

IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS WITH ADDRESSES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the following Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The attached document is being furnished in connection with an offering exempt from registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein. You are reminded that the information in the attached document is not complete and may be changed without notice.

THIS DOCUMENT AND THE SECURITIES REFERENCED HEREIN MAY ONLY BE DISTRIBUTED IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES A PUBLIC OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S (AS DEFINED BELOW) UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE SECURITIES ARE BEING OFFERING, SOLD OR DELIVERED OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”).

THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE SECURITIES, THE SECURITIES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A “QUALIFIED INSTITUTIONAL INVESTOR” (A “KOREAN QIB,” AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC DISCLOSURE, ETC. OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB FOR KOREAN QIB BOND TRADING, SUBJECT TO CERTAIN REQUIREMENTS BEING MET, PROVIDED THAT THE AMOUNT OF THE SECURITIES ACQUIRED BY THE KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be non-U.S. persons outside the U.S. By accepting the e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are non-U.S. persons outside the United States, (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and, to the extent that you purchase the securities described in the following Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (3) you consent to the delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person. If this is not the case, you must return this Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriter or such affiliate on behalf of Hanwha Aerospace Co., Ltd. (the “Issuer”) in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer or Citigroup Global Markets Limited, Cr dit Agricole Corporate and Investment Bank and UBS AG Hong Kong Branch (collectively, the “Managers”), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – Prospective investors should be aware that certain intermediaries in the context of the offerings of the Notes (as defined in this Offering Circular), including certain Managers, are “capital market intermediaries” (together, the “CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Hong Kong Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer (as defined in this Offering Circular), a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to such offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order and such orders will be subject to applicable requirements in accordance with the SFC Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to such offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks which act as CMIs in connection with the offering (the “Private Banks”)) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for such offering. Failure to provide such information may result in that order being rejected.

OFFERING CIRCULAR



HANWHA AEROSPACE CO., LTD.

(incorporated with limited liability under the laws of the Republic of Korea)

U.S.\$500,000,000 5.000% Senior Unsecured Notes due 2029

Issue Price: 99.791%

The U.S.\$500,000,000 5.000% Senior Unsecured Notes due 2029 (the “Notes”) will be issued by Hanwha Aerospace Co., Ltd. (the “Issuer”). The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).

The Notes will bear interest from and including July 27, 2026 (the “Issue Date”) at a rate of 5.000%. Interest will be payable semi-annually in arrear on January 27 and July 27 of each year (each an “Interest Payment Date,” with the first Interest Payment Date falling on January 27, 2027 in respect of the period from and including the Issue Date to but excluding such Interest Payment Date).

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their outstanding principal amount on July 27, 2029 (the “Maturity Date”). The Notes are subject to redemption, in whole but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event of certain changes to tax laws. See “*Terms and Conditions of the Notes – Optional Redemption for Tax Reasons.*”

Investing in the Notes involves certain risks. See “*Risk Factors*” beginning on page 4.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular (the “Offering Circular”). Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer or the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and are being offered and sold outside the United States to, or for the account or benefit of, U.S. persons (as defined in Regulations S under the Securities Act (“Regulation S”)) in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale.*”

The Notes are expected to be rated “A-” by S&P Global Ratings (“S&P”). Such rating of the Notes does not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organization. Such rating should be evaluated independently of any other rating of the Notes, the Issuer’s other securities or the Issuer.

The Notes will initially be represented by beneficial interests in a global certificate (the “Global Certificate”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about July 27, 2026 with a common depositary for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Joint Bookrunners and Joint Lead Managers

(in alphabetical order)

CITIGROUP

CRÉDIT AGRICOLE CIB

UBS

The date of this Offering Circular is July 20, 2026.

CONTENTS

	Page
SUMMARY	1
RISK FACTORS	4
TERMS AND CONDITIONS OF THE NOTES	28
THE GLOBAL CERTIFICATE	42
USE OF PROCEEDS	43
CAPITALIZATION	44
EXCHANGE RATES	45
SELECTED FINANCIAL INFORMATION	46
THE ISSUER	48
MANAGEMENT AND EMPLOYEES	67
HANWHA GROUP	71
REGULATION AND SUPERVISION	72
TAXATION	75
SUBSCRIPTION AND SALE	78
LEGAL MATTERS	88
INDEPENDENT AUDITORS	89
INDEX TO FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this Offering Circular. None of the Issuer or the Managers (as defined in “*Subscription and Sale*”) has authorized anyone to provide you with information that is different or make any representation other than as contained in this Offering Circular in connection with the offering of the Notes. If anyone provides you with different or inconsistent information, you should not rely on it. The contents of the Issuer’s website do not form any part of this Offering Circular.

You should assume the information in this Offering Circular is accurate only as of the date of this Offering Circular or such other date as specified herein. The business, financial condition, results of operations and prospects of the Issuer may have changed since that date. Neither the delivery of this Offering Circular nor any sale of the Notes made in connection with this Offering Circular will, under any circumstances, constitute a representation or create any implication that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or that there have been no changes in the affairs of the Issuer since the date of this Offering Circular. Statements contained in this Offering Circular as to the contents of any contract or other documents referred to in this Offering Circular may not set forth all of the terms and conditions of such contracts or other documents.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Issuer is not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. This Offering Circular should not be considered as a recommendation or constituting an invitation or offer by the Issuer or the Managers that any recipient of this Offering Circular should purchase the Notes. You should not construe the contents of this Offering Circular as legal, business, accounting or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer has furnished the information contained in this Offering Circular. No representation, undertaking or warranty, express or implied, is made by the Managers or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Managers or any of their respective affiliates or advisers. The Managers assume no responsibility for the accuracy, adequacy, reasonableness or completeness of any of the information contained in this Offering Circular or any other information (financial, legal or otherwise) provided by the Issuer in connection with the issue or distribution of the Notes or the future performance of the Notes. To the fullest extent permitted by law, none of the Managers accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any of their affiliates or advisers in connection with investigation of the accuracy of such information or such person’s investment decisions.

This Offering Circular may only be used where it is legal to sell the Notes. None of the Issuer and the Managers is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come must inform themselves about and observe these relevant restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

This Offering Circular is confidential. This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized and any disclosure of any of its contents or use of such information for any purpose other than making an investment decision, without the prior written consent of the Issuer, is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Notes are subject to restrictions on transferability and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration. Any investor who purchases the Notes will be deemed to have made acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes, as set forth under “*Subscription and Sale – Transfer Restrictions.*” As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

CCI REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold, distributed, or otherwise made available to and should not be offered, sold, distributed, or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (“POATRs”). Consequently no disclosure document required by the FCA Product Disclosure Sourcebook (“DISC”) for offering, selling, or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling, or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024 (the “CCI Regulation”).

Notice to investors in Singapore: By accepting this Offering Circular, if you are an investor in Singapore, you: (I) represent and warrant that you are either (1) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA; or (2) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, and (II) agree to be bound by the limitations and restrictions described herein.

In connection with this offering, any of the Managers appointed and acting in its capacity as stabilization manager (the “Stabilization Manager”) (or person(s) acting on its behalf) may, subject to all applicable laws, rules and regulations, over-allot Notes or effect transactions that

stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market for a limited period of time after the Issue Date. However, there is no assurance that the Stabilization Manager (or person(s) acting on its behalf) will undertake stabilization action. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see “*Subscription and Sale.*”

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a corporation with limited liability organized under the laws of Korea. Most of the officers and directors of the Issuer named in this Offering Circular reside in Korea, and a substantial majority of the assets of the Issuer and of such officers and directors are located outside the United States.

As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or the Issuer in U.S. courts judgments predicated upon civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

AVAILABLE INFORMATION

A copy of the Fiscal Agency Agreement related to the Notes (the “Fiscal Agency Agreement”) will be on file and available for inspection at the specified office of the Fiscal Agent (as defined in this Offering Circular) upon prior written request during normal office hours. In accordance with the Notes and the Fiscal Agency Agreement, the Fiscal Agent also will make available for inspection by holders of the Notes or, in certain cases, arrange for the mailing to such holders, certain documents or communications received from the Issuer. See “*Terms and Conditions of the Notes.*”

PRESENTATION OF FINANCIAL INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRS”). Unless otherwise stated, the financial data of the Issuer contained in this Offering Circular as of and for the years ended December 31, 2024 and 2025 are derived from the Issuer’s audited annual consolidated financial statements included in this Offering Circular, which have been prepared in accordance with K-IFRS. The financial data of the Issuer as of March 31, 2026 and for the three-month periods ended March 31, 2025 and 2026 contained in this Offering Circular have been derived from the unaudited interim condensed consolidated financial statements of the Issuer included herein, which have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires:

- “we,” “us,” “our,” “ourselves,” or the “Issuer” refers to Hanwha Aerospace Co., Ltd. and its consolidated subsidiaries collectively;
- “Euro” are to the lawful currency of the European Union;
- “FSC” refers to the Financial Services Commission of Korea;
- “FSS” refers to the Financial Supervisory Service of Korea;
- “Government” refers to the government of Korea;
- “Holders” refers to the holders of the Notes from time to time;

- “Hanwha Group” refers to a group of companies affiliated with Hanwha Corporation, including us and other subsidiaries and affiliates. The Hanwha Group is not a legal entity but a reference to a group of such affiliated companies for the purposes of the Monopoly Regulation and Fair Trade Act of Korea;
- “Korea” refers to The Republic of Korea;
- “KFTC” refers to the Korea Fair Trade Commission;
- “MOFE” refers to the Ministry of Finance and Economy of Korea;
- “Singapore” refers to the Republic of Singapore;
- “U.S.” or the “United States” refers to the United States of America;
- “U.S. dollar”, “U.S.\$” or “US\$” are to the lawful currency of the United States; and
- “Won” or “₩” refers to the lawful currency of Korea.

For the reader’s convenience, certain Won amounts in this Offering Circular have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and dollars, rounded to the nearest tenth of one Won (the “Market Average Exchange Rate”). Unless otherwise stated, the translations of Won into U.S. dollars have been made at the Market Average Exchange Rate in effect on March 31, 2026, which was Won 1,513.4 to U.S.\$1.00. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. For historical information regarding the rate of exchange between the Won and the U.S. dollar, see “*Exchange Rates.*” In this Offering Circular, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain “forward-looking statements” that are based on the Issuer’s current expectations, assumptions, estimates and projections about the industries that the Issuer is in. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “target”, “seek”, “aim”, “contemplate”, “project”, “plan”, “goal”, “should” and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of the Issuer’s business strategy and expectations concerning their market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although the Issuer believes that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in “*Risk Factors.*” In light of these and other uncertainties, you should not conclude that the Issuer will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. The Issuer will not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

SUMMARY

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes” (the “Conditions”). Terms used and not otherwise defined in this summary have the meaning given to them in the Conditions.

Issuer	Hanwha Aerospace Co., Ltd., a corporation with limited liability established under the laws of Korea.
Notes.	U.S.\$500,000,000 5.000% Senior Unsecured Notes due 2029 (the “Notes”).
Issue Price	99.791% of the principal amount of the Notes.
Issue Date	July 27, 2026.
Interest Commencement Date	July 27, 2026.
Interest Payment Date . . .	January 27 and July 27 of each year, commencing on January 27, 2027. For a further description of payments of interest on the Notes, see “ <i>Terms and Conditions of the Notes – Payments.</i> ”
Rates of Interest	5.000% per annum, from and including the Issue Date, to but excluding, the Maturity Date, payable semi-annually in arrear.
Day Count Fraction	30/360.
Maturity Date	July 27, 2029 (the “Maturity Date”).
Form and Denomination . .	The Notes will be issued in registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Upon issue, the Global Certificate will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg.
Redemption at Maturity Date	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their outstanding principal amount on the Maturity Date.
Redemption for Tax Reasons	The Issuer may redeem the Notes in whole but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event that the Issuer is obliged to pay additional amounts provided in Condition 6 of the “ <i>Terms and Conditions of the Notes</i> ”.

Taxation.	All payments in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Korea, unless the withholding or deduction of such taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction (including any withholding or deduction in respect of such payment of additional amounts) will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction.
Negative Pledge	The Notes will contain a negative pledge provision given by the Issuer as described in Condition 8 of the “ <i>Terms and Conditions of the Notes</i> ”.
Sale and Leaseback	The Notes will limit the Issuer’s ability to enter into sale and leaseback transactions as described in Condition 8 of the “ <i>Terms and Conditions of the Notes</i> ”.
Status of the Notes	The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).
Governing Law	The Notes are governed by, and will be construed in accordance with, New York law.
Rating	The Notes are expected to be rated “A-” by S&P. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the assigning rating organization.
Fiscal Agent, Principal Paying Agent, Registrar, Transfer Agent.	Citicorp International Limited
Listing.	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. There can be no assurance, however, that the Issuer will obtain or be able to maintain a listing of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.
Use of Proceeds	The Issuer expects to use the net proceeds from the offering of the Notes for its general corporate purposes, including the repayment of existing indebtedness. See “ <i>Use of Proceeds.</i> ”

Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. For additional selling restrictions in relation to other jurisdictions, see “ <i>Subscription and Sale.</i> ”
Clearance and Settlement .	The Notes have been accepted for clearance by Euroclear and Clearstream, Luxembourg under the following codes: ISIN: XS3448558893 Common Code: 344855889
LEI	9884001NSUA8FQKQWR25

RISK FACTORS

Risks Relating to Our Business

Adverse global and domestic macroeconomic conditions could materially and adversely affect our business, financial condition, results of operations and prospects.

Demand for our products and solutions is highly sensitive to global and domestic macroeconomic conditions. In recent years, adverse conditions and volatility in the global financial markets, fluctuations in oil and commodity prices, persistent inflationary pressures, supply chain disruptions and a general slowdown in global economic growth have contributed to heightened uncertainty regarding global economic prospects. In addition, ongoing geopolitical tensions, including the prolonged Russia-Ukraine conflict and related sanctions, continued instability in the Middle East, strategic competition between the United States and China, heightened tensions in the Taiwan Strait and the South China Sea, increasing trade protectionism (including the imposition or threat of additional tariffs, particularly by the United States, and corresponding retaliatory measures by affected countries) and expanding export control measures among major economies, have further disrupted global trade flows, investment patterns and supply chains.

In particular, escalating tensions between the United States and Iran, including the risk of direct military confrontation or escalation into a broader regional conflict, have increased the likelihood of wider regional instability with potential global repercussions. Any escalation into an armed conflict involving the United States and Iran could significantly disrupt global energy markets, resulting in sharp increases in oil and gas prices, volatility in energy supply and heightened risks to critical maritime shipping routes, including the Strait of Hormuz. In addition, expanding sanctions regimes, restrictions on technology transfers and cross-border investments, and periodic disruptions to critical shipping routes, including potential blockages, military actions or security incidents affecting key chokepoints in the Middle East, have increased volatility and operational risks across global supply chains.

Such macroeconomic and geopolitical volatility may adversely affect our access to capital markets, increase financing costs, impair the value of our subsidiaries and investments in equity-method investees, and reduce customers' ability or willingness to finance large-scale projects. Disruptions to global energy markets or maritime shipping routes could adversely affect demand for our products and solutions, disrupt procurement and logistics operations, and negatively affect the timing and execution of existing projects. In addition, adverse movements in interest rates, exchange rates or commodity prices, as well as changes in tariffs, sanctions or other trade restrictions, could increase our operating costs, disrupt the procurement of key components and raw materials, delay project execution or result in unfavorable foreign currency translation effects on our consolidated financial statements. While certain geopolitical developments or increases in defense spending could increase demand for certain aspects of our businesses and create related business opportunities, there can be no assurance that any such benefits would offset the broader adverse effects of macroeconomic instability, geopolitical uncertainty or market volatility on our business, financial condition, results of operations and prospects.

During periods of economic slowdown or recession, customers may delay, reduce or cancel orders for our products and solutions, which could lead to reduced order intake, lower utilization rates, pricing pressure and margin deterioration. Geopolitical shocks, including any escalation of hostilities involving the United States and Iran, could further exacerbate these trends by increasing global uncertainty, reducing capital expenditures in key end markets and disrupting international trade and investment flows. Under such circumstances, we may be required to adjust production levels, capital expenditures, workforce size and pricing strategies across our businesses, and such measures may not be sufficient to offset the adverse effects of macroeconomic deterioration or geopolitical instability. Any of the foregoing factors could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Cyclical fluctuations and market volatility in each of the industries in which we operate may adversely affect our business, financial condition, results of operations and prospects.

Our business is exposed to cyclical fluctuations, changing market conditions and volatility in the global aerospace, defense, marine, ICT and space industries. Demand for our products and solutions is affected by a variety of factors, including global and regional economic conditions, geopolitical developments, government policies and budgets, energy prices, international trade conditions, technological changes, customer investment cycles and capital expenditure trends in the industries we serve. As a result, downturns or adverse developments in one or more of these industries may materially and adversely affect our business, financial condition, results of operations and prospects.

Our Aerospace business is affected by conditions in the global commercial aviation and aerospace industries, including aircraft production rates, airline profitability, passenger traffic growth, fuel prices, supply chain disruptions and the financial condition and capital expenditure plans of aircraft manufacturers and engine producers. A slowdown in global air travel demand, reductions in aircraft orders or production volumes, delays in aircraft programs or disruptions affecting major aerospace customers such as aircraft OEMs and engine manufacturers could adversely affect demand for our aircraft engine components, aerospace systems and maintenance-related products and solutions.

Our Defense business is significantly influenced by defense spending levels and procurement policies of the Korean and foreign governments. Although geopolitical instability and security concerns may support defense demand in certain regions, defense budgets and procurement programs remain subject to political considerations, fiscal constraints, changes in government priorities, regulatory approvals and timing delays. In addition, demand for certain defense products may fluctuate depending on changes in military strategies, battlefield technologies, international relations and export control policies. A reduction or delay in domestic or overseas defense procurement programs could adversely affect our Defense business.

Our Marine business is highly cyclical and is affected by conditions in the global shipping, offshore energy and shipbuilding industries. Demand for LNG carriers, VLCCs, offshore facilities and other vessels depends on global trade volumes, freight rates, energy demand, oil and gas prices, ship financing conditions, environmental regulations and the investment activities of shipping companies and energy producers. Periods of oversupply in the global shipbuilding market, reduced vessel orders, increased competition from Chinese shipyards, declines in energy prices or delays or cancellations of offshore projects may adversely affect our order intake, pricing and profitability.

Our ICT business is affected by overall economic conditions and enterprise information technology spending trends. Demand for our IT services, system integration, cloud, cybersecurity, smart factory and digital transformation solutions may fluctuate depending on corporate capital expenditure cycles, government IT spending, technological changes and competitive conditions in the information technology industry. In addition, rapid technological developments in areas such as artificial intelligence, cloud computing and software platforms may require substantial ongoing investment and adaptation in order to remain competitive.

Our Space business is influenced by government space budgets, satellite deployment cycles, launch market conditions, technological developments and demand for satellite imagery and space-related services. The space industry is characterized by long development cycles, high capital requirements and evolving regulatory and technological standards. Delays, cancellations or reductions in government-sponsored space programs, launch failures, reduced commercial satellite demand or intensified competition in the global space industry could adversely affect our space-related businesses.

Because we operate across multiple industries that are subject to cyclical fluctuations and market volatility, adverse conditions affecting one or more of our end markets may reduce customer demand, delay projects, increase pricing pressure, reduce profitability and adversely affect our business, financial condition, results of operations and prospects. Although our diversified business portfolio across the

aerospace, defense, marine, ICT and space industries may partially mitigate the impact of cyclical downturns or adverse developments affecting any single industry, there can be no assurance that growth or stability in one business area will offset declines in another, particularly during periods of broader global or regional economic weakness or market disruption.

We operate in highly competitive industries, and our failure to successfully compete would adversely affect our market position and business.

We operate in highly competitive global industries and face substantial competition from global defense contractors, shipbuilders, aerospace companies and ICT solution providers, among others. Competition is based on factors such as technological capabilities, product performance and reliability, pricing, production capacity, delivery schedules, customer relationships and the ability to provide integrated solutions.

Our principal competitors include major global defense companies such as Lockheed Martin Corporation, Rheinmetall AG and Elbit Systems Ltd. These competitors may possess greater financial resources, more advanced technologies and stronger relationships with governments and military customers than we do. In particular, competitors in the United States and Europe may benefit from domestic procurement preferences and long-standing supplier relationships that create barriers to entry for foreign companies.

In our shipbuilding businesses, Chinese shipbuilders compete aggressively on price, supported in part by lower labor costs, which may adversely affect our ability to secure new orders, maintain pricing levels or sustain profitability, particularly in standardized vessel segments or price-sensitive markets. We also face competition domestically from other major Korean shipbuilders, including HD Hyundai Heavy Industries and its affiliated shipbuilding companies.

In our aerospace, satellite and space-related businesses, we also compete with established global aerospace and space companies that have substantial technological, manufacturing and research and development capabilities, as well as long operating track records and government-backed programs.

In our ICT businesses, we compete with global and regional technology companies in areas such as systems integration, software, cybersecurity, smart factory solutions and AI-enabled platforms, where rapid technological change and evolving customer requirements may intensify competitive pressures.

Although we believe that we possess competitive strengths, including large-scale production capabilities, competitive pricing, favorable price-to-performance characteristics and technological capabilities in high-value-added vessel segments such as LNG carriers and LNG dual-fuel propulsion vessels, as well as differentiated capabilities in certain defense, aerospace and digital technology areas, there can be no assurance that these advantages will be sufficient to maintain or expand our market position.

If we fail to compete successfully, secure new contracts, retain existing customers or expand into new markets, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not succeed in realizing the anticipated benefits of our company structure, business diversification strategy, reorganization efforts and acquisitions, including expected synergies across our diversified business segments.

Our business operations span multiple business segments and industries, and we have undertaken, and may continue to undertake, various restructuring initiatives, acquisitions, disposals, investments and organizational changes in order to enhance operational efficiency, strengthen competitiveness, diversify our revenue base and support long-term growth. However, there can be no assurance that we will successfully realize the anticipated benefits of our company structure, diversification strategy, reorganization efforts or acquisitions within the expected timeframe, or at all.

In particular, our diversified business portfolio may present significant managerial, operational and financial challenges. The businesses in which we operate may have differing market dynamics, customer bases, regulatory requirements, operational characteristics and capital needs, which may limit our ability to effectively manage such businesses or realize anticipated synergies across business segments. In addition, our restructuring and integration efforts may result in operational disruptions, increased costs, diversion of management attention and difficulties in integrating systems, personnel, technologies, internal controls and corporate cultures.

Furthermore, acquisitions and strategic investments may expose us to risks associated with inaccurate assumptions, unforeseen liabilities, post-acquisition integration difficulties, delays in implementation and lower-than-expected financial performance. We may also fail to identify suitable acquisition opportunities or complete transactions on commercially acceptable terms. In addition, anticipated synergies, cost savings, operational efficiencies or strategic benefits may not materialize to the extent expected, or may take longer to achieve than anticipated.

If we fail to successfully implement our business strategies, restructuring initiatives or acquisitions, or if our diversified business structure does not operate as efficiently or profitably as expected, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The performance and financial condition of our subsidiaries, equity-method investees and joint ventures may adversely affect our consolidated results, profitability and financial stability.

We conduct a significant portion of our operations through our subsidiaries, equity-method investees and joint ventures, including businesses operating in the aerospace, defense, shipbuilding, marine and other industrial sectors. As a result, our consolidated financial condition and results of operations are significantly affected by the financial performance, liquidity, operational stability and strategic decisions of such entities.

Certain of our subsidiaries and investees operate in industries that are highly cyclical, capital intensive and subject to substantial operational, regulatory, geopolitical and market risks. Deterioration in market conditions, cost overruns, project execution failures, delays in customer orders, supply chain disruptions, foreign exchange volatility, changes in government defense spending, sanctions, trade restrictions or declines in global shipping, energy or aerospace demand could adversely affect the businesses and financial condition of these entities, which in turn may materially and adversely affect our consolidated results of operations, financial condition and cash flows.

In addition, we may be required to provide financial support, funding commitments, guarantees or additional capital contributions to certain subsidiaries, joint ventures or investees from time to time. Any such support may reduce cash available for our own operations and increase our leverage or financing requirements. Furthermore, we may be exposed to risks associated with acquisitions, investments and post-acquisition integration efforts undertaken by our subsidiaries and affiliates.

For example, in connection with the acquisition of Philly Shipyard, Inc., which was completed in December 2024, we have incurred, and may continue to incur, substantial integration, restructuring and operational costs, and the acquired business may not generate the anticipated levels of revenues, profitability or cash flows. The integration and operation of overseas shipyard assets may require significant working capital, capital expenditures and additional investments, while operational disruptions, inefficiencies, project delays, customer concentration or adverse market conditions could negatively affect financial performance and cash generation. If Philly Shipyard experiences weaker-than-expected operating results or cash flows, we may be required to provide additional capital injections or financial support to sustain its operations or implement strategic initiatives.

Moreover, because we do not exercise full control over certain joint ventures and equity-method investees, we may have limited ability to influence their operational decisions, business strategies, dividend policies or risk management practices. Disputes with joint venture partners, differences in strategic direction or financial difficulties experienced by such entities may also adversely affect the value of our investments and our ability to realize expected returns.

The level of our reported backlog may not necessarily indicate what our future sales will be and our actual sales may fall short of the estimated revenue value attributed to our backlog. In addition, our order-based businesses are subject to risks such as project delays, cancellations, cost overruns and changes in market demand.

A significant portion of our businesses operate on an order-based model and rely on long-term contracts and project-based orders. See “Business – Backlogs and New Orders.” Our backlog generally represents the total contract value of orders that have not yet been completed, less the portion of revenue already recognized in accordance with applicable accounting standards and revenue recognition methods, including the percentage-of-completion method where applicable.

However, the level of our reported backlog may not necessarily be indicative of our future revenues, profitability or cash flows for any particular period, and the actual revenues ultimately recognized from our backlog may be substantially lower than the nominal contract value reflected in our orderbook. The successful conversion of backlog into revenue and profit depends on a number of factors, many of which are beyond our control, including global and regional economic conditions, geopolitical developments, defense spending trends, changes in customer demand, availability of financing to customers, fluctuations in raw material and component prices, foreign exchange rates, supply chain disruptions, labor availability, regulatory developments, technological changes, competitive pressures and our ability to execute and complete projects on schedule and within budget.

In addition, many of the contracts included in our backlog are subject to customer cancellation rights, scope adjustments, delivery rescheduling, performance requirements, inspection rights and other customary contractual terms and conditions. Projects may also be delayed, suspended, terminated or renegotiated due to changes in customer requirements, financial difficulties experienced by customers, delays in obtaining permits or regulatory approvals, engineering or technical issues, shortages of materials or components, accidents, natural disasters, pandemics, cyber incidents, labor disputes or other unforeseen circumstances.

Furthermore, because a substantial portion of our backlog relates to large-scale and long-term projects, we are exposed to risks of cost overruns, inaccurate assumptions in pricing or budgeting, unforeseen engineering complexities and increases in raw material, labor, logistics or subcontracting costs over the life of a project. If actual project costs exceed our estimates or if projects are delayed or canceled, the profitability of such projects may be materially reduced and we may incur losses.

Any significant delay, reduction, cancellation or failure to convert backlog into realized revenues and profits could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our Aerospace business is subject to a number of risks.

Our Aerospace business is subject to risks relating to government policy changes, industry demand fluctuations, significant upfront investments and potential liabilities arising from RSP (Revenue Sharing Program) arrangements with partners.

Our Aerospace business is affected by changes in government policies, global aerospace industry conditions and demand fluctuations in the commercial aviation and defense aviation sectors. Demand for aircraft engines, engine components and aerospace systems may be adversely affected by reductions in

aircraft production rates, declines in airline profitability or passenger traffic, supply chain disruptions, changes in defense procurement policies, geopolitical developments, export control regulations and broader macroeconomic conditions.

In addition, we participate in risk and revenue sharing programs (“RSPs”) with global aerospace manufacturers and partners, under which we may be required to make significant upfront investments in development, tooling and production capabilities in exchange for long-term production and aftermarket revenues. These arrangements may expose us to risks relating to lower-than-expected production volumes, reduced aftermarket demand, program delays, cancellations, cost overruns or technological changes affecting the relevant aircraft or engine programs. We may also be exposed to contractual liabilities or obligations arising from our participation in such collaborative arrangements.

Long development and production cycles may require significant investment and increase financing risks.

Our Aerospace business is characterized by long development, certification and production cycles that require substantial capital expenditures, research and development costs and long lead times before revenues are generated. Delays in development programs, production disruptions, certification delays, cost overruns or lower-than-expected market demand could adversely affect the profitability and cash flows of our Aerospace business. In addition, changes in interest rates, financing conditions or liquidity availability may increase financing risks and adversely affect our ability to fund such projects efficiently.

Product defects or aircraft accidents may expose us to liability claims and reputational harm.

Aircraft engines and aerospace components are highly complex products, and any defects, performance failures, quality issues or accidents involving aircraft or aerospace systems in which our products are installed could result in product liability claims, warranty obligations, regulatory investigations, litigation, recalls or indemnification claims. Such events may also adversely affect our reputation, customer relationships and ability to secure future contracts. Although we maintain insurance coverage for certain risks, such coverage may not be sufficient to cover all potential liabilities or losses.

Our Defense business is subject to a number of risks.

The defense industry is subject to inherent risks arising from changes in geopolitical conditions, security environments and government defense policies.

A substantial portion of our Defense business depends on defense spending, procurement programs and national security policies of the Korean government and overseas governments. Demand for our defense products, including artillery systems, armored vehicles, precision-guided weapons, air defense systems, propulsion systems and other defense solutions, may be significantly affected by changes in geopolitical conditions, military conflicts, regional security threats, diplomatic relations, export control regimes, sanctions and shifts in defense priorities or budget allocations. In addition, changes in government administrations or defense strategies in Korea or key export markets may result in delays, reductions or cancellations of procurement programs or export opportunities. Any such developments could adversely affect demand for our defense products and materially and adversely affect our business, financial condition, results of operations and prospects.

We have a highly concentrated customer base, and the loss of a significant customer or a reduction in sales to a significant customer could adversely affect us.

A significant portion of our Defense business revenues is derived from a limited number of customers, including the Korean government, foreign governments and major defense contractors. Our operating results may therefore be significantly affected by changes in procurement policies, defense budgets, strategic priorities or purchasing decisions of such customers. In addition, defense contracts are often

awarded through competitive bidding processes and may be subject to political considerations, localization requirements, offset obligations and performance evaluations. Any failure to secure new contracts or renew existing contracts, or any reduction, delay or cancellation of orders from significant customers, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our work with government customers exposes us to additional risks inherent in the government contract environment.

Government contracts generally require compliance with a variety of complex procurement rules and regulations, and we must comply with laws and regulations relating to the formation, administration and performance of the government contracts, which affect how we do business with our customers and may impose added costs on our business. Government contracts are generally subject to audits and investigations which could result in various civil and other penalties and administrative sanctions, including termination of contracts, suspensions or debarment from future government business. Moreover, certain Government contracts provide for fixed profit margins, which may result in limitations on our profit margins.

In addition, our ability to compete for government contracts in certain industries is subject to changes in government policies and objectives. For example, prior to January 2009, only a few companies were allowed to participate in the development and production of defense products. The abolishment of the relevant legislation in 2006, and pursuant to the transitional provisions, the former Act continued to apply to companies and defense products designated thereunder until December 31, 2008. As a result, open competition for all new defense products to be procured by the Government became possible after such transitional period expired. Similarly, while the Software Promotion Act (“SPA”), in principle, restricts the participation of companies belonging to business groups subject to limitations on cross shareholding designated pursuant to Article 31 of the Monopoly Regulation and Fair Trade Act, such as us, in public sector IT service projects in Korea, such participation may be permitted, subject to review by the Minister of Science and ICT, in projects relating to national defense or other matters concerning national security where the participation of such companies is deemed unavoidable.

Moreover, government contracts, and the proceedings surrounding them, are often subject to more extensive scrutiny and publicity than contracts with private sector customers. Negative publicity related to our government contracts, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts.

Our Marine business is subject to a number of risks.

A downturn in the shipbuilding industry or prolonged weakness in new orders may adversely affect profitability and increase fixed cost burdens in our shipbuilding business.

Our Marine business is highly sensitive to global economic conditions and cyclical trends in the shipbuilding and maritime industries. Demand for commercial vessels and marine-related products may be adversely affected by global trade conditions, freight rates, oil prices, interest rates, environmental regulations, ship financing availability and overall economic uncertainty. In periods of reduced new vessel orders or industry downturns, we may experience lower utilization rates at our production facilities and increased pressure on pricing and margins. Because our shipbuilding operations involve significant fixed costs, including labor, facilities and equipment maintenance costs, a prolonged decline in new orders or deterioration in market conditions could materially and adversely affect our profitability, results of operations and financial condition.

Our Marine business is exposed to fluctuations in the market prices of raw materials, equipment and components, and depend on a steady supply of such raw materials, equipment and components.

Our Marine business requires substantial amounts of steel, non-ferrous metals, engines, electronic systems and other raw materials, equipment and components. Prices and availability of such materials and components may fluctuate significantly due to global supply chain disruptions, inflationary pressures, geopolitical tensions, trade restrictions, exchange rate fluctuations, labor shortages or changes in market demand. In addition, shortages or delays in the supply of key materials or components could disrupt our production schedules and delay vessel deliveries. Although we may seek to pass on increased costs to customers or enter into long-term supply arrangements, we may not always be able to do so effectively or in a timely manner. Any significant increase in costs or disruption in supply could materially and adversely affect our business, financial condition, results of operations and prospects.

A decrease in new orders and profitability in our offshore plant business may adversely affect our results of operations and financial condition.

Our offshore plant business is affected by the level of capital expenditures and investment activity in the global energy and offshore industries, which are in turn influenced by oil and gas prices, energy demand, environmental regulations and the strategic priorities of energy companies and governments. The offshore plant industry is characterized by intense competition, long project cycles, significant upfront costs and complex engineering and construction requirements. Delays, cancellations or reductions in offshore projects, as well as cost overruns, design changes, construction delays or performance issues, could adversely affect the profitability of our offshore plant business. In addition, weakness in the offshore energy market or reduced customer investment in offshore projects could result in a decline in new orders and underutilization of our resources. Any such developments could materially and adversely affect our business, financial condition, results of operations and prospects.

Our ICT business is subject to a number of risks.

Slowing growth in the IT industry and intensifying competition in cloud and emerging technology markets may adversely affect the growth and profitability of our ICT services business.

The ICT industry is highly competitive and subject to rapid technological developments and changing customer demands. Our ICT business competes with domestic and global IT service providers, cloud service providers and technology companies across various areas, including cloud computing, artificial intelligence, big data, smart factory solutions, system integration and digital transformation services. Increased competition, pricing pressure, technological disruption and slowing growth in the IT services market may adversely affect our ability to secure new customers and maintain profitability. In addition, significant investments may be required to develop and commercialize new technologies and services, and there can be no assurance that such investments will generate expected returns. Any failure to maintain competitiveness or adapt to evolving market trends could materially and adversely affect our business, financial condition, results of operations and prospects.

Our ICT business depends significantly on revenues from affiliated group companies, and reduced performance or IT spending by such affiliates may adversely affect profitability.

A substantial portion of the revenues generated by our ICT business is derived from affiliated companies within the Hanwha Group. Accordingly, our operating results may be significantly affected by the business performance, financial condition, capital expenditure plans and IT spending decisions of such affiliated companies. A slowdown in the operations or financial performance of affiliated companies, changes in their procurement policies or reduced demand for ICT-related services could lead to decreased revenues or lower profitability for our ICT business. In addition, our reliance on affiliated companies may limit our ability to diversify our customer base and increase exposure to concentration risks. Any reduction in demand from affiliated companies could materially and adversely affect our business, financial condition, results of operations and prospects.

Our ICT services business is exposed to risks relating to rapid technological changes, cybersecurity threats and failures in information systems, and any inability to adapt to evolving technologies or adequately protect critical systems and data may adversely affect our operations, reputation and profitability.

Our ICT business depends on the stable operation and security of complex information technology systems and networks and our ability to respond effectively to rapidly evolving technological developments. Advances in technologies such as cloud computing, artificial intelligence, automation and data analytics may require continuous investment in infrastructure, research and development and workforce capabilities. In addition, our systems and those of our customers, suppliers and business partners may be vulnerable to cybersecurity threats, including hacking, ransomware attacks, malware, phishing, insider misconduct, data breaches and other cyber incidents. Failures, disruptions or security breaches affecting our systems could result in service interruptions, loss of confidential information, regulatory investigations, legal liabilities, reputational harm and significant remediation costs. Any inability to successfully adapt to technological changes or adequately protect critical systems and data could materially and adversely affect our business, financial condition, results of operations and prospects.

Our Space business is subject to a number of risks.

Our Space business is highly dependent on government policies and budget allocations, and changes in such policies or spending priorities may adversely affect revenues and profitability.

A substantial portion of our Space business depends on government policies, national space programs, defense initiatives and budget allocations in Korea and other jurisdictions. Demand for our satellite systems, launch-related technologies, space components and other space-related solutions may be significantly affected by changes in governmental priorities, political considerations, fiscal constraints, regulatory frameworks and international cooperation policies relating to the aerospace and defense industries. In addition, changes in government administrations, national security strategies or public funding priorities may result in delays, reductions or cancellations of space-related projects and procurement programs. Any reduction in government support or changes in applicable policies could materially and adversely affect our business, financial condition, results of operations and prospects.

Our Space business involves significant upfront investments, long development cycles and technological uncertainties, and delays, launch failures or cost overruns in satellite and other space-related projects may adversely affect our results of operations and financial condition.

Our Space business requires substantial investments in research and development, engineering, manufacturing infrastructure and advanced technologies, often over extended periods before revenues are generated. Space-related projects are typically characterized by long development and production cycles, significant technical complexity and high performance and reliability requirements. Such projects are also exposed to risks of launch failures, design defects, technological malfunctions, supply chain disruptions, delays in regulatory approvals and cost overruns. In addition, any failure of satellites, launch systems or related technologies could result in contractual liabilities, customer claims, reputational harm and the loss of future business opportunities. Because many space-related projects involve fixed-price or long-term contractual arrangements, unexpected increases in costs or delays may adversely affect profitability. Any such developments could materially and adversely affect our business, financial condition, results of operations and prospects.

The space industry is highly competitive and rapidly evolving, and failure to secure new contracts, develop competitive technologies or respond effectively to technological changes may adversely affect the growth and profitability of our Space business.

The global space industry is highly competitive and subject to rapid technological advancements and evolving customer requirements. We compete with established global aerospace and defense companies, emerging private space companies and government-backed entities across various areas, including satellite systems, launch technologies, space components and related services. Competitive pressures may increase as technological innovation accelerates and new market participants enter the industry. In order to remain competitive, we must continuously invest in research and development and successfully develop and commercialize advanced technologies and solutions. However, there can be no assurance that our investments will result in commercially successful products or that we will be able to respond effectively to changing market demands and technological developments. Any failure to secure new contracts, maintain technological competitiveness or adapt to industry changes could materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates, including changes in the value of the Won against the U.S. dollar, may affect our results of operations and financial condition.

Our financial statements are prepared based on the local currency-denominated financial results, assets and liabilities of our subsidiaries around the world, which are then translated as necessary into Won. Accordingly, our financial results and assets and liabilities may be materially affected by fluctuations in exchange rates. A substantial portion of our revenue is denominated in currencies other than the Won, in particular the U.S. dollar and the Euro, and our purchases of raw materials from overseas suppliers are denominated primarily in U.S. dollars and, to a lesser extent, Euros and other currencies. To the extent that we incur costs in one currency and derive revenue in another currency, our results of operations may be affected by changes in the exchange rates between the two currencies.

Appreciation of the Won against major foreign currencies causes:

- our export products to be less competitive by raising prices of our products exported from Korea in foreign currency terms; and
- a decrease in Won terms in revenue and accounts receivable from overseas sales, which are primarily denominated in U.S. dollars.

Depreciation of the Won against major foreign currencies, on the other hand, causes:

- an increase in Won terms in costs denominated in such foreign currencies, including operating and non-operating costs, such as costs of raw materials that we purchase from overseas sources, expenses relating to labor, equipment and other manufacturing costs of our overseas operations and freight costs, which are denominated principally in U.S. dollars and Euros;
- an increase in the amount of Won required for us to make interest and principal payments on our foreign currency-denominated debt; and
- foreign exchange translation losses on foreign currency-denominated liabilities, which lower our earnings for accounting purposes.

Although the impact of exchange rate fluctuations has in the past been partially mitigated by our strategies to utilize natural hedges as well as foreign exchange forward contracts and other derivative instruments, our results of operations have historically been affected by exchange rate fluctuations, and there can be no assurance that such strategies will be effective in eliminating or reducing the adverse impact of such fluctuations in the future. Exchange rate fluctuations can also affect the Won value of

our equity investments and monetary assets and liabilities denominated in foreign currencies. Exchange rate fluctuations have had and may in the future have an adverse impact on our business, financial condition and results of operations.

Our businesses rely on third parties for the provision of certain services and are exposed to the performance risk of such third parties.

We rely on third party subcontractors, suppliers and service providers for certain engineering, manufacturing, logistics, installation and maintenance services in connection with our businesses. The performance of these third parties may be affected by financial difficulties, operational disruptions, labor disputes, quality control issues, accidents, cybersecurity incidents or regulatory non-compliance. In addition, we may have limited control over the operations and performance of such third parties. Any failure by third parties to perform their obligations in a timely and satisfactory manner could result in project delays, increased costs, contractual disputes, penalties, customer claims or reputational harm. Any such events could materially and adversely affect our business, financial condition, results of operations and prospects.

We may continue to expand our operations geographically into markets in which we have limited or no operating experience, which may expose us to new or increased risks.

We conduct a significant portion of our business through subsidiaries and projects located outside Korea and expect to continue expanding our global footprint to support our businesses. However, the expansion of our operations abroad may be difficult due to the presence of established competitors in such markets. In addition, overseas expansion and managing our operations on a global scale will require considerable management resources and attention and will be subject to the particular challenges of supporting a growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems and commercial markets. Global expansion may require us to make significant expenditures for research and development and marketing and sales, and there can be no assurance that we will successfully achieve our overseas growth objectives. If we are unable to manage the operational, regulatory and geopolitical risks associated with our international operations effectively, or if our overseas expansion initiatives are unsuccessful, our business, financial condition and results of operations could be materially and adversely affected.

Our financial stability may be adversely affected by increased borrowings and significant investments associated with business restructuring, acquisitions and expansion into new business areas.

We have made, and may continue to make, significant investments in connection with business restructuring initiatives, strategic acquisitions, joint ventures and expansion into new business areas in order to strengthen our competitiveness, diversify our business portfolio and pursue future growth opportunities. Such transactions and investments may require substantial capital expenditure and could result in increased indebtedness, higher financing costs and additional contingent liabilities.

In particular, we may be required to incur significant research and development, infrastructure, marketing or other upfront costs before achieving any meaningful revenue generation or profitability from business restructuring, acquisitions and expansion into new business areas, if at all.

Furthermore, if the anticipated benefits, operational efficiencies or growth opportunities from our restructuring activities, acquisitions or new business investments are not realized within the expected timeframe, or at all, our profitability, cash flows and financial condition could be adversely affected. Increased borrowings and financial commitments associated with such activities may also reduce our financial flexibility, increase our exposure to interest rate and refinancing risks and adversely affect our credit profile or ability to obtain additional financing on favorable terms. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our capital expenditure-intensive businesses could limit cash flow available for our operations and may adversely affect our financial condition and liquidity.

Our businesses are capital expenditure-intensive and require substantial and continuous investments in production facilities, infrastructure, equipment, research and development and maintenance in order to maintain competitiveness, improve operational efficiency, comply with regulatory requirements and support future growth. In particular, our Aerospace, Marine and Space businesses typically involve significant upfront investment, long project cycles and substantial ongoing maintenance and upgrade costs.

Our capital expenditure requirements may increase due to various factors, including expansion of production capacity, technological advancements, replacement or modernization of ageing facilities, compliance with increasingly stringent environmental and safety regulations and investments in new business areas or strategic initiatives. Such expenditures may be financed through cash generated from operations, external borrowings or other financing arrangements, and there can be no assurance that sufficient funding will be available on commercially acceptable terms, or at all.

In addition, large-scale capital investments may not generate the anticipated returns within the expected timeframe, or at all, due to changes in market conditions, delays in project execution, cost overruns, lower-than-expected demand, technological obsolescence or other operational and economic factors. Significant capital expenditure commitments may also reduce the amount of cash flow available for working capital, debt servicing and other corporate purposes, thereby limiting our financial flexibility and increasing our exposure to liquidity and refinancing risks.

Furthermore, during periods of economic downturn, market uncertainty or reduced demand in our industries, high fixed costs and ongoing capital expenditure obligations may place additional pressure on our cash flows and profitability. If we are unable to effectively manage our capital expenditure requirements or generate sufficient cash flows to support such investments, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The reputation of, and value associated with, our brand name are critical to our business, and if we are unable to enforce our intellectual property rights, or if we are accused of infringing on a third party's intellectual property rights, our business may suffer.

Our business relies in part on the reputation and recognition of our corporate brand, technology platforms and product-related trademarks used across our business areas. The reputation and perceived reliability associated with our brand names and technology platforms are important factors in customers' procurement decisions, particularly for large-scale projects involving long construction periods, performance guarantees and after-sales service obligations.

We own and manage various trademarks, service marks, trade names and related intellectual property, which are primarily registered in Korea and, on a selective basis, in other jurisdictions in which we conduct business. Maintaining the reputation of, and value associated with, our corporate and technology brands is central to our competitiveness; however, there can be no assurance that our branding strategy and its implementation will be successful. In addition, any quality issues, safety incidents, regulatory violations or contractual disputes may adversely affect the reputation of our brand and, by extension, our business as a whole.

Moreover, our ability to protect and enforce our trademarks and other proprietary rights may be affected by changes in domestic or foreign intellectual property laws, differing legal standards across jurisdictions or challenges in enforcing such rights in certain markets. The loss, impairment or dilution of any of our significant proprietary rights, or any substantial erosion in the reputation or value associated with our brand names or technology platforms, could materially and adversely affect our business, financial condition and results of operations.

In addition, we may be subject to claims by third-parties alleging infringement, misappropriation or other violations of their intellectual property rights, including trademarks, trade names, patents or other proprietary rights, whether or not such claims have merit. Such claims may be time-consuming and costly to defend and could result in injunctions, restrictions on the use of certain technologies or brand names, or requirements to redesign products or enter into licensing arrangements. Any of these outcomes could adversely affect our ability to conduct our business, delay project execution, increase costs or result in reputational harm, and could have a material adverse effect on our business, financial condition and results of operations.

We rely on trade secrets and other unpatented proprietary know-how to maintain our competitive position, and unauthorized disclosure of our trade secrets or other unpatented proprietary know-how could adversely affect our business.

We rely on trade secrets, unpatented proprietary know-how and confidential information to maintain our competitive position across our business areas. Such know-how includes engineering designs, production processes, system integration techniques and project execution expertise developed and used across numerous Hanwha Group-wide projects over the years.

We generally require employees, officers, consultants and certain contractors to enter into confidentiality and non-disclosure agreements, and we have adopted internal policies to promote the development and protection of proprietary information. However, we cannot assure that such agreements will be enforceable in all jurisdictions or that they will not be breached, nor can we assure that we will have adequate remedies in the event of a breach.

Any unauthorized disclosure or misappropriation of our trade secrets, unpatented proprietary know-how and confidential information could erode our competitive advantages, reduce differentiation of our products and solutions and materially and adversely affect our business, financial condition and results of operations.

If we are unable to attract, retain and motivate employees or efficiently utilize their skills, we may not be able to compete effectively and will not be able to grow our business.

Our success and ability to grow are dependent, in large part, on our ability to hire, retain and motivate sufficient numbers of talented professionals with increasingly diverse and specialized skills required in the industries we serve. In particular, our aerospace, defense, marine, ICT and space businesses require highly qualified engineering personnel with specialized technical expertise, and competition for such personnel is intense in both domestic and global markets. Competition for skilled personnel is intense at all levels of experience and seniority and across all markets and geographies. During industry downturns, skilled workers may leave the industry or relocate to other sectors, while upcycles may result in acute labor shortages and wage inflation. In addition, an ageing workforce in certain skilled trades and a declining inflow of younger workers into heavy industries may exacerbate labor shortages over the medium to long term.

The processes and costs associated with recruiting, training, certifying and retaining skilled personnel are substantial and time-consuming, particularly given the stringent quality, safety and regulatory standards applicable to the industries in which we operate. In addition, the loss of key engineering or technical personnel, or our inability to recruit and retain sufficient qualified engineering talent, could adversely affect our research and development capabilities, operational efficiency, ability to execute complex projects, meet contractual delivery timelines and maintain technological competitiveness. If we are unable to maintain a stable and sufficiently skilled workforce, or effectively deploy our personnel across projects and sites, our operational efficiency, ability to meet contractual delivery timelines and overall competitiveness may be materially and adversely affected.

Our success depends on our ability to conduct effective research and development activities that address evolving customer preferences, regulatory standards and technological advancements.

Our ability to remain competitive will depend to a significant extent upon our ability to anticipate and respond to emerging industry standards and customer preferences by ensuring continued development of new, as well as enhancements to existing, products and solutions in a timely and cost-effective manner. Successful development or acquisition, introduction and acceptance of new products and solutions depend upon a number of factors, including the following:

- our ability to meet customer requirements;
- development of competing products or services by competitors;
- timely and efficient completion of product design;
- timely and efficient implementation of production and manufacturing processes;
- timely remediation of product performance issues, if any, identified during the testing phase;
- differentiation of our products and solutions from our competitors’;
- management of customer expectations concerning product capabilities and product life cycles;
- ability to attract and retain technical talent; and
- innovation that does not infringe on the intellectual property rights of third-parties.

We expect to continue to invest in research and development to improve and diversify our product and service offerings and enhance our production facilities and manufacturing processes. See “Business – Research and Development.” However, there can be no assurance that we will succeed in focusing our research and development efforts on technologies that eventually become widely accepted, or on products or services that are timely released or commercially viable. We also may not be able to commercialize new products and solutions to sufficiently recover our research and development costs. In addition, there can be no assurance that we will be able to keep pace with technological changes in the marketplace and continue to develop products and solutions in a timely and cost-effective manner. Further advancements in technologies and their wider adoption, and our inability to adequately anticipate and adapt to such changes, could result in a significant reduction in demand for our products and solutions and may adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

Although we maintain various safety and loss prevention programs and carry property and casualty insurance to cover certain risks, our insurance policies do not cover all types of losses and liabilities. There can be no assurance that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured. In addition, we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. If we sustain significant losses or make significant insurance claims, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected. If our insurance coverage is not adequate, or we become subject to damages that cannot be insured against, this could adversely affect our financial condition or results of operations.

Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible occurrences of other types of widespread infectious diseases) and other natural calamities could materially and adversely affect our business, results of operations or financial condition.

If earthquakes, tsunamis, floods, severe health epidemics (such as COVID-19) or any other natural calamities were to occur in the future in any area where any of our operations are conducted, our business, results of operations or financial condition could be adversely affected. Any occurrence of such natural calamities in countries where our suppliers are located may lead to shortages or delays in the supply of parts, components or raw materials. In addition, natural calamities in areas where our customers are located, whether in Korea or overseas, may cause disruptions in their businesses, which in turn could adversely impact their demand for our products and solutions.

We are subject to contingent liabilities, including those associated with litigation, governmental proceedings or other disputes.

During the course of normal operations, we may become involved in legal proceedings. Lawsuits and claims in which we may become involved include those related to product defects, nonconforming or delayed delivery of products and solutions, breach of contract, labor disputes and intellectual property rights. Failure to meet the schedule requirements of our contracts may also result in penalties for late completion. Successful claims against us may result in significant costs and business interruptions and adversely affect our business, financial condition or results of operations. See “Business – Legal Proceedings and Contingent Liabilities.”

In addition, we are exposed to other contingent liabilities, such as payment and performance guarantees and collaterals we have provided in the ordinary course of business. For a further description of our commitments and contingencies, see Note 41 to our annual consolidated financial statements for the year ended December 31, 2025 and Note 40 to our interim consolidated financial statements for the three months ended March 31, 2026 included in this Offering Circular. If such contingent liabilities materialize, our business, financial condition and results of operations could be adversely affected.

Accidents at our production facilities could result in prolonged operational disruptions, regulatory actions, increased costs and reputational harm, which could materially adversely affect our business, financial condition and results of operations.

Our operations involve hazardous industrial processes, materials and equipment across our various business divisions. As a result, we are exposed to the risk of fires, explosions, industrial accidents, equipment failures, environmental incidents and other operational disruptions. Such events could result in fatalities or personal injuries, damage to or destruction of our facilities or equipment, work stoppages, production interruptions, regulatory investigations and enforcement actions, litigation, increased compliance and remediation costs, reputational harm and the loss of customer confidence. In addition, such events could adversely affect our ability to satisfy contractual obligations, including under long-term government and commercial contracts.

On June 1, 2026, a fire of unknown origin occurred during cleaning operations at our cleaning facility located at Hanwha Aerospace’s Daejeon site, resulting in five fatalities and two injuries. Following the accident, we temporarily suspended production at the Daejeon facility, other than certain essential processes, through June 5, 2026 to conduct a comprehensive safety inspection. As of the date of this Offering Circular, the timing for the full resumption of operations has not been determined. The Daejeon Regional Employment and Labor Office may determine to extend or expand the scope of the work suspension order depending on the results of its investigation and future safety assessments, and we cannot assure you that additional operational restrictions will not be imposed. See “Business – Legal Proceedings and Contingent Liabilities.”

The Daejeon facility manufactures a number of our key defense and aerospace products, including propulsion systems for guided missiles, Chunmoo multiple launch rocket systems and base bleed units (BBUs), including products for export programs in Europe and the Middle East. Any prolonged suspension of operations or expansion of the scope of the work suspension order could disrupt production and deliveries, delay customer shipments, require production rescheduling or transfers to alternative facilities, increase operating costs and adversely affect our ability to satisfy contractual obligations.

