

## Table of Contents

|  |     |
|--|-----|
| Audit Report-----  | 1   |
| Independent Auditors' Report -----                                 | 2   |
| (Attached) Consolidated Financial Statements-----                  | 6   |
| Note-----  | 13  |
| Audit or Review Opinion on Internal Accounting Control System----- | 118 |
| Details of external audit-----                                     | 124 |

*※ This English translation of the Audit Report is provided for the convenience of shareholders. It is not an official English version and should be used for reference purposes only. In the event of any discrepancy between the original Korean version and this translation, the Korean version shall prevail.*

Hankook Tire & Technology Co.,Ltd. and its subsidiaries

**Audit Report on**

**Consolidated Financial Statements and  
Consolidated Internal Accounting Control System**

13<sup>th</sup> Period

From January 1, 2024  
To December 31, 2024

Samil PricewaterhouseCoopers

# Independent Auditor's Audit Report

To the Shareholders and Board of Directors of  
Hankook Tire & Technology Co.,Ltd.

## Opinion

We have audited the accompanying consolidated financial statements of Hankook Tire & Technology Co., Ltd. and its subsidiaries (hereinafter, "Group"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as of December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea.

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2024, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 17, 2025 expressed an unqualified opinion.

## Basis for opinion

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

## Key Audit Matters

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

### Impairment assessment of investments in associates related to Hanon System Co., Ltd.

#### Why it is determined to be a Key Audit Matter

As described in Note 17 to the consolidated financial statements, the Group determined that there were indications of impairment, as the market value of Hanon System Co., Ltd. shares as of the end of the reporting period was significantly lower than their carrying amount, and the current year's performance of Hanon System Co., Ltd. deteriorated significantly compared to previous expectations. Accordingly, an impairment assessment was performed in accordance with K-IFRS No. 1036 'Impairment of Assets', and an impairment loss was recognized. The Group holds a 36.68% equity interest in Hanon System Co., Ltd., which is classified as an associate. As of the end of the reporting period, the carrying amount of the Group's investment in Hanon System Co., Ltd. is 1,719,988 million won, after deducting the impairment loss of 256,076 million won recognized during the current period.

We determined this as a key audit matter because the carrying amount of the equity investment is significant, and the estimation of future cash flows used in the value-in-use assessment involves management's assumptions and judgments

regarding financial forecasts, growth rates, and discount rates, all of which have a significant impact on the consolidated financial statements.

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

Audit procedures we have performed in relation to key audit matters are as follows.

- Reviewed indicators of impairment to determine whether an impairment assessment was required
- Gained an understanding of and evaluated the Company's accounting policies and internal controls related to the impairment assessment
- Tested internal controls, including management's review and approval of future cash flow projections and significant assumptions used in the impairment assessment
- Verified that the future cash flow projections used in the impairment assessment were consistent with the business plans approved by the Board of Directors (management)
- Assessed the competence and independence of management's expert involved in the value-in-use estimation
- Evaluated the appropriateness of the valuation model used by management in the value-in-use estimation
- Assessed the reasonableness of key assumptions applied in the value-in-use estimation
- Verified the accuracy of the calculation of the impairment loss on the investment in the associate
- Evaluated the results of the sensitivity analyses performed by management on discount rates and terminal growth rates to assess the impact of changes in key assumptions on the impairment assessment

### **Other matters**

The consolidated statement of financial statements as of December 31, 2023 were audited by Ernst & Young Han Young in accordance with Korean Standards on Auditing, and their report thereon, dated March 20, 2024, expressed an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and for such internal control as management determines is necessary to enable the preparation of the 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of Korea 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 Group'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 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 Byung-Jin Cho, Certified Public Accountant.

100, Hangang-daero, Yongsan-gu, Seoul, Republic of Korea  
Samil PricewaterhouseCoopers  
Representative Hoon-Soo Yoon

March 17, 2025

|   |
|---|
| <p>This report is effective as of March 17, 2025, 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.</p> |
|---|

## **(Attached) Consolidated Financial Statements**

### **Hankook Tire & Technology Co.,Ltd. and its subsidiaries**

The 13<sup>th</sup> Period

From January 1, 2024  
To December 31, 2024

The 12<sup>th</sup> Period

From January 1, 2023  
To December 31, 2023

“The attached Consolidated financial statements have been prepared by the Company.”

Hankook Tire & Technology Co.,Ltd.

Representative Soo-Il Lee

Location of            (Address) 286, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do (Sampyeong-dong)  
Headquarters :        (Telephone) 031-5178-7000

# Consolidated Statement of Financial Position

End of the 13<sup>th</sup> Period As of December 31, 2024

End of the 12<sup>th</sup> Period As of December 31, 2023

Hankook Tire & Technology Co., Ltd. and its subsidiaries

(unit : won)

| Account   | Note        | End of the 13 <sup>th</sup> period | End of the 12 <sup>th</sup> period |
|---|-------------|------------------------------------|------------------------------------|
| <b>Assets</b>   |             |                                    |                                    |
| <b>Current assets</b>   |             | 7,274,793,716,706                  | 6,768,077,726,453                  |
| Cash and cash equivalents   | 6           | 1,882,309,979,179                  | 2,243,874,564,540                  |
| Short-term financial instruments                                  | 6           | 684,084,275,857                    | 417,956,126,252                    |
| Financial assets at fair value through profit or loss             | 5,6,7       | 49,930,240,776                     | 97,441,965,435                     |
| Trade receivables and other receivables                           | 4,6,9,15,41 | 2,063,304,840,739                  | 1,873,647,481,606                  |
| Inventories   | 10          | 2,383,843,763,749                  | 2,022,627,127,090                  |
| Other financial assets  | 4,5,6,8,11  | 5,449,673,627                      | 4,343,904,106                      |
| Other current assets  | 12          | 183,530,422,217                    | 104,840,561,000                    |
| Current tax assets  |             | 22,340,520,562                     | 3,345,996,424                      |
| <b>Non-current assets</b>   |             | 8,574,950,793,182                  | 5,995,227,961,907                  |
| Long-term financial instruments                                   | 6           | 17,000,000                         | 119,657,221,390                    |
| Long-term trade receivables and other receivables                 | 6,9,15      | 54,772,150,973                     | 53,333,283,192                     |
| Other financial assets  | 4,5,6,8,11  | 100,847,528,979                    | 105,302,440,412                    |
| Financial assets at fair value through other comprehensive income | 5,6,7       | 26,603,726,210                     | 111,364,771,337                    |
| Financial assets at fair value through profit or loss             | 5,6,7       | 96,786,261,438                     | 101,852,102,135                    |
| Investments in associates and joint ventures                      | 17          | 1,821,796,744,197                  | 1,117,000,809,916                  |
| Property, plant and equipment                                     | 13,15       | 4,692,733,428,282                  | 3,714,262,482,775                  |
| Investment properties   | 14          | 116,091,196,280                    | 116,069,932,115                    |
| Intangible assets   | 16          | 250,261,224,763                    | 251,505,486,532                    |
| Other non-current assets  | 12          | 1,119,756,155,805                  | 10,649,200,562                     |
| Net defined benefit assets  | 20          | 3,675,658,867                      | 18,693,861,125                     |
| Deferred tax assets   | 35          | 291,609,717,388                    | 275,536,370,416                    |
| <b>Total assets</b>   |             | 15,849,744,509,888                 | 12,763,305,688,360                 |
| <b>Liabilities</b>  |             |                                    |                                    |
| <b>Current liabilities</b>  |             | 3,687,123,538,870                  | 2,284,371,173,267                  |
| Trade payables and other payables                                 | 4,6,18,41   | 1,486,457,557,791                  | 1,304,944,055,024                  |
| Borrowings  | 4,5,6,19    | 1,238,336,376,047                  | 557,776,831,884                    |
| Current tax liabilities   | 35          | 213,296,096,573                    | 123,909,651,135                    |
| Provisions  | 21          | 19,322,692,918                     | 6,267,121,277                      |
| Other financial liabilities                                       | 4,5,6,8,22  | 393,700,879,221                    | 6,031,343,701                      |
| Other current liabilities   | 23          | 336,009,936,320                    | 285,442,170,246                    |
| <b>Non-current liabilities</b>                                    |             | 967,768,161,199                    | 849,381,338,753                    |
| Borrowings  | 4,5,6,19    | 591,150,411,874                    | 609,006,905,068                    |
| Net defined benefit liabilities                                   | 20          | 105,911,477,676                    | 8,233,686,638                      |
| Provisions  | 21          | 29,675,346,913                     | 22,430,875,716                     |
| Other financial liabilities                                       | 4,5,6,8,22  | 38,078,164,244                     | 25,282,912,094                     |

| Account   | Note | End of the 13 <sup>th</sup> period | End of the 12 <sup>th</sup> period |
|---|------|------------------------------------|------------------------------------|
| Other non-current liabilities                                   | 23   | 156,710,562,865                    | 123,217,706,736                    |
| Deferred tax liabilities  | 35   | 46,242,197,627                     | 61,209,252,501                     |
| <b>Total liabilities</b>  |      | 4,654,891,700,069                  | 3,133,752,512,020                  |
| <b>Equities</b>   |      |                                    |                                    |
| <b>Equity attributable to owners of the Controlling Company</b> |      | 11,100,370,242,882                 | 9,552,508,438,545                  |
| Issued capital  | 24   | 61,937,534,500                     | 61,937,534,500                     |
| Other paid-in capital   | 25   | 2,962,186,308,460                  | 2,962,186,308,460                  |
| Other capital components  | 26   | 721,830,828,148                    | 91,120,236,876                     |
| Retained earnings   | 27   | 7,354,415,571,774                  | 6,437,264,358,709                  |
| <b>Non-controlling interests</b>                                |      | 94,482,566,937                     | 77,044,737,795                     |
| <b>Total equities</b>   |      | 11,194,852,809,819                 | 9,629,553,176,340                  |
| <b>Total liabilities and equities</b>                           |      | 15,849,744,509,888                 | 12,763,305,688,360                 |

The accompanying notes are part of these consolidated financial statements.



# Consolidated Comprehensive Income Statement

The 13<sup>th</sup> Period From January 1, 2024 to December 31, 2024

The 12<sup>th</sup> Period From January 1, 2023 to December 31, 2023

Hankook Tire & Technology Co., Ltd. and its subsidiaries

(unit : won)

| Account  | Note        | The 13 <sup>th</sup> period | The 12 <sup>th</sup> period |
|--|-------------|-----------------------------|-----------------------------|
| <b>Sales</b>   | 28,29,39,41 | 9,411,947,926,996           | 8,939,621,475,507           |
| <b>Cost of sales</b>   | 28,36,41    | (5,943,937,771,390)         | (6,043,639,924,483)         |
| <b>Gross profit</b>  |             | 3,468,010,155,606           | 2,895,981,551,024           |
| Selling and administrative expenses  | 30,36       | (1,705,749,867,505)         | (1,568,036,230,233)         |
| <b>Operating income</b>  |             | 1,762,260,288,101           | 1,327,945,320,791           |
| Financial income   | 31          | 219,759,747,956             | 153,097,538,658             |
| Financial cost   | 32          | (144,167,140,938)           | (198,888,909,020)           |
| Non-operating income   | 33          | 297,296,784,369             | 304,191,731,794             |
| Non-operating expense  | 34          | (467,595,760,450)           | (399,952,420,279)           |
| Profit or loss in investment to associates   | 17          | (93,287,143,179)            | (12,007,781,473)            |
| Profit or loss arising from net monetary assets  |             | (444,866,158)               | (3,166,547,767)             |
| <b>Profit before income tax expense</b>  |             | 1,573,821,909,701           | 1,171,218,932,704           |
| <b>Income tax expense</b>  | 35          | (442,724,091,486)           | (442,425,980,549)           |
| <b>Net income</b>  |             | 1,131,097,818,215           | 728,792,952,155             |
| <b>Other comprehensive income or loss</b>  |             | 592,223,953,320             | 122,695,335,671             |
| Items that are not subsequently reclassified to profit or loss                         |             | 8,203,607,028               | (40,995,332,014)            |
| Financial assets at fair value through other comprehensive income                      | 26          | 41,396,950,381              | (116,238,696)               |
| Remeasurement element of defined benefit liabilities                                   | 20          | (38,096,070,041)            | (36,348,447,157)            |
| Remeasurement element of defined benefit liabilities for the associates                | 17          | (391,307,732)               | (604,638,906)               |
| Change in capital adjustments of equity method accounted investments of the associates | 17,26       | 5,294,034,420               | (3,926,007,255)             |
| Items that are subsequently reclassifiable to profit or loss                           |             | 584,020,346,292             | 163,690,667,685             |
| Cash flow hedge  | 8,26        | -                           | (943,368,392)               |
| Change in capital adjustments of equity method accounted investments of the associates | 26          | 51,767,041,517              | 13,015,272,806              |
| Exchange differences on translation of foreign operation                               | 26          | 532,253,304,775             | 151,618,763,271             |
| <b>Total comprehensive income for the period</b>                                       |             | 1,723,321,771,535           | 851,488,287,826             |
| Net income, attributable to  |             |                             |                             |
| Owners of controlling company  |             | 1,114,628,550,190           | 720,217,649,290             |
| Non-controlling interests  |             | 16,469,268,025              | 8,575,302,865               |
| Total comprehensive income, attributable to  |             |                             |                             |
| Owners of controlling company  |             | 1,706,447,183,237           | 842,988,988,785             |
| Non-controlling interests  |             | 16,874,588,298              | 8,499,299,041               |
| <b>Earning per share</b>   |             |                             |                             |
| Basic and diluted earnings per share   | 38          | 9,137                       | 5,904                       |

The accompanying notes are part of these consolidated financial statements.

### Consolidated Statements of Changes in Equity

The 13<sup>th</sup> Period    From January 1, 2024 to December 31, 2024

The 12<sup>th</sup> Period    From January 1, 2023 to December 31, 2023

Hankook Tire & Technology Co., Ltd. and its subsidiaries

(unit : won)

| Account   | Note | Issued capital | Other paid-in capital | Other components of equity | Retained earnings | Total equities attributable to owners of the controlling company | Non-controlling interests | Total equities    |
|---|------|----------------|-----------------------|----------------------------|-------------------|--|---------------------------|-------------------|
| <b>I. January 1, 2023 (Beginning balance)</b>   |      | 61,937,534,500 | 2,962,186,308,460     | (61,811,586,273)           | 5,844,798,195,473 | 8,807,110,452,160  | 68,598,795,819            | 8,875,709,247,979 |
| <b>Total comprehensive income</b>   |      |                |                       |                            |                   |  |                           |                   |
| Net income for the period   |      | -              | -                     | -                          | 720,217,649,290   | 720,217,649,290  | 8,575,302,865             | 728,792,952,155   |
| Cash flow hedge   | 8,26 | -              | -                     | (943,368,392)              | -                 | (943,368,392)  | -                         | (943,368,392)     |
| Gain or loss on valuation or disposal of equity instruments measured at fair value through other comprehensive income | 26   | -              | -                     | (6,908,263,477)            | 6,792,602,409     | (115,661,068)  | (577,628)                 | (116,238,696)     |
| Remeasurements of net defined benefit liabilities (assets)  |      | -              | -                     | -                          | (36,348,447,157)  | (36,348,447,157)   | -                         | (36,348,447,157)  |
| Remeasurement element of defined benefit liabilities for the associates   |      | -              | -                     | -                          | (604,638,906)     | (604,638,906)  | -                         | (604,638,906)     |
| Change in capital adjustments of equity method accounted investments  | 26   | -              | -                     | 9,089,265,551              | -                 | 9,089,265,551  | -                         | 9,089,265,551     |
| Exchange differences on translation of foreign operation  | 26   | -              | -                     | 151,694,189,467            | -                 | 151,694,189,467  | (75,426,196)              | 151,618,763,271   |
| <b>Transactions with owners of the Company</b>  |      |                |                       |                            |                   |  |                           |                   |
| Annual dividends  | 27   | -              | -                     | -                          | (97,591,002,400)  | (97,591,002,400)   | (711,504,000)             | (98,302,506,400)  |
| Stock-based compensation cost   |      | -              | -                     | -                          | -                 | -  | 658,146,935               | 658,146,935       |
| <b>II. December 31, 2023 (Ending balance)</b>   |      | 61,937,534,500 | 2,962,186,308,460     | 91,120,236,876             | 6,437,264,358,709 | 9,552,508,438,545  | 77,044,737,795            | 9,629,553,176,340 |
| <b>III. January 1, 2024 (Beginning balance)</b>   |      | 61,937,534,500 | 2,962,186,308,460     | 91,120,236,876             | 6,437,264,358,709 | 9,552,508,438,545  | 77,044,737,795            | 9,629,553,176,340 |
| <b>Total comprehensive income</b>   |      |                |                       |                            |                   |  |                           |                   |
| Net income for the period   |      | -              | -                     | -                          | 1,114,628,550,190 | 1,114,628,550,190  | 16,469,268,025            | 1,131,097,818,215 |
| Cash flow hedge   | 8,26 | -              | -                     | -                          | -                 | -  | -                         | -                 |
| Gain or loss on valuation or disposal of equity instruments   | 26   | -              | -                     | 42,931,543,688             | (1,534,663,750)   | 41,396,879,938   | 70,443                    | 41,396,950,381    |

| Account   | Note | Issued capital | Other paid-in capital | Other components of equity | Retained earnings | Total equities attributable to owners of the controlling company | Non-controlling interests | Total equities     |
|---|------|----------------|-----------------------|----------------------------|-------------------|--|---------------------------|--------------------|
| measured at fair value through other comprehensive income               |      |                |                       |                            |                   |  |                           |                    |
| Remeasurements of net defined benefit liabilities (assets)              |      | -              | -                     | -                          | (36,965,986,743)  | (36,965,986,743)   | (1,130,083,298)           | (38,096,070,041)   |
| Remeasurement element of defined benefit liabilities for the associates |      | -              | -                     | -                          | (391,307,732)     | (391,307,732)  | -                         | (391,307,732)      |
| Change in capital adjustments of equity method accounted investments    | 26   | -              | -                     | 57,061,075,937             | -                 | 57,061,075,937   | -                         | 57,061,075,937     |
| Exchange differences on translation of foreign operation                | 26   | -              | -                     | 530,717,971,647            | -                 | 530,717,971,647  | 1,535,333,128             | 532,253,304,775    |
| <b>Transactions with owners of the Company</b>                          |      |                |                       |                            |                   |  |                           |                    |
| Annual dividends  | 27   | -              | -                     | -                          | (158,585,378,900) | (158,585,378,900)  | (94,867,200)              | (158,680,246,100)  |
| Stock-based compensation cost   |      | -              | -                     | -                          | -                 | -  | 658,108,044               | 658,108,044        |
| <b>IV. December 31, 2024 (Ending balance)</b>                           |      | 61,937,534,500 | 2,962,186,308,460     | 721,830,828,148            | 7,354,415,571,774 | 11,100,370,242,882   | 94,482,566,937            | 11,194,852,809,819 |

The accompanying notes are part of these consolidated financial statements.

### Consolidated Statements of Cash Flows

The 13<sup>th</sup> Period      From January 1, 2024 to December 31, 2024

The 12<sup>th</sup> Period      From January 1, 2023 to December 31, 2023

Hankook Tire & Technology Co., Ltd. and its subsidiaries

(unit : won)

| Account  | Note | The 13 <sup>th</sup> period | The 12 <sup>th</sup> period |
|--|------|-----------------------------|-----------------------------|
| <b>I. Cash flows from operating activities</b>                                   |      | 1,886,111,357,762           | 1,975,497,409,437           |
| 1. Cash flow generated from operations   |      | 2,205,983,477,161           | 2,376,980,555,194           |
| (1) Net income for the period  |      | 1,131,097,818,215           | 728,792,952,155             |
| (2) Adjustment of revenue and expenses   | 37   | 1,359,011,763,785           | 1,149,404,766,052           |
| (3) Increase or decrease in assets and liabilities due to operating activities   | 37   | (284,126,104,839)           | 498,782,836,987             |
| 2. Interest received   |      | 123,761,639,919             | 84,753,482,602              |
| 3. Interest paid   |      | (46,760,897,083)            | (76,476,608,910)            |
| 4. Dividends received  |      | 13,019,330,321              | 45,064,423,658              |
| 5. Income taxes paid   |      | (409,892,192,556)           | (454,824,443,107)           |
| <b>II. Cash flows from investing activities</b>                                  |      | (2,610,437,312,322)         | 96,913,656,573              |
| Net increase or decrease in short-term financial instruments                     |      | (217,467,030,754)           | 185,331,196,214             |
| Net increase or decrease in long-term financial instruments                      |      | 123,704,293,849             | 1,570,000,000               |
| Acquisition of financial assets at fair value through profit or loss             |      | (315,731,027,212)           | (21,909,909,270)            |
| Disposal of financial assets at fair value through profit or loss                |      | 367,036,083,814             | 230,722,946,238             |
| Acquisition of Financial assets at fair value through other comprehensive income |      | -                           | (1,365,229,098)             |
| Disposal of Financial assets at fair value through other comprehensive income    |      | 138,782,980,358             | 11,659,828,850              |
| Acquisition of property, plant and equipment                                     |      | (1,033,135,598,205)         | (420,124,506,546)           |
| Disposal of property, plant and equipment  |      | 8,229,071,965               | 12,958,562,818              |
| Acquisition of intangible assets   |      | (9,683,262,053)             | (8,832,330,906)             |
| Disposal of intangible assets  |      | 11,097,022                  | 26,946,491                  |
| Acquisition of investment properties   |      | (45,992,050)                | (4,104,153,114)             |
| Settlement of derivatives  |      | 606,330,483                 | 24,791,659,323              |
| Net increase or decrease in other financial assets                               |      | (1,294,805,891)             | 76,661,406,698              |
| Acquisition of other non-current assets  |      | (1,104,966,000,000)         | -                           |
| Collection of finance lease receivables  |      | 15,249,475,931              | 9,622,451,620               |
| Cash inflows from changes in the scope of consolidation                          |      | 6,567,152,885               | -                           |
| Acquisition of investment in associates and joint ventures                       |      | (602,500,002,728)           | -                           |
| Disposal of investment in associates and joint ventures                          |      | 10,085,493,558              | -                           |
| Payment of rental deposit  |      | (25,130,017)                | (522,127,859)               |
| Receipt of rental deposit  |      | 4,139,556,723               | 426,915,114                 |
| <b>III. Cash flows from financing activities</b>                                 | 37   | 182,108,208,001             | (965,371,546,849)           |
| Net increase or decrease in short-term borrowings                                |      | 563,451,136,397             | (137,293,906,521)           |
| Net increase or decrease in long-term borrowings                                 |      | 296,858,335                 | 130,541,000,000             |
| Refund of bond issuance fee  |      | -                           | (651,090,000,000)           |
| Settlement of derivatives  |      | -                           | 58,346,000,000              |

| Account  | Note | The 13 <sup>th</sup> period | The 12 <sup>th</sup> period |
|--|------|-----------------------------|-----------------------------|
| Repayment of lease liabilities   |      | (89,348,571,973)            | (71,838,890,619)            |
| Repayment of current portion of long-term borrowings                         |      | (136,398,000,000)           | (195,811,500,000)           |
| Payment of rental deposit  |      | 339,660,000                 | 248,959,608                 |
| Receipt of rental deposit  |      | (434,170,315)               | (197,000,000)               |
| Dividends paid to the owners of the controlling company                      |      | (158,585,378,900)           | (97,587,059,950)            |
| Increase or decrease in non-controlling interest financial liabilities       |      | 2,881,541,657               | 22,354,633                  |
| Dividends paid to non-controlling interests                                  |      | (94,867,200)                | (711,504,000)               |
| <b>IV. Increase (decrease) in cash and cash equivalents</b>                  |      | <b>(542,217,746,559)</b>    | <b>1,107,039,519,161</b>    |
| <b>V. Beginning balance of cash and cash equivalents</b>                     |      | <b>2,243,874,564,540</b>    | <b>1,139,442,351,244</b>    |
| <b>VI. Effect of exchange rate fluctuations on cash and cash equivalents</b> |      | <b>180,653,161,198</b>      | <b>(2,607,305,865)</b>      |
| <b>VII. Ending balance of cash and cash equivalents</b>                      |      | <b>1,882,309,979,179</b>    | <b>2,243,874,564,540</b>    |

The accompanying notes are part of these consolidated financial statements.

## Notes

|                             |   |
|-----------------------------|---|
| The 13 <sup>th</sup> Period | From January 1, 2024 to December 31, 2024 |
| The 12 <sup>th</sup> Period | From January 1, 2023 to December 31, 2023 |

Hankook Tire & Technology Co., Ltd. and its subsidiaries

### 1. General Information

General information of Hankook Tire & Technology Co.,Ltd. (hereinafter, “Company”), a controlling company in accordance with K-IFRS 1110 ‘Consolidated Financial Statements’, and its subsidiaries (collectively referred to as the “Group”) is as follows.

#### 1.1 Company Overview

The Group was established on September 1, 2012, as a spin-off company from Hankook & Company Co., Ltd., separating its tire business division. The Group’s principal business activities include the manufacturing, retreading, processing, and sales of automobile tires, tubes, and related components. As of the end of the reporting period, the Group’s headquarters is located in Bundang-gu, Seongnam-si, Gyeonggi-do, Korea, and including its subsidiaries, the Group operates a total of eight manufacturing plants in Korea, China, Hungary, Indonesia, and the United States. The Group’s shares were relisted on the Korea Exchange’s securities market on October 4, 2012.

On February 28, 2019, the Board of Directors resolved to change its corporate name from Hankook tire Co.,Ltd. to Hankook Tire & Technology Co.,Ltd. the Company changed its name on May 8, 2019, according to approval of general meeting shareholders on March 28, 2019.

As of the end of reporting period, the Group’s shareholders are as follows.

|  | End of current period |                            | End of previous period |                            |
|--|-----------------------|----------------------------|------------------------|----------------------------|
|  | Number of shares      | Percentage of ownership(%) | Number of shares       | Percentage of ownership(%) |
| Hankook & Company Co., Ltd.<br>(Formerly, Hankook Technology Group Co.,Ltd.) | 37,995,959            | 30.67                      | 37,995,959             | 30.67                      |
| Hyun-Bum Cho   | 9,581,144             | 7.74                       | 9,581,144              | 7.74                       |
| Hyun-Shick Cho   | 799,241               | 0.65                       | 799,241                | 0.65                       |
| Others(*)  | 75,498,725            | 60.94                      | 75,498,725             | 60.94                      |
| Total  | 123,875,069           | 100                        | 123,875,069            | 100                        |

(\*) As of the end of the reporting period, the number of treasury stocks held by the Group is 1,886,316.

#### 1.2 Status of subsidiaries

| Company                            | Location | Main business                                      | Ratio of equity and voting rights owned by companies within the group (%) |                        | Closing month |
|------------------------------------|----------|--|---|------------------------|---------------|
|                                    |          |  | End of current period   | End of previous period |               |
| Hankook Engineering Works Co.,Ltd. | Korea    | Manufacture of tire and tube manufacturing machine | 95.0  | 95.0                   | December      |

| Company                                  | Location    | Main business                                  | Ratio of equity and voting rights owned by companies within the group (%) |                        | Closing month |
|--|-------------|--|---|------------------------|---------------|
|  |             |  | End of current period   | End of previous period |               |
| Hankook Tire America Corp.               | USA         | Sales of tires                                 | 100.0   | 100.0                  | "             |
| Hankook Tyre U.K. Ltd.                   | UK          | "  | 100.0   | 100.0                  | "             |
| Jiangsu Hankook Tire Co., Ltd.           | China       | Manufacture and sales of tires                 | 100.0   | 100.0                  | "             |
| Hankook Tire China Co., Ltd.             | "           | "  | 100.0   | 100.0                  | "             |
| Shanghai Hankook Tire Sales Co., Ltd.    | "           | Sales of tires                                 | 100.0   | 100.0                  | "             |
| Hankook Tire Netherlands B.V.            | Netherlands | "  | 100.0   | 100.0                  | "             |
| Hankook Tire Japan Corp.                 | Japan       | "  | 100.0   | 100.0                  | "             |
| Hankook Tire Canada Corp.                | Canada      | "  | 100.0   | 100.0                  | "             |
| Hankook Reifen Deutschland GmbH          | Germany     | "  | 100.0   | 100.0                  | "             |
| Hankook Tire France SARL                 | France      | "  | 100.0   | 100.0                  | "             |
| Hankook Espana S. A.                     | Spain       | "  | 100.0   | 100.0                  | "             |
| Hankook Tyre Australia Pty., Ltd.        | Australia   | "  | 100.0   | 100.0                  | "             |
| Hankook Tire Europe Holdings B.V.        | Netherlands | Establishment of European Governance Structure | 100.0   | 100.0                  | "             |
| Hankook Tire Hungary Ltd.                | Hungary     | Manufacture and sales of tires                 | 100.0   | 100.0                  | "             |
| Hankook Tire Budapest Kereskedelmi Kft   | "           | Sales of tires                                 | 100.0   | 100.0                  | "             |
| Hankook Tire Italia S.R.L.               | Italy       | "  | 100.0   | 100.0                  | "             |
| Hankook Tire Europe GmbH                 | Germany     | Support to sales of tires                      | 100.0   | 100.0                  | "             |
| Hankook Tire Rus LLC                     | Russia      | Sales of tires                                 | 100.0   | 100.0                  | "             |
| Hankook Tire DE Mexico, S.A. DE C.V.     | Mexico      | "  | 100.0   | 100.0                  | "             |
| Chongqing Hankooktire Co., Ltd.          | China       | Manufacture and sales of tires                 | 100.0   | 100.0                  | "             |
| PT. HANKOOK TIRE INDONESIA               | Indonesia   | "  | 99.9  | 99.9                   | "             |
| MK Mold (Jiaxing) Co., LTD.              | China       | Manufacture and sales of tire mold             | 50.1  | 50.1                   | "             |
| Hankook Precision works Co.,Ltd.         | Korea       | "  | 50.1  | 50.1                   | "             |
| Hankook Tire Singapore PTE., Ltd.        | Singapore   | Trading and consulting                         | 100.0   | 100.0                  | "             |
| Hankook Tire Malaysia SDN.BHD.           | Malaysia    | Sales of tires                                 | 100.0   | 100.0                  | "             |
| Hankook Tires India llp.                 | India       | "  | 100.0   | 100.0                  | "             |
| Hankook Tire Sweden AB                   | Sweden      | "  | 100.0   | 100.0                  | "             |
| Beijing Jielun Trading Company Co., Ltd. | China       | "  | 100.0   | 100.0                  | "             |

