

Hanwha Vision Co., Ltd.
Financial Statements
December 31, 2024 and 2023

Hanwha Vision Co., Ltd.
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December 31, 2024 and 2023

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Hanwha Vision Co., Ltd.

Opinion

We have audited the financial statements of Hanwha Vision Co., Ltd (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hanwha Vision Co., Ltd. as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 33. As discussed in Note 33 to the financial statements, the Company was merged into Hanwha Industrial Solutions Co., Ltd and dissolved on January 1, 2025.

Other Matter

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

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

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

In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the 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.

Seoul, Korea
March 12, 2025

This report is effective as of March 12, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Hanwha Vision Co., Ltd.
Statements of Financial Position
December 31, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024		2023	
Assets					
Current assets					
Cash and cash equivalents	4, 5, 6, 8	₩	68,406,360,754	₩	87,912,464,090
Trade and other receivables	4, 5, 6, 7, 10, 24		482,488,761,158		280,024,005,503
Inventories	11		32,216,104,321		34,627,204,853
Other current assets	12		986,500,637		1,155,588,674
			<u>584,097,726,870</u>		<u>403,719,263,120</u>
Non-current assets					
Long-term trade and other receivables	4, 5, 6, 10		1,507,626,856		1,580,839,156
Right-of-use assets	13		2,517,918,196		2,101,539,514
Property, plant and equipment	14		86,691,092,392		88,528,796,356
Intangible assets	15		72,244,123,399		73,298,864,831
Investments in subsidiaries	16		71,543,930,350		79,056,583,817
Other financial assets	4, 5, 6, 9		1,535,978,589		1,535,978,589
Other non-current assets	12		3,212,835,861		2,557,574,806
Deferred tax assets	21		28,854,609,759		25,104,220,136
			<u>268,108,115,402</u>		<u>273,764,397,205</u>
Total assets		₩	<u>852,205,842,272</u>	₩	<u>677,483,660,325</u>
Liabilities					
Current liabilities					
Trade and other payables	4, 5, 6, 17	₩	138,337,333,778	₩	111,716,598,297
Current portion of borrowings	4, 5, 6, 18		-		68,682,000,000
Tax payables			48,055,882,877		10,638,196,295
Lease liabilities	4, 13		1,450,945,566		1,465,232,274
Derivative financial liabilities	5, 6		5,250,754,917		-
Other current liabilities	19, 24		22,196,703,430		18,336,983,883
			<u>215,291,620,568</u>		<u>210,839,010,749</u>
Non-current liabilities					
Long-term trade and other payables	4, 5, 6, 17		47,521,411,500		17,474,292,135
Long-term lease liabilities	4, 13		989,139,161		705,700,198
Employee benefits liabilities	20		53,168,321,393		49,995,419,317
			<u>101,678,872,054</u>		<u>68,175,411,650</u>
Total liabilities			<u>316,970,492,622</u>		<u>279,014,422,399</u>
Equity					
Share capital	22		10,000,000,000		10,000,000,000
Share premium	22		171,249,688,700		171,249,688,700
Accumulated other comprehensive income	23		18,075,621,311		18,075,621,311
Retained earnings	23		335,910,039,639		199,143,927,915
Total equity			<u>535,235,349,650</u>		<u>398,469,237,926</u>
Total liabilities and equity		₩	<u>852,205,842,272</u>	₩	<u>677,483,660,325</u>

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

Hanwha Vision Co., Ltd.
Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024		2023	
Revenue	24, 29	₩	1,013,237,216,591	₩	722,756,480,944
Cost of sales	11, 26		<u>502,523,916,058</u>		<u>388,168,361,079</u>
Gross profit			510,713,300,533		334,588,119,865
Selling and administrative expenses	25, 26		139,765,284,359		109,986,021,494
Research and development expenses	26		<u>169,872,002,174</u>		<u>136,606,479,018</u>
Operating profit			201,076,014,000		87,995,619,353
Other income	27		55,287,344,370		36,324,988,015
Other expenses	27		64,893,889,490		17,329,566,832
Finance income	28		10,830,936,494		10,034,978,181
Finance costs	28		<u>20,277,729,300</u>		<u>14,918,902,804</u>
Profit before income tax			182,022,676,074		102,107,115,913
Income tax expenses	21		<u>43,783,563,327</u>		<u>10,644,027,284</u>
Profit for the year		₩	<u>138,239,112,747</u>	₩	<u>91,463,088,629</u>
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities		₩	(1,473,001,023)	₩	(9,194,707,981)
Gain on revaluation of assets			-		15,700,231,753
Other comprehensive income (loss) for the year			<u>(1,473,001,023)</u>		<u>6,505,523,772</u>
Total comprehensive income for the year		₩	<u>136,766,111,724</u>	₩	<u>97,968,612,401</u>

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

Hanwha Vision Co., Ltd.
Statements of Changes in Equity
Years Ended December 31, 2024 and 2023

(in Korean won)

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2023	W 10,000,000,000	W 171,249,688,700	W 2,375,389,558	W 116,875,547,267	W 300,500,625,525
Total comprehensive income					
Profit for the year	-	-	-	91,463,088,629	91,463,088,629
Remeasurements of net defined benefit liabilities	-	-	-	(9,194,707,981)	(9,194,707,981)
Gain on revaluation	-	-	15,700,231,753	-	15,700,231,753
Total comprehensive income for the year	-	-	15,700,231,753	82,268,380,648	97,968,612,401
Balance at December 31, 2023	<u>W 10,000,000,000</u>	<u>W 171,249,688,700</u>	<u>W 18,075,621,311</u>	<u>W 199,143,927,915</u>	<u>W 398,469,237,926</u>
Balance at January 1, 2024	W 10,000,000,000	W 171,249,688,700	W 18,075,621,311	W 199,143,927,915	W 398,469,237,926
Total comprehensive income					
Profit for the year	-	-	-	138,239,112,747	138,239,112,747
Remeasurements of net defined benefit liabilities	-	-	-	(1,473,001,023)	(1,473,001,023)
Total comprehensive income for the year	-	-	-	136,766,111,724	136,766,111,724
Balance at December 31, 2024	<u>W 10,000,000,000</u>	<u>W 171,249,688,700</u>	<u>W 18,075,621,311</u>	<u>W 335,910,039,639</u>	<u>W 535,235,349,650</u>

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

Hanwha Vision Co., Ltd.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

<i>(in Korean won)</i>	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	32	₩ 108,491,768,782	₩ 141,628,591,867
Interest received		3,062,227,770	2,419,287,744
Interest paid		(4,065,384,113)	(5,653,516,466)
Income taxes paid		(9,673,791,390)	(21,899,457,621)
Net cash inflow from operating activities		<u>97,814,821,049</u>	<u>116,494,905,524</u>
Cash flows from investing activities			
Collection of loans		-	22,590,972,000
Decrease in deposits		81,460,800	2,122,000,000
Proceeds from disposal of property, plant and equipment		18,326,500	48,869,000
Proceeds from disposal of intangible assets		2,250,100,002	-
Dividends received		-	13,182,720,000
Decrease in other non-current assets		12,546,177	16,373,489
Acquisitions of property, plant and equipment		(2,415,892,470)	(7,765,428,163)
Acquisitions of intangible assets		(3,891,483,666)	(3,520,167,726)
Increase in deposits		(8,248,500)	(1,248,550,000)
Acquisitions of investments in subsidiaries		(38,204,279,486)	(20,000,000,000)
Increase in other non-current assets		(1,430,993,480)	(927,567,070)
Net cash inflow (outflow) from investing activities		<u>(43,588,464,123)</u>	<u>4,499,221,530</u>
Cash flows from financing activities			
Repayment of borrowings		(71,748,000,000)	(10,000,000,000)
Net decrease in current portion of borrowings (Nego)		-	(33,135,580,113)
Repayment of lease liabilities		(1,984,460,262)	(1,746,099,247)
Net cash outflow from financing activities		<u>(73,732,460,262)</u>	<u>(44,881,679,360)</u>
Net increase (decrease) in cash and cash equivalents		(19,506,103,336)	76,112,447,694
Cash and cash equivalents at the beginning of the financial year		87,912,464,090	11,800,016,396
Cash and cash equivalents at the end of the year		<u>₩ 68,406,360,754</u>	<u>₩ 87,912,464,090</u>

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

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Notes to the Financial Statements

December 31, 2024 and 2023

1. General Information

Hanwha Vision Co., Ltd. (the Company) was established as a Hanwha Techwin Co., Ltd. through a split-off from Hanwha Aerospace Co., Ltd. on April 1, 2018. The Company's headquarter is located at 6, Pangyo-ro 319 beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea. The Company changed its name to Hanwha Vision Co., Ltd., on March, 2023.

As at December 31, 2024, the Company's share capital amounted to ₩ 10,000 million and is wholly owned by Hanwha Industrial Solutions Co., Ltd. which was established through a spin-off from Hanwha Aerospace Co., Ltd. on September 1, 2024.

On October 30, 2024, by a resolution of the Board of Directors, the Company resolved to merge with Hanwha Industrial Solutions Co., Ltd. in accordance with Article 527.2 Short-form Merger of the Commercial Code of Korea, and the date of merger was January 1, 2025. For further details, see Note 33 Events After the Reporting Period.

2. Material Accounting Policies

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

2.1 Basis of Preparation

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

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

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

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

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Non-current assets held for sale – measured at fair value less costs to sell, and
- Contingent consideration – measured at fair value, and
- Defined benefit plans – plan assets measured at fair value

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Company

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

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

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

(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

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

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(c) Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

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

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

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

2.2.2 New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company.

(a) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

(b) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures

Korean IFRS 1109 Financial Instruments and Korean IFRS 1107 Financial Instruments: Disclosures have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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The amendments do not have a significant impact on the financial statements.

(c) Annual Improvements to Korean IFRS -Volume 11

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

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

2.3 Investments in Subsidiaries

The financial statements of the Company are the separate financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. Investments in subsidiaries, joint ventures and associates are accounted for using equity method. The Company applied the carrying amounts under the previous K-GAAP at the time of transition to Korean IFRS as deemed cost of investments. The Company recognizes dividend income from subsidiaries, joint ventures and associates in profit or loss when its right to receive the dividend is established.

