

Dear Shareholders

## **Notice to the 39<sup>th</sup> Annual General Meeting of Shareholders**

Pursuant to Article 17 of the Articles of Incorporation, Hanon Systems is announcing the 39<sup>th</sup> Annual General Meeting of Shareholders will be held on March 31, 2025.

1. Date and Time: March 31, 2025 at 10:00 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 39<sup>th</sup> 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 (From January 1<sup>st</sup> 2024 to December 31<sup>st</sup> 2024)
- Item 2: Amendments to the Articles of Incorporation
  - Item 2-1: Implementation of the Electronic Securities System
  - Item 2-2: Revision of Articles related to Dividend
  - Item 2-3: Improvement of Governance
  - Item 2-4: Revision of Articles related to Audit Committee
  - Item 2-5: Addendum



- Item 3: Appointment of Outside Directors
  - Item 3-1: Appointment of Outside Director (Sok Chul Hong)
  - Item 3-2: Appointment of Outside Director (Hye Kyung Kim)
- Item 4: Appointment of Outside Director to Become an Audit Committee Member (Bo Hee Hur)
- Item 5: Appointment of Audit Committee Member
  - Item 5-1: Appointment of Audit Committee Member (Sok Chul Hong)
  - Item 5-2: Appointment of Audit Committee Member (Hye Kyung Kim)
- Item 6: Approval of 2025 Total Remuneration Limit for Directors

□ Appendix: 1. Amendments to the Articles of Incorporation

2. Director Appointments (Including Composition of the Board)
3. Director Appointment to Become an Audit Committee Member
4. Audit Committee Member Appointment
5. 2025 Total Remuneration Limit for Directors
6. Financial Statements and Allocation of Retained Earnings

February 28, 2025

Hanon Systems

Chief Executive Officer  
Soo Il Lee



## [Appendix 1. Amendments to the Articles of Incorporation]

### (1) Implementation of the Electronic Securities System

Current Articles of Incorporation	Proposed Amendment	Purpose
<b>Article 10. (Transfer Agent)</b>  1~3. (Omission)  4. The transfer agent's activities as described in Paragraph (3) shall be performed in accordance with the Regulations for the Transfer Agency of Marketable Securities.	<b>Article 10. (Transfer Agent)</b>  1~3. (Remain unchanged)  <b><u>4. The transfer agent's activities as described in Paragraph (3) shall be performed in accordance with the relevant business regulations of the Transfer Agent.</u></b>	Reflection of the Enforcement Decree of the Act on Electronic Registration of Shares-Bonds in 2019.
<b>Article 11. (Report of Addresses and Seals)</b>  1. Shareholders and registered pledgees and their representatives shall report their names, addresses, and seals or signatures to the transfer agent referred to in Article 10.  2. Shareholders and registered pledgees who reside in foreign countries shall appoint and report the place where, an agent to whom, notices will be given in Korea. The same shall apply in case of any changes in matters referred to in Paragraphs 1 and 2 above.  3. The representative for a shareholder or a registered pledgee shall submit to the transfer agent a certificate of his power of attorney. Any change therein must be reported to the transfer agent by submission of an appropriate certificate or evidence.	<b>Article 11. (Preparation and Maintenance of the Shareholder Register)</b>  <b><u>1. If the Company receives a notice of the details of shareholders from an electronic registration authority, the Company shall prepare and keep a register of shareholders specifying the notified matters and the date of such notification.</u></b>  <b><u>2. If there is any change in the status of the shareholders (including specially related persons) who own 5 percent or more of the Company's equity interest or, in other necessary cases, the Company may request an electronic registration authority to prepare a register of shareholders.</u></b>  <b><u>3. The Company shall prepare the register of shareholders in the form of an electronic document.</u></b>	Reflection of the Enforcement Decree of the Act on Electronic Registration of Shares-Bonds in 2019.

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 12. Closing of Register of Shareholders and Record Date</b></p> <p>1. The Company shall suspend the making of entries in the Register of Shareholders, registration or cancellation of pledges and indication of trust assets and cancellation thereof during the period from the January 1 to the January 31 of each year.</p> <p>2. The Company shall allow the shareholders who are entered in the Register of Shareholders as of the December 31 of each year to exercise their rights at the Ordinary General Meeting of Shareholders in respect of that financial year.</p> <p>3. When calling an Extraordinary General Meeting of Shareholder or when necessary, by resolution of the Board of Directors, the Company may suspend making entries to the Shareholders Register for a specified period of time not exceeding three (3) months or by resolution of the Board of Directors, set a record date on which the shareholders of record are deemed to have the rights as shareholders for their shares. If the Board of Directors deems it necessary, the Company may close the Register of Shareholders and set the record date at the same time. The Company shall make two weeks advance notice of such facts.</p>	<p><b>Article 12. (Record Date)</b></p> <p><b><u>1. (Deleted)</u></b></p> <p>2. (Remain unchanged)</p> <p><b><u>3. The Company may designate shareholders to exercise their voting rights who are listed in the register of shareholders on a date determined by the Board of Directors' resolution for convening an extraordinary general meeting or when necessary. Additionally, the company must announce this fact two weeks prior to the determined date as per the resolution of Board of Directors.</u></b></p>	<p>Reflection of the Enforcement Decree of the Act on Electronic Registration of Shares-Bonds in 2019.</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 15-2 (Electronic Registration of Bonds and Bonds with Warrants)</b></p> <p>Instead of issuing the bond certificates and preemptive right certificates, the Company shall electronically register the rights to be indicated on bond certificates and preemptive right certificates with the electronic registration ledger of an electronic registration authority.</p>	<p><b>Article 15-2 (Electronic Registration of Bonds and Bonds with Warrants)</b></p> <p>Instead of issuing the bond certificates and preemptive right certificates, the Company shall electronically register the rights to be indicated on bond certificates and preemptive right certificates with the electronic registration ledger of an electronic registration authority: <u><b>Provided, that in case of bonds, the Company may not electronically register the rights, except for the listed bonds for which electronic registration is mandated by applicable statutes.</b></u></p>	<p>Added a conditional clause in reflection of the Act on Electronic Registration of Shares-Bonds in 2019.</p>

