

Dear Shareholders

Notice to the 38th Annual General Meeting of Shareholders

Pursuant to Article 17 of the Articles of Incorporation, Hanon Systems is announcing the 38th Annual General Meeting of Shareholders will be held on March 28, 2024.

1. Date and Time: March 28, 2024 at 9:00 KST

2. Place: The main conference room, the executive office, headquarters of Hanon Systems,
Shinilseo-ro 95, Daedeok-gu, Daejeon, Korea

3. Purpose of the 38th Annual General Meeting of Shareholders
 - 1) Items to Report
 - Audit Report, Business Report
 - Report on the operating condition of the internal accounting control system
 - 2) Agenda to Vote
 - Item 1: Approve Financial Statements and Allocation of Retained Earnings
(From January 1st 2023 to December 31st 2023)
 - Item 2: Elect Three Non-Executive Directors and Three Outside Directors
 - Item 3: Elect Two Audit Committee Members
 - Item 4: Approve 2024 Total Remuneration Limit for Directors

- Appendix:
 1. Details of Director Appointment
 2. Details of Audit Committee Member Appointment
 3. Details of 2024 Total Remuneration Limit for Directors
 4. Financial Statements and Allocation of Retained Earnings

February 29, 2024

Hanon Systems

Representative Executive Officers (Co-CEOs)
Nurdal Kücükaya and Ramachandran (Subu) Nagasubramony



[Appendix 1. Details of Director Appointment)

Candidate	Details	
Yeo-eul Yoon	Position	Non-Executive Director
	Date of birth (year and month)	1956.05
	Gender	Male
	Type of appointment	Re-appointment
	Appointment term	1 year
	Relationship with largest shareholder	Executive officer of the managing member
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
	Experience	(2010~Current) Chairperson, Hahn & Company (2005~2010) President and CEO, Sony Group Korea
Min Kyu Bae	Position	Non-Executive Director
	Date of birth (year and month)	1983.02
	Gender	Male
	Type of appointment	Re-appointment
	Appointment term	1 year
	Relationship with largest shareholder	Executive officer of the managing member
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
	Experience	(2024~Current) Chief Investment Officer, Hahn & Company (2022~2023) Vice President, Hahn & Company (2018~2021) Executive Director, Hahn & Company (2010~2017) Investor, Hahn & Company (2007~2010) Investor, Morgan Stanley PE Asia



Candidate	Details	
Dong Chun Lee	Position	Non-Executive Director
	Date of birth (year and month)	1964.10
	Gender	Male
	Type of appointment	New appointment
	Appointment term	1 year
	Relationship with largest shareholder	Executive officer of the managing member
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
	Experience	(2022~Current) Vice President, Hahn & Company (2011~2021) Executive Director, Hahn & Company (1994~2011) Vice President of Device Division, Sony Group Korea
Chan Seok Park	Position	Outside Director
	Date of birth (year and month)	1962.01
	Gender	Male
	Type of appointment	New appointment
	Appointment term	2 years
	Relationship with largest shareholder	None
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
	Experience	(2024~Current) Certified Public Accountant, Ilshin CPA (2019~2023) Advisor, Samsung Life Insurance (1994~2019) The First Deputy Secretary-General, The Board of Audit and Inspection of Korea (BAI) (1988~1994) Certified Public Accountant, Samil PWC



[Appendix 1-1. Composition of the Board]

Current (2023)			
Position	Name	Recent Appointment	Term (year)
Non-Executive Director	Yeo-eul Yoon	2021.03	3
Non-Executive Director	Min Kyu Bae	2021.03	3
Non-Executive Director	Sang Won Hahn	2022.03	3
Non-Executive Director	Jung Ho Seo	2022.03	3
Outside Director	Sung Joon Paik*	2022.03	3
Outside Director	Bo Hee Huh	2023.03	2
Outside Director	Hyun Ki Ju*	2021.03	3
Outside Director	Koo Kim*	2023.03	1
Outside Director	Moo Sang Kim	2023.03	1