The Company does not prepare the consolidated financial statements as the Company applies Paragraph 4 of Korean IFRS 1110 *Consolidated Financial Statements* which exempts the Company from preparing the consolidated financial statements. The Company which applies Korean IFRS and prepares the consolidated financial statements for general purposes, is Hanwha Vision Co., Ltd. (formerly, Hanwha Industrial Solutions Co., Ltd.) (location: Korea).

2.4 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.5 Foreign Currency Translation

(a) Functional and presentation currency

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

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presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statements of comprehensive income, within finance income and costs. All other foreign exchange gains and losses are presented in the statements of comprehensive income within 'other income or other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.6 Financial Assets

(a) Classification

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

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

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

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

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

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designated equity investment are recognized in profit or loss.

(b) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'other income or expenses' in the year in which it arises.

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B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

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

(c) Impairment

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

(d) Recognition and Derecognition

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

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

(e) Offsetting of financial instruments

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

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2.7 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. Derivative instrument that does not qualify for hedge accounting is classified as trading instrument and changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'finance income or cost' based on the nature of transactions.

2.8 Trade Receivables

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

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value, and the cost of inventory is determined by using the gross average method or moving-weighted average method, except for materials-in-transit, which is measured using the individual cost method.

2.10 Property, Plant and Equipment

Land is shown at fair value based on valuations by independent external appraisers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When the Company carries out revaluation, the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, except for land. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as other reserves in equity. However, if there was a previous revaluation decrease recognized as profit or loss for the same asset, the revaluation increase is recognized as profit or loss up to the amount of that decrease. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against other reserves directly in equity; all other decreases are recognized in profit or loss.

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Land is not depreciated. Depreciation on other assets is measured using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

	Useful life
Buildings and structures	15 - 50 years
Machinery	5 - 15
Tools and furniture	2 - 6
Vehicles	4 - 5
Others	3 - 6

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is adjusted to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

2.11 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

2.12 Government Grants

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

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2.13 Intangible Assets

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

Software development costs that are directly attributable to internally generated by the Company are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Company amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Development costs	5 - 10 years
Industrial property rights	5 - 10
Software	3 - 5
Other intangible assets	3 - 10

2.14 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 1 to 90 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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2.16 Financial Liabilities

(a) Classification and measurement

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

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables, and borrowings' in the statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.17 Provisions

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

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2.18 Current and Deferred Tax

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

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

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

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

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

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

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2.19 Employee Benefits

(a) Post-employment benefits

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

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

For defined contribution plans, the Company pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Company has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

(b) Long-term employee benefits

The Company provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Company recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

(c) Share-based payments

The Company operates cash-settled share-based payments. Share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. Until the liability is settled, the Company is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

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2.20 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services arising from the normal activities of the Company. It is presented as net of value added taxes, returns, rebates and discounts.

The Company recognizes revenue when specific criteria have been met for the Company's activities as described below. The Company bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods

The Company manufactures and sells a range of video surveillance equipment in the wholesale market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Rendering of services

The Company is engaged in system integration (SI) business of providing clients with system-wide total solutions, including consulting, building and maintaining security and operational systems. SI business is a type of installation and delivery of closed-circuit television (CCTV) and major materials to buildings and structures controlled by customers. The Company creates or enhances the assets which is controlled by the customer. It can be categorized as a performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress towards complete satisfaction of that performance obligation.

2.21 Leases

The Company leases various offices, warehouse, equipment and cars. Lease contracts are typically made for fixed periods of 1 to 2 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is lessee, the Company applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company (the lessee) under residual value guarantees
- the exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

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

To determine the incremental borrowing rate, the Company:

- where possible, uses borrowing rate of third party financing received under the guarantee of the Parent Company

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

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Although the Company elected to apply the revaluation model to its land that are presented in property, plant and equipment, the Company elected not to apply that revaluation model to buildings held by the Company that are presented in the right-of-use assets.

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

2.22 Approval of Issuance of the Financial Statements

The financial statements 2024 were approved for issue by the Board of Directors of the surviving entity after the merger on February 21, 2025.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates may be different to the actual result.

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

(a) Estimated goodwill impairment

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

(b) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) Net realize value of inventory

When assessing whether the net realize value is lower than cost, the measurement is based on assumptions about obsolescence and expected future cash flow of inventory. In order to select inputs for such measurement, the experience and future sales plan of the Company, as of the financial reporting date, are taken into consideration.

(d) Impairment loss on investments in subsidiaries

The Company tests whether investments in subsidiaries have suffered any impairment. The recoverable amount is determined based on value-in-use calculations.

(e) Net defined benefit liabilities

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

(f) Provisions for warranty

The Company recognizes provision for warranty on products sold. The Company accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims. The amounts are estimated based on past experience.

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4. Financial Risk Management

4.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and others), 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.

4.1.1 Market risk

(a) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from recognized assets and liabilities. Additionally, the Company evaluates, manages and reports the risks of exchange rate fluctuation periodically by the managing system of receivables and payables.

The Company's exposure to foreign currency risk as at December 31, 2024, expressed in Korean won, was as follows:

*(in thousands of Korean won, in
USD, EUR, JPY, GBP, QAR)*

	2024			
	In foreign currency		In Korean won	
Financial assets				
	USD	14,141,761	₩	20,788,389
	EUR	-		-
Cash and cash equivalents	JPY	-		-
	GBP	-		-
	QAR	39,714		16,014
Trade and other receivables	USD	262,420,254		385,757,774
	EUR	46,733,217		71,442,471
Financial liabilities				
	USD	46,468,763		68,309,082
Trade and other payables	JPY	1,075,011		10,067
	EUR	9,180		14,034
	GBP	351,059		647,236
Borrowings	USD	-		-

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(in thousands of Korean won, in
USD, EUR, JPY, GBP, QAR)

	2023			
	In foreign currency		In Korean won	
Financial assets				
	USD	9,653,571	₩	12,447,315
	EUR	66,210		94,455
Cash and cash equivalents	JPY	441,762		4,032
	GBP	55,111		90,480
	QAR	20,147		7,131
Trade and other receivables	USD	166,354,852		214,497,947
	EUR	34,522,730		49,249,782
Financial liabilities				
	USD	36,830,170		47,488,821
Trade and other payables	JPY	-		-
	EUR	-		-
	GBP	131,724		216,264
Borrowings	USD	30,000,000		38,682,000

The table below summarizes the impact of weakened/strengthened Korean won on the Company's profit before tax for the period. The analysis is based on the assumption that Korean won has weakened/strengthened by 10% with all other variables held constant.

(in thousands of Korean won)

	2024			
	10% Strengthened		10% weakened	
USD	₩	33,823,708	₩	(33,823,708)
EUR		7,142,844		(7,142,844)
JPY		(1,007)		1,007
GBP		(64,724)		64,724
QAR		1,601		(1,601)

(in thousands of Korean won)

	2023			
	10% Strengthened		10% weakened	
USD	₩	14,077,444	₩	(14,077,444)
EUR		4,934,424		(4,934,424)
JPY		403		(403)
GBP		(12,578)		12,578
QAR		713		(713)

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(b) Interest rate risk

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

There are no borrowings with variable rates as at December 31, 2024.

4.1.2 Credit Risk

The Company manages credit risk by establishing policies and procedures in order to reduce credit risks related to financial assets. The Company is provided collateral or guarantee from the customers when entering into a new contract. For the financial assets for which collections are overdue, status of overdue collection and collection plan are reported to management and the Company subsequently takes actions corresponding to reasons of overdue.

The maximum exposure to credit risk equals to the maximum guaranteed amount and the carrying amount of all financial assets (excluding equity securities), such as cash and cash equivalents deposited at the financial institutions and trade and other receivables.

4.1.3 Liquidity Risk

The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Contractual maturities of the Company's financial liabilities as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024					
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Trade and other payables	₩185,858,745	₩185,858,745	₩138,337,334	₩ -	₩4,459,000	₩ 43,062,412
Lease liabilities	2,440,085	2,552,572	819,874	657,171	741,966	333,561

(in thousands of Korean won)

	2023					
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Trade and other payables	₩129,190,890	₩129,190,890	₩106,437,424	₩5,279,174	₩4,359,000	₩ 13,115,292
Borrowings	68,682,000	72,101,631	2,024,639	70,076,992	-	-
Lease liabilities	2,170,932	2,257,714	853,770	640,727	627,652	135,565

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In addition to the financial liabilities listed above, the Company has financial guarantee contracts and performance guarantee contracts. Therefore, if the Company that received the guarantee fails to fulfill its obligation, the Company may be obligated to pay within one year (Note 31).

4.2 Capital Risk Management

The purpose of the Company's capital management is to maintain a sound capital structure and to maximize shareholder's profit. The Company monitors financial ratios such as debt ratio and net borrowings ratio to optimize capital structure and performs financial structure improvements as necessary.

<i>(in thousands of Korean won)</i>	2024		2023	
Liabilities (A)	₩	316,970,493	₩	279,014,422
Equity (B)		<u>535,235,350</u>		<u>398,469,238</u>
Debt ratio (A/B) (%)		59%		70%
Cash and cash equivalents (C)	₩	68,406,361	₩	87,912,464
Other current (non-current) financial assets (C)		1,535,979		1,535,979
Borrowings (D)		<u>-</u>		<u>68,682,000</u>
Net borrowings ratio ((D-C)/B) (%) ¹		-		-

¹ Net borrowings ratio as at December 31, 2024, is not recorded due to a negative ratio.

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5. Fair Value

5.1 Financial Instruments Measured at Fair Value

Carrying amount and fair value of financial instruments by category as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 68,406,361	₩ 68,406,361	₩ 87,912,464	₩ 87,912,464
Other financial assets	1,535,979	1,535,979	1,535,979	1,535,979
Trade and other receivables	482,488,761	482,488,761	280,024,006	280,024,006
Long-term trade and other receivables	1,507,627	1,507,627	1,580,839	1,580,839
	<u>₩ 553,938,727</u>	<u>₩ 553,938,727</u>	<u>₩ 371,053,288</u>	<u>₩ 371,053,288</u>
Financial liabilities				
Trade and other payables ¹	₩ 138,337,334	₩ 138,337,334	₩ 111,716,598	₩ 111,716,598
Current portion of borrowings	-	-	68,682,000	68,682,000
Derivative financial liabilities (current)	5,250,755	5,250,755	-	-
Long-term trade and other payables ¹	47,521,412	47,521,412	17,474,292	17,474,292
	<u>₩ 191,109,500</u>	<u>₩ 191,109,500</u>	<u>₩ 197,872,890</u>	<u>₩ 197,872,890</u>

¹ Trade and other payables include liabilities relating to salaries amounting to ₩ 76,978 million (2023: ₩ 42,754 million) and exclude lease liabilities amounting to ₩ 2,440 million (2023: ₩ 2,171 million).