| Company   | Location  | Main business   | Ratio of equity and voting rights owned by companies within the group (%) |                        | Closing month |
|---|-----------|---|---|------------------------|---------------|
|   |           |   | End of current period   | End of previous period |               |
| Qingdao Jieluntong Trading Co., LTD                 | China     | "   | 100.0   | 100.0                  | "             |
| Xiamen Jieluntong Trading Co., LTD                  | China     | "   | 100.0   | 100.0                  | "             |
| Hankook Lastikleri A.S.                             | Turkey    | "   | 100.0   | 100.0                  | "             |
| Hankook Tire Polska Sp. z o.o.                      | Poland    | "   | 100.0   | 100.0                  | "             |
| Hankook Tire Thailand Co., Ltd.                     | Thailand  | "   | 100.0   | 100.0                  | "             |
| Hankook Tire de Colombia Ltda.                      | Colombia  | "   | 100.0   | 100.0                  | "             |
| Hankook Tire Manufacturing Tennessee LP             | USA       | Manufacture and sales of tires                        | 100.0   | 100.0                  | "             |
| Hankook Tire America Holdings I, LLC                | USA       | Establishment of American Governance Structure        | 100.0   | 100.0                  | "             |
| Hankook Tire America Holdings II, LLC               | "         | "   | 100.0   | 100.0                  | "             |
| MK Technology (CHONGQING) Mould Co., Ltd.           | China     | Manufacture and sales of tire mold                    | 50.1  | 50.1                   | "             |
| Hankook Tire Ceska Republika s.r.o.                 | Czech     | Sales of tires  | 100.0   | 100.0                  | "             |
| Hankook Donggeurami Partners Co.,Ltd.               | Korea     | Facility management service, confectionery and bakery | 100.0   | 100.0                  | "             |
| Hankook Tyre Australia Retail Pty., Ltd.            | Australia | Distribution of tires                                 | 100.0   | 100.0                  | "             |
| JAX Quickfit Franchising Systems Unit Trust.        | Australia | "   | 100.0   | 100.0                  | "             |
| JAX Quickfit Franchising Systems Pty Ltd.           | Australia | "   | 100.0   | 100.0                  | "             |
| JAX Quickfit Properties Pty Ltd.                    | Australia | "   | 100.0   | 100.0                  | "             |
| JAX Quickfit Retailing Pty Ltd                      | Australia | "   | 100.0   | 100.0                  | "             |
| JAX Property Investments Pty Ltd                    | Australia | "   | 100.0   | 100.0                  | "             |
| JAX Property Investments Trust                      | Australia | "   | 100.0   | 100.0                  | "             |
| Hankook Tire Latam, S.A.                            | Panama    | Trading and consulting                                | 100.0   | 100.0                  | "             |
| Hankook Tire Latin America Distribution Center, S.A | "         | Sales of tires  | 100.0   | 100.0                  | "             |
| Hankook Tire Ukraine LLC                            | Ukraine   | Sales of tires  | 100.0   | 100.0                  | "             |
| Model Solution Co.,Ltd.                             | Korea     | Mold and injection manufacturing                      | 62.9  | 62.9                   | "             |
| ModelSolution Inc.                                  | USA       | Computer printing                                     | 62.9  | 62.9                   | "             |
| Reifen-Muller KG                                    | Germany   | Distribution of tires                                 | 100.0   | 100.0                  | "             |
| Reifen-Muller GmbH & Co. Runderneuerungswerk KG     | "         | "   | 100.0   | 100.0                  | "             |
| RM Verwaltungs GmbH                                 | Germany   | Establishment of European Governance Structure        | 100.0   | 100.0                  | "             |



| Company  | Location             | Main business                   | Ratio of equity and voting rights owned by companies within the group (%) |                        | Closing month |
|--|----------------------|---------------------------------|---|------------------------|---------------|
|  |                      |                                 | End of current period   | End of previous period |               |
| RU Verwaltungs GmbH  | "                    | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire D.O.O. Beograd  | Serbia               | Sales of tires                  | 100.0   | 100.0                  | "             |
| Hankook Tire Middle East and Africa FZE                              | United Arab Emirates | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire Vietnam. Co., Ltd.                                      | Vietnam              | "                               | 100.0   | 100.0                  | "             |
| PT. HANKOOK TIRE SALES INDONESIA                                     | Indonesia            | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire Austria GmbH  | Austria              | "                               | 100.0   | 100.0                  | "             |
| TNA Co.,Ltd.   | Korea                | Sales of tires                  | 100.0   | 100.0                  | "             |
| Mirae Asset OCIO Best Solution Professional Private Equity Fund No.1 | Korea                | Collective investment           | 99.7  | 99.7                   | "             |
| Tiger CONSTANT 1 Professional Private Equity Fund                    | Korea                | Collective investment           | -   | 98.0                   | "             |
| CNT Tech Mobility Startup Investment Association 1                   | Korea                | Collective investment           | 66.7  | 66.7                   | "             |
| Hankook Tire & Technology Egypt LLC                                  | Egypt                | Sales support for tire products | 100.0   | 100.0                  | "             |
| Hankook Tire Chile SPA   | Chile                | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire Taiwan Co.,Ltd.   | Taiwan               | "                               | 100.0   | 100.0                  | "             |
| Hankook Gulf Tire LLC  | UAE                  | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire Romania SRL   | Romania              | "                               | 100.0   | 100.0                  | "             |
| Hankook Tire Morocco SAS   | Morocco              | "                               | 100.0   | -                      | "             |
| Hankook Tire d.o.o. Zagreb   | Croatia              | "                               | 100.0   | -                      | "             |
| AFWP New Technology Investment Fund No.13                            | Korea                | Collective investment           | 60.9  | -                      | "             |

### 1.3 Changes in Scope for Consolidation

The subsidiaries newly included in or excluded from the scope of the consolidated financial statements during the current period are as follows.

| Company   | Reason                                |
|---|---------------------------------------|
| Hankook Tire Morocco SAS                          | Newly established                     |
| Hankook Tire d.o.o. Zagreb                        | Newly established                     |
| AFWP New Technology Investment Fund No.13         | New equity investment                 |
| Tiger CONSTANT 1 Professional Private Equity Fund | Dissolution during the current period |

### 1.4 Summary of financial information for consolidated subsidiaries

The key financial information of the consolidated subsidiaries as of the end of the reporting period is as follows.

Current period

(Unit : thousand won)

| Company  | Assets        | Liabilities | Sales         | Net income  |
|--|---------------|-------------|---------------|-------------|
| Hankook Tire America Corp.                           | 1,923,403,982 | 696,384,197 | 2,092,216,236 | 169,423,043 |
| Hankook Tire Canada Corp.                            | 116,257,816   | 82,461,534  | 155,873,224   | 1,915,503   |
| Hankook Tire DE Mexico, S.A. DE C.V.                 | 104,064,201   | 91,565,070  | 185,050,699   | 3,159,325   |
| Hankook Tire de Colombia Ltda.                       | 14,259,462    | 8,106,508   | 33,602,680    | 448,379     |
| Hankook Tire Manufacturing Tennessee LP              | 1,503,183,818 | 949,960,020 | 485,657,192   | (7,490,441) |
| Hankook Tire America Holdings I, LLC                 | 5,927,356     | -           | -             | (410)       |
| Hankook Tire America Holdings II, LLC                | 585,784,928   | -           | -             | (410)       |
| Hankook Tire Chile SPA                               | 2,462,113     | 2,911,876   | 1,474,066     | (713,188)   |
| Hankook Tire Latin America Distribution Center, S.A. | 33,507,366    | 37,691,614  | 48,248,443    | (308,479)   |
| Hankook Tire Latam, S.A.                             | 432,450       | 121,597     | 950,943       | 26,468      |
| Hankook Tire Europe Holdings B.V.                    | 416,121,747   | 828,930     | 815           | 149,807,877 |
| Hankook Tire Netherlands B.V.                        | 253,035,136   | 229,340,390 | 579,037,711   | 10,237,754  |
| Hankook Tyre U.K. Ltd.                               | 257,934,956   | 228,951,202 | 275,035,487   | (1,705,482) |
| Hankook Reifen Deutschland GmbH                      | 479,539,107   | 399,621,024 | 921,410,488   | 4,401,778   |
| Hankook Tire France S.A.R.L.                         | 242,403,825   | 208,945,649 | 391,301,953   | 4,550,987   |
| Hankook Tire Italia S.R.L.                           | 242,792,304   | 214,068,690 | 301,426,102   | 1,600,273   |
| Hankook Espana S.A.                                  | 131,429,673   | 99,962,460  | 244,758,489   | 3,494,757   |
| Hankook Tire Europe GmbH                             | 625,020,361   | 466,081,067 | 42,048,454    | 9,146,531   |
| Hankook Tire Hungary Ltd.                            | 2,028,044,922 | 245,734,082 | 1,277,440,643 | 314,220,736 |
| Hankook Tire Budapest Kereskedelmi Kft               | 66,061,040    | 44,615,047  | 85,326,898    | 556,629     |
| Hankook Tire Rus LLC                                 | 108,003,164   | 97,985,659  | 195,196,529   | 9,501,583   |
| Hankook Tire Sweden AB                               | 60,503,408    | 55,477,850  | 99,632,671    | 1,229,985   |
| Hankook Lastikleri A.S.                              | 186,198,852   | 141,108,259 | 297,708,200   | 23,317,226  |
| Hankook Tire Polska Sp. z o.o.                       | 83,175,884    | 72,269,267  | 145,479,361   | 2,196,128   |
| Hankook Tire Ceska Republika s.r.o.                  | 42,837,865    | 35,130,213  | 82,936,475    | 1,017,518   |
| Hankook Tire Ukraine LLC                             | 506,226       | 266,613     | 728,368       | 69,763      |
| Hankook Tire Japan Corp.                             | 47,910,800    | 37,396,531  | 74,502,478    | 4,115,525   |
| Hankook Tyre Australia Pty. Ltd.                     | 60,114,886    | 53,412,279  | 91,519,679    | 77,512      |
| PT. HANKOOK TIRE INDONESIA                           | 1,273,627,537 | 159,020,484 | 711,808,184   | 117,902,629 |
| Hankook Tire Thailand Co., Ltd.                      | 8,509,600     | 5,922,162   | 18,801,453    | 156,806     |
| Hankook Tires India llp.                             | 112,190       | 3,040       | -             | -           |
| Hankook Tire Malaysia SDN.BHD.                       | 16,677,012    | 19,218,104  | 51,405,175    | 2,641,597   |
| Hankook Tire & Technology Egypt LLC                  | 111,792       | 44,595      | 416,480       | 23,276      |
| Hankook Tire Singapore PTE., Ltd.                    | 729,968,099   | 711,399,978 | 1,870,742     | 2,994,136   |
| Hankook Tyre Australia Retail Pty., Ltd.(*1)         | 140,467,864   | 65,691,273  | 42,300,844    | 442,360     |
| Hankook Tire China Co., Ltd.                         | 1,818,366,898 | 227,372,818 | 921,707,644   | 136,953,349 |
| Jiangsu Hankook Tire Co., Ltd.                       | 784,552,991   | 151,114,527 | 719,178,325   | 101,381,096 |
| Shanghai Hankook Tire Sales Co., Ltd.                | 969,818,014   | 881,214,138 | 891,308,998   | 16,385,380  |
| Chongqing Hankooktire Co., Ltd.                      | 506,152,368   | 111,711,927 | 544,224,284   | 103,765,613 |
| Beijing Jielun Trading Company Co., Ltd.             | 1,181,580     | 499,521     | 11,088,084    | 66,228      |
| Qingdao Jieluntong Trading Co., LTD                  | 412,057       | 329,655     | 8,271,211     | 72,284      |
| Xiamen Jieluntong Trading Co., LTD                   | 162,156       | 421,539     | 7,316,639     | 95,578      |
| Hankook Precision works Co.,Ltd.                     | 173,379,740   | 11,368,427  | 57,335,536    | 18,636,892  |
| MK Mold (Jiaxing) Co., LTD.                          | 29,637,564    | 6,214,344   | 28,442,610    | 6,914,945   |
| MK Technology (CHONGQING) Mould Co., Ltd.            | 2,411,751     | 47,298      | 799,925       | 165,645     |

| Company  | Assets      | Liabilities | Sales       | Net income |
|--|-------------|-------------|-------------|------------|
| Model Solution Co.,Ltd.  | 90,921,965  | 23,219,793  | 67,631,368  | 4,821,252  |
| ModelSolution Inc.   | 249,360     | 803,737     | 2,404,524   | (458,673)  |
| Hankook Engineering Works Co.,Ltd.                                   | 84,559,637  | 42,248,016  | 86,322,220  | 5,662,073  |
| Hankook Donggeurami Partners Co.,Ltd.                                | 2,107,977   | 950,158     | 7,618,674   | 310,958    |
| Reifen-Muller KG   | 247,476,005 | 180,087,868 | 415,136,384 | 1,972,560  |
| Reifen-Muller Runderneuerung BV                                      | 43,259,635  | 1,308,711   | 28,633,305  | 5,322,749  |
| RM Verwaltungs GmbH  | 470,402     | 118,125     | 953,615     | 50,881     |
| RU Verwaltungs GmbH  | 257,631     | 51,058      | 401,399     | 18,195     |
| Hankook Tire D.O.O. Beograd  | 23,240,339  | 20,324,270  | 62,165,496  | 653,529    |
| Hankook Tire Romania SRL   | 26,714,568  | 25,013,372  | 58,168,323  | 1,645,806  |
| Hankook Tire Morocco SAS   | 925,932     | 615,821     | 1,154,806   | 249,358    |
| Hankook Tire d.o.o. Zagreb   | 18,938,666  | 18,413,403  | 12,532,739  | 418,316    |
| HANKOOK TIRE MIDDLE EAST AND AFRICA FZE                              | 18,199,119  | 16,793,009  | 47,994,223  | 390,595    |
| Hankook Tire Vietnam. Co., Ltd.                                      | 3,128,237   | 2,441,329   | 7,000,460   | (212,933)  |
| Hankook Tyre Taiwan Co., LTD   | 4,300,901   | 4,162,978   | 7,971,634   | (381,023)  |
| PT. HANKOOK TIRE SALES INDONESIA                                     | 34,941,823  | 30,501,789  | 65,766,006  | 886,409    |
| Hankook Gulf Tire LLC  | 1,574,271   | 1,552,937   | 2,295,119   | (20,235)   |
| Hankook Tire Austria GmbH  | 59,769,623  | 68,768,941  | 80,851,668  | 58,624     |
| TNA Co.,Ltd.   | 16,462,448  | 8,257,775   | 21,927,714  | 1,015,563  |
| Mirae Asset OCIO Best Solution Professional Private Equity Fund No.1 | 40,362,645  | 7,499       | -           | 330,515    |
| CNT Tech Mobility Startup Investment Association 1                   | 2,257,106   | 1,659       | -           | 385,086    |
| AFWP New Technology Investment Fund No.13                            | 8,151,126   | 1,650       | -           | (60,524)   |

(\*1) This represents the financial information of the consolidation unit, which includes the financial information of JAX Quickfit Franchising Systems Unit Trust, JAX Quickfit Franchising Systems Pty Ltd., JAX Quickfit Properties Pty Ltd., JAX Quickfit Retailing Pty Ltd., and JAX Property Investments Pty Ltd., as well as JAX Property Investments Trust, all of which are 100% owned by Hankook Tyre Australia Retail Pty., Ltd.

Previous period

(Unit : thousand won)

| Company  | Assets        | Liabilities | Sales         | Net income  |
|--|---------------|-------------|---------------|-------------|
| Hankook Tire America Corp.                           | 1,589,018,609 | 606,065,325 | 2,268,730,546 | 186,186,096 |
| Hankook Tire Canada Corp.                            | 62,311,047    | 32,017,979  | 145,675,227   | (1,370,756) |
| Hankook Tire DE Mexico, S.A. DE C.V.                 | 110,374,544   | 100,314,276 | 179,522,497   | 2,736,031   |
| Hankook Tire de Colombia Ltda.                       | 19,284,347    | 13,566,584  | 48,435,041    | 1,385,948   |
| Hankook Tire Manufacturing Tennessee LP              | 917,268,669   | 617,081,309 | 448,032,639   | 14,100,268  |
| Hankook Tire America Holdings I, LLC                 | 3,917,061     | -           | -             | (589)       |
| Hankook Tire America Holdings II, LLC                | 386,853,433   | -           | -             | (589)       |
| Hankook Tire Chile SPA                               | 277,159       | 2,738       | 125,370       | 5,275       |
| Hankook Tire Latin America Distribution Center, S.A. | 31,317,391    | 34,695,898  | 47,514,060    | (2,422,744) |
| Hankook Tire Latam, S.A.                             | 322,529       | 74,888      | 963,695       | 17,324      |
| Hankook Tire Europe Holdings B.V.                    | 614,498,878   | 2,416,749   | 4,274         | 6,926,550   |
| Hankook Tire Netherlands B.V.                        | 240,001,585   | 187,846,863 | 476,130,966   | 8,078,770   |
| Hankook Tyre U.K. Ltd.                               | 180,880,759   | 153,463,952 | 267,479,770   | (1,638,426) |
| Hankook Reifen Deutschland GmbH                      | 356,344,146   | 292,696,197 | 780,353,332   | 3,920,454   |
| Hankook Tire France S.A.R.L.                         | 179,915,474   | 153,094,233 | 359,364,011   | 3,452,182   |
| Hankook Tire Italia S.R.L.                           | 192,230,584   | 166,973,798 | 265,812,577   | 345,727     |

| Company                                      | Assets        | Liabilities | Sales         | Net income  |
|--|---------------|-------------|---------------|-------------|
| Hankook Espana S.A.                          | 87,495,625    | 61,510,793  | 189,108,598   | 1,445,177   |
| Hankook Tire Europe GmbH                     | 590,386,976   | 433,925,932 | 31,485,644    | 8,084,608   |
| Hankook Tire Hungary Ltd.                    | 1,666,585,598 | 193,704,336 | 1,167,404,299 | 167,040,652 |
| Hankook Tire Budapest Kereskedelmi Kft       | 58,886,306    | 37,939,292  | 124,273,111   | 2,004,302   |
| Hankook Tire Rus LLC                         | 58,250,034    | 53,886,826  | 111,390,090   | (7,796,133) |
| Hankook Tire Sweden AB                       | 56,902,352    | 53,266,529  | 98,686,761    | (508,746)   |
| Hankook Lastikleri A.S.                      | 80,655,519    | 57,754,848  | 204,693,191   | 5,092,205   |
| Hankook Tire Polska Sp. z o.o.               | 52,216,449    | 44,281,017  | 135,989,487   | (2,700,939) |
| Hankook Tire Ceska Republika s.r.o.          | 29,714,698    | 23,620,111  | 66,605,151    | (613,420)   |
| Hankook Tire Ukraine LLC                     | 573,872       | 410,551     | 721,930       | (91,085)    |
| Hankook Tire Japan Corp.                     | 33,198,782    | 28,223,992  | 59,057,743    | 3,145,121   |
| Hankook Tyre Australia Pty. Ltd.             | 45,553,850    | 39,173,554  | 82,735,651    | (3,749,754) |
| PT. HANKOOK TIRE INDONESIA                   | 1,005,880,410 | 141,568,220 | 661,026,710   | 126,379,296 |
| Hankook Tire Thailand Co., Ltd.              | 5,861,104     | 3,749,905   | 17,558,740    | 248,760     |
| Hankook Tires India llp.                     | 101,146       | 2,741       | -             | -           |
| Hankook Tire Malaysia SDN.BHD.               | 9,981,207     | 14,619,133  | 38,981,376    | 432,148     |
| Hankook Tire & Technology Egypt LLC          | 119,186       | 53,658      | 362,210       | 74,143      |
| Hankook Tire Singapore PTE., Ltd.            | 678,592,512   | 665,136,039 | 2,890,525     | 10,589,734  |
| Hankook Tyre Australia Retail Pty., Ltd.(*1) | 140,303,283   | 68,709,296  | 36,442,611    | 2,074,676   |
| Hankook Tire China Co., Ltd.                 | 1,661,938,771 | 202,781,019 | 848,403,054   | 232,355,008 |
| Jiangsu Hankook Tire Co., Ltd.               | 689,280,551   | 142,223,680 | 708,682,076   | 113,205,062 |
| Shanghai Hankook Tire Sales Co., Ltd.        | 807,521,036   | 718,102,036 | 981,089,271   | 20,142,648  |
| Chongqing Hankooktire Co., Ltd.              | 400,683,741   | 144,159,442 | 473,692,066   | 77,259,523  |
| Beijing Jielun Trading Company Co., Ltd.     | 986,650       | 425,615     | 16,344,392    | 187,685     |
| Qingdao Jieluntong Trading Co., LTD          | 332,270       | 327,322     | 11,618,056    | 52,298      |
| Xiamen Jieluntong Trading Co., LTD           | 391,513       | 715,922     | 11,033,695    | 39,810      |
| Hankook Precision works Co.,Ltd.             | 153,434,366   | 9,154,925   | 90,986,351    | 7,693,071   |
| MK Mold (Jiaxing) Co., LTD.                  | 25,593,265    | 3,743,968   | 23,504,693    | 4,399,282   |
| MK Technology (CHONGQING) Mould Co., Ltd.    | 2,003,934     | 37,811      | 754,396       | 141,084     |
| Model Solution Co.,Ltd.                      | 86,165,817    | 23,108,394  | 64,187,621    | 1,568,694   |
| ModelSolution Inc.                           | 1,204,128     | 1,221,372   | 4,469,421     | (356,212)   |
| Hankook Engineering Works Co.,Ltd.           | 53,114,103    | 15,551,961  | 47,494,959    | (956,102)   |
| Hankook Donggeurami Partners Co.,Ltd.        | 2,149,310     | 1,033,451   | 7,068,670     | 191,374     |
| Reifen-Muller KG                             | 218,742,623   | 157,738,425 | 391,866,769   | 451,933     |
| Reifen-Muller Runderneuerung BV              | 35,187,492    | 1,187,342   | 27,363,100    | 6,112,412   |
| RM Verwaltungs GmbH                          | 636,634       | 357,103     | 951,835       | 41,213      |
| RU Verwaltungs GmbH                          | 264,600       | 89,428      | 348,040       | 23,178      |
| Hankook Tire D.O.O. Beograd                  | 24,307,179    | 22,223,502  | 63,089,078    | 1,002,878   |
| Hankook Tire Romania                         | 56,012        | 60,060      | -             | (18,077)    |
| HANKOOK TIRE MIDDLE EAST AND AFRICA FZE      | 18,896,640    | 18,032,407  | 37,057,320    | 45,027      |
| Hankook Tire Vietnam. Co., Ltd.              | 2,489,962     | 1,648,390   | 7,011,715     | (70,069)    |
| Hankook Tyre Taiwan Co., LTD                 | 537,277       | 31,527      | 32,812        | 1,987       |
| PT. HANKOOK TIRE SALES INDONESIA             | 23,607,454    | 20,393,626  | 58,014,380    | 1,417,080   |
| Hankook Gulf Tire LLC                        | 47,465        | 9,621       | 12,511        | 2,771       |
| Hankook Tire Austria GmbH                    | 47,328,315    | 55,783,052  | 66,008,674    | (3,329,897) |

| Company  | Assets      | Liabilities | Sales      | Net income |
|--|-------------|-------------|------------|------------|
| TNA Co.,Ltd.   | 16,156,852  | 8,796,623   | 18,737,535 | (48,848)   |
| Mirae Asset OCIO Best Solution Professional Private Equity Fund No.1 | 103,703,581 | 19,675      | -          | 5,214,145  |
| Tiger CONSTANT 1 Professional Private Equity Fund                    | 7,122,274   | 1,881,239   | -          | 434,806    |
| CNT Tech Mobility Startup Investment Association 1                   | 2,265,096   | 44,664      | -          | (80,752)   |

(\*1) This represents the financial information of the consolidated unit, including the financial information of JAX Quickfit Franchising Systems Unit Trust, JAX Quickfit Franchising Systems Pty Ltd., JAX Quickfit Properties Pty Ltd., JAX Quickfit Retailing Pty Ltd., JAX Property Investments Pty Ltd., and JAX Property Investments Trust, all of which are 100% owned by Hankook Tyre Australia Retail Pty Ltd.

## 2. Significant Accounting Policies

The following are significant accounting policies that have been applied to the preparation of the consolidated financial statements. These policies continue to apply in the accounting periods stated, unless otherwise noted.

### 2.1 Basis of Preparation

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

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

- Certain financial assets and liabilities (including derivative instruments), and
- Defined benefit pension plans – plan assets measured at fair value.

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

#### 2.1.1 New and amended standards and interpretations adopted by the Group

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

(1) Amendments to K-IFRS 1001 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within 12 months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period. The amendments do not

have a significant impact on the consolidated financial statements.

(2) Amendments to K-IFRS 1007 'Statement of Cash Flows', K-IFRS 1107 'Financial Instruments : Disclosures' – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments do not have a significant impact on the consolidated financial statements.

(3) Amendments to K-IFRS 1116 'Leases' – Lease liability in a Sale and Leaseback

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

(4) Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of Cryptographic Assets

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments do not have a significant impact on the consolidated financial statements.

## **2.1.2 Enacted and amended standards and interpretations not applied by the Group**

The new, enacted and amended standards and interpretations that have been enacted or announced but have not been adopted because the enforcement date has not arrived are as follows.

(1) Amendments to K-IFRS 1021 'The Effects of Changes in Foreign Exchange Rates' and K-IFRS 1101 'First time Adoption of Korean International Financial Reporting Standards' - Lack of exchangeability

The amendments assess the exchangeability of the currency and, if it is not exchangeable for other currencies, estimate the spot rate and disclose relevant information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

(2) Amendments to K-IFRS 1109 Financial Instruments, K-IFRS 1107 Financial Instruments: Disclosures

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

- 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 sole 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).

### (3) Annual Improvements to K-IFRS – Volume 11

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

- K-IFRS 1101 First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter
- K-IFRS 1107 Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance
- K-IFRS 1109 Financial Instruments: Derecognition of lease liabilities and definition of transaction price
- K-IFRS 1110 Consolidated Financial Statements: Determination of a ‘de facto agent’
- K-IFRS 1007 Statement of Cash Flows: Cost method

## 2.2 Accounting Policies

### 2.2.1 Income Tax Expenses

The Group has applied the exemption provision for not recognizing and disclosing deferred tax assets and liabilities related to the global minimum tax under the amended K-IFRS 1012.

### 2.2.2 Financial Reporting Application in Turkey's Hyperinflationary Economy

(1) In response to the hyperinflation situation in Turkey that began in 2022, the Company has adopted the K-IFRS 1029 for financial reporting in hyperinflationary economies. To apply this standard, the Company used the Consumer Price Index (CPI) disclosed by the Turkish Statistical Institute. The Consumer Price Index (CPI) at the end of each quarter for last year and this year, as disclosed by the Turkish Statistical Institute, is as follows.

| Year | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter | 4 <sup>th</sup> Quarter |
|------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2023 | 1,269.75                | 1,351.59                | 1,691.04                | 1,859.38                |
| 2024 | 2,139.47                | 2,319.29                | 2,526.16                | 2,684.55                |

(2) The Group has presented the financial statements of Hankook Lastikleri A.S., a subsidiary located in Turkey, in the measuring unit at the end of the reporting period, reflecting the general purchasing power changes of the functional currency in accordance with IFRS 1029. The specific accounting treatment is as follows.

- The Consolidated Interim financial statements are presented at historical cost.
- Monetary assets and liabilities are already denominated in the reporting currency as of the end of the reporting period, so the Group has not remeasured them.
- Non-monetary assets and liabilities were remeasured from the time of acquisition to reflect the inflation rate as of the end of the reporting period.
- The effects of changes in purchasing power resulting from holding monetary assets in a hyperinflationary economy, whether increased or decreased, are presented as profit or loss arising from net monetary assets in the Consolidated Interim statement of comprehensive income
- The exchange rate for conversion into the denominated currency is the exchange rate as of the end of the reporting period in accordance with the effect of exchange rate fluctuations in K-IFRS 1021.

## 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with K-IFRS 1110 'Consolidated Financial Statements'.

## (1) Subsidiaries

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

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

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

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

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets recognized as of the acquisition date. Changes in the parent's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

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

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

## (2) Associates

Associates are those entities in which the Group has significant influence. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the accounting policies of the associate conform to those of the Group when the financial statements of the associate are used by the Group in applying the equity method.



### (3) Joint Arrangements

A joint arrangement in which two or more parties share joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets and obligations for the liabilities of the joint operation and recognizes its share of the assets, liabilities, revenues, and expenses of the joint operation. A joint venturer has rights to the net assets of the joint venture and applies the equity method.

## 2.4 Foreign Currency Translation

### (1) Functional and presentation currency

Items included in the financial statements of the Group 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 Group's functional and presentation currency.

### (2) Foreign currency transactions and translation at the end of the reporting period

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. However, gain and loss related to cash flow hedging that meets the conditions or the effective portion of net investment risk hedging or gain and loss arising from monetary items related to net investment in a foreign operation of the reporting enterprise are recognized in other comprehensive income.

Foreign exchange differences related to cash and cash equivalents, short-term and long-term financial instruments, loans receivable, and borrowings are recognized in the statement of profit or loss as either "financial income" or "financial expenses," while other foreign exchange differences are presented as "other income" or "other expenses."

Foreign exchange differences arising from non-monetary financial assets and liabilities are regarded as part of the gain or loss on changes in fair value. Accordingly, foreign exchange differences arising from equity instruments measured at fair value through profit or loss are recognized in profit or loss, and foreign exchange differences between equity instruments measured at fair value through other comprehensive income are included in other comprehensive income.

### (3) Translation to the presentation currency

The financial performance and financial position of each entity within the Group that has a functional currency different from the Group's presentation currency are translated into the Group's presentation currency using the following methods.

- 1) Assets and liabilities are translated at the exchange rate at the end of the reporting period.
- 2) Revenues and expenses are translated at the average exchange rate for the period.
- 3) Foreign exchange differences arising from the above translations in (1) and (2) are recognized in other comprehensive income.

When control over a subsidiary is lost, the cumulative amount of foreign exchange differences previously recognized in equity is reclassified to profit or loss at the time the gain or loss on disposal is recognized.

Goodwill and fair value adjustments arising from the acquisition of foreign entities are considered as assets and liabilities of the acquired subsidiaries and are translated at the exchange rate at the end of the reporting period.

## 2.5 Financial assets

## (1) Classification

The Group classifies its financial assets in the following measurement categories

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets 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 the fair value of investments in non-designated equity instruments are recognized in profit or loss.

## (2) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### ① 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

#### (A) Amortized cost

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

#### (B) Fair value through other comprehensive income

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

#### (C) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through

profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.

## ② Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance 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 'financial income and expenses' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

## (3) Impairment

A Group evaluates expected credit losses for debt instruments measured at amortized cost or at fair value through other comprehensive income, based on forward-looking information. The impairment approach is determined based on whether there is a significant increase in credit risk. However, for trade receivables and contract assets, the Group applies the practical expedient of recognizing the expected credit losses for the entire period from the initial recognition of the receivables. (The method for determining whether the Group has experienced a significant increase in credit risk is provided in Note 42)

## (4) 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.

## (5) Offsetting of financial instruments

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

## 2.6 Derivatives and Hedge Accounting

Derivatives are initially recognized at fair value at the inception of the derivative contract and are subsequently remeasured at fair value. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the statement of profit or loss as either "other non-operating income (expenses)" or "financial income (expenses)" depending on the nature of the transaction.

Hedging is classified as follows based on the purpose of hedge accounting.

- Fair value hedges of the exposure to changes in the fair value of recognized assets or liabilities, or unrecognized firm commitments
- Cash flow hedges of the exposure to variability in cash flows attributable to a particular risk associated with recognized assets or liabilities, highly probable forecast transactions, or foreign currency risk of unrecognized firm commitments
- Hedges of net investments in foreign operations

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting, as well as the risk management objective and the hedging strategy.