Proposed (2024)			
Position	Name	Type of Appointment	Term (year)
Non-Executive Director	Yeo-eul Yoon	Re-appointment	1
Non-Executive Director	Min Kyu Bae	Re-appointment	1
Non-Executive Director	Dong Chun Lee	New appointment	1
Non-Executive Director	Jung Ho Seo	-	-
Outside Director	Sung Joon Paik*	-	-
Outside Director	Bo Hee Huh	-	-
Outside Director	Chan Seok Park*	New appointment	2
Outside Director	Koo Kim*	Re-appointment	1
Outside Director	Moo Sang Kim	Re-appointment	1

※ Sang Won Hahn, Non-Executive Director will resign in March 2024.

※ Asterisks (*) indicate Audit Committee members.



[Appendix 2. Details of Audit Committee Member Appointment]

Candidate	Details	
Chan Seok Park	Position	Outside Director
	Date of birth (year and month)	1962.01
	Gender	Male
	Type of appointment	New appointment
	Appointment term	2 years
	Relationship with largest shareholder	None
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
Experience	(2024~Current) Certified Public Accountant, Ilshin CPA (2019~2023) Advisor, Samsung Life Insurance (1994~2019) The First Deputy Secretary-General, The Board of Audit and Inspection of Korea (BAI) (1988~1994) Certified Public Accountant, Samil PWC	
Koo Kim	Position	Outside Director
	Date of birth (year and month)	1963.02
	Gender	Male
	Type of appointment	Re-appointment
	Appointment term	1 year
	Relationship with largest shareholder	None
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
Experience	(2023~Current) Chairperson, ILEF SUPER PAC (2023~Current) Special Professor, Jeonbuk National University (2019~Current) Secretary-general, ILEF (2021~2023) Advisory Member, NYKBI (New York Korean Business Association)	

[Appendix 3. Details of 2024 Remuneration for Directors]

(FY 2024)

Number of Directors (Outside Directors)	Nine (Five)
Proposed Remuneration Limit for Directors	500 million Korean Won

(FY 2023)

Number of Directors (Outside Directors)	Nine (Five)
Actual Remuneration for Directors	420 million Korean Won
Approved Remuneration Limit for Directors	500 million Korean Won

※ The proposed amount represents the total remuneration limit for entire directors, with no remuneration provided for Non-Executive Directors. The actual amount is based on payments made from January 2023 to December 2023.



[Appendix 4. Financial Statements and Allocation of Retained Earnings]

※ The following financial statements have been finally updated reflecting the changes during the audit process.
(as of March 6, 2024)

※ The following financial statements are provisional data before the audit process, which are subject to change depending on the results of independent audit and/or the Annual General Shareholders' Meeting. Audit report written in Korean including the final financial statements, notes and independent auditors' opinions will be disclosed on March 6, 2024 on DART system ([Link](#)), and its English version will be uploaded on the company's website ([Link](#)) within April.

Consolidated Statements of Financial Position

December 31, 2023 and 2022

Hanon Systems and Subsidiaries

(in Korean Won)

	2023	2022
Assets		
I. Current assets	3,696,903,747,606	4,194,764,703,068
Cash and cash equivalents	778,560,330,727	1,429,141,081,044
Other financial assets	14,500,000,000	12,500,000,000
Financial asset at fair value through profit or loss	-	7,257,600,000
Derivative financial assets	11,135,723,873	6,664,641,326
Trade receivables	1,196,003,066,716	1,136,052,805,721
Other current receivables	97,030,028,931	131,247,630,795
Other current assets	459,295,071,089	470,732,615,624
Inventories	1,140,379,526,270	971,911,128,558
Assets held for sale	-	29,257,200,000
II. Non-current assets	5,547,500,686,524	4,904,018,624,476
Long-term financial assets	53,917,506	51,305,973
Financial asset at fair value through profit or loss	4,741,781,579	11,644,654,841
Derivative financial assets	3,107,744,500	13,487,962,100
Other non-current receivables	51,365,398,704	17,867,863,990