Depending on the outcome of the ongoing investigation, we and certain of our officers and employees may become subject to administrative sanctions, criminal or civil proceedings, fines, penalties or damages under applicable laws, including the Serious Accidents Punishment Act and the Occupational Safety and Health Act. The relevant authorities are investigating the accident, and our Chief Executive Officer has been booked as a suspect in connection with an alleged violation of the Serious Accidents Punishment Act, while the head of the Daejeon facility has been booked as a suspect in connection with alleged violations of the Occupational Safety and Health Act and the Criminal Act. No conclusions have been reached in such investigations, and we cannot predict their outcome. We may also incur significant additional costs to restore facilities, enhance safety systems and procedures, upgrade equipment, increase safety personnel and training and implement additional remedial measures. In addition, if the ongoing investigations result in findings of significant violations or other adverse determinations, we may become subject to restrictions on participation in certain government procurement or bidding processes, including under the National Contracts Act, which could adversely affect our ability to obtain or perform future domestic defense contracts.

Although we are cooperating fully with the relevant authorities and implementing enhanced safety measures, as of the date of this Offering Circular, the outcome of the investigation, the duration of the work suspension, the timing of the restoration of operations, the extent of any production disruption, delivery delays and the related financial impact remain uncertain. More generally, future accidents or other operational incidents at any of our facilities, whether similar to the Daejeon accident or otherwise, could result in production disruptions, regulatory actions, litigation, increased costs, reputational harm and the loss of existing or prospective customers or businesses. If the operational disruption resulting from the Daejeon accident continues for an extended period, if additional regulatory actions are imposed, or if similar incidents occur in the future, our business, financial condition, results of operations, cash flows and reputation could be materially adversely affected.

Risks Relating to Regulations

Our defense-related businesses are subject to extensive government regulation, and changes in applicable laws, regulations or government policies, or any failure to comply with such laws and regulations, may adversely affect our business, financial condition and results of operations.

Our defense-related businesses are subject to various laws and regulations governing defense procurement, military capability enhancement programs, localization requirements, export controls, classified information, national security matters and the production and supply of military goods and services. Such laws and regulations include, among others, the Defense Acquisition Program Act, the Act on Contracts to which the State Is a Party and the Military Secret Protection Act in Korea. These laws and regulations impose stringent requirements relating to bidding procedures, contract performance, pricing, technology transfers, security clearances, handling of classified information, recordkeeping, internal controls and compliance procedures.

In addition, because a significant portion of our defense-related revenues is derived from contracts with government agencies or government-affiliated entities, our business is affected by changes in government defense policies, military spending priorities, procurement budgets and political considerations. Government authorities may suspend, delay, modify or terminate procurement programs or contracts for various reasons, including budgetary constraints, policy changes, geopolitical developments, audits, investigations or allegations of non-compliance. Furthermore, violations or

alleged violations of applicable procurement, security, export control or anti-corruption laws and regulations may result in administrative sanctions, suspension or debarment from government contracting, cancellation of contracts, fines, criminal penalties or reputational damage.

In addition, the legal and regulatory environment applicable to the defense and aerospace industries continues to evolve, including in relation to national security, export controls, artificial intelligence, cybersecurity and localization requirements. Compliance with new or changing regulations may increase our operational and compliance costs, restrict certain business activities or require changes to our business practices, and any such developments could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to health, safety and environmental laws and regulations, and violation of such laws or regulations could expose us to substantial liabilities.

Our operations are subject to extensive national and local health, safety and environmental laws and regulations, including those relating to workplace safety, the operation of industrial facilities and shipyards, air emissions and GHG controls, wastewater and other pollutant discharges, hazardous substance management, waste handling and disposal and broader environmental protection requirements. Compliance with these laws and regulations requires significant expenditures, ongoing monitoring and reporting and the implementation of comprehensive internal controls and safety management systems. In addition, certain laws impose enhanced criminal and civil liability on companies and responsible management in the event of serious workplace accidents if required preventive measures are not adequately implemented.

While we believe that we have implemented measures designed to comply in all material respects with applicable health, safety and environmental requirements, we cannot assure that violations will not occur. Any failure to comply, or any serious accident, could result in government investigations, administrative or criminal penalties, civil liabilities for personal injury, property damage or environmental harm and reputational damage.

Moreover, the increasingly stringent health, safety and environmental regulations, or heightened public and regulatory scrutiny, may require additional capital expenditures, operational changes or compliance costs. Any such developments could materially and adversely affect our business, financial condition and results of operations.

Our affiliation with the Hanwha Group subjects us to fair trade and other regulatory restrictions applicable to large business groups, and any deterioration in the Hanwha Group's financial condition may adversely affect our financial flexibility and operations.

We are a member company of the Hanwha Group, one of the largest business conglomerates in Korea, and we maintain various operational, commercial and financial relationships with other Hanwha Group affiliates. As a result, we are subject to laws and regulations applicable to large business groups in Korea, including the Monopoly Regulation and Fair Trade Act and related regulations administered by the KFTC.

Our transactions and business relationships with our subsidiaries, affiliates and other member companies of the Hanwha Group are subject to ongoing scrutiny by the KFTC and other regulatory authorities, including with respect to whether such transactions may constitute unfair internal transactions, undue financial support, preferential dealings or otherwise violate applicable fair trade regulations. We engage in various transactions with Hanwha Group affiliates in the ordinary course of business. Certain of these transactions may require approval by our board of directors or may otherwise be subject to disclosure obligations, regulatory limitations or heightened review under applicable laws and regulations.

In addition, companies belonging to large conglomerate groups in Korea are subject to restrictions relating to cross-shareholdings, debt guarantees, affiliate transactions and corporate governance matters. Applicable laws and regulations may also impose additional limitations on transactions involving

companies in which controlling shareholders and their specially related persons hold specified ownership interests. Changes in applicable laws, regulations or regulatory interpretations, or stricter enforcement by regulatory authorities, may restrict our operational flexibility, increase compliance costs or require changes to our corporate structure, governance practices or business operations.

If the KFTC or other regulatory authorities determine that any of our transactions or practices violate applicable fair trade, corporate governance or other laws and regulations, we may become subject to corrective orders, administrative sanctions, fines, criminal penalties or reputational harm, which could materially and adversely affect our business, financial condition, results of operations and reputation.

Furthermore, our business, financial condition and access to financing may be affected, directly or indirectly, by the financial condition, reputation, credit profile or business performance of the Hanwha Group or certain key affiliates. Negative developments affecting the Hanwha Group, including financial difficulties, liquidity issues, significant losses, regulatory investigations, litigation, governance controversies or reputational damage at other Hanwha Group companies, could adversely affect market perception of our company, reduce investor confidence, negatively impact our credit ratings or increase our cost of funding. In addition, financial deterioration at certain Hanwha Group affiliates could increase pressure for intra-group support arrangements or otherwise adversely affect our financial flexibility and operations.

Related party transactions are subject to scrutiny by the KFTC.

Our business relationships and transactions with our subsidiaries and affiliates are subject to ongoing scrutiny by the KFTC as to, among other things, whether such relationships and transactions constitute undue financial support among companies of the same business group. We engage in various transactions with our subsidiaries and affiliates on an arm's-length basis.

We are also subject to fair trade regulations limiting cross-guarantees of debt and cross-shareholdings among member companies of the Hanwha Group. In addition, our material business transactions with our subsidiaries, affiliates and member companies of the Hanwha Group are subject to approval by our board of directors pursuant to the Korean Commercial Code and the Monopoly Regulation and Fair Trade Act and are subject to public disclosure requirements under the Monopoly Regulation and Fair Trade Act. Any future determinations by the KFTC that we have engaged in transactions that violate the fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on our reputation and business.

Related party transactions are subject to scrutiny by the Korean tax authorities.

Under Korean tax law, there is an inherent risk that our transactions with our subsidiaries, affiliates or any other person or company that is related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of our transactions with related parties was not on an arm's-length basis, we would not be permitted to deduct the amount equivalent to such undue financial support as expenses, which may have adverse tax consequences for us.

Risks Relating to Korea

If economic conditions in Korea deteriorate, the current business and future growth of us could be materially and adversely affected.

We are incorporated in Korea and substantially all of our operations and assets are located in Korea. As a result, our business and profits are subject to political, economic, legal and regulatory risks specific to Korea. The future of the Korean economy is subject to many factors beyond our control. In Korea, uncertainty remains regarding the future direction of key macroeconomic and microeconomic indicators, including exports, exchange rates, private consumption, demand for business products and solutions, unemployment levels, the debt service burden of households and businesses, the availability of credit and the valuation of real estate and securities, any of which could deteriorate.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, persistent inflationary pressures, supply chain disruptions and the general slowdown in global economic growth, have contributed to heightened uncertainty of global economic prospects in general. In addition, ongoing geopolitical tensions, including the prolonged Russia-Ukraine conflict and related sanctions, continued instability in the Middle East, strategic competition between the United States and China, heightened tensions in the Taiwan Strait and the South China Sea, and an increase in trade protectionism (including the imposition or threat of additional tariffs, particularly by the United States, and corresponding retaliatory measures by affected countries) and export control measures among major economies, have further disrupted global trade flows and investment patterns. In particular, escalating tensions between the United States and Iran, including the risk of direct military confrontation or escalation into a broader regional conflict, have increased the likelihood of broader regional instability with potential global repercussions. Any escalation into an armed conflict involving the United States and Iran could significantly disrupt global energy markets, including sharp increases in oil and gas prices, volatility in energy supply and heightened risks to critical shipping routes such as the Strait of Hormuz. The above factors have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has also fluctuated. Furthermore, as a result of adverse global and Korean economic conditions, there has been volatility in the stock prices of Korean companies in recent years. Future declines in the Korea Composite Stock Price Index (“KOSPI”) and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

Political instability may adversely affect the Korean economy and contribute to volatility in the share prices of Korean companies. Periodic political developments or upheavals may result in social unrest and economic uncertainty. Events such as impeachment proceedings or the declaration of martial law, if they occur, could disrupt Korea’s political and economic environment and lead to protests, market volatility and temporary disruptions across various sectors of the economy, which could adversely affect businesses operating in Korea.

Developments that could adversely affect Korea’s economy in the future include the following:

- fiscal difficulties, political turbulence and increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;
- adverse change or increased volatility in macroeconomic indicators, including interest rates, inflation level, foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, Euro or Japanese Yen or revaluation of the Renminbi), stock market indices and inflows and outflows of foreign capital;
- continued volatility or deterioration in Korea’s credit and capital markets;
- adverse developments in the economies of countries and regions that are Korea’s important export markets (such as the United States, Europe, China and Japan, or in emerging market economies in Asia or elsewhere), including as a result of economic and trade tensions between the United States and China and increased uncertainties in the global financial markets and industry;
- deterioration in economic or diplomatic relations between Korea and its major trading partners or allies, as a result of trading or territorial disputes or disagreements in foreign policy, and between the United States and its major trading partners, including China, as a result of the imposition of significant tariffs by the United States on its trading partners, which has been followed by retaliatory tariffs in some cases;

- the use of monetary policies, including increasing the policy interest rate, to curb rising levels of inflation and household debt to the extent such policies may increase recessionary pressures;
- imposition of tariffs, quotas, trade barriers and other trade protection measures by various countries;
- substantial fluctuations in the market prices of the Korean real estate market and uncertainties arising from construction companies' exposures to project financing loans;
- a continuing rise in the level of household debt and an increase in delinquency and credit default by retail and small- or medium-sized enterprise borrowers in Korea;
- a rise in unemployment or stagnation of real wages;
- an increase in social expenditures to support an ageing population in Korea or decreases in productivity due to shifting demographics and the declining population size in Korea;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts, including semiconductors, due to disruptions to the global supply chain;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- a decline in consumer confidence and a slowdown in consumer spending and corporate investments in the Korean or global economy;
- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- a widening fiscal deficit from a decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs that, together, would lead to an increased Government budget deficit;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase the minimum wage and limit working hours of employees;
- political gridlock within the Government or in the legislature, which prevents or disrupts timely and effective policy making;
- political scandal, including but not limited to, bribery, power abuse and illegal dealings by the government officials;
- investigation on chaebols and arrest of their senior management, which causes volatility of the Korean stock market and delays decision making of major businesses in Korea;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- laws, regulations or other government actions (financial, economic or otherwise) that fail to achieve desired policy objectives, produce adverse unintended consequences or otherwise constrain or distort sound economic activities;

- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues, including in respect of certain chaebols;
- volatility of the Won-dollar exchange rate, driven by rising domestic and external uncertainties and a growing preference for safe assets;
- hostilities, political or social tensions involving Russia (including the Russia-Ukraine war and ensuing actions that the United States and other countries have taken or may take in the future) as well as the escalation of hostilities in the Middle East (including the Israel-Hamas war and the Israel-Iran war) and in other regions such as North Africa and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- changes in financial regulations in Korea; and
- any other developments that have a material adverse effect on the global or Korean economy, such as geopolitical tensions, an act of war, a terrorist act, a breakout of an epidemic or natural or man-made disasters.

Escalations in tensions with North Korea could have an adverse effect on us and the market price of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapons, ballistic missile and satellite programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea increased the frequency of its missile tests in 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, in December 2017, in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

Since April 2018, North Korea has held a series of bilateral summit meetings with Korea and the United States to discuss peace and denuclearization of the Korean peninsula. At the end of July 2021, the inter-Korean communication lines were restored for the first time since June 2020, when North Korea severed all inter-Korean governmental communications, but days later, North Korea stopped answering routine calls from Korea in apparent protest of the joint U.S.-Korea military exercises scheduled for August 2021. Although in October 2021, North Korea began answering military and liaison office communication lines again, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact

on the Korean economy and us. Despite some mixed signs of improved relations between North Korea and Korea as well as the United States in recent years, North Korea has not ceased its missile testing, heightening tensions, and the outlook for discussions with North Korea remains uncertain.

North Korea's economy also faces severe challenges, including severe inflation and food shortages, which may further aggravate social and political tensions within North Korea.

There can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. In addition, reunification of Korea and North Korea may suddenly occur in the future, which would entail significant economic commitment and expenditure by Korea that may outweigh any resulting economic benefits of reunification. Any further increase in tension or uncertainty relating to the military, political or economic stability in the Korean peninsula, including a breakdown of diplomatic negotiations over the North Korean nuclear program, occurrence of military hostilities, heightened concerns about the stability of North Korea's political leadership or its actual collapse, a leadership crisis, a breakdown of high-level contacts or accelerated reunification could have a material adverse effect on our business, financial condition and results of operations, as well as the credit rating for Korean issuers, including us, or for the Notes.

There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances as well as accounting and corporate disclosure standards that differ from those in other jurisdictions.

As we are a Korean company and operate in a business and cultural environment that is different from that of other countries, there are risks associated with investing in our securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the Presidential Decree and regulations under that Act and Decree (collectively referred to as the "Foreign Exchange Transaction Laws"), if the Government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the MOFE for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of the MOFE may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea or certain other governmental agencies or financial institutions.

In addition, our audited consolidated financial statements included in this Offering Circular are presented in accordance with K-IFRS and our future financial statements will be prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries. We also make regulatory filings and disclosures regarding other aspects of our business in accordance with applicable rules and regulations and accepted practice in Korea. These filing and disclosure rules and practices differ in many material respects from those applicable to companies in certain other countries. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public companies in other countries. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial and other information contained in this Offering Circular.

Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated in Korea. All of our directors, except one, are non-U.S. residents, and a substantial majority of our assets and the personal assets of our directors and executive officers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or certain other jurisdictions, or to enforce against us in the United States or certain other jurisdictions judgements obtained in courts in such jurisdictions based on the civil liability provisions of such jurisdictions. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgements of courts in such jurisdictions, of civil liabilities predicated on the laws of such jurisdictions.

In Korea, the procedures and requirements for the recognition of foreign judgments are set forth in the Civil Procedure Act. Under Article 217(1) of the Civil Procedure Act, for a foreign judgment to be recognized by a Korean court: (1) the judgment must be final and conclusive, and the jurisdiction of the foreign court that rendered the judgment must be recognized under the principles of international jurisdiction, pursuant to the statutes or treaties of Korea, (2) the defendant must have been duly served with process (otherwise than by publication or similar means), in sufficient time to defend the proceeding or must have responded without having been served with process, (3) in light of the substance of such judgment and the procedures of the proceeding, recognition of the judgment shall not be contrary to the public policy of Korea and (4) judgments of the courts of Korea are accorded reciprocal treatment in the jurisdiction of the court which had issued such judgment or the requirements for the recognition of a foreign judgment in such jurisdiction are neither manifestly inequitable nor substantially different in material respects from the requirements above. For compulsory execution of the judgment rendered by a foreign court, Article 26 of the Civil Execution Act requires an execution judgment by a Korean court. A foreign judgment may not be enforceable in Korea if it does not meet the requirements set forth in the Civil Procedure Act and the Civil Execution Act.

Amendments to the Korean Commercial Code may adversely affect our management control and corporate governance.

The Korean Commercial Code has recently undergone three successive rounds of legislative amendments, the majority of which are in the process of coming into effect or will take effect in the near term.

The first round of amendments, enacted in July 2025, introduces several significant changes, including: (i) an expansion of directors' fiduciary duties to expressly include shareholders; (ii) the introduction of electronic shareholder meetings for listed companies, including a requirement for certain large listed companies to hold parallel electronic and in-person shareholder meetings; (iii) an expansion of the so-called "3% rule," which limits the voting rights of shareholders holding more than 3% of issued shares in the election and dismissal of audit committee members, with shares held by related parties of the largest shareholder aggregated for purposes of calculating the threshold; and (iv) the replacement of outside directors with independent directors and an increase in the required proportion of such directors on the board from one-quarter to one-third for certain large listed companies.

The second round of amendments, enacted in September 2025, provides for (i) mandatory cumulative voting for large listed companies with total assets of at least Won 2 trillion, notwithstanding any contrary provision in their articles of incorporation, and (ii) an increase in the number of audit committee members required to be elected separately from other directors at large listed companies from at least one to at least two.

The third round of amendments, enacted in March 2026, introduces new rules relating to treasury shares, including a general requirement to cancel treasury shares within one year of acquisition and additional shareholder approval requirements for retaining or disposing of treasury shares beyond that period.

These amendments are intended to enhance shareholder participation and strengthen the independence and effectiveness of boards of directors and audit committees. As a result, they may increase the influence of minority shareholders, institutional investors, hedge funds or other activist shareholders in corporate governance matters, which could adversely affect our management control, business, financial condition and results of operations.

Risks Relating to Forward-Looking Statements

This offering circular contains forward-looking statements that are our management's present expectations of future events and are subject to certain factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to the risks related to our businesses discussed above, other factors could cause actual results to differ materially from those described in the various forward-looking statements contained in this Offering Circular. These factors include, but are not limited to, the following:

- successful implementation of our business strategies;
- general economic, business and political conditions, and business outlook for our products and solutions;
- changes in competitive conditions or adverse trends in the industries in which we compete;
- the ability of third-parties to perform in accordance with contractual terms and specifications;
- future recurrences of COVID-19 or other types of widespread infectious diseases;
- declines in consumer confidence;
- the monetary policies in Korea;
- changes in technology;
- adverse trends in regulatory, legislative and judicial developments;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- changes in interest rates and currency exchange rates;
- our leverage and our ability to meet our debt obligations; and
- conditions in the Korean and global financial markets.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically, but without limitation, revenue could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance may not be fully realized.

Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Offering Circular. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

TERMS AND CONDITIONS OF THE NOTES

The following terms and conditions (subject to amendment and except for the sentences in italics) will be endorsed on the definitive certificates issued in respect of the Notes:

The Notes (which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) are issued subject to and with the benefit of the fiscal agency agreement, to be dated as of July 27, 2026 (the “Fiscal Agency Agreement”), by and among the Company, Citicorp International Limited, as the fiscal agent (the “Fiscal Agent”), the principal paying agent (the “Principal Paying Agent”), the registrar (the “Registrar”) and the transfer agent (the “Transfer Agent”).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of, and definitions in, the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the corporate trust office of the Fiscal Agent following prior written request and satisfactory proof of holding, and reference thereto is made for a description of the rights and limitations of rights thereunder of the Holder and the duties and immunities of the Fiscal Agent. In acting under the Fiscal Agency Agreement, the agents appointed by the Company thereunder are acting solely as agents for the Company and do not assume any obligation or relationship of agency or trust for or with the Holders. As used herein, the term “Holder” means each person in whose name a Note is registered in the Note Register (as defined in Condition 1(a) below).

The Holders will be entitled to the benefits of, and be bound by and deemed to have notice of, all of the provisions of the Fiscal Agency Agreement. The owners shown in the records of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination and Title

- (a) The Notes are issued in registered form in the denomination of US\$200,000 (which shall not be split to a lesser amount) and integral multiples of US\$1,000 in excess thereof. A note certificate (each a “Certificate”) will be issued to each Holder in respect of its registered holding of Notes. The Company will procure that a record of Holders with respect to the Notes (the “Note Register”) is maintained by the Registrar at the corporate trust office of the Registrar. The Notes will initially be represented by a global certificate (the “Global Certificate”) registered in the name of a nominee for Euroclear and Clearstream.
- (b) The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Company and will rank *pari passu*, without any preference among themselves, and at least *pari passu* with all other present and future outstanding unsecured and unsubordinated obligations of the Company (other than obligations preferred by mandatory provisions of applicable law).
- (c) Title to the Notes shall pass by registration of transfers in the Note Register in accordance with the provisions of the Fiscal Agency Agreement.
- (d) Except as ordered by a court of competent jurisdiction or as required by law, the registered Holder of any Note will be treated as the absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it), and none of the Company, the Fiscal Agent, the Registrar, the Transfer Agent, the paying agents and any agent thereof shall be affected by notice to the contrary.

2. Payments

- (a) Payments of principal of and interest on the Notes will be made in the legal currency of the United States of America.
- (b) Payment of principal and interest will be made by transfer to the registered account of the Holder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date (as defined in Condition 3) will only be made against surrender of the relevant Certificate at the corporate trust office of the Fiscal Agent or the specified office of a paying agent. Interest on Notes due on an Interest Payment Date will be paid to the Person (as defined in Condition 8) in whose name the Notes are registered in the Note Register at the close of business on the fifteenth day preceding such Interest Payment Date (each a “Record Date”), whether or not a Business Day, notwithstanding the cancellation, transfer or exchange of the Notes subsequent to the Record Date and on or prior to such Interest Payment Date, and no interest otherwise so payable on any Interest Payment Date shall be paid on the Notes if the name of its Holder was entered as such on the Note Register after the close of business on the Record Date immediately preceding such Interest Payment Date, except if and to the extent the Company shall default in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall (unless paid together with principal of the Notes in full other than on an Interest Payment Date) be paid to the Person in whose name the Notes are registered at the close of business on a subsequent record date (which shall be not less than five (5) Business Days (as defined in paragraph (d) of this Condition) prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Company to the Holders of Notes not less than 15 days preceding such subsequent record date.
- (c) For purposes of this Condition, a Holder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Note Register at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Record Date, and a Holder’s registered address means its address appearing on the Note Register at that time.
- (d) Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the due date for payment (or if it is not a Business Day, the immediately following Business Day with the same force and effect as if made on the due date for such payment) or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the corporate trust office of the Registrar or the specified office of a paying agent.

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Holder is late in surrendering its Certificate (if required to do so).

In this Condition, “Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in New York City, London, Hong Kong and Seoul and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

- (e) If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Note Register with a record of the amount of principal or interest in fact paid.

- (f) Any moneys paid by the Company to the Fiscal Agent for the payment of the principal of or interest on any Notes and remaining unclaimed at the end of two (2) years after such principal or interest shall have become due and payable and shall have been paid to the Fiscal Agent by the Company shall then be repaid to the Company, and upon such repayment, all liability of the Fiscal Agent with respect to such moneys shall thereupon cease and the Holder of any Note representing a claim therefor shall thereafter look only to the Company for payment thereof.

The Company reserves the right to appoint, at its discretion, additional agents, including successor agents, for the payment of principal of, premium on, if any, and interest on the Notes at such place or places as the Company may determine; provided that, the Company will ensure that, until the earlier to occur of the date on which all of the Notes shall have been delivered to the Registrar for cancellation and the date on which all of the Notes have become due and payable and moneys sufficient to pay the principal of and interest on all the Notes shall have been made available for payment and either paid or returned to the Company as provided herein, it will maintain a Fiscal Agent.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for definitive certificates, the Company will appoint and maintain a paying agent in Singapore (“Singapore Paying Agent”) where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST, and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the Singapore Paying Agent.

3. Interest

The Notes bear interest at the rate of 5.000% per annum from, and including, July 27, 2026 to, but excluding, the due date for redemption of the Notes. Interest will be paid semi-annually in arrears on January 27 and July 27 in each year. The first Interest Payment Date will be January 27, 2027 in respect of the period from and including July 27, 2026 to, but excluding, January 27, 2027.

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation or surrender, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of: (a) the date on which all amounts due in respect of such Note have been paid; and (b) the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Holders in accordance with these Conditions.

Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

4. Optional Redemption for Tax Reasons

The Notes may be redeemed at the option of the Company in whole, but not in part, at any time at a redemption price equal to the principal amount thereof plus accrued interest, if any, to (but excluding) the date fixed for redemption on giving not less than 30 nor more than 60 days’ notice to the Fiscal Agent, the Registrar and the Transfer Agent and, in accordance with Condition 12, the Holders (which notice shall be irrevocable), if (i) on the occasion of the next payment due under the Notes, the Company has or will become obliged to pay Additional Amounts (as defined in Condition 6) as a result of any change in, or amendment to, the laws of a Tax Jurisdiction (as defined in Condition 6) or any regulations or rulings promulgated thereunder or any change in the application or official interpretation of such laws or regulations or rulings, or any change in the

application or official interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Tax Jurisdiction is a party, which change or amendment becomes effective on or after July 20, 2026 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Company shall deliver to the Fiscal Agent a certificate signed by an authorized officer of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Company has or will become obliged to pay such Additional Amounts as a result of such change or amendment. The Fiscal Agent shall be protected and have no liability to any Holder or any other person for so accepting and relying on such certificate or opinion.

5. Maturity and Purchase

Unless previously redeemed or purchased and cancelled as provided herein, the Company will redeem the Notes at their principal amount on July 27, 2029. The Company or any Subsidiary (as defined in Condition 8) of the Company may at any time purchase Notes by tender (available to all Holders alike) or in the open market at any price. Any such Notes purchased shall be surrendered to the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Company or any of its Subsidiaries or Affiliates, shall not entitle the Holder to vote at any meeting of the Holders and shall not be deemed to be outstanding for the purpose of calculating the quorum at a meeting of the Holders or for the purpose of Conditions 10 and 11. All Notes redeemed by the Company or purchased and surrendered to the Registrar for cancellation as provided in this Condition 5 will forthwith be cancelled and all Certificates in respect of cancelled Notes will be forwarded to the Registrar and shall be promptly cancelled by it, and such Notes may not be reissued or resold.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

6. Taxation

All payments of principal and interest in respect of the Notes by the Company will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined below) unless such withholding or deduction is required by law. In such event, the Company will pay such additional amounts as shall be necessary in order that the net amounts received by the Holder after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (such additional amounts due by the Company, the “Additional Amounts”); except that no such Additional Amounts shall be payable with respect to a Note:

- (a) to or on behalf of a Holder that is liable for such taxes or duties in respect of such Note by reason of his having some present or former connection with a Tax Jurisdiction other than the mere holding of such Note or the receipt of principal or interest in respect thereof or enforcement of rights with respect thereto; or

- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder thereof would have been entitled to an Additional Amount on presenting the same for payment on the last day of such 30-day period; or
- (c) to or on behalf of a Holder who would be able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such Holder fails to do so; or
- (d) any combination of (a), (b) or (c) above.

As used herein:

- (i) “Tax Jurisdiction” means Korea or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the “Relevant Date” in relation to any payments of interest on, or principal of, any Note means: (x) the due date for payment thereof; or (y) if the full amount of the monies payable on such date has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount of such monies having been so received, notice to that effect is duly given to Holders of the Notes in accordance with Condition 12.

The obligation to pay additional amounts in respect of taxes or duties shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on the Notes; provided that, except as otherwise set forth in these Conditions and in the Fiscal Agency Agreement, the Company shall pay all stamp and other duties, if any, which may be imposed by Korea or the United States or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Fiscal Agency Agreement or as a consequence of the initial issuance of the Notes.

The Company will provide the Fiscal Agent with documentation evidencing the payment of taxes, if any, that are withheld from payments on the Notes. Copies of such documentation will be made available to any Holder upon request therefor.

References in these Conditions to any payments of principal and interest in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable in respect thereof under this Condition.

Whenever there is mentioned in any context the payment of principal of, or interest on, any Note, such mention shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

None of the Fiscal Agent, the Registrar and the Transfer Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 6 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Company, any Holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Fiscal Agent, the Registrar or the Transfer Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

7. Transfers of Notes, Issue and Replacement of Certificates

- (a) Upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement and subject to the reasonable requirements of the Company, the Registrar and/or the Transfer Agent (as the case may be), a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the office of the Registrar or the Transfer Agent or the specified offices of any of the paying agents.
- (b) Each new Certificate to be issued upon transfer of Notes will, within five (5) business days of receipt by the Registrar, the Transfer Agent or the relevant paying agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein as described in “The Global Certificate – Registration of Title,” owners of interests in the Notes will not be entitled to receive physical delivery of Certificates.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five (5) business days of receipt by the Registrar, the Transfer Agent or the relevant paying agent of the original Certificate, be mailed by uninsured mail at the risk of the Holder of the Notes not so transferred to the address of such Holder appearing on the Note Register or as specified in the form of transfer.

- (c) Registration of transfer of Notes will be effected without charge by or on behalf of the Company or any agent but upon payment (or the giving of such indemnity as the Company, the Registrar, the Transfer Agent or any agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.
- (d) No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest on that Note or (ii) after any such Note has been called for redemption or purchase.
- (e) All transfers of Notes and entries on the Note Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Company with the prior written approval of the Registrar and the Transfer Agent. Any new Certificate delivered pursuant to this Condition 7 shall be so dated that neither gain nor loss of interest shall result from such transfer.
- (f) If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Registrar or the Transfer Agent, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Company, the Registrar or the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued. Any new Certificate delivered pursuant to this paragraph shall be so dated that neither gain nor loss of interest shall result from such replacement. In case any such mutilated, destroyed, stolen or lost Certificate has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Certificate, pay or cause to be paid such Certificate.

During the first year after the issuance of the Notes, the Notes may not be offered, delivered, or sold, directly or indirectly, in Korea or to any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea and the regulations thereunder) other than to “a qualified institutional buyer” (a “Korean QIB,” as defined in the Regulation on Issuance, Public Disclosure, Etc. of Securities of Korea) who is registered with the Korean Financial Investment Association as a Korean QIB (except where the Notes are transferred through a repurchase transaction under article 181(1) of the Enforcement Decree of the Financial Investment Services and Capital Markets Act of Korea), provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20 percent of the aggregate issue amount of the Notes.

8. Covenants of the Company

- (a) *Limitation on Liens.* The Company will not itself, and will not permit any Principal Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any mortgage, charge, pledge, encumbrance or other security interest (a “Lien”) on any Restricted Property without in any such case effectively providing that the Notes (together with, if the Company shall so determine, any other indebtedness of the Company or such Principal Subsidiary then existing or thereafter created) are secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus Attributable Debt of the Company and its Principal Subsidiaries in respect of Sale/Leaseback Transactions as described under “Limitation Upon Sale and Leaseback Transactions” below, in each case entered into after the date of the Fiscal Agency Agreement (other than such Sale/Leaseback Transactions as are permitted by Condition 8(b)(ii) below), would not exceed 10% of Consolidated Net Tangible Assets. The foregoing restriction will not apply to External Indebtedness secured by:
- (i) any Lien existing on any Restricted Property prior to the acquisition thereof by the Company or any of its Principal Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;
 - (ii) any Lien on any Restricted Property securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Lien attaches to such Restricted Property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof;
 - (iii) any Lien existing on any Restricted Property of any Principal Subsidiary prior to the time such Principal Subsidiary becomes a Subsidiary of the Company or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;
 - (iv) any Lien securing External Indebtedness owing to the Company or to a Subsidiary; or
 - (v) any Lien arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Lien permitted by any of the foregoing clauses or existing at the date of the Fiscal Agency Agreement, provided that such External Indebtedness is not increased and is not secured by any additional Restricted Property.

For the purposes of Conditions 8(a) and 8(b) the giving of a guarantee which is secured by a Lien on a Restricted Property, and the creation of a Lien on a Restricted Property to secure External Indebtedness which existed prior to the creation of such Lien, shall be deemed to involve the creation of indebtedness in an amount equal to the principal amount guaranteed

or secured by such Lien; but the amount of indebtedness secured by Liens on Restricted Properties shall be computed without cumulating the underlying indebtedness with any guarantee thereof or lien securing the same.

- (b) *Limitation Upon Sale and Leaseback Transactions:* So long as any of the Notes are outstanding, neither the Company nor any Principal Subsidiary may enter into any Sale/Leaseback Transaction after the date of the Fiscal Agency Agreement, unless, either
- (i) the Attributable Debt of the Company and its Principal Subsidiaries in respect thereof and in respect of all other Sale/Leaseback Transactions entered into after the date of the Fiscal Agency Agreement (other than transactions permitted by clause (ii) below) plus the aggregate principal amount of External Indebtedness secured by Liens on Restricted Property then outstanding (excluding any such External Indebtedness secured by Liens described in clause (i) through (v) under “Limitation on Liens” above or existing at the date of the Fiscal Agency Agreement) without equally and ratably securing the Notes, would not exceed 10% of Consolidated Net Tangible Assets, or
 - (ii) the Company or a Principal Subsidiary within 12 months after such Sale/Leaseback Transaction, applies to the retirement of External Indebtedness, which is not subordinate to the Notes, of the Company or a Principal Subsidiary an amount equal to the greater of (i) the net proceeds of the sale or transfer of the property or other assets which are the subject of such Sale/Leaseback Transaction or (ii) the fair market value of the Significant Property so leased (in each case as determined by the Company); provided that the amount to be so applied shall be reduced by (a) the principal amount of the Notes delivered within twelve months after such Sale/Leaseback transaction to the Agent for cancellation, and (b) the principal amount of External Indebtedness of the Company or a Principal Subsidiary, other than the Notes, voluntarily retired by the Company or a Principal Subsidiary within twelve months after such Sale/Leaseback Transaction. Notwithstanding the foregoing, no retirement referred to in this clause (ii) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where the Company or any Principal Subsidiary is the lessee in any Sale/Leaseback Transaction, Attributable Debt shall not include any External Indebtedness resulting from the guarantee by the Company or any other Principal Subsidiary of the lessee’s obligation thereunder. The foregoing restriction shall not apply to any transaction between the Company and a Subsidiary or between a Principal Subsidiary and a Subsidiary.

- (c) Certain Definitions

“**Attributable Debt**” means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the property or other assets subject to such transaction and (y) the present value (discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with International Financial Reporting Standards as adopted in Korea (or any successor accounting principle generally accepted in Korea at the time of the relevant calculation)) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents) during the term of the lease.

“**Consolidated Net Tangible Assets**” means the total amount of assets of the Company and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible), (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible

assets, and (c) all write-ups of fixed assets, net of accumulated depreciation thereon, after December 31, 2025 other than as permitted by the laws of Korea applicable to the Company, all as set forth on the most recently available audited annual balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with International Financial Reporting Standards as adopted in Korea (or any successor accounting principle generally accepted in Korea at the time of the relevant calculation).

“External Indebtedness” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of Korea and which has a final maturity of one year or more from its date of incurrence or issuance.

“Long-term Debt” means any note, bond, debenture or other similar evidence of indebtedness for money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than or equal to one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such evidence on indebtedness was incurred.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Restricted Property” means (a) any manufacturing facility, production line, assembly facility, shipyard, research and development facility, testing facility, launch facility, logistics facility, maintenance, repair and overhaul facility, office building, warehouse, machinery, equipment or other tangible fixed asset, whether owned at the date of the Fiscal Agency Agreement or thereafter acquired, used in connection with the aerospace, defense, marine, ICT or space businesses of the Company and its Subsidiaries, including any land, buildings, structures and other equipment or fixtures that constitute any such facility, other than any such facility, or portion thereof, reasonably determined by the Board of Directors of the Company not to be of material importance to the total business conducted by the Company and its Subsidiaries as a whole, and (b) any share of common stock or participating preferred stock of a Principal Subsidiary.

“Sale/Leaseback Transaction” means any arrangement with any Person which provides for the leasing by the Company or any Principal Subsidiary, for an initial term of three years or more, of any Restricted Property, whether now owned or hereafter acquired, which are to be sold or transferred by the Company or any Principal Subsidiary after the date of the Fiscal Agency Agreement to such Person for a sale price of US\$10,000,000 (or the equivalent thereof) or more where the rental payments are denominated in a currency other than the currency of Korea.

“Principal Subsidiary” means:

(a) any Subsidiary of the Company under K-IFRS:

- (i) whose revenue, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary but net of any consolidation adjustments for revenue derived from the Company and its other consolidated subsidiaries, constitute at least 10% of the consolidated revenue of the Company as shown by the then latest audited consolidated accounts of the Company; or
- (ii) whose total assets, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary, constitute at least 10% of the total consolidated assets of the Company as shown by the then latest audited consolidated accounts of the Company,

provided that:

- (A) in the case of a Subsidiary acquired, or a company becoming a Subsidiary, after the end of the financial period to which the latest audited consolidated accounts of the Company relate, the reference to the then latest audited consolidated accounts of the Company for the purposes of the calculation above shall, until audited consolidated accounts of the Company for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Company adjusted to consolidate the latest audited accounts (consolidated where applicable) of such Subsidiary in such accounts;
 - (B) if at any relevant time in relation to the Company or any Subsidiary in respect of which financial consolidation is relevant, no consolidated accounts are prepared and audited, revenue and total assets of the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose as of the date of the latest audited accounts of the Company by the auditors for the time being of the Company;
 - (C) if at any relevant time in relation to any Subsidiary no accounts are audited, its revenue and total assets (consolidated where applicable) shall be determined on the basis of pro forma accounts (consolidated where applicable) of the relevant Subsidiary prepared for this purpose as of the date of the latest audited accounts of the Company by the auditors for the time being of the Company; and
 - (D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Company, then the determination of whether or not such a Subsidiary is a Principal Subsidiary shall be based on pro forma consolidation of its accounts (consolidated where applicable) with the then latest consolidated audited accounts (determined on the basis of the foregoing) of the Company; or
- (b) any Subsidiary of the Company to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary.

“**Subsidiary**” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

9. Consolidation, Merger and Sale of Assets

The Company, without the consent of the Holders of any of the Notes, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each a “transaction”) to any corporation organized under the laws of Korea, provided that (a) any successor corporation expressly assumes, by an agreement supplemental to the Fiscal Agency Agreement executed and delivered to the Fiscal Agent, the Company’s obligations under the Notes and the Fiscal Agency Agreement, (b) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (c) such successor corporation has the benefit of a credit rating which, at the time and immediately after such transaction takes place, is no worse than the credit rating of the Company, and (d) if, as a result of any such transaction, properties or assets of the

Company or a Principal Subsidiary would become subject to a Lien which would not be permitted under these Conditions, the Company or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes (together with, if the Company shall so determine, any other indebtedness of the Company or such Subsidiary then existing or thereafter created which is not subordinate to the Notes) equally and ratably with (or prior to) all indebtedness secured thereby.

10. Events of Default

The occurrence and continuance of one or more of the following events will constitute an event of default (“Event of Default”) with respect to the Notes:

- (a) default in the payment of any installment of interest upon any of the Notes, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of all or any part of the principal of any of the Notes, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable; or
- (c) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company contained in the Notes for a period of 60 days after the date on which written notice specifying such failure, stating that notice is a “Notice of Default” under these Conditions and demanding that the Company remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Company or to the Company at the office of the Fiscal Agent by the Holders of at least 10% in aggregate principal amount of the Notes at the time outstanding; or
- (d) any External Indebtedness of the Company in the aggregate principal amount of US\$30,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Company or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Company in respect of External Indebtedness of any other Person in the aggregate principal amount of US\$30,000,000 or more not being honored when, and remaining dishonored after becoming, due and called; provided that, if any such default under any such External Indebtedness shall be cured or waived, then the default under these Conditions by reason thereof shall be deemed to have been cured and waived; or
- (e) a court or administrative or other governmental agency or body having jurisdiction over the Company shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Company to be bankrupt or insolvent and such decree or order shall remain unstayed and in effect for a period of 120 consecutive days; or
- (f) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for any substantial part of its

property, or cease to carry on the whole or substantially the whole of its business or make any general assignment for the benefit of creditors, or enter into any composition with its creditors or take corporate action in furtherance of any such actions.

- (g) any event occurs which under the laws of the Republic of Korea has an analogous effect to any of the events referred to in (a) through (f) above.

If an Event of Default with respect to the Notes occurs and is continuing, the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal amount of and all accrued but unpaid interest on all the Notes to be due and payable immediately, by a notice in writing to the Company at the office of the Fiscal Agent, and upon such declaration any such principal amount and interest shall become immediately due and payable. Upon such declaration, the Fiscal Agent shall give notice thereof to the Company and, at the direction and expense of the Company, to the Holders of the Notes, by mail and publication. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Company pays or deposits with the Fiscal Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the Holders of more than 50% in aggregate outstanding principal amount of the Notes by written notice thereof to the Company at the office of the Fiscal Agent.

11. Meetings of Holders; Modifications and Amendments

- (a) The Company at any time may, and at any time after the Notes shall have become immediately due and payable due to a default upon a request in writing made by Holders holding not less than 10% of the aggregate outstanding principal amount of the Notes shall, convene a meeting of Holders of the Notes. Any such request in writing by the Holders shall be delivered to the Fiscal Agent. Further provisions concerning meetings of the Holders are set forth in the Fiscal Agency Agreement.
- (b) Modifications and amendments to the Fiscal Agency Agreement or the Notes requiring consent of Holders may be made, and future compliance therewith or past defaults by the Company may be waived, with the consent of the Company and the Holders of more than 50% in aggregate principal amount of the Notes at the time outstanding, or of such lesser percentage as may act at a meeting of Holders held in accordance with the provisions of the Fiscal Agency Agreement; provided that no such modification, amendment or waiver of the Fiscal Agency Agreement or any Note may, without the consent of each Holder affected thereby, (i) change the stated maturity of the principal of or interest on any such Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on any such Note; or (iv) reduce the above-stated percentage of aggregate principal amount of Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action. Any modifications, amendments or waivers consented to or approved at a meeting will be conclusive and binding on all Holders of Notes whether or not they have given such consent or were present at such meeting, and on all future Holders of Notes whether or not notation of such modifications, amendments or waivers is made upon the Notes. Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note.
- (c) At a meeting of the Holders of the Notes called for any of the above purposes, Persons entitled to vote a majority in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than ten days; in the absence of a quorum at any such

adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten days; at the reconvening of any meeting further adjourned for lack of a quorum, the Persons entitled to vote 25% in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution to modify or amend, or to waive compliance with, any of the covenants or conditions referred to above (other than those set forth in clauses (i) through (iv) of Condition 11(b)) shall be effectively passed if passed by the Persons entitled to vote the lesser of (i) a majority in aggregate principal amount of Notes then outstanding or (ii) 75% in aggregate principal amount of the Notes represented and voting at the meeting.

- (d) The Fiscal Agency Agreement and these Conditions of the Notes may be modified, supplemented or amended by the Company and the Fiscal Agent, without the consent of the Holder of any Note, for the purpose of adding to the covenants of the Company for the benefit of the Holders, surrendering any right or power conferred upon the Company, securing the Notes, curing any ambiguity, correcting or supplementing any defective provision therein, implementing the provisions of this Condition 11 or in any other manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the Holders of the Notes in any material respect, to all of which each Holder of any Note shall, by acceptance thereof, consent. Any determination required to be made pursuant to this Condition 11(d) will be made by the Company, and none of the Fiscal Agent, the Registrar and the Transfer Agent shall have any responsibility or liability whatsoever with respect to such determination.

12. Notices

Except as otherwise expressly provided herein, whenever the Fiscal Agency Agreement or the Notes require that the Company or the Fiscal Agent give notice to the Holder thereof, the Company or the Fiscal Agent will cause such notice to be mailed to the Holders of Notes at their respective addresses as they appear on the Note Register. If by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impracticable to give notice to the Holders of Notes in the manner prescribed herein, then such notification in lieu thereof as shall be made by the Company or by the Fiscal Agent on behalf of and at the instruction of the Company shall constitute sufficient provision of such notice, if such notification shall, so far as may be practicable, approximate the terms and conditions of the notice in lieu of which it is given. Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note shall affect the sufficiency of any notice with respect to other Notes.

While all the Notes are represented by the Global Certificate and the Global Certificate is deposited with a common depositary for Euroclear and Clearstream or any other clearing system, notices to Holders of the Notes may be given by delivery of the relevant notice to Euroclear, Clearstream or, as the case may be, such other clearing system and, in any case, such notices shall be deemed to have been given to the Holders of the Notes in accordance with this Condition 12 on the date of delivery to Euroclear, Clearstream or, as the case may be, such other clearing system.

13. Valid Obligations

The Company hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of the Notes, and to constitute the same the valid and legally binding obligation of the Company enforceable in accordance with their terms, have been done and performed and have happened in due and strict compliance with the applicable laws of the State of New York.

14. Further Issues

The Company may from time to time, without the consent of the Holders, create and issue further notes to the extent permitted under the applicable laws, having terms and conditions the same as those of the Notes, or the same except for the issue date and the date and amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15. Governing Law and Submission to Jurisdiction

The Fiscal Agency Agreement and the Notes are governed by, and construed in accordance with, the laws of the State of New York.

The Company agrees that any suit, action or proceeding against the Company brought by any Holder arising out of or based upon the Fiscal Agency Agreement or the Notes may be instituted in any State or U.S. federal court in The City of New York and County of New York, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The Company has appointed Cogency Global Inc., presently located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as its authorized agent (the “Authorized Agent,” which expression shall include any replacement authorized agent) upon whom process may be served in any suit, action or proceeding arising out of or based upon the Fiscal Agency Agreement or the Notes that may be instituted in any State or U.S. federal court in The City of New York and County of New York, by any Holder and expressly accepts the non-exclusive jurisdiction of any such court in respect of any such suit, action or proceeding. The Company agrees to take any and all action, including the filing of any and all documents that may be necessary to continue such appointment in full force and effect as aforesaid. If for any reason the appointment of the Authorized Agent shall cease to be in force the Company shall forthwith appoint a new agent to be the Authorized Agent and shall give notice thereof to the Fiscal Agent in any manner permitted by applicable law and the Holders in accordance with Condition 12. Service of process upon the Authorized Agent in any manner permitted by applicable law shall be deemed, in every respect, effective service of process upon the Company. Notwithstanding the foregoing, any action arising out of or based upon the Notes may be instituted in any court of competent jurisdiction in Korea or any other jurisdiction. The Company hereby waives any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to the Fiscal Agency Agreement or the Notes.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions that apply to the Notes in respect of which it is issued, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of provisions of the Notes while in global form.

Meetings

The registered holders of the Notes in respect of which the Global Certificate are issued will be treated as being one person for the purposes of any meeting of Holders, and at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of the Notes in respect of which the Global Certificate are issued.

Cancellation

Cancellation of any Notes following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Notes in the register of Holders.

Transfers

Transfers of interests in the Notes will be effected through the records of Euroclear and Clearstream, Luxembourg, and their respective participants in accordance with their respective rules and operating procedures.

Notices

So long as the Notes are represented by the Global Certificate and the Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system appointed in accordance with the terms of the Notes and the Fiscal Agency Agreement, notices to the Holders may be given by delivery of the relevant notice to the clearing systems in accordance with the applicable rules and procedures of the clearing systems for communication by them to entitled accountholders. Any such notice shall be deemed validly given on the day after it has been delivered to Euroclear, Clearstream, Luxembourg or an alternative clearing system.

Paying Agent in Singapore

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Certificate is exchanged for Definitive Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Certificate is exchanged for Definitive Certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes, after deducting underwriting commission but not estimated expenses of the offering, will be U.S.\$496,455,000. The Issuer intends to use such net proceeds for its general corporate purposes, including the repayment of existing indebtedness.

CAPITALIZATION

The following table sets forth the Issuer's capitalization as of March 31, 2026 (1) as derived from the Issuer's unaudited interim condensed consolidated financial statements as of March 31, 2026 included in this Offering Circular and (2) as adjusted to give effect to the issuance of the Notes offered hereby, before deducting the underwriting commission and estimated expenses of the offering by the Issuer and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings.

	<u>As of March 31, 2026</u>	
	<u>Actual</u>	<u>Adjusted⁽¹⁾</u>
	<u>(billions of Won)</u>	
Long-term debt:		
Borrowings and debentures ⁽²⁾	₩ 6,164.5	₩ 6,921.2
Equity:		
Share capital	270.3	270.3
Capital surplus	2,895.9	2,895.9
Capital adjustments	(21.0)	(21.0)
Accumulated other comprehensive income	946.2	946.2
Retained earnings	5,867.2	5,867.2
Non-controlling interests	7,481.5	7,481.5
Total equity	17,440.1	17,440.1
Total capitalization	<u>₩ 23,604.5</u>	<u>₩ 24,361.3</u>

(1) Reflects gross proceeds from the Offering translated into Won at Won 1,513.4 to US\$1.00, the Market Average Exchange Rate in effect as of March 31, 2026. No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, or at any particular rate or at all.

(2) Excludes current portion and is net of discounts.

There has been no material change in the Issuer's capitalization since March 31, 2026.

EXCHANGE RATES

The table below sets forth the Market Average Exchange Rate for the last day of, and the average for, the periods indicated. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Year ended December 31	At end of period	Average⁽¹⁾	High	Low
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025	1,434.9	1,422.2	1,483.4	1,352.6
2026 (through July 20)	1,484.3	1,487.3	1,554.4	1,424.5
January	1,427.0	1,456.5	1,477.5	1,427.0
February	1,424.5	1,449.3	1,470.3	1,424.5
March	1,513.4	1,486.6	1,513.4	1,435.4
April	1,476.1	1,487.4	1,530.5	1,470.8
May	1,505.8	1,490.1	1,513.3	1,450.8
June	1,541.5	1,527.3	1,546.5	1,503.2
July (through July 20)	1,484.3	1,519.0	1,554.4	1,484.3

Source: Seoul Money Brokerage Services, Ltd.

Note:

(1) Annual and monthly averages are calculated using the daily Market Average Exchange Rates during the relevant period.

SELECTED FINANCIAL INFORMATION

The following tables set forth selected financial information. The selected financial information as of December 2025 and 2024 and for each of the two years in the period ended December 31, 2025 set forth below have been derived from the Issuer's audited consolidated financial statements and related notes included elsewhere in this Offering Circular, which have been prepared in accordance with K-IFRS. The selected financial information as of March 31, 2026 and for the three-month periods ended March 31, 2026 and 2025 set forth below have been derived from the Issuer's unaudited interim condensed consolidated financial statements and related notes included elsewhere in this Offering Circular, which have been prepared in accordance with K-IFRS.

Our results of operations for the three months ended March 31, 2026 may not be indicative of our results of operations for the full year 2026. The selected financial information set forth below should be read in conjunction with the Issuer's audited financial statements (and related notes) and other historical financial data included elsewhere in this Offering Circular.

