

**Hansae Co., Ltd. and Subsidiaries**  
**Consolidated Financial Statements**  
**December 31, 2025 and 2024**

**Hansae Co., Ltd. and Subsidiaries**  
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**December 31, 2025 and 2024**

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

### Opinion

We have audited the consolidated financial statements of Hansae Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hansae Co., Ltd. and its subsidiaries as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

### Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

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

## **Goodwill Impairment Assessment of Fabric Manufacturing and Sales CGUs**

### ***Reason why the matter was determined to be a Key Audit Matter***

As described in Note 18 to the consolidated financial statements, ₩ 13,266 million has been allocated to the fabric manufacturing and sales Cash Generating Units (CGUs) of the goodwill recognized as at December 31, 2025. The Group performed an impairment assessment for fabric manufacturing and sales CGUs in accordance with Korean IFRS 1036 *Impairment of Assets*.

We focused on this area due to the significance of size of goodwill balance for fabric manufacturing and sales and because the assessment of the recoverable amount involves management's judgments about the future results of the business and the discount rates applied to future cash flow forecast.

### ***How our audit addressed the Key Audit Matter***

We have performed the following audit procedures to address the Key Audit Matter.

We involved a valuation specialist as part of the audit team in performing these audit procedures.

- Assessed the appropriateness of valuation model used by management in estimating the value-in-use
- Confirmed that future cash flow estimates are consistent with the business plan approved by the management
- Performed a look-back analysis by comparing actual results for the current year with the prior year forecasts to assess whether management's forecasts included optimistic assumptions
- Assessed the competence and independence of experts engaged by management involved in value-in-use estimation
- Assessed the reasonableness of the key assumptions used in estimating the value-in-use
  - Compared estimation of revenue growth rate, operating margin rate and investing activities of the CGU with historical performances and the current market condition to evaluate whether applied assumptions are consistent
  - Compared long-term growth rate with economic and industry forecasts
  - Compared the discount rate used by management with the discount rate independently calculated by using observable information
- Assessed the result of sensitivity analysis of the discount rates and permanent growth rates used by management in order to assess the impacts of changes in key assumptions on the impairment tests

### **Other Matters**

The consolidated financial statements of the Group for the year ended December 31, 2024, were audited by another auditor who expressed an unqualified opinion on those statements on March 14, 2025.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is KiWon Kim, Certified Public Accountant.

Seoul, Korea  
March 18, 2026

This report is effective as of March 18, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**Hansae Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2025 and 2024**

<i>(in Korean won)</i>	Notes	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,5,7,9,13	₩ 311,588,969,552	₩ 68,826,194,387
Trade and other receivables	5,7,8,10,13,37	209,501,817,279	212,207,362,880
Financial assets at fair value through profit or loss	5,7,13	2,392,309,047	2,928,364,420
Financial assets at fair value through other comprehensive income	5,7,13	-	70,027,165,260
Current investments in associates	14	-	1,244,645,321
Inventories	11	310,413,175,719	302,818,824,916
Other current assets	12	36,992,320,923	28,577,380,002
Current tax assets		1,780,191,023	1,846,110,012
		<u>872,668,783,543</u>	<u>688,476,047,198</u>
<b>Non-current assets</b>			
Long-term other receivables	5,7,10,37	78,496,407,662	94,948,387,186
Financial assets at fair value through profit or loss	5,7,13	42,112,418,898	82,154,225,739
Financial assets at fair value through other comprehensive income	5,7,13	4,501,932,068	124,107,235,651
Investments in associates	14	28,821,417,004	23,664,149,420
Property, plant and equipment	6,15	365,043,818,938	283,335,706,260
Right-of-use assets	6,16	91,040,027,915	73,856,395,473
Investment property	6,17	8,631,031,863	9,111,338,407
Intangible assets	6,18	28,136,297,709	29,070,598,197
Other non-current assets	12	4,289,787,941	5,120,369,725
Deferred tax assets	25	11,916,923,167	10,682,893,032
		<u>662,990,063,165</u>	<u>736,051,299,090</u>
<b>Total assets</b>		<u>₩ 1,535,658,846,708</u>	<u>₩ 1,424,527,346,288</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4,5,7,20,37	₩ 89,615,475,699	₩ 79,910,531,115
Borrowings	4,5,7,8,21	442,797,506,260	424,491,667,735
Lease liabilities	4,5,7,19,37	17,822,127,747	9,924,537,144
Current tax liabilities		14,430,132,866	18,743,644,448
Other current liabilities	22	36,226,444,069	34,873,823,315
		<u>600,891,686,641</u>	<u>567,944,203,757</u>
<b>Non-current liabilities</b>			
Long-term other payables	4,5,7,23,37	1,937,721,522	1,666,829,505
Long-term borrowings	4,5,7,21	125,907,480,828	71,789,830,074
Long-term lease liabilities	4,5,7,19,37	29,546,669,907	31,255,816,449
Net defined benefit liabilities	24	40,267,720,718	39,466,413,080
Deferred tax liabilities	25	2,382,932,749	2,738,499,352
		<u>200,042,525,724</u>	<u>146,917,388,460</u>
<b>Total liabilities</b>		<u>800,934,212,365</u>	<u>714,861,592,217</u>
<b>Equity</b>			
Issued capital	1,26	20,000,000,000	20,000,000,000
Other contributed capital	27	7,770,018,983	43,870,018,983
Other components of equity	27	23,309,747,298	34,358,010,838
Retained earnings	28	683,644,868,062	611,437,724,250
<b>Equity attributable to owners of the Parent</b>		<u>734,724,634,343</u>	<u>709,665,754,071</u>
<b>Non-controlling interests</b>		-	-
<b>Total equity</b>		<u>734,724,634,343</u>	<u>709,665,754,071</u>
<b>Total equity and liabilities</b>		<u>₩ 1,535,658,846,708</u>	<u>₩ 1,424,527,346,288</u>

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

**Hansae Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2025 and 2024**

<i>(in Korean won)</i>	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	6,37	₩ 1,941,776,924,955	₩ 1,797,795,746,533
<b>Cost of sales</b>	11,29,37	<u>(1,680,322,777,927)</u>	<u>(1,489,300,519,637)</u>
<b>Gross profit</b>		261,454,147,028	308,495,226,896
Selling and administrative expenses	28,29,37	<u>(178,037,804,232)</u>	<u>(166,297,519,011)</u>
<b>Operating income</b>		83,416,342,796	142,197,707,885
Other income	31,37	86,147,046,693	67,415,257,231
Other expenses	31,37	(79,123,972,651)	(104,304,759,016)
Finance income	32,37	11,771,078,821	10,768,418,798
Finance costs	32,37	(32,645,041,684)	(29,204,976,602)
Profits of associates and joint ventures accounted for using equity method	14	1,930,994,695	2,259,700,088
Gain on net monetary position		<u>9,242,960,006</u>	<u>-</u>
Profit before tax		80,739,408,676	89,131,348,384
Income tax expense	25	<u>(23,484,203,444)</u>	<u>(30,748,965,705)</u>
<b>Profit</b>		<u>₩ 57,255,205,232</u>	<u>₩ 58,382,382,679</u>
<b>Other comprehensive income</b>			
<i>Other comprehensive income, that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	24	₩ (2,983,395,706)	₩ (7,216,486,074)
Tax effect on net defined benefit liabilities	25	799,714,303	1,687,951,072
Gains (losses) on valuation of financial assets at fair value through other comprehensive income	13	133,114,049	(106,372,769)
Tax effect on other comprehensive income	25	(43,970,583)	24,572,109
Tax effect on gains (losses) on valuation of property, plant and equipment	25	(113,280,251)	-
<i>Other comprehensive income, that will be reclassified to profit or loss</i>			
Gains on valuation of financial assets at fair value through other comprehensive income	13	866,401,250	2,188,872,914
Tax effect on other comprehensive income	25	(200,138,689)	(505,629,643)
Gains (losses) from exchange differences on translation		(18,722,988,405)	31,579,297,591
Changes in equity of associates	14	<u>(30,448,447)</u>	<u>(25,900,780)</u>
<b>Other comprehensive income (loss), net of tax</b>		<u>(20,294,992,479)</u>	<u>27,626,304,420</u>
<b>Total comprehensive income</b>		<u>₩ 36,960,212,753</u>	<u>₩ 86,008,687,099</u>
<b>Profit attributable to:</b>			
Owners of the Parent		₩ 57,255,205,232	₩ 58,036,509,428
Non-controlling interests		-	345,873,251
		<u>₩ 57,255,205,232</u>	<u>₩ 58,382,382,679</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent		₩ 36,960,212,753	₩ 85,662,813,848
Non-controlling interests		-	345,873,251
		<u>₩ 36,960,212,753</u>	<u>₩ 86,008,687,099</u>
<b>Earnings per share attributable to the Owners of the Parent</b>			
Basic and diluted earnings per share	33	₩ 1,454	₩ 1,474

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

**Hansae Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2025 and 2024**

(in Korean won)

Notes	Attributable to owners of the Parent					Non-controlling Interests	Total Equity
	Issued capital	Other contributed capital	Other components of equity	Retained Earnings	Total		
<b>Balance at January 1, 2024</b>	₩ 20,000,000,000	₩ 43,870,018,983	₩ 1,203,171,416	₩ 578,621,169,324	₩ 643,694,359,723	₩ -	₩ 643,694,359,723
<b>Total comprehensive income</b>							
Profit	-	-	-	58,036,509,428	58,036,509,428	345,873,251	58,382,382,679
Changes in scope of consolidation	-	-	-	-	-	(345,873,251)	(345,873,251)
Gains on valuation of financial assets at fair value through other comprehensive income	13,25	-	1,601,442,611	-	1,601,442,611	-	1,601,442,611
Remeasurements of net defined benefit liabilities	24,25	-	-	(5,528,535,002)	(5,528,535,002)	-	(5,528,535,002)
Gains from exchange differences on translation	-	-	31,579,297,591	-	31,579,297,591	-	31,579,297,591
Changes in equity of associates	14	-	(25,900,780)	-	(25,900,780)	-	(25,900,780)
<b>Transactions with owners</b>							
Annual dividends	34	-	-	(19,691,419,500)	(19,691,419,500)	-	(19,691,419,500)
<b>Balance at December 31, 2024</b>	<u>₩ 20,000,000,000</u>	<u>₩ 43,870,018,983</u>	<u>₩ 34,358,010,838</u>	<u>₩ 611,437,724,250</u>	<u>₩ 709,665,754,071</u>	<u>₩ -</u>	<u>₩ 709,665,754,071</u>
<b>Balance at January 1, 2025</b>	₩ 20,000,000,000	₩ 43,870,018,983	₩ 34,358,010,838	₩ 611,437,724,250	₩ 709,665,754,071	₩ -	₩ 709,665,754,071
<b>Effect of Korean IFRS 1029</b>	-	-	7,063,047,536	727,039,483	7,790,087,019	-	7,790,087,019
<b>Total comprehensive income</b>							
Profit	-	-	-	57,255,205,232	57,255,205,232	-	57,255,205,232
Gains on valuation of financial assets at fair value through other comprehensive income	13,25	-	755,406,027	-	755,406,027	-	755,406,027
Remeasurements of net defined benefit liabilities	24,25	-	-	(2,183,681,403)	(2,183,681,403)	-	(2,183,681,403)
Losses from exchange differences on translation	-	-	(18,722,988,405)	-	(18,722,988,405)	-	(18,722,988,405)
Changes in equity of associates	14	-	(30,448,447)	-	(30,448,447)	-	(30,448,447)
Losses on valuation of property, plant and equipment	25	-	(113,280,251)	-	(113,280,251)	-	(113,280,251)
Transfer of capital reserve to retained earnings	-	(36,100,000,000)	-	36,100,000,000	-	-	-
<b>Transactions with owners</b>							
Annual dividends	34	-	-	(19,691,419,500)	(19,691,419,500)	-	(19,691,419,500)
<b>Balance at December 31, 2025</b>	<u>₩ 20,000,000,000</u>	<u>₩ 7,770,018,983</u>	<u>₩ 23,309,747,298</u>	<u>₩ 683,644,868,062</u>	<u>₩ 734,724,634,343</u>	<u>₩ -</u>	<u>₩ 734,724,634,343</u>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**Hansae Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

<i>(in Korean won)</i>	Notes	2025	2024
<b>Cash flows from (used in) operating activities</b>			
Net cash flows from operations	35	₩ 131,185,376,768	₩ 109,071,378,235
Interest received		13,334,143,087	12,016,131,321
Interest paid		(33,789,921,330)	(29,282,722,973)
Income taxes paid		(28,850,984,919)	(39,240,985,486)
Dividends received		<u>3,500,393,410</u>	<u>3,726,709,966</u>
<b>Cash flows from operating activities</b>		<u>85,379,007,016</u>	<u>56,290,511,063</u>
<b>Cash flows from (used in) Investing activities</b>			
Decrease in short-term financial assets		-	20,067,189,177
Decrease in other receivables		6,003,463,809	38,522,231,953
Proceeds from sales of financial assets at fair value through profit or loss	13	408,446,160,654	159,127,505,430
Proceeds from sales of financial assets at fair value through other comprehensive income	13	279,815,813,526	60,152,587,585
Proceeds from sales of property, plant and equipment	15	1,411,328,180	570,728,828
Decrease in long-term other receivables		36,254,168,065	7,711,594,848
Proceeds from sales of investments in associates	14	11,669,678,048	5,560,000,000
Increase in other receivables		(5,084,450,773)	(32,213,676,556)
Purchase of financial assets at fair value through profit or loss	13	(371,359,768,526)	(108,507,126,109)
Purchase of financial assets at fair value through other comprehensive income	13	(89,978,692,308)	(70,811,977,656)
Increase in long-term other receivables		(23,122,052,042)	(83,691,686,471)
Purchase of investment property	17	(634,584,454)	-
Purchase of property, plant and equipment	15	(133,071,289,257)	(58,810,286,496)
Purchase of intangible assets	18	(1,216,301,973)	(726,810,940)
Purchase of investments in associates	14	(9,000,000,000)	(1,250,000,000)
Net cash outflow on business combination	38	<u>(533,121,875)</u>	<u>(19,623,314,533)</u>
<b>Cash flows from (used in) Investing activities</b>		<u>109,600,351,074</u>	<u>(83,923,040,940)</u>
<b>Cash flows from (used in) financing activities</b>			
Proceeds from borrowings	21,35	401,266,412,559	402,260,681,900
Proceeds from payables under supplier finance arrangement	21,35	605,113,622,185	534,170,291,377
Increase in leasehold deposits		144,700,943	-
Repayments of borrowings	21,35	(308,792,454,501)	(370,834,964,672)
Repayments of payables under supplier finance arrangement	21,35	(619,585,488,139)	(510,563,674,849)
Decrease in leasehold deposits		(63,164,795)	-
Repayments of lease liabilities	35	(9,570,447,522)	(14,821,400,681)
Dividends paid	34	<u>(19,691,419,500)</u>	<u>(19,691,419,500)</u>
<b>Cash flows from financing activities</b>		<u>48,821,761,230</u>	<u>20,519,513,575</u>
<b>Increase (decrease) in cash and cash equivalents</b>			
		243,801,119,320	(7,113,016,302)
Cash and cash equivalents at the beginning of period		68,826,194,387	71,934,728,903
Effects of exchange rate changes on cash and cash equivalents		<u>(1,038,344,155)</u>	<u>4,004,481,786</u>
<b>Cash and cash equivalents at the end of period</b>		<u>₩ 311,588,969,552</u>	<u>₩ 68,826,194,387</u>

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

# Hansae Co., Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2025 and 2024

#### 1. General Information

The general information of Hansae Co., Ltd. (hereafter, the "Company") and its subsidiaries (hereafter the "Group") is as follows.

