

Hyosung Corporation

Separate financial statements
for each of the two years in the period ended December 31, 2024
with the independent auditor's report

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Independent auditor's report
(English translation of a report originally issued in Korean)

**The Shareholders and Board of Directors
Hyosung Corporation**

Opinion

We have audited the separate financial statements of Hyosung Corporation (the "Company"), which comprise the separate statement of financial position as of December 31, 2024 and 2023, and the separate statements of profit, separate statements of other comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the two years in the period ended December 31, 2024, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2024, based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit matter

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

Accounting for the spin-off

As explained in Note 36 to the financial statements, the company completed the spin-off of the business divisions responsible for managing and investing in the shares of the spun-off subsidiaries and the freight forwarding business divisions (hereinafter referred to as "the target business divisions being spun off") as of July 1, 2024. The profits and losses generated by the target business divisions being spun off until the spin-off date were classified as discontinued operations.

As of the spin-off date, the amounts of assets, liabilities transferred from the target business divisions being spun off were KRW 551,714 million, and 64,869 million respectively. The fair values of the related unpaid dividends were estimated at KRW 794,582 million, and the profits from the disposal of discontinued operations amounting to KRW 307,737 million were recognized.

The amounts related to the spin-off were material, its accounting treatments were complex and the fair value measurements of accrued dividends require management's judgments and estimation uncertainties, thereby ending up with us to select the accounting for the spin-off as a key audit matter.

We performed the following audit procedures to address the key audit matter as follows:

- Review the spin-off plan to understand the terms and conditions of the spin-off and to evaluate accrued dividends and the impact thereof on discontinued operations.
- Evaluate the qualifications, experience, expertise, objectivity, and independence of the external specialists engaged by the Company.
- Review the fair value assessment report on the accrued dividends prepared by the Company's external valuation specialists.
- Compare the financial forecasts used in the measurement of value-in-use with the financial projections approved by management.
- Compare the current cash flow forecasts with the actual performance to assess management's estimations.
- Review the period to which profits of losses generated by the target business divisions being spun off are attributed prior to the spin-off date along with the classification and presentation as discontinued operations.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hyung-beom Kim.



March 13, 2025

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

Hyosung Corporation

Separate financial statements
for each of the two years in the period ended December 31, 2024

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

Hyun-Joon Cho and Kyoo-Young Kim
Chief Executive Officers
Hyosung Corporation

Hyosung Corporation
Separate statements of financial position
as of December 31, 2024 and 2023

(Korean won in millions)

	Notes		December 31, 2024		December 31, 2023
Assets					
Current assets:					
Cash and cash equivalents	4,6,34	₩	4,170	₩	37,983
Trade and other receivables	4,7,13,17,34,35		58,048		95,667
Other current financial assets	4,8,34,35		-		123,643
Other current assets	16		7,885		16,822
Inventories	9		12,424		13,023
			<u>82,527</u>		<u>287,138</u>
Non-current assets:					
Long-term trade and other receivables	4,7,13,17,34		13,343		23,745
Property, plant and equipment	10,13,20,35		526,053		532,984
Investment property	11,13		6,206		6,272
Intangible assets	12		27,752		37,613
Investments in subsidiaries	14		682,547		806,025
Investments in associates and joint ventures	15,35		933,698		1,088,015
Net defined benefit assets	21		-		3,701
Other non-current financial assets	4,8,34,35		294,494		86,850
Other non-current assets	16		24,841		24,364
			<u>2,508,934</u>		<u>2,609,569</u>
Total assets		₩	<u>2,591,461</u>	₩	<u>2,896,707</u>
Liabilities					
Current liabilities:					
Trade and other payables	4,17,18,34	₩	48,230	₩	78,172
Short-term borrowings and current portion of long-term borrowings	4,7,19,33,34,35		41,368		605
Other current financial liabilities	4,8,13,33,34		10,783		14,392
Current tax liabilities	-		650		219
Other current liabilities	7,22		10,449		18,614
			<u>111,480</u>		<u>112,002</u>
Non-current liabilities:					
Long-term trade and other payables	4,17,18,34		28,841		27,138
Long-term borrowings	4,19,33,34		219		355
Net defined benefit liabilities	21		898		-
Deferred tax liabilities	30		240,461		235,015
Other non-current financial liabilities	4,8,13,33,34		17,971		25,973
Other non-current liabilities	22		821		622
			<u>289,211</u>		<u>289,103</u>
Total liabilities			<u>400,691</u>		<u>401,105</u>
Equity					
Share capital	23,34		86,725		105,355
Share premium	34		369,049		451,188
Retained earnings	23,34		6,750,114		6,396,019
Other components of equity	23,34		(5,015,118)		(4,456,960)
			<u>2,190,770</u>		<u>2,495,602</u>
Total equity			<u>2,190,770</u>		<u>2,495,602</u>
Total liabilities and equity		₩	<u>2,591,461</u>	₩	<u>2,896,707</u>

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

Hyosung Corporation
Separate statements of profit or loss
for each of the two years in the period ended December 31, 2024

(Korean won in millions, except for earnings per share)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Revenue	14,15,17,24,25	₩ 418,129	₩ 260,967
Cost of sales	17,27	222,913	222,678
Gross profit		195,216	38,289
Selling and administrative expenses	17,26,27	67,752	54,171
Operating profit (loss)		127,464	(15,882)
Other income	17,28	11,547	10,486
Other expenses	17,28	1,755	4,505
Finance income	17,29	17,655	23,242
Finance expenses	17,29	5,827	3,599
Profit before income tax		149,084	9,742
Income tax expenses	30	7,441	15,587
Profit (loss) from continuing operations		141,643	(5,845)
Profit from discontinued operations	36	315,432	8,640
Profit for the year		₩ 457,075	₩ 2,795
Earnings per share (in Korean won)	31	24,926	140
Basic earnings (losses) per share from continuing operations		7,724	(294)
Basic earnings per share from discontinued operations	36	17,202	434

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

Hyosung Corporation
Separate statements of other comprehensive income or loss
for each of the two years in the period ended December 31, 2024

(Korean won in millions)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Profit for the year		₩ 457,075	₩ 2,795
Other comprehensive income (loss) (net of tax)		62,856	(1,219)
Items that will not be subsequently reclassified to profit or loss (net of tax):			
Valuation gain (loss)			
on financial assets at fair value through other comprehensive income ("FVOCI")	4,8,30	4,784	(1,381)
Remeasurements of net defined benefit assets and liabilities	21,30	(5,782)	(790)
Shares of remeasurements of subsidiaries, associates and joint ventures	14,15,30	(15,483)	(4,941)
Items that may be subsequently reclassified to profit or loss (net of tax):			
Net gain on valuation of investments in subsidiaries, associates and joint ventures	14,15,30	79,337	5,893
		62,856	(1,219)
Total comprehensive income for the year		<u>₩ 519,931</u>	<u>₩ 1,576</u>

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

Hyosung Corporation
Separate statements of changes in equity
for each of the two years in the period ended December 31, 2024
(Korean won in millions)

	Share capital	Share premium	Retained earnings	Other components of equity	Total
As of January 1, 2023	₩ 105,355	₩ 451,188	₩ 6,488,547	₩ (4,461,731)	₩ 2,583,359
Total comprehensive income:					
Profit for the year	-	-	2,795	-	2,795
Valuation loss on financial assets at FVOCI	-	-	-	(1,381)	(1,381)
Remeasurements of net defined benefit assets	-	-	(790)	-	(790)
Share of remeasurements of subsidiaries, associates and joint ventures	-	-	(4,941)	-	(4,941)
Net gain on valuation of investments in subsidiaries, associates and joint ventures	-	-	-	5,893	5,893
Transactions with owners of the Parent Company:					
Dividend (Note 32)	-	-	(89,592)	-	(89,592)
Others	-	-	-	259	259
As of December 31, 2023	<u>₩ 105,355</u>	<u>₩ 451,188</u>	<u>₩ 6,396,019</u>	<u>₩ (4,456,960)</u>	<u>₩ 2,495,602</u>
As of January 1, 2024	₩ 105,355	₩ 451,188	₩ 6,396,019	₩ (4,456,960)	₩ 2,495,602
Total comprehensive income:					
Profit for the year	-	-	457,075	-	457,075
Valuation gain on financial assets at FVOCI	-	-	-	4,784	4,784
Remeasurements of net defined benefit liabilities	-	-	(5,782)	-	(5,782)
Share of remeasurements of subsidiaries, associates and joint ventures	-	-	(15,483)	-	(15,483)
Net gain on valuation of investments in subsidiaries, associates and joint ventures	-	-	-	79,337	79,337
Transactions with owners of the Parent Company:					
Dividend (Note 32)	-	-	(59,728)	-	(59,728)
Disposition of treasury shares (Note 23)	-	-	-	30,698	30,698
Acquisition of treasury shares (Note 23)	-	-	-	(1,152)	(1,152)
Changes through spin-off (Notes 23 and 36)	(18,630)	(82,139)	1,399	(695,212)	(794,582)
Others					
Transfer of valuation gain (loss) on financial assets at FVOCI	-	-	(1,461)	1,461	-
Retirement of treasury shares (Note 23)	-	-	(21,926)	21,926	-
As of December 31, 2024	<u>₩ 86,725</u>	<u>₩ 369,049</u>	<u>₩ 6,750,114</u>	<u>₩ (5,015,118)</u>	<u>₩ 2,190,770</u>

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

Hyosung Corporation
Separate statements of cash flows
for each of the two years in the period ended December 31, 2024

(Korean won in millions)

	Notes	2024	2023
Cash flows from operating activities:			
Profit (loss) from continuing operations		₩ 141,643	₩ (5,845)
Profit from discontinued operations		315,432	₩ 8,640
Non-cash items adjustments	33	(429,572)	27,150
Working capital adjustments	33	116,591	71,911
Income taxes paid		(2,699)	(5,422)
Interest paid		(2,192)	(1,239)
Interest received		11,419	31,694
Dividend received		52,509	87,831
Net cash flows provided by operating activities:		203,131	214,720
Cash flows from investing activities:			
Disposal of financial assets at FVOCI		100	48
Disposal of financial assets at FVPL		2,448	3,481
Disposal of financial assets at amortized cost		20	12,001
Collection of short-term loans		4	20,004
Decrease in short-term guarantee deposits		296	22
Disposal of property, plant and equipment		5,711	5,772
Government grants received in relation with property, plant and equipment		2,302	-
Disposal of intangible assets		10,982	-
Disposal of investments in associates		1,200	-
Acquisition of financial assets at FVOCI		(200,000)	-
Acquisition of financial assets at FVPL		(3,191)	(45,453)
Acquisition of financial assets at amortized cost		-	(12,000)
Increase in short-term guarantee deposits		(233)	(27)
Increase in long-term guarantee deposits		(5)	(77)
Acquisition of property, plant and equipment		(12,133)	(9,130)
Acquisition of intangible assets		(2,834)	(1,281)
Acquisition of investments in subsidiaries		(192)	(3,385)
Acquisition of investments in associates		(25,996)	(70,600)
Acquisition of investments in Other investments		(249)	-
Net cash flows used in investing activities		(221,770)	(100,625)
Cash flows from financing activities:			
Proceeds from short-term borrowings		114,267	1,762
Government grants received		4,877	2,624
Proceeds from disposal of treasury shares		33,473	-
Repayment of short-term borrowings		(73,513)	(1,400)
Repayment of current portion of long-term borrowings		(136)	(136)
Payments of lease liabilities		(15,402)	(15,410)
Dividends paid		(59,728)	(89,592)
Repayment of government grants		(420)	(1,175)
Acquisition of treasury shares		(1,152)	-
Net cash flow provided by (used in) financing activities		2,266	(103,327)
Net increase (decrease) in cash and cash equivalents		(16,373)	10,768
Changes through spin-off	36	(17,440)	-
Cash and cash equivalents at the beginning of the year		37,983	27,215
Cash and cash equivalents at the end of the year		₩ 4,170	₩ 37,983

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

1. General information on the Company

Hyosung Corporation (the “Company”) was established on November 3, 1966 to, primarily engage in manufactures and sales of synthetic fiber products and electronic products, along with construction, international trade and other related business activities.

As a result of the spin-off dated on June 1, 2018, the Company was separated into the surviving company; Hyosung Corporation that manages the equities and investments of the subsidiaries, and newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation and Hyosung Chemical Corporation that operate business in textile and trading, heavy industries and construction, industrial materials and chemical products, respectively.

The Company spun-off on July 1, 2024, with the company remaining as a business unit focused on managing and investing in subsidiaries. The new company, HS Hyosung Corporation, was created through spin-off, which focuses on managing and investing in the shares of the spun-off subsidiaries as well as operating the transportation brokerage business.

As of December 31, 2024, the shareholders of the Company are as follows:

Shareholder	Number of shares	Percentage of ownership (%)
Cho Hyun-Joon	6,866,655	41.02
Cho Hyun-Sang	2,354,205	14.06
Song Gwang-Ja	82,929	0.50
Cho Yang-Rae and others	125,242	0.75
Others	7,288,573	43.54
Treasury shares	22,803	0.13
Total	16,740,407	100.00

2. Material accounting policies

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

2.1 Basis of financial statement preparation

The Company prepared its statutory financial statements in accordance with International Financial Reporting Standards enacted based on the Act on External Audit of Stock Companies (“KIFRS”). The accompanying separate financial statements have been translated into English from the Korean separate financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements have been prepared on a historical cost basis, except for certain assets that are measured at fair values. The separate financial statements are presented in Korean won (presented as “KRW”) except when otherwise indicated.

2. Material accounting policies (cont'd)

2.2 Changes in accounting policy and disclosures

(1) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after Beginning, 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to KIFRS 1001 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*

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

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

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have no impact on the Company's financial statements.

Amendments to KIFRS 1001 *Presentation of Financial Statements - Disclosure of Virtual Assets*

These amendments mandate the Company to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, and issuing them. The amendments have no impact on the Company's financial statements.

Amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures - Supplier Finance Arrangements*

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Please refer to Note 18.

Amendments to KIFRS 1116 *Leases - Lease Liability in a Sale and Leaseback*

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

2. Material accounting policies (cont'd)

2.2 Changes in accounting policy and disclosures (cont'd)

(2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and KIFRS 1101 *First-time Adoption of KIFRS - Lack of Exchangeability*

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

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

Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*

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

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

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but only for the amendments for the classification of financial assets and related disclosures. The Company does not plan to early apply the amendments.

Annual Improvements to KIFRS Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

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

2. Material accounting policies (cont'd)

2.2 Changes in accounting policy and disclosures (cont'd)

(2) Standards issued but not yet effective (cont'd)

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

2.3 Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the parent has control, and an associate is an entity over which the parent has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investments in subsidiaries, associates and joint ventures are accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Company's share of the changes in net assets of the subsidiaries, associates and joint ventures. Goodwill relating to the subsidiaries, associates and joint ventures is included in the carrying amount of the investment and is not amortized or otherwise tested for impairment.

The separate statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the subsidiaries, associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the subsidiaries, associate or joint venture, the Company recognizes its share of any changes, when applicable, in the separate statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the subsidiaries, associate or joint venture are eliminated to the extent of the interest in the subsidiaries, associate or joint venture.

The aggregate of the Company's share of profit or loss of an subsidiaries, associate and a joint venture is shown on the face of the separate statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the subsidiaries, associate or joint venture.

The financial statements of the subsidiaries, associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss on its investment in its subsidiaries, associates and joint ventures. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries, associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries, associate or joint venture and its carrying value, and then recognizes the loss as "share of profit of an subsidiaries, associate and a joint venture" in the separate statement of profit or loss and other comprehensive income.

2. Material accounting policies (cont'd)

2.3 Investment in subsidiaries, associates and joint ventures (cont'd)

Upon the loss of significant influence over the associate, joint control over the joint venture or control over the subsidiary, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the subsidiaries, associate or joint venture upon loss of control, significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.4 Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or

- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

2. Material accounting policies (cont'd)

2.5 Fair value measurement

The Company measures financial instruments at their fair value as of the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosure of the fair value measurement hierarchy - Note 4;
- Investment properties - Note 11; and
- Investments in associates and joint ventures - Note 15.

2. Material accounting policies (cont'd)

2.6 Foreign currency translation

Items included in the separate financial statements of the Company are measured using Korean won (KRW), the currency of the primary economic environment in which the entity operates ("functional currency"). The separate financial statements are presented in Korean won.

Transactions in foreign currency are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions are from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2. Material accounting policies (cont'd)

2.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

1) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedients are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, the cash flows need be composed exclusively of solely payments of principal and interest (SPPI) This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets is related to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

① Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets measured at amortized cost include trade and other receivables, and other financial assets.