The documentation includes the hedging instrument, the hedged item, the nature of the hedged risk, and the method for assessing whether the hedging relationship meets the hedge effectiveness requirements (including an analysis of the causes of hedge ineffectiveness and the method for determining the hedge ratio). The hedging relationship meets all of the following hedge effectiveness requirements.

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that arise from the economic relationship between the hedged item and the hedging instrument.
- The hedge ratio of the hedging relationship is the same as the ratio between the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

The Group applies cash flow hedges. Cash flow hedges that meet all qualifying criteria for hedge accounting are accounted for as follows.

The effective portion of gains or losses arising from hedging instruments is recognized in other comprehensive income within the cash flow hedge reserve, while the ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in other comprehensive income (cash flow hedge reserve) is accounted for based on the nature of the hedging transaction.

When the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the cash flow hedge reserve is removed and included in the initial carrying amount of the related asset or liability. This is not a reclassification adjustment and does not affect other comprehensive income. The same treatment applies when the hedged transaction, relating to a non-financial asset or non-financial liability, subsequently becomes a firm commitment for which fair value hedge accounting is applied.

In a cash flow hedge, amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss in the same period during which the hedged cash flows affect profit or loss.

When cash flow hedge accounting is discontinued, if the forecast hedged cash flows are still expected to occur, the amount remaining in the cash flow hedge reserve is retained in other comprehensive income. If the forecast cash flows are no longer expected to occur, the amount remaining in the cash flow hedge reserve is immediately reclassified to profit or loss as a reclassification adjustment. If the forecast hedged cash flows occur after hedge accounting has been discontinued, the amount in the cash flow hedge reserve shall be accounted for based on the nature of the underlying transaction, as described above.

## **2.7 Trade receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance. (For additional information on the Group's accounting treatment of trade receivables, refer to Note 9. For the accounting policy on impairment, refer to Note 42)

## 2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Finished goods and work in progress are measured using the weighted average cost method, raw materials, merchandise, and supplies are measured using the moving average method, and goods in transit are measured using the specific identification method.

In addition, when the actual level of production is lower than the normal capacity, the allocation of fixed manufacturing overheads to each unit of production is based on the normal capacity. Unallocated fixed manufacturing overheads (production inefficiencies) are recognized as expenses in the period in which they are incurred.

## 2.9 Non-current assets held for sale (or disposal groups)

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

## 2.10 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.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method over their estimated useful lives as follows.

| Account             | Estimated useful lives |
|---------------------|------------------------|
| Buildings           | 13~60 years            |
| Structures          | 2~50 years             |
| Machineries         | 2~18 years             |
| Vehicles            | 2~10 years             |
| Tools and equipment | 2~30 years             |
| Mold                | 1~8 years              |
| Right of use assets | 1~32 years             |

The depreciation method, residual value, and useful lives of property, plant and equipment are reviewed at the end of each financial year and adjusted as changes in estimates, if necessary. In addition, the Group considers climate-related risks, including physical risks and transition risks. Specifically, the Group assesses whether climate-related laws and regulations may affect the useful lives or residual value of its assets, for example, by prohibiting or restricting the use of fossil fuel-based machinery and equipment, or by imposing additional energy efficiency requirements on the Group's buildings and facilities.

## 2.11 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 pending their expenditure 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.

## 2.12 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.

## 2.13 Investment Property

Property held to earn rental income or for capital appreciation (including right-of-use assets) is classified as investment property. Investment property is initially measured at cost, and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Investment property, other than land, is depreciated using the straight-line method over its estimated useful life.

| Account             | Estimated useful lives |
|---------------------|------------------------|
| Buildings           | 20~60 years            |
| Right of use assets | 2~10 years             |

## 2.14 Intangible Assets

Goodwill is measured as described in Note 2.3.(1), and carried at cost less accumulated impairment losses.

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

Software development costs that are internally generated by the Group are recognized as intangible assets when the criteria including technical feasibility and probability of generating future economic benefits are met. Membership rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods.

| Account                            | Estimated useful lives |
|------------------------------------|------------------------|
| Industrial property rights         | 5 ~ 10 years           |
| Other intangible assets and others | 3 ~50 years            |
| Brand and customer relationships   | 5 ~ 20 years           |

## 2.15 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. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount (the higher of an asset's fair value less costs of disposal and value in use). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The Group assesses whether climate-related risks, including physical risks and transition risks, could have a material impact, and incorporates such risks into cash flow projections when estimating value in use.

## 2.16 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. 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.

## **2.17 Financial liabilities**

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

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

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 payables', 'borrowings', and 'other financial liabilities' in the statement of financial position.

Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of profit or loss as 'finance costs', together with interest expenses recognized from other financial liabilities.

### **(2) 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.

## **2.18 Financial Guarantee Contracts**

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued and subsequently measured at the higher of the following.

- (1) the amount determined in accordance with the expected credit loss model
- (2) the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with K-IFRS 1115

Related liabilities are presented as 'other financial liabilities' in the statement of financial position.

## **2.19 Provisions**

Provisions for warranty, restoration, and litigations 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.

## **2.20 Current and Deferred Tax**

The tax expense for the period consists of current and deferred tax. Current 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 tax expense for the current period is measured based on tax laws enacted or substantively enacted as of 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. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and at the same time, deferred tax assets and liabilities are settled on a net basis and when the deferred tax balances relate to the same taxation authority.

## **2.21 Employee Benefits**

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

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The contribution are recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and 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 have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined liabilities are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

### **(2) Other long-term employee benefits**

The Group provide long-term employee benefits to their employees. The entitlement to these benefits is usually conditional on the employee working more than 10 years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

## **2.22 Revenue Recognition**



#### (1) Identification of performance obligations

In product sales contracts with customers, the Group identifies performance obligations by separating the contracts for services provided separately from the sale of goods. When concluding a product sales contract with a customer, the Group calculate the standard warranty period for each product and customer, taking into account the statutory warranty period, etc. If additional warranty is provided regarding product quality even after the standard warranty period has elapsed, or if the customer has the option to purchase additional warranty separately, the warranty is identified as a separate performance obligation and revenue is recognized.

#### (2) Performance obligation to be fulfilled at a point

Revenue from the sale of goods is recognized when the goods are delivered to the buyer. The delivery of goods occurs when the goods are transferred to a specific location, the risk of loss or deterioration of the goods is transferred to the buyer, the buyer accepts the receipt of the goods in accordance with the sales contract, or at a point when objective evidence exists that the conditions for receiving the goods have been fulfilled, either upon the expiration of the approval period or when an affiliated company has confirmed the receipt of the goods.

Quantity discounts may be provided for product sales, and customers have the right to return defective products. Estimates of discounts and returns are based on accumulated past experience, and quantity discounts are calculated based on expected sales by sales period. The Group recognizes provisions for warranty liabilities incurred through sales based on reasonable estimates.

#### (3) Significant financial factors (Transportation services)

The Group provides transportation services to certain customers in connection with the sale of goods. Contracts that include both the sale of goods and the provision of transportation services are considered to contain two distinct performance obligations, as the transfer of goods and the transportation services are separately identifiable and distinct. Accordingly, the Group allocates the transaction price to each performance obligation based on their relative stand-alone selling prices. The logistics costs directly attributable to the transportation services are recognized as cost of sales.

#### (4) Significant financing component

In general, the period between the transfer of goods or services and the payment of consideration is within one year. In such cases, a practical expedient is applied whereby the promised consideration is not adjusted for the effects of a significant financing component.

#### (5) Interest Income

Interest income is recognized over time using the effective interest method. In case of impairment of receivables, the carrying amount of receivables is reduced to the recoverable amount, and the increase over time is recognized as interest income. Meanwhile, interest income on impairment receivables is recognized at the initial effective interest rate.

#### (6) Dividend Income

Dividend income is recognized when the right to receive dividends is established.

### **2.23 Leases**

#### (1) Group as a Lessor

As a lessor, the Group determines whether a lease is a finance lease or an operating lease at the lease agreement date.

To classify each lease, the Company generally determines whether the lease transfers substantially all of the risks and rewards of ownership of the underlying asset. If most of the risks and rewards of ownership of the underlying asset are transferred to the lessee, the lease is classified as a financial lease. Otherwise, the lease is classified as an operating lease.

Lease revenue from operating leases is recognized on a straight-line basis over the lease term. The direct lease establishment costs incurred in the process of concluding an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease period on the same basis as lease income. Each leased asset is presented in the statement of financial position based on its characteristics.

## (2) Group as a Lessee

The Group leases various warehouses, equipment and cars. Lease contracts are typically made for fixed periods, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, in the case of real estate leases for which the Group is a lessee, the practical expedient method of accounting as one lease element is applied without separating the lease and non-lease elements.

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

The Company calculates the lease term, including the target period when it is reasonably certain that the lessee will exercise the option of extension in the non-cancellable period within the enforceable period of the contract and the period covered by the termination option when it is reasonably certain that the termination option will not be exercised. When the lessee and the lessor each have the right to terminate without the consent of the other party, the Company calculates the enforceable period in consideration of the economic disadvantages to be incurred when the contract is terminated.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as 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 exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Lease liability measurement also include payments to be made in option periods if the lessee is reasonably certain to exercise an option to extend the lease.

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

The Group calculates the incremental borrowing rate as follows.

- 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 corporation, a subsidiary of the Group, which does not have recent third-party financing

- makes adjustments specific to the lease, for example term, country, currency and security.

If the interest rate on amortized borrowings with a payment schedule similar to that of the lease is readily observable (via recent financial or market data) by an individual lessee, the Group uses that rate as a starting point in calculating the incremental borrowing rate. .

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

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

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

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

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

## **2.24 Greenhouse gas Emission Permits and Liabilities**

### **(1) Emission permits and emission liabilities held to meet obligations**

The Group measures and recognizes zero (0) greenhouse gas emission permits allocated free of charge from the government according to the emission trading system. Purchased emission permits are recognized at acquisition cost by adding other costs that are directly related to the acquisition and normally incurred. Emission permits are measured as carrying amount by deducting accumulated impairment losses from cost, and parts to be submitted to the government within one year from the end of the reporting period are classified as current assets.

Emission liabilities are present obligations to submit emission permits to the government. Emission liabilities are measured as the sum of the carrying amount of emission permits for the relevant performance year held by the Group and the best estimate as of the end of the reporting period for expenses required to meet the emission obligations in excess. Among emission liabilities, the portion to be settled within one year from the end of the reporting period is classified as current liabilities.

Emission permits are derecognized when they are submitted or sold to the government, or when future economic benefits are no longer expected because they cannot be used for submission or sale, and emission liabilities are eliminated when emission permits are submitted to the government. Emission permits and emission liabilities are classified into 'intangible assets' and 'provisions' in the statement of financial position, respectively.

### **(2) Emission permits held to obtain short-term trading profits**

Emission permits held for short-term trading are classified as current assets and measured at fair value, and changes in fair value are recognized in profit or loss. Changes in fair value and gains or losses on disposal are classified as other income and expenses.

## **2.25 Operating Segment**

Information of each operating segment is reported in a manner consistent with the internal operating segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## **2.26 Climate-related risks**

The Group takes climate-related risks into account in its estimates and assumptions. This assessment includes the potential wide-ranging impacts of physical risks and transition risks on the Group.

The Group believes that its business model and products will remain viable following the transition to a low-carbon economy. However, climate-related risks increase the uncertainty of the estimates and assumptions considered in various items of the financial statements. Even if climate-related risks do not have a material impact on current measurements, the Group closely monitors climate-related developments and changes, such as new climate-related legislation. The key items and considerations directly affected by climate-related risks are as follows.

- Useful lives of property, plant and equipment: When reviewing the residual value and expected useful lives of assets, the Group considers climate-related risks, including climate-related laws and regulations that may restrict the use of assets or require significant capital expenditures.
- Impairment of non-financial assets: Transition risks, such as changes in climate-related laws and regulations, may affect the value in use in various ways.
- Fair value measurement of assets and investment properties: The Group considers the impacts of physical risks and transition risks, as well as whether investors reflect these risks in their valuations. Although the Group currently does not believe it is significantly exposed to physical risks, some investors are expected to take transition risks into account when assessing value, such as increased tenant demand for low-carbon buildings or more stringent energy efficiency requirements under climate-related laws and regulations.
- Greenhouse gas emissions: The Group receives free emission allowances each year and is required to surrender allowances equivalent to its actual emissions. The Group applies the net liability approach for the allocated emission allowances.

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

The consolidated financial statements were approved for issue by the Board of Directors on February 27, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

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

The preparation of consolidated 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, it can contain a significant risk of causing a material adjustment.

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

### **(1) Income taxes**

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

ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the current and deferred income taxes for the period should reflect the tax effects arising from these factors. The amount of corporate income tax the Group will incur may vary depending on the level of investments, wage increases, and other factors in each year, resulting in uncertainty in determining the final tax effects (refer to Note 35).

#### (2) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The 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 (refer to Note 5).

#### (3) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication of impairment for all non-financial assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. Other non-financial assets are tested for impairment when there is an indication that the asset may be impaired. The recoverable amount of an asset or cash-generating unit for impairment assessment is determined based on the calculation of its value in use.

In calculating value in use, management estimates the future expected cash flows to be derived from the asset or cash-generating unit and selects an appropriate discount rate to determine the present value of those future expected cash flows (refer to Note 16).

#### (4) 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 (refer to Note 20).

#### (5) Provisions

The Group recognizes provision for warranty on products sold. The Group accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims. The amounts are estimated based on past experience (refer to Note 21).

#### (6) Valuation of inventories

Inventories are stated at the lower of cost and net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to past experience, current market conditions and events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period (refer to Note 10).

#### (7) Lease

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). (refer to Note 15)

#### (8) Measurement of loss allowance

In measuring expected credit losses, the Group incorporates reasonable and supportable forward-looking information, which is based on assumptions regarding future changes in various economic variables and how those variables interact with each other.

The loss given default represents an estimate of the loss amount in the event of default. It is based on the difference between the contractual cash flows and the cash flows the lender expects to receive, taking into account cash flows from collateral and credit enhancements.

Probability of default is a key input in the measurement of expected credit losses. Probability of default represents an estimate of the likelihood of default occurring over the relevant period and incorporates historical information as well as assumptions and expectations regarding future conditions (refer to Note 9).

#### 4. Financial Risk Management

##### (1) Capital Risk Management

The Group manages its capital to ensure that entities under the Group will be able to continue while maximizing the return to shareholders through the optimization of its debt and equity balance. The Group's overall strategy remains unchanged from that of the prior periods. The Group utilizes the debt ratio as capital management index, which is the total liabilities divided by the total equity. Total liabilities and total equity are based on the amounts stated in the consolidated financial statements. The Group is not subject to any externally imposed capital requirements. As of the end of the reporting period, the debt ratio is as follows.

(unit : thousand won)

| Classification | End of current period | End of previous period |
|----------------|-----------------------|------------------------|
| Liabilities    | 4,654,891,700         | 3,133,752,512          |
| Equities       | 11,194,852,810        | 9,629,553,176          |
| Debt ratio     | 41.58%                | 32.54%                 |

(2) The significant accounting policies and methods (including recognition, measurement and related gain and loss recognition) adopted for the Group's financial assets, financial liabilities and equity are detailed in Note 2. Financial instrument category for financial assets and financial liabilities at the end of the reporting period are detailed in Note 6.

##### (3) Financial risk management

###### 1) Purpose of financial risk management

The finance department of the Group manages operations, organizes the approach to financial market and controls the financial risks related to operations of the Group through internal risk reports, which analyze the scope and degree of each risk factor. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The finance department reports on a quarterly basis to the Financial Risk Management Committee, an independent body responsible for monitoring risks and establishing policies to mitigate the level of risk exposure.

The Group seeks to minimize the impact of these risks by using derivative financial instruments for hedging. The use of derivatives is decided in the observance of the Group's policies approved by the Board of Directors. They provide the documented principles of currency risk, interest rate risk, credit risk, use of derivatives/non-derivatives and excessive liquidity investments. The internal auditors constantly oversee the observance of the policies and the degree of risk exposure. The Group does not trade the financial instruments, including derivatives for the purpose of speculation.

###### 2) Market risk

The Group's activities are mainly exposed to financial risks of changes in currency and interest rates. The Group makes various derivative contracts to manage the interest rate risk and foreign currency rate risk.

#### A. Foreign currency risk management

As the Group conducts transactions denominated in foreign currencies, it is exposed to risks arising from exchange rate fluctuations. The Group's subsidiaries primarily conduct transactions in their respective functional currencies, and the parent company, which is exposed to foreign exchange risk, manages the level of exposure using forward foreign exchange contracts within the limits set by approved policies. Accordingly, the Group mainly manages foreign currency risk at the parent company level. The sensitivity analysis includes only foreign currency-denominated monetary items and adjusts for foreign currency translation based on a hypothetical 10% change in exchange rates as of the reporting date.

As of the end of the reporting period, assuming all other variables remain constant, the impact of a 10% change in the exchange rate of the Korean won against foreign currencies on the Group's profit before tax is as follows.

(unit : thousand won)

| Classification | End of current period | End of previous period |
|----------------|-----------------------|------------------------|
| 10% increase   | 85,282,038            | 40,794,169             |
| 10% decrease   | (85,282,038)          | (40,794,169)           |

Meanwhile, the Group has a policy to enter into derivative contracts to hedge foreign exchange risk on foreign currency receivables within the limits of its exposure. The following table presents the details of outstanding forward foreign exchange contracts as of the end of the reporting period.

(unit : thousand USD, thousand CNY, thousand THB, thousand MYR)

| Counterparty    | Maturity date         | Selling currency | Selling amount | Contract exchange rate | Buying currency | Contractual inflow amount |
|-----------------|-----------------------|------------------|----------------|------------------------|-----------------|---------------------------|
| BofA and others | 2025-04-29 and others | THB              | 40,539         | 33.70                  | USD             | 1,203                     |
| SMBC and others | 2025-06-13 and others | MYR              | 25,935         | 4.365                  | USD             | 5,942                     |
| CITI and others | 2025-04-25 and others | AUD              | 9,504          | 0.211                  | CNY             | 44,952                    |
| ICBC and others | 2025-04-25 and others | CAD              | 6,151          | 0.195                  | CNY             | 31,491                    |
| CITI            | 2025-02-25 and others | CZK              | 49,796         | 3.312                  | CNY             | 15,034                    |
| ICBC and others | 2025-03-25 and others | EUR              | 25,500         | 0.131                  | CNY             | 194,097                   |
| JPM and others  | 2025-03-25 and others | GBP              | 4,228          | 0.109                  | CNY             | 38,761                    |
| JPM and others  | 2025-05-27 and others | JPY              | 312,729        | 21.029                 | CNY             | 14,871                    |
| ICBC            | 2025-02-27 and others | PLN              | 3,285          | 0.564                  | CNY             | 5,826                     |
| ICBC and others | 2025-03-25 and others | SEK              | 30,576         | 1.516                  | CNY             | 20,174                    |

#### B. Interest rate risk management

This risk refers to the possibility of changes in the Group's interest income and interest expenses arising from investment and financing activities due to fluctuations in market interest rates. To reduce uncertainty caused by interest rate fluctuations and to minimize financial costs, the Group regularly monitors interest rate trends and implements appropriate response measures.

As of the end of the reporting period, when all other variables are constant and a 10bp change in the interest rate of floating-rate borrowings occurs, the effect on the Group's profit before tax is as follows.

(unit : thousand won)

| Index |          | End of current period | End of previous period |
|-------|----------|-----------------------|------------------------|
| 10BP  | Increase | (498,326)             | (577,026)              |
|       | Decrease | 498,326               | 577,026                |

### C. Other price risk components

The Group is exposed to price fluctuation risk arising from equity instruments. The following sensitivity analysis has been performed based on the price fluctuation risk of equity securities as of the end of the reporting period.

If the share price increases or decreases by 5%, other comprehensive income would increase or decrease by 1,304,334 thousand won (previous period: increase or decrease by 5,542,386 thousand won) due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

### 3) Credit risk management

Credit risk refers to risk of financial losses to the Group when the counterpart defaults on the obligations of the contracts. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only deals with the customers rated higher than investment grade by the independent credit rating agencies. Such credit information is provided by independent credit rating agencies. If information from these agencies is not available, the Group uses other publicly available financial information and historical transaction records to assess the credit rating of major counterparties. The Group continuously reviews its credit risk exposure and monitors the credit ratings of counterparties, with total transactions diversified across approved counterparties. Credit risk is reviewed annually by the Financial Risk Management Committee and managed within approved credit limits.

Trade receivables are subject to ongoing credit assessments, and credit insurance contracts are entered into when necessary. The carrying amount of financial assets exposed to credit risk is considered to represent the Group's maximum exposure to credit risk.

### 4) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which establishes basic policies to appropriately manage the Group's short-term and mid- to long-term financing and liquidity management regulations. The Group manages liquidity risk by maintaining adequate reserves and credit facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 40, 'Details of major financing arrangements', explains details of unused balances of credit facility agreements entered through the Group's discretion to reduce the liquidity risk.

The table below discloses remaining contractual maturity of non-derivative financial liabilities and derivatives which will be settled net in cash in detail. However, as of the end of the current period, there are no derivative financial liabilities to be settled on a net basis. This table has been prepared based on the earliest maturity date that the Group has to pay based on the undiscounted cash flows of financial liabilities. Contractual maturity is based on the earliest day when the payment can be claimed to the Group.

End of current period

(unit : thousand won)

| Classification              | Carrying amount | Contractual cash flows | Residual amount |              |              |              |
|-----------------------------|-----------------|------------------------|-----------------|--------------|--------------|--------------|
|                             |                 |                        | Within 1 year   | 1 to 2 years | 2 to 5 years | Over 5 years |
| Trade payables              | 560,601,974     | 560,601,974            | 560,601,974     | -            | -            | -            |
| Account payables(*)         | 365,887,495     | 365,887,495            | 365,887,495     | -            | -            | -            |
| Accrued expenses(*)         | 459,417,277     | 459,417,277            | 459,417,277     | -            | -            | -            |
| Dividends payable           | 13,316          | 13,316                 | 13,316          | -            | -            | -            |
| Leasehold deposits received | 25,557,876      | 37,810,763             | 3,419,895       | 165,100      | 136,000      | 34,089,768   |
| Short-term borrowings       | 977,407,694     | 979,199,445            | 979,199,445     | -            | -            | -            |
| Long-term borrowings        | 147,000,000     | 174,041,606            | 7,726,173       | 7,726,173    | 158,589,260  | -            |



| Classification                   | Carrying amount | Contractual cash flows | Residual amount |              |              |              |
|----------------------------------|-----------------|------------------------|-----------------|--------------|--------------|--------------|
|                                  |                 |                        | Within 1 year   | 1 to 2 years | 2 to 5 years | Over 5 years |
| Corporate bonds                  | 149,985,151     | 150,553,125            | 150,553,125     | -            | -            | -            |
| Lease liabilities                | 555,093,943     | 686,182,238            | 121,819,905     | 107,550,427  | 229,335,780  | 227,476,126  |
| Derivative financial liabilities | 401,114,189     | 401,114,189            | 388,434,676     | -            | -            | 12,679,513   |
| Total                            | 3,642,078,915   | 3,814,821,428          | 3,037,073,281   | 115,441,700  | 388,061,040  | 274,245,407  |

(\*) Payables related to employee benefits are excluded.

End of previous period

(unit : thousand won)

| Classification                   | Carrying amount | Contractual cash flows | Residual amount |              |              |              |
|----------------------------------|-----------------|------------------------|-----------------|--------------|--------------|--------------|
|                                  |                 |                        | Within 1 year   | 1 to 2 years | 2 to 5 years | Over 5 years |
| Trade payables                   | 508,929,714     | 508,929,714            | 508,929,714     | -            | -            | -            |
| Account payables(*)              | 307,054,108     | 307,054,108            | 307,054,108     | -            | -            | -            |
| Accrued expenses(*)              | 403,061,296     | 403,061,296            | 403,061,296     | -            | -            | -            |
| Dividends payable                | 18,239          | 18,239                 | 18,239          | -            | -            | -            |
| Leasehold deposits received      | 24,992,908      | 36,588,955             | 5,139,985       | 176,600      | -            | 31,272,370   |
| Short-term borrowings            | 333,973,171     | 334,098,573            | 334,098,573     | -            | -            | -            |
| Long-term borrowings             | 273,680,408     | 313,256,576            | 157,122,879     | 7,769,628    | 148,364,069  | -            |
| Corporate bonds                  | 149,902,019     | 152,765,625            | 2,212,500       | 150,553,125  | -            | -            |
| Lease liabilities                | 409,228,139     | 489,768,183            | 79,286,217      | 69,111,559   | 157,051,111  | 184,319,296  |
| Derivative financial liabilities | 4,492,150       | 4,492,150              | 581,238         | -            | -            | 3,910,912    |
| Total                            | 2,415,332,152   | 2,550,033,419          | 1,797,504,749   | 227,610,912  | 305,415,180  | 219,502,578  |

(\*) Payables related to employee benefits are excluded.

## 5. Fair value

During the reporting period, there were no significant changes in the business environment and economic environment that affect the fair values of the Group's financial assets and financial liabilities.

### 5.1 Fair value of financial instruments by category

The carrying amounts and fair values of the Group's financial instruments as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification  | End of current period |             | End of previous period |             |
|---|-----------------------|-------------|------------------------|-------------|
|   | Carrying amount       | Fair value  | Carrying amount        | Fair value  |
| Financial assets  |                       |             |                        |             |
| Financial assets at fair value through other comprehensive income | 26,603,726            | 26,603,726  | 111,364,771            | 111,364,771 |
| Financial assets at fair value through profit or loss             | 146,716,502           | 146,716,502 | 199,294,067            | 199,294,067 |
| Derivative financial assets                                       | 1,089,714             | 1,089,714   | 6,561,835              | 6,561,835   |
| Financial liabilities   |                       |             |                        |             |
| Corporate bonds   | 149,985,151           | 149,274,218 | 149,902,019            | 145,565,842 |

| Classification                   | End of current period |             | End of previous period |             |
|----------------------------------|-----------------------|-------------|------------------------|-------------|
|                                  | Carrying amount       | Fair value  | Carrying amount        | Fair value  |
| Long-term borrowings             | 147,000,000           | 151,042,359 | 273,680,408            | 281,962,063 |
| Derivative financial liabilities | 401,114,188           | 401,114,188 | 4,492,150              | 4,492,150   |

Since the carrying amount of financial assets such as trade receivables and other receivables recognized at amortized cost and the carrying amount of financial liabilities excluding debentures are reasonable approximations of their fair values, the Group has not separately disclosed fair values.

## 5.2 Fair value hierarchy

Financial instruments 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)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). (Level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs). (Level 3)

As of the end of the reporting period, the fair value hierarchy of assets and liabilities that are measured or disclosed at fair value of the Group is as follows.

End of current period (unit : thousand won)

| Classification  | Level 1    | Level 2     | Level 3     | Total       |
|---|------------|-------------|-------------|-------------|
| Recurring Fair Value Measurements                                 |            |             |             |             |
| Financial assets at fair value through other comprehensive income | 26,086,671 | -           | 517,055     | 26,603,726  |
| Financial assets at fair value through profit or loss             | -          | 7,322,389   | 139,394,113 | 146,716,502 |
| Derivative financial assets                                       | -          | 1,089,714   | -           | 1,089,714   |
| Derivative financial liabilities                                  | -          | 5,224,588   | 395,889,600 | 401,114,188 |
| Corporate bonds   | -          | 149,274,218 | -           | 149,274,218 |
| Long-term borrowings  | -          | 151,042,359 | -           | 151,042,359 |

End of previous period (unit : thousand won)

| Classification  | Level 1     | Level 2     | Level 3     | Total       |
|---|-------------|-------------|-------------|-------------|
| Recurring Fair Value Measurements                                 |             |             |             |             |
| Financial assets at fair value through other comprehensive income | 110,847,716 | -           | 517,055     | 111,364,771 |
| Financial assets at fair value through profit or loss             | 6,179,229   | 10,128,237  | 182,986,601 | 199,294,067 |
| Derivative financial assets                                       | -           | 6,561,835   | -           | 6,561,835   |
| Derivative financial liabilities                                  | -           | 584,080     | 3,908,070   | 4,492,150   |
| Corporate bonds   | -           | 145,565,842 | -           | 145,565,842 |
| Long-term borrowings  | -           | 281,962,063 | -           | 281,962,063 |

## 5.3 Transfers between fair value hierarchy levels of recurring fair value measurements

(1) Movements between Level 1 and Level 2 for recurring measurements

During the reporting period, there is no movement between levels of each fair value hierarchy.

(2) Changes in recurring measurements classified in Level 3 of the fair value hierarchy

Current period

(unit : thousand won)

| Classification  | Beginning balance | Purchase   | Disposal      | Profit or loss | Other       | Ending balance |
|---|-------------------|------------|---------------|----------------|-------------|----------------|
| Financial assets :  |                   |            |               |                |             |                |
| Financial assets at fair value through profit or loss             | 182,986,601       | 52,448,360 | (108,237,056) | 12,196,208     | -           | 139,394,113    |
| Financial assets at fair value through other comprehensive income | 517,055           | -          | -             | -              | -           | 517,055        |
| Financial liabilities :   |                   |            |               |                |             |                |
| Derivative financial liabilities (Put option)                     | 3,908,070         | -          | -             | 8,771,443      | 383,210,087 | 395,889,600    |

Previous period

(unit : thousand won)

| Classification  | Beginning balance | Purchase   | Disposal    | Profit or loss | Other        | Ending balance |
|---|-------------------|------------|-------------|----------------|--------------|----------------|
| Financial assets :  |                   |            |             |                |              |                |
| Financial assets at fair value through profit or loss             | 137,881,499       | 18,728,636 | (5,360,552) | (4,380,134)    | 36,117,152   | 182,986,601    |
| Financial assets at fair value through other comprehensive income | 36,634,207        | -          | -           | -              | (36,117,152) | 517,055        |
| Financial liabilities :   |                   |            |             |                |              |                |
| Derivative financial liabilities (Put option)                     | 988,464           | -          | -           | 2,919,606      | -            | 3,908,070      |

#### 5.4 Valuation Technique and the Inputs

The Group uses the following valuation techniques and inputs for the fair values of financial instruments classified as Level 2 and Level 3 in the fair value hierarchy.