Selected Statements of Comprehensive Income Data

	For the year ended December 31,		For the three-month periods ended March 31,	
	2024	2025	2025	2026
<i>(In billions of Won, except per share data)</i>				
Revenue	₩ 11,240.1	₩ 26,702.9	₩ 5,484.2	₩ 5,751.0
Cost of sales	8,370.3	21,252.4	4,456.0	4,525.0
Gross profit	2,869.9	5,450.5	1,028.2	1,226.0
Selling and administrative expenses	1,036.0	2,065.7	458.0	509.6
Research and development expenses	102.0	295.4	40.3	77.6
Operating profit	1,731.9	3,089.3	529.9	638.9
Other income	1,489.5	343.0	97.6	339.8
Other expenses	557.9	814.1	224.7	243.1
Finance income	373.5	1,270.6	227.6	683.4
Finance costs	494.9	1,595.6	383.1	816.2
Profits (losses) of associates and joint ventures accounted for using equity method	105.3	(83.3)	(17.2)	(47.8)
Profit before income tax expenses	2,647.4	2,209.9	230.2	554.9
Income tax expenses	136.1	7.9	47.3	28.7
Profit from continuing operations	₩ 2,511.3	₩ 2,202.0	₩ 182.9	₩ 526.3
Profit from discontinued operations (after tax effect)	28.6	—	—	—
Profit for the year and period	₩ 2,539.9	₩ 2,202.0	₩ 182.9	₩ 526.3
Other comprehensive income	58.0	103.9	121.1	503.7
Total comprehensive income for the year and period	₩ 2,597.9	₩ 2,305.9	₩ 304.0	₩ 1,029.9
Earnings (loss) per share				
Basic earnings per share from continuing operations (in Won)	₩ 45,935	₩ 28,530	₩ 1,299	₩ 4,999
Basic earnings per share from discontinued operations (in Won)	781	—	—	—

Selected Statements of Financial Position Data

	As of December 31,		As of
	2024	2025	March 31,
			2026
	(In billions of Won)		
Assets			
Current assets:			
Cash and cash equivalents	₩ 2,967.7	₩ 7,713.4	₩ 6,886.2
Other financial assets	353.8	188.5	1,448.5
Trade and other receivables	3,377.8	3,735.0	3,649.6
Contract assets	5,518.5	6,487.7	6,558.3
Inventories	6,404.1	7,741.7	8,624.9
Derivative assets	6.4	27.5	32.0
Other current assets	4,309.0	4,767.4	4,965.2
Non-current assets held for sale	44.4	44.3	44.3
	<u>22,981.7</u>	<u>30,705.4</u>	<u>32,209.0</u>
Non-current assets:			
Other financial assets	1,104.2	1,893.2	2,382.7
Long-term trade and other receivables	408.3	303.6	237.9
Derivative assets	81.5	11.2	30.7
Other non-current assets	212.3	121.8	198.7
Property, plant and equipment	8,385.9	9,524.4	9,802.2
Intangible assets	7,756.3	7,497.8	7,531.8
Investments in associates and joint ventures	965.8	2,190.2	2,499.6
Right-of-use assets	421.0	442.8	428.6
Deferred tax assets	1,244.8	1,263.1	1,338.5
	<u>20,580.2</u>	<u>23,248.2</u>	<u>24,450.6</u>
Total assets	<u>₩ 43,561.9</u>	<u>₩ 53,953.7</u>	<u>₩ 56,659.6</u>
Liabilities			
Current Liabilities:			
Trade and other payables	₩ 4,269.9	₩ 6,041.1	₩ 4,949.5
Contract liabilities	13,647.9	15,990.7	15,943.7
Lease liabilities	81.3	83.4	83.7
Borrowings and debentures	6,117.7	6,982.2	9,308.3
Derivative liabilities	362.0	66.7	84.9
Employee benefit liabilities	97.5	48.6	13.3
Income tax payable	378.9	385.7	265.3
Other current liabilities	555.6	350.5	259.9
Other current financial liabilities	5.4	27.6	44.2
	<u>25,516.1</u>	<u>29,976.4</u>	<u>30,952.9</u>
Non-current liabilities:			
Long-term trade and other payables	439.7	572.3	697.9
Lease liabilities	329.4	347.0	341.4
Borrowings and debentures	4,164.8	5,412.7	6,164.5
Derivative liabilities	53.2	3.7	73.8
Employee benefit liabilities	851.5	669.6	709.5
Deferred tax liabilities	593.0	27.6	140.0
Other non-current liabilities	46.3	87.2	87.7
Other non-current financial liabilities	76.0	69.0	51.8
	<u>6,553.8</u>	<u>7,189.1</u>	<u>8,266.6</u>
Total liabilities	<u>₩ 32,069.9</u>	<u>₩ 37,165.5</u>	<u>₩ 39,219.5</u>
Equity			
Share capital	240.4	270.3	270.3
Capital surplus	(510.4)	2,887.3	2,895.9
Capital adjustments	(21.0)	(21.0)	(21.0)
Accumulated other comprehensive income	539.7	565.6	946.2
Retained earnings	<u>4,746.5</u>	<u>5,982.7</u>	<u>5,867.2</u>
Non-controlling interests	<u>6,496.9</u>	<u>7,103.3</u>	<u>7,481.5</u>
Total equity	<u>11,492.0</u>	<u>16,788.2</u>	<u>17,440.1</u>
Total liabilities and equity	<u>₩ 43,561.9</u>	<u>₩ 53,953.7</u>	<u>₩ 56,659.6</u>

THE ISSUER

Overview

We are a global aerospace and defense company engaged in a broad range of businesses spanning aerospace, defense, marine, ICT and space products and solutions. Through continuous investment in advanced technologies, manufacturing capabilities and strategic acquisitions, we have expanded our business portfolio and strengthened our position as an integrated aerospace, defense, marine and industrial solutions provider with a growing global presence. As of the date of this offering circular, we operate through various domestic and overseas subsidiaries and business divisions across multiple industries and regions.

Our business can be divided into the following five business units: (i) Aerospace, (ii) Defense, (iii) Marine, (iv) ICT and (v) Space.

- **Aerospace:** Our Aerospace business develops, manufactures and supplies a broad range of aircraft engines, engine components and aerospace systems for commercial aviation, defense and space applications, and provides related maintenance, repair and overhaul (“MRO”) services. Our aerospace activities span the full value chain, including research and development, design and engineering, manufacturing, assembly, testing and after-sales support, and are focused on technologically advanced, high-performance and reliable aerospace solutions that meet increasingly stringent safety, environmental and operational standards. Our aerospace business also participates in various global aircraft engine programs through RSP arrangements and strategic partnerships with leading global aerospace and defense companies.
- **Defense:** Our Defense business develops, manufactures and supplies a broad range of military equipment, defense electronics and guided weapons solutions for domestic and overseas defense customers, and provides related integrated logistics support and maintenance services. Our defense activities encompass research and development, system design and engineering, manufacturing, assembly, testing, deployment and lifecycle support, and are focused on technologically advanced, mission-critical and high-performance defense solutions designed to address evolving operational requirements and increasingly sophisticated security threats. Our defense business also engages in the development of next-generation defense technologies and advanced weapon systems, including precision-guided weapons, aerospace systems, unmanned and network-based defense solutions and defense electronics technologies.
- **Marine:** Our Marine business designs, constructs and sells a broad range of commercial and specialized vessels, and engages in the production and provision of offshore products and related services. Our marine activities integrate conceptual and detailed design, engineering, procurement, construction, outfitting, testing and delivery capabilities, and are focused on technologically advanced, fuel-efficient and environmentally compliant vessels and offshore solutions designed to meet evolving customer requirements and increasingly stringent international environmental and safety standards. Our Marine business also engages in the development, construction and supply of offshore and energy-related facilities and solutions, including floating production and storage facilities and offshore steel structures for the global energy industry.
- **ICT:** Our ICT business provides a broad range of information technology and digital solutions, including the design, development, implementation and outsourced operation of computer systems, IT convergence engineering services and fourth-party logistics (“4PL”) services. Our ICT activities include systems planning, consulting, architecture design, software development, system integration, operation, maintenance and digital transformation support, and are focused on delivering reliable, scalable and technology-driven solutions tailored to customer operational requirements and evolving industry demands. Our ICT business also provides IT convergence

engineering services that integrate information technology with industrial, manufacturing, logistics and operational systems, as well as business process outsourcing (“BPO”) and logistics optimization service.

- **Space:** Our Space business develops, manufactures and supplies Earth observation satellite systems and related aerospace technologies and services for governmental, commercial and defense applications. Our space activities include research and development, mission design, systems engineering, manufacturing, assembly, testing, launch support and operational services, and are focused on technologically advanced, high-reliability and mission-critical space solutions designed to meet evolving customer requirements and increasingly sophisticated aerospace and defense needs. Our Space business also engages in launch vehicle system integration, satellite propulsion systems, satellite imagery services and satellite data analysis solutions.

To maintain our competitiveness and technological leadership, we continue to invest in advanced manufacturing technologies, precision engineering, aerospace and defense research and development, digital transformation initiatives and environmentally sustainable solutions across our businesses. We also maintain strategic partnerships and collaborative programs with domestic and international companies, research institutes and governmental organizations to support innovation, localization of core technologies and long-term growth. Through these efforts, we seek to strengthen our position in global aerospace, defense, marine, ICT and space markets and respond effectively to evolving industry trends, customer requirements and regulatory environments.

For the years ended December 31, 2024 and 2025 and the three-month period ended March 31, 2026, our sales were Won 11,240.1 billion and Won 26,702.9 billion and Won 5,751.0 billion, respectively. We recorded operating profit of Won 1,731.9 billion and Won 3,089.3 billion and Won 638.9 billion for the years ended December 31, 2024 and 2025 and the three-month period ended March 31, 2026, respectively. As of March 31, 2026, we had total assets of Won 56,659.6 billion and total equity of Won 17,440.1 billion.

Our registered office and headquarters are located at 1204 Changwon-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea.

History

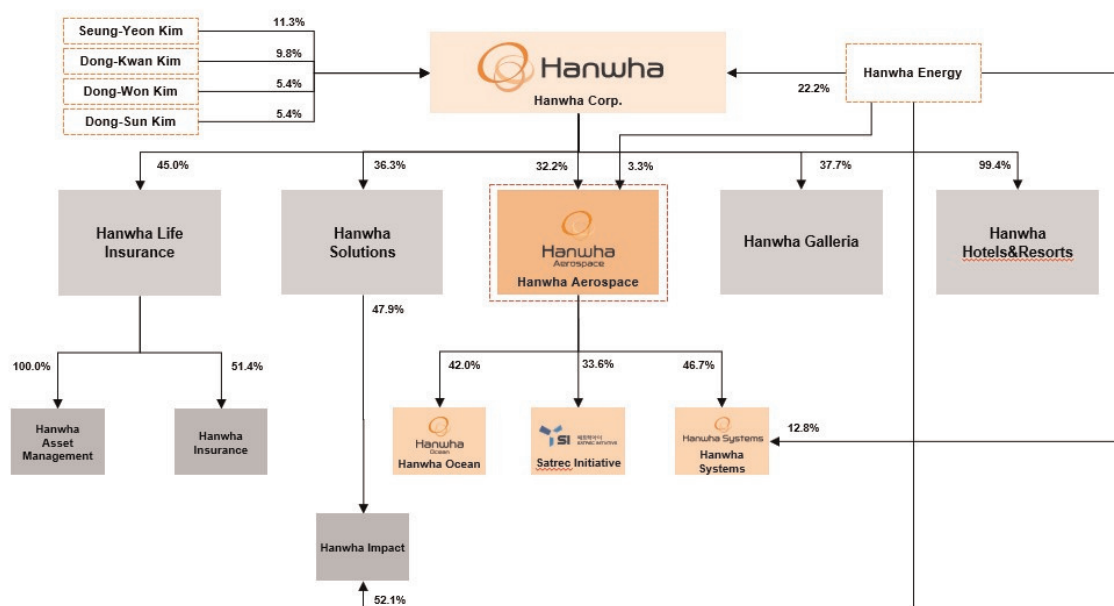
We were established on August 1, 1977 under the name Samsung Precision Co., Ltd. As our business expanded into aerospace, defense and industrial technologies, we changed our corporate name to Samsung Aerospace Industries Co., Ltd. in February 1987 and subsequently to Samsung Techwin Co., Ltd. in March 2000.

A significant milestone in our history occurred in 2015 as part of the landmark transaction between Hanwha Group and Samsung Group, commonly referred to as the “Big Deal.” On June 29, 2015, four member companies of Samsung Group, including Samsung Electronics Co., Ltd., then our largest shareholder, sold their shareholdings in us to Hanwha Corporation, resulting in a change of control and our becoming a member of Hanwha Group. Following the transaction, we changed our corporate name to Hanwha Techwin Co., Ltd.

In 2018, reflecting our increasing focus on aerospace and defense businesses, we adopted our current corporate name, Hanwha Aerospace Co., Ltd. Since joining Hanwha Group, we have expanded our aerospace, defense and space capabilities through strategic investments, acquisitions and business integration initiatives, evolving into a leading aerospace and defense company with a growing global presence.

Our common shares were listed on the Korea Exchange KOSPI Market on May 27, 1987.

The following chart sets forth the organizational structure of the Company and Hanwha Group as of March 31, 2026:



- (1) The 42.0% equity interest in Hanwha Ocean represents the combined shareholdings of Hanwha Aerospace (30.44%) and Hanwha Systems (11.57%).

Our Business Segments and Products

We operate the following five business units: (i) Aerospace, (ii) Defense, (iii) Marine, (iv) ICT and (v) Space:

Business Segment	Description	Key Operating Entities	Main Products and/or Services
Aerospace	Manufacture and maintenance of aircraft engines and components	Hanwha Aerospace (Aerospace Division)	Gas turbine engines, engine components and maintenance services, aerospace machinery, etc.
Defense	Manufacture and sale of military equipment, and defense electronics and guided weapons solutions	Hanwha Aerospace (Defense Division) Hanwha Systems (Defense Division)	Self-propelled howitzers, armored vehicles, launch systems, ground weapon systems, naval weapon systems, aerospace systems, precision-guided weapons, conventional munitions, lasers, integrated logistics support services, etc.
Marine.	Shipbuilding and construction of specialized vessels, and production and provision of offshore products and related services, etc.	Hanwha Ocean Hanwha Offshore Engineering Services Singapore Pte. Ltd. Hanwha Philly Shipyard	LNGC, LPGC, VLCC, offshore steel structures, FPSO/FLNG, petrochemical and power generation plants, other energy-related services and solutions, etc.
ICT	Design and implementation of computer systems, IT convergence engineering services and 4PL logistics services	Hanwha Systems (ICT Division)	Design, implementation, and outsourced operation of computer systems, IT convergence engineering services, BPO logistics, etc.
Space.	Development and manufacturing of Earth observation satellite systems	Hanwha Aerospace (Space Division) Satrec Initiative Co., Ltd.	Launch vehicle system integration, satellite propulsion systems, satellite systems, electro-optical cameras, satellite ground stations, satellite imagery sales, satellite image data analysis, etc.

We also operated Security business and Industrial Equipment businesses as separate business segments, both of which were discontinued during 2024 in connection with the spin-off of these businesses on September 1, 2024 and the establishment of Hanwha Industrial Solutions Co., Ltd. The Security business developed, manufactured and sold a range of industrial security and surveillance equipment and related solutions, including CCTV systems, storage devices, monitors and camera modules, as well as products and solutions for commercial, industrial and public security applications. The Industrial Equipment business developed, manufactured and sold various industrial automation and precision machinery products, including chip mounters, screen printers, flip-chip mounters, automatic lathes and machine tools, as well as related equipment and solutions for manufacturing and industrial production applications.

The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	For the year ended December 31				For the three months ended March 31			
	2024		2025		2025		2026	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
(In billions of Won, except for percentages)								
Aerospace	₩ 1,990.6	16.1%	₩ 2,519.7	9.4%	₩ 540.9	9.9%	₩ 676.4	11.8%
Defense	8,823.4	71.2	10,383.2	38.9	1,552.6	28.3	1,689.5	29.4
Marine	73.0	0.6	14,558.4	54.5	3,500.1	63.8	3,605.0	62.7
ICT	705.9	5.7	662.7	2.5	143.9	2.6	174.7	3.0
Space ⁽¹⁾	171.3	1.4	335.0	1.3	55.9	1.0	49.4	0.9
Security ⁽²⁾	1,576.8	12.7	—	—	—	—	—	—
Industrial Equipment ⁽²⁾	350.8	2.8	—	—	—	—	—	—
Consolidation adjustment ⁽²⁾	(1,302.8)	(10.5)	(1,756.1)	(6.6)	(309.3)	(5.6)	(444.0)	(7.7)
Total	<u>₩12,389.1</u>	<u>100.0%</u>	<u>₩26,702.9</u>	<u>100.0%</u>	<u>₩ 5,484.2</u>	<u>100.0%</u>	<u>₩ 5,751.0</u>	<u>100.0%</u>

(1) The Space business segment is presented as the “Satrec Initiative” operating segment in Note 34 of the annual consolidated financial statements for the years ended December 31, 2025 and 2024, and Note 33 of the interim consolidated financial statements for the three-month periods ended March 31, 2026 and 2025.

(2) As a result of the spin-off of our Security and Industrial Equipment businesses effected on September 1, 2024, resulting in the establishment of Hanwha Industrial Solutions Co., Ltd., the Security and Industrial Equipment businesses have been presented as discontinued operations in our annual consolidated financial statements for the year ended December 31, 2024.

The following table sets forth a breakdown of our operating profit (loss) by business segment for the periods indicated:

	For the year ended December 31				For the three months ended March 31			
	2024		2025		2025		2026	
	Operating Profit (Loss)	%	Operating Profit (Loss)	%	Operating Profit (Loss)	%	Operating Profit (Loss)	%
(In billions of Won, except for percentages)								
Aerospace	₩ (20.9)	(1.2)%	₩ 13.5	0.4%	₩ 7.9	1.5%	₩ 23.9	3.8%
Defense	1,652.6	92.2	2,272.6	73.6	344.2	65.0	275.7	43.2
Marine	34.5	1.9	1,115.3	36.1	274.5	51.8	387.2	60.6
ICT	46.2	2.6	50.8	1.6	10.8	2.0	12.6	2.0
Space ⁽¹⁾	(12.7)	(0.7)	(9.7)	(0.3)	(1.6)	(0.3)	(4.3)	(0.7)
Security ⁽²⁾	124.5	7.0	—	—	—	—	—	—
Industrial Equipment ⁽²⁾	(30.2)	(1.7)	—	—	—	—	—	—
Consolidation adjustment ⁽²⁾	(2.3)	(0.1)	(353.2)	(11.4)	(105.9)	(20.0)	(56.3)	(8.9)
Total	<u>₩ 1,791.8</u>	<u>100.0%</u>	<u>₩ 3,089.3</u>	<u>100.0%</u>	<u>₩ 529.9</u>	<u>100.0%</u>	<u>₩ 638.9</u>	<u>100.0%</u>

(1) The Space business segment is presented as the “Satrec Initiative” operating segment in Note 34 of the annual consolidated financial statements for the years ended December 31, 2025 and 2024, and Note 33 of the interim consolidated financial statements for the three-month periods ended March 31, 2026 and 2025.

- (2) As a result of the spin-off of our Security and Industrial Equipment businesses effected on September 1, 2024, resulting in the establishment of Hanwha Industrial Solutions Co., Ltd., the Security and Industrial Equipment businesses have been presented as discontinued operations in our annual consolidated financial statements for the year ended December 31, 2024.

Aerospace Business

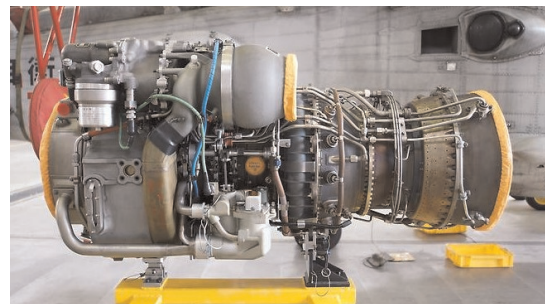
Our Aerospace business develops, manufactures and supplies a broad range of aircraft engines, engine components and aerospace systems for commercial aviation, defense and space applications, and provides related MRO services. We possess capabilities across the aerospace value chain, including research and development, design and engineering, precision manufacturing, assembly, testing and after-sales support, and focus on delivering technologically advanced, high-performance and reliable aerospace solutions that meet increasingly stringent safety, environmental and operational requirements.

Our Aerospace business leverages our accumulated technological expertise, advanced precision manufacturing capabilities and long-standing relationships with leading global aerospace companies and government customers to develop and supply products tailored to customer specifications and evolving market demands. We participate in various global aircraft engine programs through RSP arrangements and strategic partnerships with leading aerospace and defense companies, under which we develop and manufacture key engine components and modules for commercial and military aircraft engines. We also continue to expand our capabilities in indigenous aero-engine technologies, advanced propulsion systems and next-generation aerospace platforms.

The principal products and services of our Aerospace business include aircraft engines, gas turbine engines, engine components and modules, MRO services, aerospace machinery and other aerospace-related products and solutions.

We conduct our Aerospace business primarily through our Aerospace Division.

<Engines for KF-21 Boramae (left) and KUH-1 Surion>



Defense Business

Our Defense business develops, manufactures and supplies a broad range of defense systems, military equipment, defense electronics and guided weapons solutions for domestic and international defense customers, and provides related integrated logistics support, sustainment and maintenance services. We focus on delivering technologically advanced, mission-critical and high-performance defense solutions designed to address evolving operational requirements and increasingly sophisticated security threats.

Our capabilities span the development, production and integration of land, naval, aerospace and precision-guided weapon systems tailored to customer requirements. We also engage in the development of next-generation defense technologies and advanced weapon systems, including precision-guided munitions, aerospace and missile systems, unmanned and autonomous systems, network-centric defense solutions, defense electronics and future battlefield technologies. Through continuous investment in research and development and collaboration with domestic and international defense industry participants, we seek to strengthen our competitive position in both domestic and global defense markets.

The principal products and services of our Defense business include self-propelled howitzers, armored vehicles, launch systems, ground weapon systems, naval weapon systems, aerospace and missile systems, precision-guided weapons, conventional munitions, directed-energy technologies, integrated logistics support services and other defense-related products and solutions.

We conduct our Defense business primarily through our Defense Division and Defense Division of Hanwha Systems.

<K9 self-propelled howitzer (left) and Chunmoo multiple rocket launcher>



Marine Business

Our Marine business designs, constructs and sells a broad range of commercial and specialized vessels and provides offshore and energy-related engineering solutions and services. We possess capabilities spanning conceptual and detailed design, engineering, procurement, construction, outfitting, testing and delivery, and focus on developing technologically advanced, fuel-efficient and environmentally compliant vessels and offshore facilities that meet evolving customer requirements and increasingly stringent international environmental and safety regulations.

Leveraging our engineering expertise, large-scale production capabilities and project management experience, we deliver customized marine and offshore solutions for customers worldwide. We also engage in the development, construction and supply of offshore and energy-related facilities, including floating production and storage facilities and offshore steel structures for the global energy industry. Through continuous investment in advanced shipbuilding technologies, environmentally friendly vessel solutions and offshore engineering capabilities, we seek to strengthen our competitiveness in global commercial shipbuilding and offshore markets.

The principal products and services of our Marine business include LNG carriers (LNGCs), LPG carriers (LPGCs), very large crude carriers (VLCCs), offshore steel structures, floating production storage and offloading units (FPSOs), floating liquefied natural gas facilities (FLNGs), petrochemical and power generation plants and other marine, offshore and energy-related solutions.

We conduct our Marine business primarily through Hanwha Ocean, Hanwha Offshore Engineering Services Singapore Pte. Ltd. and Hanwha Philly Shipyard.

<LNG carrier (left) and FLNG>



ICT Business

Our ICT business provides a broad range of information technology and digital solutions, including the design, development, implementation and outsourced operation of computer systems, IT convergence engineering services and 4PL services. We provide end-to-end services spanning systems planning, consulting, architecture design, software development, system integration, operation, maintenance and digital transformation support, with a focus on delivering reliable, scalable and technology-driven solutions tailored to customer operational requirements and evolving industry demands.

Our ICT business provides customized ICT and logistics solutions across a broad range of industries and business environments. We also engage in IT convergence engineering services that integrate information technology with industrial, manufacturing, logistics and operational systems, as well as BPO and logistics optimization services. Through continuous investment in cloud computing, artificial intelligence, big data analytics, smart factory technologies and digital infrastructure, we seek to strengthen our competitiveness in the rapidly evolving ICT and digital services market.

The principal products and services of our ICT business include the design, implementation and outsourced operation of computer systems, IT convergence engineering services, BPO services, 4PL services and other information technology and digital solutions.

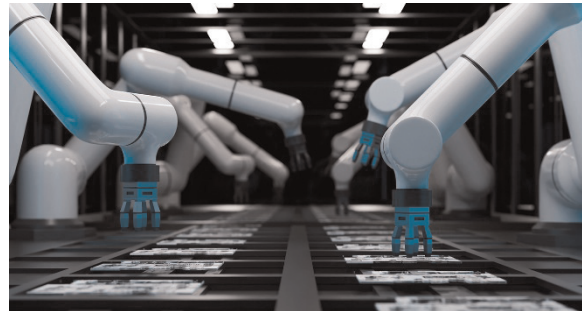
We conduct our ICT business primarily through ICT Division of Hanwha Systems.

<AI Solutions and Smart Factory>

HAIQV
Play on AI

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Space Business

Our Space business develops, manufactures and supplies satellite systems, launch-related technologies and other space solutions for governmental, commercial and defense applications. We possess capabilities across the space value chain, including research and development, mission design, systems engineering, manufacturing, assembly, integration, testing, launch support and operational services, and focus on delivering technologically advanced, high-reliability and mission-critical space solutions.

Our Space business develops and provides customized satellite and space solutions based on our aerospace engineering expertise, systems integration capabilities and accumulated satellite technology experience. Our activities include satellite system development, launch vehicle system integration, satellite propulsion systems, electro-optical payloads, satellite imagery services and satellite data analytics. Through continuous investment in advanced satellite technologies, launch-related capabilities, space infrastructure and next-generation aerospace systems, we seek to strengthen our competitiveness in the global space industry and expand our capabilities across the space value chain.

The principal products and services of our Space business include launch vehicle system integration, satellite propulsion systems, satellite systems, electro-optical cameras, satellite ground stations, satellite imagery sales, satellite image data analysis and other space-related products and solutions.

We conduct our space business primarily through our Space Division and Satrec Initiative Co., Ltd.

<Liquid rocket engines on Nuri>



Sales, Marketing and Customers

We market and sell our products and solutions primarily through direct sales channels to governmental authorities, military customers, commercial customers and industrial counterparties in Korea and overseas markets.

- In our Aerospace business, we supply aircraft gas turbine engines, engine components, aircraft system components and launch vehicle-related products to domestic and international customers. Our principal customers include overseas commercial counterparties and the Defense Acquisition Program Administration (“DAPA”) of Korea. We continue to expand our portfolio from simple processed parts to higher value-added engine components and systems and seek to strengthen our long-term revenue base through participation in RSPs, expanded supply relationships with global engine manufacturers such as GE Aerospace, Pratt & Whitney and Rolls-Royce, and increased participation in next-generation commercial and defense aviation programs.
- In our Defense business, we primarily market and sell products directly to governmental and military customers in Korea and overseas. Our principal defense products include self-propelled howitzers, armored vehicles, air defense systems, launch systems, naval weapon systems, precision-guided weapons, ammunition and integrated logistics support services. We seek to maintain stable domestic production volumes while continuing to expand our international defense business. Our principal export products, including the K9 self-propelled howitzer and Chunmoo multiple rocket launcher system, have achieved significant adoption in overseas markets and are recognized for their production capacity, operational performance, quality, delivery reliability and cost competitiveness.

Defense export contracts are generally entered into with governmental agencies representing importing countries, and contractual terms vary depending on the applicable country and transaction structure. Certain export transactions have been supported by export credit agency (“ECA”) financing arrangements involving institutions such as the Export-Import Bank of Korea and Korea Trade Insurance Corporation. For example, our export contracts relating to K9 self-propelled howitzers for Egypt and defense systems for Poland included substantial ECA-supported financing arrangements. Payment structures, delivery conditions and contractual penalties for delays or non-performance vary by contract and jurisdiction. Domestic defense programs generally operate under a government-regulated cost-plus pricing framework that provides relatively stable margins, while export programs are typically conducted under fixed-price arrangements and may provide opportunities for enhanced profitability through scale efficiencies, localization initiatives and disciplined program execution.

- In our Marine business, we market LNG carriers, VLCCs, offshore structures, FPSO and FLNG facilities, energy-related facilities and related services through direct sales arrangements, competitive bidding processes and EPC contracts. Our marketing strategy focuses on selective pursuit of high-value projects, responsiveness to market developments, expansion into new

geographic markets, localization initiatives and the provision of integrated solutions supported by our engineering capabilities and project execution expertise. We also seek to strengthen our competitiveness through environmentally friendly technologies, digital solutions and advanced vessel designs that address evolving customer requirements and regulatory standards.

- In our ICT business, we provide information technology system integration, outsourcing, engineering and logistics BPO services primarily to Hanwha Group member companies. We seek to expand our customer base and enhance customer satisfaction through new business development initiatives, digital transformation solutions and advanced IT service offerings.
- In our Space business, we market satellite systems, electro-optical cameras, satellite ground stations and satellite image analysis services to domestic and overseas customers. We seek to identify and develop customer opportunities through technical marketing activities, industry conferences and exhibitions and by supporting customer requirements from the early planning stages of projects through contract award. We also seek to expand our participation across the space value chain by leveraging our capabilities in satellite manufacturing, payload systems, launch-related technologies and space services.

For the year ended December 31, 2025, our consolidated sales amounted to Won 26.7 trillion, of which Won 17.6 trillion represented export sales and Won 9.1 trillion represented domestic sales. The following table sets forth a breakdown of our domestic and export sales by business segment for the periods indicated:

	For the year ended December 31		For the three months ended March 31	
	2024	2025	2025	2026
(In billions of Won)				
Aerospace	₩ 1,801.3	₩ 2,283.3	₩ 493.9	₩ 625.4
Domestic	791.6	1,112.6	350.0	329.7
Export	1,009.7	1,170.7	143.9	295.7
Defense	8,608.5	9,881.6	1,505.5	1,560.7
Domestic	4,971.5	5,209.1	681.5	878.3
Export	3,636.9	4,672.5	824.0	682.4
Marine	73.1	13,718.6	3,357.0	3,401.3
Domestic	—	2,014.7	446.4	375.6
Export	73.1	11,703.8	2,910.6	3,025.7
ICT	587.2	524.3	72.6	126.1
Domestic	499.5	453.0	59.4	108.5
Export	87.8	71.3	13.2	17.7
Space	170.0	295.2	55.3	37.5
Domestic	155.9	279.0	52.0	33.2
Export	14.1	16.2	3.2	4.2
Security ⁽¹⁾	831.5	—	—	—
Domestic	100.6	—	—	—
Export	730.8	—	—	—
Industrial Equipment ⁽¹⁾	317.6	—	—	—
Domestic	85.2	—	—	—
Export	232.4	—	—	—
Total ⁽¹⁾	₩ 12,389.1	₩ 26,702.9	₩ 5,484.2	₩ 5,751.0
Domestic	6,604.3	9,068.4	1,589.3	1,725.3
Export	5,784.8	17,634.5	3,894.9	4,025.7

- (1) As a result of the spin-off of our Security and Industrial Equipment businesses effected on September 1, 2024, resulting in the establishment of Hanwha Industrial Solutions Co., Ltd., the Security and Industrial Equipment businesses have been presented as discontinued operations in our annual consolidated financial statements for the year ended December 31, 2024.

Raw Materials, Components and Equipment

We procure a wide range of raw materials, components and equipment for our businesses from domestic and international suppliers. Our principal raw materials and purchased components include aircraft and launch vehicle parts, engine components, steel plates, shipbuilding equipment, electronic modules, satellite systems and other industrial materials and parts.

We operate differentiated supply chain management strategies depending on the nature of each business. In our Defense business, for instance, we focus on maintaining supply chain resilience through supplier diversification, localization of imported components and the internalization of production capabilities for certain strategic components and subsystems. Procurement activities are supported by supplier qualification procedures, long-term supplier relationships and advance procurement planning designed to support production schedules and project execution. For certain imported materials and components that are subject to a high degree of foreign sourcing dependency, we are pursuing localization initiatives in cooperation with relevant governmental authorities and industry partners. We also seek to enhance supply chain flexibility and capacity through dual-sourcing arrangements where feasible and, for selected critical components, the expansion of in-house manufacturing capabilities. Across our businesses, we continuously monitor and manage our supply chains to support operational continuity, production efficiency and the timely execution of projects.

- In our Aerospace business, we procure aircraft and launch vehicle components and engine-related parts from major global suppliers such as GE, Pratt & Whitney, Rolls-Royce, Boeing Distribution Services, PCC, Carlton Forge Works and Schlosser.
- In our Defense business, we procure various materials and components used in weapon systems, communications systems and defense electronics. Key components include transmissions, chassis, engines, armament assemblies, fire control systems, hydraulic suspension units, communications systems and guided weapon components used in major defense platforms such as the K9 self-propelled howitzer, K10 ammunition resupply vehicle and Chunmoo multiple rocket launcher system. Our principal suppliers include SNT Dynamics, Hanwha Systems, Hyundai Wia, STX Engine, MNC Solution, WBE, HWI, Doowon Heavy Industries, Space Pro and Firstec. Certain core defense components are supplied by a limited number of specialized manufacturers due to technological and qualification requirements.
- In our Marine business, principal raw materials include steel plates, machinery and equipment and outfitting materials. Hanwha Ocean procures steel products primarily from POSCO, Hyundai Steel and Dongkuk Steel, and procures ship engines and major shipbuilding equipment from suppliers including HD Hyundai Heavy Industries, Hanwha Engine Co., Ltd. and Doosan Enerbility Co., Ltd. Certain shipbuilding-related materials and equipment markets are characterized by relatively high barriers to entry and supplier concentration due to the technical complexity and capital-intensive nature of the industry. We seek to mitigate supply chain risks through long-term supplier relationships, procurement planning and diversified sourcing where available. We believe that the availability of key materials and equipment has generally been sufficient to support our operations. Following the incorporation of Hanwha Engine Co., Ltd. into the Hanwha Group in April 2024, we have enhanced access to an important supplier of marine engines, which may contribute to procurement stability and supply chain coordination.
- In our Space business, we procure components relating to satellite systems, electro-optical cameras and satellite ground stations from suppliers including Texas Instruments, Techai Co., Ltd., YP Tech, TRB Lightweight Structures and Sodern.

We do not believe that we are materially dependent on any single supplier, except in limited cases involving certain specialized materials or components.

Production Facilities

We conduct our manufacturing and production activities by ourselves and through our major operating subsidiaries, including Hanwha Systems, Hanwha Ocean (including Hanwha Philly Shipyard) and Satrec, among others. We maintain a total of 12 production facilities in Korea and a total of 10 overseas.

We continuously assess and adjust our production capacity to align with market demand.

As such, we have continued to make capital investments to upgrade and modernize our production capabilities.

The following table provides a summary of our production capacity (or target operating hours), production output (or actual operating hours) and capacity utilization rate (calculated on a value basis by comparing production capacity (or target operating hours) and production output (or actual operating hours)) as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025:

Business Unit	Entity	Location	Category	December 31, 2024	December 31, 2025
(In millions of Won, MH, MT)					
Aerospace ⁽¹⁾⁽²⁾	Hanwha Aerospace Co., Ltd. Aerospace Division and overseas subsidiaries	Changwon Plant 1	Production capacity (Won)	2,071,383	3,388,806
		Asan Plant, Hanoi, Vietnam, Connecticut, United States	Production output (Won)	1,576,645	2,404,657
			Capacity utilization rate (%)	76.12	70.96
Defense ⁽¹⁾⁽²⁾	Hanwha Aerospace Co., Ltd. Defense Division	Changwon Plant 1 and 2, Yeosu Plant, Daejeon Plant, Boeun Plant, Hwasun Plant	Production capacity (Won)	4,596,404	3,325,411
			Production output (Won)	4,101,818	2,939,750
			Capacity utilization rate (%)	89.24	88.40
	Hanwha Systems Co., Ltd. Defense Division	Gumi Plant	Production capacity (Won)	1,289,684	1,729,388
			Production output (Won)	1,101,233	1,447,826
			Capacity utilization rate (%)	85.39	83.72
Marine	Hanwha Ocean Co., Ltd. and subsidiaries	Okpo Shipyard, Gwangyang, Jeollanam-do, Yantai, China, etc.	Target operating hours (MH)	38,194,802	34,864,499
			Actual operating hours (MH)	38,100,904	34,919,196
			Capacity utilization rate (%)	99.75	100.16
	Hanwha Offshore Singapore Pte. Ltd.	Singapore	Production capacity (MT)	36,000	36,000
			Production output (MT)	29,520	33,051
			Capacity utilization rate (%)	82.00	91.81
	Hanwha Philly Shipyard Inc.	United States	Target operating hours (MH)	2,311,736	3,071,267
			Actual operating hours (MH)	1,836,949	3,154,560
			Capacity utilization rate (%)	79.46	102.71
Space ⁽¹⁾⁽²⁾	Satrec Initiative Co., Ltd.	Daejeon Plant	Production capacity (Won)	173,421	199,344
			Production output (Won)	161,502	195,444
			Capacity utilization rate (%)	93.13	98.04

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- (1) Due to security considerations in the Aerospace and Defense businesses, and because the Space business operates on a made-to-order basis depending on orders received, it is not possible to calculate specific production capacity or present production quantities. Accordingly, the information has been presented on a value basis after comprehensively considering the status of production facilities (the number of production lines, size of workforce, average operating hours, production methods, etc.).
 - (2) In the Aerospace and Defense businesses, production methods vary depending on delivery schedules and project details based on orders received, and in the Space business, production methods are diverse, including made-to-order production based on orders received. Accordingly, it is difficult to calculate an accurate utilization rate based on operating hours. Therefore, the utilization rate has been calculated by comparing production capacity and production output on a value basis.

The acquisition of Hanwha Philly Shipyard in December 2024 and the operation of its shipyard facilities in Philadelphia, Pennsylvania are strategically important to our Marine business because they expand our shipbuilding production footprint and provide us with shipbuilding and related industrial facilities in the United States.

The shipyard provides us with an established production platform, including shipbuilding, fabrication, assembly and outfitting capabilities, that complements our existing shipbuilding operations in Korea. The acquisition enhances our ability to perform ship construction and MRO activities in the United States and provides additional capacity and operational flexibility to support commercial and government maritime programs. The facilities also provide a platform for the deployment of our shipbuilding technologies, manufacturing expertise and environmentally focused vessel solutions in the U.S. market.

In addition to supporting our Marine business, the acquisition may also create opportunities for our Defense business by establishing an operational and industrial presence in the United States that may support participation in U.S. government and defense-related maritime programs and facilitate broader collaboration with customers and industry participants in the U.S. defense sector.

More broadly, the acquisition strengthens our global shipbuilding production network, diversifies our manufacturing base and enhances our ability to serve customers in the United States and other international markets.

Daejeon Plant



Changwon Plant 1



Gumi Plant



Changwon Plant 2



Okpo Shipyard



Philly Shipyard



New Orders and Backlogs

Our new orders and order backlog are closely related to our future sales. The order backlog represents the amount of work remaining to be performed under contracts that have been awarded but not yet completed. Contract value reflects the consideration we expect to receive under a contract, assuming performance in accordance with its terms.

We include a project in our order backlog when a contract is awarded or a firm order commitment is obtained. The backlog amount for each contract is reduced over time in proportion to the work performed. Accordingly, our order backlog at any given date represents the aggregate contract value of orders not yet completed, less net sales already recognized in respect thereof. New orders for a given period represent the order backlog at the end of the period, less the order backlog at the beginning of the period, plus sales recognized during the period. We maintain records of new orders and order backlog primarily in Korean Won.

Due to the nature of our business, contracts often require several months or, in some cases, several years to complete, resulting in a timing difference between contract award and the full recognition of related sales. In addition, under the percentage-of-completion method, recognized sales are affected by costs incurred, and period-to-period sales may fluctuate depending on project mix and the timing of cost recognition in a given reporting period. As a result, sales recognition may not occur evenly over the life of a project, and if costs incurred during a particular period are relatively low compared to estimated total contract costs, the corresponding sales recognized during that period would also be lower.

As of March 31, 2026, our order backlog amounted to Won 118,127.4 billion, consisting of Won 32,052.8 billion attributable to our Aerospace, Won 47,418.7 billion to our Defense, Won 35,136.2 billion to our Marine, Won 2,950.7 billion to our ICT and Won 569.0 billion to our Space business. The level of our order backlog provides management with a useful basis for projecting future sales and planning ongoing operations.

The following table sets forth a breakdown of our backlogs from sales contracts by business:

Company	Business	As of December 31		As of
		2024	2025	March 31
				2026
(In billions of Won)				
Hanwha Aerospace and its overseas subsidiaries	Aerospace	₩ 30,511.6	₩ 32,399.5	₩ 32,052.8
	Defense	31,403.0	37,219.9	38,173.0
Hanwha Systems and its subsidiaries	Defense	8,341.7	9,302.7	9,245.7
	ICT	2,216.2	2,913.6	2,950.7
Hanwha Ocean and its subsidiaries	Marine	30,431.9	34,495.1	35,073.8
Hanwha Offshore Singapore Pte. Ltd..	Marine	—	124.1	62.4
Satrec Initiative Co., Ltd.	Space	511.0	345.8	569.0
Total		103,415.4	116,800.7	118,127.4

We believe our backlogs are a key indicator of our future sales. Historically, we have experienced little variation between projected sales amounts reported in our backlogs and the actual sales amounts. However, customer orders may be subject to cancellations, terminations or modifications and contain other terms and conditions customary in the industry, and implementation of a project may be delayed due to various factors including those beyond our control, which could prevent or delay our order backlogs from being converted into sales. Also, as delivery dates could be extended on certain orders, there can be no assurance that our reported backlogs will convert into sales in any particular period, if at all.

Research and Development

We conduct research and development activities across our Aerospace, Defense, Marine, ICT and Space businesses with the objective of strengthening our technological capabilities, expanding our business portfolio and supporting long-term growth. We seek to align our research and development activities with our medium- and long-term business strategies and focus on technologies and products that we believe will contribute to future commercialization opportunities and competitiveness.

Our principal research and development initiatives include strengthening systems integration capabilities, securing proprietary design capabilities, enhancing manufacturing and quality innovation, expanding global cooperation and partnerships and internalizing core technologies. In particular, we are focusing on artificial intelligence technologies, which have been identified as one of Korea's key national defense strategic technologies.

Aerospace and Space

Hanwha Aerospace's aerospace division is engaged in the development of gas turbine engine technologies and products, including aircraft gas turbine engines and next-generation engine technologies. The division is also expanding its development activities in electric propulsion and space-related businesses through internal research and development efforts, government-sponsored projects and industry-academia collaborations.

We are participating in Korea's Nuri launch vehicle advancement program and conducting research relating to launch vehicle systems integration and launch mission operations capabilities with the objective of expanding into launch service operations. We are also conducting research and development activities relating to emerging global launch technologies and future space technologies.

Satrec conducts research and development activities focused on core satellite and space technologies with the objective of diversifying product portfolios, improving product performance and responding to evolving market demand.

Defense

Hanwha Aerospace's defense division conducts research and development activities across land, sea and air defense systems with a focus on future core technologies and global competitiveness. In particular, the division is conducting research relating to maneuver weapon systems, artillery systems, anti-aircraft systems, manned-unmanned teaming systems and precision-guided weapon systems. We are also developing technologies relating to propulsion systems, precision control and integrated guidance and control systems for guided weapons.

Hanwha Systems' defense division and overseas subsidiaries conduct research and development activities in areas including electro-optics, radar systems, command, control and communications systems, naval systems, avionics and satellite systems, with the objective of developing advanced integrated weapon systems and securing core technologies in each field.

Marine and ICT

Hanwha Ocean has established research infrastructure at its Siheung R&D Campus, including towing tanks, cavitation and acoustic testing facilities and environmentally friendly research facilities. Through these facilities, Hanwha Ocean conducts research relating to new vessel designs and products and seeks to strengthen technological reliability and order competitiveness through integrated research, design, testing and production processes.

Hanwha Systems' ICT division conducts research and development activities in areas including smart factories, artificial intelligence, big data, large language models (LLMs), low-code platforms, cloud technologies and cybersecurity solutions with the objective of improving operational efficiency and supporting digital transformation initiatives for customers.

We expect to continue making substantial investments in research and development activities. Our planned aggregate research and development expenditures for the period from 2026 through 2030 are expected to total approximately Won 6.5 trillion, including government-sponsored projects and internally funded domestic and overseas development activities.

Information Technology

As a defense industry company, we maintain cybersecurity and information protection policies intended to safeguard our systems, data and operational infrastructure. We operate information security governance frameworks led by our Chief Information Security Officer (CISO), under which information security, data protection, risk management and incident response policies and procedures are periodically reviewed and updated.

We also operate various cybersecurity systems and monitoring solutions, including next-generation firewalls, intrusion detection and prevention systems (IDS/IPS), data loss prevention (DLP), digital rights management (DRM), system access control (SAC) and data access control (DAC) solutions. Such systems are integrated with our 24/7 security operations center (SOC) to support real-time monitoring, threat detection and automated response activities.

In addition, we maintain cybersecurity systems and procedures designed to comply with applicable Korean defense industry regulations and internal security policies. We undergo annual information security inspections conducted by relevant Korean governmental authorities and have received the highest rating in such evaluations. We have also obtained certain international security certifications required for our business operations, including U.K. Cyber Essentials certification, and are preparing to obtain Cybersecurity Maturity Model Certification (CMMC) Level 2 certification in connection with our U.S. business operations.

Intellectual Property

We own and manage a diverse portfolio of intellectual property. We also rely on a combination of patent, trademark, design and trade secret laws in Korea and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our proprietary technology.

The table below, inclusive of all patents, designs and trademarks registered domestically and overseas, shows the status of our intellectual property as of March 31, 2026:

Category	Registered	Pending	Total
Patent	1,177	372	1,549
Design	39	19	58
Trademark	27	46	73
Total	<u>1,243</u>	<u>437</u>	<u>1,680</u>

Competition

We operate in highly competitive global industries and face substantial competition from global defense contractors, shipbuilders, aerospace companies and ICT solution providers, among others. Competition is based on factors such as technological capabilities, product performance and reliability, pricing, production capacity, delivery schedules, customer relationships and the ability to provide integrated solutions.

Our principal competitors include major global defense companies such as Lockheed Martin Corporation, Rheinmetall AG and Elbit Systems Ltd. These competitors may possess greater financial resources, more advanced technologies and stronger relationships with governments and military customers than we do. In particular, competitors in the United States and Europe may benefit from domestic procurement preferences and long-standing supplier relationships that create barriers to entry for foreign companies.

In our shipbuilding businesses, Chinese shipbuilders compete aggressively on price, supported in part by lower labor costs, which may adversely affect our ability to secure new orders, maintain pricing levels or sustain profitability, particularly in standardized vessel segments or price-sensitive markets. We also face competition domestically from other major Korean shipbuilders, including HD Hyundai Heavy Industries and its affiliated shipbuilding companies.

In our aerospace, satellite and space-related businesses, we also compete with established global aerospace and space companies that have substantial technological, manufacturing and research and development capabilities, as well as long operating track records and government-backed programs.

In our ICT businesses, we compete with global and regional technology companies in areas such as systems integration, software, cybersecurity, smart factory solutions and AI-enabled platforms, where rapid technological change and evolving customer requirements may intensify competitive pressures.

Environmental Matters

We are committed to minimizing the environmental impact of our manufacturing and operational activities and promoting environmentally sustainable management practices across our businesses. Our operations are subject to various environmental laws and regulations relating to air emissions, wastewater discharge, waste management, hazardous substances, greenhouse gas emissions and workplace safety.

We maintain environmental management systems intended to minimize the environmental impact of our manufacturing activities. Our Changwon 1, Changwon 2 and Changwon 3 plants have obtained ISO 14001 certifications, and we apply internal standards for certain air and water pollutant emissions that are stricter than applicable legal requirements. We also conduct ongoing environmental monitoring and invest in pollution reduction facilities and energy efficiency initiatives.

In addition, we operate chemical substance pre-screening procedures intended to identify hazardous substances in raw materials and manufacturing processes and, where feasible, encourage the use of less hazardous alternatives. We also conduct greenhouse gas reduction and climate response initiatives, including participation in the Carbon Disclosure Project (CDP), and participate in various environmental preservation activities in local communities surrounding our business sites.

Furthermore, Hanwha Systems maintains environmental and energy management systems and has obtained certifications including ISO 14001, ISO 50001, ISO 45001 and KOSHA-MS for certain business sites and facilities, while another subsidiary, Hanwha Ocean, maintains ISO 14001 and ISO 50001 certifications relating to environmental and energy management systems.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business. We also maintain insurance over our facilities against fire, theft and other damages and accidents. We do not maintain a business interruption insurance. All of our policies are underwritten with reputable insurance providers in Korea. We believe that our insurance coverage is similar in scope to those customary for other companies in the same industry in Korea.

Employees

As of March 31, 2026, we had 7,877 full-time employees and 850 contract employees on a separate basis.

Like many other companies in the similar industries sectors, we utilize external labor subcontractors to supplement our workforce on a contractual basis, typically on an annual or project-specific basis. Through such subcontracting arrangements, we primarily engage personnel for unskilled or semi-skilled activities, including painting, outfitting and transportation.

Some of our eligible employees are members of its labor union. We negotiate a collective bargaining agreement as well as a wage agreement on an annual basis with our labor union. The collective bargaining agreement is automatically renewed every year unless a proposal for the revision of the agreement is submitted 30 days in advance of the expiration of the latest collective bargaining agreement. The collective bargaining agreement provides for, among other things, various employment benefits, the scope of union activities and negotiation procedures. Except as otherwise disclosed in this offering circular, we have not experienced any strikes, work stoppages, labor disputes or actions which affected the operation of any of our businesses, and we consider our relations with our workforce to be generally good.

Legal Proceedings and Contingent Liabilities

We are involved from time to time in legal proceedings and are subject to contingent liabilities arising in the ordinary course of our business. These matters may include claims and pending actions seeking damages or clarification of legal rights, regulatory inquiries and investigations regarding business practices, contractual disputes, warranty and product-related claims, tax matters, guarantees, indemnification obligations and other commercial contingencies.

We periodically assess the status of such matters and, where appropriate, establish provisions or disclose contingent liabilities in accordance with applicable accounting standards.

Except as described below, we are not aware of any legal or administrative proceedings, governmental investigations or other contingent liabilities that, individually or in the aggregate, are expected to have a material adverse effect on our business, financial condition or results of operations:

- Hanwha Systems is involved in a dispute relating to a next-generation system construction agreement and related product supply agreements entered into with Heungkuk Life Insurance Co., Ltd. In April 2023, Heungkuk Life Insurance notified Hanwha Systems of the termination of the relevant agreements. Thereafter, in July 2023, Heungkuk Life Insurance filed a lawsuit against Hanwha Systems seeking restoration to the original status and damages for alleged non-performance arising from the contract termination. Hanwha Systems believes that the termination notice and related claims asserted by Heungkuk Life Insurance were unilateral and unjustified and is responding to the litigation, including through the filing of counterclaims. As of the date of this Offering Circular, the trial is currently pending before the court of first instance. At present, the financial impact of this matter cannot be reasonably estimated, and we intend to continue evaluating the matter as the proceedings progress.

- Hanwha Ocean is involved in a number of civil lawsuits relating to alleged accounting irregularities.

- (1) Beginning on September 30, 2015, and through the filing of a total of 38 related actions thereafter, certain shareholders, including the Republic of Korea and 279 other plaintiffs, filed claims for damages against Hanwha Ocean and certain accounting firms and other parties, alleging that they suffered losses due to declines in the market price of Hanwha Ocean shares following public disclosure of alleged accounting fraud. The aggregate amount claimed in such proceedings is approximately Won 283.0 billion.

As of the date of this Offering Circular, the vast majority of these proceedings have been concluded, and the payment process in respect of damages awarded in such concluded proceedings has substantially been completed. Two cases remain pending (consisting of one case before the Supreme Court and one case at the appellate level), both of which are expected to be concluded during 2026.

- (2) Hanwha Ocean is also involved in a separate series of civil lawsuits relating to alleged accounting irregularities brought by certain investors, including Hana Bank and 17 other plaintiffs, who allege that they suffered losses after investing in Hanwha Ocean's corporate bonds and commercial paper in reliance on allegedly false financial statements and related disclosures. Beginning on April 12, 2017, and through the filing of a total of 23 related actions thereafter, such investors filed claims for damages against Hanwha Ocean and certain accounting firms and other parties. The aggregate amount claimed in such proceedings is approximately Won 200.7 billion.

As of the date of this Offering Circular, the vast majority of these proceedings have been concluded, and the payment process in respect of damages awarded in such concluded proceedings has substantially been completed. One first-instance level case remains pending and is expected to be concluded during 2026.

We have recorded provisions in our consolidated statement of financial position in respect of estimated losses and other anticipated obligations relating to certain pending litigation and related matters.

- On June 1, 2026, an explosion of unknown origin occurred at our cleaning facility, where rocket propellant residues are cleaned, located at our Daejeon site, resulting in the deaths of five employees and injuries to two others. Following the accident, the Daejeon Regional Employment and Labor Office issued a partial work suspension order with respect to the affected facility and related processes. In addition, from June 4 through June 5, 2026, we voluntarily suspended production at the Daejeon site, other than certain essential processes, to conduct comprehensive safety inspections and safety training. As of the date of this Offering Circular, except for the facility and processes subject to the work suspension order, the other facilities at the Daejeon site are operating normally. The relevant government authorities are currently investigating the cause of the accident, and we are fully cooperating with the investigation. As of the date of this Offering Circular, the timing of the full resumption of operations at the affected facility has not been determined. The relevant authorities are also conducting investigations under applicable industrial safety laws, and our Chief Executive Officer and the head of the Daejeon site have each been booked as suspects in connection with these investigations. No conclusions have been reached, and we cannot predict the outcome of these investigations.

The affected facility is used to clean tools and equipment utilized in the production of solid-fuel propellants. To mitigate the operational impact of the suspension, we have temporarily redirected the cleaning operations from our Daejeon site to alternative facilities at our Boeun site while restoration of the damaged facility is underway. We are also reviewing additional operational measures, including production rescheduling and other mitigation initiatives, to minimize

disruptions to our manufacturing operations and customer deliveries. Although we have not yet quantified the financial impact of the accident due to the ongoing investigation, we currently do not expect the accident to have a material adverse impact on our business or financial condition beyond temporary operational costs. However, the ultimate operational and financial impact will depend on, among other things, the duration of the work suspension, the timing of restoration of the affected facility, the outcome of the ongoing investigations and any additional regulatory actions that may be taken.

Following the accident, we established an independent Safety Culture Innovation Committee, comprised primarily of external experts, to conduct a comprehensive review of our occupational safety and health management system and recommend measures to prevent similar incidents in the future. We intend to implement the committee's recommendations as part of our efforts to further strengthen workplace safety and operational risk management.

MANAGEMENT AND EMPLOYEES

Board of Directors

Our board of directors (the “Board”) has the ultimate responsibility for the management of our business affairs. The Board oversees our operations and is headed by Seungmo Kim.

Under our articles of incorporation (“Articles of Incorporation”), the Board must consist of at least three directors but no more than 13 directors. The members of the Board are elected by the shareholders at a general meeting of shareholders. Resolutions of the Board are made with the presence of a majority of the incumbent directors at the meeting and by the affirmative vote of a majority of the directors present, provided that matters pertaining to potential conflicts, whether direct or indirect, between the company and an interested director are subject to special resolution by the affirmative vote of at least two-thirds of total directors, but the interested director may not cast a vote.

The Articles of Incorporation also require that the Board must elect at least one representative director to represent the Issuer by resolution of the Board. Under the Korean Commercial Code and the Articles of Incorporation, the representative director is authorized to represent us in activities relating to our business.

The members of the Audit Committee are elected by shareholders at a general meeting of shareholders.

As of the date of this Offering Circular, all of our directors satisfy the eligibility requirements set forth in the Korean Commercial Code.