5.2 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment (Level 3).

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Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 1,535,979	₩ 1,535,979
Derivative financial liabilities (current)	-	5,250,755	-	5,250,755

(in thousands of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 1,535,979	₩ 1,535,979

For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the cost was measured at fair value.

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2024 and 2023, are as follows:

(a) *Financial assets*

(in thousands of Korean won)

	2024		2023	
Financial assets at fair value through profit or loss				
Other financial assets	₩	1,535,979	₩	1,535,979
Financial assets at amortized cost				
Cash and cash equivalents		68,406,361		87,912,464
Other financial assets at amortized cost		6,074,512		5,472,285
Trade receivables		477,921,875		276,132,559
	₩	<u>553,938,727</u>	₩	<u>371,053,287</u>

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(b) *Financial liabilities*

<i>(in thousands of Korean won)</i>	2024		2023	
Financial liabilities at amortized cost				
Trade payables	₩	58,852,095	₩	39,671,973
Other financial liabilities at amortized cost ¹		127,006,650		89,518,917
Borrowings (current)		-		68,682,000
Derivative financial liabilities				
Currency swap (for trading)		5,250,755		-
	₩	<u>191,109,500</u>	₩	<u>197,872,890</u>

¹ Other financial liabilities at amortized cost include liabilities relating to salaries amounting to ₩ 76,978 million (2023: ₩ 42,754 million), and exclude lease liabilities amounting to ₩ 2,440 million (2023: ₩ 2,171 million).

6.2 Net Gains or Losses by Category of Financial Instruments

Net gain or net loss on each category of financial instruments for the years ended December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Financial assets at amortized cost				
Interest income	₩	3,062,228	₩	2,419,288
Reversal of bad debt expenses		1,439,868		(1,434,846)
Gain (loss) on foreign currency translation		24,790,555		(4,329,255)
Gain on foreign currency transaction		19,937,883		9,455,872
Loss on disposal		(18,034)		(11,517)
Financial liabilities at amortized cost				
Interest expenses ¹		(3,670,494)		(5,844,520)
Loss on foreign currency translation		(1,885,467)		(185,007)
Loss on foreign currency transaction		(5,830,873)		(1,229,472)
Derivative financial instruments				
Loss on valuation of currency swap for trading		(5,250,755)		-
Loss on transaction of currency swap for trading		(3,181,400)		-
	₩	<u>29,393,511</u>	₩	<u>(1,159,457)</u>

¹ Interest expense of other financial liabilities at amortized cost excludes interest expense on lease amounting to ₩ 101 million (2023: ₩ 89 million).

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7. Transfer of Financial Assets

There are no transferred financial assets that are not derecognized in their entirety as at December 31, 2024 and 2023.

8. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>		2024		2023
Demand deposits	₩	68,406,361	₩	87,912,464

9. Other Financial Assets

Details of other financial assets as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>		2024		2023
Non-current				
Financial assets at fair value through profit or loss	₩	1,535,979	₩	1,535,979

Financial assets at fair value through profit or loss as at December 31, 2024 and 2023, consist of:

<i>(in thousands Korean won)</i>			2024		2023
Equity instrument	RECON Labs Inc.	₩	1,500,566	₩	1,500,566
Contribution to a cooperative	Information & Communication Financial Cooperative		15,173		15,173
Contribution to a cooperative	Fire Industry Guarantee Union		20,240		20,240

During 2024, no amount was recognized within profit or loss in relation to financial assets at fair value through profit or loss.

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10. Trade and Other Receivables

Trade and other receivables as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 480,073,330	₩ -	₩ 279,723,882	₩ -
Allowance for doubtful account	(2,151,456)	-	(3,591,323)	-
Non-trade receivables	4,291,307	-	3,611,108	-
Deposits	275,580	1,507,627	280,339	1,580,839
	<u>₩ 482,488,761</u>	<u>₩ 1,507,627</u>	<u>₩ 280,024,006</u>	<u>₩ 1,580,839</u>

Movements in the allowance for doubtful account of trade and other receivables for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
Beginning balance	₩	3,591,323	₩	2,156,477
Bad debt expenses (reversal)		(1,439,868)		1,434,846
Ending balance	<u>₩</u>	<u>2,151,456</u>	<u>₩</u>	<u>3,591,323</u>

The aging analysis of the trade receivables as at December 31, 2024 and 2023, is as follows:

(in thousands of Korean won)

	2024		2023	
	Gross amount	Provision for impairment	Gross amount	Provision for impairment
Receivables not past due	₩ 403,285,829	₩ -	₩ 247,101,065	₩ -
Less than 6 months	74,643,961	(7,915)	28,979,650	(423,189)
Between 6 months and 1 year	-	-	1,633,144	(1,158,111)
Over 1 year	2,143,541	(2,143,541)	2,010,023	(2,010,023)
	<u>₩ 480,073,330</u>	<u>₩ (2,151,456)</u>	<u>₩ 279,723,882</u>	<u>₩ (3,591,323)</u>

The receivables of affiliated company with certainty of collectability have not been included, and there are no significant concentrations of credit risk except for receivables of affiliated company.

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11. Inventories

Inventories as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise	₩ 4,071,683	₩ (193,044)	₩ 3,878,639
Finished goods	8,459,947	(259,195)	8,200,752
Semi-finished goods	2,283,447	(7,696)	2,275,751
Work-in-progress	52,596	-	52,596
Raw materials	18,505,366	(1,282,390)	17,222,976
Supplies	585,390	-	585,390
Materials-in-transit	-	-	-
	<u>₩ 33,958,429</u>	<u>₩ (1,742,325)</u>	<u>₩ 32,216,104</u>

(in thousands of Korean won)

	2023		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise	₩ 4,846,259	₩ (749,243)	₩ 4,097,016
Finished goods	7,358,625	(295,886)	7,062,739
Semi-finished goods	2,082,611	(12,574)	2,070,037
Work-in-progress	165,839	-	165,839
Raw materials	22,772,162	(2,849,136)	19,923,026
Supplies	599,930	-	599,930
Materials-in-transit	708,618	-	708,618
	<u>₩ 38,534,044</u>	<u>₩ (3,906,839)</u>	<u>₩ 34,627,205</u>

Details of cost of inventories recognized as expense and loss on valuation recognized in cost of sales for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
Inventories recognized in cost	₩	504,688,430	₩	388,752,587
Reversal of loss on valuation of inventories		(2,164,514)		(584,226)
	<u>₩</u>	<u>502,523,916</u>	<u>₩</u>	<u>388,168,361</u>

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12. Other Assets

Details of other assets as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Advanced payments	₩ 100,925	₩ -	₩ 164,314	₩ -
Prepaid expenses	885,576	3,212,836	991,274	2,557,575
	<u>₩ 986,501</u>	<u>₩ 3,212,836</u>	<u>₩ 1,155,588</u>	<u>₩ 2,557,575</u>

13. Leases

(a) Amounts recognized in the statement of financial position

The statements of financial position show the following amounts relating to leases:

(in thousands of Korean won)

	2024		2023	
Right-of-use assets				
Properties	₩	1,997,769	₩	1,657,074
Vehicles		520,149		444,466
	<u>₩</u>	<u>2,517,918</u>	<u>₩</u>	<u>2,101,540</u>

(in thousands of Korean won)

	2024		2023	
Lease liabilities				
Current	₩	1,450,946	₩	1,465,232
Non-current		989,139		705,700
	<u>₩</u>	<u>2,440,085</u>	<u>₩</u>	<u>2,170,932</u>

Additions to the right-of-use assets during the 2024 financial year were ₩ 2,487,052 thousand (2023: ₩ 1,921,332 thousand) and deductions to the right-of-use assets due to cancellation of contracts and others during 2024 financial year were ₩ 226,924 thousand (2023: ₩ 41,868 thousand).

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(b) Amounts recognized in the statement of comprehensive income

The statements of comprehensive income show the following amounts relating to leases:

<i>(in thousands of Korean won)</i>	2024	2023
Depreciation of right-of-use assets		
Properties	₩ 1,357,577	₩ 1,163,193
Vehicles	486,172	499,407
	<u>₩ 1,843,749</u>	<u>₩ 1,662,600</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 100,540	₩ 89,338
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	41,864	37,592
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	7,233	3,192

The total cash outflow for leases in 2024 was ₩ 2,134,097 thousand (2023: ₩ 1,786,883 thousand).

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14. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024					
	Land	Buildings and structures	Machinery	Construction-in-progress and machinery-in-transit	Others	Total
Beginning balance	₩ 42,620,050	₩ 24,309,947	₩ 422,532	₩ 13,400,127	₩ 7,776,140	₩ 88,528,796
Acquisition	-	20,050	-	2,758,400	5,728	2,784,178
Disposal	-	-	-	(10,500)	(2,170)	(12,670)
Depreciation	-	(957,847)	(204,084)	-	(3,195,147)	(4,357,078)
Revaluation	-	-	-	-	-	-
Reclassification	-	14,810	90,000	(2,629,197)	2,272,253	(252,134)
Ending balance	<u>₩ 42,620,050</u>	<u>₩ 23,386,960</u>	<u>₩ 308,448</u>	<u>₩ 13,518,830</u>	<u>₩ 6,856,804</u>	<u>₩ 86,691,092</u>
Acquisition cost	₩ 42,620,050	₩ 36,387,387	₩ 1,984,737	₩ 13,518,830	₩ 25,394,964	₩ 119,905,968
Accumulated depreciation	-	(13,000,427)	(1,676,289)	-	(18,538,160)	(33,214,876)

<i>(in thousands of Korean won)</i>	2023					
	Land	Buildings and structures	Machinery	Construction-in-progress and machinery-in-transit	Others	Total
Beginning balance	₩ 22,248,449	₩ 24,320,265	₩ 610,104	₩ 8,774,611	₩ 6,851,948	₩ 62,805,377
Acquisition	-	-	-	7,677,329	61,737	7,739,066
Disposal	-	-	(1,634)	-	(27,760)	(29,394)
Depreciation	-	(909,718)	(245,697)	-	(2,951,658)	(4,107,073)
Revaluation	20,371,600	-	-	-	-	20,371,600
Reclassification	-	899,400	59,760	(3,051,813)	3,841,873	1,749,220
Ending balance	<u>₩ 42,620,049</u>	<u>₩ 24,309,947</u>	<u>₩ 422,533</u>	<u>₩ 13,400,127</u>	<u>₩ 7,776,140</u>	<u>₩ 88,528,796</u>
Acquisition cost	₩ 42,620,049	₩ 36,352,527	₩ 1,894,737	₩ 13,400,127	₩ 23,314,125	₩ 117,581,565
Accumulated depreciation	-	(12,042,580)	(1,472,204)	-	(15,537,985)	(29,052,769)

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Cost of sales	₩	199,085	₩	208,442
Selling and administrative expenses		1,434,602		1,309,120
Research and development		2,723,391		2,589,511
	<u>₩</u>	<u>4,357,078</u>	<u>₩</u>	<u>4,107,073</u>

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Details of land revaluation before 2023, are as follows:

Details	
Valuation date	September 30, 2020
Valuation company	The First Appraisal & Consulting Co.
Valuation method	Sales comparison approach

Details	
Valuation date	December 31, 2023
Valuation company	The First Appraisal & Consulting Co.
Valuation method	Sales comparison approach

The public (standard) land price method, complemented by the sales comparison method, had been used to appraise the fair value of the land. The valuation method is based on the official land price of standard site, whose traits are considered to be similar to those of target land in terms use district, land category, state of use etc. The price fluctuation rate or regional and individual factors have been analyzed accordingly.