End of current period

(unit : thousand won)

| Classification  | Fair value  | Level | Valuation technique         | Inputs  |
|---|-------------|-------|-----------------------------|---|
| Derivative assets   |             |       |                             |   |
| Currency forward  | 1,089,714   | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Derivative liabilities  |             |       |                             |   |
| Put option  | 395,889,600 | 3     | Option Pricing Model        | The price of the underlying asset, the discount rate reflecting credit risk, and the volatility of the underlying asset |
| Currency forward  | 3,037,714   | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Currency swap   | 2,186,874   |       |                             |   |
| Financial assets at fair value through other comprehensive income |             |       |                             |   |
| Unlisted stock  | 517,055     | 3     | Transaction cost            | -   |
| Financial assets at fair value through profit or loss             |             |       |                             |   |
| Investment  | 7,322,389   | 2     | Discounted cash flow method | Exchange rate, discount rate  |

| Classification               | Fair value  | Level | Valuation technique         | Inputs  |
|------------------------------|-------------|-------|-----------------------------|---|
| instruments, etc.            |             |       |                             |   |
| Investment instruments, etc. | 101,206,162 | 3     | Net asset valuation method  | Net asset value                                     |
| Investment instruments, etc. | 18,021,445  | 3     | Transaction cost            | -   |
| Investment instruments, etc. | 8,691,048   | 3     | Discounted cash flow method | Exchange rate, Discount rate reflecting credit risk |
| Beneficiary certificates     | 11,475,458  | 3     | Net asset valuation method  | Net asset value                                     |
| Borrowings                   |             |       |                             |   |
| Corporate bonds              | 149,274,218 | 2     | Discounted cash flow method | Discount rate reflecting credit risk                |
| Long-term borrowings         | 151,042,359 | 2     | Discounted cash flow method | Discount rate reflecting credit risk                |

End of previous period

(unit : thousand won)

| Classification  | Fair value  | Level | Valuation technique         | Inputs  |
|---|-------------|-------|-----------------------------|---|
| Derivative assets   |             |       |                             |   |
| Currency swap   | 350,681     | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Interest swap   | 5,817,481   | 2     | Discounted cash flow method | Interest rates, discount rates derived from yield curves, etc.  |
| Currency forward  | 393,673     | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Derivative liabilities  |             |       |                             |   |
| Put option  | 3,908,070   | 3     | Option Pricing Model        | The price of the underlying asset, the discount rate reflecting credit risk, and the volatility of the underlying asset |
| Currency swap   | 2,842       | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Currency forward  | 581,238     | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Financial assets at fair value through other comprehensive income |             |       |                             |   |
| Unlisted stock  | 517,055     | 3     | Transaction cost            | -   |
| Financial assets at fair value through profit or loss             |             |       |                             |   |
| Investment instruments, etc.                                      | 10,128,237  | 2     | Discounted cash flow method | Exchange rate, discount rate  |
| Investment instruments, etc.                                      | 153,410,366 | 3     | Net asset valuation method  | Net asset value   |
| Investment instruments, etc.                                      | 9,727,473   | 3     | Transaction cost            | -   |
| Beneficiary certificates  | 7,873,818   | 3     | Net asset valuation method  | Net asset value   |
| Convertible bond  | 11,974,944  | 3     | TF Model                    | Underlying asset, Exercise Price per Share  |
| Borrowings  |             |       |                             |   |
| Corporate bonds   | 145,565,842 | 2     | Discounted cash flow method | Discount rate reflecting credit risk  |
| Long-term borrowings  | 281,962,063 | 2     | Discounted cash flow method | Discount rate reflecting credit risk  |

## 6. Financial instruments by category

(1) Details of the Group's financial assets and financial liabilities by category as of the end of the reporting period is as follows.

Financial assets

(unit : thousand won)

| Category  | Classification  | End of current period | End of previous period |
|---|---|-----------------------|------------------------|
| Other financial assets  | Derivative financial assets                                       | 1,089,714             | 6,561,835              |
|   | Lease receivables (current)                                       | 13,191,246            | 10,175,523             |
|   | Lease receivables (non-current)                                   | 53,805,689            | 51,724,154             |
| Financial assets at fair value through other comprehensive income | Financial assets at fair value through other comprehensive income | 26,603,726            | 111,364,771            |
| Financial assets at fair value through profit or loss             | Financial assets at fair value through profit or loss             | 146,716,502           | 199,294,067            |
| Financial assets at amortized cost                                | Cash and cash equivalents   | 1,882,309,979         | 2,243,874,565          |
|   | Short-term financial instruments(*1)                              | 684,084,276           | 417,956,126            |
|   | Trade receivables (current)                                       | 1,862,100,124         | 1,652,672,423          |
|   | Trade receivables (non-current)                                   | 911,292               | 1,409,673              |
|   | Account receivables (current)(*2)                                 | 147,703,865           | 180,234,776            |
|   | Account receivables (non-current)                                 | 55,170                | 72,856                 |
|   | Accrued income  | 39,320,672            | 29,711,400             |
|   | Deposits provided (current)                                       | 4,338,221             | 1,634,712              |
|   | Deposits provided (non-current)                                   | 97,568,274            | 98,370,763             |
|   | Short-term loan   | 21,738                | 816,416                |
|   | Long-term loan  | 3,279,255             | 2,262,618              |
|   | Long-term financial instruments                                   | 17,000                | 119,657,221            |
| Total   |   | 4,963,116,743         | 5,127,793,899          |

(\*1) Of this amount, 117,600 million won (103,152 million won as of the previous year-end) has been provided as collateral in connection with the Group's borrowings (refer to Note 40 (1)).

(\*2) Receivables related to employee benefits are excluded.

Financial liabilities

(unit : thousand won)

| Category                                | Classification                            | End of current period | End of previous period |
|---|---|-----------------------|------------------------|
| Other financial liabilities             | Derivative liabilities                    | 401,114,189           | 4,492,150              |
|   | Lease liabilities (current)               | 110,943,531           | 79,063,253             |
|   | Lease liabilities (non-current)           | 444,150,412           | 330,164,886            |
| Financial liabilities at amortized cost | Trade payables                            | 560,601,974           | 508,929,714            |
|   | Account payables(*1)                      | 365,887,495           | 307,054,108            |
|   | Accrued expense(*1)                       | 459,417,277           | 403,061,296            |
|   | Dividends payables                        | 13,316                | 18,239                 |
|   | Borrowings(current)                       | 570,331,379           | 378,541,633            |
|   | Borrowings(non-current)                   | 147,000,000           | 128,940,000            |
|   | Borrowings(current – corporate bond)      | 149,985,151           | -                      |
|   | Borrowings(non-current – corporate bond)  | -                     | 149,902,019            |
|   | Accounts Receivable Financing(*2)         | 407,076,315           | 100,171,946            |
|   | Leasehold deposits received (current)     | 5,016,935             | 5,139,985              |
|   | Leasehold deposits received (non-current) | 20,540,941            | 19,852,923             |
|   | Facility guarantee deposits               | 631,400               | -                      |

| Category | Classification            | End of current period | End of previous period |
|----------|---------------------------|-----------------------|------------------------|
|          | Non-controlling interests | 4,058,854             | 1,280,078              |
|          | Total                     | 3,646,769,169         | 2,416,612,230          |

(\*1) Payables related to employee benefits are excluded.

(\*2) The transferred assets are measured at amortized cost, and the related liabilities are measured in such a manner that the net carrying amount of the transferred assets and related liabilities equals the amortized cost of the rights retained and obligations assumed by the transferor.

(2) Net gains or losses by category of financial instruments for the reporting period of the Group is as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Derivative financial assets and liabilities                                  |                |                 |
| Gain or loss on valuation of derivatives                                     | (13,467,313)   | (10,858,579)    |
| Gain or loss on transaction of derivatives                                   | (6,015,657)    | 17,119,270      |
| Cash flow hedge (other comprehensive income after tax)                       | -              | (943,368)       |
| Equity instruments measured at fair value through other comprehensive income |                |                 |
| Gain or loss on valuation (other comprehensive income after tax)             | 41,396,950     | (116,239)       |
| Financial instruments measured at fair value through profit or loss          |                |                 |
| Gain or loss on valuation  | 8,957,405      | 340,255         |
| Gain or loss on disposal   | (10,504,831)   | (1,291,630)     |
| Financial assets at amortized cost   |                |                 |
| Interest income  | 134,211,070    | 94,362,042      |
| Gain or loss from transaction of foreign currency                            | 117,234,518    | (25,522,568)    |
| Gain or loss from translation of foreign currency                            | 48,026,757     | (218,912)       |
| Bad debt expense (reversal)  | (1,567,803)    | (1,809,406)     |
| Financial liabilities at amortized cost                                      |                |                 |
| Interest expense   | (44,366,961)   | (70,370,514)    |
| Gain or loss from transaction of foreign currency                            | (55,855,728)   | (47,174,824)    |
| Gain or loss from translation of foreign currency                            | (15,092,957)   | 18,330          |
| Total  | 202,955,450    | (46,466,143)    |

## 7. Financial assets

### 7.1 Financial assets at fair value through profit or loss

(1) Equity instruments measured at fair value through profit or loss

(unit : thousand won)

| Classification               | End of current period | End of previous period |
|------------------------------|-----------------------|------------------------|
| Current                      |                       |                        |
| Investment instruments, etc. | -                     | 2,216,869              |
| Non-current                  |                       |                        |
| Investment instruments, etc. | 11,938,178            | 8,873,818              |
| Total                        | 11,938,178            | 11,090,687             |

(2) Debt instruments measured at fair value through profit or loss

(unit : thousand won)

| Classification               | End of current period | End of previous period |
|------------------------------|-----------------------|------------------------|
| Current                      |                       |                        |
| Beneficiary certificate      | 5,187,645             | -                      |
| Investment instruments, etc. | 44,742,596            | 95,225,096             |
| Subtotal                     | 49,930,241            | 95,225,096             |
| Non-current                  |                       |                        |
| Beneficiary certificate      | 6,287,813             | 11,974,944             |
| Investment instruments, etc. | 78,560,270            | 81,003,340             |
| Subtotal                     | 84,848,083            | 92,978,284             |
| Total                        | 134,778,324           | 188,203,380            |

## 7.2 Financial assets at fair value through other comprehensive income

### (1) Equity instruments measured at fair value through other comprehensive income

(unit : thousand won)

| Classification        | End of current period | End of previous period |
|-----------------------|-----------------------|------------------------|
| Non-current           |                       |                        |
| Listed stocks, etc.   | 26,086,671            | 110,847,716            |
| Unlisted stocks, etc. | 517,055               | 517,055                |
| Total                 | 26,603,726            | 111,364,771            |

### (2) Debt instruments measured at fair value through other comprehensive income

As of the end of the reporting period, there are no other debt instruments measured at fair value through other comprehensive income. Upon disposal of debt instruments, the related accumulated other comprehensive income is reclassified to profit or loss.

## 8. Derivative financial instruments

(1) As of the end of the reporting period, the details of derivative financial instruments to which the Group's hedging accounting is not applied are as follows.

(unit : thousand won)

| Classification  | End of current period |             | End of previous period |             |
|---|-----------------------|-------------|------------------------|-------------|
|   | Assets                | Liabilities | Assets                 | Liabilities |
| Interest rate swap  | -                     | -           | 5,817,481              | -           |
| Put option(*1)  | -                     | 12,679,513  | -                      | 3,908,070   |
| Derivatives related to share subscription agreements (*2) | -                     | 383,210,087 | -                      | -           |
| Currency forward  | 1,089,714             | 3,037,714   | 393,673                | 581,238     |
| Currency swap   | -                     | 2,186,874   | 350,681                | 2,842       |
| Total   | 1,089,714             | 401,114,188 | 6,561,835              | 4,492,150   |

(\*1) The Group has entered into an inter-shareholder agreement with the Seller (Tiansheng Zhou Family Trust, ACE Optical Ltd., BDC Capital Inc.) in connection with the PMC investment (refer to note 40), and recognizes derivative liabilities in connection with the inter-shareholder contractual put option.

(\*2) The Group regards the acquisition of investment in associates through the paid-in capital increase of Hanon Systems as part of a series of transactions and has recognized derivative liabilities amounting to 383,210,087 thousand won for the portion subject to a purchase obligation.

(2) As of the end of the reporting period, the after-tax amounts recognized in other comprehensive income for the current and prior periods in relation to cash flow hedging derivatives to which hedge accounting is applied are as follows.

Current period

(unit : thousand won)

| Changes in the value of derivatives (after tax) | Accounts recognized at profit or loss                          | Amount reclassified to profit or loss (after tax) | Recognized amount of other comprehensive income (after tax) |
|---|--|---|---|
| -   | Interest expense and foreign exchange (translation) difference | -   | -   |

Previous period

(unit : thousand won)

| Changes in the value of derivatives (after tax) | Accounts recognized at profit or loss                          | Amount reclassified to profit or loss (after tax) | Recognized amount of other comprehensive income (after tax) |
|---|--|---|---|
| (8,127,741)                                     | Interest expense and foreign exchange (translation) difference | 7,184,373   | (943,368)   |

## 9. Trade receivables and other receivables

(1) The details of the Group's trade receivables and other receivables as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification              | End of current period |                           |               | End of previous period |                           |               |
|-----------------------------|-----------------------|---------------------------|---------------|------------------------|---------------------------|---------------|
|                             | Gross amount          | Less : Allowance for loss | Net amount    | Gross amount           | Less : Allowance for loss | Net amount    |
| Current                     |                       |                           |               |                        |                           |               |
| Trade receivables           | 1,873,521,882         | (11,421,758)              | 1,862,100,124 | 1,661,211,751          | (8,539,328)               | 1,652,672,423 |
| Account receivables         | 148,755,318           | (62,519)                  | 148,692,799   | 182,271,267            | (1,183,131)               | 181,088,136   |
| Accrued income              | 39,320,672            | -                         | 39,320,672    | 29,711,400             | -                         | 29,711,400    |
| Financial lease receivables | 13,191,246            | -                         | 13,191,246    | 10,175,523             | -                         | 10,175,523    |
| Subtotal                    | 2,074,789,118         | (11,484,277)              | 2,063,304,841 | 1,883,369,941          | (9,722,459)               | 1,873,647,482 |
| Non-current                 |                       |                           |               |                        |                           |               |
| Trade receivables           | 1,161,984             | (250,692)                 | 911,292       | 3,417,108              | (2,007,435)               | 1,409,673     |
| Account receivables         | 55,170                | -                         | 55,170        | 199,456                | -                         | 199,456       |
| Financial lease receivables | 53,805,689            | -                         | 53,805,689    | 51,724,154             | -                         | 51,724,154    |
| Subtotal                    | 55,022,843            | (250,692)                 | 54,772,151    | 55,340,718             | (2,007,435)               | 53,333,283    |
| Total                       | 2,129,811,961         | (11,734,969)              | 2,118,076,992 | 1,938,710,659          | (11,729,894)              | 1,926,980,765 |

(2) Changes in the loss allowance for trade receivables and other receivables of the Group during the reporting period are as follows.

Current period

(unit : thousand won)



| Classification                 | Trade receivables | Account receivables | Total       |
|--------------------------------|-------------------|---------------------|-------------|
| Beginning balance              | 10,546,763        | 1,183,131           | 11,729,894  |
| Net impairment loss (reversal) | 2,360,631         | (792,829)           | 1,567,802   |
| Collection, etc.               | (1,790,215)       | (333,202)           | (2,123,417) |
| Exchange rate fluctuation      | 555,271           | 5,419               | 560,690     |
| Ending balance                 | 11,672,450        | 62,519              | 11,734,969  |

Previous period

(unit : thousand won)

| Classification                 | Trade receivables | Account receivables | Total      |
|--------------------------------|-------------------|---------------------|------------|
| Beginning balance              | 8,720,901         | 1,056,413           | 9,777,314  |
| Net impairment loss (reversal) | 1,721,608         | 87,798              | 1,809,406  |
| Collection, etc.               | (72,766)          | -                   | (72,766)   |
| Exchange rate fluctuation      | 177,020           | 38,920              | 215,940    |
| Ending balance                 | 10,546,763        | 1,183,131           | 11,729,894 |

### (3) Credit risk and Allowance for loss

The above trade receivables and other receivables are measured at amortized cost. Changes in loss allowance for trade receivables and other receivables during the reporting period are not significant. In determining the recoverability of trade receivables, the Group considers changes in credit ratings for trade receivables from the date of credit grant to the end of the reporting period.

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

End of current period

(unit : thousand won)

| Classification                        | Trade receivables | Account receivables | Total         |
|---------------------------------------|-------------------|---------------------|---------------|
| Receivables not past due              | 1,163,975,528     | 235,888,410         | 1,399,863,938 |
| Past due but not impaired receivables |                   |                     |               |
| Within 3 months                       | 548,674,862       | 15,377,796          | 564,052,658   |
| 4~6 months                            | 99,863,189        | 2,431,691           | 102,294,880   |
| Over 6 months                         | 48,248,771        | 1,325,412           | 49,574,183    |
| Subtotal                              | 696,786,822       | 19,134,899          | 715,921,721   |
| Impaired receivables                  | 13,921,516        | 104,786             | 14,026,302    |
| Total                                 | 1,874,683,866     | 255,128,095         | 2,129,811,961 |

End of previous period

(unit : thousand won)

| Classification                        | Trade receivables | Account receivables | Total         |
|---------------------------------------|-------------------|---------------------|---------------|
| Receivables not past due              | 1,056,874,415     | 261,406,245         | 1,318,280,660 |
| Past due but not impaired receivables |                   |                     |               |
| Within 3 months                       | 488,537,248       | 6,770,098           | 495,307,346   |
| 4~6 months                            | 103,366,740       | 699,156             | 104,065,896   |
| Over 6 months                         | 9,470,857         | 374,268             | 9,845,125     |
| Subtotal                              | 601,374,845       | 7,843,522           | 609,218,367   |
| Impaired receivables                  | 6,379,599         | 4,832,033           | 11,211,632    |
| Total                                 | 1,664,628,859     | 274,081,800         | 1,938,710,659 |

## 10. Inventories

Inventory details of the Group as of the end of the reporting period are as follows.

(unit : thousand won)

| Account          | Acquisition cost   |                        | Allowance for inventory valuation |                        | Carrying amount    |                        | Exchange rate fluctuation |                        | Loss on valuation (Reversal of allowance) |                        |
|------------------|--------------------|------------------------|-----------------------------------|------------------------|--------------------|------------------------|---------------------------|------------------------|---|------------------------|
|                  | End current period | End of previous period | End current period                | End of previous period | End current period | End of previous period | End current period        | End of previous period | End current period                        | End of previous period |
| Finished goods   | 1,686,714,088      | 1,419,019,280          | 23,821,416                        | 21,258,326             | 1,662,892,672      | 1,397,760,954          | 2,643,613                 | 1,896,047              | (80,523)                                  | (8,953,753)            |
| Merchandise      | 42,419,564         | 41,488,542             | -                                 | -                      | 42,419,564         | 41,488,542             | -                         | -                      | -   | -                      |
| Work in process  | 65,249,400         | 46,463,072             | -                                 | -                      | 65,249,400         | 46,463,072             | -                         | -                      | -   | -                      |
| Raw materials    | 418,669,868        | 383,435,461            | -                                 | -                      | 418,669,868        | 383,435,461            | -                         | -                      | -   | -                      |
| Supplies         | 56,900,032         | 52,380,004             | -                                 | -                      | 56,900,032         | 52,380,004             | -                         | -                      | -   | -                      |
| Goods in transit | 137,712,228        | 101,099,094            | -                                 | -                      | 137,712,228        | 101,099,094            | -                         | -                      | -   | -                      |
| Total            | 2,407,665,180      | 2,043,885,453          | 23,821,416                        | 21,258,326             | 2,383,843,764      | 2,022,627,127          | 2,643,613                 | 1,896,047              | (80,523)                                  | (8,953,753)            |

The Group recognizes loss on valuation of inventories to net realizable value and any losses from inventory obsolescence as an expense in the period in which the write-down or depletion occurred. Reversal of loss on valuation of inventories due to an increase in the net realizable value of inventories is deducted from the cost of sales of inventories recognized as an expense in the period in which the reversal occurred.

## 11. Other financial assets

Details of other financial assets as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification              | End of current period |             | End of previous period |             |
|-----------------------------|-----------------------|-------------|------------------------|-------------|
|                             | Current               | Non-current | Current                | Non-current |
| Loans                       | 21,738                | 3,279,255   | 816,416                | 2,262,618   |
| Guarantee deposits provided | 4,338,222             | 97,568,274  | 1,634,712              | 98,370,763  |
| Derivative financial assets | 1,089,714             | -           | 1,892,776              | 4,669,059   |
| Total                       | 5,449,674             | 100,847,529 | 4,343,904              | 105,302,440 |

## 12. Other assets

Details of other assets as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification       | End of current period |               | End of previous period |             |
|----------------------|-----------------------|---------------|------------------------|-------------|
|                      | Current               | Non-current   | Current                | Non-current |
| Advance payments(*1) | 77,953,335            | 1,104,968,960 | 11,180,772             | 2,960       |
| Prepaid expenses     | 42,262,863            | 14,683,141    | 40,897,735             | 10,518,288  |
| Others               | 63,314,224            | 104,055       | 52,762,054             | 127,952     |
| Total                | 183,530,422           | 1,119,756,156 | 104,840,561            | 10,649,200  |

(1) An advance payment of 1,104,966 million won was made for the acquisition of common shares of Hanon Systems (refer to Note 43).

### 13. Property, plant and equipment

(1) The carrying amounts of the Group's property, plant and equipment as of the end of the reporting period are as follows.

End of current period

(unit : thousand won)

| Classification           | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|--------------------------|------------------|--------------------------|-----------------------------|-----------------|
| Land                     | 463,336,823      | -                        | -                           | 463,336,823     |
| Building                 | 2,382,011,155    | (876,621,436)            | (11,570,878)                | 1,493,818,841   |
| Structure                | 241,210,440      | (88,637,017)             | (220,647)                   | 152,352,776     |
| Machinery                | 5,534,269,544    | (5,052,802,779)          | (12,412,671)                | 469,054,094     |
| Vehicle                  | 133,374,371      | (111,849,725)            | -                           | 21,524,646      |
| Tools and equipment      | 1,561,698,995    | (1,120,820,796)          | (1,867,608)                 | 439,010,591     |
| Leasehold improvements   | 51,962,659       | (9,402,075)              | -                           | 42,560,584      |
| Machinery in transit     | 24,461,195       | -                        | -                           | 24,461,195      |
| Construction in progress | 1,026,037,901    | -                        | -                           | 1,026,037,901   |
| Operating lease asset    | 46,505           | (37,306)                 | -                           | 9,199           |
| Right of use asset       | 914,746,195      | (354,179,417)            | -                           | 560,566,778     |
| Total                    | 12,333,155,783   | (7,614,350,551)          | (26,071,804)                | 4,692,733,428   |

End of previous period

(unit : thousand won)

| Classification           | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|--------------------------|------------------|--------------------------|-----------------------------|-----------------|
| Land                     | 452,083,982      | -                        | -                           | 452,083,982     |
| Building                 | 2,233,905,629    | (766,664,799)            | (11,804,174)                | 1,455,436,656   |
| Structure                | 248,026,653      | (88,879,827)             | (7,626,499)                 | 151,520,327     |
| Machinery                | 5,087,877,302    | (4,615,598,071)          | (12,412,671)                | 459,866,560     |
| Vehicle                  | 123,529,748      | (98,598,394)             | -                           | 24,931,354      |
| Tools and equipment      | 1,463,287,945    | (1,038,189,215)          | (1,678,045)                 | 423,420,685     |
| Leasehold improvements   | 42,184,329       | (7,200,472)              | -                           | 34,983,857      |
| Machinery in transit     | 17,039,974       | -                        | -                           | 17,039,974      |
| Construction in progress | 267,731,373      | -                        | -                           | 267,731,373     |
| Operating lease asset    | 62,441           | (54,721)                 | -                           | 7,720           |
| Right of use asset       | 694,077,612      | (266,837,617)            | -                           | 427,239,995     |
| Total                    | 10,629,806,988   | (6,882,023,116)          | (33,521,389)                | 3,714,262,483   |

(2) The changes in the carrying amount of property, plant and equipment during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification               | Beginning balance | Acquisition   | Disposal     | Depreciation  | Impairment | Other increase or decrease<br>(*1)(*2) | Increase/decrease due to exchange rate fluctuations<br>(*3) | Ending balance |
|------------------------------|-------------------|---------------|--------------|---------------|------------|--|---|----------------|
| Land                         | 452,083,982       | 1,340,017     | -            | -             | -          | (266,053)                              | 10,178,877  | 463,336,823    |
| Building                     | 1,455,436,656     | 9,155,393     | (523,489)    | (62,240,397)  | (34,781)   | 9,627,853                              | 82,397,606  | 1,493,818,841  |
| Structure                    | 151,520,327       | 2,565,877     | (279)        | (7,184,576)   | -          | 3,001,382                              | 2,450,045   | 152,352,776    |
| Machinery                    | 459,866,560       | 55,439,299    | (1,279,148)  | (203,545,696) | -          | 111,986,696                            | 46,586,383  | 469,054,094    |
| Vehicle                      | 24,931,354        | 2,342,071     | (321,515)    | (9,746,810)   | -          | 2,786,218                              | 1,533,328   | 21,524,646     |
| Tools and equipment          | 423,420,684       | 82,015,105    | (6,764,434)  | (116,095,729) | -          | 34,705,605                             | 21,729,360  | 439,010,591    |
| Leasehold improvements       | 34,983,858        | 9,259,138     | -            | (2,195,374)   | -          | -                                      | 512,962   | 42,560,584     |
| Machinery in transit         | 17,039,974        | 23,009,402    | -            | -             | -          | (16,672,200)                           | 1,084,019   | 24,461,195     |
| Construction in progress(*4) | 267,731,373       | 857,150,434   | (1,211,035)  | -             | -          | (168,390,687)                          | 70,757,816  | 1,026,037,901  |
| Operating lease asset        | 7,720             | 16,244        | -            | (14,765)      | -          | -                                      | -   | 9,199          |
| Right of use asset           | 427,239,995       | 199,403,859   | (5,149,053)  | (94,039,730)  | -          | -                                      | 33,111,707  | 560,566,778    |
| Total                        | 3,714,262,483     | 1,241,696,839 | (15,248,953) | (495,063,077) | (34,781)   | (23,221,186)                           | 270,342,103   | 4,692,733,428  |

(\*1) The amount includes disaster losses of property, plant and equipment amounting to 4,426,720 thousand won resulting from a fire that occurred in the previous period.

(\*2) The amount includes transfers between property, plant and equipment, finance lease receivables, and investment properties.

(\*3) The amount includes the effects of applying financial reporting in the hyperinflationary economy of Türkiye.

(\*4) Borrowing costs capitalized during the current period amounted to 26,775,550 thousand won (prior period: 2,961,828 thousand won). The capitalization rate used to determine the amount of borrowing costs eligible for capitalization ranged from 3.80% to 5.40% (prior period: 4.54%).

Previous period

(unit : thousand won)

| Classification | Beginning balance | Acquisition | Disposal  | Depreciation | Impairment  | Other increase or decrease<br>(*1)(*2) | Increase/decrease due to exchange rate fluctuations<br>(*3) | Ending balance |
|----------------|-------------------|-------------|-----------|--------------|-------------|--|---|----------------|
| Land           | 433,481,950       | 678,560     | -         | -            | -           | 14,731,926                             | 3,191,546   | 452,083,982    |
| Building       | 1,485,451,898     | 10,330,132  | (969,519) | (61,735,583) | (3,130,976) | (1,357,349)                            | 26,848,053  | 1,455,436,656  |

| Classification           | Beginning balance | Acquisition | Disposal     | Depreciation  | Impairment  | Other increase or decrease (*1)(*2) | Increase/decrease due to exchange rate fluctuations (*3) | Ending balance |
|--------------------------|-------------------|-------------|--------------|---------------|-------------|-------------------------------------|--|----------------|
| Structure                | 156,019,982       | 426,644     | (47,500)     | (6,884,422)   | -           | 1,437,250                           | 568,373  | 151,520,327    |
| Machinery                | 574,505,565       | 39,760,650  | (761,016)    | (215,591,527) | -           | 56,648,207                          | 5,304,681  | 459,866,560    |
| Vehicle                  | 29,176,321        | 4,551,862   | (170,488)    | (11,114,723)  | -           | 1,879,611                           | 608,771  | 24,931,354     |
| Tools and equipment      | 419,117,950       | 63,958,319  | (12,746,727) | (112,370,730) | -           | 59,020,139                          | 6,441,733  | 423,420,684    |
| Leasehold improvements   | 35,674,629        | -           | -            | (2,044,357)   | -           | 1,353,586                           | -  | 34,983,858     |
| Machinery in transit     | 32,109,406        | 12,830,310  | -            | -             | -           | (28,917,176)                        | 1,017,434  | 17,039,974     |
| Construction in progress | 129,741,963       | 283,949,403 | (229,248)    | -             | -           | (145,861,317)                       | 130,572  | 267,731,373    |
| Operating lease asset    | 19,565            | 15,306      | (8,966)      | (18,185)      | -           | -                                   | -  | 7,720          |
| Right of use asset       | 392,178,170       | 103,086,412 | (1,064,587)  | (76,758,156)  | -           | 260,109                             | 9,538,047  | 427,239,995    |
| Total                    | 3,687,477,399     | 519,587,598 | (15,998,051) | (486,517,683) | (3,130,976) | (40,805,014)                        | 53,649,210   | 3,714,262,483  |

(\*1) The amount includes disaster losses of property, plant and equipment amounting to 39,128,538 thousand won resulting from a fire that occurred in the previous period.

(\*2) The amount includes transfers between property, plant and equipment, finance lease receivables, and investment properties.

(\*3) The amount includes the effects of applying financial reporting in the hyperinflationary economy of Türkiye.

(3) The amounts for each account including depreciation of property, plant and equipment for the reporting period are as follows.

(unit : thousand won)

| Classification  | Current period | Previous period |
|---|----------------|-----------------|
| Cost of sales   | 359,111,987    | 368,612,921     |
| Selling and administrative expenses(including R&D expenses) | 135,951,090    | 117,904,762     |
| Total   | 495,063,077    | 486,517,683     |

(4) Commitments for the acquisition of property, plant and equipment

The Group is undertaking the expansion of its production facility in the United States. In connection with this expansion, the Group entered into significant acquisition commitments for property, plant and equipment during the prior period (a portion of the total amount of major commitments related to the ongoing investment: USD 710,277,932), of which USD 527,914,734, including advance payments, has been recognized as construction in progress in the statement of financial position.

As of the end of the current period, the acquisition commitments for property, plant and equipment represent a portion of the expenditures expected to be incurred for the expansion of the U.S. production facility, and the Group anticipates entering into additional commitments as the expansion project and related investments progress in the future.

(5) Assets pledged as collateral

As at the end of first half of current period, some of the property, plant and equipment (land, buildings, machinery) are being provided as collateral in relation to the credit limit (refer to Note 40).

## 14. Investment property

(1) The composition of the carrying amount of investment property as of the end of the reporting period is as follows.

End of current period

(unit : thousand won)

| Classification     | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|--------------------|------------------|--------------------------|-----------------------------|-----------------|
| Land               | 90,197,910       | -                        | (12,585)                    | 90,185,325      |
| Building           | 57,298,823       | (31,027,407)             | (365,545)                   | 25,905,871      |
| Right of use asset | -                | -                        | -                           | -               |
| Total              | 147,496,733      | (31,027,407)             | (378,130)                   | 116,091,196     |

End of previous period

(unit : thousand won)

| Classification     | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|--------------------|------------------|--------------------------|-----------------------------|-----------------|
| Land               | 89,931,858       | -                        | -                           | 89,931,858      |
| Building           | 55,543,919       | (29,538,668)             | (365,545)                   | 25,639,706      |
| Right of use asset | 1,137,306        | (638,938)                | -                           | 498,368         |
| Total              | 146,613,083      | (30,177,606)             | (365,545)                   | 116,069,932     |

(2) Changes in the carrying amount of investment property during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification     | Beginning balance | Acquisition | Disposal | Depreciation | Transference | Impairment | Ending balance |
|--------------------|-------------------|-------------|----------|--------------|--------------|------------|----------------|
| Land               | 89,931,858        | -           | -        | -            | 266,052      | (12,585)   | 90,185,325     |
| Building           | 25,639,706        | 45,992      | -        | (1,389,365)  | 1,609,538    | -          | 25,905,871     |
| Right of use asset | 498,368           | -           | (1)      | (103,424)    | (394,943)    | -          | -              |
| Total              | 116,069,932       | 45,992      | (1)      | (1,492,789)  | 1,480,647    | (12,585)   | 116,091,196    |

Previous period

(unit : thousand won)

| Classification     | Beginning balance | Acquisition |          | Depreciation | Transference | Ending balance |
|--------------------|-------------------|-------------|----------|--------------|--------------|----------------|
| Land               | 86,349,556        | 3,802,301   | -        | -            | (219,999)    | 89,931,858     |
| Building           | 26,951,379        | 301,852     | (44,206) | (1,367,969)  | (201,350)    | 25,639,706     |
| Right of use asset | 87,930            | 540,618     | -        | (130,180)    | -            | 498,368        |
| Total              | 113,388,865       | 4,644,771   | (44,206) | (1,498,149)  | (421,349)    | 116,069,932    |

(3) As of the end of the reporting period, the fair value of investment property amounts to 241,256,701 thousand won (prior period-end: 241,813,126 thousand won). Right-of-use assets are excluded from the determination of fair value of investment property.