Board Members

As of the date of this Offering Circular, the Board was comprised of the following members.

Name	Title	Date of Birth
Jaeil Son	CEO of Business Division	March 1965
Dongkwan Kim.	CEO of Strategy Division	October 1983
	Vice Chairman	
Michael William Coulter .	Inside Director	February 1975
Seungmo Kim.	Chairperson of the Board of Directors	August 1967
Hyoungjin Kim.	Outside Director	March 1975
Jeongkeun Lee	Outside Director	April 1961
Jingoo Jun	Outside Director	August 1962
Huyjae Chon	Outside Director	December 1974
Woohong Jun	Outside Director	November 1965

Jaeil Son has served as our Representative Director and Chief Executive Officer since October 2022. He also currently serves as the Representative Director of Hanwha Systems Co., Ltd., a director of Hanwha Aerospace USA, and a non-standing director of Satrec Initiative Co., Ltd. Mr. Son holds a bachelor’s degree from Korea University.

Dongkwan Kim has served as our Representative Director and Vice Chairman since September 2022. He also currently serves as the Representative Director of Hanwha Corporation, Hanwha Solutions Corporation and Hanwha Impact Corporation, and as a non-standing director of Hanwha Ocean Co., Ltd. Mr. Kim received his B.A. in politics from Harvard University.

Michael William Coulter has served as our Director since March 2025. He is currently the Representative Director of Hanwha Defense USA, Inc. and a director of Hanwha Global Defense Inc. Previously, Mr. Coulter served as Senior Vice President of Corporate Business Development for

Leonardo DRS and President of Leonardo DRS and held senior positions at the U.S. Department of Defense and U.S. Department of State. Mr. Coulter received his M.A. in national security from the U.S. Naval War College.

Seungmo Kim has served as our Director since March 2026. He also currently serves as a Non-standing Director of Hanwha Systems Co., Ltd. Previously, Mr. Kim served as the Representative Director of Hanwha Corporation. Mr. Kim received his bachelor's degree from Sungkyunkwan University.

Hyoujin Kim has served as our Outside Director since April 2021. She is currently a professor at Seoul National University and also serves as a Director at the Korean Society for Aeronautical and Space Sciences. She previously served as an Outside Director at Hyundai Transys Inc. Ms. Kim received her Ph.D. from the University of California, Berkeley.

Jeongkeun Lee has served as our Outside Director since March 2025. He is currently the President of the International Association of Bomb Technicians and Investigators in Korea. Previously, Mr. Lee served as the Commander of the Republic of Korea Army Logistics Command. He holds his bachelor's degree from the Korea Military Academy.

Jingoo Jun has served as our Outside Director since March 2023. He is currently a chair professor at Seokyeong University and also serves as a Senior Inspector at the Joint Chiefs of Staff of Korea. Previously, Mr. Jun served as the Commandant of the Republic of Korea Marine Corps. He received his bachelor's degree from the Korea Naval Academy.

Huyjae Chon has served as our Outside Director since March 2024. He is currently a professor at the Sungkyunkwan University School of Law. Previously, Mr. Chon served as a judge at the Seoul High Court. He received his B.A. from Seoul National University.

Woohong Jun has served as our Outside Director since March 2026. He is currently a standing auditor at H-Line Shipping Co., Ltd. Previously, Mr. Jun served as an Executive Vice President (Chief Credit Officer) of the Credit Group of Hana Bank, and as an Executive Vice President and Head of Sales of the Central Business Group of Hana Bank. Mr. Jun received his bachelor's degree from Sungkyunkwan University.

Board Committees

In accordance with the Articles of Incorporation, we have established the following committees under our Board:

Audit Committee

The responsibility of the Audit Committee is to review and supervise our financial reporting process and internal control system and nominate and monitor our independent auditors. Two-thirds of the members of the Audit Committee must be outside auditors and at least one member must be an accounting or financial expert prescribed by the Presidential Decree to the Act on Corporate Governance of Financial Companies. As of the date of this Offering Circular, the Committee consists of three Outside Directors, Mr. Woohong Jun, Mr. Jingoo Jun and Mr. Huyjae Chon.

Outside Director Candidate Recommendation Committee

The responsibility of the Outside Director Candidate Recommendation Committee is to review and monitor the composition and diversity of the Board and recommend potential candidates for Outside Directors. As of the date of this Offering Circular, the Committee consists of five directors, Mr. Jingoo Jun, Ms. Hyoujin Kim, Mr. Jeongkeun Lee, Mr. Huyjae Chon and Mr. Woohong Jun.

Executive Committee

The primary function of the Executive Committee is to approve matters regarding our ordinary course of business and certain functions related to financing that are subject to the approval of the Board in order to improve our efficiency and business process. Examples of the matters delegated to the Executive Committee include:

- approval of management plans and semi-annual financial statements;
- appointment or dismissal of general managers;
- establishment, relocation, or closure of branches, factories, or offices;
- investment in other companies or disposal of equity interests amounting to less than 2.5% of the most recent fiscal year's shareholders' equity;
- overseas direct investment amounting to less than 2.5% of the most recent fiscal year's shareholders' equity;
- provision of collateral or guarantees amounting to less than 2.5% of the most recent fiscal year's shareholders' equity;
- new borrowings or credit facilities amounting to 2.5% or more but less than 5% of the most recent fiscal year's shareholders' equity;
- other financial matters, regardless of threshold amount, where a financial institution or external body requires a resolution by a board-equivalent committee;
- filing and settlement of material litigation cases;
- all matters other than those within the authority of the board of directors that are designated under the board regulations to be submitted to the board, as well as those delegated to other committees; and
- other management matters related to the execution of the Company's business and any other important management matters deemed necessary by the Representative Director of the Company.

The Executive Committee currently consists of two members, Mr. Jaeil Son and Mr. Seungmo Kim.

Compensation Committee

The responsibility of the Compensation Committee is to evaluate the performance and make recommendations on the remuneration packages for our directors, senior management and general staff and evaluate and make recommendations on employee benefit arrangements. As of the date of this Offering Circular, the Committee consists of five directors, Mr. Jingoo Jun, Ms. Hyounjin Kim, Mr. Jeongkeun Lee, Mr. Huyjae Chon and Mr. Woohong Jun.

Internal Transaction Committee

The responsibility of the Internal Transaction Committee is to review transactions with affiliates in order to enhance the transparency of corporate management through the establishment of a fair trade compliance system. As of the date of this Offering Circular, the Committee consists of five directors, Mr. Jingoo Jun, Ms. Hyounjin Kim, Mr. Jeongkeun Lee, Mr. Huyjae Chon and Mr. Woohong Jun.

ESG Committee

The primary function of the ESG Committee is to strengthen ESG management in the areas of environmental, social and governance in order to achieve long-term and sustainable growth. The ESG Committee currently consists of five members, Mr. Jingoo Jun, Ms. Hyounjin Kim, Mr. Jeongkeun Lee, Mr. Huyjae Chon and Mr. Woohong Jun.

Senior Management

Our executive officers are responsible for our day-to-day operations and undertake all other matters as directed by the Board. The table below sets out certain information with respect to our senior officers as of the date of this Offering Circular.

Name	Role and Area of Duty
Seung Youn Kim.	Chairman
Jaeil Son	CEO of Business Division
Dongkwan Kim.	CEO of Strategy Division; Vice Chairman
Seungjoo Yeo.	HR Strategy; Vice Chairman
Donghyeon Kim	Head of LS Business Group
Sun Kim	Head of Aerospace Business Group
Janghyuk Ahn.	Head of MRO Business Group
Boohwan Lee	Head of PGM Business Group
Joonwon Lee	Head of Space Business Group
Chulhong Kim	CFO

Many of the executive officers with specific responsibilities have worked in areas closely related to their respective areas of responsibility before they were appointed to the present positions. Accordingly, we believe that they collectively have appropriate expertise and experience to carry out their management responsibilities.

HANWHA GROUP

We are a member company of the Hanwha Group, which was founded in 1952 and is the fifth largest business group in Korea in terms of combined assets as of December 31, 2025, according to the data released by the KFTC in May 2026. As of December 31, 2025, the Hanwha Group consisted of 116 domestic companies, ten of which were listed on the KRX KOSPI Market or the KRX KOSDAQ Market of the Korea Exchange.

Originating from Korea Explosives Co., Ltd., in 1952 and initially engaged in the manufacture of explosives and industrial chemicals, Hanwha Group has evolved into one of Korea's leading business groups, with interests spanning aerospace and defense, chemicals, energy, finance, construction, retail and leisure industries. Member companies of Hanwha Group are organized into several core business segments: (i) the aerospace and mechatronics group, (ii) the energy and ocean solutions group, (iii) the finance group and (iv) the retail and services group. The following chart shows the major member companies of the Hanwha Group as of the date of this Offering Circular:

<u>Aerospace & Mechatronics</u>	<u>Energy & Ocean Solutions</u>	<u>Finance</u>	<u>Retail & Services</u>
• Hanwha Corporation • Hanwha Aerospace Co., Ltd. • Hanwha Systems Co., Ltd. • Hanwha Vision Co., Ltd. • Hanwha Semitech Co., Ltd. • Hanwha Momentum Co., Ltd. • Hanwha Robotics Co., Ltd. • Satrec Initiative Co., Ltd.	• Hanwha Solutions Corporation • Hanwha Ocean Co., Ltd. • Hanwha Energy Corporation • Hanwha Impact Corporation • Hanwha Power Co., Ltd. • Hanwha TotalEnergies Petrochemical Co., Ltd. • Hanwha Engine Co., Ltd. • Hanwha Advanced Materials Corporation • Yeochun NCC Co., Ltd.	• Hanwha Life Co., Ltd. • Hanwha General Insurance Co., Ltd. • Hanwha Asset Management Co., Ltd. • Hanwha Investment & Securities Co., Ltd. • Hanwha Savings Bank Co., Ltd. • Hanwha Life Financial Service Co., Ltd.	• Hanwha Hotels & Resorts Co., Ltd. • Hanwha Galleria Co., Ltd. • Hanwha Connect Co., Ltd.

REGULATION AND SUPERVISION

Defense Industry

Overview

The defense industry is a strategic industry closely linked to national security, and the Korean Government has historically exercised broad regulatory oversight over defense acquisition programs as a whole, including the development of defense capabilities, the promotion of the defense industry, and the procurement of military supplies. The aircraft engines, ground weapons systems, guided weapons, space launch vehicles, and related components produced by the Issuer and its subsidiaries that engage in the defense business are subject to a number of laws and regulations, principally the Defense Acquisition Program Act, the Act on Contracts to Which the State Is a Party (the “State Contracts Act”), the Defense Technology Security Act, the Military Secret Protection Act, the Foreign Trade Act, and the Foreign Investment Promotion Act, and the principal competent authorities include the DAPA and the Ministry of Trade, Industry and Resources (the “MOTIR”).

Designation of Defense Materials and Defense Contractors

Under the Defense Acquisition Program Act, the Administrator of the DAPA may designate certain items as defense materials in consultation with the Minister of Trade, Industry and Resources, and any entity seeking to produce such defense materials is required to be designated as a defense contractor by the Minister of Trade, Industry and Resources. The Issuer is designated as a defense contractor, and a substantial portion of the principal weapons systems and components it produces are designated as defense materials.

A defense contractor is subject to various statutory and regulatory obligations, including obligations to ensure a stable supply of defense materials, maintain production facilities, obtain prior approval for the export of defense materials and defense science and technology, obtain the prior approval of the Minister of Trade, Industry and Resources for any substantial change in managerial control (such as a transfer, acquisition, or merger of the defense contractor) and for any suspension or closure of business, and maintain quality management system certification; and the contract prices of defense materials may be calculated in accordance with the relevant laws and regulations and the Government’s defense cost and profit calculation standards. If a defense contractor violates its obligations under the relevant laws and regulations, it may, depending on the circumstances, be subject to criminal sanctions such as fines, or administrative sanctions such as administrative fines, corrective orders, restrictions on participation in bidding processes, and revocation of its designation as a defense contractor.

Technology Protection

Certain technologies, materials, and information held or handled by the Issuer and its subsidiaries may constitute defense industry technology or military secrets. The Defense Technology Security Act prohibits the divulgence of, and infringement upon, defense industry technology – including its wrongful acquisition, use, or disclosure – and imposes various protective obligations, such as the establishment and operation of a technology protection system, on institutions that hold or manage defense industry technology. In addition, the handling, storage, provision, and disclosure of military secrets are restricted under the Military Secret Protection Act. A violation of the obligations under the relevant laws and regulations may, depending on the circumstances, result in criminal sanctions such as fines, or administrative sanctions such as administrative fines and corrective orders.

Export Controls

The export or brokerage of defense materials and defense science and technology is subject to permits or approvals from the Administrator of the DAPA under the Defense Acquisition Program Act (and separate prior approvals may be required depending on the circumstances), and the export of strategic items designated under the multilateral export control regimes is generally subject to approval from the Minister of Trade, Industry and Resources. Accordingly, the Issuer’s export of defense products and

related technologies depends on governmental permits and approvals under the relevant laws and regulations, and such permits and approvals may be restricted or delayed depending on the destination country, the sensitivity of the items and technologies, and international political and security circumstances.

Foreign Investment and Control over Corporate Governance

Under the Foreign Investment Promotion Act, a foreign investor seeking to acquire shares or equity interests in an enterprise that operates a defense contractor business is required to obtain prior approval from the Minister of Trade, Industry and Resources. In addition, under the Defense Acquisition Program Act, prior approval from the Minister of Trade, Industry and Resources is generally required where a substantial change in managerial control is expected as a result of a transfer, acquisition, or merger or similar transactions involving a defense contractor.

Furthermore, under Article 50-3 of the Defense Acquisition Program Act and Article 13-3 of the Defense Technology Security Act, which are scheduled to take effect on September 11, 2026, a defense contractor that intends to appoint a foreign national or a person with multiple nationalities as an officer, or to employ such a person as an employee who handles defense industry technology, is required to apply for and obtain the prior approval of the Administrator of the DAPA, and establish and implement a management plan with respect to such foreign national or person with multiple nationalities.

Regulations Relating to the Aerospace and Space Businesses

The aerospace and space businesses conducted by the Issuer and its subsidiaries may, depending on the circumstances, be subject to the Space Development Promotion Act, the Aviation Safety Act, the Aerospace Industry Development Promotion Act, and laws and regulations relating to national research and development projects. Activities such as the launch of space launch vehicles, the registration of space objects, the performance of national space development projects, and the manufacture, maintenance, and certification of aircraft and aircraft parts and the management of related technologies may be subject to permits, approvals, certifications, registrations or regulatory oversight by the relevant competent authorities, including the Korea AeroSpace Administration (the “KASA”), the Ministry of Land, Infrastructure and Transport (the “MOLIT”), and the DAPA. Where aerospace or space-related technologies constitute defense industry technology, defense science and technology, or strategic items, the export control and technology protection regulations under the Defense Acquisition Program Act, the Defense Technology Security Act, and the Foreign Trade Act may also apply.

Regulations Relating to the Marine and Shipbuilding Businesses

The marine and shipbuilding businesses conducted by the Issuer and its subsidiaries may be subject to domestic and international regulations relating to ship safety, the marine environment, industrial safety, export controls, and classification. LNG carriers, LPG carriers, very large crude carriers, FPSOs, FLNGs, and other marine and energy-related facilities are required to satisfy the conventions of the International Maritime Organization (the “IMO”), classification society rules, laws and regulations relating to ship safety and the marine environment, and the technical specifications of customers and ordering parties; and changes in, or the tightening of, the relevant environmental and safety standards may affect the Issuer’s design, construction, procurement, inspection, and delivery schedules and costs.

Regulations Relating to ICT and Information Protection

The Issuer’s ICT business may be subject to the SPA, the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., and other relevant laws and regulations. The SPA generally restricts companies belonging to a business group subject to limitations on cross shareholding under the Monopoly Regulation and Fair Trade Act from participating in public-sector software projects; however, participation may be permitted on an exceptional basis following review by the Minister of Science and ICT where the participation of such company is deemed unavoidable, including in projects relating to national defense or national security. In addition, businesses that handle personal information, trade secrets, defense information, customer

data, or critical information systems may be subject to regulations relating to information protection management systems, access control, security monitoring, incident response, outsourcing, and cross-border data transfer.

Environmental, Health, and Safety Regulations

The manufacturing and operational activities of the Issuer and its subsidiaries are subject to various environmental, health, and safety laws and regulations relating to the emission of air pollutants, the discharge of wastewater, waste treatment, the management of hazardous chemicals, greenhouse gas emissions, industrial safety, and the prevention of serious industrial accidents. In the event of a violation of applicable laws and regulations or the occurrence of a serious industrial accident, the Issuer may be subject to government investigations, administrative fines and penalty surcharges, criminal sanctions, civil liability for damages, and reputational harm.

TAXATION

Prospective purchasers of Notes should consult their own tax advisors as to the Korean or other tax consequences of the ownership and disposition of Notes, including the effect of any foreign, state or local tax laws.

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-resident corporations (“Non-Residents”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Income Tax and Corporation Tax on Interest

Interest on the Notes paid to Non-Residents is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “STTCL”), provided that the Notes are “foreign currency denominated bonds” issued outside of Korea under the STTCL. The term “foreign currency denominated bonds” in this context is not defined under the STTCL. In this regard, the Korean tax authority issued an authoritative ruling to the effect that “Notes Issuance Facility, USCP, Euro CP and Banker’s Acceptance, etc.” are not treated as “foreign currency denominated bonds.”

If not exempt under the STTCL, the rate of income tax or corporation tax applicable to interest or any premium on the Notes, for a Non-Resident, is currently 14%. In addition, a tax surcharge, called a local income tax, is imposed at the rate of 10% of the income or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by applicable tax treaty, convention or agreement between Korea and the country of the recipient of the interest. The relevant tax treaties are discussed below.

Capital Gains Tax

The Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident from the sale of Notes to another non-resident (other than to the other non-resident’s Permanent Establishment in Korea). In addition, capital gains earned by a Non-Resident from the transfer outside Korea of the Notes are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance.

In the absence of an applicable tax treaty or any other special tax laws reducing or eliminating the capital gains tax, the applicable rate of tax is the lower of 11% (including local income tax) of the gross realization proceeds (the “Gross Realization Proceeds”) and (subject to the production of satisfactory evidence of the acquisition cost and certain direct transfer cost of the relevant Notes) 22% (including local income tax) of the gain made. There is no provision under the relevant Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of securities of Korean companies.

The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from the tax under an applicable tax treaty, in the absence of the seller producing satisfactory evidence of his or her acquisition cost and

certain direct transfer cost in relation to the Notes being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the Gross Realization Proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the relevant Korean tax authority no later than the tenth day of the month following the month in which the payment for the sale of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time technically subjects the purchaser or the withholding agent to penalties under Korean tax laws and a Non-Resident who is liable for payment of any Korean tax on gains, either as a seller of Notes or as a purchaser or the withholding agent who is obliged to withhold such tax, is subject to the Korean tax authorities seeking enforcement through attachment of, or other legal proceedings against, payments due to it from its Korean investments and to enforcement against the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his or her death he or she was domiciled in Korea or had resided in Korea for at least 183 days immediately prior to his or her death and (b) all property located in Korea which passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed under similar circumstances as aforementioned at the time the gift is made. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% according to the value of the property and the identity of the parties involved. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under the Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisers regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by Non-Resident holders of Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Issuer. A securities transaction tax will not be imposed on the transfer of Notes.

Tax Treaties

At the date of the Offering Circular, Korea has tax treaties with *inter alia* Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America under which the rate of withholding tax on interest is reduced, generally to between 5% and 16.5% (13.2% under the treaty with the United States) (including local income surtax), and the tax on capital gains is often eliminated (as it is generally under the treaty with the United States).

Each Non-Resident holder should enquire for himself whether he is entitled to the benefit of a tax treaty. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the Issuer a certificate as to his or her residence. In the absence of sufficient proof, the Issuer must withhold taxes in accordance with the above discussion.

In order to claim the benefit of a tax rate reduction or tax exemption available under the applicable tax treaties, a non-resident holder should submit to the payer of such Korean source income an application (for a reduced withholding tax rate, the "application for entitlement to reduced tax rate", and for an exemption from withholding tax, the "application for exemption" under a tax treaty along with a certificate of the non-resident holder's tax residence issued by a competent authority of the non-resident

holder's residence country) as the beneficial owner of such Korean source income ("BO Application"). Such application should be submitted to the withholding agent prior to the payment date of the relevant income.

Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) ("OIV"), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (as well as the BO applications collected from each beneficial owner, if such beneficial owner is applying for a tax exemption) to the withholding agent prior to the payment date of such income. Effective January 1, 2022, an OIV that (i) bears tax liabilities in the country of its residence or is deemed as the "beneficial owner" under the applicable tax treaty, and (ii) qualifies for tax treaty benefits is deemed to be a beneficial owner of Korean source income for income tax purposes. The benefits under a tax treaty between Korea and the country of such OIV's residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax or Individual Income Tax Law of Korea.

In the case of a tax exemption application, if such tax exemption is being sought to be applied to an amount that is Won 1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made, is Won 1 billion or more) (except for cases where the domestic source income is paid to an OIV (including where the OIV is deemed to be the beneficial owner of such income). or where the real beneficiary of domestic source income is a governmental organization of the other country to a tax treaty prescribed by the Ministry of Economy and Finance, including the government of the signatory state to the relevant tax treaty, local government, or the central bank), in addition to the BO Application, it will also be required to submit the names and addresses of all of the members of board of directors, the identities and shareholding percentages of all of shareholders (provided that if there are more than 100 shareholders, the non-resident holder may instead provide a statement showing the total number of shareholders and aggregate investment amount from each country), and financial statements (including appendices), tax returns or audit reports for the most recent three years submitted to tax authorities of the country of residence (or, if the entity has been in existence for less than three years, the aforementioned documents since incorporation), together with their Korean translations.

In the case of a tax exemption application, the withholding agent is required to submit such application (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income. In the case of an application for a reduced withholding tax rate, the withholding agent is required to submit such application (together with the supporting documents and the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the end of February of the year following the year in which the payment of such income occurred.

Withholding and Gross-up

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL. However, in the event that the Issuer is required by law to make any withholding or deduction for or on account of any Korean taxes, the Issuer has agreed, subject to certain customary exceptions as set out in Condition 6, to pay such additional amounts as may be necessary in order that the net amounts received by the Noteholder after such withholding or deduction shall equal the respective amounts received by the Noteholder in the absence of such withholding or deduction.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and UBS AG Hong Kong Branch (the “Managers”) have, pursuant to a Purchase Agreement (the “Purchase Agreement”) dated July 20, 2026, agreed to subscribe and pay for, or to procure subscriptions and payment for, the principal amounts of the Notes subject to certain conditions contained therein.

The Issuer will also reimburse the Managers in respect of certain of their expenses, and the Issuer has agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue and sale of the Notes. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The initial issue price is set forth on the cover of this Offering Circular. After the Notes are released for sale, the Managers may change the issue price and other selling terms. The offering of the Notes by the Managers is subject to receipt and acceptance and subject to the Managers’ right to reject any order in whole or in part.

The Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking, commercial banking and advisory services for the Issuer and/or their respective affiliates for which they have received or will receive customary fees and expenses.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

The Managers or their affiliates may subscribe the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be subscribers of the Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction.

Important Notice to CMIs (including Private Banks)

This notice to CMIs (including Private Banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, Private

Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the offering may include institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, corporates, private banks/broking companies, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, Private Banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Private Banks who disclose that they are placing their order other than on a “principal” basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the SFC Code. Private Banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Managers (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- the name of each underlying investor;
- the unique identification number of each investor;
- whether an underlying investor has any “Associations” (as used in the SFC Code);
- whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to:
DCM.Omnibus@citi.com;
HKG-Syndicate@ca-cib.com;
ol-ubs-dcm-hk-syndicate@ubs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the SFC Code, including to the Issuers, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Manager with such evidence within the timeline requested.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. Each Manager has represented and agreed that it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. Each Manager has represented and agreed that it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Public Offer Selling Restriction under the Prospectus Regulation – EEA

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors” or otherwise specifies “Prohibition of Sales to EEA Retail Investors” as “Applicable”, each Manager has represented, warranted and agreed, and each further Manager appointed under the Program will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision,

the expression “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

If the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each member state of the European Economic Area (each a “Member State”), each Manager has represented and agreed, and each further Manager appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

Public Offer Selling Restriction under the POATR – United Kingdom

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors” or otherwise specifies “Prohibition of Sales to UK Retail Investors” as “Applicable”, each Manager has represented, warranted and agreed, and each further Manager appointed under the Program will be required to represent, warrant and agree, that it has not offered, sold, distributed, or otherwise made available and will not offer, sell, distribute, or otherwise make available any Notes which are the subject of this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is either one (or both) of the following:
 - (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs.

- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Manager has represented and agreed and each further Manager appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;
- (b) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe the Notes and the expression “POATRs” means the Public Offers and Admissions to Trading Regulations 2024.

Other regulatory restrictions

Each Manager has represented and agreed, and each further Manager appointed under the Program will be required to represent and agree, that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - A. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - B. who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Switzerland

This Offering Circular does not constitute an offer to the public or a solicitation to purchase or invest in any Notes. No Notes have been offered or will be offered to the public in Switzerland, except that offers of Notes may be made to the public in Switzerland at any time under the following exemptions under the Swiss Financial Services Act (“FinSA”):

- (a) to any person which is a professional client as defined under the FinSA;
- (b) to fewer than 500 persons (other than professional clients as defined under the FinSA), subject to obtaining the prior consent of joint lead managers for any such offer; or
- (c) in any other circumstances falling within Article 36 FinSA in connection with Article 44 of the Swiss Financial Services Ordinance,

provided that no such offer of Notes shall require the Issuer or any bank to publish a prospectus pursuant to Article 35 FinSA.

The Notes have not been and will not be listed or admitted to trading on a trading venue in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this document nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the “Financial Services Act”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “Issuers Regulation”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Hong Kong

Each Manager has represented and agreed that:

- (i) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Korea

The Notes have not been and will not be registered under the FSCMA. Accordingly, each dealer severally but not jointly has represented and agreed, and each further Manager appointed under the Program will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to or for the account or benefit of any Korean resident (as such term is defined in the Foreign Exchange Transactions Law of Korea and its

Enforcement Decree), or to any other person for reoffering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. Each Manager severally but not jointly undertakes, and each further Manager appointed under the Program will be required to undertake, to use commercially reasonable best measures as a Manager in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Manager that it will comply with the restrictions described above.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer Restrictions under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- (a) The Notes have not been and will not be registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB who is registered with the KOFIA for Korean QIB note trading, provided that all of the following requirements are satisfied: (1) the Notes shall be issued in a currency other than Korean won and the principal and interest shall be paid in a currency other than Korean won, (2) at least 80% of the aggregate principal amount of the Notes shall be allocated to those other than Korean residents (which applies only to the Notes acquired from the Issuer or any underwriter at the time of issuance), (3) the Notes shall be those listed on a major overseas securities market specified by the governor of the FSS, those registered with or reported to a foreign financial investment supervisory agency of the country in which a major overseas market is established, or those for which any other procedure that may be deemed a public offering in the above country is completed, (4) measures shall be taken to state the condition that the Notes shall not be transferred to any resident of Korea other than Korean QIB at the time of issuance or within one year from the date of issuance of the Notes on the face of such Notes (limited to cases where any physical instrument is issued), the underwriting agreement, subscription agreement or offering document and (5) the Issuer and the managers (limited to cases where a manager is appointed) shall take measures under foregoing items (1) through (4), and the Issuer and the managers shall, severally or jointly, preserve evidential documents in relation thereto.
- (b) The Notes will bear legends to the following effect:

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A “QUALIFIED INSTITUTIONAL INVESTOR” (A “KOREAN QIB,” AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC

DISCLOSURE, ETC. OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB FOR KOREAN QIB BOND TRADING, SUBJECT TO CERTAIN REQUIREMENTS BEING MET, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY THE KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

Other Transfer Restrictions Applicable to the Notes

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold to any person in the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants. See “*Terms and Conditions of the Notes*” and “*The Global Certificate*.”

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- (a) The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.
- (b) Until forty (40) days after the commencement of offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.
- (c) Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- (d) The Notes will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY (THE “NOTES”) OF HANWHA AEROSPACE CO., LTD. (THE “ISSUER”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”).

PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE LATEST CLOSING DATE (THE “DISTRIBUTION COMPLIANCE PERIOD”), THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY U.S. PERSON OUTSIDE THE UNITED STATES OR ANY PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE LATEST CLOSING DATE (THE “DISTRIBUTION COMPLIANCE PERIOD”), THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY U.S. PERSON OUTSIDE THE UNITED STATES OR ANY PERSON IN THE UNITED STATES. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE NOTES EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND FOLLOWING RESTRICTIONS. PERSON IN THE

UNITED STATES. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE NOTES EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND FOLLOWING RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A “QUALIFIED INSTITUTIONAL INVESTOR” (A “KOREAN QIB,” AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC DISCLOSURE, ETC. OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB FOR KOREAN QIB BOND TRADING, SUBJECT TO CERTAIN REQUIREMENTS BEING MET, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY THE KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the Notes will be passed upon by Paul Hastings LLP as to matters of U.S. law for the Managers and Yulchon LLC as to matters of Korean law for the Issuer. Paul Hastings LLP may rely as to all matters of Korean law on the opinion of Yulchon LLC, and Yulchon LLC may rely as to all matters of U.S. law on the opinion of Paul Hastings LLP.

INDEPENDENT AUDITORS

The Issuer's annual audited consolidated financial statements as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025, included in this Offering Circular, have been audited by EY Han Young, independent auditors, as stated in their report appearing therein.

With respect to the unaudited interim condensed consolidated financial statements as of March 31, 2026 and for each of the three-month periods ended March 31, 2025 and 2026, included in this Offering Circular, EY Han Young, independent auditors, has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included therein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

INDEX TO FINANCIAL STATEMENTS

Interim Condensed Consolidated Financial Statements as of March 31, 2026 and for the Three-Month Periods Ended March 31, 2026 and 2025

• Report on Review of Interim Condensed Consolidated Financial Statements	F-2
• Interim Condensed Consolidated Statements of Financial Position	F-4
• Interim Condensed Consolidated Statements of Comprehensive Income	F-5
• Interim Condensed Consolidated Statements of Changes in Equity	F-6
• Interim Condensed Consolidated Statements of Cash Flows	F-7
• Notes to the Interim Condensed Consolidated Financial Statements	F-9

Annual Audited Consolidated Financial Statements as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025

• Independent Auditors' Report	F-100
• Consolidated Statements of Financial Position	F-105
• Consolidated Statements of Comprehensive Income	F-106
• Consolidated Statements of Changes in Equity	F-107
• Consolidated Statements of Cash Flows	F-108
• Notes to the Consolidated Financial Statements	F-110

Report on review of interim condensed consolidated financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Hanwha Aerospace Co., Ltd.

We have reviewed the accompanying interim condensed consolidated financial statements of Hanwha Aerospace Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as of March 31, 2026, and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for each of the three-month periods ended March 31, 2026 and 2025, and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("KSA") and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2025, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 16, 2026, expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2025, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.



May 13, 2026

This review report is effective as of May 13, 2026, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Interim condensed consolidated statements of financial position
as of March 31, 2026 and December 31, 2025

(in thousands of Korean won)

	Notes	March 31, 2026 (Unaudited)	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents	4, 5, 6, 8, 9	₩ 6,886,229,564	₩ 7,713,355,500
Other financial assets	5, 6, 9, 10	1,448,489,809	188,463,688
Trade and other receivables	5, 6, 10, 11	3,649,602,927	3,734,950,413
Contract assets	11, 32	6,558,280,660	6,487,721,490
Inventories	13	8,624,875,685	7,741,657,563
Derivative assets	5, 6, 12	31,986,232	27,519,400
Other current assets	12, 14	4,965,156,028	4,767,409,083
Non-current assets held for sale	31	44,342,864	44,342,864
		<u>32,208,963,769</u>	<u>30,705,420,001</u>
Non-current assets			
Other financial assets	5, 6, 9, 10	2,382,672,329	1,893,220,822
Long-term trade and other receivables	5, 6, 10, 11	237,927,004	303,617,110
Derivative assets	5, 6, 12	30,692,656	11,247,569
Other non-current assets	14, 24	198,734,570	121,845,156
Property, plant and equipment	15	9,802,191,964	9,524,442,060
Intangible assets	16	7,531,783,515	7,497,790,450
Investments in associates and joint ventures	18	2,499,594,901	2,190,157,525
Right-of-use assets	17	428,561,620	442,822,830
Deferred tax assets		1,338,472,595	1,263,106,081
		<u>24,450,631,154</u>	<u>23,248,249,603</u>
Total assets		<u>₩ 56,659,594,923</u>	<u>₩ 53,953,669,604</u>
Liabilities			
Current liabilities			
Trade and other payables	4, 5, 6, 19	₩ 4,949,480,403	₩ 6,041,071,651
Contract liabilities	32	15,943,735,933	15,990,679,254
Lease liabilities	4, 17	83,672,601	83,443,405
Borrowings and debentures	4, 5, 6, 20	9,308,326,575	6,982,167,457
Derivative liabilities	5, 6, 12	84,919,365	66,699,345
Employee benefits liabilities	24	13,322,132	48,559,233
Income tax payables		265,291,289	385,687,206
Other current liabilities	21, 22	259,941,343	350,457,664
Other current financial liabilities	4, 5, 6, 23	44,211,922	27,631,516
		<u>30,952,901,563</u>	<u>29,976,396,731</u>
Non-current liabilities			
Long-term trade and other payables	4, 5, 6, 19	697,911,456	572,289,168
Lease liabilities	4, 17	341,403,769	347,044,604
Borrowings and debentures	4, 5, 6, 20	6,164,474,426	5,412,718,897
Derivative liabilities	5, 6, 12	73,775,653	3,650,594
Employee benefits liabilities	24	709,531,339	669,610,403
Deferred tax liabilities		140,014,586	27,565,245
Other non-current liabilities	21, 22	87,731,840	87,206,579
Other non-current financial liabilities	4, 5, 6, 23	51,785,164	69,002,711
		<u>8,266,628,233</u>	<u>7,189,088,201</u>
Total liabilities		<u>39,219,529,796</u>	<u>37,165,484,932</u>
Equity			
Share capital	1, 25	270,317,005	270,317,005
Capital surplus	25	2,895,927,849	2,887,294,863
Capital adjustments	27	(21,019,888)	(21,019,888)
Accumulated other comprehensive income	28	946,165,704	565,579,057
Retained earnings	29	5,867,187,789	5,982,735,731
Equity attributable to the owners of the Parent Company		<u>9,958,578,459</u>	<u>9,684,906,768</u>
Non-controlling interests		<u>7,481,486,668</u>	<u>7,103,277,904</u>
Total equity		<u>17,440,065,127</u>	<u>16,788,184,672</u>
Total liabilities and equity		<u>₩ 56,659,594,923</u>	<u>₩ 53,953,669,604</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Interim condensed consolidated statements of comprehensive income
for each of the three-month periods ended March 31, 2026 and 2025

<i>(in thousands of Korean won)</i>			For the three-month period ended March 31, 2026 (Unaudited)		For the three-month period ended March 31, 2025 (Unaudited)
	Notes				
Revenue		₩	5,751,023,496	₩	5,484,220,608
Cost of sales	35		4,524,999,232		4,455,982,433
Gross profit			1,226,024,264		1,028,238,175
Selling and administrative expenses	34, 35		509,560,095		457,958,353
Research and development expenses	35		77,572,009		40,334,868
Operating profit			638,892,160		529,944,954
Other income	36		339,814,204		97,648,726
Other expenses	36		243,124,949		224,654,247
Finance income	37		683,363,366		227,617,750
Interest income			56,627,200		45,248,478
Finance costs	37		816,190,230		383,077,218
Interest expenses			137,986,362		120,380,984
Profits (losses) of associates and joint ventures accounted for using equity method	18		(47,810,224)		(17,245,217)
Profit before income tax expenses			554,944,327		230,234,748
Income tax expenses			28,684,299		47,344,895
Profit for the period		₩	526,260,028	₩	182,889,853
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Gains (losses) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")		₩	181,167,887	₩	84,588,623
Gains (losses) on remeasurements of net defined benefit liabilities			(15,093,182)		(1,910,694)
<i>Items that may be subsequently reclassified to profit or loss</i>					
Cash flow hedges			4,827,104		(683,094)
Share in other comprehensive income (loss) of associates and joint ventures			99,216,603		(1,320,800)
Gain on translation of foreign operations			233,567,101		40,397,858
Other comprehensive income for the period, net of tax			503,685,513		121,071,893
Total comprehensive income for the period		₩	1,029,945,541	₩	303,961,746
Profit attributable to:					
Owners of the Parent Company		₩	260,710,015	₩	59,511,575
Non-controlling interests			265,550,013		123,378,278
Total comprehensive income attributable to:					
Owners of the Parent Company		₩	635,877,084	₩	129,191,530
Non-controlling interests			394,068,457		174,770,216
Earnings per share attributable to the owners of the Parent Company	38				
Basic and diluted earnings per share		₩	4,999	₩	1,299

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Interim condensed consolidated statements of changes in equity
for each of the three-month periods ended March 31, 2026 and 2025

(in thousands of Korean won)

	Share capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance as of January 1, 2025	₩ 240,405,805	₩ (510,432,402)	₩ (21,019,888)	₩ 539,650,694	₩ 4,746,520,391	₩ 6,496,882,059	₩ 11,492,006,659
Total comprehensive income							
Profit for the period	-	-	-	-	59,511,575	123,378,278	182,889,853
Gains on valuation of financial assets at FVOCI	-	-	-	38,272,877	-	46,315,746	84,588,623
Cash flow hedges	-	-	-	(683,094)	-	-	(683,094)
Losses on remeasurements of net defined benefit liabilities	-	-	-	-	(685,603)	(1,225,091)	(1,910,694)
Gain on translation of foreign operations	-	-	-	34,145,844	-	6,252,014	40,397,858
Share in other comprehensive income of associates and joint ventures	-	-	-	(1,370,069)	-	49,269	(1,320,800)
Total comprehensive income for the period	-	-	-	₩ 70,365,558	₩ 58,825,972	₩ 174,770,216	₩ 303,961,746
Transactions with the owners							
Dividends paid	-	-	-	-	(159,132,918)	(35,927,392)	(195,060,310)
Other changes in equity	-	(1,030,050,036)	-	-	(1,029,770)	(303,928,157)	(1,335,007,963)
Balance as of March 31, 2025 (Unaudited)	₩ 240,405,805	₩ (1,540,482,438)	₩ (21,019,888)	₩ 610,016,252	₩ 4,645,183,675	₩ 6,331,796,726	₩ 10,265,900,132
Balance as of January 1, 2026	₩ 270,317,005	₩ 2,887,294,863	₩ (21,019,888)	₩ 565,579,057	₩ 5,982,735,731	₩ 7,103,277,904	₩ 16,788,184,672
Total comprehensive income							
Profit for the period	-	-	-	-	260,710,015	265,550,013	526,260,028
Gains on valuation of financial assets at FVOCI	-	-	-	149,938,196	-	31,229,691	181,167,887
Cash flow hedges	-	-	-	5,414,883	-	(587,779)	4,827,104
Losses on remeasurements of net defined benefit liabilities	-	-	-	-	(5,419,537)	(9,673,645)	(15,093,182)
Gain on translation of foreign operations	-	-	-	158,908,387	-	74,658,714	233,567,101
Share in other comprehensive income of associates and joint ventures	-	-	-	66,325,140	-	32,891,463	99,216,603
Total comprehensive income for the period	-	-	-	₩ 380,586,606	₩ 255,290,478	₩ 394,068,457	₩ 1,029,945,541
Transactions with the owners							
Dividends paid	-	-	-	-	(360,141,516)	(50,078,819)	(410,220,335)
Share options	-	4,663,132	-	-	-	-	4,663,132
Other changes in equity	-	3,969,854	-	41	(10,696,904)	34,219,126	27,492,117
Balance as of March 31, 2026 (Unaudited)	₩ 270,317,005	₩ 2,895,927,849	₩ (21,019,888)	₩ 946,165,704	₩ 5,867,187,789	₩ 7,481,486,668	₩ 17,440,065,127

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Interim condensed consolidated statements of cash flows
for each of the three-month periods ended March 31, 2026 and 2025

<i>(in thousands of Korean won)</i>			for the three-month period ended March 31, 2026 (Unaudited)	for the three-month period ended March 31, 2025 (Unaudited)
	Notes			
Cash flows from operating activities				
Cash flows from operations	42	₩	(1,663,816,311)	₩ 80,109,091
Interest received			71,191,395	26,589,451
Interest paid			(118,063,214)	(112,647,686)
Income tax paid			(3,592,889)	(161,531,981)
Net cash flows used in operating activities			(1,714,281,019)	(167,481,125)
Cash flows from investing activities				
Decrease in short-term financial instruments			712,430,330	68,008,572
Decrease in long-term financial instruments			1,700,000	44,921,004
Collection of loans			4,057,322	2,098,017
Decrease in leasehold deposits provided			8,447,020	4,943,864
Disposal of property, plant and equipment			294,329	996,911
Disposal of intangible assets			270,396	16,484
Decrease in derivative instruments			18,595,945	9,392,910
Decrease in other non-current assets			695,238	850,031
Disposal of financial assets at fair value through profit or loss ("FVPL")			19,048	30,583,878
Disposal of investments in associates and joint ventures			-	187,943
Disposal of assets in business segments and others			15,408,200	5,852,642
Dividends received			12,429,425	9,786,149
Increase in short-term financial instruments			(1,973,810,371)	(34,134,025)
Increase in long-term financial instruments			(3,872,830)	(812,776)
Increase in loans			(4,676,856)	(1,499,723)
Increase in leasehold deposits provided			(824,311)	(8,360,833)
Acquisition of property, plant and equipment			(274,474,615)	(210,871,410)
Acquisition of intangible assets			(58,788,466)	(93,679,354)
Acquisition of financial assets at FVPL			(31,295,270)	(95,035,453)
Acquisition of financial assets at FVOCI			(261,365,870)	(167,431,183)
Acquisitions of investments in associates and joint ventures			(241,727,780)	(45,629,582)
Net cash flows used in investing activities			(2,076,489,116)	(479,815,934)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Interim condensed consolidated statements of cash flows
for each of the three-month periods ended March 31, 2026 and 2025

<i>(in thousands of Korean won)</i>			
	Notes	for the three-month period ended March 31, 2026 (Unaudited)	for the three-month period ended March 31, 2025 (Unaudited)
Cash flows from financing activities			
Increase in short-term borrowings		4,852,620,965	2,899,834,897
Increase in long-term borrowings		314,100,000	191,410,250
Increase in debentures		1,234,880,565	559,840,275
Increase in current borrowings (others)		801,640	-
Decrease in short-term borrowings		(3,402,375,877)	(1,832,245,433)
Decrease in long-term borrowings		(4,569,883)	(8,934,388)
Decrease in current borrowings (others)		(33,746,876)	(32,920,487)
Repayments of debentures		(88,000,000)	-
Decrease in lease liabilities		(21,364,071)	(23,767,597)
Changes in non-controlling interests		(4,824,679)	(1,346,958,684)
Interest payment on hybrid bonds		(5,832,081)	(5,832,080)
Repayment of redeemable convertible preferred share liabilities		(7,682,010)	-
Decrease in leasehold deposits provided		(19,797)	-
Net cash flows provided by financing activities		2,833,987,896	400,426,753
Increase (Decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		7,713,355,500	2,967,733,423
Effects of exchange rate changes on cash and cash equivalents		129,656,303	40,859,327
Cash and cash equivalents at the end of the period		₩ 6,886,229,564	₩ 2,761,722,444

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

1. General Information

1.1 Description of the Parent Company

Hanwha Aerospace Co., Ltd. (the "Parent Company") was incorporated in August, 1977 under its original name of Samsung Precision Co., Ltd. The Parent Company changed its name to Samsung Aeronautics Co., Ltd. in February 1987, to Samsung Techwin Co., Ltd. in March 2000, to Hanwha Techwin Co., Ltd. on June 29, 2015, and finally changed its name to Hanwha Aerospace Co., Ltd. on March 23, 2018. The Parent Company listed its ordinary shares on the Korea Exchange in May 1987 and it is domiciled in the Republic of Korea with its address at 1204 Changwon Daero, Seongsan-gu, Changwon, Gyeongsangnam-do. The Parent Company's domestic business sites are located in Changwon in Gyeongsangnam-do, Daejeon and Boeun in Chungcheongbuk-do, while its overseas plants and sales branches operates in U.S.A., Vietnam and Australia. The Parent Company is engaged in the manufacture and maintenance of aircraft engines, the manufacture and sale of weapons and ammunition, and the manufacture of ground defense systems.

After several capital increases and reductions, the Parent Company's share capital amounts to ₩ 270,317 million as of March 31, 2026 and its largest shareholder is Hanwha Corporation (32.18%).

1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of March 31, 2026 and December 31, 2025 are as follows:

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			March 31, 2026	December 31, 2025	
Hanwha Systems Co., Ltd. ¹	Korea	Manufacture and sale of military equipment, development of software and consulting	47.22%	47.22%	December
Hanwha Aero Engines Co., Ltd.	Vietnam	Manufacturing gas turbine engine for aircrafts	100.00%	100.00%	December
Hanwha Defense Australia Pty Ltd.	Australia	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Global Defense, Inc.	U.S.A.	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Aerospace Middle East & North Africa Regional Headquarters	Saudi	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha WB Advanced System sp.z o.o.	Poland	Manufacture and sale of military equipment	51.00%	51.00%	December
Hanwha Aerospace USA Corporation	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EDAC Technologies Intermediate Company	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
Hanwha Aerospace USA LLC	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EBTEC Corporation	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
APEX Machine Tool Company, Inc.	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
GROS-ITE Industries Inc.	U.S.A.	Manufacture of engine and aircraft parts	100.00%	100.00%	December
EDAC ND Inc.	U.S.A.	Manufacture of engine and	100.00%	100.00%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			March 31, 2026	December 31, 2025	
Valpak Engineering LLC	U.S.A.	aircraft parts Manufacture of industrial engine components	100.00%	100.00%	December
Hanwha Phasor Ltd.	U.K.	Manufacture of communication devices	100.00%	100.00%	December
H Foundation Pte Ltd.	Singapore	New technology business	100.00%	100.00%	December
Enterprise Blockchain Co., Ltd.	Korea	Data Processing	-	100.00%	December
Hanwha Defense USA, Inc.	U.S.A.	Manufacture and sale of military equipment	100.00%	100.00%	December
Vanila Studio Co., Ltd.	Korea	Development and supply of application software	100.00%	100.00%	December
Hanwha Systems USA Corporation	U.S.A.	New technology business	100.00%	100.00%	December
Hanwha Systems UK Ltd.	U.K.	Manufacture of other wireless communication equipment	100.00%	100.00%	December
HAA No.1 Pty Ltd.	Australia	Investment	100.00%	100.00%	December
Satrec Initiative Co., Ltd. ²	Korea	Satellite system development and related services	33.63%	33.63%	December
SI Imaging Services	Korea	Satellite image sales and services	65.90%	65.90%	December
SI Analytics Co., Ltd	Korea	AI-based satellite/air image data analysis business	69.44%	69.44%	December
VANI STUDIO VIETNAM JOINT STOCK COMPANY	Vietnam	Development and supply of application software	98.62%	98.62%	December
Enterprise Blockchain Inc.	U.S.A.	New technology business	-	100.00%	December
HANWHA AEROSPACE EUROPE	Poland	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Aerospace Japan G.K	Japan	Investment in real estate	100.00%	100.00%	December
Hanwha Aerospace UK Limited	U.K.	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Aviation Co., Ltd.	Korea	Holding company	100.00%	100.00%	December
Hanwha Ocean SG Holdings Pte Ltd.	Singapore	Investment	100.00%	100.00%	December
Hanwha Aerospace Romania S.R.L	Romania	Manufacture and sale of military equipment	100.00%	100.00%	December
HS USA Holdings Corp.	U.S.A.	Management of overseas subsidiaries	100.00%	100.00%	December
HDUSA Ordnance Solutions LLC	U.S.A.	Manufacture and sale of military equipment	100.00%	100.00%	December
Hanwha Offshore Singapore Pte. Ltd.	Singapore	Marine plant	100.00%	100.00%	December
Hanwha Offshore Engineering Services Singapore Pte Ltd.	Singapore	Marine plant	100.00%	100.00%	December
Hanwha Offshore Services Singapore Pte Ltd.	Singapore	Marine plant	100.00%	100.00%	December
Hanwha Offshore Solutions Singapore Pte Ltd.	Singapore	Marine plant	100.00%	100.00%	December
Dyna-Mac Keppel Philippines Inc.	Philippines	Marine plant	60.00%	60.00%	December
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd.	China	Marine plant	100.00%	100.00%	December
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd.	China	Marine plant	100.00%	100.00%	December
Hanwha Ocean Co., Ltd. ²	Korea	Building of steel ships	42.02%	42.01%	December
Hanwha Ocean Ecotech Co., Ltd.	Korea	Manufacture of ship component	98.51%	98.51%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			March 31, 2026	December 31, 2025	
Cheonjangsan Pung Ryeok Corporation	Korea	Private development	90.00%	100.00%	December
Gogunsan Offshore Windpower Corporation	Korea	Development business	100.00%	100.00%	December
Yeonggwang Chilhae Offshore Windpower Corporation	Korea	Private development	100.00%	100.00%	December
BoryeongNokdo Offshore Windpower Corporation	Korea	Wind power generation	100.00%	100.00%	December
Hanwha Ocean Engineering Co., Ltd.	Korea	Quality inspection	100.00%	100.00%	December
Hanwha Ocean USA Holdings Corp.	U.S.A.	Holding company	100.00%	100.00%	December
Hanwha Philly Shipyard, Inc.	U.S.A.	Building of steel ships	100.00%	100.00%	December
Hanwha Ocean Europe Ltd.	U.K.	Sales support	100.00%	100.00%	December
Hanwha Ocean Shandong Co., Ltd.	China	Manufacture of ship component	100.00%	100.00%	December
DSME Kazakhstan LLP	Kazakhstan	Ship repair and technical support	100.00%	100.00%	December
Hanwha Ocean USA International LLC	U.S.A.	Investment	100.00%	100.00%	December
Hanwha Ocean Global Operation Center LLC	U.S.A.	Marine services	100.00%	100.00%	December
Hanwha Drilling LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Tidal Action LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Hanwha Ocean Americas LLC	U.S.A.	Marketing	100.00%	100.00%	December
Hanwha Ocean Global Project Center B.V.	Netherlands	Marine design	100.00%	100.00%	December
Hanwha Ocean Brazil Ltda.	Brazil	Sales support	100.00%	100.00%	December
Hanwha Ocean Global Engineering Center India Private Limited	India	Marine design	100.00%	100.00%	March
Hanwha Ocean USA Investment LLC	U.S.A.	Investment	100.00%	100.00%	December
Hanwha Ocean Namibia Pyt Ltd	Namibia	Contract management and sales for marine projects	100.00%	100.00%	February
OCEAN E&I CO.,LTD	Korea	Transportation and warehousing	100.00%	100.00%	December
Hanwha Ocean Offshore Holdings Pte. Ltd. ^{3,4}	Singapore.	Holding company	100.00%	-	December
Hanwha Ocean Global Project Execution Center Pte. Ltd. ^{3,4}	Singapore	Comprehensive architectural engineering design and consulting services	100.00%		December
Ocean Wind Power 1 Ltd. ^{3,4}	Marshall Islands	Shipping industry	100.00%	-	December
Hanwha Defence Deutschland GmbH ³	Germany	Manufacture and sale of military equipment	100.00%	-	December
Hanwha Defence Poland sp. z o.o. ³	Poland	Manufacture and sale of military equipment	100.00%	-	December

¹ Although the Group has less than 50% ownership interest, the Group concluded that the Group has de facto control over Hanwha Systems Co., Ltd., and classified it as a subsidiary, considering the component ratio of the shareholders.

² Although the Group has less than 50% ownership interest, the Group concluded that the company should be classified as a subsidiary considering the ability to appoint or dismiss 50% of members of the board of directors in accordance with shareholders' agreement.

³ Newly established for the three-month period ended March 31, 2026.

⁴ Although no capital contribution was made by the Group, it is determined that the Group holds control over the entity, considering that the Group can exercise voting rights in the decision-making process.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

1.3 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the three-month period ended March 31, 2026 are as follows:

Subsidiaries	Reason
Hanwha Ocean Offshore Holdings Pte. Ltd.	Newly established
Hanwha Ocean Global Project Execution Center Pte. Ltd.	Newly established
Ocean Wind Power 1 Ltd.	Newly established
Hanwha Defence Deutschland GmbH	Newly established
Hanwha Defence Poland sp. z o.o.	Newly established

Subsidiaries excluded from the consolidation for the three-month period ended March 31, 2026 are as follows:

Subsidiaries	Reason
Enterprise Blockchain Co., Ltd.	Liquidated
Enterprise Blockchain Inc.	Liquidated

1.4 Summarized Financial Information

The summarized financial information of consolidated subsidiaries for each of the three-month periods ended March 31, 2026 and 2025 are as follows.