The carrying amounts of land subject to revaluation and the carrying amounts when assessed on a cost model are as follows:

<i>(in thousands of Korean won)</i>	Revaluation model		Cost model	
Land	₩	42,620,050	₩	19,114,690

Meanwhile, the accumulated gain on revaluation recognized from the above land revaluation for the year ended December 31, 2024, is ₩ 23,505 million (before deducting income tax effect).

Fair value hierarchy classifications of the land measured at fair value as at December 31, 2024, are as follows:

<i>(in thousands Korean won)</i>	2024		
	Level 1	Level 2	Level 3
Land	₩	-	₩ 42,620,050

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15. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024							
	Development cost	Goodwill ¹	Industrial property rights	Software	Construction- in-progress	Membership rights	Others	Total
Beginning balance	₩ -	₩ 57,043,889	₩ 6,260,558	₩ 7,272,658	₩ -	₩ 2,721,760	₩ -	₩ 73,298,865
Disposal	-	-	(11,844)	(245,932)	-	(2,044,000)	-	(2,301,776)
Acquisition	-	-	882,401	-	715,125	2,800,000	-	4,397,526
Amortization	-	-	(1,187,958)	(2,214,668)	-	-	-	(3,402,626)
Reclassification	-	-	-	791,519	(539,385)	-	-	252,134
Ending balance	₩ -	₩ 57,043,889	₩ 5,943,157	₩ 5,603,577	₩ 175,740	₩ 3,477,760	₩ -	₩ 72,244,123
Acquisition cost	₩ 64,468,122	₩ 57,043,889	₩ 23,101,317	₩ 20,473,174	₩ 175,740	₩ 3,477,760	₩ 48,479,978	₩ 217,219,980
Accumulated amortization	(64,468,122)	-	(17,158,160)	(14,869,597)	-	-	(48,479,978)	(144,975,857)

¹ Goodwill is related to the security solutions business. The recoverable amount of all CGUs has been determined based on value-in-use calculations estimated based on financial budgets approved by management covering a five-year period of fair value. Value-in-use was measured by discounting the expected future cash flows with appropriate discount rate and the Company used the valuation report by an independent external agency. As at December 31, 2024, the Company expected that the carrying amount of cash generating units does not exceed the recoverable amount.

<i>(in thousands of Korean won)</i>	2023							
	Development cost	Goodwill ¹	Industrial property rights	Software	Construction- in-progress	Membership rights	Others	Total
Beginning balance	₩ -	₩ 57,043,889	₩ 6,296,006	₩ 7,698,170	₩ 553,500	₩ 2,721,760	₩ -	₩ 74,313,325
Acquisition	-	-	1,124,393	-	3,026,220	-	-	4,150,613
Disposal	-	-	-	-	-	-	-	-
Amortization	-	-	(1,159,841)	(2,256,012)	-	-	-	(3,415,853)
Reclassification	-	-	-	1,830,500	(3,579,720)	-	-	(1,749,220)
Ending balance	₩ -	₩ 57,043,889	₩ 6,260,558	₩ 7,272,658	₩ -	₩ 2,721,760	₩ -	₩ 73,298,865
Acquisition cost	₩ 64,468,122	₩ 57,043,889	₩ 22,230,758	₩ 19,947,855	₩ -	₩ 2,721,760	₩ 48,479,978	₩ 214,892,362
Accumulated amortization	(64,468,122)	-	(15,970,200)	(12,675,197)	-	-	(48,479,978)	(141,593,497)

Intangible assets that have an indefinite useful lives as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024	2023
Membership rights	₩ 3,477,760	₩ 2,721,760

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Line items including amortization in the statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Cost of sales	₩	214,000	₩	230,130
Selling and administrative expenses		2,789,655		2,778,340
Research and development		398,971		407,383
	₩	3,402,626	₩	3,415,853

The recoverable amount of the CGU is calculated on a basis of the value in use. Key assumptions for calculation of value in use are as follows:

<i>(in percentage %)</i>	2024
	Key assumptions
Gross margin rate ¹	12.0%
Sales growth rate ²	8.8%
Discount rate	9.7%
Perpetual growth rate	1.0%

¹ Annual average of sales margin ratio for estimating cash flow forecast for future budget period.

² Annual average of sales growth rate for estimating cash flow forecast for future budget period.

16. Investments in Subsidiaries

Movements of investments in subsidiaries for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	79,056,584	₩	57,244,188
Acquisition		38,204,279		62,280,334
Disposal		-		(40,467,938)
Valuation		(45,716,933)		-
Ending balance	₩	71,543,930	₩	79,056,584

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Details of investments in subsidiaries as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

Name of entity	Location	Main business	2024		2023	
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Hanwha Vision America, Inc.	United States	Selling CCTV, etc.	100.0%	₩ 12,115,296	100.0%	₩ 12,115,295
Hanwha Vision Europe Ltd.	United Kingdom	Selling CCTV, etc.	100.0%	12,295,965	100.0%	12,295,964
Hanwha Vision Middle East FZE	UAE	Selling CCTV, etc.	100.0%	2,377,838	100.0%	2,377,838
Hanwha Vision Vietnam Co., Ltd	Vietnam	Selling, manufacturing CCTV, etc.	100.0%	9,987,153	100.0%	9,987,153
Fabless Pioneer Holdings, Inc.	United States	Manufacturing integrated circuit	81.10%	34,767,678	62.03%	42,280,334
				<u>₩ 71,543,930</u>		<u>₩ 79,056,584</u>

During the year ended December 31, 2024, Fabless Pioneer Holdings, Inc. recognized an impairment loss of ₩ 45,716,933 thousand since it was determined that the carrying amount exceeded the recoverable amount. The recoverable amount was determined by considering the characteristics of the subsidiary and was measured based on the value-in-use, calculated using estimated cash flows approved by management and discounted at a rate of 17.6%, as well as the market value of the assets and liabilities held.

17. Trade and Other Payables

Trade and other payables as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024		2023	
	Current	Non-current	Current	Non-current
Trade payables	₩ 58,852,094	₩ -	₩ 39,671,973	₩ -
Non-trade payables	19,800,694	-	19,600,080	-
Accrued expenses	58,457,539	43,062,412	51,462,303	13,115,292
Withholdings	1,227,007	-	982,243	-
Deposits received	-	4,459,000	-	4,359,000
	<u>₩ 138,337,334</u>	<u>₩ 47,521,412</u>	<u>₩ 111,716,599</u>	<u>₩ 17,474,292</u>

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18. Borrowings

The Company sold trade receivables to Woori Bank and four other banks in accordance with foreign currency purchase agreement and other similar agreements. If the bank has recourse obligations, the amount of receivables which is not due in maturity is recorded as short-term borrowings. There are no related short-term borrowings as at December 31, 2024 and 2023.

Details of borrowings as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	Details	Date of maturity	Annual interest rate (%)	2024		2023	
Korea Development Bank	General loans	July 13, 2024	CD3M + 1.40%	₩	-	₩	30,000,000
Shinhan Bank Hong Kong Branch	General loans	Nov. 21, 2024	3M Term Sofr + 1.31%		-		38,682,000
				₩	-	₩	68,682,000

19. Other Liabilities

Details of other liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Advances	₩	4,131,703	₩	1,191,984
Provision for product warranty ¹		18,065,000		17,145,000
	₩	22,196,703	₩	18,336,984

¹ Provisions include product warranty and construction warranty.

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	17,145,000	₩	15,465,000
Used		(6,617,576)		(6,760,374)
Provision		7,537,576		8,440,374
Ending balance	₩	18,065,000	₩	17,145,000

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20. Employee Benefits Liabilities

Details of employee benefits liabilities recognized in the statements of financial position as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Net defined benefit liabilities	₩ 44,838,845	₩ 44,523,074
Other long-term employee benefits	8,329,476	5,472,346
	<u>₩ 53,168,321</u>	<u>₩ 49,995,420</u>

(a) Net defined benefit liabilities

Details of net defined benefit liabilities recognized as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Present value of funded defined benefit obligations	₩ 79,240,495	₩ 68,272,018
Fair value of plan assets	(34,401,650)	(23,748,945)
Net defined benefit liabilities	<u>₩ 44,838,845</u>	<u>₩ 44,523,073</u>

Movements in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Beginning balance	₩ 68,272,018	₩ 52,642,346
Current service cost	7,116,025	5,106,867
Interest expenses	3,621,771	3,124,412
Remeasurements:		
Actuarial gain from change in demographic assumptions	(1,274,378)	-
Actuarial loss from change in financial assumptions	652,369	5,716,653
Actuarial loss from experience adjustments	2,305,807	6,102,096
Amounts transferred between affiliates	(414,490)	(2,535)
Benefit payments	(1,038,626)	(4,417,821)
Ending balance	<u>₩ 79,240,496</u>	<u>₩ 68,272,018</u>