(4) Rental income generated from investment property during the current period amounted to 5,528,544 thousand won (prior period: 5,161,155 thousand won), and the related rental expenses were 2,163,094 thousand won (prior period: 1,360,389 thousand won).

## 15. Leases

(1) Amount recognized in the statement of financial position

The amounts recognized in the statement of financial position in relation to the lease are as follows.

(unit : thousand won)

| Classification         | End of current period | End of previous period |
|------------------------|-----------------------|------------------------|
| Right of use asset (*) |                       |                        |
| Land                   | 44,120,450            | 41,714,648             |
| Building               | 495,743,880           | 367,953,840            |
| Machinery              | 1,501,728             | 2,683,865              |
| Tools and equipment    | 5,942,128             | 5,266,651              |
| Vehicle                | 13,258,592            | 10,119,359             |
| Total                  | 560,566,778           | 427,738,363            |

(\*) It is included in the 'property, plant and equipment' and investment property ' account in the statement of financial position (refer to notes 13 and 14).

The increase in right-of-use assets during the current period amounted to 199,403,859 thousand won (prior period: 104,397,478 thousand won).

(unit : thousand won)

| Classification        | End of current period | End of previous period |
|-----------------------|-----------------------|------------------------|
| Lease liabilities (*) |                       |                        |
| Current               | 110,943,531           | 79,063,253             |
| Non-current           | 444,150,412           | 330,164,886            |
| Total                 | 555,093,943           | 409,228,139            |

(\*) It is included in the 'borrowings' account in the statement of financial position(refer to Note 19).

(2) Amount recognized in the income statement

The amounts recognized in the income statement relating to leases are as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Depreciation of right-of-use assets  |                |                 |
| Land   | 1,445,336      | 1,382,278       |
| Building   | 84,574,324     | 67,980,558      |
| Machinery  | 1,173,117      | 1,183,693       |
| Tools and equipment  | 613,197        | 382,953         |
| Vehicle  | 6,337,179      | 5,958,854       |
| Subtotal   | 94,143,153     | 76,888,336      |
| Interest expense on lease liabilities (included in finance cost) (*)           | 21,203,034     | 16,376,158      |
| Short term lease payment   | 5,046,888      | 11,191,805      |
| Lease payment on low-value assets  | 1,602,856      | 2,314,893       |
| Variable lease payments not included in the measurement of the lease liability | 72,815,897     | 82,419,978      |

(\*) The amount includes capitalized borrowing costs of 615,682 thousand won (prior period: 246,452 thousand won).

Total cash outflows for leases during the current period amounted to 190,017,246 thousand won (prior period: 184,141,726 thousand won).

(3) The details of lease receivables as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                         | End of current period | End of previous period |
|--|-----------------------|------------------------|
| Financial lease receivables - Building | 66,996,935            | 61,899,677             |

(4) Gross investment in the lease of finance lease receivables provided as of the end of current period is as follows.

(unit : thousand won)

| Classification    | End of current period | End of previous period |
|-------------------|-----------------------|------------------------|
| Within 1 year     | 16,097,630            | 12,461,139             |
| Within 2 years    | 14,754,212            | 11,516,323             |
| Within 3 years    | 10,418,171            | 10,193,339             |
| Within 4 years    | 9,636,232             | 8,895,395              |
| Within 5 years    | 8,041,130             | 7,560,729              |
| More than 5 years | 45,622,275            | 47,437,820             |
| Total             | 104,569,650           | 98,064,745             |

## 16. Intangible asset

(1) The composition of the carrying amount of intangible asset as of the end of the reporting period is as follows.

End of current period

(unit : thousand won)



| Classification              | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|-----------------------------|------------------|--------------------------|-----------------------------|-----------------|
| Industrial property         | 22,805,026       | (19,220,715)             | -                           | 3,584,311       |
| Other intangible assets     | 157,881,025      | (134,880,115)            | (25,367)                    | 22,975,543      |
| Goodwill                    | 161,444,115      | -                        | (781,720)                   | 160,662,395     |
| Customer relationship, etc. | 121,495,043      | (68,868,971)             | -                           | 52,626,072      |
| Construction in progress    | 10,412,904       | -                        | -                           | 10,412,904      |
| Total                       | 474,038,113      | (222,969,801)            | (807,087)                   | 250,261,225     |

End of previous period

(unit : thousand won)

| Classification              | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Carrying amount |
|-----------------------------|------------------|--------------------------|-----------------------------|-----------------|
| Industrial property         | 20,749,493       | (17,649,993)             | -                           | 3,099,500       |
| Other intangible assets     | 152,322,557      | (128,733,108)            | (24,721)                    | 23,564,728      |
| Goodwill                    | 162,281,996      | -                        | (6,890,051)                 | 155,391,945     |
| Customer relationship, etc. | 116,112,384      | (55,900,363)             | -                           | 60,212,021      |
| Construction in progress    | 9,237,293        | -                        | -                           | 9,237,293       |
| Total                       | 460,703,723      | (202,283,464)            | (6,914,772)                 | 251,505,487     |

(2) Changes in the carrying amount of intangible asset during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification                  | Beginning balance | Acquisition | Disposal  | Amortization | Other increase or decrease | Increase/decrease due to exchange rate fluctuations (*) | Ending balance |
|---------------------------------|-------------------|-------------|-----------|--------------|----------------------------|---|----------------|
| Industrial property             | 3,099,499         | 505,967     | -         | (1,574,717)  | 1,553,246                  | 316   | 3,584,311      |
| Other intangible assets         | 23,564,729        | 1,630,820   | (8,367)   | (7,102,909)  | 4,366,857                  | 524,413   | 22,975,543     |
| Goodwill                        | 155,391,944       | -           | -         | -            | -                          | 5,270,451   | 160,662,395    |
| Brand and Customer relationship | 60,212,022        | -           | -         | (9,802,021)  | -                          | 2,216,071   | 52,626,072     |
| Construction in progress        | 9,237,293         | 7,546,475   | (623,427) | -            | (5,920,103)                | 172,666   | 10,412,904     |
| Total                           | 251,505,487       | 9,683,262   | (631,794) | (18,479,647) | -                          | 8,183,917   | 250,261,225    |

(\*) It includes the effects of applying financial reporting in a hyperinflationary economy in Türkiye.

Previous period

(unit : thousand won)

| Classification          | Beginning balance | Acquisition | Disposal | Amortization | Other increase or decrease | Increase/decrease due to exchange rate fluctuations | Ending balance |
|-------------------------|-------------------|-------------|----------|--------------|----------------------------|---|----------------|
| Industrial property     | 3,170,676         | 558,263     | (1,570)  | (1,374,196)  | 746,864                    | (538)   | 3,099,499      |
| Other intangible assets | 21,617,683        | 1,747,159   | (25,378) | (6,549,943)  | 6,507,230                  | 267,978   | 23,564,729     |
| Goodwill                | 151,591,873       | -           | -        | -            | -                          | 3,800,071   | 155,391,944    |
| Brand and               | 68,024,878        | -           | -        | (9,860,893)  | -                          | 2,048,037   | 60,212,022     |

| Classification           | Beginning balance | Acquisition | Disposal | Amortization | Other increase or decrease | Increase/decrease due to exchange rate fluctuations | Ending balance |
|--------------------------|-------------------|-------------|----------|--------------|----------------------------|---|----------------|
| Customer relationship    |                   |             |          |              |                            |   |                |
| Construction in progress | 10,077,901        | 6,526,909   | (24,990) | -            | (7,346,941)                | 4,414   | 9,237,293      |
| Total                    | 254,483,011       | 8,832,331   | (51,938) | (17,785,032) | (92,847)                   | 6,119,962   | 251,505,487    |

(\*) It includes the effects of applying financial reporting in a hyperinflationary economy in Türkiye.

(3) The amounts by account that include amortization of intangible assets during the reporting period are as follows.

(unit : thousand won)

| Classification  | Current period | Previous period |
|---|----------------|-----------------|
| Cost of sales   | 784,966        | 450,875         |
| Selling and administrative expenses(including R&D expenses) | 17,694,681     | 17,334,157      |
| Total   | 18,479,647     | 17,785,032      |

(4) Impairment tests for goodwill

1) Goodwill is allocated to cash-generating units identified by each consolidated entity. As of the end of the reporting period, goodwill by consolidated entity is as follows:

(unit : thousand won)

| Classification                 | End of current period | End of previous period |
|--------------------------------|-----------------------|------------------------|
| Manufacture and sales of tires | 27,632,207            | 27,632,207             |
| Distribution of tires          | 90,702,959            | 85,432,509             |
| Non-tire business              | 42,327,228            | 42,327,228             |
| Total                          | 160,662,394           | 155,391,944            |

The Group annually tests for impairment on goodwill, and as a result of the impairment assessment, it is determined that the carrying amount of each cash-generating unit will not exceed its recoverable amount.

2) The recoverable amounts of all cash-generating units were determined based on value in use, using pre-tax cash flows projected from the five-year plans approved by management. Cash flows beyond the five-year period were extrapolated using the estimated long-term growth rates as described below. These growth rates do not exceed the expected long-term average growth rates for the relevant industries as reported in industry reports.

3) Management has determined the pre-tax cash flow estimate based on past performance and projections of market growth. Discount rate used is a discount rate that reflects the specific risks associated with the industry to which the cash-generating unit belongs. The main assumptions applied as of the end of current period are as follows.

| Classification                 | Discount rate (%) | Permanent growth rate (%) |
|--------------------------------|-------------------|---------------------------|
| Manufacture and sales of tires | 8.10              | 1.00                      |
| Distribution of tires          | 6.88~7.10         | 1.50~2.00                 |
| Non-tire business              | 10.72             | 1.00                      |

4) The results of the analysis on the sensitivity of impairment assessment to changes in the discount rate and permanent growth rate are as follows.

(unit : thousand won)

| Classification                            | Impairment amount              |                       |                   |
|---|--------------------------------|-----------------------|-------------------|
|   | Manufacture and sales of tires | Distribution of tires | Non-tire business |
| 0.5%pt increase in discount rate          | No impairment                  | No impairment         | No impairment     |
| 0.5%pt reduction of permanent growth rate | No impairment                  | No impairment         | No impairment     |

## 17. Investment in associates and joint ventures

(1) Details of investment in associates and joint ventures as of the end of the reporting period are as follows.

(unit : thousand won)

| Company  | Closing month | Location | End of current period       |                  |                 | End of previous period      |                  |                 |
|--|---------------|----------|-----------------------------|------------------|-----------------|-----------------------------|------------------|-----------------|
|  |               |          | Percentage of ownership (%) | Acquisition cost | Carrying amount | Percentage of ownership (%) | Acquisition cost | Carrying amount |
| Hanon System Co.,Ltd. (*1)(*2)   | December      | Korea    | 36.68                       | 2,044,950,476    | 1,719,988,214   | 19.49                       | 1,061,740,386    | 1,029,142,994   |
| Peaches Group Korea Co.,Ltd.   | December      | Korea    | 25.31                       | 3,740,072        | -               | 25.31                       | 3,740,072        | 726,385         |
| DAEMYONG TECH ONE Co.,Ltd.   | December      | Korea    | 49.00                       | 1,147,000        | 754,900         | 49.00                       | 1,147,000        | 840,430         |
| TOWNZ Corp.(*3)  | December      | Korea    | 17.52                       | 220,000          | -               | 18.42                       | 220,000          | -               |
| DS Quattro. H KOSDAQ Venture Special Investment Type Private Equity Trust(*3)        | December      | Korea    | 31.09                       | 4,624,355        | 4,529,723       | 31.14                       | 6,000,000        | 6,453,700       |
| Timepolio KOSDAQ Venture Hedge-S Special Investment Type Private Equity Trust 2 (*4) | December      | Korea    | -                           | -                | -               | 30.88                       | 8,000,000        | 9,117,511       |
| Nexgen Food New Technology Investment Association                                    | December      | Korea    | 25.00                       | 6,000,000        | 5,642,004       | 25.00                       | 6,000,000        | 5,719,460       |
| INB Corporation Co.,Ltd.(*5)   | December      | Korea    | 100.00                      | 20,100,000       | 51,341,237      | 100.00                      | 20,100,000       | 25,725,058      |
| Preciseley Microtechnology Corporation   | December      | Canada   | 22.86                       | 69,027,274       | 37,092,085      | 22.86                       | 69,027,274       | 39,275,272      |
| Double-K Dental New Technology Investment Partnership                                | December      | Korea    | 25.00                       | 2,500,000        | 2,448,581       | -                           | -                | -               |
| Total  |               |          |                             | 2,152,309,177    | 1,821,796,744   |                             | 1,175,974,732    | 1,117,000,810   |

(\*1) The disclosed market value of the above Investment to associates amounts to 998,464,144 thousand won as of the end of the current period (prior period-end: 758,385,990 thousand won).

(\*2) During the current period, the Group acquired an additional 144,962,552 common shares through a paid-in capital increase based on the subscription agreement with Hanon Systems Co., Ltd. However, the Group recognized a derivative financial liability of 383,210,087 thousand won related to the newly acquired investment to associates, as the paid-in capital increase for the acquisition of shares in Hanon Systems Co., Ltd. is considered part of a series of transactions, including the subsequent acquisition of common shares of Hanon Systems Co., Ltd. held by Hahn & Co. Auto Holdings LLC, which results in an obligation to purchase.

(\*3) Although the Group's ownership interest is less than 20%, the investment is classified as an investment to associates, as the Group is able to exercise significant influence over key management decisions, including the appointment of directors, in accordance with the shareholders' agreement.

(\*4) During the current period, the investment to associates was excluded due to the redemption of the Timefolio private fund.

(\*5) Although the Group holds 100% of the ownership interest, the investment is classified as a joint venture because the investor holding the convertible bonds issued by INB Corporation Co., Ltd. has the ability to exercise significant influence over key management decisions, including the appointment of directors.

(\*6) During the current period, the Group newly acquired Double-K Dental New Technology Investment Partnership.

(2) Summarized financial information of major associates and joint ventures for the reporting period and dividends received are as follows.

Current period

(unit : thousand won)

| Classification | Company   | Assets         | Liabilities   | Equities      | Sales          | Net income(loss) for the first half period | Total comprehensive income(loss) | Dividends received |
|----------------|---|----------------|---------------|---------------|----------------|--|----------------------------------|--------------------|
| Associate      | Hanon System Co.,Ltd.   | 10,632,709,635 | 7,621,569,851 | 3,011,139,784 | 10,008,109,958 | (351,814,880)                              | (47,904,016)                     | 7,074,108          |
| Associate      | DAEMYONG TECH ONE Co.,Ltd.                                    | 2,189,783      | 246,836       | 1,942,947     | 1,862,703      | (27,630)                                   | (27,630)                         | -                  |
| Associate      | Peaches Group Korea Co.,Ltd.                                  | 12,580,578     | 8,737,350     | 3,843,228     | 10,555,950     | (7,264,211)                                | (7,264,211)                      | -                  |
| Associate      | TOWNZ Corp.   | 673,457        | 2,270,257     | (1,596,800)   | 318,382        | (2,621,319)                                | (2,621,319)                      | -                  |
| Associate      | DS Quattro. H KOSDAQ Venture Professional Private Equity Fund | 14,666,069     | -             | 14,666,069    | 1,885,744      | (1,569,138)                                | (1,569,138)                      | -                  |
| Associate      | Nexgen Food New Technology Investment Association             | 23,105,930     | 537,913       | 22,568,017    | 18,636         | (327,855)                                  | (327,855)                        | -                  |
| Joint venture  | INB Corporation Co.,Ltd.                                      | 65,712,617     | 15,189,197    | 50,523,420    | -              | (2,342,194)                                | 4,314,595                        | -                  |
| Associate      | Preciseley Microtechnology Corporation                        | 141,173,601    | 11,628,642    | 129,544,959   | 4,660,030      | (8,885,646)                                | (8,885,646)                      | -                  |
| Associate      | Double-K Dental New Technology Investment Partnership         | 9,794,324      | -             | 9,794,324     | 1,776          | (205,676)                                  | (205,676)                        | -                  |

Previous period

(unit : thousand won)

| Classification | Company  | Assets        | Liabilities   | Equities      | Sales         | Net income(loss) for the first half period | Total comprehensive income(loss) | Dividends received |
|----------------|--|---------------|---------------|---------------|---------------|--|----------------------------------|--------------------|
| Associate      | Hanon System Co.,Ltd.  | 9,244,404,434 | 6,735,917,854 | 2,508,486,580 | 9,559,328,248 | 58,886,775                                 | 321,975,788                      | 35,156,048         |
| Associate      | DAEMYONG TECH ONE Co.,Ltd.   | 2,194,640     | 224,062       | 1,970,578     | 1,675,576     | (173,226)                                  | (173,226)                        | -                  |
| Associate      | Peaches Group Korea Co.,Ltd.   | 13,329,809    | 2,497,987     | 10,831,822    | 6,435,427     | (11,025,159)                               | (11,025,159)                     | -                  |
| Associate      | TOWNZ Corp.  | 487,100       | 455,564       | 31,536        | 97,657        | (1,668,718)                                | (1,668,718)                      | -                  |
| Associate      | DS Quattro. H KOSDAQ Venture Professional Private Equity Fund          | 20,837,675    | -             | 20,837,675    | 2,936,309     | 2,936,309                                  | 2,936,309                        | -                  |
| Associate      | Timepolio KOSDAQ Venture Hedge-S Professional Private Equity Fund No.2 | 37,630,003    | 55,390        | 37,574,613    | 2,610,262     | 2,603,961                                  | 2,603,961                        | -                  |

| Classification | Company   | Assets      | Liabilities | Equities    | Sales     | Net income(loss) for the first half period | Total comprehensive income(loss) | Dividends received |
|----------------|---|-------------|-------------|-------------|-----------|--|----------------------------------|--------------------|
| Associate      | Nexgen Food New Technology Investment Association | 23,078,824  | 200,984     | 22,877,840  | 30        | (451,271)                                  | (451,271)                        | -                  |
| Joint venture  | INB Corporation Co.,Ltd.                          | 34,762,510  | 6,696,354   | 28,066,156  | -         | 1,364,825                                  | (3,175,893)                      | -                  |
| Associate      | Preciseley Microtechnology Corporation            | 145,871,788 | 14,903,344  | 130,968,444 | 5,978,931 | (10,188,300)                               | (10,188,300)                     | -                  |

### (3) Equity method valuation details for investments in associates and joint ventures

The equity method evaluation details of the Group's investments in associates and joint ventures during the reporting period are as follows.

Current period

(unit : thousand won)

| Company  | Beginning balance | Acquisition | Disposal    | Gains or losses from equity method | Dividends   | Change in capital adjustments of equity method accounted investments, etc. | Impairment loss | Ending balance |
|--|-------------------|-------------|-------------|------------------------------------|-------------|--|-----------------|----------------|
| Hanon System Co.,Ltd.  | 1,029,142,994     | 983,210,090 | -           | (85,595,691)                       | (7,074,108) | 56,380,545   | (256,075,616)   | 1,719,988,214  |
| Peaches Group Korea Co.,Ltd. (*1)                                      | 726,385           | -           | -           | (726,385)                          | -           | -  | -               | -              |
| DAEMYONG TECH ONE Co.,Ltd.   | 840,430           | -           | -           | (85,530)                           | -           | -  | -               | 754,900        |
| TOWNZ Corp.(*1)  | -                 | -           | -           | -                                  | -           | -  | -               | -              |
| DS Quattro. H KOSDAQ Venture Professional Private Equity Fund          | 6,453,700         | -           | (1,375,645) | (548,332)                          | -           | -  | -               | 4,529,723      |
| Timepolio KOSDAQ Venture Hedge-S Professional Private Equity Fund No.2 | 9,117,511         | -           | (9,951,432) | 833,921                            | -           | -  | -               | -              |
| Nexgen Food New Technology Investment Association                      | 5,719,460         | -           | -           | (77,456)                           | -           | -  | -               | 5,642,004      |
| INB Corporation Co.,Ltd.   | 25,725,058        | -           | -           | (2,342,194)                        | -           | 27,958,373   | -               | 51,341,237     |
| Preciseley Microtechnology   | 39,275,272        | -           | -           | (3,452,474)                        | -           | 5,301,528  | (4,032,241)     | 37,092,085     |

| Company   | Beginning balance | Acquisition | Disposal     | Gains or losses from equity method | Dividends   | Change in capital adjustments of equity method accounted investments, etc. | Impairment loss | Ending balance |
|---|-------------------|-------------|--------------|------------------------------------|-------------|--|-----------------|----------------|
| Corporation   |                   |             |              |                                    |             |  |                 |                |
| Double-K Dental New Technology Investment Partnership | -                 | 2,500,000   | -            | (51,419)                           | -           | -  | -               | 2,448,581      |
| Total   | 1,117,000,810     | 985,710,090 | (11,327,077) | (92,045,560)                       | (7,074,108) | 89,640,446   | (260,107,857)   | 1,821,796,744  |

(\*1) In accordance with the accounting standards, the Group have discontinued the equity method of accounting for investments in associates as the carrying amount fell below zero. According to the relevant standards, the unrecorded equity method loss amount is 1,845,238 thousand won.

Previous period

(unit : thousand won)

| Company  | Beginning balance | Acquisition | Gains or losses from equity method | Dividends    | Change in capital adjustments of equity method accounted investments, etc. | Impairment loss | Ending balance |
|--|-------------------|-------------|------------------------------------|--------------|--|-----------------|----------------|
| Hanon System Co.,Ltd.  | 1,059,375,373     | -           | (7,796,774)                        | (35,156,048) | 12,720,443   | -               | 1,029,142,994  |
| Peaches Group Korea Co.,Ltd.   | 449,967           | 3,219,245   | (2,942,827)                        | -            | -  | -               | 726,385        |
| DAEMYONG TECH ONE Co.,Ltd.   | 1,050,464         | -           | (85,208)                           | -            | (124,826)  | -               | 840,430        |
| TOWNZ Corp.(*1)  | -                 | -           | -                                  | -            | -  | -               | -              |
| DS Quattro. H KOSDAQ Venture Professional Private Equity Fund          | 5,638,493         | -           | 815,207                            | -            | -  | -               | 6,453,700      |
| Timepolio KOSDAQ Venture Hedge-S Professional Private Equity Fund No.2 | 8,016,524         | -           | 1,100,987                          | -            | -  | -               | 9,117,511      |
| Nexgen Food New Technology Investment Association                      | 5,832,278         | -           | (112,818)                          | -            | -  | -               | 5,719,460      |
| INB Corporation Co.,Ltd.   | 30,419,431        | -           | 1,364,825                          | -            | (6,059,198)  | -               | 25,725,058     |
| Preciseley Microtechnology Corporation                                 | 66,330,581        | -           | (4,351,173)                        | -            | 138,407  | (22,842,543)    | 39,275,272     |
| Total  | 1,177,113,111     | 3,219,245   | (12,007,781)                       | (35,156,048) | 6,674,826  | (22,842,543)    | 1,117,000,810  |

(\*1) In accordance with the accounting standards, the Group have discontinued the equity method of accounting for investments in associates as the carrying amount fell below zero. According to the relevant standards, the unrecorded equity method loss amount is 385,225 thousand won.

(4) The adjustment of the financial information of significant associates and joint ventures for the current and previous period, to the carrying amount of equity interests in associates and joint ventures is as follows.

Current period

(unit : thousand won)

| Company                                | Net assets as of the end of current period(*1) | Shareholding ration of the Group | Amount of equity for net assets | Goodwill      | Accumulated equity method adjustment | Impairment loss | Carrying amount |
|--|--|----------------------------------|---------------------------------|---------------|--------------------------------------|-----------------|-----------------|
| Hanon System Co.,Ltd.                  | 3,011,139,784                                  | 37                               | 1,104,486,073                   | 1,006,516,729 | (134,938,972)                        | (256,075,616)   | 1,719,988,214   |
| INB Corporation Co.,Ltd.               | 50,523,420                                     | 100                              | 50,523,420                      | -             | 817,817                              | -               | 51,341,237      |
| Preciseley Microtechnology Corporation | 129,544,959                                    | 23                               | 29,613,978                      | 55,549,744    | (44,039,396)                         | (4,032,241)     | 37,092,085      |

(\*1) It is the amount of net assets excluding non-controlling interests.

Previous period

(unit : thousand won)

| Company                                | Net assets as of the end of current period(*1) | Shareholding ration of the Group | Amount of equity for net assets | Goodwill    | Accumulated equity method adjustment | Impairment loss | Carrying amount |
|--|--|----------------------------------|---------------------------------|-------------|--------------------------------------|-----------------|-----------------|
| Hanon System Co.,Ltd.                  | 2,508,486,581                                  | 19                               | 488,904,035                     | 540,921,568 | (682,609)                            | -               | 1,029,142,994   |
| INB Corporation Co.,Ltd.               | 28,066,156                                     | 100                              | 28,066,156                      | -           | (2,341,098)                          | -               | 25,725,058      |
| Preciseley Microtechnology Corporation | 130,968,444                                    | 23                               | 29,939,386                      | 55,549,744  | (23,371,315)                         | (22,842,543)    | 39,275,272      |

(\*1) It is the amount of net assets excluding non-controlling interests.



(5) Impairment test of investments in significant associates

1) The Group performed impairment tests on investments in associates (Hanon Systems Co., Ltd. and Preciseley Microtechnology Corporation) for which indicators of impairment were identified. In estimating cash flows and discount rates, the Group comprehensively considered the industry characteristics and historical data of the respective associates. The key assumptions applied by the Group in estimating the value in use of the investments in associates as of the end of the reporting period are as follows.

| Company                                | Discounting rate(%) | Terminal growth rate(%) |
|--|---------------------|-------------------------|
| Hanon System Co.,Ltd.                  | 8.30                | 1.00                    |
| Preciseley Microtechnology Corporation | 13.80               | 1.00                    |

2) As a result of the impairment tests performed on the above-mentioned investments in associates, the carrying amounts were determined to exceed their recoverable amounts. Accordingly, the Group recognized impairment losses of 256,075,616 thousand won for Hanon Systems Co., Ltd. and 4,032,241 thousand won for Preciseley Microtechnology Corporation.

3) The results of the sensitivity analysis on the impairment test considering changes in the discount rate and terminal growth rate are as follows.

(unit : thousand won)

| Company               | Classification                         | Impairment Amount |
|-----------------------|--|-------------------|
| Hanon System Co.,Ltd. | WACC +0.5%, Terminal Growth Rate -0.5% | (545,421,432)     |
|                       | WACC -0.5%, Terminal Growth Rate +0.5% | No impairment     |

(unit : thousand won)

| Company                                | Classification                         | Impairment Amount |
|--|--|-------------------|
| Preciseley Microtechnology Corporation | WACC +1.0%, Terminal Growth Rate -1.0% | (10,573,687)      |
|  | WACC -1.0%, Terminal Growth Rate +10%  | No impairment     |

## 18. Trade payables and other payables

The details of trade payables and other liabilities as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                  | End of current period | End of previous period |
|---------------------------------|-----------------------|------------------------|
| Trade payables                  | 538,460,717           | 492,487,907            |
| Account payables                | 323,721,119           | 265,360,273            |
| Supplier financing arrangements | 107,590,553           | 94,882,776             |
| Accrued expense                 | 516,671,853           | 452,194,859            |
| Dividends payables              | 13,316                | 18,239                 |
| Total                           | 1,486,457,558         | 1,304,944,054          |

### (2) Liabilities under Supplier Financing Arrangements

Supplier financing arrangements are characterized by one or more financial institutions or other parties making payments to suppliers on behalf of the Group, with the Group subsequently settling the amounts with the financial institutions or other parties in accordance with the terms of the arrangements after the suppliers have been paid. Such arrangements may provide the Group with extended payment terms compared to the original due dates of the related invoices, or allow the Group's suppliers to receive payments earlier.

The Group's supplier financing arrangements do not result in a significant change in payment terms.

The carrying amount of liabilities under supplier financing arrangements is as follows.

(unit : thousand won)

| Classification(*)   | End of current period | End of previous period |
|---|-----------------------|------------------------|
| Liabilities under Supplier Financing Arrangements   | 113,255,150           | 100,890,629            |
| Supplier financing liabilities for which financial institutions have made payments to suppliers | 27,147,866            | 24,257,392             |

(\*) The amount includes usance payables presented as borrowings.

There are no significant business combinations or foreign exchange differences that affect the supplier financing liabilities. In addition, there were no significant non-cash changes related to supplier financing arrangements during the current and prior periods.

### (3) Significant Judgments – Supplier Financing Arrangements

The Group has entered into supplier financing arrangements to support the cash flows of strategic suppliers. Under these arrangements, banks acquire the rights to certain trade receivables from suppliers. After such acquisition, the Group is not permitted to make early payments directly to the suppliers, nor can the Group offset its liabilities with receivables acquired from the suppliers. However, for certain supplier financing arrangements, the Group determined that the terms of the trade payables have not been substantially modified, and therefore it is appropriate to continue presenting the related amounts within trade and other payables in the statement of financial position. For supplier financing arrangements where the terms of the trade payables have been modified and amounts are classified as borrowings, management considers that the banks settle the payments on behalf of the Group. Accordingly, in the statement of cash flows, the amounts paid by the banks are presented as cash outflows from operating activities and cash inflows from financing activities. Subsequent payments made by the Group to the banks are presented as cash outflows from financing activities.

## 19. Borrowings

(1) The composition of the Group's borrowings as of the end of the reporting period is as follows.

(unit : thousand won)

| Classification        | End of current period |             | End of previous period |             |
|-----------------------|-----------------------|-------------|------------------------|-------------|
|                       | Current               | Non-current | Current                | Non-current |
| Short-term borrowings | 977,407,694           | -           | 333,973,171            | -           |
| Long-term borrowings  | -                     | 147,000,000 | 144,740,408            | 128,940,000 |
| Lease liabilities     | 110,943,531           | 444,150,412 | 79,063,253             | 330,164,886 |
| Corporate bonds       | 149,985,151           | -           | -                      | 149,902,019 |
| Total                 | 1,238,336,376         | 591,150,412 | 557,776,832            | 609,006,905 |

(2) Details of the Group's short-term borrowings as of the end of the reporting period are as follows.