(in millions of Korean won)

March 31, 2026

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the period	Total comprehensive income (loss)
Hanwha Aero Engines Co., Ltd. ₩	365,128	227,885	137,243	65,350	8,091	14,638
Hanwha Aerospace Japan G.K	9,285	31	9,254	261	126	408
Hanwha Aerospace USA Corporation ¹	559,488	306,682	252,806	84,428	(19,143)	(6,561)
Hanwha Defense USA, Inc.	18,894	14,255	4,639	-	(9,647)	(9,176)
Hanwha Global Defense, Inc.	4,692	3,258	1,434	-	(1,698)	(1,582)
HDUSA Ordnance Solutions LLC	-	-	-	-	-	-
Hanwha Aerospace UK Limited	-	-	-	-	-	-
Hanwha Aerospace Europe	6,157	521	5,636	2,493	155	222
Hanwha Aerospace Romania S.R.L	90,116	36,698	53,418	-	(992)	373
Hanwha WB Advanced System sp.z o.o.	1,260,020	1,251,041	8,979	-	2,728	2,823
Hanwha Defence Deutschland GmbH ⁵	9,407	-	9,407	-	-	-
Hanwha Defence Poland sp. z	2	-	2	-	-	-

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in millions of Korean won)

March 31, 2026

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the period	Total comprehensive income (loss)
o.o. ⁵						
Hanwha Defense Australia Pty Ltd.	1,166,411	1,226,951	(60,540)	41,817	(7,255)	(11,458)
Hanwha Aerospace Middle East & North Africa Regional Headquarters	5,547	1,841	3,706	1,302	(139)	57
Hanwha Ocean Co., Ltd.	20,239,932	13,725,795	6,514,137	3,165,781	521,859	520,601
Hanwha Ocean Engineering Co., Ltd.	15,987	6,674	9,313	16,420	493	493
Hanwha Ocean Ecotech Co., Ltd.	438,969	129,807	309,162	43,042	5,470	5,470
Cheonjangsan Pung Ryeok Corporation	4,819	4,955	(136)	-	(99)	(99)
Gogunsan Offshore Windpower Corporation	84	116	(32)	-	(4)	(4)
Yeonggwang Chilhae Offshore Windpower Corporation	14,224	16,090	(1,866)	-	(212)	(212)
BoryeongNokdo Offshore Windpower Corporation	1,783	3,550	(1,767)	-	(112)	(112)
OCEAN E&I CO.,LTD.	262	-	262	-	(3)	(3)
Hanwha Ocean Shandong Co., Ltd.	461,103	157,924	303,179	97,458	5,205	24,289
DSME Kazakhstan LLP	1,101	3	1,098	-	(46)	54
Hanwha Ocean USA Holdings Corp. ³	1,759,432	541,591	1,217,841	44,898	(484)	79,594
Hanwha Ocean Europe Ltd.	6,719	6,386	333	2,265	80	89
Hanwha Ocean Offshore Holdings Pte. ⁵	-	-	-	-	-	-
Hanwha Ocean Global Project Execution Center Pte. Ltd. ⁵	-	-	-	-	-	-
Ocean Wind Power 1 Ltd. ⁵	-	-	-	-	-	-
Hanwha Ocean SG Holdings Pte Ltd.	876,408	3,531	872,877	-	(81)	(198)
Hanwha Offshore Singapore Pte Ltd. ⁴	531,178	231,565	299,613	73,426	9,388	22,882
Hanwha Philly Shipyard, Inc.	502,099	735,504	(233,405)	161,696	(42,498)	(53,373)
HAA No.1 Pty Ltd.	418,675	13,287	405,388	-	(57,940)	(78,034)
Hanwha Systems Co., Ltd.	9,956,426	4,988,698	4,967,728	643,556	46,248	243,785
Enterprise Blockchain Co., Ltd. ⁶	-	-	-	-	-	-
Vanila Studio Co., Ltd.	13,949	12	13,937	-	197	197
VANI STUDIO VIETNAM JOINT STOCK COMPANY	10,628	-	10,628	-	134	649
H Foundation Pte Ltd.	35,083	-	35,083	-	(6)	1,141

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in millions of Korean won)

March 31, 2026

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the period	Total comprehensive income (loss)
Hanwha Systems USA Corporation	721,294	3,530	717,764	2,377	(29,651)	(12,915)
Enterprise Blockchain Inc. ⁶	-	-	-	-	(27)	(5,067)
Hanwha Systems UK Ltd.	141,677	629	141,048	-	4,342	8,555
HS USA Holdings Corp.	355,007	2	355,005	-	(8)	751
Satrec Initiative Co., Ltd. ²	370,526	136,196	234,330	37,185	(1,996)	(1,996)
Hanwha Phasor Ltd.	12,641	11,455	1,186	-	-	-
Hanwha Aviation Co., Ltd.	140,895	-	140,895	-	59	59

¹ Presenting the consolidated financial information of Hanwha Aerospace USA Co., which includes financial information of 7 subsidiaries.

² Presenting the consolidated financial information of Satrec Initiative Co., Ltd. which includes financial information of 2 subsidiaries.

³ Presenting the consolidated financial information of Hanwha Ocean USA Holdings Corp. which includes financial information of 10 subsidiaries.

⁴ Presenting the consolidated financial information of Hanwha Offshore Singapore Pte Ltd. which includes financial information of 6 subsidiaries.

⁵ Newly established for the three-month period ended March 31, 2026.

⁶ Excluded from subsidiaries due to liquidation for the three-month period ended March 31, 2026.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in millions of Korean won)

March 31, 2025

Subsidiary		Assets		Liabilities		Equity		Sales		Profit (loss) for the period		Total comprehensive income (loss)
Hanwha Aero Engines Co., Ltd.	₩	366,905	₩	244,300	₩	122,605	₩	70,482	₩	7,301	₩	6,717
Hanwha Aerospace Japan G.K		8,874		29		8,845		303		160		606
Hanwha Aerospace USA Corporation ¹		327,534		248,091		79,443		75,815		(3,949)		(4,188)
Hanwha Defense USA, Inc.		20,884		7,070		13,814		741		(3,974)		(4,012)
Hanwha Global Defense, Inc. ⁵		6,502		3,486		3,016		-		-		-
HDUSA Ordnance Solutions LLC ⁵		-		-		-		-		-		-
Hanwha Aerospace UK Limited		-		-		-		-		-		-
Hanwha Aerospace Europe		5,954		541		5,413		2,237		133		403
Hanwha Aerospace Romania S.R.L		88,778		35,733		53,045		-		(172)		(67)
Hanwha WB Advanced System sp.z o.o. ⁵		1,522,508		1,516,353		6,155		-		-		-
Hanwha Defense Australia Pty Ltd.		1,130,065		1,179,148		(49,083)		54,841		(2,150)		(2,443)
Hanwha Aerospace Middle East & North Africa Regional Headquarters ⁵		5,856		2,140		3,716		-		-		-
Hanwha Ocean Co., Ltd.		19,724,646		13,730,328		5,994,318		3,167,008		214,152		214,041
Hanwha Ocean Engineering Co., Ltd.		16,161		7,341		8,820		11,228		(1,044)		(1,044)
Hanwha Ocean Ecotech Co., Ltd.		420,382		116,690		303,692		43,658		3,438		3,438
Cheonjangsan Wind Power Co., Ltd.		4,064		4,101		(37)		-		(118)		(118)
Gogunsan Offshore Wind Power Co., Ltd.		85		112		(27)		-		(7)		(7)
Yeonggwang Chilhae Offshore Wind Power Co., Ltd.		13,677		15,330		(1,653)		-		(166)		(166)
Boryeong Nokdo Offshore Wind Power Co., Ltd.		1,659		3,316		(1,657)		-		(80)		(80)
Ocean E&I Co., Ltd. ⁵		304		39		265		-		-		-
Hanwha Ocean Engineering (Shandong) Co., Ltd.		451,086		172,195		278,891		54,448		3,894		4,446
DSME Kazakhstan LLP		1,043		-		1,043		-		(42)		(1)
Hanwha Ocean USA Holdings Corp. ³		1,556,036		516,525		1,039,511		2,849		(6,868)		(5,745)
Hanwha Ocean Europe Ltd.		5,855		5,611		244		985		60		61
Hanwha Ocean SG Holdings Pte Ltd.		876,534		3,459		873,075		-		(189)		(332)
Hanwha Offshore Singapore Pte ⁴		542,039		265,326		276,713		103,495		16,893		19,146

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in millions of Korean won)

March 31, 2025

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the period	Total comprehensive income (loss)
Hanwha Philly Shipyard, Inc.	512,258	692,290	(180,032)	116,418	(1,480)	(1,016)
HAA No.1 Pty Ltd. ⁵	541,441	58,019	483,422	-	10,387	10,387
Hanwha Systems Co., Ltd.	9,343,423	4,527,158	4,816,265	571,805	51,125	860,607
Enterprise Blockchain Co., Ltd.	-	-	-	-	8,272	8,272
Vanilla Studio Co., Ltd.	13,753	12	13,741	-	(1)	(1)
Hanwha Intelligence Co., Ltd. ⁶	-	-	-	-	-	-
Vani Studio Vietnam Joint Stock Company	9,981	2	9,979	-	69	(2)
H Foundation Pte Ltd.	34,044	102	33,942	-	(12)	83
EBC Global Pte Ltd. ⁷	-	-	-	-	(114)	(116)
Hanwha Systems USA Corporation	733,607	2,907	730,700	2,434	(30,851)	(31,716)
Enterprise Blockchain Inc.	6,257	-	6,257	-	131	133
Hanwha Systems UK Ltd.	132,499	5	132,494	-	(86)	90,800
HS USA Holdings Corp.	308,861	14	308,847	-	(187)	(191)
Satrec Initiative Co., Ltd. ²	411,002	173,999	237,003	40,041	1,272	1,272
Hanwha Phasor Ltd.	12,253	11,104	1,149	-	(6,494)	(6,611)
Hanwha Aviation Co., Ltd.	140,836	-	140,836	-	(48)	(48)

¹ Presenting the consolidated financial information of Hanwha Aerospace USA Co., which includes financial information of 7 subsidiaries.

² Presenting the consolidated financial information of Satrec Initiative Co., Ltd. which includes financial information of 2 subsidiaries.

³ Presenting the consolidated financial information of Hanwha Ocean USA Holdings Corp., which includes financial information of 10 subsidiaries.

⁴ Presenting the consolidated financial information of Hanwha Offshore Singapore Pte Ltd., which includes financial information of 6 subsidiaries.

⁵ Newly established for the year ended December 31, 2025.

⁶ Excluded from subsidiaries due to disposal for the year ended December 31, 2025.

⁷ Excluded from subsidiaries due to liquidation for the year ended December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

2. Material Accounting Policies

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares its statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The accompanying interim condensed consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The Group's interim condensed consolidated financial statements for the three-month period ended March 31, 2026, have been prepared in accordance with KIFRS 1034 *Interim Financial Reporting*. These interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2025.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2026.

(a) Amendments to KIFRS 1109 Financial Instruments, KIFRS 1107 Financial Instruments: Disclosures

KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments had no material impact on the Group's consolidated financial statements. These amendments:

- clarify that a financial liability is derecognized on the "settlement date" and introduce an accounting policy choice (if specific conditions are met) to recognize financial liabilities settle using an electronic payment system before the settlement date;
- 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).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(b) Annual Improvements to KIFRS -Volume 11

Details of Annual Improvements to KIFRS -Volume 11 are as follows. The amendments had no material impact on the Group's consolidated financial statements.

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

(c) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Contracts referencing nature-dependent electricity are defined as contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that 'contracts to buy or sell such electricity' are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments had no material impact on the Group's consolidated financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been issued but are not yet effective, hence not adopted by the Group.

(a) KIFRS 1118 Presentation and Disclosure in Financial Statements

KIFRS 1118 *Presentation and Disclosure in Financial Statements* replaces KIFRS 1001 *Presentation of Financial Statements*. KIFRS 1118 is expected to increase comparability of the financial performance of similar entities by providing users with more useful information for analyzing and comparing the entity's performance based on the statement of profit or loss.

KIFRS 1118 should be first applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*, the comparative information for the year ended December 31, 2027, shall be restated under KIFRS 1118 as the Group is required to apply the standard retrospectively.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

When the Group prepares its consolidated financial statements by applying KIFRS 1118, the following material accounting policies are expected to result in significant differences compared to the current consolidated financial statements. These items do not include all differences that may arise in the future and may be subject to change based on the results of additional analysis.

[Changes in presentation of statement of profit or loss]

KIFRS 1118 requires all income and expenses in the statement of profit or loss to be classified into one of five categories: the operating category, investing category, financing category, income taxes category, and discontinued operations category. Under the standard, all income and expenses that are not classified as investing, financing, income tax, or discontinued operations categories are classified in the operating category. Accordingly, the operating category is a residual category.

In classifying income and expenses, the Group is required to assess its main business activities. If the Group determines investing in particular types of assets or providing financing to customers as a main business activity, certain income and expenses that would otherwise be classified in the investing or financing categories are classified instead in the operating category.

As a consequence, operating profit or loss determined in accordance with KIFRS 1118 may differ significantly from operating profit or loss calculated under KIFRS 1001, which has generally been defined as revenue less cost of sales and selling, general and administrative expenses. KIFRS 1118 requires the Group to disclose, in the notes, the operating profit or loss calculated in accordance with KIFRS 1001, together with a reconciliation between that amount and operating profit or loss as defined by KIFRS 1118.

In addition, KIFRS 1118 requires an entity to present in the statement of profit or loss the following defined subtotals: “operating profit or loss” comprising all income and expenses classified in the operating category; “profit or loss before financing and income tax” comprising operating profit or loss and all income and expenses classified in the investing category; and “profit or loss.” However, if providing financing to customers is a main business activity of the Group, the presentation of profit or loss before financing and income taxes may not be required, depending on the accounting policy applied.

[Introduction of disclosure of management-defined performance measures]

KIFRS 1118 introduces requirements for the disclosure of management-defined performance measures (MPMs). MPMs are defined as subtotals of income and expenses that are used by management in public communications outside the consolidated financial statements, and are used to communicate management’s view of the Group’s financial performance, and are not listed in paragraph 118 of KIFRS 1118 or not explicitly required to be presented or disclosed by KIFRS.

When the Group reports MPMs, it is required to disclose the reasons why such measures are reported, how those measures are calculated, and a reconciliation between those measures and the most directly comparable subtotal specified in KIFRS 1118. In addition, the Group shall disclose the income tax effect of each reconciling item and the effect of each reconciling item on non-controlling interests.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

[Changes in classification of cash flows]

In accordance with the issuance of KIFRS 1118, certain amendments have been made to KIFRS 1007 *Statement of Cash Flows*. Under the amendment, when applying the indirect method, the starting point for determining cash flows from operating activities has been changed from profit or loss for the period to operating profit or loss, and the choice regarding the classification of cash flows related to interest and dividends has been eliminated.

The Group has not yet adopted KIFRS 1118 and is in the process of determining the impact on the Group of applying KIFRS 1118. The Group has prepared a transition plan and is on track to report its first KIFRS 1118-compliant interim condensed consolidated financial statements for the period ending March 31, 2027 and annual consolidated financial statements for the year ending December 31, 2027.

2.3 Accounting Policies

Significant accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2025, except for the changes resulting from the application of new and amended standards and interpretations described in Note 2.2.1.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group 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 resulting accounting estimates will, by definition, seldom equal the related actual results.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

4. Financial Risk Management

4.1 Financial Risk Factors

The Group'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 Group'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 Group.

4.1.1 Market risk

(a) Foreign exchange risk

The Group 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 and net investments in foreign entities. Additionally, the Group evaluates, manages and reports the risks of exchange rate fluctuation periodically by the managing system of receivables and payables.

The table below summarizes the impact of weakened/strengthened Korean won on the Group's profit before tax as of March 31, 2026, based on the major foreign currency positions held by the Group. 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)

	2026			
	Increase in profit or loss for the current period from a 10% increase in market variables	Decrease in profit or loss for the current period from a 10% increase in market variables	Increase in profit or loss for the current period from a 10% decrease in market variables	Decrease in profit or loss for the current period from a 10% decrease in market variables
USD	₩ 358,635,837	₩ -	₩ -	₩ (358,635,837)
EUR	-	(30,731,015)	30,731,015	-
PHP	1,676,121	-	-	(1,676,121)

(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 interest rate risk mainly arises from floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

As of March 31, 2026, the profit before income tax shall be increased/decreased by ₩ 57,759 million, if the interest rate on floating rate borrowings increases/decreases by 1% with all other variables held constant.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

4.1.2 Credit Risk

The Group manages credit risk by establishing policies and procedures in order to reduce credit risks related to financial assets. The Group is provided collateral or guarantee from the customers when entering 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 Group subsequently takes actions corresponding to reasons of overdue.

The maximum exposure to credit risk equals to the carrying amount and the maximum guaranteed 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

Contractual maturities of the Group's non-derivative financial liabilities as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of
Korean won)

	March 31, 2026						
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	₩ 5,649,307,714	₩ 13,931,114,005	₩ 5,344,161,394	₩ 7,884,411,284	₩ 556,135,632	₩ 90,712,351	₩ 55,693,344
General facility loan	11,226,217,584	11,468,846,410	6,943,516,583	1,350,347,420	838,290,715	2,304,130,193	32,561,499
Corporate bonds	4,246,583,417	4,517,249,820	755,508,724	516,521,648	1,450,399,915	1,794,819,533	-
Lease liabilities	425,076,370	486,817,445	44,366,883	48,566,921	128,533,012	139,866,072	125,484,557
Redeemable convertible preferred shares	3,372,544	14,670,026	-	14,670,026	-	-	-
Financial liabilities at amortized cost	78,819,945	85,333,857	-	29,647,224	18,139,000	37,547,633	-
	<u>₩ 21,629,377,574</u>	<u>₩ 30,504,031,563</u>	<u>₩ 13,087,553,584</u>	<u>₩ 9,844,164,523</u>	<u>₩ 2,991,498,274</u>	<u>₩ 4,367,075,782</u>	<u>₩ 213,739,400</u>

(in thousands of
Korean won)

	December 31, 2025						
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	₩ 6,614,508,257	₩ 14,087,986,553	₩ 6,334,123,439	₩ 7,177,184,227	₩ 427,977,270	₩ 93,562,085	₩ 55,139,532
General facility loan	9,315,184,642	9,339,301,292	4,476,412,327	1,708,971,889	1,102,636,393	2,018,524,859	32,755,824
Corporate bonds	3,079,701,712	3,279,519,235	618,689,996	248,924,697	1,130,305,392	1,281,599,150	-
Lease liabilities	430,488,009	492,098,116	51,274,561	41,338,985	102,719,135	171,125,266	125,640,169
Redeemable convertible preferred shares	6,533,829	14,729,287	-	14,729,287	-	-	-
Financial liabilities at amortized cost	78,713,546	85,333,857	-	11,508,224	18,139,000	54,417,000	1,269,633
	<u>₩ 19,525,129,995</u>	<u>₩ 27,298,968,340</u>	<u>₩ 11,480,500,323</u>	<u>₩ 9,202,657,309</u>	<u>₩ 2,781,777,190</u>	<u>₩ 3,619,228,360</u>	<u>₩ 214,805,158</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

4.2 Capital Risk Management

The purpose of the Group's capital management is to maintain a sound capital structure and to maximize shareholder's profit. The Group 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>	March 31, 2026		December 31, 2025	
Liabilities (A)	₩	39,219,529,796	₩	37,165,484,932
Equity (B)		17,440,065,127		16,788,184,672
Debt ratio (A/B) (%)		224.9%		221.4%
Cash and cash equivalents (C)	₩	6,886,229,564	₩	7,713,355,500
Other current financial assets (D)		1,448,489,809		188,463,688
Borrowings and debentures (E)		15,472,801,001		12,394,886,354
Net borrowings ratio ((E-D-C)/B) (%)		40.9%		26.8%

5. Fair Value

5.1 Financial Instruments Measured at Fair Value

Carrying amount and fair value of financial instruments by category as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 6,886,229,564	₩ 6,886,229,564	₩ 7,713,355,500	₩ 7,713,355,500
Short-term financial instruments	1,448,489,809	1,448,489,809	188,463,688	188,463,688
Trade and other receivables	3,649,602,927	3,649,602,927	3,734,950,413	3,734,950,413
Current derivative assets	31,986,232	31,986,232	27,519,400	27,519,400
Long-term financial instruments	70,695,690	70,695,690	67,701,749	67,701,749
Other non-current financial assets	2,311,976,639	2,311,976,639	1,825,519,073	1,825,519,073
Long-term trade and other receivables	237,927,004	237,927,004	303,617,110	303,617,110
Non-current derivative assets	30,692,656	30,692,656	11,247,569	11,247,569
	₩ 14,667,600,521	₩ 14,667,600,521	₩ 13,872,374,502	₩ 13,872,374,502
Financial liabilities				
Trade and other payables	₩ 4,937,591,661	₩ 4,937,591,661	₩ 6,030,832,236	₩ 6,030,832,236
Current portion of borrowings and debentures	9,308,326,575	9,285,539,122	6,982,167,457	6,956,468,043
Current derivative liabilities	84,919,365	84,919,365	66,699,345	66,699,345
Other current financial liabilities	44,211,922	44,211,922	27,631,516	27,631,516
Long-term trade and other payables	697,911,456	697,911,456	572,289,168	572,289,168
Long-term borrowings and debentures	6,164,474,426	6,095,239,073	5,412,718,897	5,428,127,934
Non-current derivative liabilities	73,775,653	73,775,653	3,650,594	3,650,594
Other non-current financial liabilities	51,785,164	51,785,164	69,002,711	69,002,711
	₩ 21,362,996,222	₩ 21,270,973,416	₩ 19,164,991,924	₩ 19,154,701,547

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

5.2 Fair Value Hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Short-term financial instruments	₩ -	₩ 1,345,457,188	₩ -	₩ 1,345,457,188
Long-term financial instruments	-	4,540,200	-	4,540,200
Other non-current financial assets	1,525,317,708	252,957,181	533,701,750	2,311,976,639
Derivative assets	-	62,678,888	-	62,678,888
Derivative liabilities	-	156,373,210	2,321,808	158,695,018

(in thousands of Korean won)

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Short-term financial instruments	₩ -	₩ 82,236,000	₩ -	₩ 82,236,000
Long-term financial instruments	-	4,304,700	-	4,304,700
Other non-current financial assets	982,234,982	313,055,473	530,228,618	1,825,519,073
Derivative assets	-	38,766,969	-	38,766,969
Derivative liabilities	-	65,594,970	4,754,969	70,349,939

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as of March 31, 2026 and December 31, 2025 are as follows:

(a) Financial assets

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Financial assets at fair value through profit or loss		
Short-term and long-term financial instruments	₩ 1,349,997,388	₩ 86,540,700
Other financial assets	695,059,893	755,547,027
Financial assets at fair value through other comprehensive income	1,616,916,746	1,069,972,046
Financial assets at amortized cost		
Cash and cash equivalents	6,886,229,564	7,713,355,500
Short-term and long-term financial instruments	169,188,111	169,624,737
Trade and other receivables	3,887,529,931	4,038,567,523
Derivative instruments		
Interest rate swap held for hedging	1,734,845	655,420
Currency swap held for hedging	58,520,477	16,245,533
Currency forward held for hedging	-	19,072,754
Currency forward held for trading	2,423,566	2,793,262
	<u>₩ 14,667,600,521</u>	<u>₩ 13,872,374,502</u>

(b) Financial liabilities

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Financial liabilities at amortized cost		
Trade and other payables ¹	₩ 5,635,503,117	₩ 6,603,121,404
Current borrowings and debentures	15,472,801,001	12,394,886,354
Other financial liabilities	95,997,086	96,634,227
Derivative instruments		
Currency forward held for hedging	143,115,513	38,933,831
Currency forward held for trading	13,257,697	26,661,139
Redeemable convertible preferred shares	2,321,808	4,754,969
	<u>₩ 21,362,996,222</u>	<u>₩ 19,164,991,924</u>

¹ Provisional wage expenses are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

6.2 Net Gains or Losses by Category of Financial Instruments

Net gain or net loss on each category of financial instruments for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Financial assets at fair value through profit or loss		
Interest income	₩ 4,515,692	₩ 2,491,101
Dividend income	7,970,601	9,756,868
Loss on valuation	(124,513,926)	(53,323,350)
Gain on foreign currency translation	1,258,071	5,668,678
Financial assets at fair value through other comprehensive income		
Gain on valuation ^{1,2}	262,103,349	75,622,677
Financial assets at amortized cost		
Interest income	52,111,508	42,757,377
Reversal of bad debt expenses (bad debt expenses)	(5,467)	61,921
Reversal of other bad debt expenses (other bad debt expenses)	(13,636)	31,617
Gain on foreign currency translation	146,918,305	21,089,366
Gain (loss) on foreign currency transaction	66,735,779	(29,741,993)
Loss on disposal	(2,210,097)	(1,891,010)
Financial liabilities at amortized cost		
Interest expenses	(132,821,738)	(116,763,669)
Gain (loss) on foreign currency translation	(9,905,669)	1,258,042
Gain (loss) on foreign currency transaction	83,574,422	(14,674,764)
Derivative instruments		
Gain on valuation of total return swaps, etc.	-	12,458,682
Gain on valuation of interest rate swap held for hedging ^{1,2}	1,079,425	437,206
Gain (loss) on valuation of currency swap held for hedging ^{1,2}	4,873,671	(71,217)
Gain (loss) on valuation of currency swap held for hedging	30,830,000	(910,000)
Loss on valuation of currency forward held for hedging	(162,075,140)	(14,578,525)
Loss on valuation of currency forward held for trading	(12,226,129)	(2,294,755)
Gain on transaction of interest rate swap held for trading	334,381	-
Gain (loss) on transaction of currency forward held for hedging	(596,793)	695,538
Loss on transaction of currency forward held for trading	(19,037,861)	(9,392,910)
Total	₩ 198,898,748	₩ (71,313,120)

¹ Before tax effect.

² Gain (loss) on valuation was recognized in other comprehensive income.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

7. Transfer of Financial Assets

There are no transferred financial assets that are not entirely derecognized as of March 31, 2026 and December 31, 2025.

8. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Cash on hand	₩ 128,031	₩ 117,757
Demand deposits	2,174,600,091	2,763,958,014
Other cash and cash equivalents	4,711,501,442	4,949,279,729
	<u>₩ 6,886,229,564</u>	<u>₩ 7,713,355,500</u>

9. Restricted Financial Assets

Restricted financial instruments as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025	Restriction
Cash and cash equivalents ¹	₩ 50,693,302	₩ 977,243,597	Technology development business agreement and others
Other current financial assets ² (short-term financial instruments)	177,172,973	118,555,260	Mutual cooperation fund and others
Other non-current financial assets (long-term financial instruments)	56,555,490	56,397,049	Secured deposits and others
	<u>₩ 284,421,765</u>	<u>₩ 1,152,195,906</u>	

¹ As of March 31, 2025, in connection with the issuance of performance bonds for the Polish export business, the Group has provided a KRW-denominated time deposit of ₩ 500,000 million and a USD-denominated foreign currency time deposit amounting to USD 300 million to Seoul Guarantee Insurance Company as collateral. The restrictions on the use of such collateral were released in January 2026 upon the termination of the related guarantees.

² As of March 31, 2026, in relation to the Employee Stock Ownership Plan (ESOP), the Group has provided a KRW-denominated time deposit amounting to ₩ 13,878 million to Korea Securities Finance Corporation as collateral.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

10. Financial Assets

10.1 Financial Assets at Fair Value through Profit or Loss

Financial assets mandatorily measured at fair value through profit or loss as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Short-term and long-term financial assets				
Deposit for mutual growth of large and small business ²	₩ 142,903,000	₩ -	₩ 82,236,000	₩ -
Saving insurance and others	1,202,554,188	4,540,200	-	4,304,700
Other financial assets				
Beneficiary certificates	-	523,195,363	-	585,869,454
Equity investments	-	1,663,493	-	341,943
Cooperative investments ¹	-	117,870,617	-	117,489,161
Redeemable convertible preferred shares	-	17,522,220	-	18,843,769
Other debt instruments	-	34,808,200	-	33,002,700
	<u>₩ 1,345,457,188</u>	<u>₩ 699,600,093</u>	<u>₩ 82,236,000</u>	<u>₩ 759,851,727</u>

¹As of March 31, 2026, a portion of the above cooperative investments has been provided as collateral for guarantees (see Note 41).

² Money market funds (MMF) amounting to ₩1,202,554 million are included.

10.2 Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)	March 31, 2026	December 31, 2025
Other non-current financial assets		
Equity investments	₩ 1,616,916,746	₩ 1,069,972,046
	<u>₩ 1,616,916,746</u>	<u>₩ 1,069,972,046</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

10.3 Financial Assets at Amortized Cost

Financial assets at amortized cost as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Short-term and long-term financial instruments				
Time deposits and others	₩ 103,032,621	₩ 66,155,490	₩ 106,227,688	₩ 63,397,049
Other receivables				
Non-trade receivables	488,604,028	151,734,148	491,028,874	151,235,781
Loss allowance	(161,769,528)	(68,557,891)	(149,840,668)	(68,557,891)
Accrued income	38,442,644	398,513	58,329,426	297,631
Loss allowance	(27,828,343)	(6,101)	(27,828,343)	(6,101)
Deposits provided	13,056,874	33,125,206	81,188,928	34,840,117
Loans to employees	-	15,578,935	-	17,104,041
Loans	213,859,035	6,036,511	209,952,997	1,612,760
Loss allowance	(444,724)	(38,950)	(3,830,796)	(38,950)
	<u>₩ 666,952,607</u>	<u>₩ 204,425,861</u>	<u>₩ 765,228,106</u>	<u>₩ 199,884,437</u>

Changes in loss allowance for financial assets at amortized cost for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026		2025¹	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 181,499,807	₩ 68,602,942	₩ 186,625,083	₩ 68,562,633
(Reversal of) Bad debt expenses	13,636	-	(31,617)	-
Write-off	(3,420,377)	-	-	-
Others	11,949,529	-	(674,667)	6,101
Ending balance	<u>₩ 190,042,595</u>	<u>₩ 68,602,942</u>	<u>₩ 185,918,799</u>	<u>₩ 68,568,734</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

11. Trade Receivables and Contract Assets

Trade receivables and contract assets as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 3,100,115,916	₩ 694,857,272	₩ 3,090,419,928	₩ 762,330,361
Loss allowance	(14,432,975)	(595,200,639)	(14,469,933)	(595,200,639)
	<u>3,085,682,941</u>	<u>99,656,633</u>	<u>3,075,949,995</u>	<u>167,129,722</u>
Contract assets	<u>6,558,280,660</u>	-	<u>6,487,721,490</u>	-
	<u>₩ 9,643,963,601</u>	<u>₩ 99,656,633</u>	<u>₩ 9,563,671,485</u>	<u>₩ 167,129,722</u>

The Group transferred trade receivables to the bank and received cash and has no outstanding amounts. The Group is obligated to pay the relevant amount to a financial institution in the event of bankruptcy of the customer under the loan agreement regarding the outstanding amount.

Changes on loss allowances for trade receivables and contract assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026		2025	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Beginning balance	₩ 609,670,572	₩ -	₩ 612,911,323	₩ -
(Reversal of) Bad debt expenses	5,467	-	(61,921)	-
Others	(42,425)	-	9,184	-
Ending balance	<u>₩ 609,633,614</u>	<u>₩ -</u>	<u>₩ 612,858,586</u>	<u>₩ -</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

12. Derivatives

Derivatives as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Derivatives assets				
Interest rate swap held for hedging	₩ -	₩ 1,734,845	₩ 655,420	₩ -
Currency swap held for hedging	29,562,666	28,957,811	9,862,222	6,383,311
Currency forward held for hedging	-	-	14,208,496	4,864,258
Currency forward held for trading	2,423,566	-	2,793,262	-
	<u>₩ 31,986,232</u>	<u>₩ 30,692,656</u>	<u>₩ 27,519,400</u>	<u>₩ 11,247,569</u>
Derivatives liabilities				
Currency forward held for hedging	₩ 69,339,860	₩ 73,775,653	₩ 38,933,831	₩ -
Currency forward held for trading	13,257,697	-	23,010,545	3,650,594
Redeemable convertible preferred shares	2,321,808	-	4,754,969	-
	<u>₩ 84,919,365</u>	<u>₩ 73,775,653</u>	<u>₩ 66,699,345</u>	<u>₩ 3,650,594</u>

Derivatives for cash flow hedge

The Group has entered foreign exchange swap and interest swap contracts to hedge the risk of volatility in exchange rates and interest rate in USD regarding FRNs. The Group also recognized currency swap derivative assets of ₩ 58,520,477 thousand and interest swap derivative assets of ₩ 1,734,845 thousand as of March 31, 2026.

Derivatives for fair value hedge

The Group has entered foreign exchange swap and forward contracts to hedge the risk of volatility in exchange rates of KRW to USD and EUR regarding foreign contracts. The Group applied fair value hedge accounting, recognizing firm commitment assets of ₩ 130,700,705 thousand as of March 31, 2026. In addition, the Group also recognized derivative liabilities of ₩ 143,115,513 thousand as of March 31, 2026.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

13. Inventories

Inventories as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise and finished goods	₩ 711,412,393	₩ (9,742,822)	₩ 701,669,571
Semi-finished goods	728,403,470	(1,991,003)	726,412,467
Work in progress	5,118,551,285	(441,826,725)	4,676,724,560
Raw materials	2,272,687,619	(153,389,976)	2,119,297,643
Supplies	46,836,041	(8,385,028)	38,451,013
Materials in transit	362,320,431	-	362,320,431
	<u>₩ 9,240,211,239</u>	<u>₩ (615,335,554)</u>	<u>₩ 8,624,875,685</u>

(in thousands of Korean won)

	December 31, 2025		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise & finished goods	₩ 456,986,475	₩ (6,701,644)	₩ 450,284,831
Semi-finished goods	687,381,227	(1,899,984)	685,481,243
Work in progress	4,866,294,032	(450,359,044)	4,415,934,988
Raw materials	2,028,034,808	(147,842,869)	1,880,191,939
Supplies	42,232,811	(7,903,609)	34,329,202
Materials in transit	275,435,360	-	275,435,360
	<u>₩ 8,356,364,713</u>	<u>₩ (614,707,150)</u>	<u>₩ 7,741,657,563</u>

Details of cost of inventories recognized as expense and inventory write-down recognized in cost of sales for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026	2025
Inventories recognized in cost	₩ 4,524,370,828	4,413,850,521
Loss on valuation of inventories	628,404	42,131,912

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

14. Other Assets

Details of other assets as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Advance payments	₩ 4,610,198,129	₩ 17,156,855	₩ 4,504,137,665	₩ 32,294,506
Prepaid expenses	219,721,103	106,030,284	142,920,847	89,243,989
Incremental costs of obtaining a contract ¹	80,083,522	-	76,945,835	-
Firm commitment assets	55,153,274	75,547,431	43,404,736	-
Other	-	-	-	306,661
	<u>₩ 4,965,156,028</u>	<u>₩ 198,734,570</u>	<u>₩ 4,767,409,083</u>	<u>₩ 121,845,156</u>

¹ The Group recognized an asset for broker commissions (incurred as costs of obtaining a contract with a customer), which would not have been incurred if the contract had not been entered into.

Amortization and impairment loss amounts recognized as costs in relation to the incremental costs recognized as assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Amortization recognized as cost during the period	₩ 5,777,789	₩ 6,135,692
Reversal of impairment loss recognized as cost during the period	-	(594,929)

Incremental costs of obtaining a contract are expensed using the same method as that used to recognize revenue for the related contract.

Changes in the book amount of accumulated impairment loss of incremental costs of obtaining a contract for each of the three-month periods ended March 31, 2026 and 2025, are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Beginning balance	₩ -	₩ (1,199,613)
Reversal of impairment loss	-	594,929
Ending balance	<u>₩ -</u>	<u>₩ (604,684)</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

15. Property, Plant and Equipment

Changes in property, plant and equipment for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 3,773,297,861	₩ 2,791,179,474	₩ 1,260,074,503	₩ 825,637,981	₩ 874,252,241	₩ 9,524,442,060
Acquisition	343,866	3,152,497	32,772,870	257,622,561	11,356,124	305,247,918
Disposal	-	(297,861)	(11,217,248)	(1,077,880)	(1,527,276)	(14,120,265)
Depreciation	-	(33,327,569)	(49,312,438)	-	(29,577,610)	(112,217,617)
Others ^{1,2}	6,825,217	39,822,378	77,185,668	(77,663,737)	52,670,342	98,839,868
Ending balance	₩ 3,780,466,944	₩ 2,800,528,919	₩ 1,309,503,355	₩ 1,004,518,925	₩ 907,173,821	₩ 9,802,191,964
Acquisition cost	₩ 3,780,466,944	₩ 5,104,438,794	₩ 3,882,297,076	₩ 1,004,518,925	₩ 2,217,088,042	₩ 15,988,809,781
Accumulated depreciation	-	(2,040,917,269)	(2,341,062,036)	-	(1,064,951,303)	(5,446,930,608)
Accumulated impairment loss	-	(262,992,606)	(231,731,685)	-	(244,962,918)	(739,687,209)

¹ Reclassification and exchange differences are included.

² The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 3.12%-3.70%, and the borrowing costs capitalized as property, plant and equipment as of March 31, 2026 amount to ₩ 1,157 million.

Some of the above property, plant and equipment are provided as collateral for borrowings as of March 31, 2026 (see Note 41).

(in thousands of Korean won)

	2025					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 3,759,079,528	₩ 2,355,036,591	₩ 1,035,870,410	₩ 833,590,464	₩ 336,335,265	₩ 8,319,912,258
Acquisition	1,845,451	1,050,524	34,219,670	154,454,194	31,449,839	223,019,678
Disposal	-	(338,477)	(9,744,411)	(1,077,880)	(2,147,782)	(13,308,550)
Depreciation	-	(30,603,531)	(43,154,376)	-	(17,668,593)	(91,426,500)
Others ^{1,2}	164,952	91,096,537	45,296,473	(52,978,188)	21,860,402	105,440,176
Ending balance	₩ 3,761,089,931	₩ 2,416,241,644	₩ 1,062,487,766	₩ 933,988,590	₩ 369,829,131	₩ 8,543,637,062
Acquisition cost	₩ 3,761,089,931	₩ 4,584,774,209	₩ 3,495,287,437	₩ 933,988,590	₩ 1,618,401,721	₩ 14,393,541,888
Accumulated depreciation	-	(1,905,620,838)	(2,200,375,414)	-	(1,000,637,825)	(5,106,634,077)
Accumulated impairment loss	-	(262,911,727)	(232,424,257)	-	(247,934,765)	(743,270,749)

¹ Reclassification and exchange differences are included

² The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 3.30%-4.17%, and the borrowing costs capitalized as property, plant and equipment as of

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

March 31, 2025 amount to ₩ 603 million.

Line items, including depreciation, in the consolidated statements of comprehensive income for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>		2026		2025
Cost of sales	₩	104,395,616	₩	84,501,290
Selling and administrative expenses		4,750,063		4,637,517
Research and development		3,071,938		2,287,693
	₩	<u>112,217,617</u>	₩	<u>91,426,500</u>

16. Intangible Assets

Changes in intangible assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

*(in thousands of
Korean won)*

	2026							
	Goodwill	Development cost and technical value	Patents and trademark	Business license for international joint projects	Technical license	Software	Others	Total
Beginning balance	₩ 4,171,445,465	₩ 2,075,164,043	₩ 14,318,744	₩ 517,337,302	₩ 27,028,051	₩ 153,537,820	₩ 538,959,025	₩ 7,497,790,450
Internally generated	-	21,548,544	-	-	-	-	-	21,548,544
Acquisition	-	-	662,859	524,640	-	3,330,663	8,996,408	13,514,570
Disposal	-	-	(9,502)	-	-	(2,411)	-	(11,913)
Amortization	-	(50,191,549)	(466,579)	-	(817,820)	(8,714,215)	(35,653,984)	(95,844,147)
Others ^{1,3,4}	93,609,449	2,153,029	234	(6,183,803)	-	3,635,898	1,571,204	94,786,011
Ending balance	<u>₩ 4,265,054,914</u>	<u>₩ 2,048,674,067</u>	<u>₩ 14,505,756</u>	<u>₩ 511,678,139</u>	<u>₩ 26,210,231</u>	<u>₩ 151,787,755</u>	<u>₩ 513,872,653</u>	<u>₩ 7,531,783,515</u>
Acquisition cost	₩ 4,436,679,984	₩ 2,447,835,944	₩ 44,828,492	₩ 544,303,753	₩ 52,191,973	₩ 466,345,311	₩ 803,333,553	₩ 8,795,519,010
Accumulated amortization ²	(171,625,070)	(399,161,877)	(30,322,736)	(32,625,614)	(25,981,742)	(314,557,556)	(289,460,900)	(1,263,735,495)

¹ Reclassification and exchange differences are included.

² Accumulated impairment losses are included.

³ The amount of ₩ 3,581,168 thousand recognized as deductions from sales is included.

⁴ The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 3.36%-3.70%, and the borrowing costs capitalized as intangible assets as of March 31, 2026 amount to ₩ 215 million.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean
won)

won)	2025								
		Development		Business license					
	Goodwill	cost and technical value	Patents and trademark	for international joint projects	Technical license	Software	Others	Total	
Beginning balance	₩ 4,405,439,072	₩ 2,311,006,894	₩ 16,394,749	₩ 298,496,200	₩ 29,295,270	₩ 74,810,746	₩ 608,738,702	₩ 7,744,181,633	
Internally generated	-	9,763,329	-	-	-	-	-	9,763,329	
Acquisition	-	-	425,207	64,174	-	3,513,731	21,897,009	25,900,121	
Disposal	-	-	(2,063,174)	-	-	(49,386)	(9,500)	(2,122,060)	
Amortization	-	(47,015,489)	(672,387)	-	(291,355)	(8,006,932)	(31,165,035)	(87,151,198)	
Others ^{1,3,4}	(196,485,587)	90,463,329	160,313	(3,189,484)	477,596	81,635,893	61,664,572	34,726,632	
Ending balance	₩ 4,208,953,485	₩ 2,364,218,063	₩ 14,244,708	₩ 295,370,890	₩ 29,481,511	₩ 151,904,052	₩ 661,125,748	₩ 7,725,298,457	
Acquisition cost	₩ 4,380,577,161	₩ 2,724,611,462	₩ 62,816,853	₩ 380,327,551	₩ 52,191,973	₩ 439,690,301	₩ 790,912,134	₩ 8,831,127,435	
Accumulated amortization ²	(171,623,676)	(360,393,399)	(48,572,145)	(84,956,661)	(22,710,462)	(287,786,249)	(129,786,386)	(1,105,828,978)	

¹ Reclassification and exchange differences are included.

² Accumulated impairment losses are included.

³ The amount of ₩ 3,189,484 thousand recognized as deductions from sales is included.

⁴ The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 4.06%-4.12%, and the borrowing costs capitalized as intangible assets as of March 31, 2025 amount to ₩ 726 million.

Intangible assets with indefinite useful lives as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026	December 31, 2025
Golf membership rights	₩ 20,620,357	₩ 20,620,357
Other membership rights	11,045,665	11,045,665
Virtual assets	731,653	647,180
	₩ 32,397,675	₩ 32,313,202

Line items, including amortization, in the consolidated statements of comprehensive income for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026	2025
Cost of sales	₩ 17,983,219	₩ 14,184,297
Selling and administrative expenses	76,936,777	72,365,516
Research and development	924,151	601,385
	₩ 95,844,147	₩ 87,151,198

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Goodwill is monitored by management at the operating segment level. The table below summarizes goodwill allocation for each operating segment (cash-generating unit). Goodwill allocation as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
Landsystems division	₩	272,825,375	₩	272,825,375
Hanwha Systems Co., Ltd. – Defense division		127,333,294		127,333,294
Hanwha Systems Co., Ltd. – ICT division		331,756,852		331,756,852
Hanwha Ocean Co., Ltd.		2,509,158,846		2,509,067,287
Hanwha Aerospace USA Corporation		41,014,227		38,886,820
Hanwha Offshore Singapore Pte. Ltd.		693,227,493		606,874,802
Hanwha Philly Shipyard, Inc.		257,298,719		252,260,927
Satrec Initiative Co., Ltd.		28,228,520		28,228,520
Others		4,211,588		4,211,588
	₩	<u>4,265,054,914</u>	₩	<u>4,171,445,465</u>

Virtual assets

The Group classifies acquired virtual assets as intangible assets, and for the virtual assets acquired through the operation of platforms, acquisition cost is recognized by adding costs directly attributable to the acquisition to the purchase price, while the virtual assets acquired by rendering the services or free of charge are stated at their fair value initially. Virtual assets classified as intangible assets are deemed to have indefinite useful life and thus are not amortized. Upon disposal, costs are determined by weighted average method. Impairment tests are conducted for virtual assets classified as intangible assets on a yearly basis or when there is an indication of impairment, and the carrying amounts are stated in the amounts less accumulated impairment losses. Impairment losses and gains or losses on disposal on virtual assets are classified as non-operating income or expenses as such virtual assets are not directly related to the main operations of the Group.

The status of virtual assets held by the Group as of March 31, 2026 is as follows:

<i>(unit, in Korean won)</i>		Quantity				Fair value (per unit)	
	Listing status	Beginning balance	Acquisition	Disposal	Ending balance	December 31, 2025	March 31, 2026
Kaia	Listed ¹	7,945,738	192,013	-	8,137,751	₩ 81	₩ 70

¹ It is listed on Coinone, a virtual asset exchange in Korea.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Changes in virtual assets for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026			
	Beginning balance	Acquisition	Disposal	Ending balance
Kaia	₩ 647,180	₩ 84,473	₩ -	₩ 731,653

<i>(in thousands of Korean won)</i>	2025			
	Beginning balance	Acquisition	Disposal	Ending balance
Kaia	₩ 2,165,153	₩ 147,520	₩ -	₩ 2,312,673

Risk of holding virtual assets

Fair values of virtual assets held by the Group as of March 31, 2026 have significantly changed after the period end, and the impact thereof on the Group's consolidated financial statements cannot be estimated. Due to this uncertainty, adjustments are not reflected in the Group's consolidated financial statements.

17. Lease

Set out below is information for leases when the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

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

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
Right-of-use assets				
Properties	₩	325,139,052	₩	334,986,558
Vehicles		15,416,792		16,752,537
Others (IT tools and others)		88,005,776		91,083,735
	₩	428,561,620	₩	442,822,830
Lease liabilities				
Current	₩	83,672,601	₩	83,443,405
Non-current		341,403,769		347,044,604
	₩	425,076,370	₩	430,488,009

Additions to the right-of-use assets during the three-month period ended March 31, 2026 are ₩ 10,344 million (2025: ₩ 5,916 million).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(b) Amounts recognized in the consolidated statement of comprehensive income

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

<i>(in thousands of Korean won)</i>	2026		2025	
Depreciation of right-of-use assets				
Properties	₩	17,042,250	₩	13,662,642
Vehicles		3,589,268		3,336,383
Others (IT tools and others)		4,418,215		7,575,879
	₩	<u>25,049,733</u>	₩	<u>24,574,904</u>
Interest expense relating to lease liabilities (included in finance cost)	₩	5,164,624	₩	3,617,315
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		3,088,644		1,448,501
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and selling and administrative expenses)		2,577,412		2,367,667
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		1,620,094		4,285,158

The total cash outflow for leases for the three-month period ended March 31, 2026 was ₩ 33,815 million (2025: ₩ 35,486 million).

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

18. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

Name of entity	Location	Main business	March 31, 2026		December 31, 2025		
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	
Associates							
P&W NGPF Manufacturing Company Singapore Pte Ltd.	Singapore	Manufacturing gas turbine engine for aircrafts	30.00%	₩ 85,670,623	30.00%	₩ 79,981,688	
Sermatech Korea Co., Ltd.	Korea	Plasma coating, etc.	49.00%	7,512,288	49.00%	10,445,889	
Overair, Inc.	U.S.A	Development of PAV aircraft and components	45.19%	-	45.19%	-	
Luxrobo ¹	Korea	Coding education and development of IoT products	11.47%	4,309,051	11.47%	4,619,783	
Musicow US, Inc. ²	U.S.A	Music copyright investment platform operation	11.50%	4,593,028	11.93%	4,603,061	
Infinidome Ltd. ³	Israel	Anti-jamming solution development	9.33%	7,128,292	9.33%	6,898,794	
Forge Nano, Inc. ⁴	U.S.A	Development of batteries and equipment for semiconductors	5.49%	20,582,527	5.49%	20,582,524	
Hanwha Aviation Pte Ltd. ⁶	Singapore	Other industrial machinery and equipment rental	50.00%	146,520,041	50.00%	138,202,083	
Wing Shiptechnology Corp.	Korea	Other engineering research and development	23.20%	-	23.20%	-	
TPI Mega Line Co., Ltd. ⁷	Korea	Shipping	19.00%	5,378,612	19.00%	5,052,435	
KC LNG Tech Co., Ltd. ⁷	Korea	Patent management and licensing	16.60%	-	16.60%	-	
YEONGDEOKBEULRUWINDEU CO., LTD.	Korea	Private development	50.00%	766,977	50.00%	782,731	
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ⁸	China	Marine Plant	51.00%	808	51.00%	5,439	
Joint ventures							
Hanwha Futureproof Corp.	U.S.A	Holding company	50.00%	732,253,542	50.00%	709,983,618	
Vivity AI Inc. ⁵	U.S.A	Development of AI platform	27.69%	890,448	27.69%	774,597	
Shinan Ui Offshore Windpower Corporation ⁹	Korea	Private development	43.89%	129,400,130	60.00%	22,175,454	
Hanwha Shipping LLC	Marshall Islands	Shipping	50.00%	312,366,284	50.00%	230,437,374	
Hanwha Shipping Holdings LLC	U.S.A	Management of overseas subsidiaries	50.00%	174,574,637	50.00%	121,185,910	
Hanwha Defense & Energy Corp. ¹⁰	U.S.A	Management of overseas subsidiaries	75.00%	867,647,613	75.00%	834,426,145	
				₩ 2,499,594,901	₩ 2,190,157,525		

¹ Although the Group owns under 20% shares of Luxrobo, it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

² Although the Group owns under 20% shares of Musicow US, Inc., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

³ Although the Group owns under 20% shares of Infinidome Ltd., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

⁴ Although the Group owns under 20% shares of Forge Nano Inc., it is classified as an associate because the Group has significant influence as the participation in the board of directors.

⁵ Although the Group owns 27.69% shares of Vivity AI Inc., it is classified as a joint venture because the Group has joint control through a joint agreement as Group has right to appoint a member of the board of directors.

⁶ Although the Group owns under 50% shares of Hanwha Aviation Pte Ltd., it is classified as an associate because the Group has the right to appoint the entity's directors in accordance with the investor agreement.

⁷ The entities were classified as associates because the Group is deemed to have significant influence over the entities as the Group has the right to participate in the decision-making body of the entities.

⁸ Although the Group owns over 50% shares of DM-CMHI Offshore Engineering(Jiangsu), the entity is classified as an associate because the Group cannot exercise the majority of voting rights pursuant to contracts and others.

⁹ The Group classified the entity as a joint venture as major decisions of the decision-making body of the investee require unanimous agreement.

¹⁰ Although the Group owns over 50% shares of Hanwha Defense & Energy Corp., the entity is classified as a joint venture because the Group cannot exercise the majority of voting rights pursuant to contracts and others.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of changes in associates and joint ventures for each of three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of
Korean won)

	2026					
	Beginning balance	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Others ¹	Ending balance
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 79,981,688	₩ -	₩ 1,288,047	₩ 4,400,888	₩ -	₩ 85,670,623
Sermatech Korea Co., Ltd.	10,445,889	-	1,521,037	-	(4,454,638)	7,512,288
Overair, Inc. ²	-	-	-	-	-	-
Luxrobo	4,619,783	-	(317,352)	6,620	-	4,309,051
Musicow US, Inc.	4,603,061	-	(350,350)	-	340,317	4,593,028
Infinidome Ltd.	6,898,794	-	(72,171)	301,669	-	7,128,292
Forge Nano Inc.	20,582,524	-	-	3	-	20,582,527
Hanwha Aviation PTE. Ltd	138,202,083	-	709,471	7,608,487	-	146,520,041
Wing Shiptechnology Corp.	-	-	-	-	-	-
TPI Mega Line Co., Ltd.	5,052,435	-	326,177	-	-	5,378,612
KC LNG Tech Co., Ltd. ²	-	-	-	-	-	-
YEONGDEOKBEULRUWI NDEU CO., LTD.	782,731	-	(15,754)	-	-	766,977
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	5,439	-	(4,649)	-	18	808
Hanwha Futureproof Corp.	709,983,618	-	(15,911,266)	38,181,190	-	732,253,542
Vivity AI Inc.	774,597	-	52,166	18,823	44,862	890,448
Shinan Ui Offshore Windpower Corporation	22,175,454	104,417,800	3,034,997	-	(228,121)	129,400,130
Hanwha Shipping LLC	230,437,374	91,945,267	(25,698,575)	15,682,218	-	312,366,284
Hanwha Shipping Holdings LLC	121,185,910	45,364,713	(401,808)	8,425,822	-	174,574,637
Hanwha Defense & Energy Corp.	834,426,145	-	(11,970,194)	45,191,662	-	867,647,613
	₩ 2,190,157,525	₩ 241,727,780	₩ (47,810,224)	₩ 119,817,382	₩ (4,297,562)	₩ 2,499,594,901

¹ Others include impairment.

² The Group discontinued the application of the equity method.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

(in thousands of
Korean won)

	2025					
	Beginning balance	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Others ¹	Ending balance
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 75,526,067	₩ -	₩ 1,405,988	₩ (165,295)	₩ -	₩ 76,766,760
Sermatech Korea Co., Ltd.	9,824,261	-	1,112,640	92,342	(4,472,500)	6,556,743
Overair, Inc. ²	-	-	-	-	-	-
Luxrobo	12,914,710	-	(517,675)	(1,071)	-	12,395,964
Musicow US, Inc.	5,462,048	-	(341,223)	-	146,250	5,267,075
Infinidome Ltd.	6,668,461	-	(75,593)	(83,796)	-	6,509,072
Forge Nano, Inc.	9,007,437	11,686,400	(366,925)	21,155	32,865	20,380,932
Hanwha Aviation Pte Ltd.	107,636,416	21,757,500	501,684	(11,695)	-	129,883,905
Wing Shiptechnology Corp.	-	-	-	-	-	-
TPI Mega Line Co., Ltd.	4,643,834	-	462,339	-	(961,400)	4,144,773
KC LNG Tech(株)	-	-	-	-	-	-
YEONGDEOKBEULRUWI NDEU CO., LTD.	827,524	-	-	-	-	827,524
DM-CMHI Offshore Engineering (Jiangsu)	31,576	-	(23,965)	-	-	7,611
Hanwha Futureproof Corp	722,381,036	-	(18,214,487)	(1,728,618)	-	702,437,931
Vivity AI Inc.	5,983,750	-	(1,055,683)	(110,703)	(3,179,060)	1,638,304
Joob Global Pte Ltd.	191,024	-	(841)	-	(190,183)	-
Shinan Ui Offshore Windpower Corporation	2,759,022	-	(42,573)	-	1,984,017	4,700,466
Hanwha Shipping LLC	-	12,185,682	(88,903)	169,346	-	12,266,125
	₩ 963,857,166	₩ 45,629,582	₩ (17,245,217)	₩ (1,818,335)	₩ (6,640,011)-	₩ 983,783,185

¹ Others include impairment.