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 issued capital amounts to ₩ 20,000 million and the largest shareholder of the Company is Hansae YES24 Holdings Co., Ltd., which, together with its related parties, holds a 64.69% equity interest in the Company as at December 31, 2025.

#### 1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2025 and 2024, are as follows:

		2025					
Main business		Ownership interest held by the Group			Non-controlling interests	Closing month	Location
		Owners of the Parent	Subsidiaries	Total			
HANSAE VIETNAM CO., LTD.	Apparel manufacturing	100.00%	-	100.00%	-	December	Vietnam
HANSAE TN CO., LTD.	Apparel manufacturing	40.00%	60.00%	100.00%	-	December	Vietnam
HANSAE TG CO., LTD.	Apparel manufacturing	-	100.00%	100.00%	-	December	Vietnam
HANSAE HANOI CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
HANSAE HCM CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
PT. HANSAE INDONESIA UTAMA	Apparel manufacturing	100.00%	-	100.00%	-	December	Indonesia
PT. BOMIN PERMATA ABADI	Apparel manufacturing	99.95%	0.05%	100.00%	-	December	Indonesia
PT. HANSAE INDONESIA SUKSES	Consulting services	99.00%	1.00%	100.00%	-	December	Indonesia
HANSAE INTERNATIONAL S.A.	Apparel manufacturing	100.00%	-	100.00%	-	December	Nicaragua
HANSAE GUATEMALA, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE GLOBAL, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE PINULA, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
MODAS BI, SOCIEDAD	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala

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ANONIMA

HS APPAREL, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE GSN, S.A.	Consulting services	-	100.00%	100.00%	-	December	Guatemala
HANSAE HAITI, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	September (*2)	Haiti
HANSAE EL SALVADOR, S.A DE C.V.	Apparel manufacturing	-	100.00%	100.00%	-	December	El Salvador
THE GLOBAL GUATEMALA MICHATOYA, S.A.	Leasing, development and services business	100.00%	-	100.00%	-	December	Guatemala
HANSAE ECOSPIN, S.A.	Spinning business	100.00%	-	100.00%	-	December	Guatemala
COLOR & TOUCH CO., LTD.	Fabric export	100.00%	-	100.00%	-	December	South Korea
C&T VINA COMPANY LTD.	Textile manufacturing and dyeing	-	100.00%	100.00%	-	December	Vietnam
C&T G-TECH CO., LTD	Garment dyeing and processing	-	100.00%	100.00%	-	December	Vietnam
COLOR&TOUCH HCM CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
C&T GUATEMALA, S.A.	Textile manufacturing and dyeing	-	100.00%	100.00%	-	December	Guatemala
COLOR&TOUCH GUATEMALA, S.A.(*1)	Consulting services	-	100.00%	100.00%	-	December	Guatemala
HANSAE MYANMAR CO., LTD	Apparel manufacturing	100.00%	-	100.00%	-	March (*2)	Myanmar
HANSAE BAGO CO., LTD	Apparel manufacturing	100.00%	-	100.00%	-	March (*2)	Myanmar
APPAREL MANUFACTURING PARTNERS INC.	Apparel manufacturing	100.00%	-	100.00%	-	December	United States
TEXOLLINI, INC.	Textile manufacturing and dyeing	100.00%	-	100.00%	-	December	United States
HS SOURCING CO., LTD.	Wholesale and Retail Business	100.00%	-	100.00%	-	December	South Korea
AALFS DOS S.A.	Leasing, development and services business	100.00%	-	100.00%	-	December	Nicaragua
HANSAE SEBACO, S.A.	Apparel manufacturing	100.00%	-	100.00%	-	December	Nicaragua

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		2024					
		Ownership interest held by the Group			Non-		
	Main business	Owners of the Parent	Subsidiaries	Total	controlling interests	Closing month	Location
HANSAE VIETNAM CO., LTD.	Apparel manufacturing	100.00%	-	100.00%	-	December	Vietnam
HANSAE TN CO., LTD.	Apparel manufacturing	40.00%	60.00%	100.00%	-	December	Vietnam
HANSAE TG CO., LTD.	Apparel manufacturing	-	100.00%	100.00%	-	December	Vietnam
HANSAE HANOI CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
HANSAE HCM CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
PT. HANSAE INDONESIA UTAMA	Apparel manufacturing	100.00%	-	100.00%	-	December	Indonesia
PT. BOMIN PERMATA ABADI	Apparel manufacturing	99.95%	0.05%	100.00%	-	December	Indonesia
PT. HANSAE INDONESIA SUKSES	Consulting services	99.00%	1.00%	100.00%	-	December	Indonesia
HANSAE INTERNATIONAL S.A.	Apparel manufacturing	100.00%	-	100.00%	-	December	Nicaragua
HANSAE GUATEMALA, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE GLOBAL, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE PINULA, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
MODAS BI, SOCIEDAD ANONIMA	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HS APPAREL, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	December	Guatemala
HANSAE GSN, S.A.	Consulting services	-	100.00%	100.00%	-	December	Guatemala
HANSAE HAITI, S.A.	Apparel manufacturing	-	100.00%	100.00%	-	September (*2)	Haiti
HANSAE EL SALVADOR, S.A DE C.V.	Apparel manufacturing	-	100.00%	100.00%	-	December	El Salvador
THE GLOBAL GUATEMALA MICHATOYA, S.A.	Leasing, development and services business	100% (*3)	-	100.00%	-	December	Guatemala
HANSAE ECOSPIN, S.A.	Apparel manufacturing	100.00%	-	100.00%	-	December	Guatemala
COLOR & TOUCH CO., LTD.	Fabric export	100.00%	-	100.00%	-	December	South Korea
C&T VINA COMPANY LTD.	Textile manufacturing and dyeing	-	100.00%	100.00%	-	December	Vietnam
C&T G-TECH CO., LTD	Garment dyeing and processing	-	100.00%	100.00%	-	December	Vietnam
COLOR&TOUCH HCM CO., LTD.	Consulting services	-	100.00%	100.00%	-	December	Vietnam
C&T GUATEMALA, S.A.	Textile manufacturing and dyeing	-	100.00%	100.00%	-	December	Guatemala
HANSAE MYANMAR CO., LTD	Apparel manufacturing	100.00%	-	100.00%	-	March (*2)	Myanmar

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HANSAE BAGO CO., LTD APPAREL MANUFACTURING PARTNERS INC.	Apparel manufacturing	100.00%	-	100.00%	-	March (*2)	Myanmar
TEXOLLINI, INC.	Textile manufacturing and dyeing	100.00%	-	100.00%	-	December	United States
HS SOURCING CO., LTD.	Wholesale and Retail Business	100.00%	-	100.00%	-	December	South Korea
AALFS DOS S.A.	Leasing, development and services business	100.00%	-	100.00%	-	December	Nicaragua
HANSAE SEBACO, S.A. IGIS	Apparel manufacturing	100.00%	-	100.00%	-	December	Nicaragua
INCOMEPLUS Private Investment Trust III (*4)	Investment and asset management	-	-	-	-	March (*2)	South Korea

(\*1) The entity was included as a subsidiary for the year ended December 31, 2025.

(\*2) Although the subsidiary has a different closing month, its financial statements as of the Parent's reporting date were used for consolidation purposes.

(\*3) The Group acquired 100% ownership of HANSAE INTERNATIONAL, S.A. and carried out issuance of shares for the year ended December 31, 2024.

(\*4) The entity was included as a subsidiary for the year ended December 31, 2024, but was excluded in July 2024 due to disposal of interests.

**1.2 Changes in Scope for Consolidation**

Subsidiary newly included and excluded in/from the consolidation for the year ended December 31, 2025:

Subsidiary	Reason
COLOR&TOUCH GUATEMALA, S.A.	Included as a subsidiary through acquisition of an additional 100% of shares

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**1.3 Summarized Financial Information (Excluding Consolidation Adjustments)**

Summarized financial information for consolidated subsidiaries as at and for the years ended December 31, 2025 and 2024, is as follows:

*(in thousands of  
Korean won)*

Subsidiary	2025						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Sales	Profit (loss)		
HANSAE VIETNAM CO., LTD.	₩ 19,639,410	₩ 18,654,216	₩ 985,194	₩ 42,913,779	₩ 5,736,388	₩ 6,149,527	
HANSAE TN CO., LTD.	23,450,488	4,202,717	19,247,771	36,282,094	2,216,119	(880,108)	
HANSAE TG CO., LTD.	44,820,484	50,124,774	(5,304,290)	54,902,689	(878,790)	(445,743)	
HANSAE INTERNATIONAL S.A.	100,752,203	54,425,833	46,326,370	67,658,068	(107,344)	(1,292,968)	
PT. HANSAE INDONESIA UTAMA	52,333,541	59,291,962	(6,958,421)	36,292,950	(2,233,717)	(1,884,012)	
COLOR & TOUCH CO., LTD.	139,411,947	81,582,982	57,828,965	235,102,798	6,397,237	6,336,014	
C&T VINA COMPANY LTD.	106,339,291	97,475,582	8,863,709	96,276,922	172,818	(784,526)	

*(in thousands of  
Korean won)*

Subsidiary	2024						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Sales	Profit (loss)		
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)	

# **Hansae Co., Ltd. and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2025 and 2024**

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#### **1.4 Significant Restrictions on Subsidiaries**

The subsidiaries located in Myanmar, HANSAE MYANMAR CO., LTD. and HANSAE BAGO CO., LTD., are subject to foreign exchange regulations imposed by the local government with respect to the transfer of cash and cash equivalents outside the country. Under these regulations, repatriation of capital in forms other than dividends is prohibited.

## **2. Material Accounting Policies**

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

### **2.1 Basis of Preparation**

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

The consolidated financial statements of the Group have been prepared in accordance with Korean 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 financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value, and
- 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

# Hansae Co., Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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#### 2.2 Changes in Accounting Policies and Disclosures

##### *(a) New and amended standards adopted by the Group*

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

##### *- 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 do not have a significant impact on the consolidated financial statements.

##### *(b) New standards and interpretations not yet adopted by the Group*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

##### *- 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 amendments do not have a significant impact on the consolidated financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities 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).

# Hansae Co., Ltd. and Subsidiaries

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#### *- Annual Improvements to Korean IFRS -Volume 11*

Annual Improvements 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 consolidated 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*

#### *- Amendments to Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that 'contracts to buy or sell such electricity' are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

#### *- Korean IFRS 1118 Presentation and Disclosure in Financial Statements*

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

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

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Management is in review for the impact of applying the new standard on consolidated financial statements. Adoption of the standard is not expected to have an impact on the Group's net profit or loss; however, it will require revenues and expenses in the income statements to be classified into new categories, which is expected to have an impact on the calculation and presentation of operating profit (loss).

#### **2.3 Consolidation**

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

##### *(a) Subsidiaries*

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

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

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

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

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

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained

# **Hansae Co., Ltd. and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

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interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

#### *(b) Associates*

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

## **2.4 Foreign Currency Translation**

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

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

#### *(b) Transactions and balances*

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 or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was 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.

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*(c) Disclosures on financial reporting in hyperinflationary economy*

Assets, liabilities, equity items, income and expenses for each statement of financial position and statement of comprehensive income presented are translated at the closing rate at the end of the reporting period, if the functional currency of the foreign operation is the currency of a hyperinflationary economy, except that comparative consolidated statement of financial position and consolidated statement of comprehensive income are presented at the amounts previously reported as current year amounts in the relevant prior year financial statements, not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

HANSAE HAITI, S.A., a subsidiary of the Group, has a functional currency of Haitian gourde (HTG). As of December 2025, the cumulative inflation rate in Haiti over the past three years exceeded 100%, and accordingly, Haiti was identified as a hyperinflationary economy in accordance with Korean IFRS 1029. In accordance with the standard, the consolidated financial statements have been restated for the changes in the general purchasing power of the functional currency as at the end of the reporting period and, as a result, are stated in terms of the measuring unit current at the end of the reporting period.

The price index applied for Haiti as at the end of the reporting period is the Haitian Consumer Price Index (CPI). The CPI for the past five years and the conversion factors applied in the restatement of the financial statements are as follows:

Date	Consumer Price Index	Conversion factors
December 31, 2025	576	1.00
December 31, 2024	461	1.25
December 31, 2023	359	1.61
December 31, 2022	296	1.95
December 31, 2021	200	2.89

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

Non-monetary assets and liabilities were restated by applying conversion factors reflecting the Haitian Consumer Price Index. The gain or loss on the net monetary position of the Group is included in profit or loss in the consolidated statement of comprehensive income in accordance with Korean IFRS 1029 *Financial Reporting in Hyperinflationary Economies*. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, resulting in a loss on the net monetary position. The gain or loss on the net monetary position may be derived as the difference resulting from the restatement of non-monetary assets, non-monetary liabilities, owners' equity and items in the statement of comprehensive income.

# Hansae Co., Ltd. and Subsidiaries

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#### 2.5 Financial Assets

##### *(a) Classification*

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

- those to be measured at fair value (with changes in fair value recognized in other comprehensive income or profit or loss), and
- those to be measured at amortized cost

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

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

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

##### *(b) Measurement*

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

##### *A. Debt instruments*

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other

## Hansae Co., Ltd. and Subsidiaries

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comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.

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

#### *B. Equity instruments*

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

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

#### *(c) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

#### *(d) Recognition and Derecognition*

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

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the statement of financial position (Note 21).

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

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

#### **2.6 Trade Receivables**

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

#### **2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the total average 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 Group 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 of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

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	<b>Typical estimated useful lives</b>
Buildings	10 – 50 years
Structures	3 – 10
Machinery	5 – 15
Vehicles	4 – 6
Furniture and fixtures	2 – 15
Equipment	5 – 15

The assets' 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 or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**2.11 Government Grants**

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

**2.12 Intangible Assets**

Goodwill is measured as described in Note 2.3 (a), and carried at cost less accumulated impairment losses.