(unit : thousand won)

| Description                       | Lender           | Interest rate(%)<br>(December 31, 2024) | End of current period | End of previous period |
|-----------------------------------|------------------|---|-----------------------|------------------------|
| General loan                      | BMG, etc.        | 4.78                                    | 564,666,783           | 227,793,372            |
| Transfer of trade receivables(*1) | Woori Bank, etc. | 4.66(*2)                                | 407,076,315           | 100,171,946            |
| Usance                            | UOB              | 4.88                                    | 5,664,596             | 6,007,853              |
| Total                             |                  |   | 977,407,694           | 333,973,171            |

(\*1) The financial liabilities recognized in relation to the transfer of trade receivables that do not meet the derecognition

criteria are secured by the Group's trade receivables (refer to Note 40 (5)).

(\*2) This represents the weighted average borrowing rate for the financial liabilities recognized in connection with the transfer of trade receivables.

(3) Details of the Group's long-term borrowings as of the end of the reporting period are as follows.

(unit : thousand won)

| Description                              | Lender          | Latest maturity date | Interest rate(%)<br>(June 30, 2024) | End of current period |             | End of previous period |             |
|--|-----------------|----------------------|-------------------------------------|-----------------------|-------------|------------------------|-------------|
|  |                 |                      |                                     | Current               | Non-current | Current                | Non-current |
| Long-term borrowings in local currency   | Hana Bank, etc. | -                    | -                                   | -                     | -           | 11,400,000             | -           |
| Long-term borrowings in foreign currency | Citi Bank, etc. | April 11, 2028       | 5.26                                | -                     | 147,000,000 | 133,340,408            | 128,940,000 |
| Total                                    |                 |                      |                                     | -                     | 147,000,000 | 144,740,408            | 128,940,000 |

(4) Details of the Group's corporate bonds as of the end of the reporting period are as follows.

(unit : thousand won)

| Description                       | Issue date | Redemption date | Interest rate(%)<br>(June 30 31, 2023) | End of first half of current period |             | End of previous period |             |
|-----------------------------------|------------|-----------------|--|-------------------------------------|-------------|------------------------|-------------|
|                                   |            |                 |  | Current                             | Non-current | Current                | Non-current |
| 84-2 <sup>nd</sup> corporate bond | 2020.03.05 | 2025.03.05      | 1.48                                   | 150,000,000                         | -           | -                      | 150,000,000 |
| Less : Discount on bond           |            |                 |  | (14,849)                            | -           | -                      | (97,981)    |
| Total                             |            |                 |  | 149,985,151                         | -           | -                      | 149,902,019 |

## 20. Net defined benefit liabilities

### A. Defined benefit system

(1) The amounts reflected in the income statement during the reporting period are as follows.

(unit : thousand won)

| Classification                               | Current period | Previous period |
|--|----------------|-----------------|
| Current service cost                         | 51,374,864     | 48,044,758      |
| Past service cost                            | 23,316,793     | -               |
| Net interest expense                         | (421,309)      | (5,533,258)     |
| Total expenses included in employee benefits | 74,270,348     | 42,511,500      |

(2) Details of calculation of net defined benefit liabilities (assets) as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                               | End of current period | End of previous period |
|--|-----------------------|------------------------|
| Present value of defined benefit liabilities | 586,887,395           | 492,224,263            |
| Fair value of plan assets                    | (484,651,576)         | (502,684,437)          |
| Net defined benefit assets(*1)               | (3,675,659)           | (18,693,861)           |
| Net defined benefit liabilities(*1)          | 105,911,478           | 8,233,687              |

(\*1) The surplus in certain plans within the Group has not been offset against the defined benefit obligations of other plans.

as there is neither a legally enforceable right to use the surplus to settle the obligations of other plans nor an intention to settle them on a net basis.

(3) Changes in net defined benefit liabilities (assets) during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification  | Defined benefit liabilities | Plan assets   | Total        |
|---|-----------------------------|---------------|--------------|
| Beginning balance   | 492,224,263                 | (502,684,437) | (10,460,174) |
| Amount recognized in profit or loss                                     |                             |               |              |
| Current service cost  | 51,374,864                  | -             | 51,374,864   |
| Interest expense (interest income)                                      | 23,900,357                  | (24,321,666)  | (421,309)    |
| Past service cost   | 23,316,793                  |               | 23,316,793   |
| Subtotal  | 98,592,014                  | (24,321,666)  | 74,270,348   |
| Remeasurement components  |                             |               |              |
| - Return on plan assets (excluding amounts included in net interest)    | -                           | 5,751,117     | 5,751,117    |
| - Actuarial gain or loss arising from change in demographic assumptions | (996,529)                   | -             | (996,529)    |
| - Actuarial gain or loss arising from change in financial assumptions   | 40,750,295                  | -             | 40,750,295   |
| - Experience adjustments  | 5,901,076                   | -             | 5,901,076    |
| Subtotal  | 45,654,842                  | 5,751,117     | 51,405,959   |
| Contributions paid by the company                                       | -                           | (9,261,429)   | (9,261,429)  |
| Benefits paid by plan   | (34,581,710)                | 29,990,388    | (4,591,322)  |
| Others(affiliates transfer effect included)                             | (17,509,541)                | 18,381,978    | 872,437      |
| Changes in consolidation scope  | 2,507,527                   | (2,507,527)   | -            |
| Ending balance  | 586,887,395                 | (484,651,576) | 102,235,819  |

Previous period

(unit : thousand won)

| Classification  | Defined benefit liabilities | Plan assets   | Total        |
|---|-----------------------------|---------------|--------------|
| Beginning balance   | 428,722,795                 | (511,102,864) | (82,380,069) |
| Amount recognized in profit or loss                                     |                             |               |              |
| Current service cost  | 48,044,758                  | -             | 48,044,758   |
| Interest expense (interest income)                                      | 23,363,466                  | (28,896,724)  | (5,533,258)  |
| Subtotal  | 71,408,224                  | (28,896,724)  | 42,511,500   |
| Remeasurement components  |                             |               |              |
| - Return on plan assets (excluding amounts included in net interest)    | -                           | 5,111,946     | 5,111,946    |
| - Actuarial gain or loss arising from change in demographic assumptions | 188,793                     | -             | 188,793      |
| - Actuarial gain or loss arising from change in financial assumptions   | 31,185,118                  | -             | 31,185,118   |
| - Experience adjustments  | 10,750,083                  | -             | 10,750,083   |
| Subtotal  | 42,123,994                  | 5,111,946     | 47,235,940   |
| Contributions paid by the company                                       | -                           | (15,246,863)  | (15,246,863) |
| Benefits paid by plan   | (49,610,438)                | 47,382,781    | (2,227,657)  |
| Others(affiliates transfer effect included)                             | (420,312)                   | 67,287        | (353,025)    |

| Classification | Defined benefit liabilities | Plan assets   | Total        |
|----------------|-----------------------------|---------------|--------------|
| Ending balance | 492,224,263                 | (502,684,437) | (10,460,174) |

(4) The significant actuarial assumptions used in defined benefit liabilities assessment as of the end of the reporting period are as follows.

| Classification              | End of current period | End of previous period |
|-----------------------------|-----------------------|------------------------|
| Discount rate               | 3.42%~4.53%           | 4.01%~7.00%            |
| Expected salary growth rate | 2.00%~6.50%           | 3.00%~9.00%            |

(5) When all other assumptions are maintained as of the end of the reporting period, if significant actuarial assumptions change within a reasonable range, the impact on the defined benefit liabilities is as follows.

End of current period (unit : thousand won)

| Classification                           | Increase     | Decrease     |
|--|--------------|--------------|
| 1% change of discount rate               | (46,862,861) | 53,135,741   |
| 1% change of expected salary growth rate | 52,872,260   | (47,502,430) |

End of previous period (unit : thousand won)

| Classification                           | Increase     | Decrease     |
|--|--------------|--------------|
| 1% change of discount rate               | (37,770,664) | 44,151,421   |
| 1% change of expected salary growth rate | 44,207,867   | (38,502,322) |

(6) Composition of plan assets as of the end of the reporting period are as follows:

(unit : thousand won)

| Classification            | Current period |         | Previous period |         |
|---------------------------|----------------|---------|-----------------|---------|
|                           | Amount         | Ratio   | Amount          | Ratio   |
| Debt instruments          | 484,026,866    | 99.87%  | 501,983,912     | 99.86%  |
| Cash and cash equivalents | 624,710        | 0.13%   | 679,453         | 0.14%   |
| Others                    | -              | 0.00%   | 21,072          | 0.01%   |
| Total                     | 484,651,576    | 100.00% | 502,684,437     | 100.00% |

(7) Effect of defined benefit plans on future cash flows

The Group reviews the funding status of the plan annually and has a policy in place to cover any deficits in the fund. The expected contributions for the financial year ending December 31, 2025, amount to 150,283,138 thousand won (prior year: 37,063,047 thousand won).

The maturity analysis of undiscounted pension benefit payments as of the end of current period is as follows.

(unit : thousand won)

| Classification           | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total         |
|--------------------------|------------------|-----------------------|-----------------------|--------------|---------------|
| Pension benefit payments | 23,191,097       | 73,312,263            | 132,181,516           | 803,614,431  | 1,032,299,306 |

As of the end of current period, the weighted average maturity of the defined benefit liabilities is 8.65 years (end of previous period: 9.15 years).

## B. Defined contribution plan

The amount recognized as an expense in relation to defined contribution plans for the current period is 5,016,519 thousand won (previous period: 4,778,275 thousand won).

## 21. Provisions

(1) Changes in the provisions of the Group during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification                   | Beginning balance | Recognized in profit or loss | Utilization   | Exchange difference | Ending balance |
|----------------------------------|-------------------|------------------------------|---------------|---------------------|----------------|
| Provision for product warranties | 27,478,318        | 16,814,084                   | (15,933,618)  | 1,419,344           | 29,778,128     |
| Provision for lawsuit            | 485,897           | 12,349,134                   | (113,579)     | 29,336              | 12,750,788     |
| Other provisions                 | 733,782           | 178,229,955                  | (172,548,466) | 53,853              | 6,469,124      |
| Total                            | 28,697,997        | 207,393,173                  | (188,595,663) | 1,502,533           | 48,998,040     |

Previous period

(unit : thousand won)

| Classification                    | Beginning balance | Recognized in profit or loss | Utilization   | Exchange difference | Ending balance |
|-----------------------------------|-------------------|------------------------------|---------------|---------------------|----------------|
| Provision for product liabilities | 3,906,548         | (3,906,548)                  | -             | -                   | -              |
| Provision for product warranties  | 30,368,178        | 11,590,098                   | (14,576,181)  | 96,223              | 27,478,318     |
| Provision for lawsuit             | 2,359,666         | (1,798,043)                  | (100,429)     | 24,703              | 485,897        |
| Other provisions                  | 9,590,087         | 142,856,135                  | (151,784,430) | 71,990              | 733,782        |
| Total                             | 46,224,479        | 148,741,642                  | (166,461,040) | 192,916             | 28,697,997     |

## 22. Other financial liabilities

Details of other financial liabilities of the Group as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                                     | End of current period |             | End of previous period |             |
|--|-----------------------|-------------|------------------------|-------------|
|  | Current               | Non-current | Current                | Non-current |
| Leasehold deposits received                        | 5,016,935             | 20,540,941  | 5,139,985              | 19,852,923  |
| Derivative financial liabilities(*1)               | 388,434,676           | 12,679,513  | 581,238                | 3,910,912   |
| Non-controlling interest financial liabilities(*2) | 120,703               | 3,938,151   | 310,121                | 969,957     |
| Others   | 128,566               | 919,559     | -                      | 549,120     |
| Total  | 393,700,880           | 38,078,164  | 6,031,344              | 25,282,912  |

(\*1) The Group recognized derivative financial liabilities amounting to 383,210,087 thousand won, as it is considered that the paid-in capital increase related to the acquisition of shares in Hanon Systems Co., Ltd. during the current period forms part of a series of transactions, including the subsequent acquisition of ordinary shares in Hanon Systems Co., Ltd. held by Hahn & Co. Auto Holdings LLC, which results in an obligation to purchase.

(\*2) Non-controlling interests are classified as financial liabilities as the duration of the Mirae Asset OCIO Best Solution Professional Private Equity Fund No.1, CNT Tech Mobility Startup Investment Association 1, which were acquired in the previous period is limited.

## 23. Other liabilities

Details of other liabilities of the Group as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                 | End of current period |             | End of previous period |             |
|--------------------------------|-----------------------|-------------|------------------------|-------------|
|                                | Current               | Non-current | Current                | Non-current |
| Advance received               | 23,181,283            | -           | 24,871,754             | -           |
| Withholdings                   | 243,483,678           | -           | 172,572,644            | -           |
| Unearned revenue(*)            | 21,724,251            | 93,118,080  | 23,579,026             | 74,342,604  |
| Long-term employee liabilities | -                     | 62,653,081  | -                      | 48,071,604  |
| Others                         | 47,620,722            | 939,403     | 64,418,749             | 803,499     |
| Total                          | 336,009,934           | 156,710,564 | 285,442,173            | 123,217,707 |

(\*) As Chongqing Hankooktire Co., Ltd. and Hankook Tire Manufacturing Tennessee LP of the Group received government grants from state and local governments for the purpose of providing land free of charge and subsidizing the acquisition of property, plant and equipment, the Group recognized these as deferred revenue.

(2) Changes in long-term employee liabilities during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification                 | Beginning balance | Addition   | Payment     | Ending balance |
|--------------------------------|-------------------|------------|-------------|----------------|
| Long-term employee liabilities | 48,071,604        | 21,577,560 | (6,996,083) | 62,653,081     |

Previous period

(unit : thousand won)

| Classification                 | Beginning balance | Addition   | Payment     | Ending balance |
|--------------------------------|-------------------|------------|-------------|----------------|
| Long-term employee liabilities | 42,599,003        | 12,541,868 | (7,069,267) | 48,071,604     |

(3) Greenhouse gas emission liabilities

1) Greenhouse gas emission permits held for the purpose of fulfillment of obligations

The amount of emission permits allocated free of charge for the 3rd planning period (2021-2025) is as follows.

(unit : tCO<sub>2</sub>-eq)

| Classification                            | 2021    | 2022    | 2023    | 2024    | 2025    | Total     |
|---|---------|---------|---------|---------|---------|-----------|
| Emission permits allocated free of charge | 476,417 | 476,417 | 476,417 | 472,042 | 472,042 | 2,373,335 |

2) As of the end of the reporting period, the Group's allocation with nil consideration permits and estimates of greenhouse gas emissions by year of implementation are as follows.

(unit : tCO<sub>2</sub>-eq)

| Classification                    | 2022     | 2023(*2) | 2024(*3) |
|-----------------------------------|----------|----------|----------|
| Beginning balance                 | 30,188   | 42,129   | 92,119   |
| Allocation with nil consideration | 476,417  | 476,417  | 472,042  |
| Allocation cancellation           | (821)    | (1,039)  | (847)    |
| Sale                              | (19,954) | (24,328) | -        |
| Purchase                          | 66,400   | 52,000   | 7,000    |

| Classification               | 2022      | 2023(*2)  | 2024(*3)  |
|------------------------------|-----------|-----------|-----------|
| Submit to the government(*1) | (510,101) | (453,060) | (440,246) |
| Carrying forward             | 42,129    | 92,119    | 130,068   |
| Ending balance               | 42,129    | 92,119    | 130,068   |

(\*1) Emissions for 2023 are actual and submitted emissions, and emissions for 2024 are estimated emissions.

(\*2) The amount of greenhouse gas emissions submitted to the government for the year 2023, which was reported in May 2024, was 453,060 tCO<sub>2</sub>-eq, and the remaining allowances compared to the allocated emission rights were carried forward to the 2024 period.

(\*3) On a consolidated basis, the Group does not expect to exceed the allocated emission allowances for 2024. However, certain individual entities have exceeded their allocations and have recognized emission liabilities accordingly.

3) The changes in greenhouse gas emission liabilities recognized by the Group as of the end of the reporting period are as follows.

Current period

(unit : thousand won)

| Classification                      | Beginning balance | Recognized in profit or loss | Utilization | Exchange difference | Ending balance |
|-------------------------------------|-------------------|------------------------------|-------------|---------------------|----------------|
| Greenhouse gas emission liabilities | 4,077,774         | 3,437,545                    | (4,077,774) | (9,216)             | 3,428,329      |

Previous period

(unit : thousand won)

| Classification                      | Beginning balance | Recognized in profit or loss | Utilization | Exchange difference | Ending balance |
|-------------------------------------|-------------------|------------------------------|-------------|---------------------|----------------|
| Greenhouse gas emission liabilities | 4,335,388         | 4,044,976                    | (4,745,839) | 443,248             | 4,077,774      |

## 24. Issued capital

Details of the Group's share capital as of the end of the reporting period are as follows.

(unit : won, share)

| Classification                | End of current period | End of previous period |
|-------------------------------|-----------------------|------------------------|
| Authorized share capital      | 250,000,000           | 250,000,000            |
| Par value per share           | 500                   | 500                    |
| Total number of issued shares | 123,875,069           | 123,875,069            |
| Ordinary share capital        | 61,937,534,500        | 61,937,534,500         |

## 25. Other paid-in capital

Details of other paid-in capital of the Group as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification                         | End of current period | End of previous period |
|--|-----------------------|------------------------|
| Paid-in capital in excess of par value | 2,993,465,738         | 2,993,465,738          |
| Other capital surplus                  | 13,569,289            | 13,569,289             |
| Treasury stock(*1)                     | (44,848,719)          | (44,848,719)           |
| Total                                  | 2,962,186,308         | 2,962,186,308          |

(\*1) After acquiring 22,388 treasury stocks generated through spin-off in 2012, additional 1,863,928 shares were acquired in 2020, and the disposal plan of treasury stock has not been finalized.



## 26. Other components of equity

Changes in other components of equity of the Group during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification  | End of previous period | Increase/<br>Decrease(*1) | Reclassification<br>to profit or loss | Attributable to<br>non-controlling<br>interests | End of reporting<br>period |
|---|------------------------|---------------------------|---------------------------------------|---|----------------------------|
| Gain or loss on valuation of equity instruments measured at fair value-other comprehensive income | (71,499)               | 44,466,278                | (1,534,664)                           | (70)  | 42,860,045                 |
| Exchange differences on translation of foreign operation  | 68,740,376             | 532,253,305               | -                                     | (1,535,333)                                     | 599,458,348                |
| Equivalent to equity in other comprehensive income of associates                                  | 22,451,360             | 57,061,076                | -                                     | -   | 79,512,436                 |
| Total   | 91,120,237             | 633,780,659               | (1,534,664)                           | (1,535,403)                                     | 721,830,829                |

(\*1) The above increase or decrease is the amount after tax effect is deducted.

Previous period

(unit : thousand won)

| Classification  | End of previous period | Increase/<br>Decrease(*1) | Reclassification<br>to profit or loss | Attributable to<br>non-controlling<br>interests | End of reporting<br>period |
|---|------------------------|---------------------------|---------------------------------------|---|----------------------------|
| Gain or loss on valuation of equity instruments measured at fair value-other comprehensive income | 6,836,764              | (6,908,841)               | -                                     | 578   | (71,499)                   |
| Cash flow hedge   | 943,368                | (8,127,741)               | 7,184,373                             | -   | -                          |
| Exchange differences on translation of foreign operation  | (82,953,813)           | 151,618,763               | -                                     | 75,426  | 68,740,376                 |
| Equivalent to equity in other comprehensive income of associates                                  | 13,362,094             | 9,089,266                 | -                                     | -   | 22,451,360                 |
| Total   | (61,811,587)           | 145,671,447               | 7,184,373                             | 76,004  | 91,120,237                 |

(\*1) The above increase or decrease is the amount after tax effect is deducted.

## 27. Retained earnings and dividends

(1) The composition of retained earnings as of the end of the reporting period is as follows.

(unit : thousand won)

| Classification                | End of current period | End of previous period |
|-------------------------------|-----------------------|------------------------|
| Legal reserve :               |                       |                        |
| Earned surplus reserve        | 35,515,502            | 35,489,915             |
| Subtotal                      | 35,515,502            | 35,489,915             |
| Voluntary reserve :           |                       |                        |
| Dividend equalization reserve | 90,000,000            | 90,000,000             |

| Classification                      | End of current period | End of previous period |
|-------------------------------------|-----------------------|------------------------|
| Director's retirement bonus reserve | 5,000,000             | 5,000,000              |
| Voluntary reserve                   | 93,948,602            | 93,948,602             |
| Subtotal                            | 188,948,602           | 188,948,602            |
| Unappropriated retained earnings    | 7,129,951,468         | 6,212,825,842          |
| Total                               | 7,354,415,572         | 6,437,264,359          |

(2) Dividends on ordinary shares of the Group amounting to 158,585,379 thousand won for the year ended December 31, 2023 were paid during the year (Previous period's payment: 97,591,002 thousand won). Dividends attributable to non-controlling interests for the same period amounting to 94,867 thousand won were paid in April 2024.

## 28. Sales and cost of sales

(1) Details of revenue from continuing operations of the Group during the reporting period are as follows.

(unit : thousand won)

| Classification         | Current period | Previous period |
|------------------------|----------------|-----------------|
| Sales of goods         | 9,228,810,663  | 8,808,346,590   |
| Sale of finished goods | 9,421,781,381  | 8,924,815,659   |
| Sale of merchandise    | 344,473,417    | 329,406,367     |
| Sale discount          | (74,550,114)   | (73,312,324)    |
| Sales incentive        | (462,894,021)  | (372,563,112)   |
| Rendering of services  | 183,137,264    | 131,274,886     |
| Rental sales           | 4,912,568      | 3,648,760       |
| Service sales          | 178,224,696    | 127,626,126     |
| Total                  | 9,411,947,927  | 8,939,621,476   |

(2) Details of cost of sales for the reporting period are as follows.

(unit : thousand won)

| Classification  | Current period | Previous period |
|---|----------------|-----------------|
| Cost of finished goods sold                               | 5,493,714,915  | 5,667,655,355   |
| Cost of merchandise                                       | 288,267,587    | 276,693,579     |
| Cost of rendering services                                | 156,699,807    | 107,920,230     |
| Customs refund  | (2,518,807)    | (3,177,354)     |
| (Reversal of) Loss on valuation of inventories and others | 7,774,269      | (5,451,886)     |
| Total   | 5,943,937,771  | 6,043,639,924   |

## 29. Revenue from contracts with customers

(1) Amount recognized as revenue

(unit : thousand won)

| Classification                         | Current period | Previous period |
|--|----------------|-----------------|
| Recognized at a specific point in time |                |                 |
| Revenue from contracts with customers  | 9,245,557,444  | 8,825,665,535   |
| Recognized over time                   |                |                 |
| Revenue from contracts with customers  | 161,374,662    | 110,307,180     |

| Classification             | Current period | Previous period |
|----------------------------|----------------|-----------------|
| Revenue from other sources | 5,015,821      | 3,648,761       |
| Total                      | 9,411,947,927  | 8,939,621,476   |

(2) Revenue from contracts with customers

Current period

(unit : thousand won)

| Classification             | Tire          | Non-tire    | Total         |
|----------------------------|---------------|-------------|---------------|
| Types of goods or services |               |             |               |
| Sales of goods             | 9,084,167,022 | 145,243,182 | 9,229,410,204 |
| Rendering of services      | 175,985,473   | 1,536,429   | 177,521,902   |
| Total                      | 9,260,152,495 | 146,779,611 | 9,406,932,106 |

Previous period

(unit : thousand won)

| Classification             | Tire          | Non-tire    | Total         |
|----------------------------|---------------|-------------|---------------|
| Types of goods or services |               |             |               |
| Sales of goods             | 8,629,805,923 | 178,540,667 | 8,808,346,590 |
| Rendering of services      | 126,580,890   | 1,045,236   | 127,626,126   |
| Total                      | 8,756,386,813 | 179,585,903 | 8,935,972,716 |

(3) The details of receivables and contract liabilities arising from contracts with customers are as follows.

(unit : thousand won)

| Classification            | End of current period | End of previous period |
|---------------------------|-----------------------|------------------------|
| Trade receivables (*1)    | 1,863,011,416         | 1,654,082,096          |
| Contract liabilities (*2) | 15,588,240            | 15,888,225             |

(\*1) Amount after deducting allowance for bad debts.

(\*2) Includes advance payments received in relation to tire sales.

### 30. Selling and Administrative Expenses

Sales and administrative expenses of the Group for the reporting period are as follows.

(unit : thousand won)

| Classification                                | Current period | Previous period |
|---|----------------|-----------------|
| Salaries                                      | 338,409,421    | 296,362,119     |
| Post-employment benefits                      | 13,480,667     | 9,886,866       |
| Service expenses                              | 41,023,223     | 43,450,494      |
| Employee welfare benefits                     | 61,052,798     | 53,425,603      |
| Utility expenses                              | 7,911,981      | 6,757,577       |
| Repairs expenses                              | 8,906,195      | 9,192,192       |
| Test expenses                                 | 3,420,418      | 24,794,371      |
| Travel expenses                               | 17,405,941     | 14,752,985      |
| Entertainment expenses                        | 3,610,553      | 2,673,564       |
| Vehicles maintenance expenses                 | 5,664,647      | 5,373,382       |
| Commission fees                               | 113,547,556    | 98,290,231      |
| Depreciation of property, plant and equipment | 114,959,217    | 98,003,206      |
| Depreciation of investment property           | 1,249,800      | 1,253,048       |

| Classification                      | Current period | Previous period |
|-------------------------------------|----------------|-----------------|
| Amortization of intangible assets   | 16,195,782     | 15,984,077      |
| Insurance                           | 14,027,585     | 13,180,560      |
| Taxes and dues                      | 35,288,347     | 33,183,474      |
| Bad debt expense                    | 2,360,631      | 1,721,608       |
| Brand loyalty expenses              | 32,339,996     | 43,305,058      |
| Business support service commission | 9,458,082      | 7,417,559       |
| Transportation expenses             | 186,933,070    | 199,400,301     |
| Advertising expense                 | 242,009,085    | 199,705,073     |
| Other export expenses               | 12,590,792     | 11,714,699      |
| Packing charges                     | 7,888,617      | 7,167,412       |
| Sales damage expenses               | 16,814,084     | 7,683,550       |
| Sales commission                    | 67,831         | 66,803          |
| Research and development expenses   | 252,504,592    | 202,848,486     |
| Other expenses                      | 146,628,956    | 160,441,932     |
| Total                               | 1,705,749,867  | 1,568,036,230   |

### 31. Financial income

Details of financial income of the Group for the reporting period are as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Interest income  | 134,211,070    | 94,362,042      |
| Gains on valuation of derivatives  | 1,878,446      | 174,030         |
| Gains on transaction of derivatives  | 19,625,821     | 18,242,514      |
| Gains on foreign currency translation  | 18,792,842     | 4,261,652       |
| Gains on foreign currency transaction  | 27,461,876     | 27,594,680      |
| Gain on valuation of financial instrument at fair value through profit or loss | 13,087,418     | 7,498,652       |
| Gain on disposal of financial instrument at fair value through profit or loss  | 4,702,275      | 963,969         |
| Total  | 219,759,748    | 153,097,539     |

### 32. Financial costs

Details of the financial costs of the Group for the reporting period are as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Interest expense   | 44,366,961     | 70,370,514      |
| Loss on valuation of derivatives   | 15,345,760     | 11,154,206      |
| Loss on transaction of derivatives   | 25,641,478     | 13,193,476      |
| Losses on foreign currency transaction   | 29,293,806     | 89,857,950      |
| Losses on foreign currency translation   | 10,411,517     | 4,898,767       |
| Loss on disposal of financial instrument at fair value through profit or loss  | 14,977,606     | 2,255,599       |
| Loss on valuation of financial instrument at fair value through profit or loss | 4,130,013      | 7,158,397       |
| Total  | 144,167,141    | 198,888,909     |

### 33. Other non-operating income

Details of other non-operating income of the Group for the reporting period are as follows.

(unit : thousand won)

| Classification                                     | Current period | Previous period |
|--|----------------|-----------------|
| Technology licensing fees                          | 121,912        | (1,604,382)     |
| Dividend income                                    | 6,298,708      | 9,955,394       |
| Commission income                                  | 6,260,882      | 6,977,300       |
| Rental income                                      | 1,258,547      | 2,529,923       |
| Gains on foreign currency translation              | 71,577,248     | 46,678,277      |
| Gains on foreign currency transaction              | 173,139,459    | 163,808,972     |
| Gains on disposal of property, plant and equipment | 1,687,890      | 1,629,837       |
| Insurance proceeds                                 | 215,020        | 5,678,623       |
| Gains on transaction of derivatives                | -              | 39,302,124      |
| Gains on valuation of derivatives                  | -              | 256,021         |
| Gains on disposal of right of use assets           | 3,640,934      | 359,436         |
| Miscellaneous income                               | 23,760,061     | 22,610,793      |
| Others   | 9,336,123      | 6,009,414       |
| Total  | 297,296,784    | 304,191,732     |

### 34. Other non-operating expense

Details of other non-operating expense of the Group for the reporting period are as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Donation   | 1,344,583      | 1,316,487       |
| Losses on foreign currency transaction                 | 109,928,740    | 174,243,094     |
| Losses on foreign currency translation                 | 47,024,772     | 46,241,744      |
| Losses on disposal of trade receivables                | 10,765         | 21,614          |
| Impairment loss on investment in associates            | 260,107,857    | 22,967,370      |
| Losses on disposal of investment property              | -              | 44,206          |
| Impairment loss on investment property                 | 12,585         | -               |
| Losses on disposal of property, plant and equipment    | 4,513,984      | 3,329,355       |
| Impairment loss on property, plant and equipment       | 34,781         | 3,130,976       |
| Losses on abandonment of property, plant and equipment | -              | 180,416         |
| Losses on disposal of intangible assets                | 620,697        | 24,991          |
| Losses on valuation of derivative instruments          | -              | 134,423         |
| Losses on derivative instruments transactions          | -              | 27,231,892      |
| Losses on disposal of right of use assets              | 3,523,236      | 350,347         |
| (Reversal of) Other bad debt expenses                  | (792,828)      | 87,798          |
| Miscellaneous loss                                     | 21,601,162     | 47,303,985      |
| Loss on disaster                                       | 4,864,660      | 74,037,277      |
| Others   | 14,800,766     | (693,554)       |
| Total  | 467,595,760    | 399,952,421     |

### 35. Tax Expense and Deferred Tax

(1) Details of tax expenses for the reporting period are as follows.

(unit : thousand won)

| Classification                                | Current period | Previous period |
|---|----------------|-----------------|
| Current tax:                                  |                |                 |
| Current tax on profit for the period          | 480,970,942    | 379,772,544     |
| Adjustment of prior year corporate income tax | (19,688,129)   | 82,151,940      |
| Deferred tax                                  |                |                 |
| Changes in temporary differences              | (17,727,807)   | (46,911,639)    |
| Changes in tax credit                         | (830,915)      | 27,413,136      |
| Income tax expense                            | 442,724,091    | 442,425,981     |

(2) The difference between the income tax expense on profit before income tax expense and the amount theoretically calculated using the weighted average tax rate applied to the company's profits is as follows.