2. Material accounting policies (cont'd)

2.7 Financial instruments (cont'd)

② Financial assets at FVOCI (debt instruments)

The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the separate statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

③ Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under KIFRS 1032 Financial Instruments: Presentation and are not held for investment.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the separate statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company may also elect to classify irrevocably its non-listed equity investments under this category.

④ Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated or required upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the separate statement of financial position at fair value with net changes in fair value recognized in the separate statement of profit or loss.

This category includes derivatives and listed equity instruments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

2. Material accounting policies (cont'd)

2.7 Financial instruments (cont'd)

3) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

When the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – Note 3; and
- Trade and other receivables – Note 7.

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Material accounting policies (cont'd)

2.7 Financial instruments (cont'd)

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

The Company considers debt instruments at FVOCI comprise solely of quoted bonds that are graded in the top investment category by the credit rating agency to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from an independent credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

(2) Financial liabilities

1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

When financial liabilities incurred from the supplier finance arrangements have similar nature and functions with trade payables, the Company classifies the liabilities as trade and other payables in its statements of financial position. The classification is allowed only if the Company's supplier finance arrangements are part of the working capital used in the normal operating cycle, the level of collateral provided is similar that of trade payables, and the conditions of the liabilities incurred from the arrangements are not substantially different from those of trade payables, not subject to supplier finance arrangements. The cashflows in relation with the liabilities being classified as trade and other payables are included in operating activities in the Company's statements of cash flows.

2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

① Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as of FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the separate statement of profit or loss.

2. Material accounting policies (cont'd)

2.7 Financial instruments (cont'd)

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Company has not designated any financial liability as of FVPL.

② Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

4) Financial guarantee liabilities

A financial guarantee contract refers to the contract that requires the issuer to pay the specified amounts to reimburse the holder for a loss because the specified debtor fails to make payment when due under original or revised contractual terms of debt instruments.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with KIFRS 1109 (see financial assets above); or
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with KIFRS 1115.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.8 Cash and cash equivalents

Cash and cash equivalents in the separate statement of financial position consist of ordinary deposits, small amounts of cash and short-term deposits with maturities of three months or less from the acquisition date.

2.9 Derivative instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized in profit or loss within finance income (costs).

2. Material accounting policies (cont'd)

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving-weighted average method except for in-transit inventories which are determined using the specific identification method.

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

The Company classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

2.12 Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment transferred from customers are initially measured at the fair value at the date on which control is obtained.

The Company does not depreciate land. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

	Useful life
Buildings	20, 40 years
Structures	20, 40 years
Machinery	8 ~ 10 years
Vehicles	5 years
Tools and equipment	5 years
Right-of-use assets	1 ~ 30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss when the asset is derecognized.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislations in its assessment of the expected useful lives and estimated residual values. Furthermore, the Company considers climate-related matters, including physical and transition risks. Specifically, the Company determines whether climate-related legislations and regulations might impact either the useful lives or residual values, e.g., by banning or restricting the use of the Company's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Company's buildings and office properties.

2. Material accounting policies (cont'd)

2.13 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received. Government grants related to assets are presented in the separate statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and the government grants related to income are recognized as 'other income' at the time of recognition or deducted from expenses related to the purpose of the government grants.

2.15 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the separate statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

	Useful life
Industrial rights	5~10 years
Other intangible assets	5 years

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss.

2. Material accounting policies (cont'd)

2.16 Investment property

Investment property is a property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Company depreciates investment properties, except for land, over their useful lives of 40 years and investment properties related to leases over the lease terms using the straight-line method.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The consideration (amount) to be included in the profit or loss arising from the disposal of investment property is calculated in accordance with the requirements for the calculation of transaction prices in KIFRS 1115.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.17 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the separate statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

2. Material accounting policies (cont'd)

2.17 Impairment of non-financial assets (cont'd)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note 2.26 for further discussion of the impact of climate-related risks on the value in use.

2.18 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the separate statement of profit or loss and other comprehensive income net of any reimbursement. The expense relating to a provision is presented in the separate statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

In addition, if an event occurred in the past but the Company has a potential obligation of which the existence is identified when an uncertain future event occurs, or if the past event or transaction causes a current obligation but resources are not likely to flow out of the Company, or if an amount required to perform the current obligation cannot be reliably estimated, the Company recognizes a contingent liability and discloses such a liability in its separate financial statements.

Greenhouse gas emissions

The Company receives free emission rights as a result of emission trading schemes. The rights are received on an annual basis and, in return, the Company is required to remit rights equal to its actual emissions. The Company has adopted the net liability approach to the emission rights granted. The Company recognizes the received emission rights at the nominal amount (i.e., nil). The Company recognizes a provision as emissions are made. As the Company intends to keep the emission rights received to settle its emission liability, the Company takes into consideration the value of received emission rights when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the provisions stated in the separate statements of financial position and the separate statements of profit or loss. The emission costs are recognized as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision.

2. Material accounting policies (cont'd)

2.19 Taxes

(1) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted by the reporting date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the separate statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(2) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill;
- an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. Material accounting policies (cont'd)

2.19 Taxes (cont'd)

(2) Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(3) Sales tax

Revenue, expenses and assets are recognized net of the amount of sales tax. However, when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statement of financial position.

2.20 Employee benefits

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

(1) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The contributions are recognized as an expense when an employee has rendered service.

(2) Defined benefit plan

The Company operates a defined benefit plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales' and 'selling and administrative expenses' in the separate statements of profit or loss and other comprehensive income:

2. Material accounting policies (cont'd)

2.21 Revenue from contracts with customers

(1) Identifying performance obligations

In accordance with KIFRS 1115, the Company identifies distinct performance obligations in contracts with customers and differentiates the time of recognition of the revenue from contracts with customers depending on whether a performance obligation is fulfilled at a point in time or over a period of time.

(2) Performance obligations satisfied at a point in time

Revenue from the sale of goods is recognized when the assets are transferred and performance obligations are fulfilled, and performance obligations satisfied at a point in time are fulfilled at the point in time when the control of the goods or services is transferred to the customer.

(3) Performance obligations satisfied over time

In accordance with KIFRS 1115, the revenue is recognized over time by measuring progress only if the Company's performance creates or enhances an asset that the customer controls as the asset is

created or enhanced or the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

(4) Incremental costs of obtaining a contract

In accordance with KIFRS 1115, the Company recognizes the incremental costs of obtaining a contract with customer as an asset if the Company expects to recover those costs. Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained is recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(5) Variable consideration

The Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received or will be received for which the Company does not expect to be entitled.

(6) Significant financing component

With implementation of KIFRS 1115, when calculating the transaction price, the Company should recognize the revenue as an amount that reflects the price of the good or the service customer paid in cash, if the customer or the Company has a significant financial benefit when the goods or services are transferred due to the agreed payment date between contracting parties.

2. Material accounting policies (cont'd)

2.22 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment, refer Note 2.17 Impairment of non-financial assets.

2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including substance fixed payments less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company classifies lease liabilities as interest-bearing borrowings.

2. Material accounting policies (cont'd)

2.22 Leases (cont'd)

(1) Company as a lessee (cont'd)

3) Short-term and low-value leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(2) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the separate statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.23 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is accounted for as other components of equity.

2.24 Cash dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.25 Cash dividends and distribution of non-cash assets to the owners of the Parent Company

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

If all owners of the same class of equity instruments distribute non-cash assets at no cost, the Company shall measure the fair value of dividend payable at the time it is obligated to distribute the related assets and liabilities after it declares the distribution.

2. Material accounting policies (cont'd)

2.26 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively for trading purposes.

When there are discontinued operations, the Company restates the prior period's statement of profit or loss as if the operation had been discontinued from the beginning of the comparative period.

2.27 Events after the reporting period

If the Company receives the information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.28 Earnings per share (EPS)

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders of the Company for the interest expense related to convertible preferred shares, if any, and dividing this by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of potential ordinary shares that would be issued if the dilutive potential ordinary shares were converted into ordinary shares.

2.29 Approval of separate financial statements

The separate financial statements were authorized for issue in accordance with the resolution of the Board of Directors on February 5, 2025 and are subject to change with approval of shareholders at their Annual General Meeting.

2. Material accounting policies (cont'd)

2.30 Climate-related matters

The Company considers climate-related matters in estimates and assumptions. This assessment includes a wide range of potential impacts from both physical and transition risks that may affect the Company.

Although the Company believes its business model and products will remain viable after the transition to a low-carbon economy, climate-related risks increase the uncertainty in estimates and assumptions underlying several items in the financial statements. Even though climate-related risks may not have a significant impact on current measurements, the Company closely monitors relevant changes and developments, such as new climate-related legislations. The key items and considerations directly impacted by climate-related risks are as follows:

- useful lives of property, plant and equipment - When reviewing the residual values and expected useful lives of the assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. For more details, please refer to Note 2.12;
- impairment of non-financial assets. Transition risks, such as climate-related legislation and regulations and changes in demand for the Company's products, may affect the value-in-use in several ways; and
- greenhouse gas emissions. The Company receives free emission rights annually and is required to remit emission rights equivalent to its actual emissions. The Company has adopted the net liability approach for allocated emission rights. For more details, please refer to Note 2.18.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(1) Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that non-financial assets may be impaired. The Company performs impairment tests for intangible assets with indefinite useful lives and goodwill every year or when there is an indication of impairment. The Company performs impairment tests for other non-financial assets if there is an indication that their book value is not recoverable. To calculate use value, management estimates expected future cash flows arising from cash generating units (CGU) or assets and selects an appropriate discount rate to compute the present value of the expected future cash flows.

(2) Retirements benefits

The cost of the defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

To determine an appropriate discount rate, management refers to the interest rate of corporate bonds rated AA or higher. Mortality rates are based on publicly available tables, and future wage growth rates and future pension growth rates are based on the Company's average salary increase rate. Details are described in note 21.

(3) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the separate statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3. Significant accounting judgments, estimates and assumptions (cont'd)

(4) Calculation of incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (i.e. leases that are not of the functional currency of subsidiaries).

(5) Deferred tax and corporate tax

Recognition and measurement of deferred tax assets and liabilities require the management’s judgment, in particular, whether to recognize if the scope of deferred tax assets is affected by management’s judgment and assumption in the future. In addition, in accordance with the Special Taxation for Investment and Promoting Win-win Cooperation, The Company shall pay an additional corporate tax calculated by the method prescribed by the tax law. Accordingly, as the Company considers the tax effects from surtax on undistributed corporate earnings when computing its income tax, the Company’s income tax may change arising from changes in investment, wage growth, etc.

(6) Calculation of loss allowance for trade and other receivables

The Company estimates the amount of loss incurred by considering the age of the receivables, history of bad debt in the past, and other economic and industrial environment factors in order to calculate the loss allowance for trade and other receivables.

(7) Useful lives and residual values of property, plant and equipment

The Company reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, when evaluating the expected useful lives and estimated residual values, the Company considers the impact of health, safety, and environmental legislations. Additionally, climate-related matters, including physical risks and transition risks, are taken into account. Specifically, it determines whether climate-related legislations and regulations might impact the useful lives or residual values (e.g., by banning or restricting the use of the Company’s fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on its buildings and office assets.)

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4. Financial instruments by category

A. Financial assets

Details of financial assets of the Company as of December 31, 2024 and 2023 are as follows (KRW in millions):

December 31, 2024				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	4,170	4,170
Trade and other receivables (*1)	-	-	57,020	57,020
Long-term trade and other receivables	-	-	13,343	13,343
Other non-current financial assets	76,246	217,175	1,073	294,494
Total	76,246	217,175	75,606	369,027

(*1) Excluding contract assets of 1,028 million won.

December 31, 2023				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	37,983	37,983
Trade and other receivables	-	-	95,667	95,667
Other financial assets	123,643	-	-	123,643
Long-term trade and other receivables	-	-	23,745	23,745
Other non-current financial assets	74,703	11,053	1,093	86,849
Total	198,346	11,053	158,488	367,887

5. Financial instruments by category (cont'd)

B. Financial liabilities

Details of financial liabilities of the Company as of December 31, 2024 and 2023 are as follows (KRW in millions):

	Financial liabilities at amortized cost	
	December 31, 2024	December 31, 2023
Trade and other payables (*1)	37,091	70,381
Short-term borrowings and current portion of long-term borrowings	41,368	605
Other current financial liabilities	10,783	14,392
Long-term trade and other payables (*1)	28,480	26,782
Long-term borrowings	219	355
Other non-current financial liabilities	17,971	25,973
Total	135,912	138,488

(*1) Pursuant to KIFRS 1109, this amount excludes the employer obligation amount under the employee benefit system to which KIFRS 1019 *Employee Benefits* is applied.

C. Net profit and loss by financial instrument category

Net profits and losses for financial instruments for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

(*1)	2024	2023
Financial assets at amortized cost		
Interest income	13,125	11,323
Gain (loss) on foreign currency transactions	2,826	(29)
Gain on foreign currency translation	1,265	183
Bad debt expenses	456	(267)
Others	(55)	(30)
Financial assets at FVPL		
Gain on disposal of financial assets	2	7
Valuation gains on financial assets	798	10,122
Dividend income	1,359	1,020
Financial assets at FVOCI		
Valuation gain (loss) on financial assets	4,785	(1,381)
Dividend income	122	118
Financial liabilities at amortized cost		
Interest expenses	(2,114)	(1,235)
Gain (loss) on foreign currency transactions	(1,904)	360
Loss on foreign currency translation	(627)	(94)

(*1) Including the amounts presented as income (loss) from discontinued operations.

4. Financial instruments by category (cont'd)

D. Fair value hierarchy

Details of the carrying amounts and fair values of the Company's financial instruments that are measured at fair value as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024		December 31, 2023	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets at FVPL (Marketable equity)	2,827	2,827	-	-
Financial assets at FVPL (Unmarketable equity)	194	194	881	881
Financial assets at FVPL (Debt instruments)	73,225	73,225	73,822	73,822
Financial assets at FVPL (Beneficiary certificates)	-	-	123,643	123,643
Financial assets at FVOCI (Hybrid securities)	206,395	206,395	-	-
Financial assets at FVOCI (Marketable equity)	7,028	7,028	6,376	6,376
Financial assets at FVOCI (Unmarketable equity)	3,551	3,551	4,376	4,376
Financial assets at FVOCI (Debt instruments)	201	201	301	301

There is no significant difference between the carrying amount and fair value of the Company's financial instruments, excluding fair value financial assets measured at cost for which the fair value of equity instruments cannot be reliably measured as they lack a quoted market price in an active market.

Items that are measured at fair value or for which the fair value is disclosed 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 within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- inputs for the asset or liability that are not based on observable market data (Level 3)

The classification of the fair value hierarchy for financial instruments that are measured at fair value or its fair value disclosed as of December 31, 2024 and 2023 are as follows (KRW in millions):

December 31, 2024				
	Level 1	Level 2(*1)	Level 3(*2)	Total
Financial assets at FVPL (Equity instruments)	2,827	-	194	3,021
Financial assets at FVPL (Debt instruments)	-	24,145	49,080	73,225
Financial assets at FVOCI (Hybrid securities)	-	-	206,395	206,395
Financial assets at FVOCI (Equity instruments)	7,028	-	3,551	10,579
Financial assets at FVOCI (Debt instruments)	-	-	201	201
Total	9,855	24,145	259,421	293,421

(*1) The company use the market approach as a valuation technique for debt instruments classified as Level 2 at fair value through profit or loss, and input variables use measurements of underlying assets observed in the market as of the end of the current period.

(*2) The company uses the Discounted Cash Flow method, the Comparable Company Comparison method, and net asset value method model for fair value-measured financial assets classified in Level 3, and the main input variables include the discount rate and growth rate.

4. Financial instruments by category (cont'd)

D. Fair value hierarchy (cont'd)

December 31, 2023				
	Level 1	Level 2(*1)	Level 3(*2)	Total
Financial assets at FVPL (Equity instruments)	-	-	881	881
Financial assets at FVPL (Debt instruments)	-	23,269	50,553	73,822
Financial assets at FVPL (Beneficiary certificates)	-	123,643	-	123,643
Financial assets at FVOCI (Equity instruments)	6,376	-	4,376	10,752
Financial assets at FVOCI (Debt instruments)	-	-	301	301
Total	6,376	146,912	56,111	209,399

(*1) The company use the market approach as a valuation technique for debt instruments classified as Level 2 at fair value through profit or loss, and input variables use measurements of underlying assets observed in the market as of the end of the current period.