² The Group discontinued the application of the equity method.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

The tables below provides summarized financial information for those associates and joint ventures and dividends received from the associates.

(in thousands of
Korean won)

	March 31, 2026									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the period	Total comprehensive income (loss)	Dividends received from associates and joint ventures		
P&W NGPF										
Manufacturing Company	₩ 229,634,133	₩ 142,814,205	₩ 75,316,048	₩ 13,150,928	₩ 70,671,044	₩ 4,322,281	₩ 4,322,281	₩		-
Singapore Pte. Ltd.										
Sermatech Korea Co., Ltd.	14,188,622	13,421,640	5,136,866	7,142,182	10,196,118	3,104,160	3,104,160			4,454,638
Overair, Inc.	10,782,882	21,309,995	239,648,316	4,205,585	-	-	-			-
Luxrobo	9,238,097	73,205,347	13,479,461	18,044,433	294,755	(1,485,271)	(1,485,271)			-
Musicow US, Inc	5,814,113	4,134,178	7,407,512	2,252,242	2,402	(3,047,374)	(3,047,374)			-
Infinidome Ltd.	4,074,618	884,967	1,747,450	10,992,511	369,891	(630,684)	(630,684)			-
Forge Nano Inc.	32,747,374	81,083,415	38,782,338	5,553,652	10,370,812	(35,235,167)	(35,235,167)			-
Hanwha Aviation Pte Ltd.	111,561,949	415,376,960	29,310,820	204,588,009	23,506,635	1,466,220	1,466,220			-
Wing										
Shiptechnology Corp.	-	-	-	-	-	-	-			-
TPI Mega Line Co., Ltd	25,825,247	3,412,610	929,371	-	3,491,793	1,957,285	1,957,285			-
KC LNG Tech Co., Ltd	934,396	5,078,614	13,286,588	399,398	97,834	(639,490)	(639,490)			-
YEONGDEOKBEUL RUWINDEU CO., LTD.	62,153	1,399,027	928	-	-	(31,510)	(31,510)			-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	1,312	-	-	-	174,878	(9,216)	(9,216)			-
Hanwha Futureproof Corp.	283,374,678	4,357,377,754	1,882,823,511	1,293,421,836	29,651,329	(32,086,767)	(32,086,767)			-
Vivity AI Inc.	461,470	665,344	1,992,778	497,310	421,643	188,403	256,382			-
Shinan Ui Offshore Windpower Corporation	86,883,912	243,383,719	29,306,304	18,209	-	(2,571,279)	(2,571,279)			-
Hanwha Shipping LLC	37,840,801	679,957,611	2,004,952	19,220,180	-	(1,628,128)	29,557,606			-
Hanwha Shipping Holdings LLC	105,977	348,286,639	-	-	-	(803,617)	(803,617)			-
Hanwha Defense & Energy Corp.	332,106	1,156,248,770	-	-	-	(1,064)	44,280,632			-

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

(in thousands of
Korean won)

Korean won)		December 31, 2025														
		Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue		Profit (loss) for the year		Total comprehensive income (loss)		Dividends received from associates and joint ventures
P&W NGPF																
Manufacturing Company Singapore Pte. Ltd.	₩	198,911,540	₩	138,023,767	₩	60,798,492	₩	11,118,568	₩	62,683,683	₩	4,686,626	₩	4,135,643	₩	
Sermatech Korea Co., Ltd.		20,041,079		13,604,048		5,505,636		6,821,331		9,746,172		2,123,659		2,123,659		4,472,500
Overair, Inc.		10,223,574		20,204,647		227,217,767		3,987,441		-		-		489,734		-
Luxrobo		10,051,821		82,044,975		13,141,034		20,109,209		933,038		(4,457,195)		(4,466,421)		-
Musicow US, Inc		4,154,784		4,923,803		8,012,073		11,766		-		(2,559,173)		(2,559,173)		-
Infinidome Ltd.		4,379,713		738,680		2,363,161		9,358,279		424,671		(810,216)		(1,252,813)		-
Forge Nano, Inc.		31,048,769		76,877,621		36,770,699		5,265,584		3,575,329		(7,520,192)		(4,121,031)		-
Hanwha Aviation Pte Ltd.		60,629,285		388,308,973		166,564,590		5,969,503		7,357,228		1,002,976		979,586		-
Wing Shiptechnology Corp.		-		-		-		-		-		-		-		-
TPI Mega Line Co., Ltd		24,905,118		2,907,159		1,261,013		-		5,100,423		2,438,271		2,438,271		-
KC LNG Tech Co., Ltd		1,093,608		5,249,645		13,012,810		363,929		201,298		(616,731)		(616,731)		-
YEONGDEOKBEULR UWINDEU CO., LTD		98,209		1,397,226		3,673		-		-		(17,149)		(17,149)		-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.		554,086		-		607,849		-		-		(29,077)		(29,420)		-
Hanwha Futureproof Corp.		282,076,011		3,573,124,186		1,205,553,842		1,229,679,120		2,565,983		(36,102,342)		(39,559,578)		-
Vivify AI Inc.		1,040,564		734,735		1,938,211		1,382,227		172,037		(1,462,842)		(1,442,387)		-
Joob Global Pte Ltd.		-		-		-		-		-		(1,043)		(1,043)		-
Shinan Ui Offshore Windpower Corporation		10,418,811		69,353,802		32,438,646		15,570		-		(81,121)		(81,121)		-
Hanwha Shipping LLC		28,556,200		456,793,479		2,224,542		-		-		(177,807)		73,262		-
Hanwha Shipping Holdings LLC ¹		102,010		241,562,569		10,170		-		-		-		-		-
Hanwha Defense & Energy Corp ²		348,192		1,111,986,230		34,178		-		-		-		-		-

¹ The deemed acquisition date of the associate newly recognized for the year ended December 31, 2025 is July 1, 2025.

² The deemed acquisition date of the associate newly recognized for the year ended December 31, 2025 is December 31, 2025

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Details of adjustments from financial information of associates and joint ventures to the carrying amount of investments in associates as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026				
	Net asset	Ownership interests held by the Group (%)	Interest in net asset	Difference between investment and interest in net asset	Carrying amount
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 283,981,362	₩ 30.00%	₩ 85,202,448	₩ 468,175	₩ 85,670,623
Sermatech Korea Co., Ltd.	15,331,214	49.00%	7,512,288	-	7,512,288
Overair, Inc.	(211,761,024)	45.19%	(95,693,710)	95,693,710	-
Luxrobo	48,925,832	11.47%	5,609,428	(1,300,377)	4,309,051
Musicow US, Inc	288,537	11.50%	33,172	4,559,856	4,593,028
Infinidome Ltd.	(7,780,376)	9.33%	(725,909)	7,854,201	7,128,292
Forge Nano Inc.	69,494,799	5.49%	3,816,607	16,765,920	20,582,527
Hanwha Aviation Pte Ltd.	293,040,080	50.00%	146,520,041	-	146,520,041
Wing Shiptechnology Corp.	-	23.20%	-	-	-
TPI Mega Line Co., Ltd	28,308,486	19.00%	5,378,612	-	5,378,612
KC LNG Tech Co., Ltd	(7,672,976)	16.60%	(1,273,714)	1,273,714	-
YEONGDEOKBEULRUWINDEU CO., LTD.	1,460,252	50.00%	730,126	36,851	766,977
DM-CMHI Offshore Engineering (Jiangsu)	1,312	51.00%	669	139	808
Hanwha Futureproof Corp.	1,464,507,085	50.00%	732,253,542	-	732,253,542
Vivity AI Inc.	(1,384,834)	27.69%	(383,442)	1,273,890	890,448
Shinan Ui Offshore Windpower Corporation	300,943,118	43.89%	132,083,934	(2,683,804)	129,400,130
Hanwha Shipping LLC	696,573,280	50.00%	348,286,640	(35,920,356)	312,366,284
Hanwha Shipping Holdings LLC	348,392,616	50.00%	174,196,309	378,328	174,574,637
Hanwha Defense & Energy Corp.	1,156,580,876	75.00%	867,435,657	211,956	867,647,613

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean won)

December 31, 2025

	Net asset	Ownership interests held by the Group (%)	Interest in net asset	Difference between investment and interest in net asset	Carrying amount
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 254,301,818	₩ 30.00%	₩ 76,298,585	₩ 468,175	₩ 76,766,760
Sermatech Korea Co., Ltd.	13,381,122	49.00%	6,556,743	-	6,556,743
Overair, Inc.	(205,198,587)	45.19%	(92,728,179)	92,728,179	-
Luxrobo	62,890,806	11.61%	7,304,371	5,091,593	12,395,964
Musicow US, Inc	1,698,674	13.15%	223,387	5,043,688	5,267,075
Infinidome Ltd.	(1,025,088)	9.33%	(95,659)	6,604,731	6,509,072
Forge Nano, INC	29,215,605	5.91%	1,727,550	18,653,382	20,380,932
Hanwha Aviation Pte Ltd.	259,767,810	50.00%	129,883,905	-	129,883,905
Wing Shiptechnology Corp	-	23.20%	-	-	-
TPI Mega Line Co., Ltd	21,814,593	19.00%	4,144,773	-	4,144,773
KC LNG Tech Co., Ltd	(6,103,838)	16.60%	(1,013,237)	1,013,237	-
YEONGDEOKBEULRUWINDEU CO., LTD.	1,564,198	50.00%	782,099	45,425	827,524
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd	33,528	51.00%	17,099	(9,488)	7,611
Hanwha Futureproof Corp	1,404,875,862	50.00%	702,437,931	-	702,437,931
Vivity AI Inc.	1,458,689	27.69%	403,891	1,234,413	1,638,304
Joob Global Pte Ltd.	-	80.62%	-	-	-
Shinan Ui Offshore Windpower Corporation	3,925,074	60.00%	2,354,875	2,345,591	4,700,466
Hanwha Shipping LLC	24,532,250	50.00%	12,266,125	-	12,266,125

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

19. Trade and Other Payables

Trade and other payables as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
	Current	Non-current	Current	Non-current
Trade payables	₩ 1,855,551,163	₩ 157,171,839	₩ 2,175,768,987	₩ 149,019,341
Non-trade payables	1,911,031,206	65,304,090	2,219,992,722	65,653,933
Accrued expenses	830,161,126	472,943,703	1,307,338,007	357,168,524
Withholdings	337,380,818	-	323,962,312	-
Deposits received	15,356,090	2,491,824	14,009,623	447,370
	<u>₩ 4,949,480,403</u>	<u>₩ 697,911,456</u>	<u>₩ 6,041,071,651</u>	<u>₩ 572,289,168</u>

The Group has entered into purchasing card arrangements and Banker's Usance agreements to ensure stable working capital management. Under these arrangements, the Group settles its obligations by making payments to suppliers through financial providers on the original payment due dates. The Group has not provided any collateral to the financial providers. All liabilities arising from supplier finance arrangements are included in trade and other payables and borrowings in the consolidated statement of financial position.

Purchasing card arrangements

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Carrying amount of supplier finance arrangements payables	₩ 800,468,504	₩ 1,193,217,373
Amounts paid to suppliers	767,401,209	1,162,883,796
Payment due date		
Payables included in supplier finance arrangements	within 9 months	within 9 months
Payables not included in supplier finance arrangements	within 3 months	within 3 months

Banker's Usance agreements

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Banker's Usance amount	₩ 587,369,187	₩ 510,946,019
Payment due date	within 1 year	within 1 year

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Significant judgments

Non-trade payables include amount of purchasing card usage for materials and others, and the Group makes payments to the financial institutions at the end of the extended credit period according to the credit card agreement. The Group has agreed with the supplier to use the purchasing card. Payments to financial institutions are classified as trade payables and other payables and presented as cash flows from operating activities in the statement of cash flows since the nature is to purchase goods or services in the normal course of business, the payment due for the financial institutions is within the normal course of business and no collateral is provided in relation to the agreement.

In contrast, liabilities arising from usance arrangements are classified as supplier finance arrangement liabilities, and changes in such balances between the beginning and end of the reporting period are presented as cash flows from financing activities.

20. Borrowings and Debentures

Details of debentures as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	Date of issuance	Date of maturity	Annual interest rate (%)		March 31, 2026	December 31, 2025
The 125-2nd public bonds	Apr. 28, 2021	Apr. 28, 2026	2.19	₩	140,000,000	₩ 140,000,000
The 126-2nd public bonds	Apr. 20, 2023	Apr. 20, 2026	4.34		155,000,000	155,000,000
The 126-3rd public bonds	Apr. 20, 2023	Apr. 20, 2028	4.44		30,000,000	30,000,000
The 127-1st public bonds	Jan. 11, 2024	Jan. 09, 2026	4.05		-	60,000,000
The 127-2nd public bonds	Jan. 11, 2024	Jan. 11, 2027	4.14		260,000,000	260,000,000
The 127-3rd public bonds	Jan. 11, 2024	Jan. 11, 2029	4.27		80,000,000	80,000,000
The 128-1st public bonds	Jun. 26, 2024	Jun. 26, 2026	3.56		70,000,000	70,000,000
The 128-2nd public bonds	Jun. 26, 2024	Jun. 26, 2027	3.58		150,000,000	150,000,000
The 128-3rd public bonds	Jun. 26, 2024	Jun. 26, 2029	3.70		80,000,000	80,000,000
The 129-1st public bonds	Jan. 16, 2025	Jan. 15, 2027	3.02		60,000,000	60,000,000
The 129-2nd public bonds	Jan. 16, 2025	Jan. 14, 2028	3.18		240,000,000	240,000,000
The 129-3rd public bonds	Jan. 16, 2025	Jan. 16, 2030	3.30		100,000,000	100,000,000
The 130-1st public bonds	Jan. 15, 2026	Jan. 14, 2028	3.10		120,000,000	-
The 130-2nd public bonds	Jan. 15, 2026	Jan. 15, 2029	3.32		280,000,000	-
The 130-3rd public bonds	Jan. 15, 2026	Jan. 15, 2031	3.48		100,000,000	-
The 5-1st non-guarantee public bonds	Jun. 04, 2024	Jun. 04, 2026	3.71		100,000,000	100,000,000
The 5-2nd non-guarantee public bonds	Jun. 04, 2024	Jun. 04, 2027	3.79		150,000,000	150,000,000
The 6-1st non-guarantee public bonds	Apr. 29, 2025	Apr. 29, 2027	2.78		60,000,000	60,000,000
The 6-2nd non-guarantee public bonds	Apr. 29, 2025	Apr. 28, 2028	2.80		170,000,000	170,000,000
The 6-3rd non-guarantee public bonds	Apr. 29, 2025	Apr. 29, 2030	2.94		70,000,000	70,000,000
The 7-1st non-guarantee public bonds	Oct. 29, 2025	Oct. 29, 2027	2.73		90,000,000	90,000,000
The 7-2nd non-guarantee public bonds	Oct. 29, 2025	Oct. 27, 2028	2.89		190,000,000	190,000,000
The 7-3rd non-guarantee public bonds	Oct. 29, 2025	Oct. 29, 2030	3.10		120,000,000	120,000,000
The 8-1st non-guarantee public bonds	Feb. 11, 2026	Feb. 11, 2028	3.46		130,000,000	-
The 8-2nd non-guarantee public bonds	Feb. 11, 2026	Feb. 09, 2029	3.65		220,000,000	-
The 8-3rd non-guarantee	Feb. 11, 2026	Feb. 11, 2031	3.89		50,000,000	-

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

public bonds					
The 8-1st non-guarantee public bonds	Nov. 27, 2024	May. 27, 2026	4.55	20,000,000	20,000,000
The 8-2nd non-guarantee public bonds	Nov. 27, 2024	Nov. 27, 2026	4.69	80,000,000	80,000,000
The 9-1st non-guarantee private bonds	Jan. 08, 2025	Jan. 08, 2026	3.90	-	28,000,000
The 9-2nd non-guarantee private bonds	Jan. 08, 2025	Jan. 08, 2027	4.52	22,000,000	22,000,000
The 10-1st non-guarantee public bonds	Feb. 19, 2025	Feb. 19, 2027	4.09	41,000,000	41,000,000
The 10-2nd non-guarantee public bonds	Feb. 19, 2025	Feb. 18, 2028	4.57	71,000,000	71,000,000
The 11-1st non-guarantee public bonds	Jul. 24, 2025	Jul. 23, 2027	3.53	39,000,000	39,000,000
The 11-2nd non-guarantee public bonds	Jul. 24, 2025	Jul. 24, 2028	4.02	81,000,000	81,000,000
The 12-1st non-guarantee public bonds	Feb. 11, 2026	Feb. 11, 2028	3.89	110,000,000	-
The 12-2nd non-guarantee public bonds	Feb. 11, 2026	Feb. 09, 2029	4.19	150,000,000	-
Electronic short-term bonds	Jan. 22, 2026	Apr. 22, 2026	3.65	80,000,000	-
FRN private bonds ¹	Sep. 22, 2023	Sep. 22, 2026	Compounded SOFR 3M + 1.05%	136,206,000	129,141,000
FRN private bonds ¹	Jul. 29, 2024	Jul. 28, 2027	Compounded SOFR 3M + 1.05%	211,876,000	200,886,000
				<u>4,257,082,000</u>	<u>3,087,027,000</u>
Less: discount of debentures				(10,498,583)	(7,325,288)
Less: current portion of debentures				(1,163,215,877)	(781,473,417)
				<u>₩ 3,083,367,540</u>	<u>₩ 2,298,228,295</u>

¹ The Group has entered into currency swap agreements to hedge cash flows arising from interest rate fluctuations and foreign currency exchange risk (see Note 12).

Details of short-term borrowings as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	March 31, 2026	December 31, 2025
Industrial Bank of Korea	General operating fund	2.95-4.55	₩ 5,500,000	₩ 5,500,000
	LC	2.42-4.56	21,176,514	19,988,974
KB Kookmin Bank	General operating fund	4.06-5.17	205,670,000	30,000,000
	Facility loans	3.73-3.90	186,100,000	170,000,000
	LC	2.41-4.67	101,934,624	97,648,161
Korea Development Bank	General operating fund	2.50-3.60	1,642,658,937	1,709,158,937
	LC	2.79-5.01	148,251,535	102,966,316
NH Nonghyup Bank	General operating fund	3.89-4.10	350,000,000	50,000,000
	Facility loans	4.05	50,000,000	50,000,000
	LC	2.57-4.69	25,337,872	23,220,079
Shinhan Bank	General operating fund	4.01-4.17	150,000,000	50,000,000
	General operating fund (BLCP)	3.76-3.97	500,000,000	300,000,000
	LC	2.54-4.79	42,046,848	44,689,855
Woori Bank	General operating fund	4.01	100,000,000	100,000,000
	LC	2.42-4.64	109,081,018	91,568,223
KEB Hana Bank	General operating fund	4.03-4.07	300,000,000	-
	Facility loans	3.71-4.00	288,000,000	288,000,000
	LC	2.37-4.59	136,227,860	127,723,337
The Export-Import Bank of Korea	General operating fund	2.50	950,000,000	950,000,000
Suhyup Bank	General operating fund	4.07-5.03	165,402,000	113,047,000

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	March 31, 2026	December 31, 2025
Busan Bank	General operating fund	3.85	50,000,000	50,000,000
iM Bank	General operating fund	3.82-3.97	220,000,000	60,000,000
Bank of China	General operating fund	3.96	90,000,000	90,000,000
KB Securities Co.,Ltd.	CP	3.40	100,000,000	100,000,000
Korea Investment & Securities	CP	4.10	-	49,921,370
Korea Citi Bank	General operating fund	5.01	60,536,000	-
Industrial and Commercial Bank of China Yantai Development	General operating fund	3.00	8,783,854	8,223,968
China Merchants Bank Yantai Development	General operating fund	2.75	21,870,000	20,476,000
KDB Bank - New York	General operating fund	5.01-5.12	75,670,000	71,745,000
KDB Bank - Shanghai	General operating fund	2.60	4,374,000	4,095,200
Kookmin Bank - Singapore	General operating fund	4.48-4.84	52,717,529	48,669,239
Kookmin Bank - Hanoi	General operating fund	4.66-4.83	-	8,588,689
Shinhan Bank - New York	General operating fund	5.01	3,223,542	-
Woori Bank - New York	General operating fund	4.92	15,134,000	14,349,000
Woori America Bank - Philadelphia	General operating fund	4.95	30,268,000	114,792,000
Woori Bank - Hanoi	General operating fund	4.69-4.70	-	6,006,360
Woori Bank - Beijing	General operating fund	2.85	10,935,000	10,238,000
Woori Bank - Hongkong	General operating fund	4.80	27,108,068	25,766,068
KEB Hana Bank - Hongkong	General operating fund	4.60-4.85	30,120,076	48,955,528
Hanwha Chemical (Ningbo) Co., Ltd.	General operating fund	2.85	30,618,000	28,666,400
Banco Santander and 4 other banks ¹	General operating fund	5.24	302,680,000	286,980,000
Mitsubishi Capital	Facility loans	8.88	263,022	243,926
Commerz Bank	General operating fund	5.27	151,340,000	-
Banco Bilbao Vizcaya Argentaria	General operating fund	5.13	60,536,000	-
Landesbank Baden-Wuerttemberg	General operating fund	4.98	75,670,000	-
			<u>₩ 6,899,234,299</u>	<u>₩ 5,371,227,630</u>

¹ The total amount borrowed under the syndicated agreements with Banco Santander and four other banks (Banco Bilbao Vizcaya Argentaria, Shinhan Bank (Hong Kong), Westpac Banking Corporation, and Australia and New Zealand Banking Group Limited).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

The Group sold trade receivables to Woori Bank and 5 other banks with foreign currency purchase agreement and other similar agreements. The amount of receivables which is not due in maturity is recorded as short-term borrowings. The Group has no related short-term borrowings as of March 31, 2026. The Group has no long-term borrowings recognized as not due in maturity as of December 31, 2025.

Details of long-term borrowings as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	March 31, 2026	December 31, 2025
KB Kookmin Bank	General operating fund	1.00-5.07	₩ 190,661,675	₩ 186,055,925
	Facility loans	3.90	83,900,000	83,900,000
Korea Development Bank	General operating fund	3.49-4.66	1,357,562,169	1,301,956,981
	Facility loans	3.30-4.14	109,958,424	100,764,881
	LC	4.52	3,312,915	3,141,075
NH Nonghyup Bank	General operating fund	3.89	50,000,000	50,000,000
	Facility loans	3.97	100,000,000	100,000,000
	Munitions industry fund	2.00	5,113,900	5,578,800
Shinhan Bank	General operating fund	1.00	4,000,000	4,800,000
	Facility loans	1.30-4.08	152,193,899	152,168,826
Woori Bank	General operating fund	1.00	6,106,851	7,186,205
	Facility loans ¹	CD+0.99%	150,000,000	150,000,000
KEB Hana Bank	General operating fund	1.00-4.09	121,688,506	125,767,277
	Facility loans	3.59-3.96	320,000,000	320,000,000
The Export-Import Bank of Korea	General operating fund	1.00-5.64	783,223,526	859,842,126
	Facility loans	2.05-3.73	158,740,000	71,693,011
Arab Bank Group	General operating fund	5.17	75,540,861	71,566,048
Industrial and Commercial Bank of China	General operating fund	3.86	248,473,039	248,222,260
Korea Housing Urban Guarantee Corporation	General operating fund	0.00	76,594	80,625
Korea National Oil Corporation	General operating fund	0.00	7,571,204	7,309,400
Korea Midland Power Co., Ltd.	General operating fund	4.60-5.00	681,400	681,400
RENOVA, Inc.	General operating fund	5.00	500,000	-
KEB Hana Bank - Hongkong	General operating fund	5.73	8,471,271	8,946,551
KEB Hana Bank - New York	General operating fund	5.01-5.12	75,670,000	71,745,000
Woori Bank - Hanoi	General operating fund	4.93	1,882,455	3,578,526
Department of Economic and community Development (USA)	Facility loans	0.00	7,847,259	7,838,806
Mitsubishi Capital	Facility loans	8.88	1,127,337	1,133,289
Credit Agricole CIB ²	General operating fund	Compounded SOFR 3M + 1.35%	302,680,000	-
			4,326,983,285	3,943,957,012
			(1,245,876,399)	(829,466,410)
			₩ 3,081,106,886	₩ 3,114,490,602
Less: current portion of long-term liabilities				

¹ The Group entered into interest rate swap agreements to hedge the variability of cash flows attributable to interest rate risk (see Note 12).

² The Group entered into currency swap agreements to hedge the variability of cash flows attributable to interest rate and foreign exchange risks (see Note 12).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

21. Other Liabilities

Details of other liabilities as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026				December 31, 2025			
	Current		Non-current		Current		Non-current	
Advances	₩	34,639,953	₩	-	₩	36,374,638	₩	-
Firm commitment liabilities		-		-		18,028,068		-
	₩	34,639,953	₩	-	₩	54,402,706	₩	-

22. Provisions

Changes in provisions for expected losses for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026		2025	
Beginning balance	₩	107,904,564	₩	169,346,052
Increase (reversal)		(21,689,497)		(53,471,295)
Decrease		-		-
Others ¹		4,423,317		(4,262,465)
Ending balance	₩	90,638,384	₩	111,612,292

¹ Exchange differences are included.

Changes in provisions for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026					
	Provision for product warranties¹		Provision for contingent losses		Other provisions	
Beginning balance	₩	129,686,808	₩	129,651,732	₩	16,018,435
Increase (reversal)		13,784,566		(689,976)		891,502
Decrease		(3,054,815)		(7,951,930)		-
Others ²		141,669		(56,621,896)		538,753
Ending balance	₩	140,558,228	₩	64,387,930	₩	17,448,690

¹ Including provision for defect warranty obligations.

² Including the effects of exchange differences.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean won)

	2025					
	Provision for product warranties ¹		Provision for contingent losses		Other provisions	
Beginning balance	₩	112,157,088	₩	287,743,692	₩	32,615,422
Increase (reversal)		6,141,651		(15,130,284)		(68,566,861)
Decrease		(3,063,269)		(4,528,071)		(144,545)
Others ²		(557,399)		476		60,160,948
Ending balance	₩	114,678,071	₩	268,085,813	₩	24,064,964

¹ Including provision for defect warranty obligations.

² Including reclassifications and the effects of exchange differences.

23. Other Financial Liabilities

Details of other financial liabilities as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026				December 31, 2025			
	Current		Non-current		Current		Non-current	
Redeemable convertible preferred shares as a liability	₩	3,372,544	₩	-	₩	6,533,829	₩	-
Financial liabilities at amortized cost		17,521,202		50,131,334		-		67,652,537
Financial guarantee liabilities		12,150,767		1,653,830		10,036,678		1,350,174
Other financial liabilities		11,167,409		-		11,061,009		-
	₩	44,211,922	₩	51,785,164	₩	27,631,516	₩	69,002,711

Details of redeemable convertible preferred shares as a liability as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026				December 31, 2025			
	Current		Non-current		Current		Non-current	
SIA redeemable convertible preferred shares as a liability	₩	3,372,544	₩	-	₩	6,533,829	₩	-
	₩	3,372,544	₩	-	₩	6,533,829	₩	-

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Details of conditions for issuance of redeemable convertible preferred share issued by subsidiaries of the Group are as follows:

SI Analytics Co., Ltd.			
Investor	Medici 2014-2 startup investment association and others		Korea Development Bank
Date of issuance	2019.11.06		2021.06.11
The number of exercisable shares	5,688 shares		13,750 shares
Exercise price	₩ 160,000		₩ 280,000
Total amount of issuance	₩ 910,080,000		₩ 4,999,995,000
Nature of preferred shares	Participating, Cumulative, Voting rights		
Dividend	Priority in dividends		
Liquidation	Priority in the distribution of residual assets		
Conversion period	From the date of issue to the end of the business immediately preceding the redemption maturity date (10 years from the date of issue)		
Redemption condition	Redemption can be claimed from the date when four years have elapsed since the date of issuance (the amount equivalent to the principal including annual compounded interest rate of 4% and less the dividend which has already been paid)		
Automatic conversion	The shares that conversion right is not exercised within conversion period are automatically converted into ordinary share at the end of the conversion period according to the conversion ratio at that time.		
Adjustment of conversion rate	Adjusted for:		
	- the amount is less than 70% of the entity's IPO public offering price		
	- capital increase or issuance of shares-related bonds at an issuance price lower than the conversion price prior to conversion to preferred share		
Conversion rate	- the amount is less than 70% of the appraised price for calculating the exchange rate used when the entity merges with another entity.		
	1 : 1		

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Details of redeemable convertible preferred shares as a liability as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Issuance price	₩ 5,910,075	₩ 11,999,990
Carrying amount of preferred stock liabilities	3,372,544	6,533,829
Conversion right (derivative liabilities)	2,321,808	4,754,969

The net amount received from issuance of redeemable convertible preferred shares was recorded separately as the debt component, which is the main contract, and the conversion right and early redemption right, which are embedded derivatives. The debt component of the main contract is measured at amortized cost. The early redemption right and equity conversion right embedded in redeemable convertible preferred share as a liabilities were separated from the main contract and accounted for as derivatives because it does not correspond to the equity component and satisfies all conditions for separation of embedded derivatives. The fair value of the conversion right and early redemption right fluctuates according to the intrinsic share value.

24. Employee Benefits Liabilities

Details of employee benefits liabilities recognized as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Net defined benefit liabilities	₩ 472,196,961	₩ 438,203,143
Other long-term employee benefits	250,656,510	279,966,493
	<u>₩ 722,853,471</u>	<u>₩ 718,169,636</u>

Details of net defined benefit liabilities recognized as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025¹
Present value of funded defined benefit obligations	₩ 1,797,944,781	₩ 1,809,775,673
Fair value of plan assets	<u>(1,325,747,820)</u>	<u>(1,371,572,530)</u>
Net defined benefit liabilities	<u>₩ 472,196,961</u>	<u>₩ 438,203,143</u>

¹ As of March 31, 2025, plan assets exceeding the defined benefit obligation amount to ₩ 306,661 thousand. Such amount has been reclassified as a net defined benefit asset and is included in other non-current assets.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Movements in the present value of defined benefit obligations for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Current service cost	₩ 47,938,667	₩ 47,163,431
Net interest cost	4,937,155	6,717,442
	<u>₩ 52,875,822</u>	<u>₩ 53,880,873</u>

Items included in total expenses for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Cost of sales	₩ 38,837,035	₩ 41,929,020
Selling and administrative expenses	11,704,241	10,357,420
Research and development	2,334,546	1,594,433
	<u>₩ 52,875,822</u>	<u>₩ 53,880,873</u>

25. Share Capital and Capital Surplus

The Parent Company's total number of authorized shares is 200,000,000 shares and the total number of ordinary shares issued is 51,563,401 shares with a par value of ₩ 5,000 per share. The Parent Company acquired 2,620,655 shares cumulatively, and retired or disposed of 2,506,042 shares. As a result, differences of ₩ 12,500 million occurred between the total par value of the issued stock and the share capital.

Details of capital surplus as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
Share premium	₩ 4,366,055,928	₩ 4,366,055,928
Other capital surplus	(752,997,615)	(761,630,601)
Loss on spin-off	(717,130,464)	(717,130,464)
	<u>₩ 2,895,927,849</u>	<u>₩ 2,887,294,863</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

26. Share based payments

The Group granted restricted share units (“RSUs”) to its key executives pursuant to a resolution in the Board of Directors, and details are as follows:

March 31, 2026

Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	5,740 shares
Share value-based cash payments ¹	₩ 0
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2026, etc ¹
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the current year.
Exercisable date	The payment for the RSUs become effective from January 2027 to March 2035 depending on each executive, regardless of the executive’s employment status (however, the Group may pay if the condition for an interim payment is satisfied).

¹ For executives who granted mid-term, the time of grant and the base stock price are determined depending on each executive contractual terms.

December 31, 2025

Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	101,552 shares
Share value-based cash payments ¹	₩ 5,028,327,450
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2025, etc ¹
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the current year.
Exercisable date	The payment for the RSUs becomes effective from January 2027 to March 2035 depending on each executive, regardless of the executive’s employment status (however, the Group may pay if the condition for an interim payment is satisfied).

¹ For executives who were granted mid-term, the time of grant and the base stock price are determined depending on each executive’s contractual terms.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Changes in the number of equity-settled share options for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in shares)</i>	2026	2025
Beginning balance	698,305	362,102
Granted	5,740	-
Ending balance	704,045	362,102
Exercisable at the end of the year	-	-

The weighted-average remaining contractual maturity of share options outstanding at the end of reporting period is 4.4 years and the exercise price is ₩ 0.

Details of changes in the number of cash-settled stock options for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

	Amount (in shares)		Market average stock price (in Korean won)	
	2026	2025	2026	2025
Beginning balance	280,185	483,979	₩ 941,000	₩ 326,500
Granted ¹	-	16,047	-	313,350
Change in plan ²	-	(224,289)	-	848,000
Effects of capital increase ³	-	4,448	-	837,000
Ending balance	280,185	280,185	₩ 1,249,000	₩ 941,000
Exercisable at the end of the year	-	-	₩ -	₩ -

¹ The grant price was calculated as the arithmetic average of closing prices in the securities market for one month immediately before the grant base date.

² Pursuant to a resolution of the Board of Directors dated June 30, 2026, the Group modified share options from cash-settled to equity-settled share options only for those contracts for which the holders agreed to the modification.

³ As a result of the ex-rights date arising from the capital increase conducted for the year ended December 31, 2025, the Group adjusted the previously granted RSUs in proportion to the ex-rights value ratio.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Details of liabilities and intrinsic value related to share value-based cash as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
Liabilities	₩	349,951,065	₩	263,654,085
Intrinsic value (in Korean won) ¹		1,249,000		941,000

¹ The Group evaluates the intrinsic value based on the market value of the shares traded in security markets at the end of each reporting period.

Details of recognized expenses of share-based payments for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026		2025	
Equity-settled share options	₩	4,663,132	₩	-
Share value-based cash payments		86,296,980		144,948,579
	₩	<u>90,960,112</u>	₩	<u>144,948,579</u>

27. Capital Adjustments

The Group's capital adjustments consist of treasury shares and there are 114,613 treasury shares amounting to ₩ 21,020 million as of March 31, 2026. Treasury shares are restricted for voting rights in accordance with the Commercial Law.

28. Accumulated Other Comprehensive Income

Accumulated other comprehensive income as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
Financial assets at fair value through other comprehensive income	₩	119,656,716	₩	(30,281,480)
Cash flow hedge		4,093,614		(1,321,269)
Revaluation surplus		411,767,176		411,767,176
Exchange differences		278,037,515		119,129,128
Share in other comprehensive income of associates and joint ventures		132,174,807		65,849,667
Others		435,876		435,835
	₩	<u>946,165,704</u>	₩	<u>565,579,057</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

29. Retained Earnings

Retained earnings as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2026	December 31, 2025
Legal reserves	Legal earnings reserve ¹	₩ 103,580,048	₩ 67,565,896
Discretionary reserves	Facility reserves and others ²	3,794,562,773	2,733,460,971
Other reserves	Asset revaluation reserves and others	150,297,720	168,907,121
Retained earnings before appropriation	Profit (loss) and others	1,818,747,248	3,012,801,743
		<u>₩ 5,867,187,789</u>	<u>₩ 5,982,735,731</u>

¹ The Commercial Act of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal earnings reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. 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 legal earnings reserve) exceed 1.5 times the paid-in capital, the excess amount may be reduced (and become available for distribution) upon a resolution of the shareholders' meeting.

² In addition to the legal reserves, the Parent Company has appropriated business expansion reserves and other discretionary reserves without specific purposes. These reserves may subsequently be used for other purposes upon a resolution of the shareholders' meeting.

30. Hybrid Bonds

Hanwha Ocean Co., Ltd., a subsidiary, issued hybrid bonds, which are included in non-controlling interest in the consolidated financial statements. Details thereof are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026	December 31, 2025
8th Private unregistered non-guarantee convertible bond ¹	₩ 1,000,000,000	₩ 1,000,000,000
9th Private unregistered non-guarantee convertible bond ¹	1,284,775,000	1,284,775,000
10th Private unregistered non-guarantee convertible bond ¹	48,057,256	48,057,256
	<u>₩ 2,332,832,256</u>	<u>₩ 2,332,832,256</u>

¹ The Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination on December 26, 2024, and newly recognized the hybrid bonds held by the subsidiary. The relevant amounts are included in non-controlling interest.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

8th Private unregistered non-guarantee convertible bond

On December 29, 2016, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,000,000,000 thousand of the outstanding balance of exporting financing loan (expiry date: January 2, 2018) made from November 25, 2015 to December 12, 2016.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of June 28, 2017, December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the conditions of bond issuance are as follows:

Details

Name of the bond	8th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 1,000,000,000 thousand
Bond maturity	December 29, 2046 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from the 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from the 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment¹, a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021.
Early redemption right	- Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established).
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer - The acquiring company may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company.
Debt-to-Equity conversion of accrued interest	- In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

9th Private unregistered non-guarantee convertible bond

On June 28, 2017, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,284,775,000 thousand of the outstanding balance of exporting financing loan (expiry date: March 31, 2017) made from October 17, 2014 to February 9, 2017.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the conditions of bond issuance are as follows:

Details

Name of the bond	9th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 1,284,775,000 thousand
Bond maturity	June 28, 2047 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from the 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from the 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment ¹, a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021.
Early redemption right	- Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer - The acquiring company may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company.
Debt-to-Equity conversion of accrued interest	- In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

10th Private unregistered non-guarantee convertible bond

On March 14, 2018, convertible bonds were issued to Korea Export-Import Bank to secure its capital, by offsetting ₩ 48,057,256 thousand of the outstanding balance of exporting financing loan (expiry date: March 27, 2018) made on January 31, 2018.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the conditions of bond issuance are as follows:

Details

Name of the bond	10th Private unregistered non-guarantee convertible bond
Bond issuance amount	₩ 48,057,256 thousand
Bond maturity	March 14, 2048 (30 years), The maturity date can be extended under the same conditions at the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from the 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from the 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹, and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment¹, a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021.
Early redemption right	- Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer - The acquiring company may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company.
Debt-to-Equity conversion of accrued interest	- In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

31. Non-current Assets Held for Sale

Details of assets of disposal group classified as held for sale as of March 31, 2026 and December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2026		December 31, 2025	
Property, plant and equipment ¹	₩	44,342,864	₩	44,342,864
	₩	44,342,864	₩	44,342,864

¹ ₩ 27,881million of the cumulative revaluation gain of land classified as held-for-sale non-current assets recognized as of March 31, 2026, is included.

32. Construction Contracts

Changes in the remaining balance of construction contracts for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>		2026					
		Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Beginning balance	₩	1,471,020,427	₩ 8,384,866,743	₩ 89,052,425	₩ 351,065,607	₩ 36,244,489,500	₩ 46,540,494,702
Increase		86,386,590	1,921,735,618	108,672,389	256,886,968	3,933,763,053	6,307,444,618
Construction revenue recognition		(110,484,255)	(560,493,354)	(38,503,283)	(39,558,084)	(3,357,524,543)	(4,106,563,519)
Ending balance	₩	1,446,922,762	₩ 9,746,109,007	₩ 159,221,531	₩ 568,394,491	₩ 36,820,728,010	₩ 48,741,375,801

<i>(in thousands of Korean won)</i>		2025					
		Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Beginning balance	₩	1,493,707,648	₩ 9,083,092,491	₩ 99,486,880	₩ 511,029,083	₩ 32,977,240,037	₩ 44,164,556,139
Increase		21,409,693	318,943,500	35,214,599	4,504,071	3,884,649,163	4,264,721,026
Construction revenue recognition		(124,210,407)	(459,800,652)	(37,712,975)	(40,040,708)	(3,523,684,354)	(4,185,449,096)
Ending balance	₩	1,390,906,934	₩ 8,942,235,339	₩ 96,988,504	₩ 475,492,446	₩ 33,338,204,846	₩ 44,243,828,069

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of recognized construction profit or loss for ongoing construction contracts as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

March 31, 2026

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,370,625,228	₩ 6,111,795,778	₩ 113,098,189	₩ 534,808,798	₩ 19,389,289,483	₩ 27,519,617,476
Accumulated contract cost	1,323,798,963	5,513,634,007	105,698,357	451,556,020	17,611,657,459	25,006,344,806
Accumulated contract profit	₩ 46,826,265	₩ 598,161,771	₩ 7,399,832	₩ 83,252,778	₩ 1,777,632,024	₩ 2,513,272,670

(in thousands of Korean won)

December 31, 2025

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,515,291,078	₩ 6,095,528,980	₩ 131,213,958	₩ 773,087,898	₩ 19,196,900,272	₩ 27,712,022,186
Accumulated contract cost	1,461,996,045	5,551,974,752	116,348,919	606,382,238	17,264,126,823	25,000,828,777
Accumulated contract profit	₩ 53,295,033	₩ 543,554,228	₩ 14,865,039	₩ 166,705,660	₩ 1,932,773,449	₩ 2,711,193,409

Amounts due from and due to customers for contract work as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

March 31, 2026

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 252,429,952	₩ 732,605,219	₩ 14,406,065	₩ 22,435,898	₩ 5,518,346,587	₩ 6,540,223,721
Due to customers	137,333,196	1,766,486,909	27,250,409	55,287,939	5,392,104,660	7,378,463,113
Provision for expected losses ¹	₩ 5,294,116	₩ 24,591,277	₩ -	₩ 10,275	₩ 60,742,716	₩ 90,638,384

¹ Amounts are recognized as provisions in the statement of financial position.

(in thousands of Korean won)

December 31, 2025

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 201,552,337	₩ 651,250,925	₩ 23,682,883	₩ 27,592,777	₩ 5,565,403,906	₩ 6,469,482,828
Due to customers	152,843,825	1,817,949,330	9,674,167	70,011,818	5,567,926,568	7,618,405,708
Provision for expected losses ¹	₩ 6,406,106	₩ 29,066,581	₩ -	₩ 10,275	₩ 72,421,602	₩ 107,904,564

¹ Amounts are recognized as provisions in the statement of financial position.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

As of March 31, 2026, the estimated total revenue and estimated total costs for contracts in progress have changed due to factors causing cost increases. Details of changes in estimated total contract costs, profits or loss for the period and the succeeding period, and the impact on due from customers for contract work are as follows:

(in thousands of Korean won)	Changes in		Impact on profit		Impact on profit		Changes in
	estimated total	Changes in	Impact on profit	or loss for	or loss for	Changes in	contract
	contract	estimated total	or loss for the	succeeding	succeeding	contract assets	liabilities
	revenue	contract costs	period	period			
Aerospace	₩ 6,872,250	₩ (7,934,435)	₩ 2,193,167	₩ 12,613,518	₩ 4,862,363	₩ 2,669,196	
Defense	30,819,659	(40,946,442)	22,068,884	49,697,217	25,455,347	3,386,463	
ICT	1,764,784	1,712,495	163,036	(110,747)	802,652	639,616	
Satrec Initiative	1,208,029	4,112,721	(2,604,239)	(300,453)	263,402	2,867,641	
Marine	258,751,376	(608,135,869)	(42,970,188)	909,857,433	2,078,011	45,048,199	
	₩ 299,416,098	₩(651,191,530)	₩ (21,149,340)	₩ 971,756,968	₩ 33,461,775	₩ 54,611,115	

As of March 31, 2026 and December 31, 2025, the information on major contracts for which the contract revenue amount is 5% or more of the previous fiscal year sales is as follows.

(in thousands of Korean won)	March 31, 2026						
	Contract date	Construction due date	Progress rate	Due from customers		Due to customers	
				Gross amount	Loss allowance	Gross amount	Loss allowance
Contract A001 ¹	Dec. 05, 2018	Apr. 15, 2026	99.75%	₩ 8,805,184	₩ -	₩ 19,543,613	₩ -
Contract A002 ¹	Dec. 23, 2020	Oct. 31, 2029	60.28%	-	-	-	-
Contract A003 ¹	Dec. 29, 2021	Dec. 31, 2030	45.59%	317,024,976	-	26,431,531	-
Contract A004 ¹	Dec. 13, 2021	Mar. 31, 2028	74.92%	-	-	-	-
Contract A005 ¹	Dec. 01, 2023	Jul. 31, 2033	34.88%	-	-	-	-
Contract B015 ¹	May. 09, 2024	Dec. 31, 2032	2.25%	1,944,546	-	-	-
Contract A006 ¹	Jul. 08, 2024	Mar. 26, 2034	6.17%	-	-	1,078	-
Contract A007 ¹	Oct. 27, 2025	Jan. 28, 2033	0.08%	-	-	-	-
Contract O001 ¹	Oct. 10, 2019	Sep. 07, 2027	85.85%	470,055,884	-	-	-
Contract O002 ¹	Dec. 22, 2023	Jul. 31, 2031	5.96%	-	-	-	-
Contract O003 ¹	Sep. 09, 2021	Sep. 28, 2028	75.84%	247,279,927	-	-	-
Contract O004 ¹	Jun. 01, 2021	Aug. 30, 2025	100%	923,496	-	-	-
Contract O005 ¹	Jun. 10, 2022	Jul. 03, 2026	93.96%	897,500	-	107,667,070	-
Contract O006 ¹	Sep. 30, 2024	Sep. 15, 2027	20.49%	-	-	-	-
Contract O008 ¹	Dec. 01, 2020	Jun. 30, 2025	100%	-	-	9,793,372	-
Contract O009 ¹	Dec. 22, 2025	Jun. 19, 2029	9.87%	30,589,844	-	-	-
Contract P001 ¹	Jan. 19, 2021	Nov. 22, 2025	96.84%	34,119,367	-	-	-
Contract P002 ¹	Nov. 01, 2022	Jul. 01, 2028	27.28%	-	-	-	-
Contract P003 ¹	Aug. 26, 2025	Jun. 30, 2030	0.00%	-	-	-	-
				₩ 1,111,640,724	₩ -	₩ 163,436,664	₩ -

¹ The name of the contract was not separately indicated under the relevant laws and regulations.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of
Korean won)

				December 31, 2025							
	Contract date	Construction due date	Progress rate	Due from customers				Due to customers			
				Gross amount		Loss allowance		Gross amount		Loss allowance	
Contract A001 ¹	2018.12.05	2026.04.15	99.73%	₩	8,729,515	₩	-	₩	19,543,613	₩	-
Contract A002 ¹	2020.12.23	2029.10.31	58.60%		-		-		-		-
Contract A003 ¹	2021.12.29	2030.12.31	40.49%		315,950,160		-		-		-
Contract A004 ¹	2021.12.13	2028.03.31	73.29%		-		-		-		-
Contract A005 ¹	2023.12.01	2033.07.31	32.71%		-		-		-		-
Contract B015 ¹	2024.05.09	2032.12.31	1.73%		-		-		-		-
Contract A006 ¹	2024.07.08	2034.03.26	4.81%		-		-		-		-
Contract A007 ¹	2025.10.27	2033.01.28	0.00%		-		-		-		-
Contract O001 ¹	2019.10.10	2027.09.07	85.92%		463,978,637		-		-		-
Contract O002 ¹	2023.12.22	2031.07.31	4.86%		-		-		-		-
Contract O003 ¹	2021.09.09	2028.09.28	66.42%		153,208,946		-		-		-
Contract O004 ¹	2021.06.01	2025.08.30	100.00%		1,381,955		-		9,036,851		-
Contract O005 ¹	2022.01.10	2026.07.03	91.59%		380,199		-		126,817,827		-
Contract O006 ¹	2024.09.30	2027.09.15	5.44%		-		-		-		-
Contract O007 ¹	2012.12.24	2021.08.13	100.00%		57,333,681		-		-		-
Contract O008 ¹	2020.12.01	2025.06.30	100.00%		-		-		-		-
Contract O009 ¹	2025.12.22	2029.06.19	9.56%		188,574,693		-		-		-
Contract P001 ¹	2021.01.19	2025.11.22	94.58%		34,119,367		-		-		-
Contract P002 ¹	2022.11.01	2028.07.01	19.37%		-		-		-		-
Contract P003 ¹	2025.08.26	2030.06.30	0.00%		-		-		-		-
				₩	1,223,657,153	₩	-	₩	155,398,291	₩	-

¹ The name of the contract was not separately indicated under the relevant laws and regulations.

33. Operating Segment Information

The Group classifies its operating segments by nature of products. Revenue-generating goods and services, and major clients by operating segment are summarized as follows:

	Major products and services	Major customer
Aerospace engine	Manufacture and sale of engine and components for aircraft	Ministry of Defense, Pratt and Whitney, General Electric and foreign others
Defense	Manufacture and sale of defense machinery	Defense Acquisition Program Administration and foreign others
ICT	IT consulting, SI, ITO, logistics and others	Affiliates of the Group
Satrec Initiative	Manufacture and sale of satellite systems and others	Ministry of Defense and foreign others
Marine	Manufacture and sale of commercial ships, marine and specialty ships, plant and wind power	Mitsui O.S.K Lines.Ltd and foreign others

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Financial performance by each service provided for each of the three-month periods ended March 31, 2026 and 2025 is as follows:

(in thousands of Korean
won)

won)		2026												
		Aerospace		Defense		ICT		Satrec Initiative		Marine		Consolidation adjustments		Total ²
Revenues	₩	676,443,784	₩	1,689,490,913	₩	174,722,038	₩	49,409,928	₩	3,604,985,519	₩	(444,028,686)	₩	5,751,023,496
Operating profit (loss)		23,932,189		275,701,875		12,628,133		(4,250,028)		387,170,581		(56,290,590)		638,892,160
Reportable segment profit (loss) before tax		(35,573,876)		265,286,693		(35,104,597)		(4,244,520)		502,839,808		(138,259,181)		554,944,327
Reportable segment net income (loss) for the period		(29,351,738)		220,556,746		(25,729,053)		(4,253,982)		498,948,475		(133,910,420)		526,260,028
Reportable segment interest income		533,588		44,800,335		473,312		256,390		20,522,177		(9,958,602)		56,627,200
Reportable segment interest expenses		19,366,240		58,530,228		1,569,507		537,645		63,619,156		(5,636,414)		137,986,362
Reportable segment depreciation ¹		18,032,361		56,008,786		7,874,793		4,656,890		75,808,281		70,730,386		233,111,497
Reportable segment assets		8,712,854,466		24,894,706,018		3,485,105,551		648,983,841		29,319,492,974		(10,401,547,927)		56,659,594,923
Reportable segment liabilities		5,094,947,394		19,441,126,863		675,720,831		279,982,499		15,563,491,064		(1,835,738,855)		39,219,529,796

¹ Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of
Korean won)

Korean won)		2025												
		Aerospace		Defense		ICT		Satrec Initiative		Marine		Consolidation adjustments		Total ²
Revenues	₩	540,944,175	₩	1,552,631,838	₩	143,949,401	₩	55,896,633	₩	3,500,090,774	₩	(309,292,213)	₩	5,484,220,608
Operating profit (loss)		7,896,692		344,207,820		10,756,914		(1,571,662)		274,548,277		(105,893,087)		529,944,954
Reportable segment profit (loss) before tax		(17,631,583)		564,375,742		(28,537,240)		(5,182,541)		233,322,656		(516,112,286)		230,234,748
Reportable segment profit (loss) for the period		(19,040,945)		509,880,307		(16,703,423)		(5,835,496)		228,254,263		(513,664,853)		182,889,853
Reportable segment interest income		676,159		22,139,241		397,584		838,441		21,412,914		(215,861)		45,248,478
Reportable segment interest expenses		22,232,356		44,984,366		802,618		428,866		52,148,639		(215,861)		120,380,984
Reportable segment depreciation ¹		14,921,536		52,145,262		7,653,578		2,169,334		56,994,784		69,268,108		203,152,602
Reportable segment assets		6,355,328,466		15,909,594,779		2,023,128,483		612,861,695		24,945,664,895		(5,818,796,132)		44,027,782,186
Reportable segment liabilities		3,905,562,946		15,958,254,149		400,623,723		324,223,549		14,063,607,023		(890,389,336)		33,761,882,054

¹ Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.