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Movements in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Beginning balance	₩	23,748,945	₩	13,910,212
Interest income		1,213,534		828,405
Remeasurements:				
Income of plan asset (excluding interest income)		(231,680)		(137,958)
Amounts transferred between affiliates		(65,248)		5,563
Benefit payments		(263,901)		(857,277)
Contributions		10,000,000		10,000,000
Ending balance	₩	<u>34,401,650</u>	₩	<u>23,748,945</u>

Plan assets as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024		2023	
Severance insurance bonds	₩	34,380,041	₩	23,720,085
Contributions to the National Pension Fund		21,609		28,860
	₩	<u>34,401,650</u>	₩	<u>23,748,945</u>

The expenses recognized as profit or loss for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Current service cost	₩	7,116,025	₩	5,106,867
Net interest cost		2,408,237		2,296,007
	₩	<u>9,524,262</u>	₩	<u>7,402,874</u>

Line items including total expenses in the statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Cost of sales	₩	805,417	₩	659,027
Selling and administrative expenses		3,852,068		3,090,148
Research and development		4,866,777		3,653,699
	₩	<u>9,524,262</u>	₩	<u>7,402,874</u>

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The significant actuarial assumptions as at December 31, 2024 and 2023, are as follows:

<i>(in percentage %)</i>	2024	2023
Discount rate	5.0	5.4
Expected rate of return of plan assets	5.0	5.4
Expected salary increase rate	4.3	4.6

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

<i>(in thousands of Korean won)</i>	Changes in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1% Increase/Decrease	₩ (6,731,555)	₩ 7,767,422
Salary growth rate	1% Increase/Decrease	7,889,379	(6,947,835)

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

The Company reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

The expected maturity analysis of undiscounted pension benefits as at December 31, 2024, is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Between 5 years and 10 years	Over 10 years
Pension benefits	₩ 2,032,852	₩ 9,074,418	₩ 20,365,992	₩ 45,132,697	₩ 249,766,475

The weighted average duration of the defined benefit obligation is 9.62 years.

The expense recognized in the current period in relation to defined contribution plan was ₩ 526 million.

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21. Tax expense and Deferred tax

Income tax expense for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	2024	2023
Current tax:		
Current tax on profits for the period	₩ 57,027,261	₩ 18,982,489
Deferred tax:		
Origination and reversal of temporary differences	(3,750,390)	(816,564)
Total tax effect:		
Tax effect directly charged to equity	442,475	(1,909,369)
Tax adjustment and additional payments	(9,997,644)	(5,352,511)
Other adjustments	61,861	(260,018)
Income tax expense	<u>₩ 43,783,563</u>	<u>₩ 10,644,027</u>

The taxes relating to items that are credited directly to equity for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		
	Before tax	Tax effect	After tax
Remeasurements of net defined benefit liabilities	₩ (1,915,476)	₩ 442,475	₩ (1,473,001)
Asset revaluation	-	-	-
	<u>₩ (1,915,476)</u>	<u>₩ 442,475</u>	<u>₩ (1,473,001)</u>

<i>(in thousands of Korean won)</i>	2023		
	Before tax	Tax effect	After tax
Remeasurements of net defined benefit liabilities	₩ (11,956,707)	₩ 2,761,999	₩ (9,194,708)
Asset revaluation	20,371,600	(4,671,368)	15,700,232
	<u>₩ 8,414,893</u>	<u>₩ (1,909,369)</u>	<u>₩ 6,505,524</u>

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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 profits of the Company as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Profit before income tax expense	₩ 182,022,676	₩ 102,107,116
Tax at domestic tax rates applicable to profits	41,585,238	23,124,744
Tax effects of:		
Income not subject to tax	(4,721)	(2,898,288)
Expenses not deductible for tax purposes	384,552	396,168
Adjustments in respect of prior years	290,918	292,518
Tax credits and exemptions	(6,686,734)	(6,028,000)
Corporate tax on unappropriated earnings	7,388,007	2,045,300
Effect of unrecognized deferred tax	10,560,612	-
Tax adjustment and additional payments	(9,997,644)	(5,352,511)
Others	263,335	(935,904)
Income tax expense	<u>₩ 43,783,563</u>	<u>₩ 10,644,027</u>
Effective tax rate (%)	24.1%	10.4%

Hanwha Vision Co., Ltd.
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The movement in deferred tax assets and liabilities for the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<i>(in thousands of Korean won)</i>	2024					
	Beginning balance	Statement of profit or loss	Equity	Ending balance		
Provision for severance benefits	₩ 15,764,170	₩ 2,146,436	₩ 388,957	₩ 18,299,563		
Deposits for severance benefits	(5,479,340)	(2,515,968)	53,518	(7,941,790)		
Provision for valuation of inventories	902,480	(500,003)	-	402,477		
Accrued expense (annual allowance)	1,357,160	199,537	-	1,556,697		
Accrued expense (provision)	13,405,096	7,676,536	-	21,081,632		
Provision for bonuses	1,264,112	659,997	-	1,924,109		
Provision for product warranty	3,960,495	212,520	-	4,173,015		
Land	(5,333,751)	-	-	(5,333,751)		
Depreciation	1,205,604	250,508	-	1,456,112		
Government grants	35,774	(15,519)	-	20,255		
Provision for impairment	492,182	-	-	492,182		
Membership right	(3,469)	-	-	(3,469)		
Right-of-use assets	(485,456)	(96,183)	-	(581,639)		
Lease liabilities	501,485	62,175	-	563,660		
Allowance for doubtful account	171,983	(171,983)	-	-		
Tax credits	705,699	3,933	-	709,632		
Tax on the appropriated earnings	(4,299,874)	(4,055,627)	-	(8,355,501)		
Prepaid expense	11,163	(10,670)	-	493		
Development cost	506,483	(129,779)	-	376,704		
Others	422,224	(407,995)	-	14,229		
	₩ 25,104,220	₩ 3,307,915	₩ 442,475	₩ 28,854,610		

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<i>(in thousands of Korean won)</i>	2023			
	Beginning balance	Statement of profit or loss	Equity	Ending balance
Provision for severance benefits	₩ 12,206,329	₩ 827,710	₩ 2,730,131	₩ 15,764,170
Deposits for severance benefits	(3,220,474)	(2,290,734)	31,868	(5,479,340)
Provision for valuation of inventories	1,041,927	(139,447)	-	902,480
Accrued expense (annual allowance)	1,264,039	93,121	-	1,357,160
Accrued expense (provision)	11,872,585	1,532,511	-	13,405,096
Provision for bonuses	1,072,284	191,828	-	1,264,112
Provision for product warranty	3,587,880	372,615	-	3,960,495
Land	(630,630)	(31,753)	(4,671,368)	(5,333,751)
Depreciation	1,189,279	16,325	-	1,205,604
Government grants	22,663	13,111	-	35,774
Provision for impairment	494,313	(2,131)	-	492,182
Membership right	(3,484)	15	-	(3,469)
Right-of-use assets	(436,378)	(49,078)	-	(485,456)
Lease liabilities	451,989	49,496	-	501,485
Allowance for doubtful account	-	171,983	-	171,983
Tax credits	679,200	26,499	-	705,699
Tax on the appropriated earnings	(5,343,507)	1,043,633	-	(4,299,874)
Prepaid expense	39,641	(28,478)	-	11,163
Development cost	-	506,483	-	506,483
Others	-	422,224	-	422,224
	<u>₩ 24,287,656</u>	<u>₩ 2,725,933</u>	<u>₩ (1,909,369)</u>	<u>₩ 25,104,220</u>

The Company evaluates the realizability of deferred tax assets considering various factors such as performance of the Company, outlook of overall economic circumstances and industry, future expected revenue and tax deductible period for tax credits and tax losses carried forward. The Company reviews such matters periodically. As at December 31, 2024, the Company recognized deferred tax assets excepting deductible temporary differences which are unrealizable and the amounts may change if estimation of future taxable income and plan of the Company changes.

Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Investments in subsidiaries ¹	₩ 97,200,576	₩ 49,655,831

¹ The amount of deferred tax assets is not recognized because the temporary differences are not likely to reverse in the foreseeable future, as there is no specific disposal plan for deductible temporary differences in subsidiaries.

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22. Share Capital and Share Premium

The Company's total number of authorized shares is 42,000,000 shares and the total number of ordinary shares issued is 2,000,000 shares with a par value of ₩ 5,000 per share. There was no change in paid-in capital for the year ended December 31, 2024.

Details of share premium as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Share premium	₩ 171,249,689	₩ 171,249,689

23. Accumulated Other Comprehensive Income and Retained Earnings

Accumulated other comprehensive income and retained earnings as at December 31, 2024 and 2023, consist of:

<i>(in thousands of Korean won)</i>	2024	2023
Accumulated other comprehensive income		
Revaluation surplus	₩ 23,505,359	₩ 23,505,359
Revaluation surplus – tax effect	(5,429,738)	(5,429,738)
	<u>18,075,621</u>	<u>18,075,621</u>
Retained earnings		
Legal appropriated retained earnings ¹	5,000,000	5,000,000
Reserves for facility ²	194,143,928	111,875,547
Actuarial gain on defined benefit obligations	(1,915,476)	(11,956,707)
Actuarial loss on defined benefit obligations – tax effect	442,475	2,761,999
Profit for the year	<u>138,239,113</u>	<u>91,463,089</u>
	<u>335,910,040</u>	<u>199,143,928</u>
	<u>₩ 353,985,661</u>	<u>₩ 217,219,549</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as legal appropriated retained earnings, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. As the reserve is reached to 50% of its share capital as at December 31, 2024, there are no plans to accumulate additional reserves. Also, the reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

² Reserves for facility are discretionary reserves that are reserved within the Company and can also be used as a source of cash dividends.

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The appropriation of retained earnings for the years ended December 31, 2024 and 2023, is as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Unappropriated retained earnings		
Unappropriated retained earnings carried over from prior period	₩ -	₩ -
Remeasurements of net defined benefit liabilities	(1,473,001)	(9,194,708)
Profit for the year	138,239,113	91,463,089
	<u>136,766,112</u>	<u>82,268,381</u>
Appropriation of retained earnings		
Reserve for facilities improvement	-	82,268,381
	-	<u>82,268,381</u>
Unappropriated retained earnings to be carried forward	<u>₩ 136,766,112</u>	<u>₩ -</u>

24. Construction Contracts

Changes in the remaining balance of construction contracts for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Beginning balance	₩ 3,306,598	₩ 5,161,949
Increase	52,065,301	9,927,966
Sales	(14,041,178)	(11,783,317)
Ending balance	<u>₩ 41,330,721</u>	<u>₩ 3,306,598</u>

Details of recognized construction profit or loss for ongoing construction contracts as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Accumulated contract revenue	₩ 52,769,083	₩ 53,782,105
Accumulated contract cost	39,649,768	40,250,545
Accumulated profit	<u>₩ 13,119,315</u>	<u>₩ 13,531,560</u>

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Amounts due from and due to customers for contract work as at December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Due from customers ¹	₩	4,474,209	₩	5,516,225
Due to customers ²		2,362,543		14,524

¹ Amounts due from customers for contract work are recognized as trade and other receivables in the statement of financial position.