	2023	2022
Investments in associates	32,500,918,966	29,892,878,972
Investments in joint ventures	48,183,579,445	41,898,838,292
Property, plant and equipment	2,716,453,757,903	2,371,430,970,668
Intangible assets	2,126,002,130,072	1,923,097,405,824
Right-of-use assets	294,804,394,633	249,111,137,258
Deferred tax assets	142,636,308,922	161,592,120,113
Net defined benefit assets	10,681,326,916	-
Other non-current assets	116,969,427,378	83,943,486,445
Total assets	9,244,404,434,130	9,098,783,327,544
Liabilities		
I. Current liabilities	3,576,141,197,593	4,021,078,315,367
Trade payables	1,308,374,519,338	1,231,104,822,055
Other current payables	548,108,196,353	582,732,733,092
Short-term borrowings	967,479,709,065	1,515,069,975,633
Current portion of debentures	499,779,347,338	459,661,447,813
Derivative financial liabilities	8,652,848,065	19,382,101,284
Current tax liabilities	43,964,299,832	50,106,152,236
Other current liabilities	169,430,124,884	135,522,089,031
Other provisions	30,352,152,718	27,498,994,223
II. Non-current liabilities	3,159,776,655,929	2,707,838,895,605
Other non-current payables	10,585,871,312	10,365,855,905
Long-term borrowings	1,265,958,554,279	758,803,422,084
Debentures	1,413,188,555,360	1,546,584,313,028
Derivative financial liabilities	31,056,200,993	17,262,414,500
Net defined benefit liabilities	128,032,065,206	118,587,296,099
Other non-current provisions	14,254,078,115	13,065,051,257
Deferred tax liabilities	269,118,561,990	219,279,915,511
Other non-current liabilities	27,582,768,674	23,890,627,221
Total liabilities	6,735,917,853,522	6,728,917,210,972
Equity		

	2023	2022
Equity attributable to owners of the Parent Company	2,371,695,429,062	2,236,006,660,154
I. Share capital	53,380,000,000	53,380,000,000
II. Share premium	48,060,000,000	48,060,000,000
III. Other components of equity	(57,288,361,413)	(58,953,227,216)
IV. Accumulated other comprehensive Income (loss)	224,440,294,481	(49,970,752,295)
V. Retained earnings	2,103,103,495,994	2,243,490,639,665
Non-controlling interests	136,791,151,546	133,859,456,418
Total equity	2,508,486,580,608	2,369,866,116,572
Total liabilities and equity	9,244,404,434,130	9,098,783,327,544

Consolidated Statements of Profit or Loss

December 31, 2023 and 2022

Hanon Systems and Subsidiaries

(in Korean Won)

	2023	2022
I. Sales	9,559,328,248,400	8,627,727,574,148
II. Cost of sales	8,651,145,839,381	7,780,649,036,416
III. Gross profit	908,182,409,019	847,078,537,732
IV. Selling, general and administrative expenses	630,903,807,410	590,488,514,279
V. Operating profit	277,278,601,609	256,590,023,453
VI. Finance income or costs	(85,951,271,993)	(103,525,785,085)
1. Finance income	132,497,395,085	97,839,077,063
2. Finance costs	218,448,667,078	201,364,862,148
VII. Other non-operating income or expenses	(59,201,049,443)	(64,792,383,386)

