, S.A.	-	-	-	5,216,489	-
	THE GLOBAL GUATEMALA MICHATOYA, S.A.	86,648	-	-	86,648	-
	HANSAE HAITI, S.A.	95,932	16,763,559	-	-	-
	C&T VINA CO., LTD.	289,424	-	-	289,424	-
	MYANMAR AYEYARWADDY MANUFACTURING CO.,LTD.	-	253,832	-	-	-
	HANSAE MYANMAR CO., LTD.	291,464	2,433,648	-	56,775	-
	HANSAE BAGO CO., LTD.	10,913	-	-	-	-
	COLOR & TOUCH CO., LTD.	1,003,868	-	105,133,754	786,764	-
	HS SOURCING CO., LTD.	16,868	-	-	10,442	-
Others	Yes24 Co.,Ltd	-	-	-	179,990	-
	Dong-A Publishing Co.,Ltd	-	-	-	60,370	-
	HANSAE MK CO.,LTD(*)	-	-	-	8,918	138,218
Total		2,884,197	281,860,210	105,133,754	49,833,560	138,218

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(\*) The interest expense on the lease liability related to the warehouse lease agreement with HANSAE MK Co., Ltd. amounted to KRW 3,513 thousand in the prior year.

**(3) Significant balances of receivables and payables with related parties**

**1) 2024**

(in thousands of Korean won)	Company name	Receivables					Payables		
		Trade receivables	Other receivables	Prepayments	Loans receivable	Other assets	Trade payables	Other payables	Lease liabilities
Parent company	Hansae YES24 Holdings Co., Ltd	-	11,642	-	80,000,000	-	-	763,200	-
Subsidiary	HANSAE VIETNAM CO., LTD.	-	1,312,693	8,832,809	-	-	-	258,924	-
	HANSAE TN CO., LTD.	-	-	-	-	-	14,016,424	56,187	-
	HANSAE TG CO., LTD.(*)	-	536,353	17,558,551	-	-	-	788	-
	HANSAE HANOI CO., LTD.	-	250,094	-	-	-	-	3,738,181	-
	HANSAE HCM CO., LTD.	-	1,619,602	-	-	-	-	5,089,971	-
	PT. HANSAE INDONESIA UTAMA(*)	-	207,955	23,085,178	-	-	-	10,048	-
	PT. BOMIN PERMATA ABADI(*)	-	535,624	9,589,112	-	-	-	-	-
	PT. HANSAE INDONESIA SUKSES	-	508,001	-	-	-	-	939,751	-
	HANSAE INTERNATIONAL, S.A.	-	10,759	18,486,791	-	-	-	-	-
	HANSAE PINULA, S.A.	-	-	2,307,853	-	-	-	36,156	-
	HS APPAREL S.A.	-	-	-	-	-	985,957	-	-
	HANSAE GSN, S.A.	-	-	-	-	-	-	123,946	-
	TEXOLLINI, INC.	-	-	-	4,410,000	46,741	-	-	-
	HANSAE HAITI, S.A.	108,161	-	4,175,584	-	-	-	-	-
	C&T VINA CO., LTD.	-	211,058	-	-	-	-	-	-
	HANSAE MYANMAR CO., LTD.(*)	-	11,900	6,542,565	11,011,828	743,770	-	-	-
	COLOR & TOUCH CO., LTD.	-	29,334	7,235,490	-	-	-	-	-
	HS SOURCING CO., LTD.	-	3,780	-	2,600,000	-	-	-	-
Others	HANSAE MK CO.,LTD	-	-	-	-	40,000	-	4,911	75,994
	Yes24 Co.,Ltd	-	-	-	-	-	-	2,102	-
	Dong-A Publishing Co.,Ltd	-	-	-	-	-	-	80,078	-
Total		108,161	5,248,795	97,813,933	98,021,828	830,511	15,002,381	11,104,243	75,994

(\*) The above receivables are presented before deduction of allowance for doubtful accounts. As of the end of the reporting period, an allowance for doubtful accounts of KRW 12,007 million has been recognized in relation to the above receivables, and bad debt expense of KRW 3,046 million was recognized during the year.