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

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<b>Typical estimated useful lives</b>
Software	5 - 10 years
Other intangible assets	4 - 50

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#### **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. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group 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 and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 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 Group 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**

##### *(a) Classification and measurement*

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

The Group 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 cost and present as 'trade and other payables', and 'borrowings' in the statement of financial position.

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

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

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#### *(b) Derecognition*

Financial liabilities are removed from the statement 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 Contracts**

- Financial guarantee contracts issued by the Group are initially measured at fair value and subsequently measured at the higher of the following amounts. Such contracts are recognized as 'other financial liabilities': the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

#### **2.18 Provisions**

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

#### **2.19 Current and Deferred Tax**

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction

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

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

#### **2.20 Employee Benefits**

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

The Group operates defined benefit plans. A defined benefit plan is a pension plan that is not a defined contribution plan.

Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depends on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

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

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#### 2.21 Revenue Recognition

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

The Group is engaged in the manufacturing and sale of apparel products ordered by major buyers in the United States. Revenue from the sale of goods is recognized when the goods are delivered to the customer.

##### *(b) Variable consideration*

The Group estimates variable consideration using the expected value method, as it is considered to better predict the amount of consideration to which the Group 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

##### *(a) Lessor*

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

##### *(b) Lessee*

The Group leases various offices and office equipment. Lease contracts are typically entered into for short-term period of one year, but may have extension options as described below.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

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 Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to

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exercise that option, and

- Payments of penalties for terminating the lease, if the lease term reflects the Group (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 Group:

- 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 held by a subsidiary of the Group, which does not have 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases 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 office equipment.

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

The consolidated financial statements 2025 were approved for issue by the Board of Directors on February 6, 2026 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 Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, they can contain a significant risk of causing a material adjustment.

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

#### *(a) Impairment of goodwill*

The recoverable amount of cash-generating units (CGU), used to assess whether goodwill is impaired, is determined based on value in use calculations (Note 18).

#### *(b) Income tax*

The Group's taxable income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 25).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### *(c) Fair value of financial instruments*

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

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#### *(d) Net defined benefit liability*

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

#### *(e) 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).

#### *(f) Net realisable value of inventories*

The net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **4. Financial Risk Management**

### **4.1 Financial Risk Factors**

The Group 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 Group'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 Group 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**

##### *(a) Foreign currency risk*

The Group 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 Group 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 Group is exposed is the USD. The Group regularly evaluates, manages, and reports its exposure to foreign currency-denominated assets and liabilities.

The Group has made certain investments in overseas operations, and the net assets of these foreign operations are exposed to foreign exchange translation risk.

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

<i>(in thousands of Korean won)</i>	<b>Net exposure</b>	
	<b>2025</b>	<b>2024</b>
USD	₩ (254,938,837)	₩ (256,990,582)

The net exposure represents the difference between foreign currency assets and liabilities.

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.

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	<b>Increase 10%</b>	<b>Decrease 10%</b>	<b>Increase 10%</b>	<b>Decrease 10%</b>
USD	₩ (18,078,626)	₩ 18,078,626	₩ (25,699,058)	₩ 25,699,058

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.

*(b) Price risk*

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

*(c) Interest rate risk*

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The objective of the Group's interest rate risk management is to maximize corporate value by minimizing interest expense and uncertainty arising from fluctuations in interest rates. The Group'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 ₩ 5,544 million (2024: ₩ 4,516 million) as at December 31, 2025.

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#### 4.1.2 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or other counterparty fails to meet its contractual obligations. It arises from the Group's normal operating and investing activities. In particular, the Group is exposed to credit risk on its trade receivables and on its deposits held with banks and other financial institutions.

To manage credit risk, the Group 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 Group enters into transactions only with those that have a credit rating of at least 'A' from independent credit rating agencies (Note 13).

During the year ended December 31, 2025, 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, which may exceed the carrying amount of the financial assets recognized in the statement of financial position, is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Guaranteed amount under financial guarantee	₩ 4,800,000	₩ 4,800,000

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

#### 4.1.3 Liquidity Risk

The Group'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 Group takes into account its funding plans, covenant compliance, internal target financial ratios, and any legal or regulatory requirements, including currency restrictions.

Based on these forecasts, 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 at December 31, 2025, the Group has invested ₩ 311,589 million (2024: ₩ 68,826 million) in demand deposits and other instruments that are readily available for withdrawal to manage liquidity risk.

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The maturity profile of the Group'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)

	<b>2025</b>			
	<b>Not later than one year</b>	<b>Later than one year and not later than two years</b>	<b>Later than two years</b>	<b>Total</b>
Borrowings	₩ 456,714,416	₩ 41,100,060	₩ 96,227,149	₩ 594,041,625
Trade and other payables	89,014,130	1,157,197	-	90,171,327
Financial guarantee contracts (*1)	4,800,000	-	-	4,800,000
Lease liabilities	18,251,796	12,260,954	28,159,328	58,672,078
	<u>₩ 568,780,342</u>	<u>₩ 54,518,211</u>	<u>₩ 124,386,477</u>	<u>₩ 747,685,030</u>

(in thousands of Korean won)

	<b>2024</b>			
	<b>Not later than one year</b>	<b>Later than one year and not later than two years</b>	<b>Later than two years</b>	<b>Total</b>
Borrowings	₩ 427,803,578	₩ 28,641,108	₩ 54,631,754	₩ 511,076,440
Trade and other payables	79,910,531	1,666,830	-	81,577,361
Financial guarantee contracts (*1)	4,800,000	-	-	4,800,000
Lease liabilities	10,207,881	12,642,795	31,793,252	54,643,928
	<u>₩ 522,721,990</u>	<u>₩ 42,950,733</u>	<u>₩ 86,425,006</u>	<u>₩ 652,097,729</u>

(\*1) 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.

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**4.2 Capital Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group 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 Group 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 Group 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 consolidated statement of financial position plus net debt.

The gearing ratios at December 31, 2025 and 2024, were as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Total borrowings	₩	568,704,987	₩	496,281,498
Less: cash and cash equivalents		311,588,970		68,826,194
Net debt (A)		<u>257,116,017</u>		<u>427,455,304</u>
Total equity (B)		<u>734,724,634</u>		<u>709,665,754</u>
Total capital (C=A+B)	₩	<u>991,840,651</u>	₩	<u>1,137,121,058</u>
Gearing ratio (A/C)		25.92%		37.59%

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**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 Group's financial assets and financial liabilities.

*(a) Fair value of financial instruments by category*

Carrying amount and fair value of financial instruments by category as at December 31, 2025 and 2024, are as follows:

*(in thousands of Korean won)*

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	W 311,588,970	W (*)	W 68,826,194	W (*)
Trade and other receivables	287,998,225	(*)	307,155,750	(*)
Fund and beneficiary securities	15,815,616	15,815,616	9,361,404	9,361,404
Capital contributions	28,689,112	28,689,112	36,252,886	36,252,886
Contingent convertible bonds	-	-	39,468,300	39,468,300
Government public bonds and others	-	-	189,765,583	189,765,583
Unlisted shares	4,501,932	4,501,932	4,368,818	4,368,818
	<u>W 648,593,855</u>		<u>W 655,198,935</u>	
<b>Financial liabilities</b>				
Trade and other payables	W 90,171,326	W (*)	W 81,577,361	W (*)
Borrowings	568,704,987	568,304,402	496,281,498	497,367,270
Lease liabilities	47,368,798	(*)	41,180,353	(*)
	<u>W 706,245,111</u>		<u>W 619,039,212</u>	

(\*1) Excluded from disclosures as the carrying amount approximates fair value.

(\*2) Excluded from fair value disclosures in accordance with Korean IFRS 1107 'Financial Instruments: Disclosures'.

*(b) 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).

(c) Fair value hierarchy classifications of the financial instruments that are measured at fair value as

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at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Fund and beneficiary securities	₩ -	₩ -	₩ 15,815,616	₩ 15,815,616
Capital contributions	-	-	28,689,112	28,689,112
Financial assets at fair value through other comprehensive income				
Unlisted shares	-	-	4,501,932	4,501,932
Disclosed fair value measurements				
Borrowings	-	568,304,402	-	568,304,402

<i>(in thousands of Korean won)</i>	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Fund and beneficiary securities	₩ -	₩ -	₩ 9,361,404	₩ 9,361,404
Capital contributions	-	-	36,252,886	36,252,886
Contingent convertible bonds	-	-	39,468,300	39,468,300
Financial assets at fair value through other comprehensive income				
Government public bonds and others	189,765,583	-	-	189,765,583
Unlisted shares	-	-	4,368,818	4,368,818
Disclosed fair value measurements				
Borrowings	-	497,367,270	-	497,367,270

*(d) Valuation techniques and 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, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	Fair value		Level	Valuation techniques
	2025	2024		
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Fund and beneficiary securities	₩ 15,815,616	₩ 9,361,404	3	Present value technique and others
Capital contributions	28,689,112	34,409,305	3	Transaction cost
Capital contributions	-	1,843,581	3	Net asset value method
Contingent convertible bonds	-	39,468,300	3	Present value

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	Fair value		Level	Valuation techniques
	2025	2024		
Financial assets at fair value through other comprehensive income				technique
Unlisted shares	2,750,400	2,702,700	3	Guideline public company method
Unlisted shares	1,751,532	1,666,118	3	DCF Method
Disclosed fair value measurements				
Borrowings	568,304,402	497,367,270	2	Present value technique

**6. Operating Segment Information**

The segment information of the Group is presented below in accordance with Korean IFRS 1108 *Operating Segments*.

(a) *Information on segment revenue, operating profit, and other related items*

(in thousands of Korean won)

	2025			
	Apparel manufacturing	Fabric manufacturing	Consolidation adjustments	Total
Revenue	₩ 1,843,525,831	₩ 259,059,518	₩ (160,808,424)	₩ 1,941,776,925
Revenue from contracts with customers (*1)	1,843,168,030	257,280,062	(160,808,424)	1,939,639,668
Revenue from other sources: rental income	357,800	1,779,456	-	2,137,256
Operation income	77,521,276	5,524,196	370,871	83,416,343
Depreciation, amortization and others	34,236,085	12,419,008	-	46,655,093
Gain on net monetary position	9,242,960	-	-	9,242,960

(\*1) Revenue from contracts with customers is recognized when the performance obligation is satisfied at a point in time by transferring goods to the customer.

(in thousands of Korean won)

	2024			
	Apparel manufacturing	Fabric manufacturing	Consolidation adjustments	Total
Revenue	₩ 1,725,725,973	₩ 193,103,495	₩ (121,033,721)	₩ 1,797,795,747
Revenue from contracts with customers (*1)	1,725,628,653	193,103,495	(121,033,721)	1,797,698,427
Revenue from other sources: rental income	97,320	-	-	97,320
Operation income	132,942,068	8,935,949	319,691	142,197,708
Depreciation, amortization and others	27,939,709	6,341,474	-	34,281,183

(\*1) Revenue from contracts with customers is recognized when the performance obligation is satisfied at a point in time by transferring goods to the customer.

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*Contract liabilities*

Contract liabilities related to contracts with customers have been presented as advance received (Note 22).

For the year ended December 31, 2025, revenue recognized in the reporting period includes ₩ 577,181 thousand of revenue that was included in the contract liability balance at the beginning of the period and recognized as revenue as the performance obligation was satisfied during the period.

*(b) Information on segment assets and segment liabilities*

*(in thousands of Korean won)*

	2025			
	Apparel manufacturing	Fabric manufacturing	Consolidation adjustments	Total
Assets	₩ 1,392,555,214	₩ 272,829,881	₩ (129,726,248)	₩ 1,535,658,847
Liabilities	636,594,366	235,606,442	(71,266,596)	800,934,212

*(in thousands of Korean won)*

	2024			
	Apparel manufacturing	Fabric manufacturing	Consolidation adjustments	Total
Assets	₩ 1,290,571,922	₩ 210,874,667	₩ (76,919,243)	₩ 1,424,527,346
Liabilities	560,876,492	166,488,119	(12,503,019)	714,861,592

*(c) Geographical information*

*(in thousands of Korean won)*

	Revenues from external customers		Non-current assets (*1)	
	2025	2024	2025	2024
Korea	₩ 98,066,206	₩ 75,262,341	₩ 31,814,958	₩ 29,747,033
U.S.A.	1,843,710,719	1,722,533,406	19,886,774	20,291,621
Vietnam	-	-	144,293,665	152,628,607
Indonesia	-	-	55,499,321	47,249,876
Nicaragua	-	-	45,488,108	49,253,920
Guatemala	-	-	135,569,910	53,373,778
Myanmar	-	-	42,697,469	37,613,111
Haiti	-	-	9,973,355	3,143,092
El Salvador	-	-	7,627,616	2,073,001
	₩ 1,941,776,925	₩ 1,797,795,747	₩ 492,851,176	₩ 395,374,039

(\*1) Property, plant and equipment, right-of-use assets, investment property, and intangible assets.