(*2) The company uses the Discounted Cash Flow method, the Comparable Company Comparison method, and the Risk-adjusted discount rate model for fair value-measured financial assets classified in Level 3, and the main input variables include the discount rate and growth rate.

There were no transfers between fair value hierarchy levels for the year ended December 31, 2024.

E. Valuation techniques and inputs

The Company uses the following valuation techniques and inputs for the fair value of financial instruments classified as Level 3 in the fair value hierarchy (KRW in millions):

	Fair value as of December 31, 2024	Level	Valuation methods	Inputs
Financial assets at FVPL (Equity instruments)	194	3	Net asset valuation technique	Net asset etc.
Financial assets at FVPL (Debt instruments)	49,080	3	Net asset valuation technique	Net asset etc.
Financial assets at FVOCI (Hybrid securities)	206,395	3	Discounted Cash Flow Method	Future Cash Flows, discount rate etc.
Financial assets at FVOCI (Equity instruments)	3,551	3	Comparable transactions analysis	Price-to-Sales ratio
Financial assets at FVOCI (Debt instruments)	201	3	Cost Method (*1)	N/A

(*1) Since the amount of the investment was not significant in the financial statements, it was measured at cost.

Meanwhile, the sensitivity analysis on financial assets (hybrid securities) at FVOCI arising from changes in major assumptions is as follows (KRW in millions).

	When the discount rate increases by 0.50%	Base	When the discount rate decreases by 0.50%
Hybrid securities	205,080	206,395	207,726

4. Financial instruments by category (cont'd)

F. Restricted financial instruments

Details of financial instruments restricted in use as of December 31, 2024 and 2023 are as follows (KRW in millions):

	Description	December 31, 2024	December 31, 2023
Other non-current financial assets	Restricted for checking account and lease deposits	1,073	1,093

5. Segment information

In accordance with KIFRS 1108 'Operating Segments', the Company discloses its operating segments in the consolidated financial statements, but not in the separate financial statements.

6. Cash and cash equivalents

A. Details of cash and cash equivalents as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Cash on hand	30	30
Bank deposits, etc.	4,140	37,953
Total	4,170	37,983

7. Trade and other receivables

A. Details of trade and other receivables as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024			December 31, 2023		
	Receivable amount	Allowance for doubtful accounts	Carrying amount	Receivable amount	Allowance for doubtful accounts	Carrying amount
Trade receivable	42,000	(80)	41,920	81,901	(823)	81,078
Other receivable	25,582	(9,454)	16,128	24,043	(9,454)	14,589
Subtotal	67,582	(9,534)	58,048	105,944	(10,277)	95,667
Long-term other receivable	13,343	-	13,343	23,745	-	23,745
Total	80,925	(9,534)	71,391	129,689	(10,277)	119,412

The Company has transferred trade receivables to the financial institutions in exchange for cash. The outstanding balances that have not been collected as of December 31, 2024 is KRW 432 million (KRW 469 million in 2023). The Company may retain an obligation to compensate a bank for debtors' failure to make payment when they become due; therefore, the transaction has been accounted for as a collateralized borrowing (See Notes 19 and 35).

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7. Trade and other receivables (cont'd)

B. Details of other receivables as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Other receivables		
Non-trade receivables	1,204	1,725
Short-term deposits	1,611	129
Accrued income	1,152	193
Finance lease receivables	11,133	12,542
Due from customers for contract work	1,028	-
Subtotal	16,128	14,589
Long-term other receivables		
Long-term loans	30	34
Long-term deposits	9,580	11,220
Long-term finance lease receivables	3,733	12,491
Subtotal	13,343	23,745
Total	29,471	38,334

C. Contract assets and liabilities

Details of contract assets and liabilities as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Contract assets (*1)	1,028	-
Contract liabilities (*2)	12	6,958

(*1) They are recorded in accounts receivable, other bonds, and other assets in the statements of financial position.

(*2) They are recorded in other current liabilities in the statements of financial position.

For each of the two years in the period ended December 31, 2024, profits or losses recognized by the Company from the balances of contract liabilities recorded at the beginning of the reporting year are as follows (KRW in millions)

	2024 (*1)	2023
Balance of contract liabilities at the beginning of the year recognizing income	8	32

(*1) Due to the spin-off, the contract liabilities of KRW 6,950 million at the beginning of the reporting period was transferred to the entity newly established through the spin-off.

7. Trade and other receivables (cont'd)

D. The aging analysis on trade and other receivables as of December 31, 2024 and 2023 are as follows (KRW in millions)

		December 31, 2024		
		Receivable amount	Expected loss rate	Allowance for doubtful accounts
Trade receivables	Current	40,253	0.027%	12
	Past due but not impaired			
	Up to 3 months	1,338	0.274%	4
	4 ~ 6 months	320	2.263%	7
	7 ~ 12 months	21	1.990%	-
	Over 12 months	50	77.954%	39
	Impaired receivables	18	100.000%	18
	Subtotal	42,000		80
Other receivables	Current	16,128	-	-
	Impaired receivables	9,454	100.000%	9,454
	Subtotal	25,582		9,454
Total		67,582		9,534

		December 31, 2023		
		Receivable amount	Expected loss rate	Allowance for doubtful accounts
Trade receivables	Current	79,341	0.091%	73
	Past due but not impaired			
	Up to 3 months	1,368	4.629%	63
	4 ~ 6 months	310	22.028%	68
	7 ~ 12 months	324	44.748%	145
	Over 12 months	540	84.459%	456
	Impaired receivables	18	100.000%	18
	Subtotal	81,901	-	823
Other receivables	Current	14,589	-	-
	Impaired receivables	9,454	100.000%	9,454
	Subtotal	24,043	-	9,454
Total		105,944		10,277

E. Individually impaired receivables mainly relate to customers that are experiencing unexpected economic difficulties. The Company expects that a portion of their receivables will be recovered. Those with no implication of impairment when assessed on an individual basis, are subject to assessment on collective basis.

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7. Trade and other receivables (cont'd)

F. Changes in allowance for bad debt for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	823	9,454	556	9,454
Record (reversal)	(456)	-	267	-
Removal	(18)	-	-	-
Spin-off	(269)	-	-	-
Ending	80	9,454	823	9,454

The maximum exposure to credit risk at the end of the reporting periods presents the book value of each receivables mentioned above.

8. Other financial assets and liabilities

A. Details of other financial assets and liabilities as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024			December 31, 2023		
	Current	Non-current	Carrying amount	Current	Non-current	Carrying amount
Other financial assets						
Financial assets at amortized cost	-	1,073	1,073	-	1,093	1,093
Financial assets at FVPL	-	76,246	76,246	123,643	74,703	198,346
Financial assets at FVOCI	-	217,175	217,175	-	11,053	11,053
Total	-	294,494	294,494	123,643	86,849	210,492
Other financial liabilities						
Lease liabilities	10,783	17,971	28,754	14,392	25,973	40,365

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8. Other financial assets and liabilities (cont'd)

B. The carrying amounts of other financial assets by category as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Financial assets at amortized cost		
Debt securities	1,073	1,093
Financial assets at FVPL:		
Equity securities that are traded in an active market	2,827	-
Equity securities that are not traded in an active market	194	881
Beneficiary certificates	-	123,643
Capital investments, etc.	73,225	73,822
Subtotal	76,246	198,346
Financial assets at FVOCI		
Hybrid securities	206,395	-
Equity securities that are traded in an active market	7,028	6,376
Equity securities that are not traded in an active market	3,551	4,376
Debt securities	201	301
Subtotal	217,175	11,053
Total	294,494	210,492

Hyosung Corporation
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8. Other financial assets and liabilities (cont'd)

C. Details of equity securities as of December 31, 2024 and 2023 are as follows (KRW in millions):

	Classification	Carrying amount	
		December 31, 2024	December 31, 2023
Hybrid securities			
Hyosung Chemical Corporation	Financial assets at FVOCI	206,395	-
Equity securities that are traded in an active market			
Dong Anh EEMC (Vietnam Transformer)	Financial assets at FVOCI	4,906	3,982
Kumho Tire Co., Ltd.	Financial assets at FVOCI	2,122	2,394
Hanjin KAL Co., Ltd.	Financial assets at FVPL	2,827	-
Subtotal		9,855	6,376
Equity securities that are not traded in an active market			
Kyungnam Newspaper	Financial assets at FVOCI	5	5
KMA Consultants Inc.	Financial assets at FVOCI	180	180
Gangwon-do Min Daily	Financial assets at FVOCI	20	20
The Korea Economic Daily	Financial assets at FVOCI	1,778	2,088
Nam woo Ad	Financial assets at FVOCI	333	333
BERTIS Inc.	Financial assets at FVOCI	1,235	1,750
TransLink Capital	Financial assets at FVPL	194	881
Subtotal		3,745	5,257
Total		219,995	11,633

D. Changes in financial assets measured at FVPL excluding derivatives assets for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Beginning	198,346	226,410
Acquisition	3,191	45,453
Disposal	(2,446)	(3,474)
Transfer	-	5,143
Net increase/decrease in beneficiary certificates	(123,643)	(85,308)
Valuation gain	798	10,122
Ending	76,246	198,346

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8. Other financial assets and liabilities (cont'd)

E. Changes in financial assets measured at FVOCI for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Beginning	11,053	24,746
Acquisition	200,000	-
Disposal	(100)	(49)
Transfer	-	(12,056)
Valuation loss	6,222	(1,588)
Ending	217,175	11,053

9. Inventories

A. Details of inventories as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024			December 31, 2023		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	3,177	(247)	2,930	3,971	(96)	3,875
Semi-finished goods	6,071	(441)	5,630	5,466	(257)	5,209
Raw materials	1,093	(22)	1,071	511	(37)	474
Sub-materials	2,333	(12)	2,321	3,310	(13)	3,297
Others	474	(2)	472	168	-	168
Total	13,148	(724)	12,424	13,426	(403)	13,023

Meanwhile, the inventory impairment loss added to the cost of goods sold for the year ended December 31, 2024 is KRW 321 million, while the inventory impairment loss added to the cost of goods sold for the year ended December 31, 2023 was KRW 109 million.

Hyosung Corporation
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10. Property, plant and equipment

A. Details of property, plant and equipment as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024				December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	438,227	-	-	438,227	439,536	-	-	439,536
Buildings	60,024	(34,977)	-	25,047	62,057	(34,298)	-	27,759
Structures	16,437	(6,650)	(1)	9,786	15,970	(6,075)	(1)	9,894
Machinery	235,227	(206,682)	(3,425)	25,120	230,677	(201,529)	(3,425)	25,723
Vehicles	871	(666)	-	205	934	(739)	-	195
Tools and equipment	61,404	(51,480)	(26)	9,898	56,406	(49,036)	(26)	7,344
Construction in progress	11,404	-	-	11,404	12,182	-	-	12,182
Machinery in transit	26	-	-	26	19	-	-	19
Right-of-use assets	25,219	(9,538)	(9,341)	6,340	28,753	(9,080)	(9,341)	10,332
Total	848,839	(309,993)	(12,793)	526,053	846,534	(300,757)	(12,793)	532,984

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10. Property, plant and equipment (cont'd)

B. Changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024							
	Beginning	Acquisition	Disposal	Depreciation	Transfer (*1)	Spin-off	Ending
Land	439,536	-	(1,309)	-	-	-	438,227
Buildings	27,759	-	(1,380)	(1,550)	217	-	25,046
Structures	9,894	-	(2)	(579)	473	-	9,786
Machinery	27,703	1,993	-	(5,967)	5,172	-	28,901
Less: government grants	(1,980)	(2,302)	-	501	-	-	(3,781)
Vehicles	195	44	(18)	(72)	56	-	205
Tools and equipment	7,445	574	-	(3,435)	5,451	(76)	9,959
Less: government grants	(101)	-	-	41	-	-	(60)
Construction in progress	12,182	8,526	-	-	(9,304)	-	11,404
Machinery in transit	19	2,028	-	-	(2,021)	-	26
Right-of-use assets	10,332	4,638	(305)	(8,086)	180	(419)	6,340
Total	532,984	15,501	(3,014)	(19,147)	224	(495)	526,053

(*1) Including the amount transferred from intangible assets of KRW 44 million.

2023							
	Beginning	Acquisition	Disposal	Depreciation	Change of contract	Transfer (*1)	Ending
Land	443,088	-	(3,628)	-	-	76	439,536
Buildings	28,586	-	-	(1,545)	-	718	27,759
Structures	10,012	-	-	(553)	-	435	9,894
Machinery	23,259	1,916	-	(5,714)	-	8,242	27,703
Less: government grants	(1,593)	(729)	-	342	-	-	(1,980)
Vehicles	128	64	-	(62)	-	65	195
Tools and equipment	7,874	1,292	-	(3,318)	-	1,597	7,445
Less: government grants	(124)	(31)	-	54	-	-	(101)
Construction in progress	14,638	8,145	-	-	-	(10,601)	12,182
Machinery in transit	27	714	-	-	-	(722)	19
Right-of-use assets	12,363	6,161	(70)	(8,229)	107	-	10,332
Total	538,258	17,532	(3,698)	(19,025)	107	(190)	532,984

(*1) Including the amount transferred to intangible assets of KRW 190 million.

Some of land, buildings, machinery, and others are pledged as collateral to financial institutions in relation to the Company's borrowings (see Note 35)

11. Investment properties

A. Details of investment properties as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024			December 31, 2023		
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land	5,487	-	5,487	5,487	-	5,487
Buildings	1,004	(500)	504	1,004	(475)	529
Right-of-use assets	270	(55)	215	289	(33)	256
Total	6,761	(555)	6,206	6,780	(508)	6,272

B. Changes in investment properties for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024					
	Beginning	Depreciation	Transfer (*1)	Change of contract	Ending
Land	5,487	-	-	-	5,487
Buildings	529	(25)	-	-	504
Right-of-use assets	256	(175)	726	(592)	215
Total	6,272	(200)	726	(592)	6,206

(*1) The amount transferred to finance lease receivables.

2023					
	Beginning	Depreciation	Transfer (*1)	Change of contract	Ending
Land	5,487	-	-	-	5,487
Buildings	554	(25)	-	-	529
Right-of-use assets	117	(103)	(20,278)	20,520	256
Total	6,158	(128)	(20,278)	20,520	6,272

(*1) The amount transferred to finance lease receivables.

C. Rental income from investment properties recognized in the Company's statement of profit or loss for the year ended December 31, 2024 is KRW 9,610 million (KRW 10,121 million in 2023) and rental expense including depreciation expense is KRW 4,115 million (KRW 4,062 million in 2023).

D. The fair value of investment properties as of December 31, 2024 is KRW 22,799 million (KRW 21,480 million in 2023). The fair value was estimated based on the Officially Assessed Land Price as determined by the Government of Republic of Korea for tax administration purposes (the "OALP").

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12. Intangible assets

A. Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024							
	Beginning	Acquisition	Disposition	Amortization	Transfer (*1)	Spin-off	Ending
Industrial property rights	201	66	-	(92)	-	-	175
Others	9,244	2,815	-	(3,808)	(44)	(1,121)	7,086
Memberships	28,168	-	(7,677)	-	-	-	20,491
Total	37,613	2,881	(7,677)	(3,900)	(44)	(1,121)	27,752

(*1) Including transfers to property, plant and equipment.

2023					
	Beginning	Acquisition	Amortization	Transfer (*1)	Ending
Industrial property rights	199	83	(81)	-	201
Others	11,838	1,198	(3,982)	190	9,244
Memberships	28,168	-	-	-	28,168
Total	40,205	1,281	(4,063)	190	37,613

(*1) Including transfers from property, plant and equipment.

Hyosung Corporation
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13. Leases

A. Changes in right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024								
	Beginning	Increase	Depreciation	Termination	Transfer (*1)	Change of contract	Spin-off	Ending
Buildings	7,839	-	(2,373)	-	-	178	(384)	5,260
Vehicles	1,253	688	(563)	(305)	-	2	(35)	1,040
Others	1,240	3,950	(5,150)	-	-	-	-	40
Investment properties	256	-	(175)	-	726	(592)	-	215
Total	10,588	4,638	(8,261)	(305)	726	(412)	(419)	6,555

(*1) Replaced in finance lease receivables.

2023								
	Beginning	Increase	Depreciation	Termination	Transfer (*1)	Change of contract	Ending	
Buildings	9,822	369	(2,464)	-	-	112	7,839	
Vehicles	1,358	591	(621)	(70)	-	(5)	1,253	
Others	1,183	5,201	(5,144)	-	-	-	1,240	
Investment properties	117	-	(103)	-	(20,278)	20,520	256	
Total	12,480	6,161	(8,332)	(70)	(20,278)	(20,627)	10,588	

(*1) Transfer to finance lease receivables.