(unit : thousand won)

| Classification  | Current period | Previous period |
|---|----------------|-----------------|
| Profit before income tax expense  | 1,573,821,910  | 1,171,218,933   |
| Tax calculated at statutory tax rates applicable to profits in the respective countries | 387,501,445    | 271,394,341     |
| Adjustments :   |                |                 |
| Income not subject to tax   | (4,903,593)    | (8,353,966)     |
| Expenses not deductible for tax purposes  | 5,142,216      | 11,915,192      |
| Tax credit and other  | (14,207,549)   | (11,015,370)    |
| Additional income tax payment for the prior period and tax refund                       | (19,688,129)   | 82,151,940      |
| Investments in subsidiaries, associates and joint ventures                              | 24,603,842     | 59,670,562      |
| Others  | 64,275,859     | 36,663,282      |
| Subtotal  | 55,222,646     | 171,031,640     |
| Income tax expense  | 442,724,091    | 442,425,981     |
| Effective tax rate  | 28.10%         | 37.80%          |

(3) Tax effects related to each component of other comprehensive income are as follows.

(unit : thousand won)

| Classification  | Current period |              |              | Previous period |             |              |
|---|----------------|--------------|--------------|-----------------|-------------|--------------|
|   | Before tax     | Tax effect   | After tax    | Before tax      | Tax effect  | After tax    |
| Remeasurements of net defined benefit liabilities   | (51,405,959)   | 13,309,889   | (38,096,070) | (47,431,737)    | 11,083,290  | (36,348,447) |
| Remeasurements of net defined benefit liabilities of associates                               | (396,229)      | 4,922        | (391,307)    | (789,758)       | 185,119     | (604,639)    |
| Gain (loss) on valuation of financial assets at fair value through other comprehensive income | (5,330,234)    | 1,179,086    | (4,151,148)  | (151,827)       | 35,588      | (116,239)    |
| Gain (loss) on disposal of financial assets at fair value through other comprehensive income  | 60,736,375     | (15,188,276) | 45,548,099   | -               | -           | -            |
| Cash flow hedge   | -              | -            | -            | (1,231,069)     | 287,701     | (943,368)    |
| Exchange differences on translating foreign operations  | 532,253,305    | -            | 532,253,305  | 151,618,763     | -           | 151,618,763  |
| Change in capital adjustments of equity method accounted investments of associates            | 67,315,588     | (10,254,512) | 57,061,076   | 11,872,082      | (2,782,816) | 9,089,266    |
| Total   | 603,172,846    | (10,948,891) | 592,223,955  | 113,886,454     | 8,808,882   | 122,695,336  |

(4) The collection and settlement of deferred tax assets and liabilities are as follows.

(unit : thousand won)

| Classification  | End of current period | End of previous period |
|---|-----------------------|------------------------|
| Deferred tax asset(liabilities) to be recovered within 12 months          | 33,244,259            | 40,454,458             |
| Deferred tax asset(liabilities) to be recovered after more than 12 months | 212,123,261           | 173,872,660            |
| Subtotal  | 245,367,520           | 214,327,118            |

(5) The movement in deferred tax assets(liabilities) during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows.

Current period

(unit : thousand won)

| Classification   | Beginning balance | Statement of profit or loss | Other comprehensive income | Ending balance |
|--|-------------------|-----------------------------|----------------------------|----------------|
| Property, plant and equipment                            | 31,177,093        | 319,130                     | -                          | 31,496,223     |
| Inventories  | 1,525,127         | 310,076                     | -                          | 1,835,203      |
| Accrued income   | (288,309)         | 201,947                     | -                          | (86,362)       |
| Derivatives  | (178,376)         | 178,376                     | -                          | -              |
| Other long-term employee benefit                         | 10,497,968        | 4,169,937                   | -                          | 14,667,905     |
| Other Provision  | 2,800,913         | 4,543,799                   | -                          | 7,344,712      |
| Net defined benefit liabilities(assets)                  | (4,273,612)       | 16,404,493                  | 12,157,763                 | 24,288,644     |
| Accrued expense  | 21,538,280        | (721,753)                   | -                          | 20,816,527     |
| Advanced depreciation provision                          | (12,170,537)      | 677,115                     | -                          | (11,493,422)   |
| Temporary filling up depreciation                        | (105,581)         | (1,425,165)                 | -                          | (1,530,746)    |
| Others   | 25,793,191        | 1,869,112                   | 1,277,775                  | 28,940,078     |
| Deferred tax asset(liabilities) of subsidiaries          | 64,256,514        | (959,483)                   | 5,103,052                  | 68,400,083     |
| Deferred tax asset related with consolidation adjustment | 69,381,173        | (7,839,777)                 | (6,521,681)                | 55,019,715     |
| Subtotal   | 209,953,844       | 17,727,807                  | 12,016,909                 | 239,698,560    |
| Tax credit and tax reduction                             | 4,373,272         | 830,915                     | 464,773                    | 5,668,960      |
| Total  | 214,327,116       | 18,558,722                  | 12,481,682                 | 245,367,520    |

Previous period

(unit : thousand won)

| Classification                           | Beginning balance | Statement of profit or loss | Other comprehensive income | Ending balance |
|--|-------------------|-----------------------------|----------------------------|----------------|
| Property, plant and equipment            | 34,024,990        | (2,847,897)                 | -                          | 31,177,093     |
| Inventories                              | 3,409,130         | (1,884,003)                 | -                          | 1,525,127      |
| Accrued income                           | (34,842)          | (253,467)                   | -                          | (288,309)      |
| Derivatives                              | (1,896,648)       | 1,430,571                   | 287,701                    | (178,376)      |
| Other long-term employee benefit         | 9,275,145         | 1,222,823                   | -                          | 10,497,968     |
| Other Provision                          | 6,767,837         | (3,966,924)                 | -                          | 2,800,913      |
| Net defined benefit liabilities (assets) | (21,315,495)      | 5,958,593                   | 11,083,290                 | (4,273,612)    |
| Accrued expense                          | 9,776,582         | 11,761,698                  | -                          | 21,538,280     |
| Advanced depreciation provision          | (12,391,053)      | 220,516                     | -                          | (12,170,537)   |
| Temporary filling up depreciation        | (130,915)         | 25,334                      | -                          | (105,581)      |

| Classification   | Beginning balance | Statement of profit or loss | Other comprehensive income | Ending balance |
|--|-------------------|-----------------------------|----------------------------|----------------|
| Others   | 7,110,729         | 17,656,073                  | 1,026,389                  | 25,793,191     |
| Deferred tax asset(liabilities) of subsidiaries          | 10,191,637        | 54,388,123                  | (323,246)                  | 64,256,514     |
| Deferred tax asset related with consolidation adjustment | 99,944,986        | (36,799,801)                | 6,235,988                  | 69,381,173     |
| Subtotal   | 144,732,083       | 46,911,639                  | 18,310,122                 | 209,953,844    |
| Tax credit and tax reduction                             | 30,911,155        | (27,413,136)                | 875,253                    | 4,373,272      |
| Total  | 175,643,238       | 19,498,503                  | 19,185,375                 | 214,327,116    |

(6) Details of significant taxable temporary differences not recognized as deferred tax liabilities as of the end of the reporting period are as follows.

(unit : thousand won)

| Classification             | End of current period | End of previous period | Remark   |
|----------------------------|-----------------------|------------------------|--|
| Investment in subsidiaries | 1,921,999,395         | 2,831,641,233          | Undivided profits will be permanently reinvested |
|                            | 965,773,561           | 449,194,106            | No plan to dispose the investments               |

#### (7) Global Minimum Tax

In accordance with the Global Minimum Tax legislation, the Group is required to pay additional corporate income tax corresponding to the difference between the effective tax rate in each jurisdiction where its entities operate and the minimum tax rate of 15%. Based on the Group's assessment, all entities within the consolidated group are not subject to additional tax payments, except for four entities operating in Hungary, Poland, and the United Arab Emirates. As a result, the Group recognized corporate income tax expenses related to the Global Minimum Tax amounting to 7,445,418 thousand won for the current year. The Group applied the exemption provisions regarding the recognition and disclosure of related deferred tax assets and liabilities.

### 36. Expenses by nature

The breakdown of the Group's expenses incurred during the reporting period by nature is as follows.

(unit : thousand won)

| Classification                       | Current period | Previous period |
|--------------------------------------|----------------|-----------------|
| Changes in inventories               | (361,216,637)  | 367,425,146     |
| Purchase of raw materials and others | 3,393,823,351  | 3,319,438,291   |
| Employees benefits                   | 1,474,856,254  | 1,372,922,675   |
| Depreciation(*)                      | 496,555,867    | 488,015,831     |
| Amortization                         | 18,479,647     | 17,785,032      |
| Commission fees                      | 196,003,394    | 169,010,513     |
| Contract service cost                | 106,977,297    | 107,260,331     |
| Utility expense                      | 351,249,992    | 354,989,727     |
| Advertising expense                  | 242,009,085    | 199,705,073     |
| Transportation expenses              | 545,571,412    | 459,264,438     |
| Others                               | 1,185,377,977  | 755,859,099     |
| Total                                | 7,649,687,639  | 7,611,676,156   |

(\*) Depreciation of investment property is included.



### 37. Cash flow information

(1) Adjusted amounts of cash flows from operating activities for the reporting period are as follows.

(unit : thousand won)

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Adjustments:   |                |                 |
| Income tax expense   | 442,724,091    | 442,425,981     |
| Interest income  | (134,211,070)  | (94,362,042)    |
| Interest expense   | 44,366,961     | 70,370,514      |
| Dividend income  | (6,298,708)    | (9,955,393)     |
| Gains on foreign currency translation  | (90,370,090)   | (50,939,929)    |
| Loss on foreign currency translation   | 57,436,289     | 51,140,511      |
| Loss on disposal of financial instrument at fair value through profit or loss  | 14,977,606     | 2,255,599       |
| Gain on disposal of financial instrument at fair value through profit or loss  | (4,472,775)    | (963,969)       |
| Gain on valuation of financial instrument at fair value through profit or loss | (12,805,672)   | (7,498,652)     |
| Loss on valuation of financial instrument at fair value through profit or loss | 4,130,013      | 7,158,397       |
| Gain on disposal of property, plant and equipment                              | (1,687,890)    | (1,629,837)     |
| Loss on disposal of property, plant and equipment                              | 4,513,984      | 3,329,355       |
| Impairment loss on property, plant and equipment                               | 34,781         | 3,130,976       |
| Loss on abandonment of property, plant and equipment                           | -              | 180,416         |
| Impairment loss on investment properties                                       | 12,585         | -               |
| Loss on disposal of investment properties                                      | -              | 44,206          |
| Gains on disposal of right of use asset  | (3,640,934)    | (359,436)       |
| Loss on disposal of right of use asset   | 3,523,236      | 350,347         |
| Loss on disposal of intangible assets  | 620,697        | 24,991          |
| Depreciation of property, plant and equipment                                  | 495,063,078    | 488,015,832     |
| Depreciation of investment properties  | 1,492,789      | 1,570,964       |
| Amortization of intangible assets  | 18,479,647     | 17,785,032      |
| Loss (reversal) on valuation of inventories                                    | (80,523)       | (8,953,753)     |
| Loss on abandonment of inventories   | 7,955,585      | 3,391,781       |
| Loss on disposal of trade receivables  | 10,765         | 21,614          |
| Bad debt expense (reversal)  | 2,360,631      | 1,721,608       |
| Other bad debt expense   | (792,828)      | 87,798          |
| Sales damage expense   | 16,814,084     | 7,683,550       |
| Employee welfare benefit   | 21,542,507     | 12,520,307      |
| Stock-based compensation cost  | 658,108        | 658,147         |
| Retirement benefit   | 74,270,348     | 40,625,606      |
| Increase in other provisions   | 12,349,134     | (569,648)       |
| Gain or loss on investment in associates                                       | 92,045,560     | 12,007,782      |
| Impairment loss on investment in associates                                    | 260,107,857    | 22,967,370      |
| Loss on disposal of investment in associates                                   | 1,275,300      | -               |
| Gain on disposal of investment in associates                                   | (33,717)       | -               |

| Classification   | Current period | Previous period |
|--|----------------|-----------------|
| Gain on valuation of derivatives                                       | (1,878,446)    | (430,050)       |
| Loss on valuation of derivatives                                       | 15,345,760     | 11,288,628      |
| Gain on transaction of derivatives                                     | (19,625,821)   | (57,544,638)    |
| Loss on transaction of derivatives                                     | 25,641,478     | 40,425,368      |
| Gain on transaction of foreign currency                                | (5,622,022)    | (3,486,953)     |
| Loss on transaction of foreign currency                                | 12,613,966     | 44,993,139      |
| Loss on disaster   | 4,864,660      | 74,037,277      |
| Effects of applying financial reporting in a hyperinflationary economy | (999,900)      | 2,324,915       |
| Others   | 6,300,660      | 23,561,055      |
| Total  | 1,359,011,764  | 1,149,404,766   |

(unit : thousand won)

| Classification                               | Current period | Previous period |
|--|----------------|-----------------|
| Changes in operating assets and liabilities: |                |                 |
| Decrease(increase) in trade receivables      | (10,385,767)   | 62,498,443      |
| Decrease(increase) in other receivables      | 59,079,619     | (118,486,293)   |
| Decrease(increase) in inventories            | (210,177,579)  | 480,088,590     |
| Decrease(increase) in other financial assets | (2,521,453)    | 177,396         |
| Decrease(increase) in other assets           | (75,505,851)   | 68,696,143      |
| Increase (decrease) in trade payables        | (69,540,294)   | (65,199,880)    |
| Increase (decrease) in other payables        | 34,656,629     | 78,695,656      |
| Decrease in provision                        | (23,557,780)   | (24,763,803)    |
| Increase (decrease) in other liabilities     | 27,326,065     | 34,377,642      |
| Payment of retirement benefits               | (33,852,382)   | (52,143,341)    |
| Decrease in plan assets                      | 20,352,689     | 34,842,283      |
| Total  | (284,126,104)  | 498,782,836     |

(2) During the reporting period, the significant transactions without cash flow of the Group are as follows.

(unit : thousand won)

| Classification  | Current period | Previous period |
|---|----------------|-----------------|
| Derivative liabilities (*1)   | 383,210,087    | -               |
| Transfer of construction in progress to property, plant and equipment                                       | 190,982,990    | 182,125,434     |
| Changes in payables for acquisition of property, plant and equipment  | 9,005,059      | (7,565,995)     |
| Increase in right of use assets   | 199,403,859    | 103,627,030     |
| Increase in lease liabilities   | 206,523,342    | 111,626,593     |
| Liquidity replacement of long-term borrowings   | 11,400,000     | 146,277,450     |
| Liquidity replacement of corporate bonds  | 149,985,151    | -               |
| Reclassification of financial assets at fair value through profit or loss to investments in associates (*2) | -              | 3,219,245       |

(\*1) During the current period, the Group recognized a derivative liability in connection with the subscription agreement for new shares of Hanon Systems Co., Ltd.

(\*2) During the prior period, the Group acquired an additional 3,752 ordinary shares of Peaches Group Korea Co., Ltd. through the conversion of convertible bonds.

(3) Reconciliations of liabilities arising from financial activities during the reporting period are as follows.

Current period

(unit : thousand won)

| Classification                                  | Borrowings<br>(Current)<br>(*) | Borrowings<br>(Non-<br>current) | Liabilities<br>under<br>Supplier<br>Financing<br>Arrangeme<br>nts | Corporate<br>bond<br>(Current) | Corporate<br>bond<br>(Non-<br>current) | Lease<br>liabilities<br>(Current) | Lease<br>liabilities<br>(Non-<br>current) | Leasehold<br>deposits<br>received | Non-<br>controlling<br>interest | Dividends<br>payables | Total         |
|---|--------------------------------|---------------------------------|---|--------------------------------|--|-----------------------------------|---|-----------------------------------|---------------------------------|-----------------------|---------------|
| Beginning balance                               | 472,705,726                    | 128,940,000                     | 6,007,853   | -                              | 149,902,019                            | 79,063,253                        | 330,164,886                               | 24,992,908                        | 1,280,079                       | 18,239                | 1,193,074,963 |
| Exchange differences                            | 27,102,330                     | 18,060,000                      | 756,044   | -                              | -                                      | 3,923,302                         | 29,880,491                                | 53,635                            | -                               | -                     | 79,775,802    |
| Cash flows<br>(Principle portion)               | 428,152,437                    | 296,858                         | -   | -                              | -                                      | (89,348,572)                      | -   | (94,510)                          | 2,881,542                       | (158,680,246)         | 183,207,509   |
| Cash flows<br>(Interest portion)                | -                              | -                               | -   | -                              | -                                      | (21,203,033)                      | -   | -                                 | -                               | -                     | (21,203,033)  |
| Amortization cost for<br>corporate bonds        | -                              | -                               | -   | -                              | 83,132                                 | -                                 | 21,203,033                                | 629,173                           | -                               | -                     | 21,915,338    |
| Lease contract settlement                       | -                              | -                               | -   | -                              | -                                      | -                                 | 206,523,342                               | -                                 | -                               | -                     | 206,523,342   |
| Other (Declared dividends<br>and others)        | 32,382,605                     | 11,103,142                      | -   | -                              | -                                      | 84,246,905                        | (89,359,663)                              | (23,330)                          | (102,766)                       | 158,675,323           | 196,922,216   |
| Payment under supplier<br>financing arrangement | -                              | -                               | (1,099,300)   | -                              | -                                      | -                                 | -   | -                                 | -                               | -                     | (1,099,300)   |
| Substitution                                    | 11,400,000                     | (11,400,000)                    | -   | 149,985,151                    | (149,985,151)                          | 54,261,677                        | (54,261,677)                              | -                                 | -                               | -                     | -             |
| Ending balance                                  | 971,743,098                    | 147,000,000                     | 5,664,597   | 149,985,151                    | -                                      | 110,943,532                       | 444,150,412                               | 25,557,876                        | 4,058,854                       | 13,316                | 1,859,116,837 |

(\*) Current portion of long-term borrowings are included.

Previous period

(unit : thousand won)

| Classification                    | Borrowings<br>(Current)<br>(*) | Borrowings<br>(Non-<br>current) | Liabilities<br>under<br>Supplier<br>Financing<br>Arrangeme<br>nts | Corporate<br>bond<br>(Current) | Corporate<br>bond<br>(Non-<br>current) | Lease<br>liabilities<br>(Current) | Lease<br>liabilities<br>(Non-<br>current) | Leasehold<br>deposits<br>received | Non-<br>controlling<br>interest | Dividends<br>payables | Total         |
|-----------------------------------|--------------------------------|---------------------------------|---|--------------------------------|--|-----------------------------------|---|-----------------------------------|---------------------------------|-----------------------|---------------|
| Beginning balance                 | 565,941,658                    | 142,422,050                     | 61,963,906  | 656,824,643                    | 149,820,215                            | 66,712,948                        | 292,830,763                               | 24,392,467                        | 1,257,724                       | 14,297                | 1,962,180,671 |
| Exchange differences              | 35,847,202                     | 2,254,400                       | 1,788,770   | (5,830,000)                    | -                                      | 10,878,320                        | (27,145)                                  | (61,372)                          | -                               | -                     | 44,850,175    |
| Cash flows<br>(Principle portion) | (275,360,584)                  | 130,541,000                     | -   | (651,090,000)                  | -                                      | (71,838,891)                      | -   | 51,960                            | 22,355                          | (98,298,564)          | (965,972,724) |

| Classification                                  | Borrowings<br>(Current)<br>(*) | Borrowings<br>(Non-<br>current) | Liabilities<br>under<br>Supplier<br>Financing<br>Arrangeme<br>nts | Corporate<br>bond<br>(Current) | Corporate<br>bond<br>(Non-<br>current) | Lease<br>liabilities<br>(Current) | Lease<br>liabilities<br>(Non-<br>current) | Leasehold<br>deposits<br>received | Non-<br>controlling<br>interest | Dividends<br>payables | Total         |
|---|--------------------------------|---------------------------------|---|--------------------------------|--|-----------------------------------|---|-----------------------------------|---------------------------------|-----------------------|---------------|
| Cash flows<br>(Interest portion)                | -                              | -                               | -   | -                              | -                                      | (16,376,159)                      | -   | -                                 | -                               | -                     | (16,376,159)  |
| Amortization cost for<br>corporate bonds        | -                              | -                               | -   | 95,357                         | 81,804                                 | -                                 | 16,376,159                                | 609,853                           | -                               | -                     | 17,163,173    |
| Lease contract settlement                       | -                              | -                               | -   | -                              | -                                      | -                                 | 111,626,593                               | -                                 | -                               | -                     | 111,626,593   |
| Other (Declared dividends<br>and others)        | -                              | -                               | -   | -                              | -                                      | -                                 | (954,449)                                 | -                                 | -                               | 98,302,506            | 97,348,057    |
| Payment under supplier<br>financing arrangement | -                              | -                               | (57,744,823)  | -                              | -                                      | -                                 | -   | -                                 | -                               | -                     | (57,744,823)  |
| Substitution                                    | 146,277,450                    | (146,277,450)                   | -   | -                              | -                                      | 89,687,035                        | (89,687,035)                              | -                                 | -                               | -                     | -             |
| Ending balance                                  | 472,705,726                    | 128,940,000                     | 6,007,853   | -                              | 149,902,019                            | 79,063,253                        | 330,164,886                               | 24,992,908                        | 1,280,079                       | 18,239                | 1,193,074,963 |

(\*) Current portion of long-term borrowings are included.

### 38. Earning per share

Details of basic and diluted earnings per share for the reporting period are as follows.

(unit : won, share)

| Classification  | Current period    | Previous period |
|---|-------------------|-----------------|
| Profit for the period attributable to the ordinary equity holders (won) | 1,114,628,550,190 | 720,217,649,290 |
| Weighted-average number of ordinary shares outstanding (in shares) (*1) | 121,988,753       | 121,988,753     |
| Basic and diluted earnings per share (*2)                               | 9,137             | 5,904           |

(\*1) Weighted average number of ordinary shares outstanding is calculated as outstanding ordinary shares divided by outstanding period, excluding number of treasury shares.

(\*2) Basic and diluted earnings per share are the same because there is no potentially dilutive ordinary share issued by the Group.

### 39. Operating segment information

(1) The Group has a single operating segment subject to K-IFRS 1108 'Segment Reporting', therefore, no operating segment information is disclosed.

(2) Information about the region

The Group operates in 5 major geographical regions. Net sales by region during the reporting period, calculated based on customer regions, are as follows.

(unit : thousand won)

| Classification            | Current period |          | Previous period |          |
|---------------------------|----------------|----------|-----------------|----------|
|                           | Amount         | Ratio(%) | Amount          | Ratio(%) |
| North America             | 2,236,229,699  | 23.76    | 2,436,083,901   | 27.25    |
| South and Central America | 417,188,150    | 4.43     | 406,501,790     | 4.55     |
| Asia                      | 1,446,279,062  | 15.37    | 1,470,071,160   | 16.44    |
| Europe                    | 4,313,786,544  | 45.83    | 3,673,073,061   | 41.09    |
| Domestic                  | 998,464,472    | 10.61    | 953,891,564     | 10.67    |
| Total                     | 9,411,947,927  | 100.00   | 8,939,621,476   | 100.00   |

(3) There is no external customer, who contributes more than 10% of the Group's total revenue for the current and previous period.

(4) As of the end of the reporting period, details of non-current assets attributable to each country in which the Group is located are as follows.

(unit : thousand won)

| Classification            | End of current period(*) | End of previous period(*) |
|---------------------------|--------------------------|---------------------------|
| North America             | 1,357,557,379            | 609,854,041               |
| South and Central America | 12,071,937               | 10,418,937                |
| Asia                      | 1,155,138,697            | 1,067,746,699             |
| Europe                    | 700,647,661              | 598,869,682               |
| Domestic                  | 2,953,426,331            | 1,805,597,743             |
| Total                     | 6,178,842,005            | 4,092,487,102             |

(\*) Financial assets, deferred tax assets and investment in subsidiaries are excluded from non-current assets.

#### 40. Contingencies and commitments

(1) As of the end of current period, certain portion of property, plant and equipment (land, buildings, machinery) were provided as collateral in relation to credit limits, and the details are as follows.

(unit : thousand won, thousand USD)

| Provided to                           | Pledged assets        | Maximum pledge amount |            |
|---------------------------------------|-----------------------|-----------------------|------------|
| The Korea Development Bank and others | Land, buildings       | KRW                   | 13,880,000 |
| ING Bank                              | Financial instruments | USD                   | 80,000     |

(2) The Group purchases comprehensive insurance for buildings, inventories, and machinery.

The Group is insured against potential future claims that may occur under the Product Liability Act in the Republic of Korea that was effective since July 1, 2002, which penalizes a manufacturer or seller when a product is defective and causes injury or damage to a person or property.

(3) The Group has provided a payment guarantee of USD 70,000 (with a maximum limit of USD 100,000) to the Bureau of Indian Standards through the New Delhi branch of Shinhan Bank for the purpose of supplying tires in India. In addition, the Group has provided a payment guarantee of USD 28,128 to the United Nations through the Gangnam branch of Hana Bank for the purpose of supplying tires to the UN.

(4) The Group is receiving subsidies from the Hungarian government related to the three-stage expansion of Hankook Tire Hungary Ltd. and is providing Direct Suretyship as follows.

| Classification   | Details   |
|------------------|---|
| Guarantee amount | HUF 9,214,435,200 + Accrued interest  |
| Guarantee period | From February 27, 2014 to September 30, 2025  |
| Major contents   | The undersigned pledges to faithfully adhere to the investment plan specified in the investment agreement, and in the event of non-compliance, agrees to reimburse either a portion or the entirety of the subsidies received by the Group from the Hungarian government. |

(5) On October 14, 2013, the Group entered into a project agreement with the State of Tennessee and the Tennessee State Government in connection with the expansion of Hankook Tire Manufacturing Tennessee LP. The key terms of the agreement are as follows.

| Classification          | Details   |
|-------------------------|---|
| Grant of subsidies      | <ul style="list-style-type: none"> <li>- Provision of subsidies, including free land, up to USD 35,000 thousand for site development costs, USD 15,000 thousand for the construction of a training center, and up to USD 16,000 thousand for vocational training support programs.</li> <li>- As of the end of the current period, government subsidies of approximately USD 55,779 thousand have been provided by the state government.</li> </ul> |
| The Group's obligations | <ul style="list-style-type: none"> <li>- Obligation to make a capital investment of approximately USD 800,000 thousand</li> <li>- Obligation to maintain an average of at least 1,440 full-time employees, equivalent to 80% of the target headcount of 1,800, for five years from the start of production</li> </ul>   |
| Repayment conditions    | <ul style="list-style-type: none"> <li>- If the Group fails to fulfill its obligations, the subsidies related to site development costs and the construction of the training center are subject to repayment.</li> </ul>  |

(6) On August 31, 2023, the Group entered into an agreement with the State of Tennessee in connection with the new expansion of Hankook Tire Manufacturing Tennessee LP. The key terms of the agreement are as follows.

| Classification     | Details  |
|--------------------|--|
| Grant of subsidies | <ul style="list-style-type: none"> <li>- The state government will provide the Group with cash grants amounting to USD 6,000 thousand.</li> <li>- The full amount of the grant is scheduled to be received by September 18, 2024.</li> </ul> |
| The Group's        | <ul style="list-style-type: none"> <li>- Recruitment of 397 additional full-time employees in line with the progress of the new</li> </ul>   |

| Classification       | Details   |
|----------------------|---|
| obligations          | expansion project<br>- Obligation to maintain at least 358 employees, equivalent to 90% of the required headcount of 397, for a period of three years starting from the end of 2027 |
| Repayment conditions | - In the event of the Group's non-fulfillment of its obligations, the grants shall be subject to repayment.   |

(7) The following represents the details of trade receivables transferred to financial institutions that have not yet matured as of the end of the reporting period.

(unit : thousand won)

| Classification                | End of current period | End of previous period |
|-------------------------------|-----------------------|------------------------|
| Accounts Receivable Financing | 407,076,315           | 100,171,946            |

The Group recognizes the amount of recourse trade receivables transferred to financial institutions, which have not yet matured, as short-term borrowings (refer to Note 19).

(8) As of the end of the reporting period, the Group has entered into raw material purchase agreements with Southland and various other suppliers to secure natural rubber, the primary raw material for tire production. These agreements are renewed annually. In addition, the Group has entered into service agreements with its related party, Hankook & Company Co., Ltd., for trademark licensing as well as planning and investment support, and supply agreements for general administrative support including finance, accounting, and legal services. Furthermore, as of the end of the reporting period, the Group has entered into a supply agreement with its related party, Hankook Networks Co., Ltd., for outsourced management of its information systems.

(9) Details of the Group's financing arrangements at the end of the reporting period, are as follows.

(unit : thousand won)

| Classification   |                   | End of current period | End of previous period |
|--|-------------------|-----------------------|------------------------|
| Comprehensive limit agreements on trade receivable financing | Total             | 4,043,236,899         | 2,973,815,690          |
|  | Executed amount   | 1,193,053,164         | 287,560,855            |
|  | Unexecuted amount | 2,850,183,735         | 2,686,254,835          |

(10) Seoul Guarantee Insurance Co., Ltd. has provided guarantee amount to 6,899,012 thousand won (end of previous period: 7,029,341 thousand won) for performance guarantee and others.

(11) The Group has entered into cash pooling agreements among its consolidated subsidiaries. Under these agreements, the entities can borrow funds from each other without restrictions, within the available deposit balances, when funding needs arise.

(12) Pending litigation

- As of the end of the reporting period, the Group was sued by the Korea Music Copyright Association for infringement of the right to perform. The Group is accounting for 14,575 thousand won in the provisional debt according to the results of the first trial ruling on February 3, 2023. The case is currently under appeal in the second instance, and the final amount of liability may differ from the amount estimated by the Group depending on the outcome of the litigation (refer to Note 21).

- On December 22, 2021, the Daejeon District Prosecutors' Office filed a prosecution against the alleged violation of the Occupational Safety and Health Act, and the Group is accounting for 5,000 thousand won in provisions according to the results of the first trial ruling on June 15, 2023. The case is currently under appeal in the second instance, and the final amount of liability may differ from the amount estimated by the Group depending on the outcome of the litigation (refer to Note 21).

- As of the end of the reporting period, the Group has been named as a defendant in a product liability lawsuit in North

America related to a tire defect incident. Based on the expected outcome of the first-instance court ruling scheduled for November 7, 2024, the Group has recognized a provision of 12,348,000 thousand won. The case is currently under appeal in the second instance, and the final amount of liability may differ from the amount estimated by the Group depending on the outcome of the litigation (refer to Note 21).

In addition to the above cases, a number of lawsuits are under way as of the end of the reporting period. The final outcome and impact of the lawsuit cannot be reasonably predicted, and the management of the Group does not believe that it will materially affect the Group's financial position.

#### (13) Co-investment agreement for the acquisition of shares in another corporation

The Group acquired 2,059,539 shares (22.86% ownership interest) of Preciseley Microtechnology Corporation from existing shareholders Tiansheng Zhou Family Trust, ACE Optical Ltd., and BDC Capital Inc. In connection with the investment in Preciseley Microtechnology Corporation, the Group and Tiansheng Zhou Family Trust, ACE Optical Ltd., and BDC Capital Inc. entered into a shareholders' agreement. As of the end of the reporting period, the Group recognized the fair value of the granted put option amounting to 12,679,513 thousand won as a derivative financial liability.