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(d) *Information about major customers*

Details of major customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Customer 1	₩	635,602,994	₩	610,697,052
Customer 2		210,982,297		287,925,296
	₩	<u>846,585,291</u>	₩	<u>898,622,348</u>

**7. Financial Instruments by Category**

(a) *Financial assets by category*

Carrying amounts of financial assets by category as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>		<b>2025</b>			
		<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Total</b>	
	<b>Financial assets at amortized cost</b>	<b>income</b>	<b>or loss</b>	<b>or loss</b>	<b>Total</b>
Cash and cash equivalents	₩ 311,588,970	₩ -	₩ -	₩ -	₩ 311,588,970
Trade and other receivables	222,329,420	65,668,805	-	-	287,998,225
Fund and beneficiary securities	-	-	15,815,616	-	15,815,616
Capital contributions	-	-	28,689,112	-	28,689,112
Unlisted shares	-	4,501,932	-	-	4,501,932

<i>(in thousands of Korean won)</i>		<b>2024</b>			
		<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Total</b>	
	<b>Financial assets at amortized cost</b>	<b>income</b>	<b>or loss</b>	<b>or loss</b>	<b>Total</b>
Cash and cash equivalents	₩ 68,826,194	₩ -	₩ -	₩ -	₩ 68,826,194
Trade and other receivables	247,810,988	59,344,762	-	-	307,155,750
Fund and beneficiary securities	-	-	9,361,404	-	9,361,404
Capital contributions	-	-	36,252,886	-	36,252,886
Contingent convertible bonds	-	-	39,468,300	-	39,468,300
Government public bonds and others	-	189,765,583	-	-	189,765,583
Unlisted shares	-	4,368,818	-	-	4,368,818

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*(b) Financial liabilities by category*

Carrying amounts of financial liabilities by category as at December 31, 2025 and 2024, are as follows:

*(in thousands of Korean won)*

	<b>2025</b>		
	<b>Financial liabilities at amortized cost</b>	<b>Others</b>	<b>Total</b>
Trade and other payables	₩ 90,171,326	₩ -	₩ 90,171,326
Borrowings	562,410,584	6,294,403	568,704,987
Lease liabilities	-	47,368,798	47,368,798

*(in thousands of Korean won)*

	<b>2024</b>		
	<b>Financial liabilities at amortized cost</b>	<b>Others</b>	<b>Total</b>
Trade and other payables	₩ 81,577,361	₩ -	₩ 81,577,361
Borrowings	433,133,072	63,148,426	496,281,498
Lease liabilities	-	41,180,353	41,180,353

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

Net gains or losses on each category of financial instruments for the years ended December 31, 2025 and 2024, are as follows:

*(in thousands of Korean won)*

	<b>2025</b>	<b>2024</b>
Financial assets at fair value through profit or loss		
Gains(losses) on valuation	₩ 939,693	₩ (2,111,261)
Gains on disposal	521,340	383,939
Interest income	908,500	1,230,000
Dividend income	3,537,130	175,331
Financial assets at fair value through other comprehensive income		
Gains on valuation(*1)	999,515	2,082,500
Gains(losses) on disposal	(590,954)	451,525
Interest income	5,507,053	4,203,338
Dividend income	12,479	12,479
Financial assets at amortized cost		
Interest income	5,355,526	5,335,081
Foreign exchange gains(losses)	(1,304,111)	4,346,343
Bad debt expense	4,258,876	129,586

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<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Losses on disposal of trade receivables	13,019,674	14,121,301
Financial liabilities at amortized cost		
Interest expenses	27,460,361	25,259,665
Foreign exchange gains (losses)	12,194,231	(19,396,642)
Other financial liabilities		
Commission income	469,541	2,993,128
Interest expense on foreign currency short-term borrowings	1,407,359	2,049,335
Interest expense on lease liabilities	3,777,322	1,895,977
Foreign exchange gains(losses)	129,233	(2,702,805)

(\*1) The amount before income tax effects.

**8. Transfer of Financial Assets**

*(a) Transferred Financial Assets that are not Derecognized in their Entirety*

Under export bill discounting arrangements, the Group has discounted trade receivables with banks for the years ended December 31, 2025 and 2024. As the Group has an obligation to compensate the banks in the event of default by the customers, the transactions meet the definition of receivables with recourse and are therefore accounted for as collateralized borrowings (Note 21).

<i>(in thousands of Korean won)</i>	<b>Discounted trade receivables</b>			
		<b>2025</b>		<b>2024</b>
Carrying amount of assets (Notes 10)	₩	6,294,404	₩	63,148,426
Carrying amount of the associated liabilities (Notes 21)		6,294,404		63,148,426
For those liabilities that have recourse only to the transferred assets				
Fair value of assets		6,294,404		63,148,426
Fair value of the associated liabilities		6,294,404		63,148,426

*(b) Transferred Financial Assets that are Derecognized in their Entirety*

The Group transferred trade receivables to financial institutions, substantially transferring the risks and rewards associated with the receivables. Accordingly, the transferred receivables were derecognized from the consolidated financial statements, and a loss on disposal of ₩ 13,020 million (2024: ₩ 14,121 million) was recognized. As at December 31, 2025, the outstanding amount of receivables transferred but not yet matured is ₩ 384,916 million (2024: ₩ 188,510 million).

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(c) *Transfer of Financial Assets*

For the year ended December 31, 2025, the Group lent government public bonds and corporate bonds under a securities lending agreement with a financial institution. As the Group has not transferred substantially all the risks and rewards associated with the bonds, it continues to recognize the full carrying amount of the government public bonds and corporate bonds. The consideration received from the financial institution is recognized as finance income, and no collateral was received in relation to the transaction.

<i>(in thousands of Korean won)</i>	<b>Financial assets at fair value through other comprehensive income</b>			
	<b>2025</b>		<b>2024</b>	
Carrying amount of assets	₩	-	₩	189,765,583
Fair value of assets		-		189,765,583
Net position	₩	-	₩	189,765,583

**9. Cash and Cash Equivalents**

(a) Cash and cash equivalents as at December 31, 2025 and 2024, consist of:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
	Cash in bank and on hand	₩	972,128	₩
Short-term bank deposits		310,616,842		68,069,681
	₩	311,588,970	₩	68,826,194

(b) As at December 31, 2025, cash and cash equivalents of ₩ 3,018,187 thousand held by HANSAE MYANMAR CO., LTD and HANSAE BAGO CO., LTD in Myanmar are subject to foreign exchange control regulations imposed by the local government (Note 1.4).

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**10. Trade and Other Receivables**

*(a) Composition of trade and other receivables*

*(in thousands of Korean won)*

	2025			2024		
	Receivable amount	Allowance for doubtful accounts	Book amount	Receivable amount	Allowance for doubtful accounts	Book amount
Current assets						
Trade receivables (*1)	₩ 216,307,423	₩ (11,916,766)	₩ 204,390,657	₩ 213,093,272	₩ (8,542,439)	₩ 204,550,833
Short-term loans	4,572,518	-	4,572,518	4,614,219	-	4,614,219
Non-trade receivables	531,356	-	531,356	2,249,652	-	2,249,652
Accrued income	7,286	-	7,286	792,659	-	792,659
	<u>221,418,583</u>	<u>(11,916,766)</u>	<u>209,501,817</u>	<u>220,749,802</u>	<u>(8,542,439)</u>	<u>212,207,363</u>
Non-current assets						
Deposit	9,059,789	-	9,059,789	9,012,256	-	9,012,256
Long-term loans	69,436,619	-	69,436,619	85,936,131	-	85,936,131
	<u>78,496,408</u>	<u>-</u>	<u>78,496,408</u>	<u>94,948,387</u>	<u>-</u>	<u>94,948,387</u>
	<u>₩ 299,914,991</u>	<u>₩ (11,916,766)</u>	<u>₩ 287,998,225</u>	<u>₩ 315,698,189</u>	<u>₩ (8,542,439)</u>	<u>₩ 307,155,750</u>

(\*1) As at December 31, 2025, the Group had transferred trade receivables amounting to ₩ 6,294 million (2024: ₩ 63,148 million) to a bank and received cash in return. The transaction was accounted for as a secured borrowing (Notes 8 and 21). Under the terms of the loan agreement, the Group is obligated to reimburse the bank in the event of default by the underlying customers.

*(b) 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.

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(c) Aging analysis of trade and other receivables

(in thousands of Korean won)

	2025			2024		
	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Financial assets that are not past due	₩ 176,571,867	₩ 83,607,568	₩ 260,179,435	₩ 151,410,863	₩ 102,604,917	₩ 254,015,780
Financial assets that are past due but not impaired						
Less than 3 months	21,156,295	-	21,156,295	51,933,578	-	51,933,578
3 to 6 months	2,635,990	-	2,635,990	418,118	-	418,118
6 to 12 months	3,751,479	-	3,751,479	26	-	26
More than 1 year	275,026	-	275,026	788,248	-	788,248
	<u>204,390,657</u>	<u>83,607,568</u>	<u>287,998,225</u>	<u>204,550,833</u>	<u>102,604,917</u>	<u>307,155,750</u>
Impaired financial assets (*1)	11,916,766	-	11,916,766	8,542,439	-	8,542,439
	<u>₩ 216,307,423</u>	<u>₩ 83,607,568</u>	<u>₩ 299,914,991</u>	<u>₩ 213,093,272</u>	<u>₩ 102,604,917</u>	<u>₩ 315,698,189</u>

(\*1) The Group 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.

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

(in thousands of Korean won)

	2025		2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ 8,542,439	₩ -	₩ 7,828,711	₩ 15,115
Bad debt expense	4,258,876	-	113,794	15,792
Write-off (*1)	(723,474)	-	(317,427)	(30,907)
Exchange differences	(161,075)	-	917,361	-
Ending balance	<u>₩ 11,916,766</u>	<u>₩ -</u>	<u>₩ 8,542,439</u>	<u>₩ -</u>

(\*1) Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the debtor's failure to engage in restructuring negotiations with the Group.

As at December 31, 2025, the maximum exposure to credit risk related to trade receivables is the carrying amount. The Group does not hold any collateral in respect of these receivables.

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**11. Inventories**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Merchandise	₩ 10,350	₩ 158,192
Finished goods	123,291,078	48,109,131
Allowance for valuation losses on finished goods	(1,922,234)	-
Work in progress	75,858,612	128,949,689
Allowance for valuation losses on work in progress	(613,918)	(397,940)
Raw materials	113,415,305	119,920,431
Allowance for valuation losses on raw materials	(8,461,499)	(7,912,250)
Goods-in-transit	8,835,482	13,991,572
	<u>₩ 310,413,176</u>	<u>₩ 302,818,825</u>

The cost of inventories recognized as cost of sales for the year ended December 31, 2025 amounted to ₩ 1,626,860 million (2024: ₩ 1,441,068 million). For the year ended December 31, 2025, the Group recognized a loss on valuation of inventories of ₩ 567 million based on the net realisable value of inventories (2024: reversal of loss on valuation ₩ 214 million) as an expense (income), which was included in cost of sales in the consolidated statement of comprehensive income.

**12. Other current Assets and Other Non-current Assets**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Other current assets		
Advance payments	₩ 9,385,798	₩ 5,348,136
Prepaid expenses	2,830,375	2,739,030
VAT receivables	24,642,432	20,347,771
Other current assets	133,716	142,443
	<u>₩ 36,992,321</u>	<u>₩ 28,577,380</u>
Other non-current assets		
Long-term prepaid expenses	₩ 4,289,788	₩ 5,120,370

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**13. Financial Assets**

*(a) Financial assets measured at fair value*

*(in thousands of Korean won)*

		<b>2025</b>		<b>2024</b>	
<b>Current assets</b>					
Financial assets at fair value through profit or loss	Fund and beneficiary securities	₩	2,392,309	₩	2,928,364
Financial assets at fair value through other comprehensive income	Government public bonds, corporate bonds and others		-		70,027,165
			<u>2,392,309</u>		<u>72,955,529</u>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss	Fund and beneficiary securities		13,423,307		6,433,040
	Capital contributions		28,689,112		36,252,886
	Contingent convertible bonds		-		39,468,300
Financial assets at fair value through other comprehensive income	Government public bonds, corporate bonds and others		-		119,738,418
	Unlisted shares		4,501,932		4,368,818
			<u>46,614,351</u>		<u>206,261,462</u>
		₩	<u>49,006,660</u>	₩	<u>279,216,991</u>

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(b) Movements in financial assets measured at fair value

(in thousands of Korean won)

	2025		2024	
	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	₩ 85,082,590	₩ 194,134,401	₩ 137,430,291	₩ 180,940,986
Acquisition	371,359,769	89,978,692	108,507,126	70,811,978
Fair value gain or loss recognized in profit or loss	939,693	-	(2,111,260)	-
Fair value gain or loss recognized in other comprehensive income	-	592,748	-	2,082,500
Amortization	-	(203,909)	-	-
Disposal	(407,924,820)	(280,000,000)	(158,743,567)	(59,701,063)
Others	(4,952,504)	-	-	-
Ending balance	44,504,728	4,501,932	85,082,590	194,134,401
Less: current portion	(2,392,309)	-	(2,928,364)	(70,027,165)
Non-current portion	₩ 42,112,419	₩ 4,501,932	₩ 82,154,226	₩ 124,107,236

(c) As at December 31, 2025, the maximum exposure to credit risk in respect of debt securities classified as financial assets is equal to their carrying amount.

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(d) *Credit Quality of Financial Assets*

i) 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.

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Counterparties without external ratings		
Group 1	₩ 8,145,052	₩ 845,357
Group 2	168,426,815	150,565,506
Trade receivables that are neither past due nor impaired	<u>₩ 176,571,867</u>	<u>₩ 151,410,863</u>

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

- ii) The Group's bank deposits and short- and long-term time deposits are mostly held with financial institutions that have credit ratings of Aaprovision or higher.
- iii) The Group's financial assets at fair value through other comprehensive income consist of government public bonds and financial debentures issued by institutions with a credit rating of AAA.

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**14. Investments in Associates**

(a) The following table presents the details of investments in associates accounted for under the equity method as of the reporting date.

(in thousands of Korean won)

	2025			2024		
	Percentage of ownership (%)	Acquisition cost	Book amount	Percentage of ownership (%)	Acquisition cost	Book amount
WTIC 15th Fund for Global Blockchain	28.57%	₩ 2,000,000	₩ 1,255,738	28.57%	₩ 2,000,000	₩ 1,244,645
Newborn-HansaeYes24 Risingstar 1st Fund (*1)	34.62%	3,500,000	2,229,687	34.62%	3,500,000	2,325,875
NH Rhinos Mezzanine General Private Equity Trust	-	-	-	45.73%	4,000,000	4,091,699
BNK Aone Convertible Mezzanine General Private Equity Trust C-s	-	-	-	49.17%	3,000,000	3,148,495
Newborn-HansaeYes24 Risingstar 2nd Fund (*2)	49.46%	4,500,000	4,154,877	49.46%	2,500,000	2,220,544
GVA Mezz-J General Private Equity Trust	29.41%	3,000,000	3,585,374	29.41%	3,000,000	3,161,867
VTI Partners EV PEF	36.10%	5,000,000	4,696,681	36.10%	5,000,000	4,790,247
Aone Platinum KOSDAQ Venture General Private Equity Trust	37.57%	4,000,000	4,777,297	37.57%	4,000,000	3,925,423
IGIS Green-ON General Private Equity Trust No.2 (*3)	-	-	-	-	-	-
Aone Convertible KOSDAQ Venture General Private Equity Trust No.3	24.62%	3,000,000	3,169,259	-	-	-
Bricks Capital Sion Investors Private Equity Fund	41.62%	4,952,504	4,952,504	-	-	-
		<u>₩ 29,952,504</u>	<u>₩ 28,821,417</u>		<u>₩ 27,000,000</u>	<u>₩ 24,908,795</u>

(\*1) For the year ended December 31, 2025, Hansae YES24 Rising Star Investment Fund was renamed to Newborn-HansaeYes24 Risingstar 1st Fund.

(\*2) For the year ended December 31, 2025, Hansae YES24 Rising Star Investment Fund No.2 was renamed to Newborn-HansaeYes24 Risingstar 2nd Fund.

(\*3) The Group acquired and sold for the year ended December 31, 2025.

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(b) The following table summarizes the changes in investments in associates accounted for under the equity method for the years ended December 31, 2025 and 2024.