B. Changes in lease liabilities for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024								
	Beginning	Increase	Interest expenses	Principal repayments	Termination	Change of contract	Spin-off	Ending
Lease liabilities	40,365	4,638	1,370	(16,772)	(315)	(119)	(413)	28,754

2023								
	Beginning	Increase	Interest expenses	Principal repayments	Termination	Change of contract	Ending	
Lease liabilities	29,646	6,154	1,064	(16,475)	(73)	20,049	40,365	

13. Leases (cont'd)

C. The amounts recognized in profit or loss in relation to the leases for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Depreciation of right-of-use assets	(8,261)	(8,332)
Interest expenses relating to lease liabilities	(1,370)	(1,064)
Interest income relating to lease receivables	1,009	517
Short-term lease payments	(86)	(119)
Expenses relating to leases of low-value assets that are not short-term leases	(19)	(17)
Variable lease income	278	286

The total cash outflow for leases for the year ended December 31, 2024 is KRW 16,877 million (previous period: KRW 16,611 million).

D. The total investments of finance leases and the present value of the minimum lease payments as of December 31, 2024 and 2023 are as follows (KRW in millions):

	2024	2023
Within one year	10,681	10,179
1 ~ 2 years	3,623	9,331
2 ~ 3 years	-	3,654
Total lease payments	14,304	23,164
Deduction: Unrealized finance income	(358)	(1,403)
Present value of unguaranteed residual value	920	3,272
Net lease investments	14,866	25,033

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14. Investments in subsidiaries

A. The carrying amounts of investments in subsidiaries as of December 31, 2024 and 2023 are as follows (KRW in millions):

Subsidiary	Location	Ownership (%)	Acquisition cost	December 31, 2024	December 31, 2023
HYOSUNG TNS INC.	Korea	54.02	75,178	152,401	139,935
Hyosung GoodSprings, Inc.	Korea	100	74,361	76,925	72,648
Forza Motors Korea Corp.	Korea	100	20,001	32,468	39,034
Gongdeok Gyeongwoo Development Corporation (*1,2)	Korea	73.33	4,400	-	-
Hyosung Investment & Development Corporation	Korea	58.75	34,798	402,778	350,759
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd. (*1,3)	Korea	100	32,000	-	-
Taeansolarfarm Corp.	Korea	100	1,880	2,603	2,568
Hyosung ventures Co., Ltd.	Korea	100	10,000	6,230	7,638
Hyosung Brasil Participacoes LTDA	Brazil	100	8,661	66	68
Hyosung Resource (Australia) PTY Ltd.	Australia	100	15,283	1,224	1,120
Hyosung RUS.	Russia	100	1,692	7,852	8,189
New Star Gongdeok 3rd Co.,Ltd (*4)	Korea	-	-	-	-
New Star Gongdeok 4th Co.,Ltd (*4)	Korea	-	-	-	-
HS Hyosung USA Holdings, Inc. (*5,6)	USA	100	-	-	176,195
HS Hyosung Global Logistics Vina Co., Ltd. (*5,6,7)	Vietnam	100	-	-	1,117
HS Hyosung Toyota Corporation (*5,6,8)	Korea	60	-	-	6,754
Total			278,254	682,547	806,025

(*1) The application of equity method was discontinued as the book value of investments in subsidiaries became less than zero ("0") due to accumulated equity method losses.

(*2) In relation to the loan from Gongdeok Gyeongwoo Development Corporation, our company is providing the shares of Gongdeok Gyeongwoo Development Corporation held by us as collateral. (See Note 35).

(*3) The equity ratio that considers actual ownership according to the contract between shareholders.

(*4) As a structured company or investment trust for asset securitization, the ownership ratio is less than a majority, but the company is judged to have control because it has substantial power over the company and is exposed to variable profits.

(*5) Due to the spin-off for the year ended December 31, 2024, it was succeeded to the entity newly established through the spin-off (See Note 36).

(*6) It changed its name for the year ended December 31, 2024

(*7) It was newly acquired for the year ended December 31, 2023.

(*8) Due to the additional acquisition of shares during the current term, the investee is reclassified from an associate to a subsidiary.

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14. Investments in subsidiaries (cont'd)

B. Details of valuation of subsidiaries in equity method for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024							
Subsidiary	Beginning	Acquisition (disposal)	Investment income (loss) under equity method	Other comprehensive income (loss)	Others	Spin-off	Ending
HYOSUNG TNS INC.	139,935	-	9,878	4,112	(1,524)	-	152,401
Hyosung GoodSprings, Inc.	72,648	-	9,587	-	(5,310)	-	76,925
Forza Motors Korea Corp.	39,034	-	(6,401)	-	(165)	-	32,468
Hyosung Investment & Development Corporation	350,759	-	32,120	40,578	(20,679)	-	402,778
Taeansolarfarm Corp.	2,568	-	165	-	(130)	-	2,603
Hyosung ventures Co., Ltd.	7,638	-	(1,332)	-	(76)	-	6,230
Hyosung Brasil Participacoes LTDA	68	54	(47)	(9)	-	-	66
Hyosung Resource (Australia) PTY Ltd.	1,120	138	(75)	41	-	-	1,224
Hyosung RUS.	8,189	-	418	(755)	-	-	7,852
HS Hyosung USA Holdings, Inc.	176,195	-	(6,321)	12,880	-	(182,754)	-
HS Hyosung Global Logistics Vina Co., Ltd.	1,117	-	2,039	49	-	(3,205)	-
HS Hyosung Toyota Corporation	6,754	-	313	-	18	(7,085)	-
Total	806,025	192	40,344	56,896	(27,866)	(193,044)	682,547

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14. Investments in subsidiaries (cont'd)

2023						
Subsidiary	Beginning	Acquisition (disposal)	Investment income (loss) under equity method	Other comprehensive income (loss)	Others	Ending
HYOSUNG TNS INC.	154,396	-	(14,092)	(122)	(247)	139,935
Hyosung GoodSprings, Inc.	68,660	-	5,924	-	(1,936)	72,648
Forza Motors Korea Corp.	42,539	-	(2,159)	-	(1,346)	39,034
Hyosung Investment & Development Corporation	374,343	-	23,350	3,589	(50,523)	350,759
Taeansolarfarm Corp	2,881	-	107	-	(420)	2,568
Hyosung ventures Co., Ltd.	9,019	-	(1,381)	-	-	7,638
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd..	2,400	-	(1,419)	-	(981)	-
Hyosung Brasil Participacoes LTDA	93	-	(36)	11	-	68
Hyosung Resource (Australia) PTY Ltd.	1,001	160	(68)	27	-	1,120
Hyosung RUS.	8,588	-	663	(1,062)	-	8,189
Hyosung Holdings USA, Inc.	183,705	-	(12,378)	4,868	-	176,195
Hyosung Global Logistics Vina Co., Ltd.	-	1,003	170	(56)	-	1,117
Hyosung Toyota Corporation	-	6,724	30	-	-	6,754
Total	847,625	7,887	(1,289)	7,255	(55,453)	806,025

C. Details of unrecognized equity in investments due to suspending the application of equity method as of December 31, 2024 are as follows (KRW in millions):

Subsidiary	Beginning	Changes	Ending
Gongdeok Gyeongwoo Development Corporation	(25,291)	(1,266)	(26,557)
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	(405)	(1,814)	(2,219)

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14. Investments in subsidiaries (cont'd)

D. Reconciliations of the financial information to the carrying amount of its interests in the subsidiaries, as of December 31, 2024 is as follows (KRW in millions):

Subsidiary	Net assets	Ownership (%)	Share of net assets	Unamortized amount of fair value	Intercompany transactions, others	Carrying amount
HYOSUNG TNS INC.	281,425	54.02	152,017	514	(130)	152,401
Hyosung GoodSprings, Inc.	76,925	100.00	76,925	-	-	76,925
Forza Motors Korea Corp.	32,468	100.00	32,468	-	-	32,468
Hyosung Investment & Development Corporation	685,581	58.75	402,778	-	-	402,778
Taeansolarfarm Corp	2,603	100.00	2,603	-	-	2,603
Hyosung ventures Co., Ltd.	6,230	100.00	6,230	-	-	6,230
Hyosung Resource (Australia) PTY Ltd.	1,242	100.00	1,242	-	(18)	1,224
Hyosung RUS.	7,852	100.00	7,852	-	-	7,852
Total	1,094,326		682,115	514	(148)	682,481

E. Summary of financial information of significant subsidiaries and dividends received from them as of December 31, 2024 is as follows (KRW in millions):

Subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Dividends received
HYOSUNG TNS INC.	660,927	412,821	692,115	100,065	1,387,191	18,799	4,792	-
Hyosung GoodSprings, Inc.	139,433	69,863	111,853	20,518	236,279	9,587	(2,310)	3,000
Forza Motors Korea Corp.	128,708	45,647	123,154	18,733	218,738	(6,402)	(171)	-
Hyosung Investment & Development Corporation	3,318	689,082	4,002	2,817	446	54,667	55,865	20,680
Taeansolarfarm Corp	2,667	445	62	447	240	165	-	130
Hyosung ventures Co., Ltd.	5,763	1,489	469	553	1,299	(1,332)	(76)	-
Hyosung Resource (Australia) PTY Ltd.	11	1,299	68	-	1	(75)	357	-
Hyosung RUS.	7,937	385	118	352	1,308	418	(755)	-

Hyosung Corporation
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15. Investments in associates and joint ventures

A. The carrying amounts of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (KRW in millions):

Associate / joint venture	Ownership (%)	Location	Acquisition cost	December 31, 2024	December 31, 2023
Hyosung TNC Corporation (*1)	20.78	Korea	181,379	369,970	329,499
Hyosung Heavy Industries Corporation (*1)	32.47	Korea	161,041	500,227	437,012
Hyosung Chemical Corporation (*1,5)	32.84	Korea	147,688	-	10,090
Taebaek Wind Power Co., Ltd. (*2)	35.00	Korea	5,334	8,458	8,127
PyeongChang Wind Power Co., Ltd. (*2,3)	42.00	Korea	6,510	8,583	8,855
Hyosung ITX Co., Ltd. (*1)	35.26	Korea	7,676	25,972	25,813
Suncheon Eco Green (*4,5)	29.50	Korea	-	-	-
PT. GELORA MANDIRI MEMBANGUN(GMM) (*6)	0.81	Indonesia	4,687	67	47
Epitone, Inc. (*6,11)	13.99	USA	11,943	8,506	10,064
Hyosung CVC Scaleup Fund I (*6,7,12)	21.57	Korea	5,830	5,355	1,557
Startup Korea Hyosung Deep Tech Venture Fund (*8,13)	21.00	Korea	210	196	-
Leo 9th Youth Startup Fund	38.71	Korea	4,800	5,492	5,663
Carbon Growth Fund	24.00	Korea	4,800	1,411	1,411
HS Hyosung Advanced Materials Corporation (*9,10)	-	Korea	-	-	191,098
HS HYOSUNG INFORMATION SYSTEMS CO., LTD (*9,10)	-	Korea	-	-	57,558
THE KWANGJUILBO (*9)	-	Korea	-	-	1,380
Total			541,358	933,698	1,088,015

- (*1) The effective share ratio considering treasury stocks is 20.83% for Hyosung TNC Corporation, 32.52% for Hyosung Heavy Industries Corporation, 32.95% for Hyosung Chemical Corporation, 36.8% for Hyosung ITX Co., Ltd.
- (*2) The Company and Korea Southern Power Co.,Ltd have joint controls over the investee and, therefore, are classified as a joint venture.
- (*3) The Company provides its interests in PyeongChang Wind Power Co., Ltd. as collateral for the borrowings of PyeongChang Wind Power Co., Ltd (see Note 35).
- (*4) The Company provides its interests in PyeongChang Wind Power Co., Ltd. as collateral for the borrowings of PyeongChang Wind Power Co., Ltd (see Note 35).
- (*5) The application of equity method was discontinued as the book value of investments in the associate became less than zero ("0") due to accumulated equity method losses.
- (*6) Although the ownership ratio of the Company is less than 20%, it is classified as an associate because the Company is considered to have significant influence when considering the participation in the Board of Directors of the investee and mutual exchange of management.
- (*7) The effective share ratio is 21.57%, considering the share held by our subsidiary, Hyosung ventures Co., Ltd.
- (*8) The effective share ratio is 21.00%, considering the share held by our subsidiary, Hyosung ventures Co., Ltd.
- (*9) Due to the spin-off for the year ended December 31, 2024, it was succeeded to the entity newly established through the spin-off. (see Note 36)
- (*10) It changed its name for the year ended December 31, 2024.
- (*11) The share ratio decreased due to the paid-in capital increase of the invested company for the year ended December 31, 2023.
- (*12) It was newly acquired for the year ended December 31, 2023.
- (*13) It was newly acquired for the year ended December 31, 2024.

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15. Investments in associates and joint ventures (cont'd)

B. Details of equity method valuation of associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

Associate / joint venture	2024						
	Beginning	Acquisition (disposal)	Investment income (loss) under equity method	Other comprehensive income (loss)	Others	Spin-off	Ending
Hyosung TNC Corporation	329,499	4,896	25,430	21,387	(11,242)	-	369,970
Hyosung Heavy Industries Corporation	437,012	-	72,746	5,128	(14,659)	-	500,227
Hyosung Chemical Corporation	10,090	-	(10,090)	-	-	-	-
Taebaek Wind Power Co., Ltd.	8,127	-	331	-	-	-	8,458
PyeongChang Wind Power Co., Ltd.	8,855	-	(262)	-	(10)	-	8,583
Hyosung ITX Co., Ltd.	25,813	-	4,331	-	(4,172)	-	25,972
PT. GELORA MANDIRI MEMBANGUN (GMM)	47	-	15	5	-	-	67
Epitone, Inc	10,064	-	(1,627)	69	-	-	8,506
Hyosung CVC Scaleup Fund I	1,398	3,700	(272)	-	-	-	4,826
Startup Korea Hyosung Deep Tech Venture Fund	-	200	(14)	-	-	-	186
Leo 9th Youth Startup Fund	5,663	(1,200)	1,029	-	-	-	5,492
Carbon Growth Fund	1,411	-	-	-	-	-	1,411
HS Hyosung Advanced Materials Corporation	191,098	17,200	5,393	6,540	(7,283)	(212,948)	-
HS HYOSUNG INFORMATION SYSTEMS CO., LTD	57,558	-	3,374	-	(652)	(60,280)	-
THE KWANGJUILBO	1,380	-	(232)	-	(65)	(1,083)	-
Total	1,088,015	24,796	100,152	33,129	(38,083)	(274,311)	933,698

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15. Investments in associates and joint ventures (cont'd)

B. Details of equity method valuation of associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions): (cont'd)

Associate / joint venture	2023					
	Beginning	Acquisition (disposal)	Investment income (loss) under equity method	Other comprehensive income (loss)	Others	Ending
Hyosung TNC Corporation	322,672	-	15,232	860	(9,265)	329,499
Hyosung Heavy Industries Corporation	402,675	-	37,667	(293)	(3,037)	437,012
Hyosung Chemical Corporation	42,682	50,000	(81,307)	(1,112)	(173)	10,090
Taebaek Wind Power Co., Ltd.	8,459	-	1,313	-	(1,645)	8,127
PyeongChang Wind Power Co., Ltd.	10,474	-	(989)	-	(630)	8,855
Hyosung Toyota Corporation	3,846	-	651	-	(4,497)	-
Hyosung ITX Co., Ltd.	24,207	-	5,365	-	(3,759)	25,813
PT. GELORA MANDIRI MEMBANGUN (GMM)	49	-	(4)	2	-	47
Epitone, Inc	10,758	-	(1,797)	140	963	10,064
Hyosung CVC Scaleup Fund I	-	1,600	(202)	-	-	1,398
Leo 9th Youth Startup Fund	-	-	339	-	5,324	5,663
Carbon Growth Fund	-	-	(178)	-	1,589	1,411
Hyosung Advanced Materials Corporation	174,490	19,000	11,503	392	(14,287)	191,098
HYOSUNG INFORMATION SYSTEMS CO., LTD	53,655	-	7,524	-	(3,621)	57,558
THE KWANGJUILBO	1,665	-	(312)	-	27	1,380
Total	1,055,632	70,600	(5,195)	(11)	(33,011)	1,088,015

C. Details of unrecognized equity in investments due to suspending the application of equity method as of December 31, 2024 are as follows (KRW in millions):