## (2) Revision of Articles related to Dividend

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 13-2 (Record Date of Dividend Pay-out of Newly Issued Shares)</b></p> <p>If the Company issues new shares by increase of capital stock with or without consideration, or by stock dividend, the new shares shall be considered issued on the last day of the immediately preceding year for computation of the dividend of profit accruing to the ownership of the new shares.</p>	<p><b>Article 13-2 (Equal Distribution of Dividends)</b></p> <p>This Company shall distribute dividends equally to all shares of the same class issued (including those converted) as of the dividend record date, regardless of the issue date.</p>	<p>Reflection of Amendment of the Commercial Law in 2020.</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 14. (Issuance of Convertible Bonds)</b></p> <p>1~4. (Omission)</p> <p>5. For the purposes of any distribution of dividends or interest on the shares issued upon conversion, the convertible bonds shall be deemed to have been converted into shares at the end of the fiscal year immediately preceding the fiscal year during which the relevant conversion rights are exercised; provided that, with respect to the interim dividend on new shares issued upon conversion after the record date for interim dividend under Article 45, the new shares shall be deemed to be issued immediately after the record date for interim dividend.</p>	<p><b>Article 14. (Issuance of Convertible Bonds)</b></p> <p>1~4. (Remain unchanged)</p> <p><b><u>5. (Deleted)</u></b></p>	<p>Reflection of Article13-2 (Equal Distribution of Dividends)</p>
<p><b>Article 15. (Issuance of Bonds with Warrants)</b></p> <p>1~4. (Omission)</p> <p>5. For the purposes of any distribution of dividends or interest on the shares issued upon any exercise of warrants, such shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year during which the relevant subscription money is fully paid; provided that, with respect to the interim dividend on new shares issued upon exercise of the pre-emptive right after the record date for interim dividend under Article 45, the new shares shall be deemed to be issued immediately after the record date for interim dividend.</p>	<p><b>Article 15. (Issuance of Bonds with Warrants)</b></p> <p>1~4. (Remain unchanged)</p> <p><b><u>5. (Deleted)</u></b></p>	<p>Reflection of Article13-2 (Equal Distribution of Dividends)</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 45. (Dividends)</b></p> <p>1. (Omission)</p> <p>2. The dividend under Paragraph 1 above shall be paid to the shareholders or pledgees registered in the register of shareholders of the Company as of the end of each fiscal year.</p> <p>3. (Added)</p>	<p><b>Article 45. (Dividends)</b></p> <p>1. (Remain unchanged)</p> <p><b><u>2. The Company may pay dividends under Article 165-12 of the Financial Investment Services and Capital Market Act to its shareholders by resolution of the Board of Directors within 45 days of the end of 3rd, 6th and 9th months, respectively, of each fiscal year, which shall be paid in cash.</u></b></p> <p><b><u>3. The Company may set the record date for determining the shareholders to receive dividends of Paragraph 1 and 2 above by resolution of the Board of Directors, and the record date shall be publicly noticed at least before 2 weeks of that date.</u></b></p>	<p>Improvement of dividend procedure by incorporating the Capital Market Act in 2025 and merge of the Article (45-2).</p>
<p><b>Article 45-2. (Quarterly Dividends)</b></p> <p>1. The Company may pay quarterly dividends to the shareholders as of the last date of March, June and September from the commencement date of business year. Quarterly dividend shall be paid in cash.</p> <p>2. The quarterly dividend under Paragraph 1 shall be based upon a resolution of the Board of Directors and the resolution shall be made within 45 days after the record date under Paragraph 1.</p> <p>3. Quarterly dividend shall be made within the limit of the amount calculated by deducting the following amounts from the amount of net assets on the balance sheet in the immediately preceding fiscal year:</p>	<p><b><u>Article 45-2. (Deleted)</u></b></p>	<p>Merged with Article 45. (Dividends)</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>(a) The amount of capital in the immediately preceding fiscal year;</p> <p>(b) The total amount of the capital surplus reserve and earned surplus reserve accumulated until the immediately preceding fiscal year;</p> <p>(c) Unrealized profits as prescribed in the Act on Implementation of Commercial Act and its subordinate regulations;</p> <p>(d) The amount which is resolved to be distributed as a profit at the ordinary general meeting in the immediately preceding fiscal year;</p> <p>(e) The amount of arbitrary reserve accumulated for a special purpose in accordance with provisions of these Articles of Incorporation or a resolution by the general meeting of shareholders until the immediately preceding fiscal year;</p> <p>(f) The earned surplus reserve, which is to be accumulated in the relevant fiscal year for the quarterly dividend; and</p> <p>(g) The aggregate amounts of quarterly dividends if any quarterly dividends have been paid during the relevant fiscal year.</p> <p>4. In case where new shares are issued (including issuance resulting from capitalization of reserve, stock dividend, request for conversion of convertible bonds, and exercise of pre-emptive right of bonds with warrants) prior to the record date under Paragraph 1 above but after the</p>		



Current Articles of Incorporation	Proposed Amendment	Purpose
commencement date of the business year, the relevant new shares shall be deemed issued at the end of the immediately preceding business year in relation to the quarterly dividend.		
<b>(Added) Article 45-3</b>	<p><b><u>Article 45-3 (Statute of Limitations for the Right to Dividends)</u></b></p> <p><b><u>1. If a claim for dividends has not been exercised for 5 years, the statute of limitation applicable thereto shall expire.</u></b></p> <p><b><u>2. The dividends with respect to which the statute of limitation has expired shall become vested in the Company.</u></b></p>	Reflection of the Commercial Act 464-2 (2).