	2023	2022
1. Other non-operating income	264,604,929,569	308,211,852,590
2. Other non-operating expenses	323,805,979,012	373,004,235,976
VIII. Share of profit of associates and joint ventures	12,473,960,455	8,896,230,872
IX. Profit before income taxes	144,600,240,628	97,168,085,854
X. Income tax expense	85,713,465,165	70,425,435,414
XI. Profit for the year	58,886,775,463	26,742,650,440
XII. Attributable to :		
Equity holders of the Company	50,985,227,771	20,438,044,052
Non-controlling interests	7,901,547,692	6,304,606,388
XIII. Earnings per share attributable to the equity holders of the company for the year		
Basic earnings per share of ordinary share	96	38
Diluted earnings per share of ordinary share	96	38



Consolidated Statements of Comprehensive Income

December 31, 2023 and 2022

Hanon Systems and Subsidiaries

(in Korean Won)

	2023	2022
I . Profit for the year	58,886,775,463	26,742,650,440
II. Other comprehensive income (loss) for the year, after tax	263,089,013,009	59,432,708,458
1. Items that will not be subsequently reclassified to profit or loss:		
Re-measurement of the net defined benefit liabilities	(10,992,442,102)	46,822,206,528
Gain on valuation of land	193,753,869,972	-
2. Items that may be subsequently reclassified to profit or loss:		
Gain (loss) on cash flow hedge derivative instruments	3,156,437,280	864,768,879
Foreign currency translation adjustments	79,330,454,267	17,359,358,374
Share of other comprehensive income of associates and joint ventures	(2,159,306,408)	(5,613,625,323)
III. Total comprehensive income for the year	321,975,788,472	86,175,358,898
IV. Attributable to :		
Equity holders of the Company	314,403,832,445	83,662,607,286
Non-controlling interests	7,571,956,027	2,512,751,612



Consolidated Statements of Changes in Equity

December 31, 2023 and 2022

Hanon Systems and Subsidiaries

(in Korean Won)

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings		
Balances at January 1, 2022	53,380,000,000	48,060,000,000	(60,182,738,147)	(66,373,109,001)	2,368,351,023,885	133,422,831,859	2,476,658,008,596
Comprehensive income							
Profit for the year	-	-	-	-	20,438,044,052	6,304,606,388	26,742,650,440
Re-measurement of net defined benefit liabilities	-	-	-	-	46,822,206,528	-	46,822,206,528
Profit (loss) on cash flow hedge derivative instruments	-	-	-	864,768,879	-	-	864,768,879
Translation of foreign currency financial statements	-	-	-	21,151,213,150	-	(3,791,854,776)	17,359,358,374
Share of other comprehensive income (loss) of associates and joint ventures	-	-	-	(5,613,625,323)	-	-	(5,613,625,323)
Transactions with equity holders of the Company							
Share-based payment	-	-	1,229,510,931	-	-	-	1,229,510,931
Cash dividends	-	-	-	-	(192,120,634,800)	(2,076,127,053)	(194,196,761,853)
Balances at December 31, 2022	53,380,000,000	48,060,000,000	(58,953,227,216)	(49,970,752,295)	2,243,490,639,665	133,859,456,418	2,369,866,116,572
Balances at January 1, 2023	53,380,000,000	48,060,000,000	(58,953,227,216)	(49,970,752,295)	2,243,490,639,665	133,859,456,418	2,369,866,116,572
Comprehensive income							
Profit for the year	-	-	-	-	50,985,227,771	7,901,547,692	58,886,775,463
Re-measurement of net	-	-	-	-	(10,992,442,102)	-	(10,992,442,102)

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings		
defined benefit liabilities							
Profit (loss) on cash flow hedge derivative instruments	-	-	-	3,156,437,280	-	-	3,156,437,280
Translation of foreign currency financial statements	-	-	-	193,753,869,972	-	-	193,753,869,972
Gain on valuation of land	-	-	-	79,660,045,932	-	(329,591,665)	79,330,454,267
Share of other comprehensive income (loss) of associates and joint ventures	-	-	-	(2,159,306,408)	-	-	(2,159,306,408)
Transactions with equity holders of the Company							
Share-based payment	-	-	1,664,865,803	-	-	-	1,664,865,803
Cash dividends	-	-	-	-	(180,379,929,340)	(4,640,260,899)	(185,020,190,239)
Balances at December 31, 2023	53,380,000,000	48,060,000,000	(57,288,361,413)	224,440,294,481	2,103,103,495,994	136,791,151,546	2,508,486,580,608