Associate	Beginning	Changes	Ending
Hyosung Chemical Corporation	-	(100,463)	(100,463)
Suncheon Eco Green	(9,909)	(517)	(10,426)

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15. Investments in associates and joint ventures (cont'd)

D. Reconciliations of the financial information to the carrying amount of its interests in the associates and joint ventures as of December 31, 2024 are as follows (KRW in millions):

Associate / joint venture	Net assets	Ownership (%)	Share of net assets	Differences	Unamortized amount of fair value	Intercompany transactions, others	Carrying amount
Hyosung TNC Corporation	1,458,971	20.83	303,948	16,986	49,168	(132)	369,970
Hyosung Heavy Industries Corporation	1,273,633	32.52	414,134	-	86,320	(227)	500,227
Taebaek Wind Power Co., Ltd.	24,166	35.00	8,458	-	-	-	8,458
PyeongChang Wind Power Co., Ltd.	20,435	42.00	8,583	-	-	-	8,583
Hyosung ITX Co., Ltd.	70,558	36.80	25,966	576	-	(570)	25,972
PT. GELORA MANDIRI MEMBANGUN (GMM)	8,258	0.81	67	-	-	-	67
Epitone, Inc.	6,386	13.99	893	7,613	-	-	8,506
Hyosung CVC Scaleup Fund I	24,833	21.57	5,355	-	-	(529)	4,826
Total	2,887,240		767,404	25,175	135,488	(1,458)	926,609

E. The summarized financial information on significant associates and joint ventures and dividends received from them as of and for the year ended December 31, 2024 are as follows (KRW in millions):

Associate / joint venture	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Dividends received
Hyosung TNC Corporation	2,034,208	2,689,975	2,328,368	575,877	7,776,065	183,832	140,854	8,793
Hyosung Heavy Industries Corporation	3,036,423	3,182,390	3,092,775	1,070,419	4,894,980	222,929	629,196	7,570
Hyosung Chemical Corporation	1,061,745	2,210,285	3,047,299	292,723	3,013,997	(325,724)	8,613	-
Taebaek Wind Power Co., Ltd.	7,936	19,797	521	3,046	6,431	945	-	-
PyeongChang Wind Power Co., Ltd.	6,623	49,721	4,325	31,584	9,021	(625)	(24)	-
Hyosung ITX Co., Ltd.	91,483	74,842	77,533	18,192	506,354	11,768	(2,446)	3,291
Suncheon Eco Green	2,821	15,477	3,175	50,464	8,247	(1,751)	-	-
PT. GELORA MANDIRI MEMBANGUN	10,849	63,277	49,134	16,734	21,072	1,791	619	-
Epitone, Inc.	5,829	1,754	1,197	-	722	(11,628)	492	-
Hyosung CVC Scaleup Fund I	1,149	23,999	315	-	-	(1,252)	-	-

F. The fair values of marketable investments in associates with the quoted market price as of December 31, 2024 and 2023 are as follows (KRW in millions):

Associate	December 31, 2024	December 31, 2023
Hyosung TNC Corporation	214,883	320,941
Hyosung Heavy Industries Corporation	1,189,926	490,201
Hyosung Chemical Corporation	49,309	107,084
Hyosung ITX Co., Ltd. (*1)	42,887	43,660

(*1) It shows fair value only for common stock.

15. Investments in associates and joint ventures (cont'd)

G. The Company estimated the recoverable amount of its investments in Hyosung TNC Corporation, where indications of impairment were identified, to assess the potential impairments. In determining the recoverable amount, the Company considered both the fair value less costs to sell and the value-in-use. The fair value less costs to sell was estimated based on the best available information, reflecting the amount that could be received from the sale of the asset in a transaction between knowledgeable, willing, and independent parties at the end of the reporting period, minus disposal costs. The value-in-use was calculated by discounting the future cash flow expected from the investments in Hyosung TNC Corporation using an appropriate discount rate. Key assumptions used in the calculation of value-in-use reflect management's assessments, which were determined with consideration of both the external and internal information.

The key assumptions used in the impairment testing of its investments in Hyosung TNC Corporation as of December 31, 2024 are as follows:

Recoverable amount	Growth rate	Discount rate
Value-in-use	0.0%	8.6%

16. Other assets

Details of other assets as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Other current assets		
Advance payments	5,897	7,373
Prepaid expenses	1,988	9,449
Subtotal	7,885	16,822
Other non-current assets		
Long-term prepaid expenses	-	384
Other investment assets	24,841	23,980
Subtotal	24,841	24,364
Total	32,726	41,186

17. Related party transactions

Details of the Company's related parties as of December 31, 2024 are as follows:

(1) Subsidiaries

Region	Related party
Domestic	Hyosung TNS INC., Hyosung Good Springs, Inc., FMK, Gongdeok Gyeongwoo Development Corporation, Hyosung Investment & Development Corporation, Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd., Taeansolarfarm Corp., Hyosung ventures Co., Ltd., New Star Gongdeok 3rd Co.,Ltd, New Star Gongdeok 4th Co.,Ltd, ATM PLUS CO., LTD., NAUTILUS HYOSUNG CMS INC. NAUTILUS HYOSUNG TECH INC., Hyosung FMS INC.
America	Hyosung Brasil Participacoes LTDA, Nautilus Hyosung America, Inc., Hyosung Solutions S DE RL DE CV
China	Hyosung Financial System (Huizhou) Co.,LTD
Asia	HYOSUNG FINANCIAL SYSTEM VINA Co.,Ltd
Europe	Hyosung RUS., HYOSUNG TNS RUS L.L.C, HYOSUNG TNS EUROPE GMBH
ETC.	Hyosung Resource (Australia) PTY Ltd.

(2) Associates and joint ventures

Region	Related party
Domestic	Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Chemical Corporation, Taebaek Wind Power Co., Ltd, PyeongChang Wind Power Co, Ltd, Hyosung ITX Co., Ltd, Suncheon Eco Green, Hyosung CVC Scaleup Fund I , Startup Korea Hyosung Deep Tech Venture Fund, Leo 9th Youth Startup Fund, Carbon Growth Fund and others
America	Epitone, Inc
Asia	PT. GELORA MANDIRI MEMBANGUN(GMM)

17. Related party transactions (cont'd)

(3) Other related parties (*1)

Region	Related party
Domestic	Galaxia device Co., Ltd., Galaxia Electronics Co., Ltd., Gongdeok Development Corporation, Dong Ryung Co., Ltd., Shin Dong Jin Co., Ltd., Trinity Asset Management Co., Ltd, HaengbokDoodrimee, ASC, Galaxia SM, INC., Galaxiamoneytree Co., Ltd., Shinhwa Intert, SHINSUNG MOTORS CO., LTD., Jinheung Corporation, KB Wise Star Private Real Estate fund 11, Hyosung Neo Chem Co., Ltd., HS Hyosung Corporation, HS Hyosung Advanced Materials Corporation, HS Hyosung Toyota Corporation, HS HYOSUNG INFORMATION SYSTEMS CO., LTD, HS Hyosung The Class, HS Hyosung The premium Co., Ltd., HS Hyosung Premier Motors Corporation, HS Hyosung Autoworks, THE KWANGJUILBO and others
America	Hyosung HICO, LTD., GST Automotive Safety Components International LLC., Hyosung Mexico S. de R.L. de C.V, GST Safety Textiles Mexico S. de R.L. de C.V, HS Hyosung USA Holdings, Inc., HS Hyosung USA Inc.
China	Huizhou Galaxia Device Electronics., Co. Ltd., Qingdao Galaxia Device Electronics., Co. Ltd., Galaxia Electronics (China Huizhou) CO., Ltd., Huizhou Galaxia Trading Co.,LTD., Hyosung Spandex (Jiaxing) Co., Ltd., Hyosung Steel Cord (Qingdao) Co., Ltd. And others
Asia	Hyosung Japan Co., Ltd., Hyosung Singapore PTE Ltd., Ltd., Hyosung DongNai Co,LTD., Hyosung Corporation India Private Limited., Hyosung Dong Nai Nylon Co., Ltd., Hyosung Vina Chemicals Co., Ltd., Hyosung Vina Industrial Machinery Co., Ltd., MEGA TECHNOLOGY & SOLUTION VIETNAM COMPANY LIMITED., HS Hyosung Quang Nam., Ltd., Hyosung Vietnam Co., Ltd., HYOSUNG VINA CORE MATERIALS, HS Hyosung Global Logistics Vina Co., Ltd. And others
Europe	Hyosung Europe SRL, Hyosung Luxembourg S.A, Hyosung Istanbul TEKSTIL LTD.STI, Hyosung Spain, S.L. and others

(*1) Those entities that are not included in the scope of related party in accordance with KIFRS 1024 but belonging to a large-scale business group in accordance with the Monopoly Regulation and Fair Trade Act are included.

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17. Related party transactions (cont'd)

B. Significant transactions with the Company's related parties

Significant transactions with its related parties for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

2024						
	Related party	Sales and others (*1)	Dividends	Disposal of property, plant and equipment and intangible assets	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hyosung TNS INC.	16,094	-	-	11,821	443
	Hyosung Good Springs	1,659	3,000	-	-	-
	Hyosung Investment & Development Corporation	-	20,680	-	-	-
	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	517	969	-	862	-
	Others	506	130	-	256	-
	Subtotal	18,776	24,779	-	12,939	443
Associates and joint ventures	Hyosung TNC Corporation	74,077	8,793	-	311	-
	Hyosung Heavy Industries Corporation	100,604	7,570	-	308	-
	Hyosung Chemical Corporation	68,170	-	3	8	-
	Hyosung ITX Co., Ltd	1,951	3,291	-	1,796	205
	Subtotal	244,802	19,654	3	2,423	205
Other related parties	Gongdeok Development Corporation	-	-	-	99	-
	Shin Dong Jin Co., Ltd.	-	-	-	23	-
	Galaxia SM, INC.	-	-	-	56	-
	Galaxiamoneytree Co., Ltd.	620	-	-	125	-
	Shinhwa Intertek	806	-	-	-	-
	HS Hyosung Corporation	636	-	5,731	648	5
	HS Hyosung Advanced Materials Corporation (*3)	31,652	6,480	7,335	11,057	-
	HS HYOSUNG INFORMATION SYSTEMS CO., LTD (*3)	727	-	-	169	-
	HS Hyosung USA Inc. (*3)	5,018	-	-	-	-
	Hyosung Steel Cord (Qingdao) Co., Ltd.	3,684	-	-	1,313	-
	Hyosung Japan Co., Ltd.	1,861	-	-	15	-
	Hyosung Vietnam Co., Ltd.	1,244	-	-	2	-
	Hyosung DongNai Co,LTD	1,160	-	-	-	-
	Hyosung Vina Chemicals Co., Ltd.	281	-	-	-	-
	HS Hyosung Global Logistics Vina Co., Ltd (*3)	2,549	-	-	546	-
	Hyosung Istanbul TEKSTIL LTD.STI.	474	-	-	-	-
	Others	5,669	-	-	165	15
	Subtotal	56,381	6480	13,066	14,218	20
Total (*2)		319,959	50,913	13,069	29,580	668

(*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

(*2) The amount expressed as profit or loss from discontinued operations is included.

(*3) The name has been changed for the year ended December 31, 2024.

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17. Related party transactions (cont'd)

B. Significant transactions with the Company's related parties (cont'd)

2023					
	Related party	Sales and others (*1)	Dividends	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hyosung TNS INC.	14,478	-	11,442	194
	Hyosung Good Springs, Inc.	1,750	1,800	-	-
	Hyosung Investment & Development Corporation	-	50,525	-	-
	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	451	979	1,229	-
	Hyosung USA Inc.	6,213	-	-	-
	Hyosung Global Logistics Vina Co., Ltd.	2,532	-	25	-
	Others	1,103	1,420	276	-
	Subtotal	26,527	54,724	12,972	194
Associates and joint ventures	Hyosung TNC Corporation	93,425	8,793	517	-
	Hyosung Heavy Industries Corporation	111,260	-	197	-
	Hyosung Chemical Corporation	100,079	-	8	-
	Hyosung Advanced Materials Corporation	34,008	14,248	12,821	8
	Taebaek Wind Power Co., Ltd	-	1,645	-	-
	Hyosung ITX Co., Ltd	1,869	3,291	1,687	53
	HYOSUNG INFORMATION SYSTEMS CO., LTD	635	3,460	173	164
	Others	-	630	230	-
Subtotal	341,276	32,067	15,633	225	
Other related parties	Gongdeok Development Corporation	-	-	147	-
	Shin Dong Jin Co., Ltd.	-	-	29	-
	Galaxia SM, INC.	-	-	36	-
	Galaxiamoneytree Co., Ltd.	530	-	310	-
	Shinhwa Intert	1,040	-	-	-
	Hyosung Steel Cord (Qingdao) Co., Ltd.	3,053	-	2,472	-
	Hyosung Japan Co., Ltd.	1,863	-	41	-
	Hyosung Vietnam Co., Ltd.	1,360	-	-	-
	Hyosung DongNai Co,LTD	1,308	-	-	-
	Hyosung Vina Chemicals Co., Ltd.	423	-	-	-
	Hyosung Istanbul TEKSTIL LTD.STI.	417	-	-	-
	Others	4,527	-	55	8
Subtotal	14,521	-	3,090	8	
Total (*2)		382,324	86,791	31,695	427

(*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

(*2) The amount expressed in discontinued operating profit or loss is included.

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17. Related party transactions (cont'd)

C. Significant outstanding balances to/from its related parties as of December 31, 2024 and 2023 are as follows (KRW in millions):

December 31, 2024					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	Hyosung TNS INC.	598	5,621	-	21,207
	Gongdeok Gyeongwoo Development Corporation	-	721	-	13,463
	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	9,721	-	11,686
	Others	173	577	-	452
	Subtotal	771	16,640	-	46,808
Associates	Hyosung TNC Corporation	3,569	29	118	60
	Hyosung Heavy Industries Corporation (*2)	9,967	1,439	69	4,496
	Hyosung Chemical Corporation	2,689	1,108	26	204
	Others	195	1	5	248
	Subtotal	16,420	2,577	218	5,008
Other related parties	Gongdeok Development Corporation	-	619	-	302
	Shin Dong Jin Co., Ltd.	-	338	-	48
	Galaxia SM, INC.	-	-	-	3
	Galaxiamoneytree Co., Ltd.	-	1,064	-	762
	KB Wise Star Private Real Estate fund 11	-	101	-	205
	HS Hyosung Corporation	124	39	152	52
	HS Hyosung Advanced Materials Corporation (*3)	3,485	8	675	5,256
	THE KWANGJUILBO	-	7,853	-	33
	HS Hyosung USA Inc. (*3)	938	18	-	-
	Hyosung Steel Cord (Qingdao) Co., Ltd.	2,140	-	158	-
	Hyosung Japan Co., Ltd.	431	-	6	-
	Hyosung Istanbul TEKSTIL LTD.STI.	-	21	-	-
	Others	888	161	1	54
	Subtotal	8,006	10,222	992	6,715
Total		25,197	29,439	1,210	58,531

(*1) Non-trade receivables, loans, accrued income, advance payments and others are included in other receivables.

Non-trade payables, deposits withheld, and others are included in other payables.

(*2) The membership on Hyosung Heavy Industries Corporation amounting to KRW 14,400 million has been accounted for as intangible assets.

(*3) The name has been changed for the year ended December 31, 2024.

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17. Related party transactions (cont'd)

C. Significant outstanding balances to/from its related parties as of December 31, 2024 and 2023 are as follows (KRW in millions): (cont'd)

December 31, 2023					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	HYOSUNG TNS INC.	1,201	9,662	-	20,893
	Gongdeok Gyeongwoo Development Corporation	-	927	-	14,408
	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	9,709	-	23,229
	Hyosung USA Inc.	797	72	-	-
	Hyosung Global Logistics Vina Co., Ltd.	1,604	1	22	-
	Others	487	1,090	-	430
	Subtotal	4,089	21,461	22	58,960
Associates	Hyosung TNC Corporation	11,006	307	8	3,787
	Hyosung Heavy Industries Corporation (*2)	19,516	261	-	5,471
	Hyosung Chemical Corporation	15,948	48	-	178
	Hyosung Advanced Materials Corporation	4,258	100	845	5,066
	THE KWANGJUILBO	-	7,853	-	55
	Others	244	3	1	234
	Subtotal	50,972	8,572	854	14,791
Other related parties	Gongdeok Development Corporation	-	631	-	1,520
	Shin Dong Jin Co., Ltd.	-	333	-	619
	Galaxia SM, INC.	-	-	3	-
	Galaxiamoneytree Co., Ltd.	128	1,776	-	742
	Shinhwa Intertek	183	-	-	-
	KB Wise Star Private Real Estate fund 11	-	98	-	315
	Hyosung Steel Cord (Qingdao) Co., Ltd.	616	-	211	-
	Hyosung Japan Co., Ltd.	468	-	19	-
	Hyosung Istanbul TEKSTIL LTD.STI.	-	39	-	-
	Others	762	97	1	6
Subtotal	2,157	2,974	234	3,202	
Total		57,218	33,007	1,110	76,953

(*1) Non-trade receivables, loans, accrued income, advance payments and others are included in other receivables. Non-trade payables, deposits withheld, and others are included in other payables.