² Amounts due to customers for contract work are recognized as other current liabilities in the statement of financial position.

Due to the factors causing the increase in costs in 2024, the estimated total revenue and costs for contracts in progress have changed. Details of changes in estimated total contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract are as follows:

<i>(in thousands of Korean won)</i>	2024	
Changes in estimated total contract revenue	₩	362,508
Changes in estimated total contract costs		285,210
Impact on profit or loss for the year		66,661
Impact on profit or loss for the succeeding year		10,637
Changes in due from customers for contract work		77,157
Changes in due to customers for contract work		10,496

The following table provides the contract details that exceed 5% of the previous year's sales.

(in thousands of Korean won)

Contract	Contract amount	Contract date	Construction period	Percentage of completion	Due from customers		Accounts receivable (Construction Receivables)	
					Amount	Allowance for doubtful account	Amount	Allowance for doubtful account
Construction project for integrated control center of Hanwha Ocean	₩ 40,940,000	2024-09-09	2025-12-31	6.88%	₩ -	₩ -	₩ 5,006,790	₩ -

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25. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Salaries and allowances	₩	43,077,046	₩	35,662,762
Bonuses		40,920,547		17,019,169
Post-employment benefits		4,178,143		3,423,396
Employee welfare benefits		4,791,928		3,809,965
Depreciation		1,434,602		1,309,120
Amortization		2,789,655		2,778,340
Depreciation of right-of-use assets		1,843,749		1,662,600
Samples		1,671,443		483,476
Advertising expenses		4,754,633		6,016,338
Training expenses		507,214		400,697
Entertainment expenses		1,310,720		1,223,424
Bad debt expenses (reversal)		(1,439,868)		1,434,846
Publications		2,014		2,751
Document delivery		15,995		17,436
Logistics costs		4,272,041		4,134,733
Insurance		615,677		405,273
Services expenses		8,344,862		8,440,374
Taxes and dues		572,509		453,566
Supplies		290,897		335,981
Repairs and maintenance		165,790		262,804
Travel expenses		1,933,760		2,435,716
Utilities expenses		401,878		402,831
Printing charge		23,583		22,170
Rental expenses		151,835		313,629
Electronic data processing expenses		4,498,955		4,498,784
Research		547,233		704,169
Commission expenses		8,743,200		9,247,978
Communication		169,141		154,690
Sales promotion		2,382,334		2,053,750
Event fees		70,371		127,773
Conference		722,603		747,483
Royalty fees		794		-
	₩	139,765,284	₩	109,986,024

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Notes to the Financial Statements
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26. Breakdown of Expenses by Nature

Details of breakdown of expenses by nature for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Changes in inventories of finished goods, semi-finished goods and work in process	₩	(6,532,514)	₩	(4,583,049)
Purchase of merchandise		359,032,941		254,932,394
Raw materials and consumables used		111,516,269		95,455,238
Employee benefits ¹		178,718,134		133,196,016
Employee welfare benefits		12,826,332		9,821,381
Depreciation		4,357,078		4,107,073
Amortization		3,402,626		3,415,853
Depreciation of right-of-use assets		1,843,749		1,662,600
Freight and custody charges		4,352,740		4,233,052
Taxes and dues		1,325,761		1,104,079
Repairs and maintenance		716,496		1,105,906
Utilities expenses		1,147,269		1,148,538
Rental expenses		641,848		987,814
Electronic data processing expenses		13,290,164		11,889,192
Commission expenses		16,592,788		18,070,548
Royalty fees		54,712,469		34,590,973
Outsourcing expenses		30,176,913		28,131,195
Others		24,040,140		35,492,061
Total ²	₩	<u>812,161,203</u>	₩	<u>634,760,864</u>

¹ Salary and post-employment benefits are included.

² The amounts include cost of sales, selling and administrative expenses and research and development expenses in the statements of comprehensive income.

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27. Other Income and Expenses

Details of other income and expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Other income		
Fees income	₩ 770,971	₩ 640,271
Rental income	55,810	31,800
Gain on foreign currency transactions	27,591,300	19,206,917
Gain on foreign currency translations	24,816,694	1,121,913
Gain on disposal of property, plant and equipment	7,181	22,024
Gain on disposal of intangible assets	4,168	-
Dividend income	-	13,182,720
Gain on disposal of investments in subsidiaries	-	1,812,395
Miscellaneous income	2,041,220	306,948
	<u>₩ 55,287,344</u>	<u>₩ 36,324,988</u>
Other expenses		
Loss on foreign currency transactions	₩ 13,344,992	₩ 10,454,169
Loss on foreign currency translations	1,911,606	4,973,174
Impairment loss on investments in subsidiaries	45,716,933	-
Loss on disposal of property, plant and equipment	1,525	2,549
Loss on disposal of intangible assets	55,844	-
Donation	3,662,684	1,576,430
Loss on disposal of trade receivables	18,034	11,517
Miscellaneous expenses	182,271	311,728
	<u>₩ 64,893,889</u>	<u>₩ 17,329,567</u>

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28. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024	2023
Finance income		
Interest income	₩ 3,062,228	₩ 2,419,288
Gain on foreign currency transactions	5,598,708	7,615,690
Gain on transaction of derivatives	2,170,000	-
	<u>₩ 10,830,936</u>	<u>₩ 10,034,978</u>
Finance costs		
Interest expenses	₩ 3,771,034	₩ 5,933,859
Loss on foreign currency transactions	5,738,006	8,142,038
Loss on foreign currency translations	-	663,000
Payment guarantee fees	166,534	180,006
Loss on valuation of derivatives	5,250,755	-
Loss on transaction of derivatives	5,351,400	-
	<u>₩ 20,277,729</u>	<u>₩ 14,918,903</u>

Hanwha Vision Co., Ltd.
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29. Related Party Transactions

Details of Parent Company and subsidiaries of the Company as at December 31, 2024, is as follows:

Type	2024
Ultimate Parent Company	Hanwha Co., Ltd.
Direct Parent Company	Hanwha Industrial Solutions Co., Ltd. ¹
Subsidiaries	Hanwha Vision America, Inc. Hanwha Vision Europe Ltd. Hanwha Vision Vietnam Co., Ltd Hanwha Vision Middle East FZE Fabless Pioneer Holdings, Inc. Vision Next America, Inc. VISIONEXT CO., LTD. Duclo, Inc. ² Hanwha Vision Mexico S.A. DE C.V. A123 Corporation Neubla Corporation Neubla UK Ltd.

¹ Following the split of Hanwha Aerospace Co., Ltd. and Hanwha Industrial Solutions Co., Ltd. on September 1, 2024, the Company's Direct Parent Company has changed to Hanwha Industrial Solutions Co., Ltd..

² Duclo, Inc. was merged into Hanwha Vision America, Inc. on December 31, 2024.

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Transactions with related parties including operating revenues and expenses for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)	2024			
	Sales and others	Purchase of raw materials, etc.	Acquisition of property, plant and equipment and others	Others
Parent Company				
Hanwha Co., Ltd.	₩ -	₩ -	₩ -	2,074,795
Hanwha Industrial Solutions Co., Ltd.	688,018	-	-	-
Subsidiaries				
Hanwha Vision America, Inc.	557,711,197	1,638,519	-	23,563,452
Hanwha Vision Mexico S.A.DE C.V.	22,338	-	-	-
Hanwha Vision Europe Ltd.	140,615,197	5,305	-	1,974,622
Hanwha Vision Middle East FZE	56,203,740	-	-	-
Hanwha Vision Vietnam Co., Ltd	1,855,998	354,845,743	-	2,571,918
VISIONEXT CO., LTD.	122,853	-	-	11,377,845
Others ¹				
Hanwha Aerospace Co., Ltd.	466,415	-	-	4,705,952
Hanwha Power Systems Co., Ltd.	232,114	-	-	31,966
Hanwha Precision Machinery Co., Ltd.	312,430	-	-	-
Hanwha Systems Co., Ltd.	-	-	2,097,666	8,602,291
Hanwha Japan Co., Ltd.	10,541,239	-	-	180,454
Hanwha Galleria Co., Ltd.	-	-	-	713,244
Hanwha Eagles Professional Baseball Club	-	-	-	46,298
Hanwha Hotels & Resorts Co., Ltd.	-	-	-	143,278
HANWHA SOLUTIONS CO., LTD	2,000,000	-	2,800,000	168,445
Hanwha Life Insurance Co., Ltd.	858,836	-	-	261,087
Hanwha General Insurance Co., Ltd.	-	12,934	-	471,301
Carrot General Insurance CO.,LTD.	-	-	-	527,706
Hanwha Totalenergies Petrochemical Co., Ltd.	344,000	-	-	-
Hanwha Holdings (USA), Inc.	-	-	-	66,351
HANWHA INTERNATIONAL INDIA PVT., LT	-	-	-	1,374,708
Hanwha B&B Co., Ltd.	-	-	-	726
Hanwha REIT Co., Ltd.	-	-	-	28,195
Hanwha Ocean Co., Ltd.	5,006,790	-	-	-
Hanwha Foodtech	-	-	-	1,539
FG Korea Inc.	-	-	-	12,167
Hanwha Foundation of Culture	-	-	-	3,053,000
Bugil educational foundation	-	-	-	500,000

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

(in thousands of
Korean won)

		2024			
		Sales and others	Purchase of raw materials, etc.	Acquisition of property, plant and equipment and others	Others
		₩ 776,981,165	₩ 356,502,501	₩ 4,897,666	₩ 62,451,340

¹ Include certain entities that belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

(in thousands of
Korean won)