Consolidated Statements of Cash Flows

December 31, 2023 and 2022

Hanon Systems and Subsidiaries

(in Korean Won)

	2023	2022
I. Cash flows from operating activities	517,356,071,307	378,310,083,775
1. Cash generated from operations	760,429,546,280	525,981,837,263
(1) Profit for the year	58,886,775,463	26,742,650,440
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	895,091,891,107	872,330,602,596
(3) Changes in operating assets and liabilities	(193,549,120,290)	(373,091,415,773)
2. Interest received	29,551,855,330	12,886,005,082
3. Interest paid	(188,818,974,328)	(98,459,666,819)
4. Dividend received	7,486,130,899	2,824,710,070
5. Income tax paid	(91,292,486,874)	(64,922,801,821)
II. Cash flows from investing activities	(677,283,077,786)	(643,322,230,574)
1. Cash inflows from investing activities	124,105,916,402	11,012,453,983
Collection of short-term loans	20,977,426,938	787,506,787
Collection of long-term loans	750,000,000	46,166,540
Disposal of other financial assets	-	24,636,447
Disposal of financial asset at fair value through profit or loss	5,295,219,894	-
Disposal of property, plant and equipment	64,830,641,000	10,154,144,209
Disposal of intangible assets	1,400,000,000	-
Disposal of assets held for sale	30,852,628,570	-
2. Cash outflows from investing activities	(801,388,994,188)	(654,334,684,557)
Increase in short-term loans receivable	(1,788,981,389)	(2,656,542,615)
Increase in long-term loans receivable	(80,000,000)	(100,000,000)
Acquisition of Financial asset at fair value through profit or loss	-	(9,866,098,800)

	2023	2022
Cash outflow from derivative instrument transactions	-	(53,700,000)
Acquisition of property, plant and equipment	(481,176,426,933)	(385,075,162,996)
Acquisition of intangible assets	(318,343,585,866)	(256,583,180,146)
III. Cash flows from financing activities	(480,265,406,772)	261,994,248,664
1. Cash inflows from financing activities	2,344,557,158,872	1,937,170,356,937
Proceeds from short-term borrowings	1,692,126,301,627	1,428,078,235,862
Proceeds from long-term borrowings	287,551,642,740	210,246,961,075
Proceeds from issuance of debentures	364,879,214,505	298,845,160,000
2. Cash outflows from financing activities	(2,824,822,565,644)	(1,675,176,108,273)
Repayment of short-term borrowings	(2,082,252,208,163)	(1,106,494,934,118)
Repayment of long-term borrowings	(25,487,874,030)	(17,686,516,632)
Repayment of lease liabilities	(72,062,293,212)	(66,797,895,670)
Repayment of debentures	(460,000,000,000)	(290,000,000,000)
Dividends paid	(180,379,929,340)	(192,120,634,800)
Dividends paid to non-controlling interests	(4,640,260,899)	(2,076,127,053)
IV. Net increase in cash and cash equivalents	(640,192,413,251)	(3,017,898,135)
V. Beginning of the year	1,429,141,081,044	1,403,762,531,188
VI. Effect of exchange rate on cash and cash equivalents	(10,388,337,066)	28,396,447,991
VII. End of the year	778,560,330,727	1,429,141,081,044