(*2) The membership on Hyosung Heavy Industries Corporation amounting to KRW 19,200 million has been accounted for as intangible assets.

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17. Related party transactions (cont'd)

D. Fund transactions with its related parties for each of the two years ended December 31, 2024 are as follows (KRW in millions):

2024						
	Related party	Fund transactions				Cash contribution
		Beginning	Loans	Collections	Ending	
Subsidiaries	Hyosung Brasil Participacoes LTDA	-	-	-	-	54
	Hyosung Resource (Australia) PTY Ltd.	-	-	-	--	138
Associates	Hyosung Chemical Corporation (*1)	-	200,000	-	200,000	-
	Hyosung TNC Corporation	-	-	-	-	4,896
	Hyosung CVC Scaleup Fund I (*2)	-	-	-	-	3,700
	Startup Korea Hyosung Deep Tech Venture Fund (*3)	-	-	-	-	200
Other related parties	THE KWANGJUILBO (*4)	7,853	-	-	7,853	-
	HS Hyosung Advanced Materials Corporation	-	-	-	-	17,200

(*1) The Company purchased new bond-type capital securities issued by Hyosung Chemical Corporation for the year ended December 31, 2024 (see Note 8).

(*2) The Company will pay KRW 4,700 million in additional remaining contract amount by capital call.

(*3) The Company will pay KRW 19,800 million in additional remaining contract amount by capital call.

(*4) Provisions for bad debt are recognized in full for loans and accrued income from THE KWANGJUILBO as of December 31, 2024.

2023						
	Related party	Fund transactions				Cash contribution
		Beginning	Loans	Collections	Ending	
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	20,000	-	20,000	-	-
	Hyosung Global Logistics Vina Co., Ltd.	-	-	-	-	1,003
	Hyosung Resource (Australia) PTY Ltd.	-	-	-	-	160
	Hyosung Toyota Corporation	-	-	-	-	2,222
Associates	THE KWANGJUILBO (*1)	7,853	-	-	7,853	-
	Hyosung CVC Scaleup Fund I (*2)	-	-	-	-	1,600
	Hyosung Advanced Materials Corporation	-	-	-	-	19,000
	Hyosung Chemical Corporation	-	-	-	-	50,000

(*1) Provisions for bad debt are recognized in full for loans and accrued income from THE KWANGJUILBO as of December 31, 2023.

(*2) The Company will pay KRW 8,400 million in additional remaining contract amount by capital call.

17. Related party transactions (cont'd)

E. Details of compensations paid to key management personnel for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Salaries and other short-term employee benefits	21,085	13,499
Retirement benefits	1,200	1,273
Total	22,285	14,772

F. Payment guarantees provided by the Company for the financial supports to its related parties are described in Note 35.

G. The Company provides two pledged notes for the private investment business of Suncheon Eco Green.

18. Trade and other payables

A. Details of trade and other payables as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Trade payables	6,435	27,926
Other payables	41,795	50,246
Subtotal	48,230	78,172
Long-term other payables	28,841	27,138
Total	77,071	105,310

B. Details of other payables as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Other payables		
Non-trade payables	27,273	34,131
Accrued expenses	8,492	8,937
Withholdings	4,353	5,268
Deposits withheld	1,677	1,910
Subtotal	41,795	50,246
Long-term other payables		
Non-trade payables	18,948	17,146
Accrued expenses	360	711
Deposits withheld	9,533	9,281
Subtotal	28,841	27,138
Total	70,636	77,384

18. Trade and other payables (cont'd)

C. Supplier finance arrangements

The Company has established a supplier finance arrangement that is offered to some of the Company's key suppliers in the Republic of Korea. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Company from the Company's external finance provider.

If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Company is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Company.

Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Company settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Company provides no security to the finance provider. All trade payables subject to the supplier finance arrangement are included in trade and other payables in the statement of financial position and within trade payables in the table above. The Company's payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables.

Details of supplier finance arrangements are as follows (KRW in millions):

	2024
The carrying amount of financial liabilities	
Trade and other payables that are part of the supplier finance arrangements	6,962
Of which suppliers have received payment	485
Range of payment date	
Trade and other payables that are part of the supplier finance arrangements	10~90 days
Trade and other payables that are not part of the supplier finance arrangements	5~90 days

(*1) In accordance with a transitional exemption under the amendments to KIFRS 1007 *Supplier Finance Arrangement*, it is not required to disclose comparative information if the reporting period presented begins on or before January 1, 2024.

There were no significant non-cash changes in the carrying amount of the trade payables included in the Company's supplier finance arrangement.

19. Borrowings

Details of borrowings as of December 31, 2024 and 2023 are as follows (KRW in millions):

	Description	Creditor	Maturity date	Annual interest rate (%)	December 31, 2024	December 31, 2023
Short-term borrowings	Sales of export receivables (*1)	Woori Bank	-	-	432	469
	Limited loan		2025-11-10	4.82	800	-
	Limited loan	KEB Bank	2025-10-12	4.43	20,000	-
	CP	Hanwha Investment & Securities Co., Ltd	2025-01-17	4.1	20,000	-
	Subtotal					41,232
Long-term borrowings	Foreign long-term borrowings (*2)	Korea Energy Co.	2027-06-15	0.75	262	367
			2027-12-15	0.75	93	124
Subtotal					355	491
Total					41,587	960

(*1) The Company sold trade receivables denominated in foreign currencies to the financial institutions. The Company may retain an obligation to compensate a financial institution for debtors' failure to make payment when they become due, an obligation known as a 'recourse obligation'. Recourse obligations related to the sales of receivables with recourse are accounted for as collateralized borrowings (see Notes 7 and 35).

(*2) Long-term borrowings included KRW 136 million classified as current portion of borrowings (short-term borrowings) as of December 31, 2024 and 2023.

20. Government grants

A. The company is currently engaged in research and development under the development agreements with project partners such as the Korea Institute for Advancement of Technology (KIAT), related to the development of 6K high-elasticity carbon fiber and intermediate materials, as well as various other national research projects.

B. The balance of government grants related to assets as of December 31, 2024 is KRW 3,842 million (KRW 2,081 million in 2023), and the balance of government grants related to liabilities to be repaid is KRW 4,495 million (KRW 3,107 million in 2023).

21. Retirement benefits

A. Defined contribution pension plan

The expense recognized in relation to retirement benefit plans under defined contribution plans for the year ended December 31, 2024 is KRW 848 million (KRW 729 million in 2023)

B. Defined benefit pension plan

(1) Details of net defined benefit liabilities as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	86,244	97,848
Fair value of plan assets (*1)	(85,346)	(101,549)
Net defined benefit liabilities	898	(3,701)

(*1) The contributions to the National Pension Fund of KRW 63 million are included in the fair value of plan assets as of December 31, 2024 (KRW 65 million in 2023)

(2) Changes in defined benefit obligations for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Beginning	97,848	91,950
Current service costs	9,030	9,637
Interest expenses	1,191	1,420
Past service costs and settlement gains and losses	758	-
Benefits paid	(20,933)	(6,132)
Remeasurements:		
Changes in demographical assumptions	1	70
Changes in financial assumptions	1,602	2,054
Experience adjustments	5,551	(1,391)
Transfers from (to) affiliates, net	(2,065)	240
Spin-off	(6,739)	-
Ending	86,244	97,848

21. Retirement benefits (cont'd)

B. Defined benefit pension plan (cont'd)

(3) Changes in the fair value of plan assets for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Beginning	101,549	100,472
Interest income	3,453	4,958
Employer's contributions	9,000	1,500
Benefits paid	(20,175)	(5,480)
Remeasurements	(366)	(295)
Transfers from (to) affiliates, net	(1,740)	394
Spin-off	(6,375)	-
Ending	85,346	101,549

(4) Details of plan assets as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024		December 31, 2023	
	Amount	Portion (%)	Amount	Portion (%)
Deposits	13,665	16.01	30,526	30.06
Debt instruments	71,681	83.99	71,023	69.94
Total	85,346	100.00	101,549	100.00

(5) The significant actuarial assumptions as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Discount rate	3.86%	4.41%
Salary increase rate	3.00%	2.68%

(6) The sensitivity analysis on defined benefit obligations to changes in the principal assumptions is as follows (KRW in millions):

	Changes in assumption	When increased	When decreased
Discount rate	1.0% increase/decrease	(1,798)	2,033
Salary increase rate	1.0% increase/decrease	2,033	(1,832)

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

(7) As of December 31, 2024, the weighted average maturity of defined benefit obligations is 6.6 years.

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22. Other liabilities

Details of other liabilities as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Other current liabilities		
Advances received	10,106	11,668
Unearned revenues	331	6,939
Due to customers for contract work	12	8
Subtotal	10,449	18,615
Other non-current liabilities		
Long-term unearned revenues	822	621
Total	11,271	19,236

23. Share capital

A. Details of share capital as of December 31, 2024 and 2023 are as follows:

Description	December 31, 2024	December 31, 2023
Type of shares	Common stock	Common stock
Total number of authorized shares	200,000,000	200,000,000
Par value (in Korean won)	5,000	5,000
Number of shares issued	16,740,407	21,071,025
Common stock capital (KRW in millions)	86,725	105,355

(*1) For the year ended December 31, 2024, the Company conducted a capital reduction through the retirement of 604,691 treasury shares using retained earnings. As a result, the number of issued common shares multiplied by the par value per share do not match the common stock capital.

(*2) Changes in the number of shares and capital occurred due to the spin-off for the year ended December 31, 2024.

B. Details of retained earnings as of December 31, 2024 and 2023 are as follows (KRW in millions):

	Description	December 31, 2024	December 31, 2023
Legal reserve	Earned profit reserves (*1)	75,670	75,670
Voluntary reserve	Facility reserves	6,259,000	6,322,000
Unappropriated retained earnings		415,444	(1,651)
Total		6,750,114	6,396,019

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

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23. Share capital (cont'd)

C. Details of equity as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Other capital surplus	249,005	250,587
Treasury share (*1)	(1,152)	(42,119)
Gain on disposal of treasury shares (*1)	153,438	186,581
Losses on capital reduction (*2)	(5,425,833)	(4,816,959)
Loss on valuation of financial assets at FVOCI	(91,739)	(125,308)
Equity adjustment in equity method	101,163	90,257
Total	(5,015,118)	(4,456,961)

(*1) The Company retired 604,691 shares of treasury stock it held and recognized a gain on disposal of treasury stock of KRW 10,504 million from the disposal of the remaining 556,930 shares. In addition, for the year ended December 31, 2024, the Company acquired 22,803 fractional shares through the spin-off.

(*2) The Company recognized the difference between the carrying amount and fair value of non-cash assets to be distributed to the shareholders as a result of the spin-off as gains on disposal of discontinued operation. In this regard, losses on capital reduction include the decrease in other equity contributed.

D. The appropriations of retained earnings for each of the two years ended December 31, 2024 are as follows (KRW in millions):

	2024		2023	
Retained earnings		415,444		(1,651)
Beginning	1,621		1,286	
Reclassification of gain on valuation of financial assets at FVOCI	(1,461)		-	
Remeasurement loss on net defined benefit liabilities	(5,782)		(790)	
Share of remeasurement loss of subsidiaries and associates	(15,483)		(4,942)	
Changes through spin-off	1,400		-	
Cancellation of treasury shares	(21,926)		-	
Profit for the year	457,075		2,795	
Others	-		-	
Amount of voluntary reserve		-		63,000
Facility reserves	-		63,000	
Appropriation of retained earnings		414,153		59,728
Facility reserves	364,000		-	
Dividends (Cash dividend (%)): Common stock (2024): 3,000 KRW (60%) Common stock (2023): 3,000 KRW (60%)	50,153		59,728	
Ending		1,291		1,621

24. Revenue

Details of revenue for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Service sales	101,330	100,406
Finished goods	107,437	104,542
Merchandise	-	1,673
Share of profit (loss) of associates under equity method	135,930	(13,674)
Others	73,432	68,020
Total	418,129	260,967

25. Revenue from contracts with customers

A. Revenues generated from contracts with customers for each of the two years in the period ended December 31, 2024 are classified as follows (KRW in millions):

2024			
	Holdings	Interior	Total
Service sale	101,308	22	101,330
Finished goods	-	107,437	107,437
Others	61,513	-	61,513
Total (*1)	162,821	107,459	270,280
Domestic	155,436	96,819	252,255
Overseas	7,385	10,640	18,025
Total (*1)	162,821	107,459	270,280
At a point in time	-	107,437	107,437
Over a period of time	162,821	22	162,843
Total (*1)	162,821	107,459	270,280

(*1) Share of profit of associates under equity method of KRW 135,930 million, dividend income of KRW 969 million and operating lease income of KRW 10,950 million that are not covered by KIFRS 1115 are excluded from the revenue.

25. Revenue from contracts with customers (cont'd)

A. Revenues generated from contracts with customers for each of the two years in the period ended December 31, 2024 are classified as follows (KRW in millions): (cont'd)

2023			
	Holdings	Interior	Total
Service sale	100,406	-	100,406
Finished goods	-	104,542	104,542
Merchandise	-	1,673	1,673
Others	56,796	-	56,796
Total (*1)	157,202	106,215	263,417
Domestic	149,170	95,252	244,422
Overseas	8,032	10,963	18,995
Total (*1)	157,202	106,215	263,417
At a point in time	-	106,215	106,215
Over a period of time	157,202	-	157,202
Total (*1)	157,202	106,215	263,417

(*1) Share of profit of associates under equity method of KRW 13,674 million and operating lease income of KRW 11,224 million that are not covered by KIFRS 1115 are excluded from the revenue.

B. Information about major customers from whom the revenue accounts for 10% or more of the Company's total revenues for each of the two years in the period ended December 31, 2024 are classified as follows (KRW in millions):

	2024	2023
Major customer 1	52,869	48,182

26. Selling and administrative expenses

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

	2024	2023
Salaries and wages	23,109	23,413
Bonus	14,658	4,479
Retirement benefits	3,892	3,004
Employee welfare	1,751	1,683
Depreciation	3,425	3,058
Amortization	384	401
Utilities	60	49
Export	21	6
Service	230	225
Commission	9,411	8,003
Travel	1,492	1,293
Vehicle maintenance	394	468
Taxes and dues	2,526	2,650
Rents	245	276
Bad debt expenses	27	(218)
Repairs	644	247
Supplies	210	118
Samples	100	110
Entertainment	2,738	2,922
Meetings	566	628
Sales promotion	591	558
Others	1,278	798
Total	67,752	54,171

27. Classification of expenses by nature

Details of cost of sales and selling and administrative expenses by nature for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Changes in inventories of finished goods and work in process and others	273	1,554
Changes in merchandise	-	1,555
Raw materials and consumables used	54,292	49,555
Salaries and wages	80,948	74,944
Retirement benefits	8,399	7,030
Employee welfare	5,807	5,901
Depreciation and amortization	23,247	23,216
Electricity (utility) expense	12,179	12,476
Service expenses	18,253	17,704
Outsourcing expenses	13,866	15,471
Commission	37,086	37,067
Advertisement	18,408	22,324
Shipping expenses	147,338	250,217
Others	23,436	22,209
Adjustments for profit(loss) from discontinued operations	(152,866)	(264,373)
Total (*1)	290,666	276,850

(*1) The total of cost of sales, selling and administrative expenses in the separate statements of profit or loss.