### (3) Improvement of Governance

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 32. (Duties and Responsibilities of Directors)</b></p> <p>1~4. (Omission)</p> <p>5. The Company may exempt its Director from the liability under Article 399 of the Commercial Code to the extent exceeding the amount equal to six (6) times (in case of an Independent Director, three (3) times) of the remuneration (including bonus payment and the profit arising out of the exercise of the Director's stock options) of the Director for the one (1) full year prior to the date when any events to cause the Director's liability have occurred; provided, however, that the foregoing exemption shall not apply in the event that the Director causes losses arising out of the Director's willful conduct or gross negligence or where Articles 397, 397-2, or 398 of the Commercial Code apply.</p>	<p><b>Article 32. (Duties and Responsibilities of Directors)</b></p> <p>1~4. (Remain unchanged)</p> <p>5. The Company may, <u>by a resolution of the general meeting of shareholders</u>, exempt its Director from the liability under Article 399 of the Commercial Code to the extent exceeding the amount equal to six (6) times (in case of an Independent Director, three (3) times) of the remuneration (including bonus payment and the profit arising out of the exercise of the Director's stock options) of the Director for the one (1) full year prior to the date when any events to cause the Director's liability have occurred; provided, however, that the foregoing exemption shall not apply in the event that the Director causes losses arising out of the Director's willful conduct or gross negligence or where Articles 397, 397-2, or 398 of the Commercial Code apply.</p>	<p>Reflection of the Commercial Act 400-2.</p>
<p><b>Article 42. Books of Account and Records</b></p> <p>1~4. (Omission)</p> <p>5. Notwithstanding the provisions of Paragraph 2 above, the Company may approve the documents set forth in Paragraph 2 above by a resolution of the Board of Directors if all of the following requirements are satisfied:</p> <p>(a) that it is deemed by an independent auditor that each document set forth in Paragraph 2 above adequately describes the financial condition and business performance</p>	<p><b>Article 42. Books of Account and Records</b></p> <p>1~4. (Remain unchanged)</p> <p><u><b>5. (Deleted)</b></u></p>	<p>Reflection of the Commercial Act 449 by limiting the authority of approval of financial statements to the shareholders' meetings only.</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>of the Company in accordance with laws and regulations and these Articles of Incorporation; and</p> <p>(b) that there are consents of all members of the auditors' committee</p> <p>6. If there is an approval by the Board of Directors under Paragraph 5 above, the representative executive officer shall report the contents of each document set forth in Paragraph 2 above to the general meeting of shareholders.</p> <p>7. (Omission)</p> <p>8. The chief executive officer shall give public notice of the balance sheet and the independent auditors' opinion immediately after the documents referred to in each subparagraph of Paragraph 2 above have been approved at the general meeting of shareholders or by the Board of Directors pursuant to Paragraph 5 above.</p>	<p><b><u>6. (Deleted)</u></b></p> <p>7. (Remain unchanged)</p> <p><b><u>8. The chief executive officer shall give public notice of the balance sheet and the independent auditors' opinion immediately after the documents referred to Paragraph 2 above have been approved at the general meeting of shareholders.</u></b></p>	

#### (4) Revision of Articles related to Audit Committee

Current Articles of Incorporation	Proposed Amendment	Purpose
<p><b>Article 40-3 (Composition of Audit Committee)</b></p> <p>1~3. (Omission)</p> <p>4. If the number of the shares held by any shareholder of the Company exceeds 3/100 of the total number of issued and outstanding shares with voting rights, such shareholder shall not exercise the shareholder's voting rights in electing a</p>	<p><b>Article 40-3 (Composition of Audit Committee)</b></p> <p>1~3. (Remain unchanged)</p> <p><b><u>4. The Company shall appoint members of its audit committee from among the directors appointed by a general meeting of shareholders. In such cases, one of the Audit Committee members shall be appointed as a director who is also a</u></b></p>	<p>Incorporating the implementation of separate election and electronic voting systems exceptions as stipulated in the Commercial Act amended in 2020.</p>

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>member of the Audit Committee who is an Independent Director with respect to the shareholder's shareholding in excess of such 3/100.</p> <p>5. (Added)</p> <p>6. If the number of the shares held by (i) the largest shareholder and its specially related persons, (ii) any person holding shares of the Company for the account of the largest shareholder or its specially related persons, and (iii) any person who authorizes the largest shareholder or persons to exercise its voting rights, considered collectively, exceeds 3/100 of the total issued and outstanding shares with voting rights, then such largest shareholder shall not exercise the shareholder's voting rights in electing a member of the Audit Committee who is not an Independent Director with respect to the shareholder's shareholding in excess of such 3/100.</p>	<p><u>member of the Audit Committee, separate from the other directors, by a resolution of the general meeting of shareholders.</u></p> <p><u>5. Resolutions for electing the members of the Audit Committee shall be adopted by the affirmative votes of a majority of the shares represented by the shareholders present at the general meeting of shareholders, which shall not be less than a quarter of the total number of issued and outstanding shares. However, if the Company determines that a shareholder may exercise his/her voting right by electronic means under Article 368-4 paragraph 1 of the Commercial Act, the election of the members of the Audit Committee may be resolved by the affirmative votes of a majority of the shares represented by the shareholders present at the general meeting of shareholders.</u></p> <p><u>6. If the number of the shares held by any shareholder exceeds 3 % of the total number of issued and outstanding shares other than non-voting shares, the said shareholder (if such shareholder is the largest shareholder, for calculating the number of shares held by the largest shareholder, his/her shares, along with those owned by his/her related person(s), and other person(s) specified by the Enforcement Decree on the Commercial Act, shall be added up together) may not exercise his/her voting rights on the shares in excess of such 3% when electing and dismissing the members of Audit Committee who is not an outside director.</u></p>	

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>7. The Audit Committee shall, by its resolution, appoint a person to represent the Audit Committee, which person must be an Independent Director.</p> <p>8. (Added)</p>	<p>7. (Remain unchanged)</p> <p><b><u>8. Where the number of outside directors fails to meet the quorum required for the establishment of an audit committee set forth in this Article due to any cause such as resignation or death of any outside director, the Company shall ensure that the requirements are met at the first general meeting of shareholders convened after such cause has occurred.</u></b></p>	

(5) Addendum

Current Articles of Incorporation	Proposed Amendment	Purpose
<b>Addendum (added)</b>	<p><b>Addendum (Effective Date)</b></p> <p>These articles of incorporation shall come into effect on March 31, 2025.</p>	Stating the date of revision and the effective date.