(in thousands of Korean won)

	2025					
	Beginning balance	Acquisition and others	Profits(losses) of investments accounted for using equity method	Changes in equity of associates	Dividends and other returns of investment	Ending balance
WTIC 15th Fund for Global Blockchain	₩ 1,244,645	₩ -	₩ 11,093	₩ -	₩ -	₩ 1,255,738
Newborn-HansaeYes24 Risingstar 1st Fund	2,325,875	-	(96,188)	-	-	2,229,687
NH Rhinos Mezzanine General Private Equity Trust	4,091,699	-	60,408	87,994	(4,240,101)	-
BNK Aone Convertible Mezzanine General Private Equity Trust C-s	3,148,495	-	52,803	(79,992)	(3,121,306)	-
Newborn-HansaeYes24 Risingstar 2nd Fund	2,220,544	2,000,000	(65,667)	-	-	4,154,877
GVA Mezz-J General Private Equity Trust	3,161,867	-	463,832	(38,627)	(1,698)	3,585,374
VTI Partners EV PEF	4,790,247	-	(93,566)	-	-	4,696,681
Aone Platinum KOSDAQ Venture General Private Equity Trust	3,925,423	-	851,874	-	-	4,777,297
IGIS Green-ON General Private Equity Trust No.2	-	4,000,000	577,323	-	(4,577,323)	-
Aone Convertible KOSDAQ Venture General Private Equity Trust No.3	-	3,000,000	169,083	176	-	3,169,259
Bricks Capital Sion Investors Private Equity Fund	-	4,952,504	-	-	-	4,952,504
	₩ 24,908,795	₩ 13,952,504	₩ 1,930,995	₩ (30,449)	₩ (11,940,428)	₩ 28,821,417

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	2024					
	Beginning balance	Acquisition and others	Profits(losses) of investments accounted for using equity method	Changes in equity of associates	Dividends and other returns of investment	Ending balance
WTIC 15th Fund for Global Blockchain	₩ 1,304,116	₩ -	₩ (59,471)	₩ -	₩ -	₩ 1,244,645
Hansae YES24 Rising Star Investment Fund	3,060,119	-	(734,244)	-	-	2,325,875
Leading D New Technology Investment Fund No. 1	632,269	-	(49,870)	(19,110)	(563,289)	-
VTI Partners Healthcare Investment Fund	4,928,546	-	3,432,328	-	(8,360,874)	-
NH Rhinos Mezzanine General Private Equity Trust	4,194,486	-	(55,577)	(47,210)	-	4,091,699
BNK Aone Convertible Mezzanine General Private Equity Trust C-s	3,201,467	-	23,762	77,130	(153,864)	3,148,495
Hansae YES24 Rising Star Investment Fund No.2	1,145,982	1,250,000	(175,438)	-	-	2,220,544
GVA Mezz-J General Private Equity Trust	3,141,108	-	78,342	(36,710)	(20,873)	3,161,867
VTI Partners EV PEF	4,886,592	-	(96,345)	-	-	4,790,247
Aone Platinum KOSDAQ Venture General Private Equity Trust	4,029,212	-	(103,789)	-	-	3,925,423
	₩ 30,523,897	₩ 1,250,000	₩ 2,259,698	₩ (25,900)	₩ (9,098,900)	₩ 24,908,795

(c) Details of financial information of associates

(in thousands of Korean won)

	2025				
	Assets	Liabilities	Equity	Sales	Profit (loss)
WTIC 15th Fund for Global Blockchain	₩ 4,400,293	₩ 5,073	₩ 4,395,220	₩ 103,835	₩ 38,826
Newborn-HansaeYes24 Risingstar 1st Fund(*1)	6,440,611	-	6,440,611	-	(177,837)
Newborn-HansaeYes24 Risingstar 2nd Fund(*2)	8,401,161	-	8,401,161	-	(132,779)
GVA Mezz-J General Private Equity Trust	12,190,497	225	12,190,272	278,616	1,577,027
VTI Partners EV PEF	13,079,948	70,142	13,009,806	16,975	(259,178)
Aone Platinum KOSDAQ Venture General Private Equity Trust	12,988,113	272,871	12,715,242	224,443	2,267,347
Aone Convertible KOSDAQ Venture General Private Equity	12,883,589	11,122	12,872,467	73,311	687,267

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	2025				
	Assets	Liabilities	Equity	Sales	Profit (loss)
Trust No.3					
Bricks Capital Sion Investors					
Private Equity Fund	12,303,175	11,377	12,291,798	(300,461)	(563,742)

(\*1) For the year ended December 31, 2025, Hansae YES24 Rising Star Investment Fund was renamed to Newborn-HansaeYes24 Risingstar 1st Fund.

(\*2) For the year ended December 31, 2025, Hansae YES24 Rising Star Investment Fund No.2 was renamed to Newborn-HansaeYes24 Risingstar 2nd Fund.

**15. Property, Plant and Equipment**

(a) Changes in property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025							
	Land	Buildings	Structures	Machinery	Furniture and supplies	Vehicles	Construction-in-progress	Total
Opening net book amount	₩ 46,702,944	₩ 77,353,648	₩ 9,506,325	₩ 42,706,920	₩ 8,237,508	₩ 2,704,920	₩ 96,123,441	₩ 283,335,706
Acquisitions	-	5,455,931	701,259	24,559,882	7,681,457	761,982	95,911,669	135,072,180
Disposals and others	-	-	(116,218)	(321,490)	(38,417)	(219,353)	(13,946,792)	(14,642,270)
Depreciation	-	(6,788,436)	(2,005,586)	(14,145,706)	(5,188,762)	(754,052)	-	(28,882,542)
Replacement	-	40,903,393	12,948,344	18,609,667	3,179,461	44,678	(75,685,543)	-
Effects of restatement in a hyperinflationary economy (*1)	-	-	1,062,077	1,820,512	139,975	158	-	3,022,722
Exchange differences	(885,279)	(5,800,842)	243,588	(1,412,681)	(274,481)	(71,074)	(4,661,208)	(12,861,977)
Closing net book amount	₩ 45,817,665	₩ 111,123,694	₩ 22,339,789	₩ 71,817,104	₩ 13,736,741	₩ 2,467,259	₩ 97,741,567	₩ 365,043,819
Acquisition cost	₩ 45,817,665	₩ 162,350,108	₩ 34,987,010	₩ 204,615,137	₩ 51,935,946	₩ 6,298,703	₩ 97,741,567	₩ 603,746,136
Accumulated depreciation	-	(51,226,414)	(11,191,105)	(127,908,259)	(38,183,492)	(3,831,444)	-	(232,340,714)
Accumulated impairment	-	-	(1,456,116)	(4,889,774)	(15,713)	-	-	(6,361,603)

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	2024							
	Land	Buildings	Structures	Machinery	Furniture and supplies	Vehicles	Construction-in-progress	Total
Opening net book amount	₩ 22,877,102	₩ 61,159,165	₩ 8,351,980	₩ 39,400,839	₩ 8,104,004	₩ 1,557,512	₩ 76,704,301	₩ 218,154,903
Acquisitions	-	1,931,906	230,777	6,102,520	2,653,539	1,632,019	43,875,014	56,425,775
Business combination (*2)	-	-	359,455	3,525,587	11,073	-	-	3,896,115
Disposals and others	-	(9,833)	-	(206,658)	-	(156,783)	(34,114)	(407,388)
Impairment	-	-	(287,787)	(1,070,442)	(5,645)	-	-	(1,363,874)
Depreciation	-	(5,366,162)	(805,347)	(10,503,463)	(3,490,838)	(612,547)	-	(20,778,357)
Replacement	21,350,456	12,171,326	459,212	727,245	85,967	88,098	(35,255,168)	(372,864)
Others (Exchange differences and others)	2,475,386	7,467,246	1,198,035	4,731,292	879,408	196,621	10,833,408	27,781,396
Closing net book amount	₩ 46,702,944	₩ 77,353,648	₩ 9,506,325	₩ 42,706,920	₩ 8,237,508	₩ 2,704,920	₩ 96,123,441	₩ 283,335,706
Acquisition cost	₩ 46,702,944	₩ 126,229,570	₩ 19,042,863	₩ 182,958,892	₩ 40,955,853	₩ 5,105,842	₩ 96,123,441	₩ 517,119,405
Accumulated depreciation	-	(48,875,922)	(9,223,252)	(139,086,688)	(32,712,200)	(2,400,922)	-	(232,298,984)
Accumulated impairment	-	-	(313,286)	(1,165,284)	(6,145)	-	-	(1,484,715)

(\*1) This is the effect of the application of Korean IFRS 1029.

(\*2) This is the effect of the business combination with TEXOLLINI, INC (Note 38).

(b) The depreciation expense of ₩ 26,558 million was included in cost of sales and ₩ 2,324 million was included in selling and administrative expenses for the year ended December 31, 2025. The depreciation expense of ₩ 19,055 million was included in cost of sales and ₩ 1,723 million was included in selling and administrative expenses for the year ended December 31, 2024.

(c) *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 for the years ended December 31, 2025 and 2024 are as follows. Revaluation surplus arising from asset revaluation is restricted from being distributed as dividends to shareholders.

(in thousands of Korean won)

	2025				
	Beginning balance	Increase	Tax effect	Disposal	Ending balance
Revaluation surplus	₩ 8,561,494	₩ -	₩ (113,280)	₩ -	₩ 8,448,214

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	<b>2024</b>				
	<b>Beginning balance</b>	<b>Increase</b>	<b>Tax effect</b>	<b>Disposal</b>	<b>Ending balance</b>
Revaluation surplus	₩ 8,561,494	₩	- ₩	- ₩	- ₩ 8,561,494

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

*(in thousands of Korean won)*

	<b>2025</b>	
	<b>Carrying amount before revaluation</b>	<b>Carrying amount after revaluation</b>
Land	₩ 34,696,159	₩ 45,817,665

(d) The borrowing costs capitalized on property, plant and equipment for the years ended December 31, 2025 and 2024, are as follows:

*(in thousands of Korean won)*

	<b>2025</b>	<b>2024</b>
Capitalized borrowing costs	₩ 1,350,888	₩ 1,749,129
Capitalization rate	6.11%	7.21%

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**16. Right-of-use Assets and Leases**

Changes in right-of-use assets for the years ended December 31, 2025 and 2024, are as follows:

*(in thousands of Korean won)*

	<b>2025</b>		
	<b>Real estate</b>	<b>Vehicles</b>	<b>Total</b>
Opening net book amount	₩ 73,381,558	₩ 474,837	₩ 73,856,395
Increase	32,390,330	536,810	32,927,140
Depreciation	(15,673,667)	(378,575)	(16,052,242)
Effects of restatement in a hyperinflationary economy (*1)	4,056,780	-	4,056,780
Exchange differences	(3,727,681)	(20,364)	(3,748,045)
Closing net book amount	₩ 90,427,320	₩ 612,708	₩ 91,040,028
Acquisition cost	₩ 178,020,189	₩ 2,009,771	₩ 180,029,960
Accumulated depreciation	(82,788,289)	(1,397,063)	(84,185,352)
Accumulated impairment	(4,804,580)	-	(4,804,580)

(\*1) This resulted from the application of Korean IFRS 1029.

*(in thousands of Korean won)*

	<b>2024</b>		
	<b>Real estate</b>	<b>Vehicles</b>	<b>Total</b>
Opening net book amount	₩ 59,804,577	₩ 353,125	₩ 60,157,702
Increase	23,773,828	305,196	24,079,024
Disposals	(3,069,252)	-	(3,069,252)
Impairment	(1,270,344)	-	(1,270,344)
Depreciation	(12,299,886)	(211,221)	(12,511,107)
Exchange differences	6,442,635	27,737	6,470,372
Closing net book amount	₩ 73,381,558	₩ 474,837	₩ 73,856,395
Acquisition cost	₩ 128,861,101	₩ 1,558,576	₩ 130,419,677
Accumulated depreciation	(54,096,644)	(1,083,739)	(55,180,383)
Accumulated impairment	(1,382,899)	-	(1,382,899)

Depreciation expense of ₩ 11,056 million (2024: ₩ 8,327 million) was charged to 'cost of sales' and ₩ 4,997 million (2024: ₩ 4,184 million) to 'selling and administrative expenses'.

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The future minimum lease payments expected to be received in relation to the operating lease agreement as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Not later than one year	₩	1,524,347	₩	83,880

**17. Investment Properties**

Changes in investment properties for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>					
	<b>Land</b>		<b>Buildings</b>		<b>Total</b>	
Opening net book amount	₩	1,179,911	₩	7,931,427	₩	9,111,338
Acquisition		-		634,584		634,584
Depreciation		-		(413,314)		(413,314)
Exchange differences		(5,593)		(695,983)		(701,576)
Closing net book amount	₩	1,174,318	₩	7,456,714	₩	8,631,032
Acquisition cost	₩	1,174,318	₩	10,934,717	₩	12,109,035
Accumulated depreciation		-		(3,478,003)		(3,478,003)
	<b>2024</b>					
	<b>Land</b>		<b>Buildings</b>		<b>Total</b>	
Opening net book amount	₩	1,151,134	₩	7,501,782	₩	8,652,916
Depreciation		-		(399,750)		(399,750)
Exchange differences		28,777		829,395		858,172
Closing net book amount	₩	1,179,911	₩	7,931,427	₩	9,111,338
Acquisition cost	₩	1,179,911	₩	11,102,153	₩	12,282,064
Accumulated depreciation		-		(3,170,726)		(3,170,726)

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

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Details of profit or loss arising from investment properties for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Rental income	₩	2,137,256	₩	1,934,649
Rental expense		(413,314)		(399,750)
	₩	<u>1,723,942</u>	₩	<u>1,534,899</u>

The valuation of investment properties is performed by an independent valuer who holds a recognized and relevant professional qualification, or is based on the official land price and depreciation adjustments reflecting residual value. As at December 31, 2025, the fair value of investment properties is ₩ 10,290 million (2024: ₩ 12,132 million).