**2) 2023**

(in thousands of Korean won)	Company name	Receivables					Payables		
		Trade receivables	Other receivables	Prepayments	Loans receivable	Other assets	Trade payables	Other payables	Lease liabilities



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Parent company	Hansae YES24 Holdings Co., Ltd	-	10,450	-	-	-	-	522,300	-
Subsidiary	HANSAE VIETNAM CO., LTD.	-	1,119,933	9,670,059	-	-	-	226,024	-
	HANSAE TN CO., LTD.	421	-	-	-	-	16,709,824	68,490	-
	HANSAE TG CO., LTD.(*)	-	450,839	19,298,497	-	-	-	27,030	-
	HANSAE HANOI CO., LTD.	-	219,368	-	-	-	-	2,820,300	-
	HANSAE HCM CO., LTD.	-	1,296,428	-	-	-	-	5,904,018	-
	PT. HANSAE INDONESIA UTAMA(*)	-	174,007	17,468,611	-	-	-	15,604	-
	PT. BOMIN PERMATA ABADI(*)	-	439,614	8,502,907	-	-	-	-	-
	PT. HANSAE INDONESIA SUKSES	-	412,414	-	-	-	-	492,720	-
	HANSAE INTERNATIONAL, S.A.	-	-	18,383,976	4,857,336	193,637	-	-	-
	HANSAE PINULA, S.A.	-	-	2,904,234	-	-	-	32,200	-
	HANSAE GSN, S.A.	-	53,908	-	-	-	-	147,690	-
	HANSAE HAITI, S.A.	94,873	-	2,032,712	-	-	-	-	-
	C&T VINA CO., LTD.	-	185,128	-	-	-	-	-	-
	HANSAE MYANMAR CO., LTD.	-	10,438	4,572,324	6,219,243	250,480	-	-	-
	HANSAE BAGO CO., LTD.	-	-	-	290,115	10,738	-	-	-
	COLOR & TOUCH CO., LTD.	-	26,950	-	-	-	606,059	8,264	-
	HS SOURCING CO., LTD.	-	1,896	-	500,000	-	-	-	-
Others	HANSAE MK CO.,LTD	-	-	-	-	40,000	-	4,719	120,454
	Yes24 Co.,Ltd	-	-	-	-	-	-	1,440	-
	Dong-A Publishing Co.,Ltd	-	-	-	-	-	-	66,407	-
Total		95,294	4,401,373	82,833,320	11,866,694	494,855	17,315,883	10,337,206	120,454

(\*) The above receivables are presented before deduction of allowance for doubtful accounts. As of the end of the prior year, an allowance for doubtful accounts of KRW 10,892 million had been recognized in relation to the above receivables, and no bad debt expense was recognized during that year.

**(4) Financing transactions with related parties**

**1) 2024**

(in thousands of Korean won)	Company name	Equity contribution	Dividend payment	Repayment of lease liabilities	Loan provided	Loan repayment	Recovery of investment assets including dividends
Parent company	Hansae YES24 Holdings Co., Ltd	-	10,097,654	-	80,000,000	-	-
Subsidiary	HANSAE INTERNATIONAL, S.A.	-	-	-	-	4,857,336	-
	HANSAE SEBACO, S.A.(*2)	196,127	-	-	-	-	-
	HANSAE	-	-	-	8,128,311	3,335,725	-

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	MYANMAR CO., LTD.						
	HANSAE BAGO CO., LTD.	-	-	-	-	290,115	-
	HS SOURCING CO., LTD.	-	-	-	2,600,000	500,000	-
	THE GLOBAL GUATEMALA MICHATOYA, S.A.(*1)	18,047,120	-	-	-	-	-
	IGIS INCOMEPLUS Private Investment Trust III	35,000,000					35,000,000
	HANSAE ECOSPIN S.A.(*2)	9,705,709	-	-	-	-	-
	TEXOLLINI, INC.(*2)	19,732,320	-	-	4,410,000	-	-
	COLOR & TOUCH CO., LTD.	-	-	-	18,023,200	18,023,200	-
Associate	Hansae YES24 Rising Investment Fund No.2	1,250,000	-	-	-	-	-
	Leading D New Technology Investment Fund No.1	-	-	-	-	-	563,289
	VTI Partners Healthcare Investment Fund	-	-	-	-	-	8,360,874
Others	HANSAE MK CO.,LTD	-	-	44,460	-	-	-
Total		48,931,276	10,097,654	44,460	113,161,511	27,006,376	8,924,163

(\*1) In the current year, the entity acquired full ownership of HANSAE INTERNATIONAL, S.A. and carried out a paid-in capital increase.

(\*2) The entity was included in the scope of consolidation as a subsidiary during the current year.