## [Appendix 2. Director Appointment]

Candidate	Details	
Sok Chul Hong	Position	Outside Director
	Date of birth (year and month)	01.01.1973
	Gender	Male
	Type of appointment	New appointment
	Appointment term	3 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	(2016 - Current) Professor, Department of Economics, Seoul National University (2023 - 2024) Standing Member, Presidential Committee on Aging Society and Population Policy (2022 - 2024) Member, Key Industry Stabilization Fund, Korea Development Bank (2019 - 2022) CEO, Wellxecon (2018 - 2022) Outside Director, Heungkuk Asset Management (2009 - 2016) Assistant/Associate Professor, Department of Economics, Sogang University
Hye Kyung Kim	Position	Outside Director
	Date of birth (year and month)	09.12.1956
	Gender	Female
	Type of appointment	New appointment
	Appointment term	3 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

Candidate	Details	
	Experience	<p>(2024 - Current) Director, Cheonggye Foundation</p> <p>(2021 - Current) Chairperson, Global Civic Sharing</p> <p>(2018 - Current) Director, Korean Association of Non-profit Organization Research</p> <p>(2013 - Current) Invited professor, Graduate School of International Studies, Ewha Womans University</p> <p>(2019 - 2025) Director, Posco TJ Park Foundation</p> <p>(2016 - 2020) Advisor, Miral Welfare Foundation</p> <p>(2014 - 2018) Member, International Development Cooperation Committee</p>



## [Appendix 2-1. Composition of the Board]

Current				Proposed			
Position	Name	Recent Appointment	Term (year)	Position	Name	Type of Appointment	Term (year)
Executive Director	Soo Il Lee	01.2025	3	Executive Director	Soo Il Lee	-	-
Executive Director	Jeong Ho Park	01.2025	3	Executive Director	Jeong Ho Park	-	-
Non-Executive Director	Jong Ho Park	01.2025	3	Non-Executive Director	Jong Ho Park	-	-
Non-Executive Director	Jung Ho Seo	03.2022	3	-	-	-	-
Outside Director	Chan Suk Park*	03.2024	2	Outside Director	Chan Suk Park*	-	-
Outside Director	Bohee Hur	03.2023	2	Outside Director	Bohee Hur*	Re-appointment	3
Outside Director	Sung Joon Paik*	03.2022	3	-	-	-	-
Outside Director	Koo Kim*	03.2024	1	Outside Director	Sok Chul Hong*	New appointment	3
Outside Director	Moo Sang Kim	03.2024	1	Outside Director	Hye Kyung Kim*	New appointment	3

※ The term of four outside directors and one non-executive director will expire in March 2025.

※ At the 39th AGM, the company will propose the appointment of three outside directors.

Following this appointment, the Board of Directors will consist of 7 directors.

- Re-appointment: Candidate Bohee Hur (The director to become an Audit Committee member)
- New appointment: Candidate Sok Chul Hong and Candidate Hye Kyung Kim

※ Asterisks (\*) indicate Audit Committee members.



### [Appendix 3. Director Appointment to Become an Audit Committee Member]

Candidate	Details	
Bo Hee Hur	Position	Outside Director to become an Audit Committee Member
	Date of birth (year and month)	09.05.1964
	Gender	Female
	Type of appointment	Re-appointment
	Appointment term	3 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	(2017 - Current) Non-executive Auditor, Quad Investment Management (2016 - Current) Partner Coach, Coaching Management Institute (2018 - 2023) Outside director, Kyobo AXA Investment Managers (2012 - 2013) Financial advisor, Sheppard Mullin Richter & Hampton LLP

## [Appendix 4. Audit Committee Member Appointment]

Candidate	Details	
Sok Chul Hong	Position	Audit Committee Member
	Date of birth (year and month)	01.01.1973
	Gender	Male
	Type of appointment	New appointment
	Appointment term	3 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	(2016 - Current) Professor, Department of Economics, Seoul National University (2023 - 2024) Standing Member, Presidential Committee on Aging Society and Population Policy (2022 - 2024) Member, Key Industry Stabilization Fund, Korea Development Bank (2019 - 2022) CEO, Wellxecon (2018 - 2022) Outside Director, Heungkuk Asset Management (2009 - 2016) Assistant/Associate Professor, Department of Economics, Sogang University
Hye Kyung Kim	Position	Audit Committee Member
	Date of birth (year and month)	09.12.1956
	Gender	Female
	Type of appointment	New appointment
	Appointment term	3 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

Candidate	Details	
	Experience	<p>(2024 - Current) Director, Cheonggye Foundation</p> <p>(2021 - Current) Chairperson, Global Civic Sharing</p> <p>(2018 - Current) Director, Korean Association of Non-profit Organization Research</p> <p>(2013 - Current) Invited professor, Graduate School of International Studies, Ewha Womans University</p> <p>(2019 - 2025) Director, Posco TJ Park Foundation</p> <p>(2016 - 2020) Advisor, Miral Welfare Foundation</p> <p>(2014 - 2018) Member, International Development Cooperation Committee</p>



## [Appendix 5. 2025 Remuneration for Directors]

(FY 2025)

Number of Directors (Outside Directors)	Seven (Four)
Proposed Remuneration Limit for Directors	5 Billion Korean Won

(FY 2024)

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 at the current general shareholders' meeting represents the total remuneration limit for all directors in 2025. It has increased due to the appointment of two internal directors and one non-executive director at an extraordinary general shareholders' meeting on January 3, 2025.

The approved amount at the previous annual general shareholders' meeting represented the total remuneration limit for all directors in 2024. However, the actual payment was made only to five outside directors.



## [Appendix 6. Financial Statements and Allocation of Retained Earnings]

※ 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 21, 2025 on DART system ([Link](#)), and its English version will be uploaded on the company's website ([Link](#)) within April.

※ The numbers for the previous year are unaudited, and provided solely for comparative purposes due to the occurrence of discontinued operations.