**18. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>			
	<b>Goodwill</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
Opening net book amount	₩ 21,887,197	₩ 1,029,700	₩ 6,153,701	₩ 29,070,598
Acquisitions	-	1,119,612	96,690	1,216,302
Amortization	-	(592,811)	(714,184)	(1,306,995)
Transfer	-	539,660	(539,660)	-
Effects of restatement in a hyperinflationary economy (*1)	-	438	-	438
Exchange differences	(678,412)	(22,907)	(142,726)	(844,045)
Closing net book amount	<u>₩ 21,208,785</u>	<u>₩ 2,073,692</u>	<u>₩ 4,853,821</u>	<u>₩ 28,136,298</u>
Acquisition cost	<u>₩ 21,208,785</u>	<u>₩ 8,350,128</u>	<u>₩ 4,853,821</u>	<u>₩ 34,412,734</u>
Accumulated amortization	-	(6,276,436)	-	(6,276,436)

<i>(in thousands of Korean won)</i>	<b>2024</b>			
	<b>Goodwill</b>	<b>Software</b>	<b>Others</b>	<b>Total</b>
Opening net book amount	₩ 8,062,399	₩ 824,468	₩ 2,462,017	₩ 11,348,884
Acquisitions	-	561,041	165,770	726,811
Business combination (*2)	11,515,661	-	3,089,661	14,605,322
Amortization	-	(386,067)	(205,902)	(591,969)
Exchange differences	2,309,137	30,258	642,155	2,981,550
Closing net book amount	<u>₩ 21,887,197</u>	<u>₩ 1,029,700</u>	<u>₩ 6,153,701</u>	<u>₩ 29,070,598</u>
Acquisition cost	<u>₩ 21,887,197</u>	<u>₩ 5,609,284</u>	<u>₩ 6,153,701</u>	<u>₩ 33,650,182</u>
Accumulated amortization	-	(4,579,584)	-	(4,579,584)

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(\*1) This resulted from the application of Korean IFRS 1029.

(\*2) This increase resulted from the business combination with TEXOLLINI, INC (Note 38).

Amortization expense of ₩ 66 million (2024: ₩ 79 million) was charged to 'cost of sales' and ₩ 1,241 million (2024: ₩ 513 million) to 'selling and administrative expenses'.

#### *Impairment Tests for Goodwill*

Goodwill is allocated to the following cash-generating units (CGUs), which represent the units at which the Group's management monitors goodwill.

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Fabric manufacturing and sales	₩	13,266,485	₩	13,651,504
Apparel manufacturing		7,942,300		8,235,693
	₩	<u>21,208,785</u>	₩	<u>21,887,197</u>

The Group performs an annual impairment test of goodwill. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

For the fabric manufacturing and sales segment, a growth rate of 1% was applied to cash flows for the period over five years, and a pre-tax discount rate of 13.28% was used in the value-in-use calculations. For the apparel manufacturing segment, a growth rate of 0% was applied to cash flows for the period over five years, and a pre-tax discount rate of 8.84% was used in the value-in-use calculations.

As a result of impairment assessment for Fabric division CGU to which goodwill is allocated the recoverable amount exceeded its carrying amount by ₩ 19,988 million. Management has identified that a reasonably possible change in certain key assumptions could cause the carrying amount to exceed the recoverable amount. The value in use determined for this CGU is sensitive to the discount rate used in the discounted cash flow model. If the discount rate increases by 1%p, the recoverable amount decreases by ₩ 29,171 million. In addition, if the long-term growth rate decreases by 1%p, the recoverable amount decreases by ₩ 15,352 million.

As a result of impairment assessment for Apparel division CGU to which goodwill is allocated the recoverable amount exceeded its carrying amount by ₩ 847,633 million. Management has identified that a reasonably possible change in certain key assumptions could cause the carrying amount to exceed the recoverable amount. The value in use determined for this CGU is sensitive to the discount rate used in the discounted cash flow model. If the discount rate increases by 1%p, the recoverable amount decreases by ₩ 161,703 million. In addition, if the long-term growth rate decreases by 1%p, the recoverable amount decreases by ₩ 172,621 million.

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**19. Lease liabilities**

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

The consolidated statement of financial position shows the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Lease liabilities		
Current	₩ 17,822,128	₩ 9,924,537
Non-current	29,546,670	31,255,816
	<u>₩ 47,368,798</u>	<u>₩ 41,180,353</u>

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

The consolidated statement of comprehensive income shows the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Interest expense on lease liabilities (included in finance cost)	₩ 3,777,322	₩ 1,895,977
Expense relating to short-term leases and leases of low-value assets (included in selling and administrative expenses)	3,227,541	2,526,822

The total cash outflow for leases in 2025 was ₩ 16,575 million (2024: ₩ 19,244 million).

**20. Trade and Other Payables**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Trade payables	₩ 64,105,699	₩ 61,357,577
Non-trade payables	20,381,467	13,759,575
Accrued expenses	5,128,310	4,793,379
	<u>₩ 89,615,476</u>	<u>₩ 79,910,531</u>

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**21. Borrowings**

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

*(in thousands of Korean won)*

Category	Creditor	Interest rate (%)	Latest maturity date	2025	2024
Usance borrowings (*1)	KB Kookmin bank and others	3.15 ~ 4.94	Jul 6, 2026	₩ 254,199,834	₩ 265,704,812
Export bill discounting (*2)	Hana bank and others	4.05 ~ 4.80	Mar 25, 2026	6,294,404	63,148,426
General borrowings	Woori Bank and others	3.05 ~ 12.00	Dec 22, 2026	160,649,604	91,815,254
Current portion of long-term borrowings	Hana bank	5.05 ~ 5.95	Dec 30, 2026	21,653,664	3,823,176
				<u>₩ 442,797,506</u>	<u>₩ 424,491,668</u>

(\*1) As at December 31, 2025, this amount represents the Group's payables under supplier finance 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 Group's trade receivables are pledged as collateral for this liability (Notes 8, 10 and 36).

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

*(in thousands of Korean won)*

Category	Creditor	Interest rate (%)	Latest maturity date	2025	2024
General borrowings	Hana bank	5.05 ~ 5.95	June 6, 2032	₩ 147,561,145	₩ 75,613,006
	Less: current portion of long-term borrowings			(21,653,664)	(3,823,176)
				<u>₩ 125,907,481</u>	<u>₩ 71,789,830</u>

The Group imports raw materials from overseas suppliers using import letters of credit (L/C) and has entered into supplier-finance arrangements under which a finance provider pays the amounts owed to suppliers and the Group settles the related obligations with the finance provider after a specified period following the acceptance of the L/C. These arrangements operate primarily to allow the Group to defer settlement of payments associated with its import transactions, rather than to provide suppliers with accelerated collection. Suppliers receive payment in accordance with the import L/C, and the timing and conditions of settlement are not affected by whether they participate in the arrangements.

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Upon acceptance of the import L/C, the Group assumes an obligation to the finance provider and settles this obligation on the originally agreed settlement date, bearing the related fees and interest under the terms of the arrangement. The payment terms with suppliers are not renegotiated as a result of the arrangement, and the Group has not provided any collateral to the finance provider. All liabilities arising from the supplier financing arrangements are classified as 'borrowings' in the consolidated statement of financial position.

The carrying amount of liabilities under supplier finance arrangements is as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Carrying amount of borrowings that are part of the supplier finance arrangements	₩ 254,199,834	₩ 265,704,812

As at December 31, 2025, the range of payment due dates for liabilities under supplier finance arrangements, as well as for comparable trade payables not subject to such arrangements, is as follows:

	<u>Range of payment due dates</u>
Financial liabilities under supplier finance arrangements	30~180 days
Comparable financial liabilities not subject to supplier finance arrangements	30~60 days

**22. Other Current Liabilities**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Advance received (*1)	₩ 2,573,823	₩ 2,365,138
Withholdings	5,363,668	4,608,551
Other current liabilities	28,288,953	27,900,134
	<u>₩ 36,226,444</u>	<u>₩ 34,873,823</u>

(\*1) The amount includes liabilities related to contracts with customers.

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**23. Other Non-Current Liabilities**

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Non-current payables	₩	896,813	₩	1,470,000
Rental deposits		260,384		196,830
Provision for restoration costs		780,525		-
	₩	<u>1,937,722</u>	₩	<u>1,666,830</u>

**24. Net Defined Benefit Liability**

Details of net defined benefit liabilities recognized in the consolidated statement of financial position as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Present value of funded defined benefit obligations	₩	47,699,772	₩	42,446,912
Present value of unfunded defined benefit obligations		<u>25,536,174</u>		<u>24,000,043</u>
Less: Fair value of plan assets		(32,964,189)		(26,976,506)
Less: Contributions to the National Pension Fund		(4,036)		(4,036)
Net defined benefit liabilities	₩	<u>40,267,721</u>	₩	<u>39,466,413</u>

Movements in the defined benefit obligations for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Beginning balance	₩	66,446,955	₩	50,465,877
Current service cost		11,090,854		8,286,510
Interest expense		1,521,436		1,341,610
Past service cost and gains or losses on settlements		-		2,655,873
Remeasurements:				
Actuarial gain arising from change in demographic assumptions		-		(45,233)
Actuarial loss arising from change in financial assumptions		2,110,351		6,050,140
Actuarial loss arising from experience adjustments		1,441,250		1,073,713
Payments from plans:				
Benefit payments		(8,055,599)		(6,092,374)
Transfers to/from related parties		(44,064)		(45,038)
Exchange differences		(1,275,237)		2,755,877
Ending balance	₩	<u>73,235,946</u>	₩	<u>66,446,955</u>

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Movements in the fair value of plan assets for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Beginning balance	₩	26,976,506	₩	23,292,602
Interest income		984,668		961,867
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		568,204		(137,866)
Contributions:				
Employers		6,830,000		4,820,000
Payments from plans:				
Benefit payments		(2,427,940)		(2,111,340)
Transfers to/from related parties		32,751		151,243
Ending balance	₩	32,964,189	₩	26,976,506

Plan assets as at December 31, 2025 and 2024, consist of:

<i>(in thousands of Korean won and %)</i>	<b>2025</b>		<b>2024</b>	
	Amount	In %	Amount	In %
Interest-guaranteed insurance contracts	₩ 1,836,712	6	₩ 2,323,875	9
Principal-protected equity-linked product	28,927,918	87	19,748,389	73
Term deposits and others	2,199,560	7	4,904,241	18
	₩ 32,964,190	100	₩ 26,976,505	100

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

<i>(in percentage)</i>	<b>2025</b>	<b>2024</b>
Discount rate	4.13% ~ 4.42%	3.78% ~ 4.05%
Salary growth rate	2.00% ~ 5.05%	2.00% ~ 4.55%

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

<i>(in percentage)</i>	<b>Impact on defined benefit obligation</b>		
	<b>Changes in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
Discount rate	1%	5.13% decrease	5.81% increase
Salary growth rate	1%	5.77% increase	5.19% decrease

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

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

Expected contributions to post-employment benefit plans for the year ending December 31, 2026, are ₩ 4,447 million.

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

<i>(in thousands of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Benefit payments	₩ 6,308,961	₩ 6,191,036	₩ 19,058,020	₩ 72,911,193	₩ 104,469,210

The weighted average duration of the defined benefit obligation is 6.21 years.

**25. Tax Expense and Deferred Tax**

Income tax expense for the years ended December 31, 2025 and 2024, consists of:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Current tax:		
Current tax on profit for the year	₩ 27,209,402	₩ 30,900,767
Adjustments in respect of prior years	(2,817,643)	772,409
Global Minimum Tax	239,716	-
Total current tax	<u>24,631,475</u>	<u>31,673,176</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>(1,147,272)</u>	<u>(924,210)</u>
Total deferred tax	<u>(1,147,272)</u>	<u>(924,210)</u>
Income tax expense	<u>₩ 23,484,203</u>	<u>₩ 30,748,966</u>

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Reconciliation of income tax expense and the Group's profit before tax is as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Profit before income tax	₩	80,739,409	₩	89,131,348
Tax at domestic tax rates applicable to profits in the respective countries		20,033,811		26,291,644
Tax effects of:				
Expenses not deductible for tax purposes		1,029,134		1,048,681
Income not subject to tax		(1,130,759)		(2,686)
Change in unrecognized deferred tax assets		8,364,485		1,333,065
Adjustments in respect of prior years		(2,817,643)		772,409
Global Minimum Tax		239,716		-
Others		(2,234,541)		1,305,853
Income tax expense	₩	<u>23,484,203</u>	₩	<u>30,748,966</u>
Effective tax rate (Income tax expense / Profit before income tax) <i>(in %)</i>		29.09%		34.50%

The tax effect relating to components of other comprehensive income (expenses) for the years ended December 31, 2025 and 2024, is as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>			<b>2024</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Gains (losses) on valuation of equity instruments at fair value through other comprehensive income	₩ 999,515	₩ (244,109)	₩ 755,406	₩ 2,082,501	₩ (481,058)	₩ 1,601,443
Remeasurements of net defined benefit liabilities	(2,983,395)	799,714	(2,183,681)	(7,216,486)	1,687,951	(5,528,535)
Losses on valuation of property, plant and equipment	-	(113,280)	(113,280)	-	-	-
	<u>₩ (1,983,880)</u>	<u>₩ 442,325</u>	<u>₩ (1,541,555)</u>	<u>₩ (5,133,985)</u>	<u>₩ 1,206,893</u>	<u>₩ (3,927,092)</u>

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The deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Losses on valuation of equity instruments at fair value through other comprehensive income	₩ (244,109)	₩ (481,058)
Remeasurements of net defined benefit liabilities	799,714	1,687,951
Losses on valuation of property, plant and equipment	(113,280)	-

The expected timings for recovery and settlement of deferred tax assets and liabilities as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	₩ 6,839,216	₩ 6,474,160
Deferred tax asset to be recovered within 12 months	5,886,439	5,645,566
	<u>12,725,655</u>	<u>12,119,726</u>
<b>Deferred tax liabilities</b>		
Deferred tax liability to be settled after more than 12 months	(2,673,292)	(3,593,146)
Deferred tax liability to be settled within 12 months	(518,373)	(582,187)
	<u>(3,191,665)</u>	<u>(4,175,333)</u>
Deferred tax assets, net	<u>₩ 9,533,990</u>	<u>₩ 7,944,393</u>

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The movements in deferred tax assets and liabilities for the years ended December 31, 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in thousands of Korean won)

	<b>2025</b>			
	<b>Beginning balance</b>	<b>Profit or loss</b>	<b>Other comprehensive income (loss)</b>	<b>Ending balance</b>
<b>Deferred tax assets</b>				
Net defined benefit liabilities	₩ 2,734,045	₩ (649,761)	₩ -	₩ 2,084,284
Remeasurements of net defined benefit liabilities	3,619,729	-	799,714	4,419,443
Gains (losses) on valuation of financial assets at fair value	1,772,362	(785,943)	(244,109)	742,310
Inventory valuation allowance	1,919,654	145,891	-	2,065,545
Compensation for unused annual leave	625,468	101,516	-	726,984
Others	1,448,468	1,238,621	-	2,687,089
	<u>12,119,726</u>	<u>50,324</u>	<u>555,605</u>	<u>12,725,655</u>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	(1,033,134)	1,033,134	-	-
Accrued income	(582,187)	63,814	-	(518,373)
Losses on valuation of property, plant and equipment	(2,560,012)	-	(113,280)	(2,673,292)
	<u>(4,175,333)</u>	<u>1,096,948</u>	<u>(113,280)</u>	<u>(3,191,665)</u>
<b>Net deferred tax assets</b>	<u>₩ 7,944,393</u>	<u>₩ 1,147,272</u>	<u>₩ 442,325</u>	<u>₩ 9,533,990</u>

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	2024			
	Beginning balance	Profit or loss	Other comprehensive income (loss)	Ending balance
<b>Deferred tax assets</b>				
Net defined benefit liabilities	₩ 2,442,540	₩ 291,505	₩ -	₩ 2,734,045
Remeasurements of net defined benefit liabilities	1,931,778	-	1,687,951	3,619,729
Gains (losses) on valuation of financial assets at fair value	1,463,736	789,683	(481,057)	1,772,362
Inventory valuation allowance	1,969,120	(49,466)	-	1,919,654
Compensation for unused annual leave	571,833	53,635	-	625,468
Others	1,414,403	34,065	-	1,448,468
	<u>9,793,410</u>	<u>1,119,422</u>	<u>1,206,894</u>	<u>12,119,726</u>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	(866,404)	(166,730)	-	(1,033,134)
Accrued income	(553,705)	(28,482)	-	(582,187)
Losses on valuation of property, plant and equipment	(2,560,012)	-	-	(2,560,012)
	<u>(3,980,121)</u>	<u>(195,212)</u>	<u>-</u>	<u>(4,175,333)</u>
<b>Net deferred tax assets</b>	<u>₩ 5,813,289</u>	<u>₩ 924,210</u>	<u>₩ 1,206,894</u>	<u>₩ 7,944,393</u>

Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>		2025	2024	Remarks
Taxable temporary differences	Interests in subsidiary	₩ (120,290,533)	₩ (106,852,678)	Permanent reinvestment plan of undistributed profit
Deductible temporary differences	Interests in subsidiaries	184,060,406	146,584,355	No plan for disposal

The recoverability of deferred tax assets depends on various factors, including the Group's ability to generate taxable income during the periods in which the temporary differences are expected to reverse, as well as the overall outlook for the economy and the industry. The Group concluded that the deferred tax assets are recoverable based on projected future taxable income derived from approved business plans and budgets.