Revenues over 10% of the Group's revenue are derived from one external customer, of which 11.77% is from customer A, for the three-month period ended March 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

34. Selling and Administrative Expenses

Details of selling and administrative expenses for each of three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>		2026		2025
Salaries and allowances	₩	146,146,997	₩	143,118,708
Bonuses		7,137,904		13,865,423
Post-employment benefits		13,384,661		11,691,215
Employee welfare benefits		28,717,961		11,923,664
Depreciation		4,750,063		4,637,517
Amortization		76,936,777		72,365,516
Depreciation of right-of-use assets		8,548,745		7,675,277
Advertisement		49,544,919		42,538,811
Training and education		3,768,809		4,572,766
Social gatherings		4,213,866		3,045,870
(Reversal of) bad debt expenses		5,467		(61,921)
Publications		281,434		308,793
Document forwarding fee		11,069		34,716
Logistics		4,312,647		3,800,902
Insurance		15,058,383		15,602,918
Services		1,025,538		94,436
Taxes and dues		5,909,914		6,134,099
Supplies		2,523,151		1,462,004
Repairs and maintenance		4,261,954		3,256,482
Travel		11,639,955		8,500,782
Utilities		1,808,977		1,018,881
Prints		84,224		78,809
Rents		10,001,885		4,985,334
Electronic data processing		5,772,078		4,091,133
Research		491,214		1,048,712
Commission fees		98,269,925		90,061,837
Communication		661,342		659,960
Events		3,869,820		1,083,167
Conferences		420,416		362,542
	₩	<u>509,560,095</u>	₩	<u>457,958,353</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

35. Expenses classified by nature

The breakdown of expenses by nature for each of the three-month periods ended March 31, 2026 and 2025 is as follows:

<i>(in thousands of Korean won)</i>	2026		2025	
Changes in inventories of finished goods, semi-finished goods and work in process	₩	(320,890,943)	₩	(316,467,789)
Purchase of merchandise		108,814,568		105,035,929
Raw materials and consumables used		2,780,233,913		2,794,022,401
Salary and wages ¹		814,976,083		732,328,358
Employee welfare benefits		135,241,923		100,331,896
Depreciation		112,217,617		91,426,500
Amortization		95,844,147		87,151,198
Depreciation of right-of-use assets		25,049,733		24,574,904
Freight and custody charges		29,407,462		31,768,671
Taxes and dues		14,631,911		12,040,565
Repairs and maintenance		36,752,969		34,234,450
Utilities		50,864,289		49,412,330
Rents		38,157,375		31,470,982
Electronic data processing		20,786,871		19,893,183
Payment fees		239,424,556		137,373,948
Technical license fees		14,266,378		50,566,406
Outsourcing		828,477,319		940,443,350
Others		87,875,165		28,668,372
Total ²	₩	<u>5,112,131,336</u>	₩	<u>4,954,275,654</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 consolidated statements of comprehensive income.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

36. Other Income and expenses

Details of other income and expenses for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026		2025	
Other income				
Fees revenues	₩	3,777,507	₩	-
Gain on foreign currency transactions		40,199,302		13,586,948
Gain on foreign currency translations		106,323,308		19,327,181
Gain on disposal of property, plant and equipment		700,189		705,219
Gain on disposal of intangible assets		-		3,590
Gain on disposal of right-of-use assets		1,448,154		181,385
Gain on disposal of investment in associates and joint ventures		930,731		317,968
Gain on disposal of business		9,753,209		22,043,690
Reversal of other bad debt expenses		-		31,617
Gain on valuation of firm commitments		147,924,238		-
Dividends income		7,970,601		9,756,868
Income on government grants		179,737		718,484
Miscellaneous income		20,607,228		30,975,776
	₩	339,814,204	₩	97,648,726
Other expenses				
Fees	₩	2,253,689	₩	3,655,828
Loss on foreign currency transactions		38,297,620		22,751,431
Loss on foreign currency translations		57,259,674		13,581,727
Loss on valuation of RSU		86,296,980		144,948,579
Loss on disposal of trade receivables		2,210,097		1,891,010
Loss on disposal of property, plant and equipment		629,140		149,083
Loss on disposal of right-of-use assets		7,057,619		130,002
Loss on disposal of investment in associates and joint ventures		228,120		452
Loss on disposal of business		11,061,390		-
Impairment loss of intangible assets		178,781		-
Loss on valuation of firm commitments		38,767		-
Donations		3,518,983		2,654,369
Other bad debt expenses		13,636		-
Miscellaneous expenses		34,080,453		34,891,766
	₩	243,124,949	₩	224,654,247

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

37. Finance Income and Costs

Details of finance income and costs for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026		2025	
Finance income				
Interest income	₩	56,627,200	₩	45,248,478
Gain on foreign currency transactions		287,095,979		118,093,948
Gain on foreign currency translations		293,651,340		37,363,619
Gain on valuation of financial assets at FVPL		6,101,036		3,312,392
Gain on valuation of derivatives		35,949,823		12,853,785
Gain on derivatives transactions		3,937,988		10,745,528
	₩	<u>683,363,366</u>	₩	<u>227,617,750</u>
Finance costs				
Interest expenses	₩	137,986,362	₩	120,380,984
Payment guarantee fee		3,315		-
Loss on foreign currency transactions		138,687,460		153,346,222
Loss on foreign currency translations		204,444,267		15,092,987
Loss on valuation of financial assets at FVPL		130,614,962		56,635,742
Loss on valuation of derivatives		179,421,092		18,178,383
Loss on derivatives transactions		23,238,261		19,442,900
Loss on repayment of debentures		1,794,511		-
	₩	<u>816,190,230</u>	₩	<u>383,077,218</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

38. Earnings per Share

Basic earnings per share for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in Korean won, except for earnings per share)</i>	2026	2025
Profit for the period attributable to the owners of the Parent Company	₩ 260,710,015,239	₩ 59,511,573,644
Weighted-average number of ordinary shares outstanding	52,149,931 shares	45,827,029 shares
Earnings per share	₩ 4,999	₩ 1,299

The weighted average number of ordinary shares for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in shares)</i>	2026	2025
Beginning balance	51,563,401	45,581,161
Effect of treasury shares	(114,613)	(114,613)
Effect of share options	701,143	360,481
Weighted average number of ordinary shares	<u>52,149,931</u>	<u>45,827,029</u>

Diluted earnings per share for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in Korean won, except for earnings per share)</i>	2026	2025
Profit for the period attributable to the owners of the Parent Company	₩ 260,710,015,239	₩ 59,511,573,644
Weighted-average number of ordinary shares outstanding for diluted earnings per share	52,149,931 shares	45,827,029 shares
Diluted earnings per share	₩ 4,999	₩ 1,299

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

The weighted average number of ordinary shares for diluted earnings per share for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in shares)</i>	2026	2025
Beginning balance	51,563,401	45,581,161
Effect of treasury shares	(114,613)	(114,613)
Effect of share options ¹	701,143	360,481
Weighted average number of ordinary shares	<u>52,149,931</u>	<u>45,827,029</u>

¹ Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options granted to the key executives at the beginning of the current year for dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (average market price in the accounting period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options are exercised.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

39. Transactions with the related parties

Details of the Group's related parties as of March 31, 2026 are as follows:

Type	Name of entity
Parent Company	Hanwha Corp.
Associates and joint ventures	Sermatech Korea Co., Ltd.
	Forge Nano, Inc.
	Hanwha Futureproof Corp.
	P&W NGPF Manufacturing Company Singapore Pte Ltd.
	Infinidome Ltd.
	Overair, Inc.
	Hanwha Aviation Pte Ltd.
	Vivity AI Inc.
	Musicow US, Inc.
	Luxrobo
	Lambda256 Co., Ltd ²
	Hanwha Shipping LLC
	Shinan Ui Offshore Windpower Corporation
	YEONGDEOKBEULRUWINDEU CO., LTD.
	Wing Shiptechnology Corp.
	TPI Mega Line Co., Ltd.
	KC LNG Tech Co., Ltd.
	DM-CMHI Offshore Engineering(Jiangsu) Co., Ltd.
	Hanwha Shipping Holdings LLC
	Hanwha Defense & Energy Corp.
	Hanwha Shipping Inc.
Joint arrangements	SAME Netherlands B.V.
Other related parties ¹	Hanwha Solutions Corporation and others

¹ Although those entities do not qualify as related parties as defined in Paragraph 9 of KIFRS 1024, they are classified as related parties based on the substantive relationship criteria outlined in Paragraph 10 of KIFRS 1024, according to the resolution of the Securities and Futures Commission of Korea, which designates the Large-scale business group under the resolution by the Fair Trade Commission.

² Although the investment in Lambda256 Co., Ltd is classified and measured as financial assets at fair value through profit or loss as the redeemable convertible preferred shares and convertible preferred shares, the entity is classified as an associate since the Group has significant influence over Lambda256 Co., Ltd, considering potential voting rights.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Transactions with related parties including operating revenues and expenses for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)

	2026				
	Sales and others	Disposal of assets and others	Purchases and others	Acquisition of assets and others	Other expenses
Parent Company					
Hanwha Corp. ¹	₩ 15,677,147	₩ -	₩ 229,819	₩ -	₩ 34,368,266
Associates and joint venture					
Hanwha Shipping Holdings LLC	207,240,068	-	-	-	-
Shinan Ui Offshore Windpower Corporation	7,215,326	-	-	-	-
Sermatech Korea Co., Ltd. ¹	4,590,468	-	5,033,364	-	508,172
Hanwha Futureproof Corp.	1,460,072	-	-	-	40,458
Hanwha Aviation Pte Ltd.	220,432	-	-	-	-
P&W NGPF Manufacturing Company Singapore Pte Ltd.	-	-	20,252,376	-	-
TPI Mega Line Co., Ltd.	-	-	-	-	939,450
Vivity AI Inc.	-	-	-	-	30,000
Others					
Hanwha Life Insurance Co., Ltd.	11,997,358	-	496	-	3,368,432
Hanwha General Insurance Co., Ltd.	11,904,105	-	6,356,874	-	41,539
Hanwha Solutions Corporation	9,602,660	-	-	-	3,989,380
Hanwha TotalEnergies Petrochemical Co., Ltd.	9,508,451	-	694,472	-	11,753
Hanwha Vision CO., LTD	4,790,231	-	-	7,360,717	52,105
Hanwha Power Systems Co., Ltd.	4,591,793	-	419,557	-	6,092
Hanwha Hotels & Resorts Co., Ltd.	2,235,761	4,849	12,931,266	412,000	9,462,347
Hanwha Engine Co., Ltd.	1,520,123	15,500,000	152,450,666	-	192,160
Hanwha Europe GmbH	201,790	-	15,631,694	371,870	109,358
Hanwha International LLC	3,168	-	70,763,750	41,513	-
Others	38,558,976	-	669,720	2,592,200	13,316,647
	<u>₩ 331,317,929</u>	<u>₩ 15,504,849</u>	<u>₩ 285,434,054</u>	<u>₩ 10,778,300</u>	<u>₩ 66,436,159</u>

¹ Including dividend income of ₩ 4,455 million received for the three-month period ended March 31, 2026.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean won)

	2025				
	Sales and others	Disposal of assets and others	Purchases and others	Acquisition of assets and others	Other expenses
Parent Company					
Hanwha Corp.	₩ 17,835,362	₩ -	₩ 4,345	₩ 7,130,000	₩ 37,477,176
Associates and joint venture					
Sermatech Korea Co., Ltd. ¹	4,622,424	-	4,576,787	-	1,092,807
TPI Mega Line Co., Ltd.	961,400	-	-	-	2,632,607
Hanwha Shipping LLC	327,358	-	-	-	-
P&W NGPF Manufacturing Company Singapore Pte Ltd.	112,276	-	22,272,794	-	-
Shinan Ui Offshore Windpower Corporation	530	-	-	-	-
Hanwha Futureproof Corp.	-	-	-	-	2,437,990
Vivity AI Inc.	-	-	-	-	46,800
Joob Global Pte Ltd.	-	-	-	-	828
Others					
H&G Chemical Co., Ltd.	38,231,134	-	-	-	-
Hanwha Solutions Corporation	36,966,495	-	-	11,697,909	2,702,757
Hanwha TotalEnergies Petrochemical Co., Ltd.	19,620,212	-	2,295,097	-	589,207
Hanwha Life Insurance Co., Ltd.	17,370,932	-	474	-	340,783
Hanwha General Insurance Co., Ltd.	9,380,515	-	2,648,698	-	125,923
Hanwha Vision CO., LTD ³	3,527,193	-	5,821,191	-	139,680
Hanwha Hotels & Resorts Co., Ltd.	2,217,140	-	5,393,745	-	8,565,804
Hanwha Engine Co., Ltd.	1,727,692	-	143,728,412	-	180,351
Hanwha Q CELLS America Inc.	400,689	-	5,910,656	-	-
Hanwha Europe GmbH	130,452	-	20,297,382	500,986	102,335
Hanwha International LLC	84,212	-	45,015,419	-	-
Others	33,305,032	-	3,302,864	159,500	10,404,471
	<u>₩ 186,821,048</u>	<u>₩ -</u>	<u>₩ 261,267,864</u>	<u>₩ 19,488,395</u>	<u>₩ 66,839,519</u>

¹ Including other expenses of ₩ 218 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the three-month period ended March 31, 2025. The amount represents transactions incurred up to the date of exclusion.

² Including dividends of ₩ 4,473 million received for the three-month period ended March 31, 2025.

³ Including other expenses of ₩ 475 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the three-month period ended March 31, 2025. The amount represents transactions incurred up to the date of exclusion.

⁴ Including other expenses of ₩ 32,817 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the three-month period ended March 31, 2025. The amount represents transactions incurred up to the date of exclusion.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of the Group's outstanding balances arising from the sales/purchases of goods and services with its related parties as of March 31, 2026 and December 31, 2025 are as follows:

(in thousands of Korean won)

	March 31, 2026					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 9,212,349	₩ -	₩ 1,112,788	₩ 8,113	₩ 134,594,653	₩ 14,055,315
Associates and joint venture	114,679,675	-	-	167,660,330	-	-
Hanwha Shipping LLC	30,589,844	16,997,249	-	-	-	-
Shinan Ui Offshore Windpower Corporation	-	149,919,229	-	-	-	-
Overair, Inc. ¹	-	8,513,899	-	-	-	1,653,830
Hanwha Aviation Pte. Ltd.	-	3,646,792	1,059	-	-	-
P&W NGPF Manufacturing Company Singapore Pte Ltd.	-	132,039	-	1,157,646	-	-
Lambda256 Co., Ltd. ²	-	-	17,522,220	-	-	-
Sermatech Korea Co., Ltd.	-	-	-	2,206,567	-	96,215
TPI Mega Line Co., Ltd.	-	-	-	-	1,122,868	47,832,590
Joint Arrangements						
SAME Netherlands B.V.	128,763,073	-	-	-	-	-
Others						
Hanwha Life Insurance Co., Ltd.	12,710,255	-	217,693,516	-	12,085	6,050,463
Hanwha TotalEnergies Petrochemical Co., Ltd.	9,533,394	-	91,283	622,533	14,468	763,810
H&G Chemical Co., Ltd.	7,010,151	-	-	8,220,275	-	-
Hanwha Solutions Corporation.	3,495,868	-	12,291,754	-	308,973	159,160
Hanwha Hotels & Resorts Co., Ltd.	1,768,929	5,491	3,266,587	1,774,643	12,768,540	-
Hanwha Energy Corporation	1,130,043	-	13,252,922	379,885	16,079,773	646,367
Hanwha Investment & Securities Co., Ltd	729,300	-	-	-	714	53,301,235
Hanwha Engine Co., Ltd.	349,204	9,667	146,787,967	59,199,804	6,966	4,859,807
Q Energy Solutions SE	20,049	-	88,675,228	-	-	-
Hanwha International LLC	3,274	-	36,867,026	16,232,025	-	-
Transgrid Energy LLC	-	-	121,131,844	-	-	-
Hanwha REIT Co., Ltd.	-	-	3,994,696	-	-	51,799,771
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	30,618,000
Others	18,967,262	905,165	13,407,921	5,928,937	15,806,912	17,353,062
	<u>₩ 338,962,670</u>	<u>₩ 180,129,531</u>	<u>₩ 676,096,811</u>	<u>₩ 263,390,758</u>	<u>₩ 180,715,952</u>	<u>₩ 229,189,625</u>

¹ The Group established a full allowance for doubtful accounts of ₩ 149,919 million on the loans to related parties as of March 31, 2026. Foreign exchange gains or losses of ₩ 11,919 million were recognized for the three-month period ended March 31, 2026.

² Redeemable convertible preferred shares are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

(in thousands of Korean won)

	December 31, 2025					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 6,056,386	₩ 164,809	₩ 330,801	₩ 11,427	₩ 381,381	₩ 15,449,770
Associates and joint venture						
Shinan Ui Offshore Windpower Corporation	188,574,693	19,719,131	-	-	-	-
Hanwha Shipping LLC	36,650,375	437,913	-	-	-	207,869,557
Overair, Inc. ¹	-	138,000,101	-	-	-	-
Hanwha Futureproof Corp.	-	4,928,914	-	-	2,511	1,756,376
Hanwha Aviation Pte Ltd.	-	3,665,358	-	-	-	-
P&W NGPF Manufacturing Company Singapore Pte Ltd.	-	159,337	-	3,670,483	-	-
Sermatech Korea Co., Ltd.	-	15,978	-	1,600,461	-	458,453
Lambda256 Co., Ltd. ²	-	-	17,522,220	-	-	-
TPI Mega Line Co., Ltd.	-	-	-	-	1,412,396	50,384,933
Vivity AI Inc.	-	-	-	-	128,040	-
Joint Arrangements						
SAME Netherlands B.V.	91,831,899	-	-	-	-	-
Others						
Hanwha TotalEnergies Petrochemical Co., Ltd.	10,860,536	-	-	760,235	4,315	231,520
Hanwha Solutions Corporation	6,695,826	-	11,706,393	-	195,235	376,699
Hanwha Life Insurance Co., Ltd.	3,932,464	810,298	218,353,254	-	13,740	24,925
Hanwha Hotels & Resorts Co., Ltd.	1,927,208	4,316	4,310,667	4,829,156	5,873,210	-
Hanwha Investment & Securities Co., Ltd.	1,784,777	-	-	-	-	38,113,234
Hanwha Q Cells Georgia, Inc	1,513,862	1,171,280	4,971,256	-	-	4,242,581
Hanwha Energy Corporation	844,778	-	477,683	3,487,488	25,279,540	260,039
Hanwha Engine Co., Ltd.	643,529	120,587	145,487,595	54,631,665	6,966	4,948,164
Q Energy Solutions SE	137,036	-	85,459,315	-	-	58,925
Transgrid Energy LLC	7,611	-	115,652,738	-	-	-
Hanwha International LLC	-	-	30,153,725	29,635,827	-	9,711,349
Hanwha REIT Co., Ltd.	-	-	3,994,696	-	-	51,846,002
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,666,400
Others	16,573,291	3,660,195	11,287,797	10,708,128	6,709,514	3,248,167
	<u>₩ 368,034,271</u>	<u>₩ 172,858,217</u>	<u>₩ 649,708,140</u>	<u>₩ 109,334,870</u>	<u>₩ 40,006,848</u>	<u>₩ 417,647,094</u>

¹ The Group established ₩ 138,000 million as the allowance for loss on the loans to the related parties as of March 31, 2025. Impairment loss and gain or loss on foreign currency transactions of ₩ 5,329 million was recognized for the three-month period ended March 31, 2025.

² Redeemable convertible preferred shares are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of the Group's financial transactions with its related parties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of Korean won)	2026										
	Borrowing transactions										
	Borrowings	Collections	Investment	Dividend Expenditure	Dividend receipt	Disposal	Others				
Associates and joint venture											
Shinan Ui Offshore Windpower Corporation	₩	-	₩	-	₩ 104,417,800	₩	-	₩	-	₩	-
Hanwha Shipping LLC		-		-	91,945,267		-		-		-
Hanwha Shipping Holdings LLC		-		-	45,364,713		-		-		-
Hanwha Investment & Securities Co., Ltd ¹		-		-	-		-	4,454,638		-	15,000,000

¹ For the three-month period ended March 31, 2026, Hanwha Investment & Securities Co., Ltd. acquired the Group's corporate bonds amounting to ₩ 15,000 million.

(in thousands of Korean won)		2025											
		Borrowing transactions											
		Borrowings	Collections	Investment		Dividend expenditure		Dividend receipt		Disposal		Others	
Parent company													
Hanwha Corp. ¹		₩	-	₩	-	₩	-	₩	-	₩	-	₩	11,686,400
Associates and joint venture													
Hanwha Aviation PTE. Ltd			-		-	21,757,500		-		-		-	-
Hanwha Shipping LLC			-		-	12,185,682		-		-		-	-

¹ For the three-month period ended March 31, 2025, the Group acquired an equity interest in Forge Nano, Inc. from Hanwha Corp.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of the Group's lease transactions with its related parties for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of
Korean won)

2026

		Beginning balance	New agreement	Termination	Lease payments	Interest expense (lease liabilities)	Ending
Parent Company							
TPI Mega Line Co., Ltd.	₩	50,384,933	₩ -	₩ -	₩ (2,970,000)	₩ 417,657	₩ 47,832,590
Other							
Hanwha REIT Co., Ltd.		51,846,002	3,480,528	-	(4,030,182)	503,422	51,799,770
Hanwha Engine Co., Ltd.		4,846,939	-	-	(164,280)	73,880	4,756,539
Hanwha General Insurance Co., Ltd		847,893	-	-	(49,360)	7,407	805,940
Hanwha Life Insurance Co., Ltd.		14,007	-	-	(14,063)	56	-

(in thousands of
Korean won)

2025

		Beginning balance	New agreement	Termination	Lease payments	Interest expense (lease liabilities)	Total
Associates							
TPI Mega Line Co., Ltd.	₩	60,568,485	₩ -	₩ (186,388)	₩ (2,970,000)	₩ 502,184	₩ 57,914,281
Other							
Hanwha REIT Co., Ltd.		42,959,597	2,649,150	(253,188)	(3,443,969)	401,091	42,312,681
Hanwha Engine Co., Ltd.		5,178,878	-	-	(162,180)	79,072	5,095,770
Hanwha General Insurance Co., Ltd		978,966	-	-	(47,476)	8,081	939,571
Hanwha Life Insurance Co., Ltd.		799,800	83,066	-	(54,694)	7,690	835,862

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

As of March 31, 2026, the amount of investment commitments related to investment in financial instruments with related parties is as follows:

<i>(in thousands of Korean won)</i>		Commitment amount		Cumulative contribution amount		Remaining contract amount
Hanwha Asset Management Co., Ltd.	₩	140,000,000	₩	93,711,095	₩	46,288,905

The Group obtained approval from the Board of Directors to conduct transactions in investment securities and other financial instruments with Hanwha Investment & Securities Co., Ltd. up to a limit of ₩ 290,000 million for the purpose of enhancing the profitability of fund management. As of March 31, 2026, out of the approved transaction limit of ₩ 290,000 million, transactions amounting to USD 90 million and ₩ 30,000 million had been executed.

As of March 31, 2026 and 2025, the Group provides home mortgage loans to its employees.

Hanwha Futureproof Corp. issued bonds amounting to USD 400 million from the Korea Development Bank for the year ended December 31, 2025, with joint guarantees provided by the Group and Hanwha Solutions Co., Ltd. Subsequently, the Group entered into a separate agreement with Hanwha Solutions Co., Ltd. to share the guarantee based on their respective indirect ownership interests, and the guarantee sharing ratio between the Group and Hanwha Solutions Co., Ltd. is 87.5:12.5.

The Group acquired shares of Hanwha Ocean Co., Ltd. from three companies, Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation, for ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively, for the year ended December 31, 2025. Related incidental costs of ₩ 260 million were paid to Hanwha Investment & Securities Co., Ltd.

The Group conducted a third-party allotment capital increase to three companies, Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation, for the year ended December 31, 2025, and payments of ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively, were fully received during the same period. In addition, the Parent Company conducted a rights offering with a general public offering of unsubscribed shares for the year ended December 31, 2025, and payment of ₩ 765,878 million was fully received from Hanwha Corporation.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

Details of payment guarantees provided by the Group to the related parties as of March 31, 2026 are as follows:

<i>(in thousands of USD)</i>	Guaranteed by	Total guaranteed amount		Guaranteed amount		
Associates						
Hanwha Aviation Pte Ltd. ¹	Hana Bank (Singapore) KEXIM (Singapore) NH Nonghyup Bank (Hong Kong)	USD	168,000	USD	168,000	Payment guarantee
Joint ventures						
Hanwha Futureproof Corp. ²	Hana Bank (New York) Shinhan Bank (New York) Kookmin Bank (London) Woori Bank (London)	USD	480,000	USD	420,000	Payment guarantee
Joint Arrangements						
SAME Netherlands B.V. ¹	Petroleo Brasileiro S.A	USD	2,517,811	USD	1,057,651	Performance guarantee

¹ Hanwha Aviation Pte Ltd. entered into borrowing agreements with Hana Bank (Singapore), KEXIM (Singapore), and NH NongHyup Bank (Hong Kong) for credit facilities with an aggregate limit of USD 140 million for the year ended December 31, 2025. These borrowings are secured by a joint and several guarantee provided by the Group, covering 120% of the outstanding debt amount. In connection with the above guarantees, the Group entered into a separate agreement with Hanwha Impact Partners Inc. to share the guarantee obligations in proportion to their equity interests at a ratio of 50:50 pursuant to a separate agreement.

² Hanwha Futureproof Corp. entered into a borrowing agreement with Hana Bank (New York), Shinhan Bank (New York), Kookmin Bank (London), and Woori Bank (London) for credit facilities with an aggregate limit of USD 400 million, secured by a joint and several guarantee provided by the Group covering 120% of the outstanding debt amount. In connection with this, the Group entered into a shareholders' agreement with Hanwha Solutions Co., Ltd. and has entered into a separate agreement to share the guarantee obligations in proportion to their equity interests at a ratio of 87.5:12.5 pursuant to a separate agreement.

As of March 31, 2026, the amount of payment guarantees provided by management in relation to foreign currency payment guarantees and others is ₩ 6,000,000 thousand, and the actual amount is ₩ 101,313 thousand.

The compensation paid or payable to the key management for employee services for each of the three-month periods ended March 31, 2026 and 2025 is as follows.

<i>(in thousands of Korean won)</i>	2026		2025	
Short-term employee benefits	₩	26,774,840	₩	19,267,495
Share-based payments		95,016,573		169,757,754
Post-employment benefits		5,991,597		24,852,462
	₩	<u>127,783,010</u>	₩	<u>213,877,711</u>

Key management includes all registered executives and general executives who have significant authority and responsibility in respect to planning, operating and controlling of the Group's business activities.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

40. Commitments and Contingencies

Details of the Group's major agreements with the financial institution as of March 31, 2026 are as follows:

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Korea Development Bank	KRW	99,166,660	Facility loans
	KRW	2,537,658,937	General purpose loans
			Other payment guarantee in other
	USD	6,697,954,190	foreign currencies
	USD	20,000,000	Import L/C
	USD	730,000,000	General purpose loans
Korea Development Bank (Shanghai) Woori Bank	USD	314,400,000	Supplier finance arrangement
			General purpose loans
	CNY	222,700,000	
	KRW	3,000,000	Purchasing card
	KRW	7,200,000	Other payment guarantee
	KRW	6,000,000	Mutual partnership loan
	KRW	150,000,000	Facility loans
	KRW	100,000,000	Supplier finance arrangement
	KRW	157,993,016	General purpose loans
	KRW	315,000,000	Combined limits loan agreements
			Other payment guarantee in other
	USD	640,000	foreign currencies
	USD	1,207,765	General purpose loans
	USD	196,000,000	Supplier finance arrangement
	USD	20,000,000	Facility loans
	USD	25,000,000	General purpose loans
	USD	18,000,000	General purpose loans
Woori Bank (Hanoi)	USD	40,000,000	General purpose loans
Woori Bank (Hong Kong)	USD	40,000,000	General purpose loans
Woori America Bank	USD	40,000,000	General purpose loans
KEB Hana Bank	KRW	5,000,000	Purchasing card
	KRW	3,000,000	Overdraft loan limit
	KRW	608,000,000	Facility loans
	KRW	15,000,000	Credit sales facility
	KRW	367,573,610	General purpose loans
	KRW	10,000,000	Supplier finance arrangement
	KRW	2,165,000	Limit loans
			Other payment guarantee in other
	USD	129,800,000	foreign currencies
	USD	1,500,000	Import L/C
	USD	246,000,000	Supplier finance arrangement
			Other payment guarantee in other
	RON	2,110,318,468	foreign currencies
KEB Hana Bank (Hong Kong)	USD	10,000,000	Facility loans
	USD	20,000,000	General purpose loans
			General purpose loans
Shinhan Bank	KRW	50,000,000	CP acquisition agreement
	KRW	85,922,054	Other payment guarantee
	KRW	150,000,000	Facility loans
	KRW	1,500,000	Credit sales facility
	KRW	605,000,000	General purpose loans
		142,206,394	Other payment guarantee in other
	USD		foreign currencies
Shinhan Bank (Sydney)	USD	78,000,000	Supplier finance arrangement
	AUD	15,000,000	Limit loans
Kookmin Bank	KRW	150,000,000	Supplier finance arrangement

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Kookmin Bank (Singapore) Industrial Bank of Korea	KRW	270,000,000	Trade financing
	KRW	3,000,000	Credit sales facility
	KRW	130,000,000	Supplier finance arrangement
	KRW	145,000,000	General purpose loans
			Combined payment guarantee in
	USD	284,781,727	other foreign currencies
	USD	70,000,000	General purpose loans
	USD	161,000,000	Supplier finance arrangement
	USD	34,000,000	General purpose loans
	KRW	2,500,000	Purchasing card
	KRW	5,500,000	General purpose loans
	KRW	34,000,000	Electric bill limit
	KRW	50,000,000	Supplier finance arrangement
			Combined payment guarantee in
	USD	107,000,000	other foreign currencies
	USD	200,000	Forward exchange contract
NH Nonghyup Bank	USD	7,000,000	Import L/C
	USD	44,400,000	Supplier finance arrangement
	KRW	155,113,900	Facility loans
	KRW	10,000,000	Credit sales facility
	KRW	425,000,000	General purpose loans
	KRW	10,000,000	Supplier finance arrangement
	USD	10,000,000	Import L/C
	USD	33,000,000	Supplier finance arrangement
	USD	10,000,000	General purpose loans
	KRW	27,000,000	Import fund limit loans
NH Nonghyup Bank (Hanoi) Korea Export-Import Bank	KRW	102,240,000	Export fund limit loans
	KRW	1,642,900,000	General purpose loans
			Overseas investment fund limit
	KRW	129,500,000	loans
			Other payment guarantee in other
	USD	5,771,896,563	foreign currencies
	USD	1,021,436,426	Performance guarantee
	USD	15,000,000	Facility loans
	USD	318,230,172	General purpose loans
			Other payment guarantee in other
Suhyup bank Kyongnam Bank Kwangju Bank iM Bank Busan Bank	EUR	9,348,326	foreign currencies
	EUR	297,800,000	Performance guarantee
	KRW	120,000,000	General purpose loans
	KRW	30,000,000	Supplier finance arrangement
	KRW	30,000,000	General purpose loans
	KRW	240,000,000	General purpose loans
	KRW	35,000,000	Supplier finance arrangement
	KRW	50,000,000	General purpose loans
	KRW	90,000,000	General purpose loans
	USD	15,600,000	Finance lease limit
ANZ Bank Societe Generale First Abu Dhabi Bank Banco Santander	AUD	30,000,000	Limit loans
			Other payment guarantee in other
	USD	329,000,000	foreign currencies
	USD	100,000,000	Import letter of credit limit
	USD	34,200,000	Performance guarantee
	USD	323,020,000	Performance guarantee
	USD	200,000,000	General purpose loans

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Credit Agricole	USD	447,609,975	Other payment guarantee in other foreign currencies
	USD	200,000,000	General purpose loans
	PLN	1,020,350,414	Other payment guarantee in other foreign currencies
Natixis	USD	345,291,321	Other payment guarantee in other foreign currencies
United Overseas Bank	USD	330,000,000	Other payment guarantee in other foreign currencies
Commerz Bank	USD	100,000,000	General purpose loans
CHUBB	USD	150,000,000	Other payment guarantee in other foreign currencies
BBVA	USD	500,000,000	Other payment guarantee in other foreign currencies
	USD	99,000,000	Limit loans
HSBC	USD	130,000,000	Other payment guarantee in other foreign currencies
Industrial and Commercial Bank of China	CNY	100,000,000	General purpose loans
China Merchants Bank	CNY	46,000,000	General purpose loans
Allianz Trade	USD	220,000,000	Other payment guarantee in other foreign currencies
BNP	USD	130,000,000	Other payment guarantee in other foreign currencies
CITI	USD	40,000,000	Foreign currency limit loans
LBBW	USD	57,267,500	Foreign currency limit loans
Liberty	USD	291,785,400	Other payment guarantee in other foreign currencies
Standard Chartered First Bank Korea	USD	80,000,000	Other payment guarantee in other foreign currencies
Swiss Re	USD	97,261,800	Other payment guarantee in other foreign currencies
Woori Bank (Beijing)	CNY	70,000,000	General purpose loans
Samsung Card Co., Ltd.	KRW	190,517,496	Supplier finance arrangement
Lotte Card Co., Ltd.	KRW	57,557,630	Supplier finance arrangement
Woori Card Co., Ltd.	KRW	74,559,371	Supplier finance arrangement

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Details of guarantee provided by the others as of March 31, 2026 are as follows:

(in thousands of Korean won and in foreign currencies)

	Details	Currency	Amount
Korea Defense Industry Association	Performance guarantee	KRW	11,906,092,348
Seoul Guarantee Insurance Company	Performance guarantee	KRW	4,965,994,140
	Performance guarantee	USD	796,940,586
	Performance guarantee	EUR	248,009,582
	Performance guarantee	PLN	1,830,440,489
Korea Software Financial Cooperative	Performance guarantee	KRW	1,574,337,528
KEB Hana Bank	Import L/C	USD	73,147,631
	Import L/C	EUR	14,726,363
	Payment guarantee denominated in foreign currency	USD	115,000,000
Woori Bank	Performance guarantee	RON	2,110,318,468
	Import L/C	USD	45,285,071
	Import L/C	EUR	23,391,770
	Performance guarantee	KRW	813,535
	Performance guarantee	USD	34,617,584
	Performance guarantee	EUR	4,011,171
	Performance guarantee	AED	32,207,853
	Payment guarantee denominated in foreign currency	USD	129,028,309
Korea Export-Import Bank	Performance guarantee	USD	4,575,033,519
	Performance guarantee	EUR	307,148,326
	Performance guarantee	PLN	1,020,350,414
Shinhan Bank	Import L/C	USD	23,510,888
	Import L/C	EUR	3,730,000
	Performance guarantee	KRW	85,922,054
	Performance guarantee	USD	142,206,394
Kookmin Bank	Import L/C	USD	51,919,595
	Import L/C	EUR	16,390,051
	Payment guarantee denominated in foreign currency	USD	155,555,868
	Performance guarantee	USD	95,950,786
Capital Goods Deduction Association	Performance guarantee	KRW	1,287,827,780
Construction Guarantee Cooperative	Performance guarantee	KRW	831,607,361
Fire Industry Guarantee Cooperative	Performance guarantee	KRW	336,000
Korea Development Bank	Import L/C	USD	72,705,764
	Import L/C	EUR	23,960,002
	Performance guarantee	USD	3,107,759,626
NH Nonghyup Bank	Import L/C	USD	12,930,516
	Import L/C	EUR	3,328,100
Industrial Bank of Korea	Import L/C	USD	12,604,513
	Import L/C	EUR	1,212,000
Banco Santander	Performance guarantee	USD	323,020,000
Credit Agricole	Performance guarantee	USD	247,609,975
	Performance guarantee	PLN	1,020,350,414
FirstAbuDhabiBank	Performance guarantee	USD	34,200,000
Natixis	Performance guarantee	USD	345,291,321

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Societe Generale	Import L/C	USD	40,323,039
	Performance guarantee	USD	92,367,181
United Overseas Bank	Performance guarantee	USD	137,083,286
CHUBB	Performance guarantee	USD	291,785,400
BBVA	Performance guarantee	USD	141,295,093
HSBC	Performance guarantee	USD	36,065,667
Allianz Trade	Performance guarantee	USD	72,165,232
Swiss Re	Performance guarantee	USD	97,261,800
Liberty	Performance guarantee	USD	291,785,400
SC	Performance guarantee	USD	80,000,000

Details of PF-related guarantees provided by the Group to the third parties as of March 31, 2026 are as follows:

(in thousands of Korean won)		Debtor	Guarantee limit	Guarantee amount ¹	Outstanding loan balance	Type of loan	Guarantee provider
Yangyang Suri Onshore Wind Power	WIND POWER CO.,LTD.	YANGYANG SURI					KB Kookmin Bank, Shinhan Bank, Kyobo Life Insurance Co.,Ltd., private investment trusts, and policy loan lenders
		WIND POWER	₩ 325,000,000	₩ 325,000,000	₩ 221,600,000	PF LOAN	
Ulsan HDOT Storage Tank		Hyundai Oil Terminal Ulsan Co., Ltd	180,000,000	180,000,000	144,500,000	PF LOAN	Korea Investment & Securities Co.,Ltd. and Kyobo Life Insurance Co.,Ltd.
			505,000,000	505,000,000	366,100,000		

¹ A conditional compensation agreement for damages is provided in the event of failure to achieve responsible completion.

Details of non-PF-related collateral and guarantees provided by the Group to the third parties as of March 31, 2026 are as follows:

(in thousands of Korean won and CNY)

Type of guarantee	Beneficiary	Total performance guarantee amount	Guaranteed amount	Guarantee provider
Performance guarantee	Joint venture partners of plant project sites, etc.	KRW 2,401,363	KRW 2,401,363	Daewoo Engineering & Construction Co.,Ltd.
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY 3,965	CNY 3,965	China Merchants Bank Yantai Development
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY 9,929	CNY 9,929	China Merchants Bank Yantai Development

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Matters relating to contingent liabilities

The amount of investment agreement for the Group's investment in financial instruments as of March 31, 2026 is as follows:

<i>(in thousands of Korean won)</i>	Amount of investment agreement	Cumulative invested amount	Remaining amount
Financial assets at fair value through profit or loss ¹	₩ 170,000,000	₩ 114,268,870	₩ 55,731,130

¹ In addition to the above, the Group entered into investment agreements with related parties in relation to financial instruments as of March 31, 2026 (see Note 39).

The Company and the newly incorporated company (Hanwha Industrial Solutions) are jointly liable for the obligations that the spun-off company had before the spin-off according to provisions of paragraph 1, Article 530-9 of the Commercial Act.

For some of the Group's borrowing agreements, when below standards are exceeded, it is considered to be an event of default. Standards are differently applied for each borrowing, and include an excess of debt ratio over certain level, capital to collateral ratio, total asset to disposal of assets ratio and exclusion of mutual investment restriction group. However, even if an event of default occurs, an obligation to repay the borrowings arises only upon a resolution by the lenders and the delivery of written notice.

The Group has technical assistance agreements with General Electric Company, etc. to develop and manufacture new products.

The Group entered into Risk and revenue Sharing program (RSP) with Pratt & Whitney in the USA and others to promote engine parts business and expand the mid- to long-term business model. Through RSP, the Group is allocated with benefits and risks from business including development, mass production, and aftermarket sales of airplane engines in proportion to its participation. Pratt & Whitney and others, who are Consortium leaders (OEM, Original Equipment Manufacturer) of the agreement, have been providing products and services to aircraft manufacturers such as Airbus and others and transportation service company such as Korean Air and others. The Group bears rights and obligations up to the proportion of its participation (1-3% for each program classified by types of engines supplied by the Group) according to the agreement.

Revenues in relation to the agreement mostly occur through supply of designated products, and some of the revenues occur by providing engine repair and other services. Also, costs of the agreement include manufacturing cost to supply products, business participation cost agreed to pay for participation in business, development cost to enhance capability of engines, program management cost, sales promotion cost paid to customers, and others.

In addition, the Group has been distributed with arrangements such as borrowing limits provided by the program in accordance with the agreement up to its percentage of shares. According to the agreement, the Group has provided ₩ 134,299 million of borrowing limits to Indigo Airline, Delta Airline, and others.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the interim condensed consolidated financial statements

March 31, 2026 and 2025 (Unaudited)

As of March 31, 2026, the Group has entered into an agreement for mutual growth of large and small business with Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank. In accordance with the agreement, Woori Bank and Korea Development Bank supports small business that cooperates with the Group, where Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank additionally sets up a special fund based on the deposit of ₩ 142.9 billion from the Group.

The Group entered into a put option contract with the existing largest shareholders of Satrec Initiative Co.,Ltd through a shareholder agreement regarding stock purchase agreement. According to the contract, the existing largest shareholders of Satrec Initiative Co.,Ltd have a put option that allows the Group to claim a certain number of stock purchases each year from 2027 to 2031.

The Group is subject to offset obligation requirements in connection with certain defense export projects and expected to fulfill the obligation during the periods of the agreement. Due to the nature of offset orders agreement, the Group does not recognize provisions as a specific performance obligation is not specified and impossible to reliably measure the costs.

The Group entered into a quantity commitment agreement with Shinhan Heavy Industries Co., Ltd. to ship Deck House and Engine for more than 70% of the Group's orders of commercial ships and more than 6,000 tons for general blocks per year from January 1, 2022, to December 31,2026. The Group evaluates the quality and delivery date for the delivered products every year, and the Group may make a downward adjustment for the quantity commitment standard or cancel the quantity commitment in case certain conditions are not met.

The Group has invested in Nigeria oil fields development project by forming a Korean consortium (9.75% of the Group's shares) including Korea National Oil Corp. However, the Group is considering business withdrawal. The Group recognized the investment in Nigeria oil fields as other investment assets.

The Group jointly established SAME Netherlands. with SAIPEM S.p.A. to perform P-79 FPSO Project ordered by PETROLEO BRASILEIRO S.A.

According to the agreement entered with Seoul National University in 2015, the Group completed the construction of tank facilities for testing purpose in Siheung Campus on September 14, 2020, and registered a right of ownership on October 24, 2020. The Group will transfer its ownership to Seoul National University after 25 years of the completion.

The Group has issued put options on the equity interests of its subsidiary, SIA Co., Ltd. As a result, the non-controlling shareholders holding the put options have the right to require the Group to purchase all or a portion of their shares if an initial public offering is not completed within two years from the issuance date. The exercise price per share is determined as the sum of the original issue price per share at the time of share acquisition and an amount calculated by applying an annual compound interest rate of 4% from the day following the share payment date to the settlement date of the share purchase price. The amount payable upon exercise of the put option was initially recognized at the present value of the redemption amount and presented as a financial liability on the consolidated statement of financial position, with contra equity accounted. The recognized liability is subsequently measured by reflecting financial expenses as redemption amount payable on the option's initial exercise date.

For the three-month period ended March 31, 2026, the Group entered into a long-term LNG purchase agreement with Venture Global, Inc., and is to be provided with 1.5 million tons of LNG for 20 years from 2030.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Contingent liabilities related to legal proceedings

Certain investors have filed a lawsuit for damages against the Group's subsidiary, Hanwha Ocean Co., Ltd. and its accounting firm, alleging that they suffered losses by acquiring stocks, corporate bonds, and commercial papers based on false consolidated financial statements, audit reports, business reports, securities registration statements, and investment prospectuses resulting from accounting fraud. The Group recorded expected losses from pending lawsuits and performance guarantees as provisions in its consolidated financial statements.

On April 17, 2023, the Group has been notified to cancel the contracts for development of new generation system and supply of products that were entered into with Heungkuk Life Insurance Co., Ltd. ('customer'). Then, on July 5, 2023, the customer filed a lawsuit to claim the recovery due to notification of contract cancellation and compensations for damages due to default of obligations, to Hanwha Systems Co., Ltd., a subsidiary. Hanwha System Co., Ltd., a subsidiary, decided the one-sided cancellation from the customer as unfair cancellation, and would be respond by considering many different ways to the relevant notification of contract cancellation and lawsuits. As the financial impacts on this case cannot be reasonably predicted, the Group will review according to the progress.

In addition to the cases discussed in Note 40(5), the Group is involved in 39 cases as a plaintiff aggregating to ₩ 593,476 million, and involved in 50 cases as a defendant aggregating to ₩ 1,412,658 million. Management is unable to predict the result of the cases.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

41. Assets Provided as Collateral

Details of assets provided as collateral for the Group's debt as of March 31, 2026 are as follows:

(in thousands of Korean won and in US dollar and CNY)

Secured assets	Secured amount		Secured party	Details
Property, plant and equipment	KRW	4,442,700,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	USD	880,000,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	CNY	267,240,000	Korea Development Bank (Shanghai)	Secured borrowings and others
Time deposit	KRW	19,411,230	Korea Securities Finance Corporation, Industrial Bank of Korea, Seoul Guarantee Insurance Co., Ltd.	Employee stock loan collateral and others
Restricted deposits	USD	37,955,348	Citizens, Wells Fargo	NSMV 3 Escrow, NSMV bonds collateral
Cooperative investments	KRW	74,028,436	Korea Defense Industry Association, Korea Software Financial Cooperative, Haeundae Blueline, Korea Construction Financial Corp., Capital Goods Mutual-Aid Association	Issuance of guaranteed insurance and others
Financial assets at fair value through profit or loss	KRW	38,971,874	Korea Defense Industry Association, Capital Goods Mutual-Aid Association, Korea Construction Financial Corp., Korea Fire Industry Mutual-Aid Association	Performance guarantee
Financial assets at fair value through other comprehensive income	KRW	390,000,000	Kookmin Bank and others	Joint guarantee

As of March 31, 2026, the Group has provided eleven blank promissory notes to Korea Energy Agency and others as collateral.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

42. Statements of Cash Flows

Details of cash generated from operations for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>		2026		2025
Profit for the period	₩	526,260,028	₩	182,889,853
Adjustment for:				
Income tax expense		28,684,299		47,344,895
Depreciation		112,217,617		91,426,500
Amortization		95,844,147		87,151,198
Depreciation of right-of-use assets		25,049,733		24,574,904
Post-employment benefits		56,389,375		56,906,603
Other long-term employee benefits		16,003,868		24,542,341
Share-based payments		90,960,112		144,948,579
Technical license fees		14,266,378		12,261,485
Loss on valuation of inventories		628,404		42,131,912
Provisions (reversal)		(5,285,662)		(131,026,789)
Interest expenses		137,986,362		120,380,984
Loss on foreign currency translations		261,703,941		28,674,714
Loss on disposal of trade receivables		2,210,097		1,891,010
Loss on disposal of property, plant and equipment		629,140		149,083
Loss on disposal of right-of-use assets		7,057,619		130,002
Loss on valuation of financial assets at fair value through profit or loss		130,614,962		56,635,742
Loss on disposal of investments in associates and joint ventures		228,120		452
Loss on disposal of business		11,061,390		-
Loss on valuation of derivatives		179,421,092		18,178,383
Loss on transactions of derivatives		23,238,261		19,442,900
Impairment loss on intangible assets		178,781		-
Loss on valuation of firm commitment		38,767		-
Loss on repayment of debentures		1,794,511		-
Miscellaneous losses		25,111,745		29,366,051
Dividend income		(7,970,601)		(9,756,868)
Interest income		(56,627,200)		(45,248,478)
Gain on foreign currency translations		(399,974,648)		(56,690,800)
Gain on disposal of property, plant and equipment		(700,189)		(705,219)
Gain on disposal of intangible assets		-		(3,590)
Gain on disposal of right-of-use assets		(1,448,154)		(181,385)
Gain on disposal of business		(9,753,209)		(22,043,690)
Gain on disposal of investments in associates and joint ventures		(930,731)		(317,968)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

<i>(in thousands of Korean won)</i>	2026	2025
Gain on valuation of financial assets at fair value through profit or loss	(6,101,036)	(3,312,392)
(Reversal of) Bad debt expenses	5,467	(61,921)
(Reversal of) Other bad debt expenses	13,636	(31,617)
Gain on valuation of derivatives	(35,949,823)	(12,853,785)
Gain on transactions of derivatives	(3,937,988)	(10,745,528)
Gain on valuation of firm commitment	(147,924,238)	-
Share of loss of associates	47,810,224	17,245,217
Change in operating assets and liabilities		
Trade receivables	225,132,300	(256,673,761)
Non-trade receivables	89,393,403	55,618,812
Inventories	(865,700,587)	(274,500,707)
Deposits received	2,423,493	(289,586)
Other current assets	(100,790,337)	(549,528,016)
Other non-current assets	(58,608,986)	79,931,076
Trade payables	(713,207,527)	621,820,133
Non-trade payables	(489,223,870)	(425,127,007)
Accrued expenses	(614,770,789)	(286,400,042)
Withholdings	(17,994,338)	(73,500,064)
Other current liabilities	(204,445,716)	512,116,911
Other current financial liabilities	(2,417,743)	(1,707,006)
Other non-current liabilities	3,117,938	(8,757,822)
Other long-term employee benefits liabilities	(1,468,337)	(5,948,230)
Payments of post-employment benefits	(34,791,613)	(19,509,291)
Changes in retirement benefit obligations due to transfer of employees between affiliates	731,801	(729,087)
Cash generated from (used in) operations	<u>₩ (1,663,816,311)</u>	<u>₩ 80,109,091</u>

Details of non-cash transactions excluded in cash flows for each of three-month periods ended March 31, 2026 and 2025 are as follows:

<i>(in thousands of Korean won)</i>	2026	2025
Reclassification of construction in progress to property, plant and equipment	₩ 104,042,714	₩ 199,579,409
Reclassification of long-term borrowings and debentures to current portion	821,523,890	116,809,632

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

Changes in liabilities arising from financial activities for each of the three-month periods ended March 31, 2026 and 2025 are as follows:

(in thousands of
Korean won)

	2026						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
At January 1, 2026	₩ 5,371,227,630	₩ 829,466,410	₩ 3,114,490,602	₩ 781,473,417	₩ 2,298,228,295	₩ 430,488,009	₩ 12,825,374,363
Cash flows	1,450,245,088	(32,945,236)	309,530,117	(8,750,000)	1,155,630,565	(21,364,071)	2,852,346,463
Gain on foreign currency translations	56,127,228	4,286,461	88,093,424	7,065,000	10,990,000	-	166,562,113
Amortization of bond discounts	433,425	-	1,514,808	897,977	1,048,163	-	3,894,373
Reclassification to current portion	-	438,994,407	(438,994,407)	382,529,483	(382,529,483)	-	-
Others ¹	21,200,928	6,074,357	6,472,342	-	-	15,952,432	49,700,059
At March 31, 2026	₩ 6,899,234,299	₩ 1,245,876,399	₩ 3,081,106,886	₩ 1,163,215,877	₩ 3,083,367,540	₩ 425,076,370	₩ 15,897,877,371

¹ Exchange differences are included.

(in thousands of
Korean won)

	2025						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
At January 1, 2025	₩ 5,152,833,529	₩ 606,725,599	₩ 2,458,011,035	₩ 358,167,898	₩ 1,706,771,765	₩ 410,700,722	₩ 10,693,210,548
Cash flows	1,067,589,464	(32,920,487)	182,475,862	-	559,840,275	(23,767,597)	1,753,217,517
Gain on foreign currency translations	1,211,172	(201,475)	(3,715,862)	(105,000)	(805,000)	(621)	(3,616,786)
Amortization of bond discounts	1,581,123	-	-	172,889	843,055	-	2,597,067
Reclassification to current portion	-	28,999,102	(28,999,102)	87,810,530	(87,810,530)	-	-
Others ¹	146,328,354	(161,732)	1,575,488	(149,369,261)	-	18,245,190	16,618,039
At March 31, 2025	₩ 6,369,543,642	₩ 602,441,007	₩ 2,609,347,421	₩ 296,677,056	₩ 2,178,839,565	₩ 405,177,694	₩ 12,462,026,385

¹ Exchange differences are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

43. Business Combination

The accounting for the business combination of the marine business segment was not completed as of March 31, 2025 and was therefore reported based on provisional amounts. During 2025, the Group completed the accounting for the business combination by retrospectively adjusting the provisional amounts recognized at the acquisition date based on new information obtained about facts and circumstances that existed as of the acquisition date. The comparative interim condensed consolidated financial statements for the three-month period ended March 31, 2025 have been restated to reflect these adjustments. The restated interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2025 is as follows:

Hanwha Offshore Singapore Pte. Ltd. and its subsidiaries

<i>(in thousands of Korean won)</i>	Before adjustment		Adjustment	After adjustment	
Revenue	₩	5,484,220,608	₩	-	₩ 5,484,220,608
Cost of sales	₩	4,451,407,432	₩	4,575,001	₩ 4,455,982,433
Gross profit	₩	1,032,813,176	₩	(4,575,001)	₩ 1,028,238,175
Selling and administrative expenses		431,732,132		26,226,221	457,958,353
Research and development expenses		40,334,868		-	40,334,868
Operating profit	₩	560,746,176	₩	(30,801,222)	₩ 529,944,954
Other income		97,648,726		-	97,648,726
Other expenses		224,654,247		-	224,654,247
Finance income		227,617,750		-	227,617,750
Finance costs		383,077,218		-	383,077,218
Profits (losses) of associates and joint ventures accounted for using equity method		(17,245,217)		-	(17,245,217)
Profit before income tax		261,035,970		(30,801,222)	230,234,748
Income tax expense	₩	51,687,302	₩	(4,342,407)	₩ 47,344,895
Profit for the period		209,348,668		(26,458,815)	182,889,853
Other comprehensive income	₩	84,112,983	₩	36,958,910	₩ 121,071,893
Total comprehensive income for the year	₩	293,461,651	₩	10,500,095	₩ 303,961,746
Basic and diluted earnings per share		1,889		(590)	1,299

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the interim condensed consolidated financial statements
March 31, 2026 and 2025 (Unaudited)

44. Events After the Reporting Period

Pursuant to a resolution of the Board of Directors dated February 13, 2026, Hanwha Ocean Co., Ltd., a subsidiary of the Group, resolved to submit a letter of commitment for the obligation for completion to the group of lenders of the power generation project of its joint venture, Sinan-Ui Offshore Wind Power Co., Ltd. The letter of commitment was subsequently submitted after the reporting period. In addition, Hanwha Ocean Co., Ltd. plans to pledge 134,300,000 shares of Sinan-Ui Offshore Wind Power Co., Ltd. that it currently holds as collateral to the group of lenders.

On April 3, 2026, Hanwha Systems Co., Ltd., a subsidiary of the Group, disposed of a portion of its shares in Hanwha Ocean Co., Ltd. In addition, in connection with the share disposal, Hanwha Systems Co., Ltd. concurrently entered into a Price Return Swap (PRS) agreement.

Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Hanwha Aerospace Co., Ltd.

Opinion

We have audited the consolidated financial statements of Hanwha Aerospace Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2025 based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit matters

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

(a) Revenue recognition based on the cost input method

As described in Note 2 to the consolidated financial statements, the Group recognizes revenue related to contractual obligations based on the progress of contractual activities at the end of the reporting period when it is reasonably possible to measure the progress of performance obligations, such as revenue from the prototype development (Note 33). The Group measures the progress of contracts by dividing the accumulated contract costs incurred for the obligation performed by the total estimated contract costs. This measurement method may result in significant fluctuations in the measurement outcomes based on the management's significant judgments, and thus there exists uncertainty in the

accounting estimates.