**2) 2023**

(in thousands of Korean won)	Company name	Capital contribution in cash	Dividend payment	Repayment of lease liabilities	Loan provided	Loan repayment	Recovery of investment assets including dividends
Parent company	Hansae YES24 Holdings Co., Ltd	-	8,489,079	-	20,000,000	20,000,000	-
Subsidiary	HANSAE INTERNATIONAL, S.A.	-	-	-	4,857,336	12,673,000	-
	AALFS DOS, S.A.	4,175,040	-	-	-	-	-
	HANSAE MYANMAR CO., LTD.	-	-	-	3,385,148	-	-
	HANSAE BAGO CO., LTD.	7,440,640	-	-	233,086	-	-
	HS SOURCING CO., LTD.	500,000	-	-	500,000	-	-
Associate	Leading D New Technology Investment Fund No.1	-	-	-	-	-	268,571
	Hansae YES24 Rising Investment	1,250,000	-	-	-	-	-

**Hansae Co., Ltd.**  
**Notes to the Separate Financial Statements**  
**December 31, 2024 and 2023**

	Fund No.2						
	GVA Mezz-J General Private Equity Trust	3,000,000	-	-	-	-	-
	VTI Partners Healthcare Investment Fund	5,000,000	-	-	-	-	-
	Aone Platinum KOSDAQ Venture General Private Equity Trust	4,000,000	-	-	-	-	-
Others	HANSAE MK CO.,LTD	-	-	46,887	-	-	-
Total		25,365,680	8,489,079	46,887	28,975,570	32,673,000	268,571

**(5) Guarantees and collateral provided**

1) Guarantees received

(in USD)	Guarantor	Beneficiary	Maximum guarantee period	Guaranteed amount				Guarantee details
				2024		2023		
Joint and several guarantee	CEO	Korea Eximbank	2025-05-29	USD	24,000,000	USD	24,000,000	Loan guarantee
Total				USD	24,000,000	USD	24,000,000	

2) Guarantees provided

As of the end of the reporting period, the Company has provided the following guarantees and collateral in support of the financing and other activities of related parties.

(in thousands of Korean won,in USD)	Company name	Beneficiary	Maximum guarantee period	Guaranteed amount						Guarantee details
				2024			2023			
				Unit	Guarantee limit	Amount utilized	Unit	Guarantee limit	Amount utilized	
Parent company	Hansae YES24 Holdings Co., Ltd	KEB Hana bank	2025-04-17	KRW	4,800,000	-	KRW	4,800,000	1,019,000	Loan guarantee
Subsidiary	HANSAE VIETNAM CO., LTD.	KEB Hana bank	2024-03-08	USD	-	-	USD	5,400,000	4,500,000	
	HANSAE TG CO., LTD.	KB Kookmin bank	2025-04-26	USD	4,950,000	4,500,000	USD	4,950,000	4,385,846	
		Korea Eximbank	2025-06-12	USD	4,000,000	4,000,000	USD	8,000,000	8,000,000	
		Shinhan bank	2025-12-06	USD	8,400,000	7,000,000	USD	10,800,000	7,000,000	
	C&T VINA CO., LTD.	KB Kookmin bank	2025-04-25	USD	8,860,000	8,600,000	USD	2,860,000	2,600,000	
		Korea Eximbank	2025-10-22	USD	6,000,000	6,000,000	USD	16,000,000	7,250,000	
		KEB Hana bank	2029-08-24	USD	31,200,000	25,949,813	USD	31,200,000	26,000,000	
		Shinhan bank	2025-12-21	USD	4,800,000	4,000,000	USD	4,800,000	4,000,000	
	PT. HANSAE INDONESIA UTAMA	KEB Hana bank	2029-02-22	USD	23,000,000	11,102,802	USD	5,000,000	3,878,525	
PT.	Korea	2024-02-02	USD	-	-	USD	2,000,000	2,000,000		