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Starting from 2024, under the Global Minimum Tax regime and the Act on International Tax Coordination, the Group 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%.

Certain jurisdictions in which the Group's constituent entities operate—such as Haiti and other territories—are expected to have GloBE effective tax rates below the 15% minimum rate. As a result, the Group, as both the Ultimate Parent and the partially-owned Parent Company, recognized an additional top-up tax amounting to ₩ 240 million as current income tax expense for the year ended 31 December 2025. This amount represents the expected top-up tax liability arising under the global minimum tax regime.

The Group applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes. In certain jurisdictions, such as Indonesia and Vietnam, a Qualified Domestic Minimum Top-up Tax (QDMMT) has been enacted for 2025. As a result, subsidiaries operating in those jurisdictions are responsible for paying the additional top-up tax under the domestic regime in place of the Ultimate Parent and the partially-owned Parent Company.

#### 26. Issued Capital

The Parent Company's total number of authorized shares is 50,000,000 shares and the total number of ordinary shares issued is 40,000,000 shares (2024: 40,000,000 shares) with a par value of ₩ 500 per share.

Changes in issued capital

<i>(in thousands of Korean won and in number of shares)</i>	<b>Number of shares</b>	<b>Issued capital</b>
January 1, 2024	40,000,000	₩ 20,000,000
December 31, 2024	40,000,000	20,000,000
January 1, 2025	40,000,000	20,000,000
December 31, 2025	40,000,000	20,000,000

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**27. Other Contributed Capital and Other Components of Equity**

Details of other contributed capital as at December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Share premium (*1)	₩ 11,532,939	₩ 47,632,939
Treasury shares	(14,316,007)	(14,316,007)
Other paid-in capital	10,978,377	10,978,377
Other capital adjustments	(111,085)	(111,085)
Loss on disposal of treasury shares	(314,205)	(314,205)
	<u>₩ 7,770,019</u>	<u>₩ 43,870,019</u>

(\*1) In accordance with Article 461-2 of the Commercial Code of the Republic of Korea, the Parent Company transferred ₩ 36,100 million from capital reserves to retained earnings for the year ended December 31, 2025.

Details of other components of equity as at December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Changes in investments in associates	₩ (99,896)	₩ (69,448)
Gains on valuation of financial assets at fair value through other comprehensive income	939,683	1,329,145
Losses on valuation of financial assets at fair value through other comprehensive income	(28,619)	(1,173,487)
Gains on valuation of property, plant and equipment	8,448,214	8,561,495
Exchange differences on translation	6,987,317	25,710,306
Reserve under Korean IFRS 1029	7,063,048	-
	<u>₩ 23,309,747</u>	<u>₩ 34,358,011</u>

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**28. Retained earnings**

Retained earnings as at December 31, 2025 and 2024, consist of:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Earned profit reserves (*1)	₩ 20,503,408	₩ 18,534,266
Unappropriated retained earnings	663,141,460	592,903,458
	<u>₩ 683,644,868</u>	<u>₩ 611,437,724</u>

(\*1) The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

Changes in retained earnings for the years ended December 31, 2025 and 2024, are as follows:

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Beginning balance	₩ 611,437,724	₩ 578,621,170
Profit attributable to owners of parent	57,255,206	58,036,509
Remeasurements of net defined benefit liabilities	(2,183,681)	(5,528,535)
Dividends paid	(19,691,420)	(19,691,420)
Transferred from capital reserves (*1)	36,100,000	-
Reserve under Korean IFRS 1029, retained earnings (*2)	727,039	-
Ending balance	<u>₩ 683,644,868</u>	<u>₩ 611,437,724</u>

(\*1) In accordance with Article 461-2 of the Commercial Code of the Republic of Korea, the Parent Company transferred ₩ 36,100 million from capital reserves to retained earnings for the year ended December 31, 2025.

(\*2) HANSAE HAITI, S.A., a subsidiary of the Group, has a functional currency of Haitian gourde (HTG). As of December 2025, the cumulative inflation rate in Haiti over the past three years exceeded 100%, therefore, Haiti was considered a hyperinflationary economy in accordance with Korean IFRS 1029. In accordance with the standard, the consolidated financial statements have been prepared by reflecting changes in the general purchasing power of the functional currency as at the end of the reporting period and are presented in terms of the measuring unit current at the end of the reporting period.

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**29. Breakdown of Expenses by Nature**

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Changes in finished goods and work in progress	₩	(19,952,657)	₩	(15,507,441)
Raw materials used		965,962,029		872,762,035
Outsourcing costs		330,541,451		292,994,609
Employee benefits expense		322,920,516		284,708,141
Freight expenses		24,629,984		31,003,217
Commission expenses		35,809,287		33,120,314
Packaging and sample expenses		6,318,265		5,771,001
Rental and building management expenses		4,068,595		2,650,241
Depreciation and other amortization		46,655,093		34,281,183
Advertising and sales promotion expenses		569,614		559,196
Other expenses		140,838,405		113,255,543
	₩	<u>1,858,360,582</u>	₩	<u>1,655,598,039</u>

**30. Selling and Administrative Expenses**

<i>(in thousands of Korean won)</i>	<b>2025</b>		<b>2024</b>	
Salaries	₩	75,940,345	₩	68,110,895
Post-employment benefits		4,598,209		6,312,702
Employee benefits		11,071,891		9,799,132
Travel and transportation expenses		537,862		832,844
Overseas travel expenses		4,577,806		5,251,295
Entertainment expenses		1,144,891		1,428,594
Communication expenses		669,195		824,256
Depreciation		2,324,232		1,723,028
Depreciation of right-of-use assets		4,996,624		4,183,888
Depreciation of investment properties		413,314		399,750
Amortization		1,240,573		512,678
Rental expenses		1,392,174		1,226,974
Freight expenses		10,799,188		15,250,960
Commission expenses		35,341,852		33,005,401
Export-related expenses		706,057		175,529
Sample expenses		6,318,265		5,759,825
Bad debt expense		4,258,876		113,794
Other expenses		11,706,450		11,385,974
	₩	<u>178,037,804</u>	₩	<u>166,297,519</u>

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**31. Other Income and Expenses**

**31.1 Other Income**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Foreign exchange gains	₩ 61,362,839	₩ 43,520,840
Gain on foreign currency translation	8,904,497	17,841,923
Gain on valuation of financial assets at fair value through profit or loss	2,202,913	1,805,160
Gain on disposals of financial assets at fair value through profit or loss	546,135	398,946
Gain on disposals of financial assets at fair value through other comprehensive income	203,463	451,525
Dividend income	3,549,609	187,810
Gain on disposals of property, plant and equipment	326,851	231,680
Others	9,050,740	2,977,373
	<u>₩ 86,147,047</u>	<u>₩ 67,415,257</u>

**31.2 Other Expenses**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Foreign exchange losses	₩ 43,300,997	₩ 46,923,919
Loss on foreign currency translation	15,946,986	32,191,948
Loss on disposals of trade receivables	13,019,674	14,121,301
Loss on disposals of property, plant and equipment	107,854	68,339
Impairment loss of property, plant and equipment	-	1,363,874
Impairment loss on right-of-use assets	-	1,270,344
Loss on valuation of financial assets at fair value through profit or loss	1,263,219	3,916,421
Loss on disposals of financial assets at fair value through profit or loss	24,795	15,007
Loss on disposals of financial assets at fair value through other comprehensive income	794,417	523,842
Other expenses	4,666,031	3,909,764
	<u>₩ 79,123,973</u>	<u>₩ 104,304,759</u>

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**32. Finance Income and Expenses**

**32.1 Finance Income**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Interest income from financial assets measured at amortized cost	₩ 5,355,526	₩ 5,335,081
Interest income from financial assets measured at fair value	6,415,553	5,433,338
Total	<u>₩ 11,771,079</u>	<u>₩ 10,768,419</u>

**32.2 Finance Expenses**

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Interest expense on financial liabilities	₩ 32,645,042	₩ 29,204,977

**33. Earnings per Share**

*(a) Basic earnings per share*

Basic earnings per share are calculated by dividing the profit attributable to owners of the Group by the weighted average shares outstanding during the financial year.

<i>(in Korean won and in number of shares)</i>	<b>2025</b>	<b>2024</b>
Profit attributable to the ordinary equity holders of the Parent Company (A)	₩ 57,255,205,232	₩ 58,036,509,428
Weighted average shares (*1) (B)	39,382,839	39,382,839
Basic earnings per share (A/B)	1,454	1,474

(\*1) 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 (617,161 shares) for the year ended December 31, 2025.

*(b) Diluted earnings per share*

The Group did not issue any potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

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**34. Dividends**

The Group paid dividends of ₩ 19,691 million for the year ended December 31, 2025, and ₩ 19,691 million for the prior year, corresponding to ₩ 500 per share in both years.

A dividend in respect of the year ended December 31, 2025, of ₩ 600 per share, amounting to a total dividend of ₩ 23,630 million, is to be proposed to shareholders at the annual general meeting on March 26, 2026. These financial statements do not reflect this dividend payable.

**35. Cash Flows**

*(a) Cash generated from operations*

<i>(in thousands of Korean won)</i>	<b>2025</b>	<b>2024</b>
Profit	₩ 57,255,205	₩ 58,382,383
Adjustments:		
Income tax expense	23,484,203	30,748,966
Financial income	(11,771,079)	(10,768,419)
Financial costs	32,645,042	29,204,977
Dividend income	(3,549,609)	(187,810)
Gains of associates and joint ventures accounted for using equity method	(1,930,995)	(2,259,700)
Depreciation	28,882,542	20,778,357
Depreciation of investment properties	413,314	399,750
Depreciation of right-of-use assets	16,052,242	12,511,107
Amortization	1,306,995	591,969
Impairment loss of property, plant and equipment	-	1,363,874
Impairment loss on right-of-use assets	-	1,270,344
Retirement benefit expense	11,627,622	11,322,127
Loss on valuation of inventories (reversal)	567,008	(214,137)
Loss on valuation of financial assets at fair value through profit or loss	1,263,219	3,916,421
Gain on valuation of financial assets at fair value through profit or loss	(2,202,913)	(1,805,160)
Loss on disposals of financial assets at fair value through profit or loss	24,795	15,007
Gain on disposals of financial assets at fair value through profit or loss	(546,135)	(398,946)
Gain on disposals of financial assets at fair value through other comprehensive income	(203,463)	(451,525)
Loss on disposals of financial assets at fair value through other comprehensive income	794,417	-
Loss on disposals of property, plant and equipment	107,854	68,339
Gain on disposals of property, plant and equipment	(326,851)	(231,680)
Bad debt expense	4,258,876	113,794

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Foreign exchange losses	13,035	-
Foreign exchange gains	(3,123)	-
Loss on foreign currency translation	15,946,986	32,191,948
Gain on foreign currency translation	(8,904,497)	(17,841,923)
Changes in trade receivables	(9,104,127)	(11,152,129)
Changes in other receivables	3,282,770	1,240,853
Changes in inventories	(10,202,291)	(36,586,754)
Changes in other current assets	(8,766,523)	(2,888,712)
Changes in other non-current assets	(174,928)	147,253
Changes in trade payables	6,666,066	7,004,274
Changes in other payables	8,900,657	6,266,608
Changes in other current liabilities	(3,632,256)	(15,993,170)
Retirement benefits paid	(5,627,659)	(3,981,035)
Increase in plan assets	(6,830,000)	(4,702,005)
Gain on net monetary position	(9,242,960)	-
Others	711,938	996,132
Cash generated from operations	<u>₩ 131,185,377</u>	<u>₩ 109,071,378</u>

Changes in liabilities arising from financial activities for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025				
	Beginning balance	Financing cash flows	Non-cash changes Increase in right-of-use assets, etc.	Effect of exchange rate changes	Ending balance
Borrowings	₩ 230,576,686	₩ 92,473,958	₩ -	₩ (8,545,491)	₩ 314,505,153
Supplier finance arrangements	265,704,812	(14,471,866)	-	2,966,888	254,199,834
Lease liabilities	41,180,353	(9,570,448)	16,927,493	(1,168,600)	47,368,798
Leasehold deposits	196,830	81,536	-	(17,982)	260,384
	<u>₩ 537,658,681</u>	<u>₩ 68,513,180</u>	<u>₩ 16,927,493</u>	<u>₩ (6,765,185)</u>	<u>₩ 616,334,169</u>

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(in thousands of Korean won)

	2024				
	Beginning balance	Financing cash flows	Non-cash changes		Ending balance
			Increase in right-of-use assets, etc.	Effect of exchange rate changes	
Borrowings	₩ 183,652,516	₩ 31,425,717	₩ -	₩ 15,498,453	₩ 230,576,686
Supplier finance arrangements	228,837,749	23,606,617	-	13,260,446	265,704,812
Lease liabilities	31,176,175	(14,821,401)	20,156,656	4,668,923	41,180,353
Leasehold deposits	176,992	-	-	19,838	196,830
	<u>₩ 443,843,432</u>	<u>₩ 40,210,933</u>	<u>₩ 20,156,656</u>	<u>₩ 33,447,660</u>	<u>₩ 537,658,681</u>

(c) Non-cash transactions

(in thousands of Korean won)

	2025	2024
Reclassification of financial assets at fair value through other comprehensive income between current and non-current	₩ -	₩ 70,025,106
Increase (decrease) in non-trade payables related to acquisition of property, plant and equipment	3,036,515	(2,384,510)
Increase in right-of-use assets	32,927,140	24,079,024
Transfer of long-term borrowings to current portion	20,822,602	3,823,176
Transfer of construction-in-progress to property, plant and equipment	75,685,543	35,255,168

**36. Contingent Liabilities and Commitments**

- (a) As at the end of the reporting period, certain foreign currency trade receivables were pledged as collateral in connection with the transfer of such receivables for export bill discounting arrangements (Note 21).
- (b) Details of collateral and guarantees provided by third parties to the Group as at the end of the reporting period are as follows:

(in thousands of Korean won and in USD)

	Guarantor	Guaranteed amount			
		2025		2024	
Joint guarantee	CEO	USD	24,000,000	USD	24,000,000
Performance guarantee	Seoul Guarantee Insurance Company	₩	30,000	₩	20,000

- (c) As at the end of the reporting period, details of guarantees provided by the Group to third parties are disclosed in Note 37 - Related Party Transactions.
- (d) As at the end of the reporting period, the Group has entered into credit limit agreements amounting

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to ₩ 731,804 million (including USD 502,337 thousand) with financial institutions including KEB Hana Bank, in relation to import of raw materials (including USANCE borrowings), opening of letters of credit, and discounting of export receivables (At the end of the prior year: ₩ 945,570 million, including USD 570,200 thousand).