Statements of Financial Position

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	2023	2022
Assets		
I. Current assets	1,721,876,251,022	1,645,555,165,730
Cash and cash equivalents	118,892,629,189	550,211,986,729
Other financial assets	12,500,000,000	12,500,000,000
Derivative financial assets	11,135,723,900	4,260,896,500
Trade receivables	1,115,517,506,282	718,573,090,504
Other current receivables	204,724,991,001	121,666,951,616
Other current assets	65,284,496,089	50,603,957,692
Inventories	167,945,157,393	153,326,614,197
Current assets held for sale	25,875,747,168	34,411,668,492
II. Non-current assets	5,161,146,827,955	4,883,994,921,856
Long-term financial assets	2,000,000	2,000,000
Financial asset at fair value through profit or loss	4,741,781,579	11,430,334,841
Derivative financial assets	3,107,744,500	13,487,962,100
Other non-current receivables	7,435,147,225	5,592,657,688
Investments in consolidated affiliates	4,070,538,001,429	3,930,674,293,329
Investments in associates	32,500,919,175	29,892,879,181
Investments in joint ventures	48,183,579,270	41,898,838,111
Property, plant and equipment	539,378,603,494	379,580,615,126
Intangible assets	372,943,325,254	366,356,188,598
Right-of-use assets	17,750,891,254	26,259,716,174
Deferred tax assets	46,565,515,995	72,161,922,818
Net defined benefit assets	10,478,633,836	-
Other non-current assets	7,520,684,944	6,657,513,890

	2023	2022
Total assets	6,883,023,078,977	6,529,550,087,586
Liabilities		
I. Current liabilities	1,871,198,953,922	1,998,490,647,286
Trade payables	706,443,851,911	511,583,421,557
Other current payables	311,079,048,192	538,406,034,987
Short-term borrowings	317,310,901,594	448,043,737,994
Current portion of debentures	499,779,347,338	459,661,447,813
Derivative financial liabilities	8,652,848,253	18,746,350,000
Current tax liabilities	300,000,000	200,000,000
Other current liabilities	18,081,195,581	12,035,021,026
Other provisions	9,551,761,053	9,814,633,909
II. Non-current liabilities	2,496,519,382,393	2,154,205,599,042
Long-term borrowings	1,049,070,907,380	582,625,578,581
Debentures	1,413,188,555,360	1,546,584,313,028
Derivative financial liabilities	5,289,200,993	3,064,914,500
Net defined benefit liabilities	-	353,655,051
Other non-current provisions	8,150,682,693	5,391,601,777
Other non-current liabilities	20,820,035,967	16,185,536,105
Total liabilities	4,367,718,336,315	4,152,696,246,328
Equity		
I. Share capital	53,380,000,000	53,380,000,000
II. Share premium	48,060,000,000	48,060,000,000
III. Other components of equity	181,034,382,691	179,369,517,142
IV. Accumulated other comprehensive loss	179,459,065,496	(101,356,836,086)
V. Retained earnings	2,053,371,294,475	2,197,401,160,202
Total equity	2,515,304,742,662	865,401,270,804
Total liabilities and equity	6,883,023,078,977	5,018,097,517,132



Statements of Profit or Loss

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	2023	2022
I. Sales	3,531,567,612,865	3,202,875,799,921
II. Cost of sales	3,138,229,826,364	2,839,030,959,749
III. Gross profit	393,337,786,501	363,844,840,172
IV. Selling, general and administrative expenses	321,938,642,891	372,555,528,232
V. Operating profit	71,399,143,610	(8,710,688,060)
VI. Finance income or costs	(102,911,226,022)	(83,664,028,510)
1. Finance income	12,875,153,794	9,834,033,025
2. Finance costs	115,786,379,816	93,498,061,535
VII. Other non-operating income or expenses	(20,986,225,787)	(41,747,611,365)
1. Other non-operating income	56,334,198,501	59,706,127,924
2. Other non-operating expenses	77,320,424,288	101,453,739,289
VIII. Share of profit of associates and joint ventures	87,145,628,064	152,067,803,397
IX. Profit before income taxes	34,647,319,865	17,945,475,462
X. Income tax expense	(7,680,716,199)	78,448,896
XI. Profit for the year	42,328,036,064	17,867,026,566
XII. Earnings per share		
Basic earnings per share of ordinary share	79	33
Diluted earnings per share of ordinary share	79	33