### Consolidated Statements of Financial Position

December 31, 2024 and 2023

Hanon Systems and Subsidiaries

(in Korean Won)

	2024	2023
<b>Assets</b>		
<b>I. Current assets</b>	<b>4,455,420,095,192</b>	<b>3,696,903,747,606</b>
Cash and cash equivalents	1,346,499,808,114	778,560,330,727
Other financial assets	12,500,000,000	14,500,000,000
Derivative financial assets	13,577,073,204	11,135,723,873
Trade receivables	1,268,437,087,461	1,196,003,066,716
Other current receivables	94,189,840,574	97,030,028,931
Other current assets	478,985,834,461	459,295,071,089
Inventories	1,241,230,451,378	1,140,379,526,270
<b>II. Non-current assets</b>	<b>6,177,442,321,327</b>	<b>5,547,500,686,524</b>
Long-term financial assets	57,455,666	53,917,506
Financial asset at fair value through profit or loss	5,882,753,974	4,741,781,579
Derivative financial assets	-	3,107,744,500
Other non-current receivables	41,721,904,387	51,365,398,704
Investments in associates	38,153,121,512	32,500,918,966
Investments in joint ventures	57,114,850,241	48,183,579,445
Property, plant and equipment	2,863,718,772,795	2,716,453,757,903
Intangible assets	2,351,357,457,333	2,126,002,130,072

	2024	2023
Right-of-use assets	478,429,235,350	294,804,394,633
Deferred tax assets	198,947,138,385	142,636,308,922
Net defined benefit assets	459,336,475	10,681,326,916
Other non-current assets	141,600,295,209	116,969,427,378
<b>Total assets</b>	<b>10,632,862,416,519</b>	<b>9,244,404,434,130</b>
<b>Liabilities</b>		
<b>I. Current liabilities</b>	<b>5,033,806,802,743</b>	<b>3,576,141,197,593</b>
Trade payables	1,353,734,003,030	1,308,374,519,338
Other current payables	787,487,769,715	548,108,196,353
Short-term borrowings	1,958,676,111,598	967,479,709,065
Current portion of debentures	482,751,291,069	499,779,347,338
Derivative financial liabilities	142,233,953,175	8,652,848,065
Current tax liabilities	42,892,242,235	43,964,299,832
Other current liabilities	218,084,211,486	169,430,124,884
Other provisions	47,947,220,435	30,352,152,718
<b>II. Non-current liabilities</b>	<b>2,587,707,106,387</b>	<b>3,159,776,655,929</b>
Other non-current payables	9,619,052,359	10,585,871,312
Long-term borrowings	788,480,229,293	1,265,958,554,279
Debentures	1,337,543,213,789	1,413,188,555,360
Derivative financial liabilities	5,371,312,049	31,056,200,993
Net defined benefit liabilities	134,073,959,513	128,032,065,206
Other non-current provisions	24,156,514,066	14,254,078,115
Deferred tax liabilities	251,248,785,618	269,118,561,990
Other non-current liabilities	37,214,039,700	27,582,768,674
<b>Total liabilities</b>	<b>7,621,513,909,130</b>	<b>6,735,917,853,522</b>
<b>Equity</b>		
<b>Equity attributable to owners of the Parent Company</b>	<b>2,866,082,134,526</b>	<b>2,371,695,429,062</b>
I . Share capital	67,876,255,200	53,380,000,000
II . Share premium	632,085,156,600	48,060,000,000
III . Other components of equity	(58,094,153,017)	(57,288,361,413)

	2024	2023
IV. Accumulated other comprehensive Income (loss)	515,440,812,876	224,440,294,481
V. Retained earnings	1,708,774,062,867	2,103,103,495,994
<b>Non-controlling interests</b>	<b>145,266,372,863</b>	<b>136,791,151,546</b>
<b>Total equity</b>	<b>3,011,348,507,389</b>	<b>2,508,486,580,608</b>
<b>Total liabilities and equity</b>	<b>10,632,862,416,519</b>	<b>9,244,404,434,130</b>

## Consolidated Statements of Profit or Loss

December 31, 2024 and 2023

Hanon Systems and Subsidiaries

(in Korean Won)

	2024	2023
<b>I. Sales</b>	<b>10,008,148,738,289</b>	<b>9,521,628,335,626</b>
II. Cost of sales	9,186,539,604,117	8,612,031,209,302
<b>III. Gross profit</b>	<b>821,609,134,172</b>	<b>909,597,126,324</b>
IV. Selling, general and administrative expenses	716,646,310,258	626,012,343,463
<b>V. Operating profit</b>	<b>104,962,823,914</b>	<b>283,584,782,861</b>
<b>VI. Finance income or costs</b>	<b>(280,816,763,088)</b>	<b>(87,012,561,493)</b>
1. Finance income	188,747,668,336	131,290,367,360
2. Finance costs	469,564,431,424	218,302,928,853
<b>VII. Other non-operating income or expenses</b>	<b>(157,233,593,851)</b>	<b>(58,346,231,430)</b>
1. Other non-operating income	328,144,594,511	264,242,823,222
2. Other non-operating expenses	485,378,188,362	322,589,054,652
<b>VIII. Share of profit of associates and joint ventures</b>	<b>12,823,270,467</b>	<b>12,473,960,455</b>
1. Equity method Income from associates	9,698,165,148	9,741,118,981
2. Equity method income from joint ventures	3,125,105,319	2,732,841,474
<b>IX. Profit before income taxes</b>	<b>(320,264,262,558)</b>	<b>150,699,950,393</b>
X. Income tax expense	21,768,032,037	84,772,554,189
<b>XI. Net income (loss) from continuing operations</b>	<b>(342,032,294,595)</b>	<b>65,927,396,204</b>
<b>XII. Net income (loss) from Discontinued Operations</b>	<b>(9,315,316,988)</b>	<b>(7,040,620,741)</b>
<b>XIII. Profit for the year</b>	<b>(351,347,611,583)</b>	<b>58,886,775,463</b>



	2024	2023
XII. Attributable to :		
Equity holders of the Company	(356,007,364,258)	50,985,227,771
Non-controlling interests	4,659,752,675	7,901,547,692
<b>XV. Earnings per share attributable to the equity holders of the company for the year</b>		
Earnings per share from continuing operations	(646)	109
Earnings per share from discontinued operations	(17)	(13)
Diluted earnings per share from continuing operations	(646)	109