		2023			
		Sales and others	Purchase of raw materials, etc.	Acquisition of property, plant and equipment and others	Others
Parent Company					
Hanwha Co., Ltd.	₩	-	₩	-	₩ 3,271,777
Hanwha Aerospace Co., Ltd.		508,739		-	6,077,257
Subsidiaries					
Hanwha Vision America, Inc.		349,006,280	1,215,990	-	9,889,098
Hanwha Vision Europe Ltd.		99,231,743	-	-	1,535,133
Hanwha Vision Vietnam Co., Ltd.		1,216,749	253,014,932	-	1,950,454
Hanwha Vision Middle East FZE		53,762,374	-	-	2,283
VISIONEXT CO., LTD.		86,358	-	-	18,358,372
Others ¹					
Hanwha Power Systems Co., Ltd.		209,967	-	-	32,195
Hanwha Precision Machinery Co., Ltd.		329,401	-	-	-
Hanwha Systems Co., Ltd.		-	-	2,970,600	6,326,651
Hanwha Japan Co., Ltd.		8,816,554	-	-	289,715
HANWHA SOLUTIONS CO., LTD		-	-	-	70,291
Hanwha Eagles Professional Baseball Club		-	-	-	39,234
Hanwha Hotels & Resorts Co., Ltd.		-	-	-	600,523
Hanwha Life Insurance Co., Ltd.		605,007	-	-	275,427
Hanwha General Insurance Co., Ltd.		-	11,976	-	464,071
Hanwha Investment & Securities Co., Ltd.		17,953	-	-	-
Hanwha Totalenergies Petrochemical Co., Ltd.		225,450	-	-	-
Hanwha Holdings (USA), Inc.		-	-	-	49,188
HANWHA INTERNATIONAL INDIA PVT., LT		-	-	-	952,004
Hanwha Foundation of Culture		-	-	-	925,000
Bugil educational foundation		-	-	-	500,000
Hanwha Galleria Co., Ltd.		-	-	-	454,913
Hanwha 63 City Corporation		-	-	-	5,490
Carrot General Insurance CO.,LTD.		-	-	-	490,977

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

(in thousands of
Korean won)

		2023			
		Purchase of raw materials, etc.		Acquisition of property, plant and equipment and others	
		Sales and others			Others
₩	514,016,575	₩	254,242,898	₩	2,970,600
₩				₩	52,560,053

¹ Include certain entities that belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)

	2024					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Parent Company						
Hanwha Co., Ltd.	₩ -	₩ -	₩ -	₩ -	₩ 20,310	₩ -
Hanwha Industrial Solutions Co., Ltd.	-	-	-	-	-	26,796
Subsidiaries						
Hanwha Vision America, Inc.	310,555,946	202,896	-	-	10,283,701	-
Hanwha Vision Mexico S.A. DE C.V.	-	18,597	-	-	-	-
Hanwha Vision Europe Ltd.	71,442,589	136,744	-	-	573,490	-
Hanwha Vision Middle East FZE	33,171,690	-	-	-	-	-
Hanwha Vision Vietnam Co., Ltd	2,925,930	1,553,228	-	51,163,356	141,419	-
VISIONEXT CO., LTD.	-	-	-	-	738,299	-
Others ¹						
Hanwha Aerospace Co., Ltd.	-	19,618	-	-	369,619	83,000
Hanwha Power Systems Co., Ltd.	-	22,209	-	-	-	38,000
Hanwha Precision Machinery Co., Ltd.	-	30,723	-	-	-	38,000
Hanwha Systems Co., Ltd.	-	-	-	-	2,106,601	-
Hanwha Japan Co., Ltd.	1,645,841	-	-	-	-	-
Hanwha Eagles Professional Baseball Club	-	11,935	-	-	-	-
Hanwha Hotels & Resorts Co., Ltd.	-	-	650,000	-	6,938	-
HANWHA SOLUTIONS CO., LTD	-	-	2,800,000	-	-	-
Hanwha Life Insurance Co., Ltd.	-	-	27,663,876	-	-	-
Hanwha B&B Co., Ltd.	-	-	-	-	57	-
Hanwha Ocean Co., Ltd	5,068,901	-	-	-	-	-
	₩ 424,810,897	₩ 1,995,950	₩ 31,113,876	₩ 51,163,356	₩ 14,240,434	₩ 185,796

¹ Include certain entities that belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

(in thousands of Korean won)

	2023					
	Receivables			Payables		
	Trade receivables	Non-trade receivables	Others	Trade payables	Non-trade payables	Others
Parent Company						
Hanwha Co., Ltd.	₩	-	₩	-	₩	-
Hanwha Aerospace Co., Ltd.		-	56,554		-	83,000
Subsidiaries						
Hanwha Vision America, Inc.	151,715,828	292,648	-	-	8,985,130	-
Hanwha Vision Europe Ltd.	49,264,790	67,802	-	-	216,264	-
Hanwha Vision Vietnam Co., Ltd	1,505,531	267,866	-	34,390,775	108,747	-
Hanwha Vision Middle East FZE	26,345,080	-	-	-	2,266	-
Hanwha Vision Mexico S.A. DE C.V.	-	44,615	-	-	-	-
VISIONEXT CO., LTD.	-	4,266	-	-	2,395,547	-
Others ¹						
Hanwha Power Systems Co., Ltd.		-	15,953		-	38,000
Hanwha Precision Machinery Co., Ltd.		-	52,540		-	38,000
Hanwha Systems Co., Ltd.		-	-		-	1,377,147
Hanwha Japan Co., Ltd.	2,245,588	-	-		-	-
Hanwha Eagles Professional Baseball Club		-	8,151		-	-
Hanwha Hotels & Resorts Co., Ltd.		-	650,000		-	3,260
Hanwha Life Insurance Co., Ltd.		-	20,208,399		-	-
HANWHA SOLUTIONS CO., LTD		-	2,000,000		-	298
Hanwha 63 City Corporation		-	-		-	2
HANWHA INTERNATIONAL INDIA PVT., LT		-	-		-	75,758
	₩ 231,076,817	₩ 810,395	₩ 22,858,399	₩34,390,775	₩ 13,674,105	₩ 159,000

¹ Include certain entities that belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

Fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in thousands of Korean won)		2024				
		Loan transactions				Ending balance
Beginning balance	Loans	Repayments	Other (exchange rate)			
Subsidiary						
Hanwha Vision Vietnam Co., Ltd	₩	- ₩	- ₩	- ₩	- ₩	-

(in thousands of Korean won)		2023				
		Loan transactions				Ending balance
Beginning balance	Loans	Repayments	Other (exchange rate)			
Subsidiary						
Hanwha Vision Vietnam Co., Ltd	₩	22,811,400 ₩	- ₩	(22,588,600) ₩	(222,800) ₩	-

Payment guarantees provided by the Company to the related parties as at December 31, 2024 and 2023, are as follows:

(in USD)		2024		
		Guarantee by	Guaranteed amount	Guarantee period
Subsidiaries				
Hanwha Vision America, Inc.	Shinhan Bank New York Branch	USD	24,000,000	June 7, 2024 ~ June 6, 2025
	Woori Bank New York Branch	USD	24,000,000	September 9, 2024 ~ September 8, 2025
Hanwha Vision Vietnam Co., Ltd	Woori Bank Bac Ninh Branch	USD	12,000,000	July 26, 2024 ~ July 25, 2025
		USD	12,000,000	March 25, 2024 ~ March 25, 2025
	Woori Bank Hanoi	USD	12,000,000	July 24, 2024 ~ July 24, 2025

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
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<i>(in USD)</i>	2023		
	Guarantee by	Guaranteed amount	Guarantee period
Subsidiaries			
Hanwha Vision America, Inc.	Shinhan Bank New York Branch	USD 24,000,000	June 9, 2023 ~ June 7, 2024
	Woori Bank New York Branch	USD 24,000,000	September 11, 2023 ~ September 9, 2024
Hanwha Vision Vietnam Co., Ltd	Woori Bank Bac Ninh Branch	USD 12,000,000	July 26, 2023 ~ July 26, 2024
	Woori Bank Hong Kong	USD 12,000,000	October 15, 2021 ~ September 14, 2024
	Woori Bank Hanoi	USD 12,000,000	March 25, 2023 ~ March 25, 2024
		USD 12,000,000	July 24, 2023 ~ July 24, 2024

The Company increased capital by ₩ 38,204 million for Fabless Pioneer Holdings, Inc. for the year ended December 31, 2024.

The compensation paid or payable to the key management for employee services for the years ended December 31, 2024 and 2023, consists of:

<i>(in thousands of Korean won)</i>	2024		2023	
Short-term employee benefits	₩	8,900,129	₩	7,125,541
Post-employment benefits		1,116,926		794,354
Incentive		414,960		863,225
Other salaries		28,758,936		7,177,843
	₩	<u>39,190,951</u>	₩	<u>15,960,963</u>

The Company's key management consists of executives (including unregistered executives) who have important authority and responsibility for planning, operating, and controlling the Company's activities.

The Company provides home mortgage loans to its employees as at December 31, 2024.

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

30. Share-based Payments

The Company has granted cash-settled share-based payments to directors and employees by the resolution of the Board of Directors for the year ended December 31, 2024, and the details are as follows:

<i>(in Korean won and shares)</i>	2024
Base shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total grants	₩ 3,420 million (grant share price: ₩ 128,789, total shares: 26,553 shares)
Grant date	February 28, 2024
Vesting conditions	In the case of working for more than 6 months in the relevant position for the year ended December 31, 2024, the granted share-based payments shall not be changed.
Exercise price	Not applicable
Exercisable period	The effect of payment on RSUs occurs from February 2028 to February 2034 to each employees and executives, regardless of whether the employees and executives are employed (however, the Company may execute the payment to the employees and executives, in case where interim payment conditions are met)

¹ For employees and executives who were hired in the middle, the timing of the grant and base share prices are determined based on the date of employment.

Meanwhile, details of the cash-settled share-based payments granted to directors and employees by the resolution of the Board of Directors for the year ended December 31, 2023, are as follows:

<i>(in Korean won and shares)</i>	2023
Base shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total grants	₩ 2,193 million (grant share price: ₩ 70,557, total shares: 31,078 shares)
Grant date	₩ 164 million (grant share price: ₩ 45,870, total shares: 3,576 shares)
Grant date	January 1, 2023 and others ¹
Vesting conditions	In the case of working for more than 6 months in the relevant position for the year ended December 31, 2023, the granted share-based payments shall not be changed.
Exercise price	Not applicable
Exercisable period	The effect of payment on RSUs occurs from January 2027 to January 2033 to each employees and executives, regardless of whether the employees and executives are employed (however, the Company may execute the payment to the employees and executives, in case where interim payment conditions are met)

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

Changes in the number of right of cash-settled share-based payments as at December 31, 2024 and 2023, are as follows:

<i>(in shares)</i>	Number of share options	
	2024	2023
Beginning balance	105,344	70,690
Granted	26,553	34,654
Others	(6)	-
Ending balance	<u>131,891</u>	<u>105,344</u>
Exercisable at the end of the reporting period	131,891	105,344

Book amount of liabilities and intrinsic value recognized in relation to cash-settled share-based payments are as follows. The intrinsic value is measured at the market price of the shares traded on the securities market at the end of each reporting period.