Statements of Comprehensive Income

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	2023	2022
I . Profit for the year	42,328,036,064	17,867,026,566
II. Other comprehensive income (loss) for the year, after tax	274,837,929,131	86,025,658,497
1. Items that will not be subsequently reclassified to profit or loss:		
Re-measurement of the net defined benefit liabilities	(5,976,403,245)	2,346,989,400
Gain on valuation of land	161,099,550,530	-
Share of associates' other changes in net assets	31,759,853,147	-
2. Items that may be subsequently reclassified to profit or loss:		
Gain (loss) on cash flow hedge derivative instruments	5,013,609,739	1,259,415,544
Share of associates' other changes in net assets	82,941,318,960	82,419,253,553
III. Total comprehensive income for the year	317,165,965,195	103,892,685,063



Statements of Changes in Equity

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
Balances at January 1, 2022	53,380,000,000	48,060,000,000	178,140,011,998	(1,420,562,494)	866,534,194,414	1,144,693,643,918
Effect of accounting policy changes	-	-	-	(183,614,942,689)	1,502,773,584,622	1,319,158,641,933
Revised amount after changes	53,380,000,000	48,060,000,000	178,140,011,998	(185,035,505,183)	2,369,307,779,036	2,463,852,285,851
Comprehensive income						
Profit for the year	-	-	-	-	17,867,026,566	17,867,026,566
Re-measurement of net defined benefit liabilities	-	-	-	-	2,346,989,400	2,346,989,400
Profit (loss) on cash flow hedge derivative instruments	-	-	-	1,259,415,544	-	1,259,415,544
Share of associates' other changes in net assets	-	-	-	82,419,253,553	-	82,419,253,553
Transactions with equity holders of the Company						
Share-based payment	-	-	1,229,505,144	-	-	1,229,505,144
Cash dividends	-	-	-	-	(192,120,634,800)	(192,120,634,800)
Balances at December 31, 2022	53,380,000,000	48,060,000,000	179,369,517,142	(101,356,836,086)	2,197,401,160,202	2,376,853,841,258
Balances at January 1, 2023	53,380,000,000	48,060,000,000	179,369,517,142	(101,356,836,086)	2,197,401,160,202	2,376,853,841,258
Comprehensive income						
Profit for the year	-	-	-	-	42,328,036,064	42,328,036,064
Re-measurement of net defined benefit liabilities	-	-	-	-	(5,976,403,245)	(5,976,403,245)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	5,013,609,739	-	5,013,609,739
Gain on valuation of land	-	-	-	161,099,550,530	-	161,099,550,530
Share of associates' other changes in net assets	-	-	-	114,702,741,313	(1,569,206)	114,701,172,107
Transactions with equity holders						

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
of the Company						
Share-based payment	-	-	1,664,865,549	-	-	1,664,865,549
Cash dividends	-	-	-	-	(180,379,929,340)	(180,379,929,340)
Balances at December 31, 2023	53,380,000,000	48,060,000,000	181,034,382,691	179,459,065,496	2,053,371,294,475	2,515,304,742,662