##### ① Contents of Shares Purchase Agreement

- Seller: Tiansheng Zhou Family Trust, ACE Optical Ltd., BDC Capital Inc.
- Purchaser: Hankook & Company Co., Ltd., Hankook Tire & Technology Co., Ltd.
- Contract date: February 18, 2022

##### ② Execution of the shareholders' agreement

The Group, as the purchaser under the above share purchase agreement, and Hankook & Company Co., Ltd. entered into a shareholders' agreement, which includes the following terms.

- Put option (\*1)
- Right of first refusal of the Group (\*2)
- Tag-along right of the Group

(\*1) The counterparties to the put option are Hankook Tire & Technology Co., Ltd., Hankook & Company Co., Ltd., or Preciseley Microtechnology Corporation, and Hankook Tire & Technology Co., Ltd. and Hankook & Company Co., Ltd. may designate the purchaser.

(\*2) Hankook Tire & Technology Co., Ltd. has the right to decide whether to acquire the shares within 1 month, and if all existing shareholders of Preciseley Microtechnology Corporation reject the acquisition, the shares may be sold to a third party within 6 months.

#### (14) Agreement related to the acquisition of shares in another company

1) On May 3, 2024, the Group entered into a memorandum of understanding (MOU) for the share purchase agreement and shareholder agreement regarding the purchase of existing shares of Hanon Systems Co., Ltd., a company providing automotive thermal energy management solutions.

##### ① Contents of the Memorandum of Understanding (MOU)

- Seller: Hahn & Co. Auto Holdings LLC
- Purchaser: Hankook Tire & Technology Co., Ltd.
- Subject of transfer: 122,774,000 shares of common stock (approximately 23% ownership interest) out of the 269,569,000 shares of common stock (approximately 50.5% ownership interest) of Hanon Systems Co., Ltd. held by the seller



- Purchase price: KRW 1,227,740,000,000 (KRW 10,000 per share)
- Main contents of the Memorandum of Understanding (MOU)
  - A. Granting of exclusive negotiation rights
  - B. Due diligence-related matters
  - C. Mutual confidentiality obligations, etc.
- Future Schedule and Others: The parties intend to execute this Agreement (referring to both the Share Purchase Agreement and the Shareholders' Agreement) in consideration of the circumstances throughout the transaction process.

② Execution of the shareholders' agreement (\*1)

- Put option

A. Exercise Target: Up to 58,718,000 shares of Hanon Systems Co., Ltd. owned by Hahn & Co. Auto Holdings LLC, which represents 40% of Hahn & Co. Auto Holdings LLC's remaining shares after the sale.

B. Exercise Price: 5,200 won per share

C. Exercise Period: From January 11, 2027 to February 11, 2027 (1 month)

(\*1) The shareholders' agreement shall become effective on the closing date of the share purchase transaction.

③ Financial instruments restricted in use

The Group has established a pledge over the payment claim under the Memorandum of Understanding (MOU) with Hahn & Co. Auto Holdings LLC.

(unit : thousand won)

| Classification            | Financial institution | End of current period | End of previous period |
|---------------------------|-----------------------|-----------------------|------------------------|
| Cash and cash equivalents | Woori Bank            | 122,774,000           | -                      |

④ On September 30, 2024, the Group resolved to acquire new shares of Hanon Systems Co., Ltd. through a paid-in capital increase by way of a third-party allotment, and subsequently acquired the new shares through the paid-in capital increase on December 23, 2024.

- Number of shares acquired: 144,962,552 shares

- Acquisition amount: 600,000,002,728 won (4,139 won per share)

- Target company: Hanon Systems Co., Ltd.

- Future Schedule and Others: The transaction is scheduled to be completed on the later of the date separately agreed upon by the parties or the date that falls three business days after all conditions precedent to closing have been satisfied. The schedule may be subject to change due to the non-fulfillment of the conditions precedent or the approval process by relevant authorities.

⑤ The Group entered into a share purchase agreement to acquire 122,774,000 shares of common stock of Hanon Systems Co., Ltd. out of the 269,569,000 shares held by Hahn & Co. Auto Holdings LLC, as outlined below. The Group plans to acquire the shares upon satisfaction of the conditions precedent to closing.

- Seller: Hahn & Co. Auto Holdings LLC

- Buyer: Hankook Tire & Technology Co., Ltd.

- Date of Share Purchase Agreement: October 31, 2024

- Shares to be Acquired: 122,774,000 common shares of Hanon Systems Co., Ltd. (representing approximately 23% ownership)

- Purchase Price: 1,227,740,000,000 won (10,000 won per share)

- Closing Schedule: The transaction is expected to be completed on the later of the date that falls three business days after the fulfillment of all conditions precedent, including the closing of the new share subscription transaction between the

Group and Hanon Systems Co., Ltd. dated September 30, 2024, and the completion of foreign merger control filings required under applicable competition laws, or such other date as may be separately agreed upon by the parties.

2) The Group acquired 66,000 shares (18.42% ownership) of TOWNZ Corp.

① Contents of Shares Purchase Agreement

- Investee Company: TOWNZ Corp.
- Investor: Hankook Tire & Technology Co.,Ltd.
- Contract date: October 13, 2020

② Contract between shareholders

The company as the purchaser under the above-mentioned share purchase agreement, has entered into a shareholders' agreement that includes the followings.

- Right of first refusal of the Group
- Tag-along right of the Group

#### 41. Transaction with related parties

(1) Related parties of the Group as of the end of current period is as follows.

| Classification                                     | Name of related parties   |
|--|---|
| Related party individuals                          | Hyun-Shick Cho, Hyun-Bum Cho, Yang-Rai Cho  |
| Holding company (*1)                               | Hankook & Company Co., Ltd.   |
| Holding company's subsidiaries and associates (*2) | Hankook Competition(formerly, AtlasBX Motorsports Co., Ltd.), Hankook & Company ES America Corporation, Hankook Car & Life Co., Ltd., Sonic Motors, Hankook Networks Co., Ltd., Hankook Networks America, Inc., Hankook & Company ES Deutschland GmbH, Smart Stream-WE Untact Fund No.3, LK Multi Strategy Professional Private Equity fund No.1, Hankook Competition Europe GmbH     |
| Associates and joint ventures                      | DAEMYONG TECH ONE Co.,Ltd., INB Corporation Co.,Ltd., Hanon Systems Co., Ltd., Peaches Group Korea Co., Ltd., TOWNZ Corp., DS Quattro. H KOSDAQ Venture Professional Private Equity Fund, Nexgen Food New Technology Investment Association, Preciseley Microtechnology Corporation, Handle Co.,Ltd.(*3), Double-K Dental New Technology Investment Partnership(*4)                   |
| Others (*5)  | Daehwa Eng' & Machinery Jiaying Co., Ltd., Shin-Yang Tourist Development, Shin-Yang World Leisure, Janji Co.,Ltd., MW & Company.Co.,Ltd, MW Holdings LLC(formerly, MW Holding LLC), Seil Hwangyeong Co.,Ltd., ARUM Electronics Co.,Ltd., Arum Holdings Co.,Ltd.(formerly, Doowon Holdings Co.,Ltd.), Arum Dentistry Co., Ltd., Hakushi Co.,Ltd., Korea Asset Private Equity Fund No.1 |

(\*1) The entity has a significant influence on the Group.

(\*2) During the current period, Han Automobile Co., Ltd. was excluded from the list of related parties due to its merger with Sonic Motors.

(\*3) Although the investee is classified as an associate due to the Group's ability to exercise significant influence over management, including the appointment of directors, the Group determined that it does not have substantive access to the returns associated with its ownership interest in the associate through the relevant financial instruments. Accordingly, the investment is recognized as a financial asset measured at fair value through profit or loss in accordance with K-IFRS 1109.

(\*4) During the current period, Double-K Dental New Technology Investment Partnership was included in the list of related parties due to the Group's equity investment.

(\*5) Although the entity is not the related party of the Group in accordance with K-IFRS 1024, the entity belongs to the Large Enterprise Group to which the company also belongs in accordance with the Monopoly Regulation and Fair Trade

Act.

(2) Transactions between the Group and related parties are as follows.

1) Details of related party transactions during the reporting period are as follows.

A. Sales and others

(unit : thousand won)

| Classification                  | Company   | Current period |           | Previous period |           |
|---------------------------------|---|----------------|-----------|-----------------|-----------|
|                                 |   | Sales          | Others(*) | Sales           | Others(*) |
| Holding company                 | Hankook & Company Co., Ltd.                                   | 5,597,252      | 3,743,045 | 3,561,708       | 4,018,664 |
| Subsidiaries of Holding company | Hankook Competition(formerly, Atlas BX Motorsports Co., Ltd.) | 63,340         | -         | 4,946           | -         |
|                                 | Sonic Motors  | 5,437          | -         | 538             | -         |
|                                 | Hankook Car & Life Co., Ltd.                                  | -              | 39,263    | -               | 49,014    |
| Associates of Holding company   | Hankook Networks Co., Ltd.                                    | 20,546         | 481,884   | 21,156          | 467,791   |
| Associates and Joint venture    | Hanon System Co.,Ltd.   | 29,033         | -         | 27,403          | -         |
|                                 | INB Corporation Co.,Ltd.                                      | -              | 12,000    | -               | 12,000    |
| Individual                      | Individual shareholder  | -              | 19,708    | -               | 37,107    |
| Others                          | Daehwa Eng'& Machinery Jiaying Co., Ltd.                      | 410,898        | 2,968     | 275,433         | 2,961     |
|                                 | Arum Dentistry Co., Ltd.                                      | -              | 376       | -               | 418       |
| Total                           |   | 6,126,506      | 4,299,244 | 3,891,184       | 4,587,955 |

(\*) Others include royalty income, commission income, and interest income on loans. However, dividend income is not included.(refer to Note 41. 3) of (2))

B. Purchases and others

(unit : thousand won)

| Classification                  | Company   | Current period |             | Previous period |            |
|---------------------------------|---|----------------|-------------|-----------------|------------|
|                                 |   | Purchase(*2)   | Others      | Purchase        | Others     |
| Holding company(*1)             | Hankook & Company Co., Ltd.                                   | 2,693,495      | 54,528,075  | 3,012,073       | 51,027,558 |
| Subsidiaries of Holding company | Hankook Competition(formerly, Atlas BX Motorsports Co., Ltd.) | -              | 450,169     | -               | 792,936    |
|                                 | Sonic Motors  | 131,930        | 437,627     | -               | 76,742     |
|                                 | Hankook Competition Europe GmbH                               | 498,381        | 280,873     | -               | -          |
| Associates of Holding company   | Hankook Networks Co., Ltd.                                    | 5,646,077      | 27,474,271  | 6,622,619       | 19,736,682 |
|                                 | Hankook Networks America, Inc.                                | -              | 906,667     | -               | 980,269    |
| Associates and Joint venture    | Peaches Group Korea Co.,Ltd.                                  | -              | 50,000      | -               | 28,000     |
|                                 | DAEMYONG TECH ONE Co.,Ltd.                                    | -              | 1,041,893   | -               | 942,305    |
| Individual                      | Individual shareholder  | -              | 260,854     | -               | 254,519    |
| Others                          | Daehwa Eng'& Machinery Jiaying Co., Ltd.                      | 5,426,892      | 17,504,291  | 695,339         | 15,418,092 |
| Total                           |   | 14,396,775     | 102,934,720 | 10,330,031      | 89,257,103 |

(\*1) The Group entered into service supporting agreement and trademark license agreement with Hankook & Company Co., Ltd.

(\*2) Purchases include not only inventories but also acquisitions of property, plant and equipment, and intangible assets.

2) As of the end of the reporting period, the balance of related party receivables and liabilities of the Group is as follows.

## A. Receivables and others

(unit : thousand won)

| Classification                  | Company                                   | End of current period |                                   | End of previous period |                                   |
|---------------------------------|---|-----------------------|-----------------------------------|------------------------|-----------------------------------|
|                                 |   | Trade receivables     | Account receivables and others(*) | Trade receivables      | Account receivables and others(*) |
| Holding company                 | Hankook & Company Co., Ltd.               | 851,307               | 15,824,338                        | 1,195,724              | 16,433,841                        |
| Subsidiaries of Holding company | Sonic Motors                              | 669                   | -                                 | -                      | -                                 |
|                                 | Hankook Car & Life Co., Ltd.              | -                     | 19,451                            | -                      | 57,417                            |
| Associates and Joint venture    | Hankook Networks Co., Ltd.                | 5,778                 | 3,542,287                         | 6,015                  | 3,743,691                         |
| Related party individual        | Hanon System Co., Ltd.                    | 2,730                 | -                                 | 2,661                  | -                                 |
| Others                          | Individual shareholder                    | -                     | 82,616                            | -                      | 346,792                           |
|                                 | Daehwa Eng' & Machinery Jiaxing Co., Ltd. | -                     | 223,075                           | -                      | 155,574                           |
|                                 | Arum Dentistry Co., Ltd.                  | -                     | 207                               | -                      | 919                               |
| Total                           |   | 860,484               | 19,691,974                        | 1,204,400              | 20,738,234                        |

(\*) Receivables such as account receivables, unearned revenue, financial lease receivables, and loans are included.

## B. Payables and others

(unit : thousand won)

| Classification                  | Company   | End of current period |                                | End of previous period |                                |
|---------------------------------|---|-----------------------|--------------------------------|------------------------|--------------------------------|
|                                 |   | Trade payables        | Account payables and others(*) | Trade payables         | Account payables and others(*) |
| Holding company                 | Hankook & Company Co., Ltd.                                   | 1,451,448             | 48,726,134                     | 1,491,916              | 46,666,832                     |
| Subsidiaries of Holding company | Hankook Competition(formerly, Atlas BX Motorsports Co., Ltd.) | -                     | 72,718                         | -                      | 35,428                         |
|                                 | Sonic Motors  | -                     | 34,995                         | -                      | 37,688                         |
| Associates of Holding company   | Hankook Networks Co., Ltd.                                    | 6,653                 | 15,812,382                     | 23,180                 | 11,586,555                     |
|                                 | Hankook Networks America, Inc.                                | -                     | 154,368                        | -                      | 88,313                         |
| Associates and Joint ventures   | INB Corporation Co., Ltd.                                     | -                     | 5,700                          | -                      | 5,700                          |
|                                 | DAEMYONG TECH ONE Co., Ltd.                                   | -                     | 56,394                         | -                      | 80,321                         |
| Related party individual        | Individual shareholder  | -                     | 7,964,097                      | -                      | 10,029,295                     |
| Others                          | Daehwa Eng' & Machinery Jiaxing Co., Ltd.                     | -                     | 6,628,879                      | -                      | 2,538,969                      |
| Total                           |   | 1,458,101             | 79,455,667                     | 1,515,096              | 71,069,101                     |

(\*) Liabilities such as account payables, accrued expenses, lease deposits, deferred revenue, lease liabilities, and borrowings are included in amounts payable.

3) Details of financial transactions with related parties during the reporting period are as follows.

A. Lending capital

There were no loans made to or from related parties during the current half period.

Lending capital with related parties in the previous period is as follows.

Previous period

(Unit : thousand won)

| Classification of related parties | Company                                  | Beginning balance | Decrease   | Ending balance |
|-----------------------------------|--|-------------------|------------|----------------|
| Subsidiaries of Holding company   | Hankook & Company ES America Corporation | 32,949,800        | 32,949,800 | -              |
| Total                             |  | 32,949,800        | 32,949,800 | -              |

B. Dividend income/payment, lease repayment and contributions in cash, etc.

(unit : thousand won)

| Classification                | Company   | Current period  |                  |                                 |                 |   | Previous period |                  |                                 |                 |
|-------------------------------|---|-----------------|------------------|---------------------------------|-----------------|---|-----------------|------------------|---------------------------------|-----------------|
|                               |   | Dividend income | Dividend payment | Collection of lease receivables | Lease repayment | Capital contribution in cash and others | Dividend income | Dividend payment | Collection of lease receivables | Lease repayment |
| Holding company               | Hankook & Company Co., Ltd.                           | -               | 49,394,747       | 1,266,000                       | -               | -                                       | -               | 30,396,767       | 1,266,000                       | -               |
| Associates of Holding company | Hankook Networks Co., Ltd.                            | -               | -                | 297,600                         | -               | -                                       | -               | -                | 297,600                         | -               |
| Associates                    | Hanon System Co.,Ltd.                                 | 7,074,108       | -                | -                               | -               | 600,000,003                             | 35,162,478      | -                | -                               | -               |
|                               | Double-K Dental New Technology Investment Partnership | -               | -                | -                               | -               | 2,500,000                               | -               | -                | -                               | -               |
| Related party individual      | Individual shareholder                                | -               | 13,494,501       | -                               | 443,114         | -                                       | -               | 8,304,308        | -                               | 423,000         |
| Others                        | Shin-Yang Tourist Development                         | -               | 1,031,579        | -                               | -               | -                                       | -               | 634,818          | -                               | -               |
|                               | Korea Asset Private Equity Fund No.1                  | 500,000         | -                | -                               | -               | -                                       | -               | -                | -                               | -               |
| Total                         |   | 7,574,108       | 63,920,827       | 1,563,600                       | 443,114         | 602,500,003                             | 35,162,478      | 39,335,893       | 1,563,600                       | 423,000         |

### C. Receipt of lease deposits and others

(unit : thousand won)

| Classification of related party relationships | Company                     | End of current period |                     | End of previous period |                     |
|---|-----------------------------|-----------------------|---------------------|------------------------|---------------------|
|   |                             | Receipt / Collection  | Repayment / Payment | Receipt / Collection   | Repayment / Payment |
| Holding company                               | Hankook & Company Co., Ltd. | -                     | -                   | -                      | 80,000              |

4) Contingent liabilities and commitments entered into with related parties are disclosed in Note 40.

5) The Group has entered into a service agreement with its related party, Hankook & Company Co., Ltd., under which the Group receives support for trademark licensing, planning, investment, and other related matters. The Group has also entered into a supply agreement with Hankook & Company Co., Ltd. for general administrative support, including finance, accounting, and legal services. In addition, as of the end of the current period, the Group has entered into a supply agreement with its related party, Hankook Networks Co., Ltd., to receive outsourced management services for its information systems.

6) Compensations for key management for the reporting period are as follows.

(unit : thousand won)

| Classification              | Current period | Previous period |
|-----------------------------|----------------|-----------------|
| Employee benefits           | 20,952,622     | 18,286,844      |
| Retirement benefits         | 2,569,455      | 1,431,536       |
| Long-term employee benefits | 164,271        | 131,937         |
| Total                       | 23,686,348     | 19,850,317      |

## 42. Credit risks

The Group is exposed to credit risk when the following payments are not made from the counterparty by the payment date.

- Payment of trade receivables within the payment terms by customer.
- Contractual cash flows of debt instruments measured at amortized cost
- Contractual cash flow of debt instruments at fair value through other comprehensive income
- Contractual cash flows of financial liabilities measured at fair value through profit or loss

### (1) Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

### (2) Other financial assets measured at amortized cost

All of the other financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected loss. Management considers 'low credit risk' for government bonds. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

## 43. Events after the reporting period

On January 3, 2025, the Group acquired 122,774,000 shares (23% ownership interest) of Hanon Systems Co., Ltd., previously owned by Hahn & Co. Auto Holdings LLC, through the purchase of existing shares for 1,215,926 million won. As a result, the classification of Hanon Systems Co., Ltd. was changed from an associate of the controlling company to a subsidiary, and it has been included within the scope of consolidation.



## **Audit or review opinion on the consolidated internal control over financial reporting**

Hankook Tire & Technology Co.,Ltd.

The independent auditor's report on the Group's consolidated internal control over financial reporting is attached in accordance with Article 8 of the Act on External Audit of Stock Companies, based on the audit performed on the consolidated financial statements of Hankook Tire & Technology Co., Ltd. and its subsidiaries (collectively referred to as the 'Group') for the fiscal year ended December 31, 2024, and the audit of the Group's consolidated internal control over financial reporting.

Attachments:

1. Independent Auditor's Report on Consolidated Internal Control over Financial Reporting
2. Report on the Operation of the Group's Consolidated Internal Control over Financial Reporting

## **Independent Auditor's Report on Consolidated Internal Control over Financial Reporting**

To the Shareholders and Board of Directors of  
Hankook Tire & Technology Co.,Ltd.

### **Audit opinion on consolidated internal control over financial reporting**

We have audited the consolidated internal control over financial reporting of Hankook Tire & Technology Co., Ltd. and its subsidiaries (collectively referred to as the 'Group') as of December 31, 2024, based on the Framework for the Design and Operation of Internal Control over Financial Reporting.

In our opinion, the Group's consolidated internal control over financial reporting was effectively designed and operated, in all material respects, as of December 31, 2024, based on the Framework for the Design and Operation of Internal Control over Financial Reporting.

We have also audited the consolidated statement of financial position of the Group as of December 31, 2024, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the reporting period then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion thereon in our audit report dated March 17, 2025.

### **Basis for Audit Opinion on Consolidated Internal Control over Financial Reporting**

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 Internal Control over Financial Reporting section of this report. We are independent of the Group in accordance with the ethical requirements relevant to our audit of the consolidated internal control over financial reporting in Korea, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management and Those Charged with Governance for the Group's Consolidated Internal Control over Financial Reporting**

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report on the Effectiveness of the Group's consolidated Internal Control over Financial Reporting.

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

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

Our responsibility is to express an opinion on the Group's consolidated internal control over financial reporting based on our audit. We conducted our audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated internal control over financial reporting is maintained effectively, in all material respects.

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

## Definition and Inherent Limitation of the Group's Consolidated Internal Control over Financial Reporting

The Group's consolidated internal control over financial reporting is a process implemented by those charged with governance, management, and other employees, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS). The Group's consolidated internal control over financial reporting includes policies and procedures that: (1) maintain records that accurately and fairly reflect, within reasonable limits, the transactions and disposition of the Group's assets; (2) provide reasonable assurance that transactions are recorded to permit the preparation of consolidated financial statements in accordance with K-IFRS, and that the Group's income and expenditures are made only with the approval of management and the Board of Directors; and (3) provide reasonable assurance regarding the timely prevention or detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

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

The engagement partner responsible for the audit forming the basis of this independent auditor's report on the Group's consolidated internal control over financial reporting is Certified Public Accountant Byung-Jin Cho.

100, Hangang-daero, Yongsan-gu, Seoul, Republic of Korea  
Samil PricewaterhouseCoopers  
Representative Hoon-Soo Yoon

March 17, 2025

|   |
|---|
| <p>This report is effective as of March 17, 2025, 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.</p> |
|---|

## **Report on the Operation of the Group's Consolidated Internal Control over Financial Reporting**

Hankook Tire & Technology Co., Ltd.

### **Report on the Operation of the Group's Consolidated Internal Control over Financial Reporting by the CEO and Internal Accounting Control Officer**

To the Shareholders, the Board of Directors, and the Audit Committee of Hankook Tire & Technology Co., Ltd.

The undersigned CEO and Internal Accounting Control Officer have evaluated the design and operational status of the Company's consolidated internal control over financial reporting as of December 31, 2024, and for the fiscal year then ended.

Responsibility for the design and operation of the consolidated internal control over financial reporting rests with the Company's management, including the undersigned CEO and Internal Accounting Control Officer.

The undersigned CEO and Internal Accounting Control Officer have evaluated whether the Company's consolidated internal control over financial reporting has been effectively designed and operated to prevent and detect errors or fraud that could result in material misstatements of the consolidated financial statements, thereby ensuring the reliable preparation and disclosure of the consolidated financial statements.

The undersigned CEO and Internal Accounting Control Officer used the 'Framework for the Design and Operation of Internal Control over Financial Reporting' issued by the Internal Control System Operating Committee as the reference standard for the design and operation of the Group's consolidated internal control over financial reporting. In addition, the 'Best Practice Guidelines for the Evaluation and Reporting of Internal Control over Financial Reporting' issued by the Internal Control System Operating Committee were used as the evaluation criteria for assessing the design and operational status of the consolidated internal control over financial reporting.

Based on the evaluation of the operation of the Group's consolidated internal control over financial reporting conducted by the undersigned CEO and Internal Accounting Control Officer, it is determined that, as of December 31, 2024, the Company's consolidated internal control over financial reporting has been effectively designed and operated, in all material respects, in accordance with the 'Framework for the Design and Operation of Internal Control over Financial Reporting'.

The undersigned CEO and Internal Accounting Control Officer confirm that the contents of this report do not contain any false statements or omissions of matters that should have been stated or disclosed. Furthermore, the undersigned confirm that the report does not include any statements or information that could cause significant misunderstanding. The undersigned have personally reviewed and verified the contents of this report with due care.

February 27, 2025

Soo-Il, Lee , Chief Executive Officer

Jong-Ho Park, Internal Accounting Manager

## Details of external audit

Details of external audit are attached according to Act on External Audit of Corporation, article 3 of 18.

### 1. Target of audit

|                |                                    |                 |    |                   |
|----------------|------------------------------------|-----------------|----|-------------------|
| Company        | Hankook Tire & Technology Co.,Ltd. |                 |    |                   |
| Financial year | From                               | January 1, 2024 | To | December 31, 2024 |

### 2. Number of audit participants and audit time

| Number of<br>audit<br>participants and<br>audit time |                                  | Quality<br>control<br>reviewer |          | CPA participating in audit |          |                   |          |                               |          | Computer<br>audit, tax,<br>evaluation<br>professional |          | Total   |          |
|--|----------------------------------|--------------------------------|----------|----------------------------|----------|-------------------|----------|-------------------------------|----------|---|----------|---------|----------|
|  |                                  |                                |          | Director                   |          | CPA<br>registered |          | CPA on<br>probation<br>period |          |   |          |         |          |
|  |                                  | Current                        | Previous | Current                    | Previous | Current           | Previous | Current                       | Previous | Current   | Previous | Current | Previous |
| Number of<br>participants                            |                                  | 11                             | 5        | 2                          | 1        | 28                | 7        | 11                            | 8        | 20  | 40       | 72      | 61       |
| Time   | Quarter<br>and<br>half<br>review | 89                             | 31       | 119                        | 122      | 2,673             | 3,366    | 347                           | 2,079    | 657   | 106      | 3,885   | 5,704    |
|  | Audit                            | 172                            | 248      | 210                        | 158      | 4,450             | 4,012    | 754                           | 2,361    | 1,256   | 1,440    | 6,842   | 8,219    |
|  | Total                            | 261                            | 279      | 329                        | 280      | 7,123             | 7,378    | 1,101                         | 4,440    | 1,913   | 1,546    | 10,727  | 13,923   |

(\*) The prior year financial statements of the Company were audited by Ernst & Young Han Young, and the number of personnel and hours disclosed for the prior year are based on the external audit implementation details prepared by the previous auditor.

### 3. Significant contents of audit

| Category                           | Contents   |  |   |                        |    |           |    |                               |  |     |
|------------------------------------|--|--|---|------------------------|----|-----------|----|-------------------------------|--|-----|
| Audit plan                         | Date   |  | 2024. 8. 21~ 9. 30  |                        |    |           |    |                               | 20   | Day |
|                                    | Contents   |  | Determining the scope and timing of the audit process based on the audit experience and overall understanding of the Company and industry |                        |    |           |    |                               |  |     |
| Significant contents of field work | Date   |  |   | Number of participants |    |           |    | Significant contents of audit |  |     |
|                                    |  |  |   | Full time              |    | Part time |    |                               |  |     |
|                                    | 2024.06.24 ~ 07.05   |  | 10  | Day                    | 8  | persons   | 3  | Persons                       | Internal Control Audit (Understanding and Evaluation of IT General Controls and Automated Controls)  |     |
|                                    | 2024.06.24 ~ 07.05<br>2024.09.02 ~ 09.13<br>2024.11.25 ~ 12.13 |  | 35  | Day                    | 13 | persons   | 37 | persons                       | Internal Control Audit (Understanding and Evaluation of Manual Controls) and Early Substantive Testing of Significant Account Balances         |     |
|                                    | 2025.01.13 ~ 01.17   |  | 5   | Day                    | 4  | persons   | 3  | persons                       | Internal Control Audit (Understanding and Evaluation of IT General Controls and Automated Controls)  |     |
|                                    | 2025.01.31 ~ 02.14   |  | 11  | Day                    | 13 | person    | 49 | person                        | Internal Control Audit, Inquiries, Analytical Procedures, and Sample Testing (including Document Inspection and Recalculation) for Significant |     |

|                               |                              |   |  |                                 |  |   |                                  |               |   |
|-------------------------------|------------------------------|---|--|---------------------------------|--|---|----------------------------------|---------------|---|
|                               |                              |   |  |                                 |  |   | Account Balances and Disclosures |               |   |
| Inventory substantive         | Date                         | 2025.1.1  |  |                                 |  | 1 | days                             |               |   |
|                               | Place                        | Daejeon plant, Geumsan plant and Logistics Center           |  |                                 |  |   |                                  |               |   |
|                               | Objects                      | Finished goods, work in progress, raw materials, and others |  |                                 |  |   |                                  |               |   |
| Financial assets substantive  | Date                         | 2024.12.26  |  |                                 |  |   | 1                                | day           |   |
|                               | Place                        | Headquarters  |  |                                 |  |   |                                  |               |   |
|                               | Objects                      | Securities, membership                                      |  |                                 |  |   |                                  |               |   |
| External review               | Financial transaction review | O   |  | Receivables and payables review |  |   | O                                | Lawyer review | O |
|                               | Other review                 | Third-party inventory inquiry                               |  |                                 |  |   |                                  |               |   |
| Communication with controller | Times of communication       | 4   |  | times                           |  |   |                                  |               |   |
|                               | Date or communication        | 2024.04.29 / 2024.07.29 / 2024.10.31 / 2025.02.27           |  |                                 |  |   |                                  |               |   |
| Use of external experts       | Audit usage                  | -   |  |                                 |  |   |                                  |               |   |
|                               | Date                         | -   |  |                                 |  |   |                                  |               |   |

#### 4. Communication with the auditor (audit committee)

|   | Date       | Attendants   | Method               | Main discussed contents   |
|---|------------|--|----------------------|---|
| 1 | 2024.04.29 | Company side: 3 audit committee member<br>Auditor's side: 2 persons including audit director, accountant in charge | Face-to-face meeting | Report on the Progress of the Q1 2024 Review and Audit Plan (Audit Engagement, Independence, Audit Strategy, Fraud, etc.)   |
| 2 | 2024.07.29 | Company side: 3 audit committee member<br>Auditor's side: 2 persons including audit director, accountant in charge | Face-to-face meeting | Report on the Progress of the 2024 Half-Year Review and Audit Plan (Independence, Group Audit Plan, Key Considerations, etc.)   |
| 3 | 2024.10.31 | Company side: 3 audit committee member<br>Auditor's side: 2 persons including audit director, accountant in charge | Face-to-face meeting | Report on the Progress of the Q3 2024 Review and Audit (Independence, Group Audit Progress, Key Audit Matters, Evaluation Results of the Design and Operation of Internal Control over Financial Reporting, etc.) |
| 4 | 2025.02.27 | Company side: 3 audit committee member<br>Auditor's side: 2 persons including audit director, accountant in charge | Face-to-face meeting | Report on the Progress of the 2024 Year-End Audit (Independence, Key Audit Matters, Group Audit, Evaluation Results of the Design and Operation of Internal Control over Financial Reporting, etc.)               |