<i>(in thousands of Korean won)</i>	2024		2023	
Book amount of liabilities	₩	43,062,412	₩	13,115,292
Intrinsic value <i>(in Korean won)</i>		326,500		124,500

Expenses recognized in relation to the cash-settled share-based payments for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Cash linked with the share price	₩	29,947,119	₩	7,912,533

The weighted average remaining contractual maturity of cash-settled share-based payments at the end of the reporting period is 6.1 years.

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

31. Commitments and Contingencies

Details of agreements with financial institution as at December 31, 2024, are as follows:

<i>(in thousands of Korean won and in USD)</i>		Details	Amount
Woori Bank	Others (payment guarantee)	USD	3,000,000
	Selling trade receivables denominated in foreign currencies	USD	20,000,000
KEB Hana Bank	Others (payment guarantee)	USD	5,000,000
	Selling trade receivables denominated in foreign currencies	USD	20,000,000
	Others (deposit waiver)	USD	10,000,000
	Import L/C	USD	3,500,000
Shinhan Bank	Selling trade receivables denominated in foreign currencies	USD	30,000,000
	Credit sales facility	KRW	500,000
Kookmin Bank	Selling trade receivables denominated in foreign currencies	USD	25,000,000
Industrial Bank of Korea	Selling trade receivables denominated in foreign currencies	USD	14,000,000

Details of guarantees provided to others as at December 31, 2024, are as follows:

<i>(in USD)</i>	Details	Amount
Hanwha Vision America Inc.	Local financial guarantee	USD 48,000,000
Hanwha Vision Vietnam Co., Ltd	Local financial guarantee	USD 36,000,000

Details of guarantees provided by others as at December 31, 2024, are as follows:

<i>(in thousands of Korean won and in USD)</i>		Details	Amount
KEB Hana Bank	Other foreign currency payment guarantee	USD	298,985
	Contract guarantee insurance	KRW	142,734
Seoul Guarantee Insurance Company	Warranty guarantee insurance	KRW	568,709
	Bid guarantee insurance	KRW	2,627

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

As at December 31, 2024, the contract amount for the acquisition of property, plant and equipment and intangible assets that have not occurred is ₩ 1,853 million.

The newly established corporation (the Company, Hanwha Vision Co., Ltd., formerly, Hanwha Techwin Co., Ltd., at the time of split-off) should take a joint responsibility for the liabilities (including liabilities before the split-off) with the remaining company (Hanwha Aerospace Co., Ltd.) in accordance with paragraph 1 of Article 530.9 of the Commercial Code of Korea.

The newly established corporation (the Company, VISIONEXT CO., LTD.) should take a joint responsibility for the liabilities (including liabilities before the split-off) with the remaining company (the Company, Hanwha Vision Co., Ltd, formerly, Hanwha Techwin Co., Ltd., at the time of split-off) in accordance with paragraph 1 of Article 530.9 of the Commercial Code of Korea.

The Company has entered into derivative contracts to hedge foreign currency risk and price risk relating to purchase of inventories, and interest rate risk of borrowings but hedge accounting is not applied. As at December 31, 2024, derivative financial liabilities amount to ₩ 5,251 million.

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

32. Cash Generated from Operations

Details of cash generated from operations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024		2023	
Profit for the year	₩	138,239,113	₩	91,463,089
Adjustments for:				
Income tax expenses		43,783,563		10,644,027
Depreciation		4,357,078		4,107,073
Other long-term employee benefits		33,760,759		9,353,583
Amortization		3,402,626		3,415,853
Loss on disposal of intangible assets		55,844		-
Loss on disposal of trade receivables		18,034		-
Loss on foreign currency transactions from financing activities		3,066,000		222,800
Loss on foreign currency translations		1,911,606		5,636,174
Loss on disposal of property, plant and equipment		1,525		2,549
Interest expenses		3,771,034		5,933,859
Post-employment benefits		9,524,262		7,402,874
Depreciation of right-of-use assets		1,843,749		1,662,600
Commission expenses		49,922		64,195
Reversal of loss on valuation of inventories		(2,164,514)		(584,226)
Provision		7,537,576		1,680,000
Bad debt expenses (reversal)		(1,439,868)		1,434,846
Impairment loss on investments in subsidiaries		45,716,933		-
Loss on valuation of derivatives		5,250,755		-
Gain on foreign currency translations		(24,816,694)		(1,121,913)
Gain on disposal of property, plant and equipment		(7,181)		(22,024)
Gain on disposal of intangible assets		(4,168)		-
Interest income		(3,062,228)		(2,419,288)
Dividend income		-		(13,182,720)
Miscellaneous income		(6,516)		-
Gain on disposal of investments in subsidiaries		-		(1,812,395)
Change in operating assets and liabilities				
Trade receivables		(175,576,927)		10,930,058
Non-trade receivables		(680,199)		362,175
Inventories		4,575,615		7,982,860
Other current assets		173,847		2,050,274
Trade payables		17,578,490		4,520,994
Non-trade payables		(70,017)		6,674,018

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

<i>(in thousands of Korean won)</i>	2024	2023
Accrued expenses	7,215,318	(502,629)
Withholdings	244,764	194,197
Other current liabilities	(3,677,856)	(305,050)
Other long-term employee benefits liabilities	(956,510)	(590,617)
Payments of post-employment benefits	(774,725)	(3,560,546)
Contribution in plan asset	(10,000,000)	(10,000,000)
Net transferred post-employment benefits from associates	(349,241)	(8,098)
Cash generated from operations	₩ 108,491,769	141,628,592

Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of Korean won)</i>	2024				
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Lease liabilities	Total
Beginning balance	₩ -	₩ 68,682,000	₩ -	₩ 2,170,932	₩ 70,852,932
Cash flows	-	(71,748,000)	-	(2,085,000)	(73,833,000)
Amortization of present value discounts	-	-	-	100,540	100,540
Loss on foreign currency translations	-	3,066,000	-	-	3,066,000
Reclassification to current portion	-	-	-	-	-
Others (Acquisition / change/termination)	-	-	-	2,253,613	2,253,613
Ending balance	₩ -	₩ -	₩ -	₩ 2,440,085	₩ 2,440,085

Hanwha Vision Co., Ltd.
Notes to the Financial Statements
December 31, 2024 and 2023

(in thousands of Korean won)

	2023				
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Lease liabilities	Total
Beginning balance	₩ 33,135,580	₩ 40,000,000	₩ 38,019,000	₩ 1,948,230	₩ 113,102,810
Cash flows	(33,135,580)	(10,000,000)	-	(1,746,099)	(44,881,679)
Amortization of present value discounts	-	-	-	89,338	89,338
Loss on foreign currency translations	-	-	663,000	-	663,000
Reclassification to current portion	-	38,682,000	(38,682,000)	-	-
Others (Acquisition / change/termination)	-	-	-	1,879,463	1,879,463
Ending balance	₩ -	₩ 68,682,000	₩ -	₩ 2,170,932	₩ 70,852,932

33. Events After the Reporting Period

On October 30, 2024, by a resolution of the Board of Directors, the Company resolved to merge with Hanwha Industrial Solutions Co., Ltd., which owns 100% interests in the Company, in accordance with Article 527.2 Short-form Merger of the Commercial Code of Korea, and the date of merger was January 1, 2025. The manufacturing and sales of surveillance equipment which was engaged by the Company will continue to be engaged by the surviving company, Hanwha Industrial Solutions Co., Ltd., following the merger. In addition, Hanwha Industrial Solutions Co., Ltd., the merger company, has changed its name to Hanwha Vision Co., Ltd. on January 1, 2025, in accordance with a resolution of the shareholders' meeting on December 13, 2024.

**Report on Independent Auditor's
Review of Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Hanwha Vision Co., Ltd.

We have reviewed the accompanying management's report on the effectiveness of the Internal Control over Financial Reporting ("ICFR") of Hanwha Vision Co., Ltd. (the "Company") as of December 31, 2024. The Company's management is responsible for designing and operating ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review the management's report on the effectiveness of the ICFR and issue a report based on our review. The management's report on the effectiveness of the ICFR of the Company states that "Based on the assessment results, Chief Executive Officer and ICFR Officer believe that the Company's ICFR, as at December 31, 2024, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*"

Our review was conducted in accordance with the ICFR review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the effectiveness of the ICFR to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's ICFR and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit. However, in accordance with Chapter 4, 'Application to small & medium sized companies' of the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting and Best Practice Guideline, the design, operation and assessment of its ICFR are limited compared with those of public large sized companies as the Company is a non-public large sized company. As such, we performed our review in accordance with Chapter 14, 'Review standards for small & medium sized companies'.

An entity's ICFR is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR 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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that management's report on the effectiveness of ICFR, referred to above, is not presented fairly, in all material respects, in accordance with *Chapter 4, 'Application to small & medium sized companies', of the Best Practice Guideline for Evaluating and Reporting Internal Control over Financial Reporting*.

Our review is based on the Company's ICFR as of December 31, 2024, and we did not review management's assessment of its ICFR subsequent to December 31, 2024. This report has been prepared pursuant to the Acts on External Audit for Stock Companies, etc. in Korea and may not be appropriate for other purposes or for other users.



Samil PricewaterhouseCoopers

March 12, 2025

This report is effective as at March 12, 2025, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Report on the Effectiveness of the Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Auditor of Hanwha Vision Co., Ltd.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of Hanwha Vision Co., Ltd. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with Chapter 4 'Application to small & medium sized companies' of the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR based on Chapter 4 'Application to small & medium sized companies' of the Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting established by the ICFR Committee. Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2024, is designed and operated effectively, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

Date
February 5, 2025



AHN SOONHONG
Chief Executive Officer (or President)



HONG SOONJAE
Internal Control over Financial Reporting Officer