Statements of Cash Flows

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	2023	2022
I . Cash flows from operating activities	(333,946,697,510)	(97,621,542,367)
1. Cash generated from operations	(248,780,225,447)	(27,884,307,758)
(1) Profit for the year	42,328,036,064	17,867,026,566
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	218,981,510,407	172,025,344,967
(3) Changes in operating assets and liabilities	(510,089,771,918)	(217,776,679,291)
2. Interest received	7,702,437,651	4,864,334,257
3. Interest paid	(113,753,766,209)	(68,093,721,955)
4. Dividend received	33,529,747,389	5,894,368,717
5. Income tax paid	(12,644,890,894)	(12,402,215,628)
II . Cash flows from investing activities	(149,398,757,248)	(161,144,704,687)
1. Cash inflows from investing activities	75,614,280,442	42,149,370,444
Disposal of property, plant and equipment	19,946,344,058	28,681,629,144
Disposal of intangible assets	1,400,000,000	-
Collection of short-term loans	-	13,440,741,300
Decrease in long-term deposits	36,000,000	27,000,000
Disposal of assets held for sale	49,582,992,070	-
Disposal of financial asset at fair value through profit or loss	4,648,944,314	-
2. Cash outflows from investing activities	(225,013,037,690)	(203,294,075,131)
Acquisition of property, plant and equipment	(86,972,953,768)	(81,742,103,167)
Acquisition of intangible assets	(75,156,452,554)	(69,365,995,654)
Increase in short-term deposits	(62,251,631,368)	(1,194,934,900)
Acquisition of Financial asset at fair value through profit or loss	-	(2,394,178,800)

	2023	2022
Increase in long-term deposits	(632,000,000)	(1,174,000,000)
Acquisition of investments in subsidiary	-	(47,369,162,610)
Cash outflow from derivative Instrument transactions	-	(53,700,000)
III. Cash flows from financing activities	51,740,766,346	158,185,603,497
1. Cash inflows from financing activities	1,192,430,857,245	658,845,160,000
Proceeds from short-term borrowings	540,000,000,000	160,000,000,000
Proceeds from long-term borrowings	287,551,642,740	200,000,000,000
Proceeds from issuance of debentures	364,879,214,505	298,845,160,000
2. Cash outflows from financing activities	(1,140,690,090,899)	(500,659,556,503)
Repayment of short-term borrowings	(464,166,660,000)	-
Repayment of long-term borrowings	(20,833,360,000)	(4,166,680,000)
Repayment of debentures	(460,000,000,000)	(290,000,000,000)
Dividends paid	(180,379,929,340)	(192,120,634,800)
Repayment of lease liabilities	(15,310,141,559)	(14,372,241,703)
IV. Net increase in cash and cash equivalents	(431,604,688,412)	(100,580,643,557)
V. Beginning of the year	550,211,986,729	646,443,491,741
VI. Effect of exchange rate on cash and cash equivalents	285,330,872	4,349,138,545
VII. End of the year	118,892,629,189	550,211,986,729



Statements of Allocation of Retained Earnings

December 31, 2023 and 2022

Hanon Systems

(in Korean Won)

	2023	2022
I. Unappropriated retained earnings (Deficit)	1,648,998,323,209	1,568,093,039,780
1. Unappropriated retained earnings from previous year	-	-
2. Effect of accounting policy changes	1,612,648,259,596	1,547,879,023,814
3. Profit for the year	42,328,036,064	17,867,026,566
4. Re-measurement of net defined benefit	(5,976,403,245)	2,346,989,400
5. Retained earnings in equity method	(1,569,206)	-
6. Transfer of reserve for business expansion	132,349,770,640	144,090,476,000
7. Interim dividends	(132,349,770,640)	(144,090,476,000)
II. Appropriations of retained earnings	1,648,998,323,209	1,568,093,039,780
1. Reserve for business expansion	1,612,708,869,969	1,520,062,880,780
2. Dividends		
Dividends per share (rate) :		
2023 : 68 Korean Won (68.0%)	36,289,453,240	48,030,158,700
2022 : 90 Korean Won (90.0%)		
III. Unappropriated retained earnings carried over to the next year	-	-

※ Current dividends per share and dividend rates exclude interim dividends. The total dividends per-share for the 38th fiscal year is 316 Korean Won per share, with a dividend rate of 316.0%.

※ Dividend per share and dividend rates are based on 533,668,430 shares (excluding treasury shares of 131,570 shares from the total issued shares of 533,800,000 shares) and the par value (100 Korean Won per share).

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