## Consolidated Statements of Comprehensive Income

December 31, 2024 and 2023

Hanon Systems and Subsidiaries

(in Korean Won)

	2024	2023
<b>I . Profit for the year</b>	<b>(351,347,611,583)</b>	<b>58,886,775,463</b>
<b>II. Other comprehensive income (loss) for the year, after tax</b>	<b>303,652,318,737</b>	<b>263,089,013,009</b>
<b>1. Items that will not be subsequently reclassified to profit or loss:</b>		
Re-measurement of the net defined benefit liabilities	(2,032,615,629)	(10,992,442,102)
Gain on valuation of land	-	193,753,869,972
<b>2. Items that may be subsequently reclassified to profit or loss:</b>		
Gain (loss) on cash flow hedge derivative instruments	(14,919,410,196)	3,156,437,280
Foreign currency translation adjustments	315,863,361,843	79,330,454,267
Share of other comprehensive income of associates and joint ventures	4,740,982,719	(2,159,306,408)
<b>III. Total comprehensive income for the year</b>	<b>(47,695,292,846)</b>	<b>321,975,788,472</b>
<b>IV. Attributable to:</b>		
Equity holders of the Company	(67,039,461,492)	314,403,832,445
Non-controlling interests	19,344,168,646	7,571,956,027

## Consolidated Statements of Changes in Equity

December 31, 2024 and 2023

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		
<b>Balances at January 1, 2023</b>	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
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	50,985,227,771	7,901,547,692	58,886,775,463
Re-measurement of net defined benefit liabilities	-	-	-	-	(10,992,442,102)	-	(10,992,442,102)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	3,156,437,280	-	-	3,156,437,280
Gain on valuation of land	-	-	-	193,753,869,972	-	-	193,753,869,972
Translation of foreign currency financial statements	-	-	-	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)
<b>Transactions with equity holders of the Company</b>							
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)
<b>Balances at December 31, 2023</b>	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
<b>Balances at January 1, 2024</b>	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
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	(356,007,364,258)	4,659,752,675	(351,347,611,583)

	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		
Paid-in capital increase	14,496,255,200	584,025,156,600	-	-	-	-	598,521,411,800
Re-measurement of net defined benefit liabilities	-	-	-	-	(2,032,615,629)	-	(2,032,615,629)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	(14,919,410,196)	-	-	(14,919,410,196)
Translation of foreign currency financial statements	-	-	-	301,178,945,872	-	14,684,415,971	315,863,361,843
Share of other comprehensive income (loss) of associates and joint ventures	-	-	-	4,740,982,719	-	-	4,740,982,719
<b>Transactions with equity holders of the Company</b>							
Share-based payment	-	-	(805,791,604)	-	-	-	(805,791,604)
Cash dividends	-	-	-	-	(36,289,453,240)	(10,868,947,329)	(47,158,400,569)
<b>Balances at December 31, 2024</b>	67,876,255,200	632,085,156,600	(58,094,153,017)	515,440,812,876	1,708,774,062,867	145,266,372,863	3,011,348,507,389



## Consolidated Statements of Cash Flows

December 31, 2024 and 2023

Hanon Systems and Subsidiaries

(in Korean Won)

	2024	2023
<b>I . Cash flows from operating activities</b>	<b>569,155,767,366</b>	<b>517,356,071,307</b>
1. Cash generated from operations	880,537,451,852	760,429,546,280
(1) Profit for the year	(351,347,611,583)	58,886,775,463
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	1,210,466,794,326	895,091,891,107
(3) Changes in operating assets and liabilities	21,418,269,109	(193,549,120,290)
2. Interest received	32,866,306,171	29,551,855,330
3. Interest paid	(254,951,525,857)	(188,818,974,328)
4. Dividend received	4,020,592,000	7,486,130,899
5. Income tax paid	(93,317,056,800)	(91,292,486,874)
<b>II . Cash flows from investing activities</b>	<b>(732,734,032,496)</b>	<b>(677,283,077,786)</b>
1. Cash inflows from investing activities	18,191,001,571	124,105,916,402
Collection of short-term loans	1,721,358,260	20,977,426,938
Collection of long-term loans	1,118,679,214	750,000,000
Disposal of other financial assets	2,000,000,000	-
Disposal of financial asset at fair value through profit or loss	-	5,295,219,894
Disposal of property, plant and equipment	13,350,735,681	64,830,641,000
Disposal of intangible assets	228,416	1,400,000,000
Disposal of assets held for sale	-	30,852,628,570
2. Cash outflows from investing activities	(750,925,034,067)	(801,388,994,188)
Increase in short-term loans receivable	(810,506,889)	(1,788,981,389)
Increase in long-term loans receivable	(9,234,532,480)	(80,000,000)
Acquisition of property, plant and equipment	(385,616,422,665)	(481,176,426,933)
Acquisition of intangible assets	(347,652,999,306)	(318,343,585,866)
Acquisition of investments in subsidiary	(7,610,572,727)	-

	2024	2023
<b>III. Cash flows from financing activities</b>	<b>650,561,950,177</b>	<b>(480,265,406,772)</b>
1. Cash inflows from financing activities	4,330,765,424,421	2,344,557,158,872
Paid-in capital increase	598,521,411,800	-
Proceeds from short-term borrowings	2,961,522,256,509	1,692,126,301,627
Proceeds from long-term borrowings	372,724,994,927	287,551,642,740
Proceeds from issuance of debentures	397,996,761,185	364,879,214,505
2. Cash outflows from financing activities	(3,680,203,474,244)	(2,824,822,565,644)
Repayment of short-term borrowings	(2,978,729,813,739)	(2,082,252,208,163)
Repayment of long-term borrowings	(80,000,000,000)	(25,487,874,030)
Repayment of lease liabilities	(75,104,700,588)	(72,062,293,212)
Repayment of debentures	(500,000,000,000)	(460,000,000,000)
Dividends paid	(36,289,453,240)	(180,379,929,340)
Dividends paid to non-controlling interests	(10,079,506,677)	(4,640,260,899)
<b>IV. Net increase in cash and cash equivalents</b>	<b>486,983,685,047</b>	<b>(640,192,413,251)</b>
V. Beginning of the year	778,560,330,727	1,429,141,081,044
VI. Effect of exchange rate on cash and cash equivalents	80,955,792,340	(10,388,337,066)
<b>VII. End of the year</b>	<b>1,346,499,808,114</b>	<b>778,560,330,727</b>