- (e) As at the end of the reporting period, the Group has entered into general loan agreements with financial institutions including The Export-Import Bank of Korea (hereafter, "Korea Eximbank"), with a total credit limit of ₩ 366,235 million (At the end of the prior year: ₩ 121,287 million).
- (f) The Group has entered into management consulting service and trademark license agreements with Hansae YES24 Holdings Co., Ltd.
- (g) As at the end of the reporting period, the details of assets pledged as collateral for the Group's borrowings and other obligations are as follows:

<i>(in thousands of Korean won and in USD)</i>	<b>Book value</b>	<b>Secured amount</b>	<b>Maximum secured amount</b>	<b>Related account</b>	<b>Secured party</b>
Land, buildings and machinery	₩ 128,347,398	₩ 107,432,233	₩ 75,225,486 USD 52,425,595	Borrowings (Note 21)	Shinhan Bank, Binh Duong Branch, etc.

- (h) As at the end of the reporting period, the commitments for the acquisition of property, plant and equipment amount to ₩ 79,846 million.

# Hansae Co., Ltd. and Subsidiaries

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#### 37. Related Party Transactions

As at December 31, 2025, the Parent Company is Hansae YES24 Holdings Co., Ltd., (percentage of ownership: 50.49%).

Details of associates and other related parties that have sales, purchases and other transactions with the Group or have outstanding balances as at December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

	2025	2024	Remark
Other 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
	Hansae Mobility Co.,Ltd.	-	Subsidiaries of the Parent Company
Associates			
	Newborn-HansaeYes24 Risingstar 2nd Fund (*1)	Newborn-HansaeYes24 Risingstar 2nd Fund (*1)	-
	GVA Mezz-J General Private Equity Trust	GVA Mezz-J General Private Equity Trust	-
	IGIS Green-ON General Private Equity Trust No.2 (*2)	-	-
	Aone Convertible KOSDAQ Venture General Private Equity Trust No.3	-	-
	BNK Aone Convertible Mezzanine General Private Equity Trust C-s (*2)	-	-
	NH Rhinos Mezzanine General Private Equity Trust (*2)	-	-
	-	Leading D New Technology Investment Fund No. 1	-
	-	VTI Partners Healthcare Investment Fund	-

(\*1) For the year ended December 31, 2025, the name of the partnership was changed from Hansae YES24 Rising Star Investment Fund No.2 to Newborn-HansaeYes24 Risingstar 2nd Fund .

(\*2) The entire equity shares were disposed during the year; however, fund transactions existed prior to the disposal.

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Sales and purchases with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

		<b>2025</b>		
	<b>Company name</b>	<b>Sales</b>	<b>Other income</b>	<b>Other expenses</b>
Parent	Hansae YES24 Holdings Co., Ltd	₩ -	₩ 2,476,051	₩ 7,405,740
Associates	GVA Mezz-J General Private Equity Trust	-	1,698	-
	Yes24 Co., Ltd	-	-	203,046
Other related parties	Dong-A Publishing Co.,Ltd	-	-	117,146
	HANSAE MK CO.,LTD (*1)	1,314,345	-	14,845
	Hansae Mobility Co.,Ltd.	-	21,000	-
		<u>₩ 1,314,345</u>	<u>₩ 2,498,749</u>	<u>₩ 7,740,777</u>

(\*1) The interest expense on the lease liability related to the warehouse lease agreement with HANSAE MK Co., Ltd. amounted to ₩ 3,234 thousand for the year ended December 31, 2025.

(in thousands of Korean won)

		<b>2024</b>		
	<b>Company name</b>		<b>Other income</b>	<b>Other expenses</b>
Parent	Hansae YES24 Holdings Co., Ltd	₩	1,706,350	₩ 7,026,440
	Yes24 Co., Ltd		-	209,128
Other related parties	Dong-A Publishing Co.,Ltd		-	82,733
	HANSAE MK CO.,LTD (*1)		-	35,464
		<u>₩</u>	<u>1,706,350</u>	<u>₩ 7,353,765</u>

(\*1) The interest expense on the lease liability related to the warehouse lease agreement with HANSAE MK Co., Ltd. amounted to ₩ 5,940 thousand for the year ended December 31, 2024.

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Outstanding balances arising from sales/purchases of goods and services as at December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

		<b>2025</b>			
		<b>Receivables</b>			
<b>Type</b>	<b>Name of entity</b>	<b>Trade receivables</b>	<b>Non-trade receivables</b>	<b>Loans</b>	<b>Others</b>
Parent	Hansae YES24 Holdings Co., Ltd	₩ -	₩ 133,750	₩ 65,000,000	₩ -
Other related parties	Yes24 Co.,Ltd	-	-	-	-
	Dong-A Publishing Co.,Ltd	-	-	-	-
	HANSAE MK CO.,LTD	453,747	-	-	42,500
	Hansae Mobility Co.,Ltd.	-	3,300	-	-
		<u>₩ 453,747</u>	<u>₩ 137,050</u>	<u>₩ 65,000,000</u>	<u>₩ 42,500</u>

(in thousands of Korean won)

		<b>2025</b>		
		<b>Payables</b>		
<b>Type</b>	<b>Name of entity</b>	<b>Non-trade payables</b>	<b>Other payables</b>	<b>Lease liabilities</b>
Parent	Hansae YES24 Holdings Co., Ltd	₩ 959,506	₩ -	₩ -
Other related parties	Yes24 Co.,Ltd	2,948	-	-
	Dong-A Publishing Co.,Ltd	99,546	-	-
	HANSAE MK CO.,LTD	10,419	-	28,828
	Hansae Mobility Co.,Ltd.	-	45,000	-
		<u>₩ 1,072,419</u>	<u>₩ 45,000</u>	<u>₩ 28,828</u>

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(in thousands of Korean won)

		2024								
Type	Name of entity	Receivables				Payables				
		Trade receivables	Non-trade receivables	Loans	Others	Non-trade payables	Lease liabilities			
Parent	Hansae YES24 Holdings Co., Ltd	₩	-	₩ 117,012	₩ 80,000,000	₩	-	₩ 842,252	₩	-
Other related parties	HANSAE MK CO.,LTD		87,136	-	-		42,500	4,911		87,356
	Yes24 Co.,Ltd		-	-	-		-	2,150		-
	Dong-A Publishing Co.,Ltd		-	-	-		-	80,721		-
		₩	87,136	₩ 117,012	₩ 80,000,000	₩	42,500	₩ 930,034	₩	87,356

No allowances are made for receivables to related parties at the end of reporting period.

Financial transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in thousands of Korean won)

		2025								
Type	Name of entity	Equity contribution	Dividend paid	Repayment of lease liabilities	Loan provided	Loan recovery	Recovery of investment assets including dividends			
Parent	Hansae YES24 Holdings Co., Ltd	₩	-	₩ 10,097,654	₩	-	₩ 20,000,000	₩ 35,000,000	₩	-
	Newborn-HansaeYes24 Risingstar 2nd Fund (*1)	2,000,000	-	-	-	-	-	-	-	-
	IGIS Green-ON General Private Equity Trust No.2 (*2)	4,000,000	-	-	-	-	-	-	-	4,577,323
	Aone Convertible KOSDAQ Venture General Private Equity Trust No.3	3,000,000	-	-	-	-	-	-	-	-
Associates	BNK Aone Convertible Mezzanine General Private Equity Trust C-s (*2)	-	-	-	-	-	-	-	-	3,121,306
	GVA Mezz-J General Private Equity Trust	-	-	-	-	-	-	-	-	1,698
	NH Rhinos Mezzanine General Private Equity Trust (*2)	-	-	-	-	-	-	-	-	4,240,101
Other related parties	HANSAE MK CO.,LTD	-	-	47,166	-	-	-	-	-	-
		₩	9,000,000	₩ 10,097,654	₩	47,166	₩ 20,000,000	₩ 35,000,000	₩	11,940,428

(\*1) For the year ended December 31, 2025, the name of the partnership was changed from Hansae YES24 Rising Star Investment Fund No.2 to Newborn-HansaeYes24 Risingstar 2nd Fund .

(\*2) Excluded from associates as the Group sold all of its equity shares during the year.

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(in thousands of Korean won)

		2024						
Type	Name of entity	Equity contribution	Dividend paid	Repayment of lease liabilities	Loan provided	Loan recovery	Recovery of investment assets including dividends	
Parent	Hansae YES24 Holdings Co., Ltd	₩ -	₩ 10,097,654	₩ -	₩ 80,000,000	₩ -	₩ -	
	Leading D New Technology Investment Fund No. 1	-	-	-	-	-	563,289	
	VTI Partners Healthcare Investment Fund	-	-	-	-	-	8,360,874	
Associates	Newborn-HansaeYes24 Risingstar 2nd Fund (*1)	1,250,000	-	-	-	-	-	
	BNK Aone Convertible Mezzanine General Private Equity Trust C-s (*2)	-	-	-	-	-	153,864	
	GVA Mezz-J General Private Equity Trust	-	-	-	-	-	20,873	
Other related parties	HANSAE MK CO.,LTD	-	-	44,460	-	-	-	
		₩ 1,250,000	₩ 10,097,654	₩ 44,460	₩ 80,000,000	₩ -	₩ 9,098,900	

(\*1) For the year ended December 31, 2025, the name of the partnership was changed from Hansae YES24 Rising Star Investment Fund No.2 to Newborn-HansaeYes24 Risingstar 2nd Fund .

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Details of payment guarantees provided by the related parties for the financial supports to the Group as at December 31, 2025, are as follows:

*Payment guaranteed provided to the Group*

(in USD)

	Guarantor	Beneficiary bank	Maximum guarantee period	Guarantee limit		Remark
				2025	2024	
				Joint guarantee	CEO	

*Payment guaranteed provided by the Group*

(in thousands of Korean won)

Type	Guaranteed company	Beneficiary bank	Maximum guarantee period	Guaranteed amount				Remark
				2025		2024		
				Guarantee limit	Amount utilized	Guarantee limit	Amount utilized	
Parent	Hansae YES24 Holdings Co., Ltd	KEB Hana bank	2026-04-17	₩ 4,800,000	-	₩ 4,800,000	-	Borrowings guarantee

(a) Compensation of key management personnel

The Group considers registered and non-registered executive officers, including outside directors, who have authority and responsibility for planning, directing, and controlling the Group's operations, as key management personnel. The compensation paid or payable to key management for employee services for the years ended December 31, 2025 and 2024, consists of:

(in thousands of Korean won)

	2025		2024	
Short-term employee benefits	₩	6,222,094	₩	10,375,617
Post-employment benefits		749,812		976,439
	₩	<u>6,971,906</u>	₩	<u>11,352,056</u>

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**38. Business Combination**

*TEXOLLINI, INC.*

On September 30, 2024, the Group acquired 100% of the equity interests in TEXOLLINI, INC., a U.S.-based company primarily engaged in weaving and dyeing of fabrics, for ₩ 19,732 million (USD 14,400 thousand). Through the acquisition, the Group expects to expand its production capacity by utilizing TEXOLLINI's dyeing facilities and achieving economies of scale.

Goodwill of ₩ 11,516 million arising from the acquisition reflects anticipated synergies including increased sales through access to new buyers. The recognized goodwill is not deductible for tax purposes.

Details of the purchase consideration transferred for TEXOLLINI, INC., and the fair value of the assets acquired and liabilities assumed at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	<b>Amount</b>	
Consideration transferred		
Cash	₩	19,732,320
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		109,005
Trade and other receivables		2,164,141
Inventories		3,389,584
Property, plant and equipment		3,896,115
Intangible assets		3,089,661
Other assets		109,577
Trade and other payables		(2,540,363)
Borrowings		(1,583,520)
Deferred tax liabilities		(772,415)
Other liabilities		(375,206)
Net identifiable assets acquired		<u>7,486,579</u>
Goodwill		11,515,661
Foreign currency translation difference		730,080
Total	₩	<u>19,732,320</u>
Acquisition-related costs	₩	335,250

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*Net cash outflow from business combination*

<i>(in thousands of Korean won)</i>	<b>Amount</b>	
Cash consideration paid	₩	19,732,320
Less: cash and cash equivalents acquired from the subsidiary		<u>(109,005)</u>
Net cash outflow	₩	<u>19,623,315</u>

*Revenue contributed by the acquired business*

<i>(in thousands of Korean won)</i>	<b>Amount</b>	
Revenue	₩	3,077,031
Loss		1,999,203

If TEXOLLINI, INC. had been consolidated from January 1, 2024, the Group's consolidated statement of comprehensive income for the year ended December 31, 2024 would have reflected additional revenue of ₩ 11,903 million and an additional loss of ₩ 5,094 million.