**Hansae Co., Ltd.**  
**Notes to the Separate Financial Statements**  
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	BOMIN PERMATA ABADI	Eximbank								
	HANSAE MYANMAR CO., LTD.	Korea Eximbank	2024-12-30	USD	-	-	USD	9,000,000	2,560,000	
COLOR & TOUCH CO., LTD.	KEB Hana bank	2025-06-16	KRW	600,000	-	KRW	600,000	-		
		2025-06-16	USD	13,200,000	10,446,951	USD	13,200,000	10,276,799		
		2025-12-02	KRW	600,000	-	KRW	600,000	-		
		2025-12-02	USD	16,200,000	12,741,838	USD	16,200,000	12,054,962		
		Woori bank	2025-06-02	USD	12,000,000	9,052,792	USD	12,000,000	6,154,831	
		KDB	2025-11-21	USD	9,600,000	7,226,693	USD	9,600,000	6,326,785	
		NH Bank	2025-11-15	USD	12,000,000	9,919,010	USD	12,000,000	4,985,950	
		KB Kookmin bank	2025-11-11	USD	3,300,000	2,486,144	USD	3,300,000	864,531	
	Suhyup Bank	2025-10-18	USD	2,400,000	1,779,932	USD	2,400,000	1,065,785		
THE GLOBAL GUATEMALA MICHATOYA, S.A.	KEB Hana bank	2029-08-09	USD	72,000,000	19,333,000	USD	24,000,000	11,233,000		
HS SOURCING CO., LTD.	Woori bank	2024-10-02	KRW	-	-	KRW	600,000	-		
		2025-09-08	USD	3,564,000	2,314,000	USD	1,800,000	392,326		
Total				KRW	6,000,000	-	KRW	6,600,000	1,019,000	
				USD	235,474,000	146,452,974	USD	194,510,000	125,529,341	

**(6) Compensation of key management personnel**

The Company considers registered and non-registered executive officers, including outside directors, who have authority and responsibility for planning, directing, and controlling the Company's operations, as key management personnel. The details of compensation for key management personnel during the current and prior years are as follows:

(in thousands of Korean won)	2024	2023
Short-term employee benefits	7,120,453	6,556,107
Post-employment benefits	714,158	1,327,811
Total	7,834,611	7,883,918

**42. Treasury Shares**

During the prior year, the Company disposed of 143,369 treasury shares by contributing them to the employee stock ownership association (ESOA). These shares are subject to a mandatory holding period of four years. The transaction is classified as an equity-settled share-based payment in accordance with Korean International Financial Reporting Standard (K-IFRS) No. 1102, with the grant date being June 29, 2023. The shares were fully vested immediately on the grant date, and accordingly, KRW 3,010,749 thousand was recognized in full as share-based payment expense on that date. After offsetting a gain on disposal of treasury shares of KRW 633 thousand, the Company recognized a loss on disposal of treasury shares of KRW 314,206 thousand. The fair value at the grant date was estimated based on the closing price of the common shares on the grant date, which was KRW 21,000 per share.



**Independent auditor's review report on Internal Accounting Control System**  
(English Translation of a Report Originally Issued in Korean)

**To the Chief Executive Officer of Hansae Co., Ltd.**

**Auditor's Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting ("ICFR") of Hansae Co., Ltd. (the "Company") as of December 31, 2024, based on the "Framework for the Design and Operation of Internal Control over Financial Reporting."

In our opinion, the Company's internal control over financial reporting was, in all material respects, effectively designed and operated as of December 31, 2024, in accordance with the above-mentioned Framework.

We have also audited the consolidated financial statements of Hansae Co., Ltd., which comprise the statement of financial position as of December 31, 2024, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies. We expressed an unqualified opinion thereon in our auditor's report dated March 14, 2025.

**Basis for Opinion on Internal Control over Financial Reporting**

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of this report. We are independent of the Company in accordance with the ethical requirements related to internal control audits in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting**

Management is responsible for the design, implementation, and maintenance of effective internal control over financial reporting, as well as for the assessment of the effectiveness of the internal control over financial reporting included in the report on the operational status of the internal control system.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

**Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting**

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the internal control over financial reporting was maintained effectively, in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether any material weaknesses exist. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material weaknesses in internal control over financial reporting. An audit also includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks.

**Definition and Inherent Limitations of Internal Control over Financial Reporting**

The Company's internal control over financial reporting is a process implemented by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS).

The Company's internal control over financial reporting includes policies and procedures that:



- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with K-IFRS and that receipts and expenditures are made only in accordance with authorizations of management and the board of directors;
- Maintain records that accurately and fairly reflect the transactions and dispositions of the Company's assets within a reasonable level of precision; and
- Provide reasonable assurance regarding the timely prevention or detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, there is a risk that material misstatements in the financial statements may not be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner responsible for the audit that forms the basis of this independent auditor's report on internal control over financial reporting is Yong Kue Lee.

*Samhwa Accounting Corp.*

Seoul, Korea

March 14, 2025

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