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28. Other income and expenses

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

	2024	2023
Other income		
Rental income	213	161
Dividend income	1,481	1,138
Gains on disposal of property, plant and equipment	2,982	2,142
Gains on disposal of intangible assets	3,360	-
Gains on disposal of right-of-use assets	52	155
Gains on disposal of investment securities in associates	-	968
Miscellaneous income, etc.	3,459	5,922
Subtotal	11,547	10,486
Other expenses		
Donations	511	1,468
Loss on disposal of intangible assets	55	-
Loss on right-of-use assets	23	80
Miscellaneous losses, etc.	1,166	2,957
Subtotal	1,755	4,505
Net other income	9,792	5,981

29. Finance income and expenses

Details of finance income and expenses for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Finance income		
Interest income	12,765	10,286
Gain on foreign currency transactions	991	1,254
Gain on foreign currency translation	657	298
Gain on disposal of financial assets	2	7
Gain on valuation of financial assets	3,240	11,397
Subtotal	17,655	23,242
Finance expenses		
Interest expenses	2,098	1,182
Loss on foreign currency transactions	679	830
Loss on foreign currency translation	552	282
Loss on valuation of financial assets	2,443	1,275
Others	55	29
Subtotal	5,827	3,598
Net finance income	11,828	19,644

30. Income tax expenses and deferred taxes

A. Income tax expenses for each of the two years in the period ended December 31, 2024 consists of the followings (KRW in millions):

	2024	2023
Current tax on profit for the year	3,246	3,133
Adjustments in respect for the prior year	(116)	(328)
Income tax refund	(1,188)	320
Income tax added to or subtracted from equity	842	(469)
Origination and reversal of temporary differences	5,446	13,211
Income tax expenses	8,230	15,867
- Continued operating income tax expenses	7,441	15,587
- Discontinued operating income tax expenses	789	280

B. The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to its profits as follows (KRW in millions):

	2024	2023
Profit before income tax	465,306	18,663
Tax calculated at tax rates (*1)	112,479	3,879
Tax effects of:		
Income not subject to tax	(83)	(59)
Expenses not deductible for tax purposes	1,637	1,554
Increase (decrease) in unrecognized deferred tax	26	(26)
Impact of change in tax rate arising from temporary difference	(29,258)	10,710
Adjustment in respect of prior years	(116)	(328)
Corporate tax refund	(1,188)	320
Tax credit	(257)	(241)
Spin-of effect	(74,389)	-
Others	(621)	58
Income tax expenses	8,230	15,867
Effective tax rate (*2)	1.77%	85.02%
- Continued operating income tax expenses	7,441	15,587
- Discontinued operating income tax expenses	789	280

(*1) The tax rate applied considers the corporate tax rate (9% below KRW 200 million, 19% above KRW 200 million, 21% above KRW 20 billion, 24% above KRW 300 billion) and local income tax (10% of corporate tax).

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30. Income tax expenses and deferred taxes (cont'd)

C. The tax effects relating to components of other comprehensive income (loss) for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Gain (loss) on valuation of financial assets FVOCI	6,221	(1,437)	4,784	(1,588)	207	(1,381)
Remeasurements of net defined benefit liabilities	(7,519)	1,737	(5,782)	(1,028)	237	(791)
Equity adjustments using equity method	90,025	(10,688)	79,337	7,251	(1,358)	5,893
Retained earnings of equity method	(16,004)	521	(15,483)	(5,127)	186	(4,941)
Gain on disposal of treasury shares	13,279	(2,775)	10,504	-	243	243
Capital surplus	-	-	-	-	16	16
Spin-off	(808,066)	13,484	(794,582)	-	-	-
Total	(722,064)	842	(721,222)	(492)	(469)	(961)

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

	2024				
	Beginning	Statement of profit or loss	Other comprehensive income (loss)	Spin-off	Ending
Revaluation surplus of land	(90,955)	148	-	-	(90,807)
Investments in subsidiaries and associates	(150,342)	(11,930)	(10,167)	13,573	(158,865)
Pension plan assets	(20,006)	133	1,737	1,347	(16,789)
Defined benefit obligations	19,357	(1,256)	-	(1,311)	16,790
Available-for-sale Financial assets	2,391	1,341	(1,437)	-	2,294
Allowance for doubtful accounts	319	(76)	-	-	243
Government grants	718	320	-	-	1,038
Loss on valuation of inventories	93	74	-	-	167
Loss on impairment of property, plant and equipment	2,912	-	-	-	2,912
Accrued expenses associated with annual leave	421	93	-	(44)	470
Account payables to long-term service employees	82	13	-	(12)	83
Others	(5)	4,853	(2,775)	(69)	2,004
Total deferred tax liabilities	(235,015)	(6,287)	(12,642)	13,484	(240,460)

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30. Income tax expenses and deferred taxes (cont'd)

D. The movements in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows (KRW in millions): (cont'd)

2023				
	Beginning	Statement of profit or loss	Other comprehensive income (loss)	Ending
Revaluation surplus of land	(91,349)	394	-	(90,955)
Investments in subsidiaries and associates	(137,731)	(11,439)	(1,172)	(150,342)
Pension plan assets	(19,920)	(323)	237	(20,006)
Defined benefit liabilities	18,223	1,134	-	19,357
Available-for-sale Financial assets	3,859	(1,675)	207	2,391
Allowance for doubtful accounts in excess of tax limit	207	112	-	319
Government grants	1,820	(1,102)	-	718
Loss on valuation of inventories	119	(26)	-	93
Loss on impairment of property, plant and equipment	2,925	(13)	-	2,912
Accrued expenses associated with annual leave	416	5	-	421
Account payables to long-term service employees	91	(9)	-	82
Others	(464)	200	259	(5)
Total deferred tax liabilities	(221,804)	(12,742)	(469)	(235,015)

E. Details of temporary differences without deferred tax assets as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Investment in subsidiaries, others	175,319	164,076
Allowance for doubtful accounts	7,853	7,853
Others	1,986	16,436
Total	185,158	188,365

F. As of December 31, 2024 and 2023, there is no temporary difference to be added that is not recognized as deferred tax liabilities.

Hyosung Corporation
Notes to the separate financial statements
December 31, 2024 and 2023

31. Earnings per share

A. Basic earnings per share for each of the two years in the period ended December 31, 2024 are computed as follows (KRW in millions, except for number of shares and earnings per share):

	2024	2023
Profit (loss) for the year from continuing operations attributable to ordinary share (*1)	141,643	(5,845)
Profit for the year from discontinued operations attributable to ordinary share (*1)	315,433	8,641
Weighted average number of ordinary shares outstanding	18,337,459 shares	19,909,404 shares
Earnings per share for continuing operations (in KRW)	7,724	(294)
Earnings per share for discontinued operations (in KRW)	17,202	434

(*1) Net income of the ordinary shares is the same as net income of the Company.

B. The weighted average number of ordinary shares outstanding for each of the two years in the period ended December 31, 2024 is as follows (in shares):

	2024			2023		
	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding
Beginning	19,909,404	366 days/ 366 days	19,909,404	19,909,404	365 days/ 365 days	19,909,404
Disposition of treasury shares	310,420	204 days/ 366 days	310,420	-	-	-
Changes through spin-off	(1,873,144)	184 days/ 366 days	(1,873,144)	-	-	-
Purchase of treasury shares	(9,221)	148 days/ 366 days	(9,221)	-	-	-
Ending	18,337,459		18,337,459	19,909,404	365 days/ 365 days	19,909,404

The company has no potential ordinary share, so diluted earnings per share is the same as basic earnings per share for the year ended December 31, 2024.

32. Dividends

KRW 59,728 million (KRW 3,000 per share) for the year ended December 31, 2024 and KRW 89,592 million (KRW 4,500 per share) for the year ended December 31, 2023, respectively.

A dividend in respect for the year ended December 31, 2024, of KRW 3,000 per share, amounting to a total dividend of KRW 50,153 million, is to be proposed to shareholders at the annual general meeting to be held on March 21, 2025. These separate financial statements do not reflect this dividend payable.

Hyosung Corporation
Notes to the separate financial statements
December 31, 2024 and 2023

33. Cash generated from operation

A. Details of the adjustments of non-cash items for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Income tax expense	8,230	15,867
Dividend income	(1,481)	(1,138)
Gain on disposal of property, plant, equipment	(3,004)	(2,144)
Gain on disposal of intangible assets	(3,360)	-
Gain on disposal of right-of-use assets	(52)	(155)
Loss on disposal of property, plant, equipment	2	-
Loss on disposal of intangible assets	55	-
Loss on disposal of right-of-use assets	23	80
Interest income	(13,125)	(11,323)
Gain on foreign currency translation	(1,745)	(2,209)
Gain on disposal of financial assets	(2)	(7)
Gain on valuation of financial assets	(3,240)	(11,397)
Interest expenses	2,114	1,235
Loss on foreign currency translation	1,107	2,120
Loss on valuation of financial assets	2,443	1,275
Gain on investment disposition of associates	-	(1,040)
Amortization of property, plant, equipment	19,147	19,025
Amortization of intangible assets	3,900	4,063
Amortization of investment properties	200	128
Bad debt expense (reversal)	(456)	267
Loss on (reversal of) valuation of inventories	321	(109)
Loss on disposal of accounts receivable	55	-
Retirement benefits	7,526	6,097
Share of profit (loss) of associates under equity method	(140,496)	6,484
Gain on disposal of discontinued operations	(307,737)	-
Others	3	32
Total	(429,572)	27,151

Hyosung Corporation
Notes to the separate financial statements
December 31, 2024 and 2023

33. Cash generated from operation (cont'd)

B. Details of the working capital adjustments for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Trade receivables	(5,541)	17,082
Other receivables	11,705	(11,959)
Inventories	278	(704)
Other current financial assets	123,643	85,308
Other assets	(9,806)	8,324
Trade payables	7,722	(13,881)
Other payables	(12,818)	(5,309)
Other liabilities	11,166	(4,800)
Contributions to plan assets	11,175	3,982
Retirement benefits paid	(20,933)	(6,132)
Total	116,591	71,911

C. Details of significant transactions not involving cash inflows and outflows for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Transfer of construction-in-progress to related property, plant and equipment	11,325	11,323
Increase in right-of-use assets due to increased lease liabilities	4,638	6,154
Transfer to current portion of lease receivables	8,758	9,367
Transfer to current portion of lease liabilities	12,616	512
Increase in outstanding payments related to acquisition of tangible assets	1,032	2,242
Remeasurements factor on net defined benefit liabilities	5,782	790
Retirement of treasury shares	21,926	-
Net assets succeeded to the entity newly established through the spin-off	469,405	-
Replacement of investments in associates with investments in subsidiaries.	-	4,503

D. Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024						
	Beginning	Cash flow	New leases	Change in leases	Others (*1)	Spin-off	Ending
Short-term borrowings and current portion of long-term borrowings	605	40,618	-	-	145	-	41,368
Long-term borrowings	355	-	-	-	(136)	-	219
Lease liabilities	40,365	(15,402)	4,638	(119)	(315)	(413)	28,754
Total	41,325	25,216	4,638	(119)	(306)	(413)	70,341

(*1) Changes in foreign exchange rate and effects from reclassification to current portion and changes in accounting policy were included.

33. Cash generated from operation (cont'd)

D. Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions): (cont'd)

	2023					Ending
	Beginning	Cash flow	New leases	Change in leases	Others (*1)	
Short-term borrowings and current portion of long-term borrowings	243	226	-	-	136	605
Long-term borrowings	491	-	-	-	(136)	355
Lease liabilities	29,646	(15,411)	6,154	20,049	(73)	40,365
Total	30,380	(15,185)	6,154	20,049	(73)	41,325

(*1) Changes in foreign exchange rate and effects from reclassification to current portion and changes in accounting policy were included.

34. Financial risk management

34.1 Financial risk management factor

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

Risk management is addressed in accordance with policies approved by the Executive Management Committee within the Board of Directors. The Executive Management Committee is responsible for reviewing the Company's documented policies in its comprehensive risk management as well as specified areas on foreign rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investments in excess of liquidity.

34.1.1 Market risk

(1) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US dollar, Euro and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Management has set up a policy to require operations to manage their foreign exchange risk against their functional currency.

Financial assets and financial liabilities denominated in foreign currencies, are converted into KRW as of December 31, 2024 and 2023 as follows (KRW in millions):

Foreign currency	December 31, 2024		December 31, 2023	
	Financial assets in foreign currencies	Financial liabilities in foreign currencies	Financial assets in foreign currencies	Financial liabilities in foreign currencies
USD	6,068	1,897	35,511	6,169
EUR	115	198	3,246	1,373
JPY	45,331	917	45,393	919
Others	102	25	94	434
Total	51,616	3,037	84,244	8,895

34. Financial risk management (cont'd)

34.1 Financial risk management factor (cont'd)

34.1.1 Market risk (cont'd)

(1) Foreign exchange risk (cont'd)

The analysis is based on the assumption that KRW has increased/decreased by 10% with all other variables held constant. The impacts of increased/decreased KRW on the Company's pre-tax profits for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

Currency		Impact on pre-tax profit	
		2024	2023
US Dollar	Strengthened	417	2,934
	Weakened	(417)	(2,934)
EURO	Strengthened	(8)	187
	Weakened	8	(187)
JPY	Strengthened	4,441	4,447
	Weakened	(4,441)	(4,447)
Others	Strengthened	8	(34)
	Weakened	(8)	34

(2) Price risk

The Company is exposed to equity securities price risk arising from investments held by the Company that are classified as financial assets at FVPL or FVOCI on the separate financial statement of the Company.

The Company's marketable equity investments are publicly traded and are included in the KOSPI index.

The analysis is based on the assumption that the stock price has increased/decreased by 30% with all other variables held constant. The summarizes the impacts of increases/decreases of the stock price on the Company's equity as of December 31, 2024 are as follows (KRW in millions):

	2024	2023
Increase	2,274	1,471
Decrease	(2,274)	(1,471)

34. Financial risk management (cont'd)

34.1 Financial risk management factor (cont'd)

34.1.1 Market risk (cont'd)

(3) Interest risk

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

The Company is exposed to interest rate risk due to its borrowings in fixed and floating interest rates. The Company's policy is to review on interest rate fluctuation periodically so that they can manage whether to repay or renew the borrowings.

The table below summarizes the impact of increases/decreases of interest rate on the Company's pre-tax profit for each of the two years in the period ended December 31, 2024. The analysis is based on the assumption that the interest rate has increased/decreased by 100 basis points with all other variables held constant (KRW in millions).

	2024	2023
Increase	206	340
Decrease	(206)	(340)

34. Financial risk management (cont'd)

34.1 Financial risk management factor (cont'd)

34.1.2 Credit risk

Credit risk is managed on the Company entity level. Credit risk arises from cash and cash equivalents, financial assets and outstanding receivables, etc. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit risk based on the credit quality of the customer, considering its financial position, past experience and other factors. The compliance with credit limits is monitored on a regular basis (see Note 8).

No credit limit was exceeded for each of the two years in the period ended December 31, 2023, and management does not expect any loss due to non-compliance with customers.

The maximum exposures to credit risk as of December 31, 2024 and 2023 are as follows (KRW in millions):

	December 31, 2024	December 31, 2023
Cash and cash equivalents (*1)	4,140	37,953
Trade and other receivables	58,048	95,667
Other financial assets	-	123,643
Long-term trade and other receivables	13,343	23,745
Other non-current financial assets	294,494	86,850
Financial guarantee contract (*2)	847,581	887,112

(*1) The difference with 'cash and cash equivalents' in the separate financial statements is cash on hand.

(*2) The maximum amount of guarantee that the Company must pay when there is a request from the guarantor.

34.1.3 Liquidity risk

The Company monitors the forecasts on the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing limits so that the Company does not breach borrowing limits or covenants (where applicable). The Company considers short, mid and long-term financial plan, compliance on commitment and target financial ratio on liquidity forecast.

Details of the Company's liquidity risk analysis as of December 31, 2024 and 2023 are as follows (KRW in millions):

December 31, 2024				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	37,422	29,302	-	66,724
Borrowings (*2)	41,369	221	-	41,590
Other financial liabilities (*2)	11,000	6,201	12,834	30,035
Total	89,791	35,724	12,834	138,349

(*1) Long-term trade payables and other payables are included.

(*2) The expected future interest expenses are included and based on before present value discount.

34. Financial risk management (cont'd)

34.1 Financial risk management factor (cont'd)

34.1.3 Liquidity risk (cont'd)

December 31, 2023				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	69,559	27,403	-	96,962
Borrowings (*2)	608	360	-	968
Other financial liabilities (*2)	14,771	16,944	13,584	45,299
Total	84,938	44,707	13,584	143,229

(*1) Long-term trade payables and other payables are included.

(*2) The expected future interest expenses are included and based on before present value discount.

Except above contracts, the Company has entered into payment guarantee contracts and supplementary fund contracts with subsidiaries. Therefore, if the principal debtor fails to meet its obligation to pay, there may be an additional obligation to pay within one year (see Note 35).