## Statements of Financial Position

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	2024	2023
<b>Assets</b>		
<b>I. Current assets</b>	<b>2,417,020,940,214</b>	<b>1,721,876,251,022</b>
Cash and cash equivalents	462,341,657,600	118,892,629,189
Other financial assets	12,500,000,000	12,500,000,000
Derivative financial assets	13,577,073,204	11,135,723,900
Trade receivables	1,392,351,606,155	1,115,517,506,282
Other current receivables	270,626,098,608	204,724,991,001
Other current assets	63,755,320,415	65,284,496,089
Inventories	180,304,179,138	167,945,157,393
Current assets held for sale	21,565,005,094	25,875,747,168
<b>II. Non-current assets</b>	<b>4,976,661,498,543</b>	<b>5,161,146,827,955</b>
Long-term financial assets	2,000,000	2,000,000
Financial asset at fair value through profit or loss	5,882,753,974	4,741,781,579
Derivative financial assets	-	3,107,744,500
Other non-current receivables	25,953,046,685	7,435,147,225
Investments in consolidated affiliates	3,866,147,136,986	4,070,538,001,429
Investments in associates	38,153,121,719	32,500,919,175
Investments in joint ventures	57,114,850,067	48,183,579,270
Property, plant and equipment	493,500,189,541	539,378,603,494
Intangible assets	394,459,549,226	372,943,325,254
Right-of-use assets	19,783,014,775	17,750,891,254
Deferred tax assets	70,054,835,733	46,565,515,995
Net defined benefit assets	-	10,478,633,836
Other non-current assets	5,610,999,837	7,520,684,944
<b>Total assets</b>	<b>7,393,682,438,757</b>	<b>6,883,023,078,977</b>

	2024	2023
<b>Liabilities</b>		
<b>I. Current liabilities</b>	<b>2,759,859,719,756</b>	<b>1,871,198,953,922</b>
Trade payables	593,396,874,236	706,443,851,911
Other current payables	324,601,533,018	311,079,048,192
Short-term borrowings	1,284,691,014,124	317,310,901,594
Current portion of debentures	482,751,291,069	499,779,347,338
Derivative financial liabilities	24,419,453,175	8,652,848,253
Current tax liabilities	-	300,000,000
Other current liabilities	6,904,251,256	18,081,195,581
Other provisions	43,095,302,878	9,551,761,053
<b>II. Non-current liabilities</b>	<b>1,748,907,847,577</b>	<b>2,496,519,382,393</b>
Long-term borrowings	361,750,395,594	1,049,070,907,380
Debentures	1,337,543,213,789	1,413,188,555,360
Derivative financial liabilities	5,371,312,049	5,289,200,993
Net defined benefit liabilities	6,522,770,160	-
Other non-current provisions	11,617,467,141	8,150,682,693
Other non-current liabilities	26,102,688,844	20,820,035,967
<b>Total liabilities</b>	<b>4,508,767,567,333</b>	<b>4,367,718,336,315</b>
<b>Equity</b>		
I . Share capital	67,876,255,200	53,380,000,000
II. Share premium	632,085,156,600	48,060,000,000
III. Other components of equity	180,228,591,087	181,034,382,691
IV. Accumulated other comprehensive loss	457,116,410,385	179,459,065,496
V . Retained earnings	1,547,608,458,152	2,053,371,294,475
<b>Total equity</b>	<b>2,884,914,871,424</b>	<b>2,515,304,742,662</b>
<b>Total liabilities and equity</b>	<b>7,393,682,438,757</b>	<b>6,883,023,078,977</b>





## Statements of Profit or Loss

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	2024	2023
<b>I. Sales</b>	<b>3,634,696,894,735</b>	<b>3,531,567,612,865</b>
II. Cost of sales	3,274,340,663,313	3,138,229,826,364
<b>III. Gross profit</b>	<b>360,356,231,422</b>	<b>393,337,786,501</b>
IV. Selling, general and administrative expenses	356,374,217,377	321,938,642,891
<b>V. Operating profit</b>	<b>3,982,014,045</b>	<b>71,399,143,610</b>
<b>VI. Finance income or costs</b>	<b>(154,634,231,741)</b>	<b>(102,911,226,022)</b>
1. Finance income	26,710,729,544	12,875,153,794
2. Finance costs	181,344,961,285	115,786,379,816
<b>VII. Other non-operating income or expenses</b>	<b>(79,266,224,402)</b>	<b>(20,986,225,787)</b>
1. Other non-operating income	155,562,222,981	56,334,198,501
2. Other non-operating expenses	234,828,447,383	77,320,424,288
<b>VIII. Share of profit of associates and joint ventures</b>	<b>(225,732,188,870)</b>	<b>87,145,628,064</b>
<b>IX. Profit before income taxes</b>	<b>(455,650,630,968)</b>	<b>34,647,319,865</b>
X. Income tax expense	1,617,239,334	(7,680,716,199)
<b>XI. Profit for the year</b>	<b>(457,267,870,302)</b>	<b>42,328,036,064</b>
<b>XII. Earnings per share</b>		
Basic earnings per share of ordinary share	(852)	79
Diluted earnings per share of ordinary share	(852)	79

## Statements of Comprehensive Income

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	2024	2023
<b>I . Profit for the year</b>	<b>(457,267,870,302)</b>	<b>42,328,036,064</b>
<b>II. Other comprehensive income (loss) for the year, after tax</b>	<b>265,451,832,108</b>	<b>274,837,929,131</b>
<b>1. Items that will not be subsequently reclassified to profit or loss:</b>		
Re-measurement of the net defined benefit liabilities	(12,205,512,787)	(5,976,403,245)
Gain on valuation of land	-	161,099,550,530
Share of associates' other changes in net assets	-	31,759,853,147
<b>2. Items that may be subsequently reclassified to profit or loss:</b>		
Gain (loss) on cash flow hedge derivative instruments	(16,850,221,551)	5,013,609,739
Share of associates' other changes in net assets	294,507,566,446	82,941,318,960
<b>III. Total comprehensive income for the year</b>	<b>(191,816,038,194)</b>	<b>317,165,965,195</b>