The Company's supplier finance arrangements include a significant portion of the trade payables and the trade payables are to a single counterparty, not to individual suppliers. Instead of paying a small amount to individual suppliers, the company must pay a large amount to a single counterparty. However, the terms and conditions for payment of the Company's purchase obligation covered by this Agreement are the same as those for other purchase obligations. The company does not believe the supplier financing arrangement will excessively increase liquidity risk.

The arrangement was made to reduce the burden of managing bills for many suppliers rather than raising funds. See note 18 for more information.

34.2 Capital risk management

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

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

The capital structure of the Company is composed of net borrowings, which is borrowings less cash and cash equivalents, and equity, and the Company's comprehensive capital risk management is in line with that of the prior year,

Details of the Company's capital risk as of 31, 2024 and 2023 are as follows (KRW in millions):

	2024	2023
Total borrowings	41,587	960
Less: cash and cash equivalents	(4,170)	(37,983)
Net debt (A)	37,417	(37,023)
Total equity (B)	2,190,769	2,495,602
Gearing ratio (A/C) (*1)	1.71%	-

(*1) As of December 31 2023, the net debt is negative, so the gearing ratio is not calculated.

35. Contingencies and commitments

A. Notes and others provided as collaterals

The Company provided 3 checks as collaterals to the customers and others for borrowings and transaction agreements as of December 31, 2024.

B. Commitment with financial institution

The Company entered into agreements such as open local L/C, general loans and others with financial institutions with a limit of KRW 107,380 million. Also, the Company entered into secured loan of credit sales agreements with a limit of KRW 82,500 million as of December 31, 2024.

C. Guarantees provided for others and others

The Company has an obligation to provide a supplementary of KRW 89,000 million for its subsidiary, New Star Gongdeok 3rd Co.,Ltd.

The Company has an obligation to provide a supplementary of KRW 79,000 million for its subsidiary, Gongdeok Gyeongwoo Development Corporation.

The Company has provided payment guarantees of \$65,000 thousands for its associate, Hyosung Istanbul TEKSTIL LTD.STI.

The Company has provided payment guarantees of \$262,800 thousands for Hyosung DongNai Co., LTD. which is a subsidiary of its associate, Hyosung Istanbul TEKSTIL LTD.STI.

The Company has provided payment guarantees of \$98,500 thousands for its other related party, HS Hyosung USA Holdings, Inc.

The Company has provided payment guarantees of \$36,000 thousands for HS Hyosung USA, Inc. which is a other related party, HS Hyosung USA Holdings, Inc.

The Company has provided a joint guarantee with the Export-Import Bank of Korea and Construction Guarantee Cooperative as follows in relation to the contract execution and defect repair responsibilities of the Company's associate Hyosung Heavy Industries Corporation. (KRW in millions, USD in Thousands, EUR in Thousands, INR in Thousands):

Content	Monetary unit	Guaranteed amount
Performance of a contract	KRW	19,072
	INR	1,042,268
	EUR	848
	USD	2,542

35. Contingencies and commitments (cont'd)

D. Other commitments

The Company entered into the agreements with Woori bank in relation to the borrowings of its subsidiary, Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd., amount to KRW 150,000 million as of December 31, 2024(KRW 150,000 million in 2023). The Company has an obligation against Woori Bank to purchase the specific real estate located in Gangnam-gu, Seoul at fair value in case of shortfalls of funds required to cover principal and interest expenses at maturity date.

In accordance with Article 530-9 (1) of Commercial Act of the Republic of Korea, the Company is jointly liable to pay the outstanding liabilities resulting from the liabilities as at the date of the spin-off for the newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation, Hyosung Chemical Corporation and HS Hyosung corporation. The Company is jointly responsible with the newly established companies for the payment guarantee, commitment on cash deficiency support, conditional acceptance on debts and completion of construction that existed before the date of the spin-off.

The Company sets and receives brand usage fees based on sales and advertising expenses, and the brand usage revenue generated for the year ended December 31, 2024 is 61,378 million won (KRW 56,688 million in 2023).

E. Guarantees provided by others

Details of guarantees provided by others as of December 31, 2024 are as follows (KRW in millions):

Guarantor	Guaranteed amounts	Details of guarantees
Seoul Guarantee Insurance Company	6,043	Deficiency guarantees for supply contracts, etc.

F. Assets pledged as collaterals

(1) Details of assets pledged as collaterals for the Company's borrowings and others as of December 31, 2024 is as follows (KRW in millions):

Pledged assets	Carrying amount	Borrowings	Maximum pledge amount	Lien
Other financial assets	509	-	509	Machinery Financial Cooperative
Trade receivables	432	432	432	Woori bank
Property, plant and equipment	429,483	-	477,956	The Korea Development Bank

(2) 1,302,000 shares of PyeongChang Wind Power Co., Ltd. owned by the Company was provided as collateral for the borrowings of KRW 31,157 million of PyeongChang Wind Power Co, Ltd. as of December 31, 2024. 449,521 shares of Suncheon Eco Green owned by the Company was provided as collateral for the borrowings of KRW 20,767 million of Suncheon Eco Green as of December 31, 2024. Also, 880,000 shares of Gongdeok Gyeongwoo Development Corporation owned by the Company was provided as collateral for the borrowings of KRW 79,000 million of Gongdeok Gyeongwoo Development Corporation.

36. Contingencies and commitments (cont'd)

G. Pending lawsuits

Details of pending lawsuits as of December 31, 2024 is as follows (KRW in millions):

	Number of lawsuits	Claim amount	Description
Lawsuit as a dependent	14	45,994	Claims for damages and others
Lawsuit as a plaintiff	4	9,092	Administrative litigation on cancellation of income tax levy

The outcome of the above cases cannot yet be estimated as of December 31, 2024. Accordingly, no provision for potential losses arising from the claims was reflected in the separate financial statements.

37. Spin-off

A. Overview

On June 14, 2024, the Company resolved at the shareholders' meeting to carry out a spin-off with the effective date of spin-off set as July 1, 2024. As a result, a new company, HS Hyosung Corporation. (the "The new company through the spin-off"), was established, and the listing changes and re-listing were completed on July 29, 2024.

Details of joint responsibility in accordance with the spin-off are as follows.

	Categories of business	
	Company name	Business section
The Surviving company	Hyosung Corporation	Other business divisions excluding spun-off business division
The new company through the spin-off	HS Hyosung Corporation	managing and investing in the shares of the spun-off subsidiaries as well as operating the transportation brokerage business

The Company allocated new shares to shareholders who were registered in the shareholder register as of the record date for spin-off (June 28, 2024), based on the ratio shown in the table below for each share owned.

	Counterparties	
	Hyosung Corporation (the Surviving company)	HS Hyosung Corporation (the new company through the spin-off)
Common stock	0.8179485 share	0.1820515 share

36. Spin-off (cont'd)

B. Details of assets and liabilities transferred to the entity newly established through the spin-off

The value of assets and liabilities transferred to The new company through the spin-off is based on the list of assets and liabilities to be succeeded, as attached to spin-off plan approved at the company's shareholders' meeting on June 14, 2024. Any changes in the property of the relevant business division occurring prior to spin-off date have been adjusted accordingly.

Details of assets and liabilities transferred to the new company are as follows (KRW in millions):

	December 31, 2024
Assets:	
Current assets	82,743
Cash and cash equivalents	17,440
Trade and other receivables	46,650
Other current assets	18,653
Non-current assets	468,971
Property, plant and equipment	495
Intangible assets	1,121
Investment in Subsidiaries	193,044
Investments in associates and joint ventures	274,311
Total assets	551,714
Liabilities:	
Current liabilities	50,945
Investments in associates and joint ventures	30,880
Other current financial liabilities	391
Other current liabilities	19,674
Non-current liabilities	13,924
Long-term trade and other payables	52
Net defined benefit liabilities	364
Deferred income tax liabilities	13,484
Other non-current financial liabilities	24
Total	64,869

36. Spin-off (cont'd)

C. Measurement of accrued dividends

In accordance with KIFRS 2117 *Distribution of Non-Cash Assets to Owners*, the Company distributes non-cash assets to owners exercising their rights as shareholders free of charge, ensuring that all owners holding the same class of equity instruments are treated equally. If, before and after the distribution, the assets are not ultimately controlled by the same party or parties, the Company recognizes the accrued dividends at fair value at the point when the distribution is declared, and the obligation to distribute the relevant non-cash assets is incurred.

The hierarchy for measuring the fair value of accrued dividends is as follows (KRW in millions):

	Level 1	Level 3	Total
Accrued dividends	395,080	399,502	794,582

The company used the quoted price in an active market that is accessible at the measurement date to measure the accrued dividends for business divisions subject to spin-off where such a market exists. These measurements are classified as Level 1.

On the other hand, for business divisions subject to spin-off where no active market exists, the fair value was estimated based on the expert judgment of an independent external appraisal organization and the valuation model. These measurements are classified as Level 3. The key inputs used for measuring the fair value of the business divisions classified as Level 3 are as follows:

	Perpetual Growth rate (*1)	Discount rate
Business segments subject to spin-off	1.0%	10.3%~13.6%

(*1) To estimate the fair value, the future cash flows for the next five years were projected based on the historical performance data, plans, and market conditions. A perpetual growth rate of 1.0% was applied to estimate the fair value beyond the projection period.

The sensitive analysis on key assumptions is as follows (KRW in millions):

	Actuarial assumptions		
	A change of assumption	Increase	Decrease
Growth rate	0.5%	3,295	(3,011)
Discount rate	0.5%	(11,060)	12,191

D. Profit from the discontinued operation and gain from disposal of the discontinued operation

The Company completed spin-off on July 1, 2024, and classified the profit and loss from the business divisions subject to spin-off up to the spin-off date as discontinued operations.

Meanwhile, the difference between the non-cash assets to be distributed at the distribution date and the accrued dividends recognized at fair value was recognized as a gain on disposal of discontinued operations.

	December 31, 2024
Fair value of spun-off business division (A)	794,582
Book value of spun-off business division (B)	486,845
Gain on disposal of discontinued operations (A-B)	307,737

36. Spin-off (cont'd)

D. Profit from the discontinued operation and gain from disposal of the discontinued operation (cont'd)

The gain on disposal of discontinued operations does not involve any cash inflows, and the corresponding account resulting from the fair value assessment of non-cash assets is a reduction in capital (capital reduction). Therefore, the gain on disposal does not result in an increase in capital.

E. In accordance with the provisions of Articles 530-3, Paragraphs 1 and 2 of the Commercial Act, the spin-off is carried out by a special resolution of the shareholders' meeting. Furthermore, in accordance with the provisions of Article 530-9, Paragraph 1 of the Act, both the Company and The new company through the spin-off are jointly liable for the debts (including obligations) of the company prior to spin-off.

F. Discontinued operation

(1) Details of profits or losses from discontinued operations included in the statements of profit or loss for each of the two years in the period ended December 31, 2024, as well as the earnings per share for discontinued operations, are as follows(KRW in millions):

	2024	2023
Revenue	159,588	272,252
Cost of sales	145,027	246,966
Gross profit	14,561	25,286
Selling and administrative expenses	7,839	17,407
Operating profit	6,722	7,879
Other income	278	81
Other expenses	2	2
Financial income	3,983	7,842
Financial expenses	2,496	6,879
Profit before income tax	8,485	8,921
Income tax expenses	789	280
Profit from disposal of discontinued operation (*1)	307,737	-
Discontinued operating income	315,433	8,641
Earnings per share on discontinued operating income	17,202	434

(*1) The difference between the non-cash assets to be distributed at the distribution date and the accrued dividends recognized at fair value was recognized as a gain on disposal of discontinued operations.

(2) The cash flows from discontinued operations for each of the two years in the period ended December 31, 2024 are as follows (KRW in millions):

	2024	2023
Cash flows from operating activities	30,930	23,768
Cash flows from investing activities	(17,255)	(22,774)
Cash flows from financing activities	(334)	(699)

37. Events after the reporting period

A. On February 26, 2025, the Company extended the maturity of some project financing (“PF”) loans totaling KRW 168,000 million, which were approaching maturity, to February 26, 2027, and also extended the maturity of the existing Cash Deficiency Support to the same date as well.

B. The Company’s associate, Hyosung TNC Corporation, decided on December 12, 2024, through a resolution made at the Board of Directors’ meeting, to acquire all of the assets and operations of the special gas segment from another associate, Hyosung Chemical Corporation. The Company entered into a business transfer agreement with a purchase price of KRW 920,000 million, and the acquisition was approved through a special resolution made at an extraordinary shareholders’ meeting held on January 23, 2025.

38. Uncertainty of the impact of Ukraine Crisis

The armed conflict in Ukraine and related international sanctions against Russia, which began in February 2022, may affect companies subject to sanctions, as well as companies directly or indirectly engaged in business with Ukraine or Russia, directly or indirectly exposed to the industry or economy of Ukraine or Russia.

As of December 31, 2024, our subsidiary, Hyosung RUS, is in Russia, and we prepared financial statements by reasonably estimating the impact of the Ukraine crisis as of December 31, 2024. However, there is uncertainty in estimating the impact of the Ukraine crisis on the company.

Auditor's report on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Hyosung Corporation (the "Company") and auditing the separate financial statements of the Company for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of internal control over financial reporting

Independent auditor’s report on internal control over financial reporting (English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Hyosung Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting (“ICFR”) of Hyosung Corporation (the “Company”) based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the “ICFR Committee”) as of December 31, 2024.

In our opinion, the Company’s ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2024, in accordance with the Conceptual Framework for designing and operating ICFR.

We also have audited, in accordance with the Korean Standards on Auditing (“KSA”), the separate statement of financial position as of December 31, 2024, and the separate statement of profit, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statement, including material accounting policy information, and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

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

Responsibilities of management and those charged with governance for ICFR

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

Those charged with governance are responsible for overseeing the Company’s ICFR process.

Auditor’s responsibilities for the audit of ICFR

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

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

ICFR definition and inherent limitations

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hyung-beom Kim.



March 13, 2025

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Management's report on the effectiveness of internal control over financial reporting

(English translation of a report originally issued in Korean)

**To the Shareholders, Board of Directors and Audit Committee of
Hyosung Corporation**

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting Officer of Hyosung Corporation (the "Company"), assessed the effectiveness of the design and operation of internal control over financial reporting ("ICFR") for the year ended December 31, 2024.

The design and operation of ICFR is the responsibility of the Company's management, including the CEO and the ICFR officer.

We assessed whether the Company's ICFR has been effectively designed and operated in order to prevent and detect errors or frauds that may result in a misstatement of the separate financial statements to ensure preparation and disclosure of reliable financial statements.

We used, as the basis for the design and operation of the Company's ICFR, the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR. In assessing the design and operation of ICFR, we used, as the evaluation criteria, the Standard for Evaluation and Reporting of ICFR.

Based on our evaluation, we concluded that the Company's ICFR is effectively designed and operated as of December 31, 2024, in all material respects, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We confirm that this report does not contain or present any false statement or omit to state a fact necessary to be presented herein. We also confirm that this report does not contain or present any statement which might cause material misunderstanding to the readers, and we have reviewed and verified this report with due care.

February 5, 2025

Kyoo-Young Kim
Chief Executive Officer

Kwang Oh KIM
ICFR Officer

내부회계관리제도 운영실태보고서

주식회사 효성 주주, 이사회 및 감사위원회 귀중

대표이사 및 내부회계관리자는 2024년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 내부회계관리제도의 설계 및 운영실태를 평가하였습니다. 내부회계관리제도의 설계 및 운영에 대한 책임은 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.

대표이사 및 내부회계관리자는 회사의 내부회계관리제도가 신뢰할 수 있는 재무제표의 작성 및 공시를 위하여 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 효과적으로 설계 및 운영되고 있는지의 여부에 대하여 평가하였습니다.

대표이사 및 내부회계관리자는 내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도운영위원회에서 발표한 '내부회계관리제도 설계 및 운영 개념체계'를 준거기준으로 사용하였습니다. 또한 내부회계관리제도의 설계 및 운영실태를 평가함에 있어 내부회계관리제도운영위원회에서 발표한 '내부회계관리제도 평가 및 보고 모범기준'을 평가기준으로 사용하였습니다.

대표이사 및 내부회계관리자의 내부회계관리제도 운영실태 평가결과, 2024년 12월 31일 현재 당사의 내부회계관리제도는 '내부회계관리제도 설계 및 운영 개념체계'에 근거하여 볼 때, 중요성의 관점에서 효과적으로 설계되어 운영되고 있다고 판단됩니다.

대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빠뜨리고 있지 아니함을 확인하였습니다. 또한 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 직접 확인·검토하였습니다.

2025년 2월 5일

대 표 이 사 김규영(서명)

내부회계관리자 김광우(서명)