## Statements of Changes in Equity

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
<b>Balances at January 1, 2023</b>	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
<b>Comprehensive income</b>						
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	-	-	-	114,702,741,307	(1,569,200)	114,701,172,107
<b>Transactions with equity holders of the Company</b>						
Share-based payment	-	-	1,664,865,549	-	-	1,664,865,549
Cash dividends	-	-	-	-	(180,379,929,340)	(180,379,929,340)
<b>Balances at December 31, 2023</b>	53,380,000,000	48,060,000,000	181,034,382,691	179,459,065,490	2,053,371,294,481	2,515,304,742,662
<b>Balances at January 1, 2024</b>	53,380,000,000	48,060,000,000	181,034,382,691	179,459,065,490	2,053,371,294,481	2,515,304,742,662
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	(457,267,870,302)	(457,267,870,302)
Re-measurement of net defined benefit liabilities	-	-	-	-	(12,205,512,787)	(12,205,512,787)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	(16,850,221,551)	-	(16,850,221,551)
Share of associates' other changes in net assets	-	-	-	294,507,566,446	-	294,507,566,446
<b>Transactions with equity holders of the Company</b>						
Share-based payment	-	-	(805,791,604)	-	-	(805,791,604)
Cash dividends	-	-	-	-	(36,289,453,240)	(36,289,453,240)

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
Issue of shares	14,496,255,200	584,025,156,600	-	-	-	598,521,411,800
<b>Balances at December 31, 2024</b>	67,876,255,200	632,085,156,600	180,228,591,087	457,116,410,385	1,547,608,458,152	2,884,914,871,424

## Statements of Cash Flows

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	2024	2023
<b>I . Cash flows from operating activities</b>	<b>(254,720,222,892)</b>	<b>(333,946,697,510)</b>
1. Cash generated from operations	(178,081,512,957)	(248,780,225,447)
(1) Profit for the year	(457,267,870,302)	42,328,036,064
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	692,251,486,147	218,981,510,407
(3) Changes in operating assets and liabilities	(413,065,128,802)	(510,089,771,918)
2. Interest received	6,392,375,450	7,702,437,651
3. Interest paid	(158,348,415,004)	(113,753,766,209)
4. Dividend received	95,893,403,156	33,529,747,389
5. Income tax paid	(20,576,073,537)	(12,644,890,894)
<b>II . Cash flows from investing activities</b>	<b>(138,232,203,617)</b>	<b>(149,398,757,248)</b>
1. Cash inflows from investing activities	79,021,746,771	75,614,280,442
Disposal of property, plant and equipment	77,684,362,451	19,946,344,058
Disposal of intangible assets	-	1,400,000,000
Collection of short-term loans	800,000,000	-
Decrease in long-term deposits	537,384,320	36,000,000
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	(217,253,950,388)	(225,013,037,690)
Acquisition of property, plant and equipment	(115,330,478,085)	(86,972,953,768)
Acquisition of intangible assets	(84,081,427,755)	(75,156,452,554)
Increase in short-term deposits	(9,941,737,613)	(62,251,631,368)

	2024	2023
Increase in long-term deposits	(897,000,000)	(632,000,000)
Acquisition of investments in subsidiary	(7,003,306,935)	-
<b>III. Cash flows from financing activities</b>	<b>724,109,899,478</b>	<b>51,740,766,346</b>
1. Cash inflows from financing activities	2,791,908,172,985	1,192,430,857,245
Issue of shares	598,521,411,800	-
Proceeds from short-term borrowings	1,436,050,000,000	540,000,000,000
Proceeds from long-term borrowings	359,340,000,000	287,551,642,740
Proceeds from issuance of debentures	397,996,761,185	364,879,214,505
2. Cash outflows from financing activities	(2,067,798,273,507)	(1,140,690,090,899)
Repayment of short-term borrowings	(1,439,333,300,000)	(464,166,660,000)
Repayment of long-term borrowings	(80,000,000,000)	(20,833,360,000)
Repayment of debentures	(500,000,000,000)	(460,000,000,000)
Dividends paid	(36,289,453,240)	(180,379,929,340)
Repayment of lease liabilities	(12,175,520,267)	(15,310,141,559)
<b>IV. Net increase in cash and cash equivalents</b>	<b>331,157,472,969</b>	<b>(431,604,688,412)</b>
V. Beginning of the year	118,892,629,189	550,211,986,729
VI. Effect of exchange rate on cash and cash equivalents	12,291,555,442	285,330,872
<b>VII. End of the year</b>	<b>462,341,657,600</b>	<b>118,892,629,189</b>



## Statements of Allocation of Retained Earnings

December 31, 2024 and 2023

Hanon Systems

(in Korean Won)

	2024	2023
I. Unappropriated retained earnings (Deficit)	1,143,173,307,301	1,648,998,323,209
1. Unappropriated retained earnings from previous year		
2. Effect of accounting policy changes		1,612,648,259,596
3. Profit for the year	(457,267,870,302)	42,328,036,064
4. Re-measurement of net defined benefit	(12,205,512,787)	(5,976,403,245)
5. Equity method retained earnings	1,612,646,690,390	(1,569,206)
5. Transfer of reserve for business expansion	-	132,349,770,640
6. Interim dividends	-	(132,349,770,640)
II. Appropriations of retained earnings	1,143,173,307,301	1,648,998,323,209
1. Reserve for business expansion	1,143,173,307,301	1,612,708,869,969
2. Dividends	-	36,289,453,240
Dividends per share (rate) :		
2024 : 0 Korean Won ( 0.0%)		
2023 : 68 Korean Won ( 68.0%)		
III. Unappropriated retained earnings carried over to the next year		

※ The company decided not to pay dividends for the 2024 settlement, considering its business performance, operating cash flow.

※ Dividend per share and dividend rates in 2023 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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