We determined the measurement of progress used for revenue recognition under the input method as a key audit matter, considering the potential errors of estimation or intentional misstatements in profit or loss.

As the audit procedures performed in relation to the key audit matter, we did:

- Identify changes in the accounting policies for revenue recognition by obtaining an understanding thereof.
- Review if the conditions to reasonably measure the progress are satisfied.
- Evaluate the design of internal controls related to the estimation and changes in the total contract costs by obtaining an understanding thereof.
- Identify the causes of, and inspect supporting documentation for, contracts in which contract amounts and the total estimated contract costs changed significantly.
- Recalculate the progress rate and assess the contracts with abnormal changes in the progress rate.
- Assess the occurrence and timing of recognition of input costs.

(b) Allocation of consideration transferred arising from the business combination

As described in Note 45 to the consolidated financial statements, the Group obtained the control over Hanwha Ocean Co., Ltd., which had previously been classified as an associate, by additionally securing the right to appoint directors for the year ended December 31, 2024. Accordingly, the acquisition was accounted for as a business combination achieved in stages in accordance with KIFRS 1103 *Business Combinations*.

As the Group was unable to complete the accounting for the business combination for the year ended December 31, 2024, the provisional amounts were reported in the consolidated financial statements in accordance with KIFRS 1103 *Business Combinations*. For the year ended December 31, 2025, the Group completed the accounting for the business combination, including the allocation of the consideration transferred. Accordingly, the consolidated financial statements for the year ended December 31, 2024, presented for comparative purposes, have been restated to reflect these adjustments.

The consideration transferred was allocated based on the measurement of the fair values for the identifiable assets acquired and liabilities assumed, for which the Group engaged the independent external valuation specialists. The excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, amounting to ₩ 2,509,156 million, was recognized as goodwill.

Considering that the amount of goodwill recognized is significant and that the allocation of the consideration transferred involves significant management judgment in determining fair values, we determined the allocation of the consideration transferred arising from the business combination as a key audit matter.

As the audit procedures performed in relation to the key audit matter, we did:

- Evaluate the effectiveness of design and operation of the Group's internal controls over the allocation of consideration transferred arising from the business combination.
- Assess whether the transactions meet the definition of the business combination by obtaining

- an understanding thereof.
- Inspect the contractual terms and conditions set out in the transaction agreements.
- Assess the competence and independence of the external valuation specialists engaged by the Group.
- Inquire as to and assess the valuation methodologies used to determine the fair values of the identifiable assets acquired and liabilities assumed in the business combination.
- Inquire as to and assess the key assumptions used in the fair value measurements, including the discount rates, internally and externally derived estimation data, and business plans.
- Perform the independent recalculations on the fair value measurements.
- Assess the appropriateness of the related disclosures in the notes to the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Baekun Cho.



March 16, 2026

This audit report is effective as of March 16, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in thousands of Korean won)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	4, 5, 6, 8, 9	₩ 7,713,355,500	₩ 2,967,733,423
Other financial assets	4, 5, 6, 9, 10	188,463,688	353,821,515
Trade and other receivables	5, 6, 10, 11	3,734,950,413	3,377,790,242
Contract assets	11, 33	6,487,721,490	5,518,508,643
Inventories	13	7,741,657,563	6,404,050,583
Derivative assets	5, 6, 12	27,519,400	6,446,390
Other current assets	14	4,767,409,083	4,308,999,090
Non-current assets held for sale	32	44,342,864	44,359,731
		<u>30,705,420,001</u>	<u>22,981,709,617</u>
Non-current assets			
Other financial assets	5, 6, 9, 10	1,893,220,822	1,104,204,440
Long-term trade and other receivables	5, 6, 10, 11	303,617,110	408,324,087
Derivative assets	5, 6, 12	11,247,569	81,542,098
Other non-current assets	14, 24	121,845,156	212,258,405
Property, plant and equipment	15	9,524,442,060	8,385,865,551
Intangible assets	16	7,497,790,450	7,756,319,631
Investments in associates and joint ventures	18	2,190,157,525	965,841,184
Right-of-use assets	17	442,822,830	421,029,244
Deferred tax assets	25	1,263,106,081	1,244,839,786
		<u>23,248,249,603</u>	<u>20,580,224,426</u>
Total assets		<u>₩ 53,953,669,604</u>	<u>₩ 43,561,934,043</u>
Liabilities			
Current liabilities			
Trade and other payables	4, 5, 6, 19	₩ 6,041,071,651	₩ 4,269,928,224
Contract liabilities	33	15,990,679,254	13,647,933,172
Lease liabilities	4, 17	83,443,405	81,315,192
Borrowings and debentures	4, 5, 6, 20	6,982,167,457	6,117,727,028
Derivative liabilities	5, 6, 12	66,699,345	361,958,732
Employee benefits liabilities	24	48,559,233	97,493,279
Income tax payables	25	385,687,206	378,855,775
Other current liabilities	21, 22	350,457,664	555,558,491
Other current financial liabilities	4, 5, 6, 23	27,631,516	5,374,683
		<u>29,976,396,731</u>	<u>25,516,144,576</u>
Non-current liabilities			
Long-term trade and other payables	4, 5, 6, 19	572,289,168	439,684,538
Lease liabilities	4, 17	347,044,604	329,385,530
Borrowings and debentures	4, 5, 6, 20	5,412,718,897	4,164,782,798
Derivative liabilities	5, 6, 12	3,650,594	53,181,891
Employee benefits liabilities	24	669,610,403	851,475,802
Deferred tax liabilities	25	27,565,245	592,983,297
Other non-current liabilities	21, 22	87,206,579	46,305,189
Other non-current financial liabilities	4, 5, 6, 23	69,002,711	75,983,763
		<u>7,189,088,201</u>	<u>6,553,782,808</u>
Total liabilities		<u>37,165,484,932</u>	<u>32,069,927,384</u>
Equity			
Share capital	1, 26	270,317,005	240,405,805
Capital surplus	26	2,887,294,863	(510,432,402)
Capital adjustments	28	(21,019,888)	(21,019,888)
Accumulated other comprehensive income	29	565,579,057	539,650,694
Retained earnings	30	5,982,735,731	4,746,520,391
Equity attributable to the owners of the Parent Company		<u>9,684,906,768</u>	<u>4,995,124,600</u>
Non-controlling interests		<u>7,103,277,904</u>	<u>6,496,882,059</u>
Total equity		<u>16,788,184,672</u>	<u>11,492,006,659</u>
Total liabilities and equity		<u>₩ 53,953,669,604</u>	<u>₩ 43,561,934,043</u>

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

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2025

<i>(in thousands of Korean won)</i>	Notes	2025	2024
Revenue		₩ 26,702,901,249	₩ 11,240,121,484
Cost of sales	36	21,252,440,665	8,370,268,280
Gross profit		5,450,460,584	2,869,853,204
Selling and administrative expenses	35, 36	2,065,715,813	1,036,021,042
Research and development expenses	36	295,424,590	101,953,337
Operating profit		3,089,320,181	1,731,878,825
Other income	37	343,002,222	1,489,464,089
Other expenses	37	814,074,565	557,940,477
Finance income	38	1,270,561,983	373,540,184
Interest income		223,014,333	70,034,943
Finance costs	38	1,595,624,809	494,883,630
Interest expenses		489,672,629	242,539,778
Profits (losses) of associates and joint ventures accounted for using equity method	18	(83,311,738)	105,343,761
Profit before income tax expenses		2,209,873,274	2,647,402,752
Income tax expenses	25	7,890,188	136,136,192
Profit from continuing operations		2,201,983,086	2,511,266,560
Profit from discontinued operations (after tax effect)		-	28,606,901
Profit for the year		₩ 2,201,983,086	₩ 2,539,873,461
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gains (losses) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")		₩ 14,766,136	₩ (63,090,320)
Gains (losses) on remeasurements of net defined benefit liabilities		105,872,711	(65,058,578)
Losses on revaluation		(3,699,730)	-
Share in other comprehensive income of associates and joint ventures		-	13,996,418
<i>Items that may be subsequently reclassified to profit or loss</i>			
Cash flow hedges		2,020,137	(1,088,165)
Share in other comprehensive income (loss) of associates and joint ventures		(21,088,099)	53,119,575
Gain on translation of foreign operations		6,073,116	120,132,135
Other comprehensive income for the year, net of tax		103,944,271	58,011,065
Total comprehensive income for the year		₩ 2,305,927,357	₩ 2,597,884,526
Profit from continuing operations attributable to:			
Owners of the Parent Company		₩ 1,404,962,303	₩ 2,260,506,866
Non-controlling interests		797,020,783	250,759,694
Profit from discontinued operations attributable to:			
Owners of the Parent Company		₩ -	₩ 38,438,405
Non-controlling interests		-	(9,831,504)
Profit attributable to:			
Owners of the Parent Company		₩ 1,404,962,303	₩ 2,298,945,271
Non-controlling interests		797,020,783	240,928,190
Total comprehensive income attributable to:			
Owners of the Parent Company		₩ 1,437,195,710	₩ 2,375,667,201
Non-controlling interests		868,731,647	222,217,325
Earnings per share attributable to the owners of the Parent Company	39		
Basic and diluted earnings per share from continuing operations		₩ 28,530	₩ 45,935
Basic and diluted earnings per share from discontinued operations		-	781

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

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity

(in thousands of Korean won)						
Balance as of January 1, 2024						
Total comprehensive income						
	Share capital	Capital surplus	Capital adjustments	comprehensive income	Retained earnings	Non-controlling interests
	₩ 265,650,000	₩ 191,831,951	₩ (2,197,829)	₩ 445,655,712	₩ 2,627,417,654	₩ 1,155,867,830
	-	-	-	-	2,298,945,271	240,928,190
	-	-	-	(27,446,636)	8,518,950	(44,162,634)
	-	-	-	(1,088,165)	-	-
	-	-	-	-	(56,629,351)	(8,429,227)
	-	-	-	83,891,956	-	36,240,179
	-	-	-	102,339,295	(32,864,119)	(2,359,183)
	-	-	-	157,696,450	2,217,970,751	222,217,325
Total comprehensive income for the year						
Transactions with the owners						
	Annual dividends paid	-	-	-	(91,024,942)	(28,727,376)
	Share options	13,824,725	-	-	-	-
	Acquisition of treasury shares	-	19,041,232	-	-	-
	Effect of spin-off	(714,769,788)	219,173	63,701,468	-	3,928,227
	Changes in consolidation scope	-	-	-	-	5,143,698,496
	Other changes in equity	(1,319,290)	-	-	(7,843,072)	7,754,011
	₩ 240,405,805	₩ (510,432,402)	₩ (21,019,888)	₩ 539,650,694	₩ 4,746,520,391	₩ 6,496,882,059
Balance as of December 31, 2024						
Balance as of January 1, 2025						
Total comprehensive income						
	₩ 240,405,805	₩ (510,432,402)	₩ (21,019,888)	₩ 539,650,694	₩ 4,746,520,391	₩ 6,496,882,059
	-	-	-	-	1,404,962,303	797,020,783
	-	-	-	6,964,872	-	7,801,264
	-	-	-	30,825,053	(30,825,053)	-
	-	-	-	2,233,388	-	213,251
	-	-	-	-	37,049,636	68,823,075
	-	-	-	(3,699,730)	-	-
	-	-	-	(1,242,982)	-	7,316,098
	-	-	-	(9,071,777)	-	(12,016,322)
	-	-	-	26,008,824	1,411,186,886	868,731,647
Total comprehensive income for the year						
Transactions with the owners						
	Annual dividends paid	-	-	-	(159,132,918)	(35,927,392)
	Share options	-	-	-	-	-
	Paid-in capital increase	222,975,227	-	-	-	-
	29,911,200	4,178,876,592	-	-	-	-
	-	(1,004,124,554)	-	80,461	(15,838,628)	(226,408,410)
	₩ 270,317,005	₩ 2,887,294,863	₩ (21,019,888)	₩ 565,579,057	₩ 5,982,735,731	₩ 1,103,277,904
Balance as of December 31, 2025						

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

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(in thousands of Korean won)</i>	Notes	2025	2024
Cash flows from operating activities			
Net cash flows from operations	43 ₩	4,923,162,614	₩ 1,799,146,715
Interest received		152,954,024	68,042,580
Interest paid		(454,367,174)	(255,708,791)
Income tax paid		(571,944,888)	(218,507,870)
Cash flows provided by operating activities		4,049,804,576	1,392,972,634
Cash flows from investing activities			
Decrease in short-term financial instruments		5,130,998,847	83,134,226
Decrease in long-term financial instruments		8,918,066	2,400,000
Collection of loans		8,140,357	5,340,512
Decrease in leasehold deposits provided		15,748,491	6,036,919
Disposal of property, plant and equipment		19,143,408	1,666,563
Disposal of intangible assets		20,219,812	26,443,959
Decrease in derivative instruments		6,460,876	69,147,023
Disposal of financial assets at fair value through profit or loss ("FVPL")		29,943,003	35,700,000
Disposal of financial assets at FVOCI		122,525,173	31,007,572
Disposal of investments in associates and joint ventures		184,004	-
Disposal of assets in business segments and others		5,852,333	-
Decrease in other non-current assets		4,386,954	13,468,319
Dividends received		34,455,196	3,500,057
Increase in short-term financial instruments		(5,012,431,950)	(250,090,187)
Increase in long-term financial instruments		(18,030,253)	(11,346,819)
Increase in loans		(202,993,895)	(5,088,702)
Increase in leasehold deposits provided		(20,066,716)	(7,426,162)
Acquisition of property, plant and equipment		(1,710,503,200)	(578,204,898)
Acquisition of intangible assets		(283,579,185)	(175,429,175)
Acquisition of assets in business segments and others		-	(5,900,000)
Acquisition of financial assets at FVPL		(220,832,758)	(71,942,788)
Acquisition of financial assets at FVOCI		(602,639,916)	(199,837,214)
Acquisitions of investments in associates and joint ventures		(1,356,675,056)	(397,048,980)
Cash inflows due to business combination		-	57,127,659
Cash flows used in Investing activities		(4,020,776,409)	(1,367,342,116)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(in thousands of Korean won)</i>	Notes	2025	2024
Cash flows from financing activities			
Increase in short-term borrowings		8,486,521,229	8,462,532,800
Increase in long-term borrowings		1,588,098,648	513,246,734
Issuance of debentures		1,376,881,001	1,157,931,679
Paid-in capital increase		4,208,787,792	-
Decrease in short-term borrowings		(8,436,258,690)	(7,535,875,968)
Decrease in long-term borrowings		(165,864,031)	(212,948,365)
Decrease in current borrowings (others)		(506,879,103)	(581,805,880)
Repayments of debentures		(209,100,000)	(520,000,000)
Decrease in lease liabilities		(98,680,891)	(50,137,814)
Interest payment on hybrid bonds		(23,328,323)	-
Changes in non-controlling interests		(1,342,915,161)	248,287,205
Increase in leasehold deposits received		(609,911)	(943,219)
Acquisition of treasury shares		-	(19,041,233)
Dividends paid		(195,060,310)	(119,752,318)
Cash outflow due to spin-off		-	(275,827,519)
Cash flows provided by financing activities		4,681,592,250	1,065,666,102
Increase in cash and cash equivalents		4,710,620,417	1,091,296,620
Cash and cash equivalents at the beginning of the year		2,967,733,423	1,806,358,649
Effects of exchange rate changes on cash and cash equivalents		35,001,660	70,078,154
Cash and cash equivalents at the end of the year		₩ 7,713,355,500	₩ 2,967,733,423

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

1. General information

1.1 Description on the Parent Company

Hanwha Aerospace Co., Ltd. (the “Parent Company”) was incorporated in August, 1977 under its original name of Samsung Precision Co, Ltd. The Parent Company changed its name to Samsung Aeronautics Co., Ltd. in February 1987, to Samsung Techwin Co., Ltd. in March 2000, to Hanwha Techwin Co., Ltd. on June 29, 2015, and finally changed its name to Hanwha Aerospace Co., Ltd. on March 23, 2018. The Parent Company listed its ordinary shares on the Korea Exchange in May 1987 and it is domiciled in the Republic of Korea with its address at 1204 Changwon Daero, Seongsan-gu, Changwon, Gyeongsangnam-do. The Parent Company's domestic business sites are located in Changwon in Gyeongsangnam-do, Daejeon and Boeun in Chungcheongbuk-do, while its overseas plants and sales branches operates in U.S.A., Vietnam and Australia. The Parent Company is engaged in the manufacture and maintenance of aircraft engines, the manufacture and sale of weapons and ammunition, and the manufacture of ground defense systems.

After several capital increases and reductions, the Parent Company's share capital amounts to ₩ 270,317 million as of December 31, 2025 and its largest shareholder is Hanwha Corporation (32.18%).

1.2 Consolidated subsidiaries

Details of the Group's subsidiaries subject to consolidation as of December 31, 2025 and 2024 are as follows:

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			Dec. 31, 2025	Dec. 31, 2024	
Hanwha Systems Co., Ltd. ¹	Korea	Manufacturing and sales of military equipment, development of software and consulting	47.22%	47.22%	December
Hanwha Aero Engines Co., Ltd.	Vietnam	Manufacturing gas turbine engines for aircrafts	100.00%	100.00%	December
Hanwha Defense Australia Pty Ltd.	Australia	Manufacturing and sales of military equipment	100.00%	100.00%	December
Hanwha Aerospace USA Corporation	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EDAC Technologies Intermediate Company	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
Hanwha Aerospace USA LLC	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EBTEC Corporation	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
APEX Machine Tool Company, Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
GROS-ITE Industries Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
EDAC ND Inc.	U.S.A.	Manufacturing of engine and aircraft parts	100.00%	100.00%	December
Valpak Engineering LLC ³	U.S.A.	Manufacturing of industrial engine components	100.00%	-	December
Hanwha Phasor Ltd.	U.K.	Manufacturing of communication devices	100.00%	100.00%	December
H Foundation Pte Ltd.	Singapore	New technology business	100.00%	100.00%	December
Enterprise Blockchain Co., Ltd.	Korea	Data processing	100.00%	100.00%	December
Hanwha Defense USA, Inc.	U.S.A.	Manufacturing and sales of military equipment	100.00%	100.00%	December
Vanila Studio Co., Ltd.	Korea	Development and supply of	100.00%	100.00%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			Dec. 31, 2025	Dec. 31, 2024	
Hanwha Systems USA Corporation	U.S.A.	application software	100.00%	100.00%	December
Hanwha Intelligence Co., Ltd.	Korea	New technology business	-	50.87%	December
		Manufacturing			
Hanwha Systems UK Ltd.	U.K.	Manufacturing of other wireless communication equipment	100.00%	100.00%	December
Satrec Initiative Co., Ltd. ²	Korea	Development of satellite system t and related services	33.63%	33.63%	December
SI Imaging Services	Korea	Sales of satellite image and services	65.90%	65.90%	December
SI Analytics Co., Ltd	Korea	AI-based satellite/air image data analysis business	69.44%	69.44%	December
VANI STUDIO VIETNAM JOINT STOCK COMPANY	Vietnam	Development and supply of application software	98.62%	98.62%	December
Enterprise Blockchain Inc.	U.S.A.	New technology business	100.00%	100.00%	December
HANWHA AEROSPACE EUROPE	Poland	Manufacturing and sales of military equipment	100.00%	100.00%	December
EBC Global Pte Ltd.	Singapore	Telecommunications	-	100.00%	December
Hanwha Aerospace Japan G.K	Japan	Investments in real estate	100.00%	100.00%	December
Hanwha Aerospace UK Limited	U.K.	Manufacturing and sales of military equipment	100.00%	100.00%	December
Hanwha Aviation Co., Ltd.	Korea	Holding company	100.00%	100.00%	December
Hanwha Ocean SG Holdings Pte Ltd.	Singapore	Investments	100.00%	100.00%	December
Hanwha Aerospace Romania S.R.L	Romania	Manufacturing and sales of military equipment	100.00%	100.00%	December
HS USA Holdings Corp.	U.S.A.	Management of overseas subsidiaries	100.00%	100.00%	December
HDUSA Ordnance Solutions LLC ³	U.S.A.	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha Offshore Singapore Pte. Ltd. ⁵	Singapore	Marine plants	100.00%	95.15%	December
Hanwha Offshore Engineering Services Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Hanwha Offshore Services Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Hanwha Offshore Solutions Singapore Pte Ltd.	Singapore	Marine plants	100.00%	100.00%	December
Dyna-Mac Keppel Philippines Inc.	Philippines	Marine plants	60.00%	60.00%	December
Dyna-Mac Offshore Engineering (Shanghai) Co., Ltd.	China	Marine plants	100.00%	100.00%	December
Dyna-Mac Heavy Industry (Jiangsu) Co., Ltd.	China	Marine plants	100.00%	100.00%	December
Hanwha Ocean Co., Ltd. ^{2,4}	Korea	Building of steel ships	42.01%	34.71%	December
Hanwha Ocean Ecotech Co., Ltd.	Korea	Manufacturing of ship component	98.51%	98.51%	December
Cheonjangsan Pung Ryeok Corporation	Korea	Private development	100.00%	100.00%	December
Gogunsan Offshore Windpower Corporation	Korea	Development business	100.00%	100.00%	December
Yeonggwang Chilhae Offshore Windpower Corporation	Korea	Private development	100.00%	100.00%	December
BoryeongNokdo Offshore Windpower Corporation	Korea	Wind power generation	100.00%	100.00%	December
Hanwha Ocean Engineering Co., Ltd.	Korea	Quality inspection	100.00%	100.00%	December
Hanwha Ocean USA Holdings Corp.	U.S.A.	Holding company	100.00%	100.00%	December
Hanwha Philly Shipyard, Inc.	U.S.A.	Building of steel ships	100.00%	100.00%	December

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Subsidiaries	Location	Main business	Ownership interest held by the Group (%)		Closing month
			Dec. 31, 2025	Dec. 31, 2024	
Hanwha Ocean Europe Ltd.	U.K.	Sales support	100.00%	100.00%	December
Hanwha Ocean Shandong Co., Ltd.	China	Manufacturing of ship components	100.00%	100.00%	December
DSME Kazakhstan LLP	Kazakhstan	Ship repair and technical supports	100.00%	100.00%	December
Hanwha Ocean USA International LLC	U.S.A.	Investments	100.00%	100.00%	December
Hanwha Ocean Global Operation Center LLC	U.S.A.	Marine services	100.00%	100.00%	December
Hanwha Drilling LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Tidal Action LLC	Cayman Islands	Drilling industry	100.00%	100.00%	December
Hanwha Ocean Americas LLC ⁷	U.S.A.	Marketing	100.00%	-	December
Hanwha Ocean Global Project Center B.V.	Netherlands	Marine design	100.00%	-	December
Hanwha Ocean Brazil Ltda. ³	Brazil	Sales supports	100.00%	-	December
Hanwha Ocean Global Engineering Center India Private Limited ³	India	Marine design	100.00%	-	March
Hanwha Ocean USA Investment LLC ³	U.S.A.	Investments	100.00%	-	December
Hanwha Ocean Namibia Pyt Ltd ⁶	Namibia	Contract management and sales for marine projects	100.00%	-	February
HAA No.1 Pty Ltd. ³	Australia	Investments	100.00%	-	December
Hanwha Global Defense, Inc. ³	U.S.A.	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha Aerospace Middle East & North Africa Regional Headquarters ³	Saudi	Manufacturing and sales of military equipment	100.00%	-	December
Hanwha WB Advanced System sp.z o.o. ³	Poland	Manufacturing and sales of military equipment	51.00%	-	December
OCEAN E&I CO.,LTD. ³	Korea	Transportation and storage	100.00%	-	December

¹ Although the Group has less than 50% ownership interest, the Group concluded that the Group has de facto control over Hanwha Systems Co., Ltd., and classified it as a subsidiary, considering the component ratio of the shareholders.

² Although the Group has less than 50% ownership interest, the Group concluded that the company should be classified as a subsidiary considering its ability to appoint or dismiss 50% of members of the board of directors in accordance with shareholders' agreement.

³ Newly established for the year ended December 31, 2025.

⁴ For the year ended December 31, 2025, the Group acquired additional shares of Hanwha Ocean Co., Ltd. from Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Co., Ltd.

⁵ For the year ended December 31, 2025, the Group acquired additional interests held by non-controlling shareholders.

⁶ Newly included in the scope of consolidation for the year ended December 31, 2025.

⁷ Although no capital contribution was made by the Group, it is determined that the Group holds control over the entity, considering that the Group, as the sole member, can exercise voting rights in the decision-making process.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

1.3 Changes in scope of consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2025 are as follows:

Subsidiaries	Reason
HAA No.1 Pty Ltd.	Newly established
Hanwha Global Defense, Inc.	Newly established
Hanwha Aerospace Middle East & North Africa Regional Headquarters	Newly established
Hanwha Ocean Brazil Ltda.	Newly established
Hanwha Ocean Global Engineering Center India Private Limited	Newly established
Hanwha WB Advanced System sp.z o.o.	Newly established
Valpak Engineering LLC	Newly established
Hanwha Ocean USA Investment LLC	Newly established
Hanwha Ocean Namibia Pyt Ltd	Newly acquired
OCEAN E&I CO.,LTD.	Newly established
HDUSA Ordnance Solutions LLC	Newly established

Subsidiaries excluded from the consolidation for the year ended December 31, 2025 are as follows:

Subsidiaries	Reason
Hanwha Intelligence Co., Ltd.	For sale
EBC Global Pte Ltd.	Liquidated

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

1.4 Summarized financial information

The summarized financial information on the Group's subsidiaries as of and for the year ended December 31, 2025 and 2024 is as follows:

(in millions of Korean won)

Subsidiary	As of and for the year ended December 31, 2025					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Hanwha Aero Engines Co., Ltd.	₩ 366,905	₩ 244,300	₩ 122,605	₩ 326,469	₩ 41,777	₩ 37,525
Hanwha Aerospace Japan G.K	8,874	29	8,845	341	(82)	(263)
Hanwha Aerospace USA Corporation ¹	327,534	248,091	79,443	333,430	2,951	924
Hanwha Defense USA, Inc.	20,884	7,070	13,814	741	(22,109)	(21,052)
Hanwha Global Defense, Inc. ⁵	6,502	3,486	3,016	4,444	325	402
HDUSA Ordnance Solutions LLC ⁵	-	-	-	-	-	-
Hanwha Aerospace UK Limited	-	-	-	-	-	-
Hanwha Aerospace Europe	5,954	541	5,413	12,529	710	1,238
Hanwha Aerospace Romania S.R.L	88,778	35,733	53,045	-	(3,283)	(3,861)
Hanwha WB Advanced System sp.z o.o. ⁵	1,522,508	1,516,353	6,155	-	(2,571)	(2,174)
Hanwha Defense Australia Pty Ltd.	1,130,065	1,179,148	(49,083)	386,142	(10,946)	(14,193)
Hanwha Aerospace Middle East & North Africa Regional Headquarters ⁵	5,856	2,140	3,716	2,851	(3,051)	(3,366)
Hanwha Ocean Co., Ltd.	19,724,646	13,730,328	5,994,318	12,903,594	1,344,199	1,433,962
Hanwha Ocean Engineering Co., Ltd.	16,161	7,341	8,820	52,479	(1,817)	(1,817)
Hanwha Ocean Ecotech Co., Ltd.	420,382	116,690	303,692	173,021	10,676	11,617
Cheonjangsan Pung Ryeok Corporation	4,064	4,101	(37)	-	(417)	(417)
Gogunsan Offshore Windpower Corporation	85	112	(27)	-	(15)	(15)
Yeonggwang Chilhae Offshore Windpower Corporation	13,677	15,330	(1,653)	-	(730)	(730)
BoryeongNokdo Offshore Windpower Corporation	1,659	3,316	(1,657)	-	(941)	(941)
OCEAN E&I CO.,LTD. ⁵	304	39	265	-	(35)	(35)
Hanwha Ocean Shandong Co., Ltd.	451,086	172,195	278,891	303,000	14,607	19,824
DSME Kazakhstan LLP	1,043	-	1,043	-	(58)	(32)
Hanwha Ocean USA Holdings Corp. ³	1,556,036	516,525	1,039,511	75,957	(69,839)	(140,049)

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in millions of Korean won)

As of and for the year ended December 31, 2025

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
Hanwha Ocean Europe Ltd.	5,855	5,611	244	5,923	213	224
Hanwha Ocean SG Holdings Pte Ltd.	876,534	3,459	873,075	-	(1,380)	(1,614)
Hanwha Offshore Singapore Pte Ltd ⁴	542,039	265,326	276,713	482,102	67,554	76,429
Hanwha Philly Shipyard, Inc.	512,258	692,290	(180,032)	562,370	(127,010)	(126,373)
HAA No.1 Pty Ltd. ⁵	541,441	58,019	483,422	-	61,954	145,981
Hanwha Systems Co., Ltd.	9,343,423	4,527,158	4,816,265	3,091,485	367,039	2,423,413
Enterprise Blockchain Co., Ltd.	-	-	-	-	7,351	7,351
Vanila Studio Co., Ltd.	13,753	12	13,741	-	577	577
Hanwha Intelligence Co., Ltd. ⁶	-	-	-	-	(2,620)	(2,620)
VANI STUDIO VIETNAM JOINT STOCK COMPANY	9,981	2	9,979	-	319	(230)
H Foundation Pte Ltd.	34,044	102	33,942	-	(1,886)	12,874
EBC Global Pte Ltd. ⁷	-	-	-	-	(114)	177
Hanwha Systems USA Corporation	733,607	2,907	730,700	10,061	(31,137)	(36,311)
Enterprise Blockchain Inc.	6,257	-	6,257	-	1,514	2,748
Hanwha Systems UK Ltd.	132,499	5	132,494	-	(16,101)	105,628
HS USA Holdings Corp.	308,861	14	308,847	-	(555)	347
Satrec Initiative Co., Ltd. ²	411,002	173,999	237,003	206,917	14,086	14,086
Hanwha Phasor Ltd.	12,253	11,104	1,149	-	(6,494)	(6,590)
Hanwha Aviation Co., Ltd.	140,836	-	140,836	-	(364)	(364)

¹ Presenting the consolidated financial information on Hanwha Aerospace USA Co., which includes the financial information on seven subsidiaries.

² Presenting the consolidated financial information on Satrec Initiative Co., Ltd. which includes the financial information on two subsidiaries.

³ Presenting the consolidated financial information on Hanwha Ocean USA Holdings Corp. which includes the financial information on ten subsidiaries.

⁴ Presenting the consolidated financial information on Hanwha Offshore Singapore Pte Ltd. which includes the financial information on six subsidiaries.

⁵ Newly established for the year ended December 31, 2025.

⁶ Excluded from subsidiaries due to disposal for the year ended December 31, 2025.

⁷ Excluded from subsidiaries due to liquidation for the year ended December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in millions of Korean won)

As of and for the year ended December 31, 2024

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
HANWHA VISION AMERICA, INC. ⁶	₩ -	₩ -	₩ -	₩ 501,197	₩ 11,160	₩ 13,851
Hanwha Techwin (Tianjin) Co., Ltd. ⁶	-	-	-	-	(286)	(116)
HANWHA VISION EUROPE LIMITED ⁶	-	-	-	124,522	7,789	9,702
Hanwha Techwin (Shanghai) Co., Ltd. ⁶	-	-	-	27,288	914	1,284
Techwin Engineering Center ⁶	-	-	-	1,601	39	52
Hanwha Systems Co., Ltd.	5,219,490	2,788,455	2,431,035	2,793,633	263,133	236,022
Hanwha Techwin Automation Americas, Inc. ⁶	-	-	-	20,614	(1,818)	(1,522)
HANWHA VISION VIETNAM COMPANY LIMITED ⁶	-	-	-	228,046	12,889	13,353
HANWHA VISION MEA FZE ⁶	-	-	-	45,381	(313)	(293)
Hanwha Techwin Automation Vietnam Co., Ltd. ⁶	-	-	-	1,125	169	179
Hanwha Vision CO., LTD ⁶	-	-	-	651,680	94,363	94,363
Hanwha Precision Machinery Co., Ltd. ⁶	-	-	-	300,144	(24,706)	(24,706)
Hanwha Aero Engines Co., Ltd.	369,867	284,787	85,080	247,129	19,709	25,713
Hanwha TechM (Suzhou) Co., Ltd ⁶	-	-	-	-	(15)	(26)
Hanwha Systems Vietnam Co., Ltd ⁴	-	-	-	-	(37)	(56)
Hanwha Defense Australia PTY Ltd	772,487	807,377	(34,890)	254,299	6,758	4,943
Hanwha Aerospace USA Corporation ¹	315,759	237,248	78,511	264,223	(40,959)	(27,934)
Hanwha Phasor Ltd.	17,455	9,716	7,739	-	(52,659)	(48,290)
H Foundation PTE., Ltd.	21,196	128	21,068	-	(2,399)	(2,203)
Enterprise Blockchain Co., Ltd.	1,942	2,751	(809)	646	(11,680)	(11,579)
Hanwha Defense USA, INC	4,048	5,349	(1,301)	2,906	(15,487)	(15,643)
Vanila Studio Co., Ltd.	13,170	6	13,164	-	(2,214)	(2,214)
Duclo ⁶	-	-	-	-	(8,457)	(8,485)
Hanwha Systems USA Corporation	346,678	9,264	337,414	8,991	46,940	78,901
Hanwha Intelligence Co., Ltd.	16,121	2,763	13,358	-	(18,336)	(18,363)
VISIONEXT CO., LTD. ⁶	-	-	-	11,033	(10,834)	(10,834)
Hanwha Systems UK Ltd	92,195	43	92,152	-	39	(66,614)
Satrec Initiative Co., Ltd. ²	446,984	222,962	224,022	171,279	6,249	6,249
VANI STUDIO VIETNAM JOINT STOCK COMPANY	10,215	7	10,208	1	(1,246)	(424)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in millions of Korean won)

As of and for the year ended December 31, 2024

Subsidiary	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
VISIONEXT AMERICA INC ⁶	-	-	-	-	(1)	12
Enterprise Blockchain Inc.	3,649	140	3,509	-	(20,350)	(20,888)
HANWHA DIGITAL INC. ³	-	-	-	1,492	243	273
Hanwha Aerospace Europe	4,397	221	4,176	11,306	688	974
EBC GLOBAL PTE. LTD.	-	7	(7)	-	(3,518)	(3,119)
HanwhaVision Mexico.S.A.de C.V. ⁶	-	-	-	3,592	(330)	(457)
Neubla Corporation ⁶	-	-	-	7,966	(309)	(309)
FABLESS-PIONEER HOLDINGS ⁶	-	-	-	-	-	(60)
A123 CORPORATION ⁶	-	-	-	-	(19,881)	(19,721)
NEUBLA UK LTD ⁶	-	-	-	3,430	(1,083)	(940)
Hanwha Aerospace Japan GK	9,134	26	9,108	173	(232)	(2)
Hanwha Aerospace UK Limited ⁵	-	-	-	-	-	-
Hanwha Aviation Co., Ltd. ⁵	110,453	103	110,350	-	659	659
Hanwha Ocean SG Holdings Pte. Ltd. ⁵	879,315	4,617	874,698	-	(5,192)	(3,351)

¹ Presenting the consolidated financial information on Hanwha Aerospace USA Co., which includes the financial information on six subsidiaries.

² Presenting the consolidated financial information on Satrec Initiative Co., Ltd. which includes the financial information on two subsidiaries.

³ Excluded from subsidiaries due to merger for the year ended December 31, 2024.

⁴ Excluded from subsidiaries due to liquidation for the year ended December 31, 2024.

⁵ Newly included for the year ended December 31, 2024.

⁶ The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through the spin-off of its security service and industrial machinery service, and Hanwha Industrial Solutions Co., Ltd. succeeded the relevant subsidiaries. The financial information on profit and loss presented above only includes the financial information for the eight-month period ended August 31, 2024, incurred prior to the spin-off.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Material accounting policies

The principal accounting policies applied in the preparation of these consolidated 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 Group maintains its accounting records in Korean won and prepares its statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

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

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

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

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment measured at fair value;
- assets held for sale measured at fair value less costs to sell; and
- defined benefit plans and 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2025.

(a) Amendments to KIFRS 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 the related information. The amendments had no material impact on the Group's consolidated financial statements.

(b) Amendments to KIFRS 1117 Insurance Contracts

If the estimation techniques used for input variables in measuring insurance contracts differ from the principles required by insurance regulations, the entity shall disclose those differences and their effects when the differences and their effects on the financial statements are considered relevant and material to users of financial statements. The amendments had no material impact on the Group's consolidated financial statements.

2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for reporting period starting on or after January 31, 2025 and have not been early adopted by the Group.

(a) Amendments to KIFRS 1109 Financial Instruments, KIFRS 1107 Financial Instruments: Disclosures

KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments had no material impact on the Group's consolidated financial statements. These amendments:

- clarify that a financial liability is derecognized on the "settlement date" and introduce an accounting policy choice (if specific conditions are met) to recognize financial liabilities settle using an electronic payment system before the settlement date;
- 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 instrument 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").

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(b) Annual improvements to KIFRS -Volume 11

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

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

(c) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Contracts referencing nature-dependent electricity are defined contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). The amendments clarify that “contracts to buy or sell such electricity” are assessed for eligibility under the own-use exemption. In addition, the amendments modify hedge accounting requirements by allowing an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that reflect the nature-dependent variability of electricity and introduce additional disclosure requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The amendments had no material impact on the Group’s consolidated financial statements.

(d) KIFRS 1118 Presentation and Disclosure in Financial Statements

KIFRS 1118 *Presentation and Disclosure in Financial Statements* replaces KIFRS 1001 *Presentation of Financial Statements*. The new presentation requirements introduced in KIFRS 1118 will increase comparability of the financial performance of similar entities, especially related to how “operating profit or loss” is defined. The new disclosure requirements for “management-defined performance measures” will enhance transparency. The standard should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under KIFRS 1118.

The Group has not yet adopted KIFRS 1118 and is in the process of determining the impact on the Group of applying KIFRS 1118. The Group has prepared a transition plan and is on track to report their first KIFRS 1118-compliant interim financial statements for the period ending March 31, 2027 and annual financial statements for the period ending December 31, 2027.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with KIFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

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

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

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

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

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

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the entity in applying the equity method.

(c) Joint arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues, and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

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 each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won (presented herein as "Korean won", "KRW" or "₩"), which is the functional and presentation currency of the Parent Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.6 Financial assets

(a) Classification

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

- those to be measured at fair value through profit or loss ("FVPL")
- those to be measured at fair value through other comprehensive income ("FVOCI"); and
- those to be measured at amortized cost.

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

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

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

(b) Measurement

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

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

(i) Debt instruments

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

- 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;

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

- 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"; and
- 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 "finance income or costs" in the year in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which are 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 continues to be recognized in profit or loss as "other 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 'finance income and costs' in the statement 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 Group 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.

(d) Recognition and derecognition

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

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(e) Offsetting of financial instruments

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

2.7 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge and trading relationships and designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (hedges of net investments).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 12. Movements in the cash flow hedge reserve are shown in Note 29.

The Group applies cash flow hedge accounting to hedge the interest rate risk on its floating rate borrowings and the exchange rate risk on its borrowings denominated in foreign currency. The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income, and the ineffective portion is recognized in "finance income (costs)". In addition, changes in the fair value of derivatives that qualify for fair value hedge accounting, as well as changes in the fair value of the hedged items attributable to the hedged risk, are recognized in "finance income (costs)". Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognized immediately in profit or loss within "finance income (costs)" based on the nature of transactions.

The full fair value of derivatives designated as hedging instruments is classified as a non-current asset or liability when the remaining maturity of the hedged item exceeds 12 months, and as a current asset or liability when the remaining maturity is 12 months or less. Derivatives that are not designated as hedging instruments are classified as current or non-current based on their settlement date in the case of derivative liabilities, and based on their expected maturity in the case of derivative assets.

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

measured at amortized cost using the effective interest method, less loss allowance (See Note 11 for further information about the Group's accounting for trade receivables).

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value, and the cost of inventories is determined by using the weighted-average method or the moving-average method, except for materials-in-transit and specific work-in-progress, which are measured using the specific identification method.

2.10 Non-current assets (or disposal group) held for sale

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

2.11 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 Group 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 of land by revaluation are credited to other comprehensive income and shown as revaluation surplus in equity, less deferred tax effects. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against the revaluation surplus directly; all other decreases are charged to the statement of comprehensive income.

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:

	<u>Useful lives</u>
Buildings	10–60 years
Structures	7–50
Machinery	3–30
Tools and furniture	2–15
Vehicles	3–15
Vessels and Aircrafts	5–40

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 and are recognized as "other gains and losses" in the consolidated statements of comprehensive income.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

When revalued assets are derecognized, the amount included in revaluation surplus is transferred to retained earnings.

2.12 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 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.

2.13 Government grants

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

2.14 Intangible assets

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

Development costs, which are internally generated intangible assets, represent the sum of expenditures incurred after the asset recognition criteria — including technical feasibility and the probability of generating future economic benefits — have been met. This asset is amortized by the straight-line method and units-of-production method as set out in the table below.

Business licenses for international joint projects represent payments made to participate in joint development and manufacturing programs for new products with foreign companies, and are amortized using the straight-line method over their estimated useful lives.

Certain intangible assets 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 Group amortizes intangible assets with a limited useful life using the straight-line and production proportional method over the following periods:

	<u>Useful lives</u>
Development cost	3–20 years
Industrial rights	3–30
Business license for international joint projects	30
Technical license	7–20
Software	3–10
Customer relationships	1–16
Others	2–40

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.15 Impairment of non-financial assets

Goodwill or intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. 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, which 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 impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.16 Trade and other payables

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

2.17 Financial liabilities

(a) Classification and measurement

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

The Group classifies all non-derivative 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 them as "trade and other payables", "borrowings" and "other financial liabilities", 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 prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when the contractual obligation is extinguished due to discharging, cancellation, expiration, or when the terms of an existing financial liability are substantially modified.

(c) Classification of liabilities and equity

Debt instruments and equity instruments are classified as financial liabilities or equity based on the substance of contracts and the definition of financial liabilities and equity instruments.

2.18 Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as “other financial liabilities” in the consolidated statement of financial position.

2.19 Provisions

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

2.20 Greenhouse gas emissions rights and liabilities

Emission liabilities arising from greenhouse gas emissions are measured as the sum of the carrying amount of the emission allowances held by the Group for the relevant compliance year and the best estimate of the expenditure required at the end of the reporting period to settle the obligation for emissions in excess of such allowances. Emission rights and emission liabilities are classified as “intangible assets (other intangible assets)” and ‘provisions (current portion of provisions)’, respectively, in the consolidated statement of financial position.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2.21 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 Group 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 consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group 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.

2.22 Employee benefits

(a) Post-employment benefits

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

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

A defined benefit plan is a pension plan that is not a defined contribution plan. 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.

(b) Other long-term employee benefits

The Group provides long-term employee benefits that are entitled to employees with service period for five 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 Group recognizes service costs, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independently qualified actuary.

(c) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. In addition, the Group is required to remeasure the fair value of cash-settled share-based payments at the end of each reporting period and at the settlement date until the liability is settled, with any changes in value recognized in profit or loss for the year.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2.23 Revenue recognition

For all contracts with customers within the scope of KIFRS 1115 *Revenue from Contracts with Customers*, revenue is recognized applying the following five-step process to contracts with customers:

- identify contracts with customers;
- identify the separate performance obligation;
- determine the transaction price of the contract;
- allocate the transaction price to each of the separate performance obligations; and
- recognize the revenue as each performance obligation is satisfied.

(a) Identify performance obligations

(i) A performance obligation is satisfied at a point in time

The Group recognizes revenue from the sale of goods or services at the point in time when control of the goods or services is transferred to the customer and the performance obligation is satisfied. The Group determined that the manufacturing of mass-production products represents a performance obligation that is satisfied at a point in time. In determining when the customer obtains control of the promised asset and when the Group satisfies its performance obligation, the Group considers the right to payment, legal ownership, physical possession, and the transfer of significant risks and rewards.

(ii) A performance obligation is satisfied over time

In accordance with KIFRS 1115 *Revenue from Contracts with Customers*, the Group recognizes a performance obligation as being satisfied over time when one or more of the three criteria set out in paragraph 35 are met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(b) Variable consideration

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognizes revenue at transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty has been resolved.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(c) A significant financing component in the contract

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer.

(d) Allocation of transaction prices

The Group allocates transaction prices based on the individual selling prices for the various performance obligations identified in a single contract.

(e) Incremental costs of obtaining a contract

The Group pays broker commissions to its brokers based on certain supply contracts. Such incremental cost for obtaining a contract is an incremental cost because it would not have incurred if the contract has not been obtained. Any cost that is incurred regardless of obtaining a contract is recognized as an expense as incurred unless it can be charged to the customer whether the contract is obtained or not.

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, and costs that are recognized as assets are amortized based on the progress towards complete satisfaction.

(f) Warranties

The Group analyzed the effect of warranties, and concluded that the impacts on the consolidated financial statements are not significant. The Group provides customers for certain project with another warranty in addition to the standard warranty assuring that the product complies with agreed-upon specifications. Therefore, the promised service is a separate performance obligation in accordance with KIFRS 1115.

If the Group provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the Group accounts for the promised warranty as a separate performance obligation and allocate a portion of the transaction price to service provided and warranty service.

(g) Contract assets and liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. The Group presents contract assets and liabilities arising from the same contract in the consolidated statement of financial position at net amount by offsetting each other.

2.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group disclosed information relating to its operating segments in Note 34 to the consolidated financial statements in accordance with KIFRS 1108 *Operating Segments*.

2.25 Business combination of entities under common control

The Group applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company. However, if the consolidated financial statements are not available, the Group applies the carrying amount of assets and liabilities accounted on acquiree's financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as reserves.

2.26 Business Combinations

The Group has applied the acquisition method of accounting for business combinations. The consideration transferred is determined based on the fair value (at the exchange date) of the assets acquired in exchange for control over the acquiree, as well as the liabilities assumed in relation to the previous owners of the acquiree, and the equity instruments issued on the acquisition date. Acquisition-related costs are recognized as profit or loss in the period incurred.

On the acquisition date, identifiable assets acquired, liabilities assumed, and contingent liabilities are recognized at their fair value, with the exception of the following:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits obligations are recognized and measured in accordance with KIFRS 1012 *Income Taxes* and KIFRS 1019 *Employee Benefits*, respectively;
- any liabilities or equity instruments that arise when the Group substitutes equity-based compensation of the acquiree for its equity-based compensation are measured in accordance with KIFRS 1102 *Share-based Payment*; and
- non-current assets (or disposal groups) classified as held for sale in accordance with KIFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with KIFRS 1105.

Goodwill is measured as the excess of the total of the consideration transferred and the fair value of the equity interests previously held by the Group in the acquiree over the net fair value of the identifiable acquired assets and assumed liabilities as of the acquisition date. If the net fair value of identifiable acquired assets and assumed liabilities exceeds the total of the consideration transferred and the fair value of the equity interests previously held by the Group in the acquiree, the excess amount is recognized as a bargain purchase gain in the profit or loss for the period.

The acquisition consideration of the Group resulting from a business combination includes assets and liabilities arising from contingent consideration agreements, which are measured at fair value on the acquisition date and included as part of the acquisition consideration. Any changes in fair value after the acquisition date are adjusted retroactively based on the conditions of measurement period adjustments, which refer to the adjustments arising from obtaining additional information about facts and circumstances existing at the acquisition date during the adjustment period (which cannot exceed one year from the acquisition date).

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

If the conditions for measurement period adjustments are not met, changes in the fair value of contingent consideration are accounted for based on the classification of the contingent consideration. Contingent consideration classified as equity is not remeasured after the reporting date and is accounted for as equity when settled. Other contingent considerations are remeasured at fair value after the reporting date, and any changes in fair value are recognized in profit or loss.

In a business combination achieved in stages, the Group remeasures the equity interest previously held in the acquiree at its fair value on the acquisition date. If this results in a gain or loss, it is recognized in profit or loss (or, where appropriate, in other comprehensive income). Any fair value changes of the equity interest in the acquiree recognized in other comprehensive income prior to the acquisition date are recognized based on the standards applicable as if the previously held interest were directly disposed of.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for items for which the accounting has not been completed in the financial statements. If there is newly obtained information during the measurement period regarding facts and circumstances existing at the acquisition date, the Group retroactively adjusts the provisional amounts recognized as of the acquisition date to reflect that information or recognizes additional assets and liabilities, considering how that information would have affected the measurement of the amounts recognized at the acquisition date.

2.27 Leases

(a) Group as a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(b) Group as a lessee

The Group leases various offices, warehouses, equipment, vessels and cars. Lease contracts are typically made for fixed periods of two to fifty years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate or vessels for which the Group is lessee, the Group 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.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The Group 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 Group 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 of the commencement date;
- amounts expected to be payable by the Group (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group (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.

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

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.

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

2.28 Approval of issuance of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2025 were approved for issue by the Board of Directors on February 23, 2026 and are subject to change with the approval at the annual shareholder's meeting.

3. Material accounting estimates and assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal to the related actual result, it can contain a significant risk of causing a material adjustment.

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

(a) Impairment loss on intangible assets that have indefinite useful lives (goodwill) and business license for international joint projects

The Group tests whether Intangible assets that have indefinite useful lives (goodwill) and international joint projects 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) Income tax

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

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages, there is an uncertainty measuring the final tax effects (see Note 25).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

In addition, the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(d) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 24).

(e) Construction contracts

(i) Uncertainty of the estimated total contract revenue

The total contract revenue is measured based on contractual amount initially agreed. Yet the measurement of contract revenue is liable to various uncertainties of the future events, as the contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. The change in contract revenue is recognized when it is probable that the customer will approve of the increase in revenue due to the changes in contract work and the amount of changes can be measured reliably.

(ii) Estimated total contract costs

The total contract costs are estimated based on future estimates of material costs, labor costs and others. There is uncertainty in the estimated total contract costs, such as changes in order or contract period.

(f) Revaluation of property, plant, and equipment

Land is measured at fair value based on valuations conducted by independent appraisal firms, and revaluations are performed periodically to ensure that the carrying amount of the asset does not differ significantly from its fair value at the end of the reporting period. The evaluation applies the Officially Assessed Land Price ("OALP") of base land disclosed by the Korean government for taxation purposes, while adjusting the OALP of base land considering the current status of the property to be appraised for determining its price.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(g) Impact of sanctions against Russia

As a result of the conflict between Russia and Ukraine that occurred in February 2022, international sanctions were imposed on Russia by countries such as the United States and the European Union. On March 1, 2022, the government of the Republic of Korea also joined the international sanctions. Consequently, Russian companies may face restrictions in accessing foreign currencies to settle accounts receivable denominated in the US dollar and the Euro, and increased credit risk may arise due to a lack of liquidity in the foreign exchange market and a significant depreciation of the Ruble. Additionally, restrictions on access to the SWIFT system for Russian banks may limit customers' ability to settle accounts payable, potentially affecting the timing of the Group's receipt of payments. As of December 31, 2025, the Group has entered into certain shipbuilding contracts associated with Russian companies or banks, recognizing assets of ₩ 1,746,340 million and no related liabilities and the cumulative sales recognized in connection with such contracts amounted to ₩ 2,471,978 million.

Moreover, regarding contracts where the shipowners have failed to make payments for the construction fees within the stipulated deadline, termination notices have been issued, resulting in the recognition of amounts recorded as inventory totaling ₩ 1,105,109 million.

Currently, it is highly uncertain to predict the extent of the impact that these sanctions might have on the financial position and operating performance, and thus the Group's consolidated financial statements do not reflect any such impact.

(h) Fair value measurement in business combination

The Group measures the identifiable assets acquired and liabilities assumed in a business combination at their fair value on the acquisition date. In the case of intangible assets acquired in a business combination, if there is a possibility of inflow of future economic benefits and they are separated, they are identified as separate intangible assets. To measure intangible assets, the fair value is determined by discounting the expected future cash flows using an appropriate discount rate (See Note 45).

4. Financial risk management

4.1 Financial risk factors

The Group'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 Group'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 Group.

4.1.1 Market risk

(a) Foreign exchange risk

The Group 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 and net investments in foreign entities. Additionally, the Group evaluates, manages and reports the risks of exchange rate fluctuation periodically by the managing system of receivables and payables.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The table below summarizes the impact of weakened/strengthened Korean won on the Group's profit before tax for the year. 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)

	December 31, 2025			
	Increase in profit or loss for the current period from a 10% increase in market variables	Decrease in profit or loss for the current period from a 10% increase in market variables	Increase in profit or loss for the current period from a 10% decrease in market variables	Decrease in profit or loss for the current period from a 10% decrease in market variables
USD	₩ 549,892,612	₩ -	₩ -	₩ (549,892,612)
EUR	15,269,042	-	-	(15,269,042)
PHP	1,644,520	-	-	(1,644,520)

(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 interest rate risk mainly arises from floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

As of December 31, 2025, the profit before income tax shall be increased/decreased by ₩ 36,119 million, if the interest rate on floating rate borrowings increases/decreases by 1% with all other variables held constant.

4.1.2 Credit risk

The Group manages credit risk by establishing policies and procedures in order to reduce credit risks related to financial assets. The Group is provided collateral or guarantee from the customers when entering 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 Group subsequently takes actions corresponding to reasons of overdue.

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

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

4.1.3 Liquidity risk

The contractual maturities of the Group's non-derivative financial liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of
Korean won)

<i>Korean won)</i>	December 31, 2025							
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Trade and other payables	₩ 6,614,508,257	₩ 14,087,986,553	₩ 6,334,123,439	₩ 7,177,184,227	₩ 427,977,270	₩ 93,562,085	₩ 55,139,532	
General facility loans	9,315,184,642	9,339,301,292	4,476,412,327	1,708,971,889	1,102,636,393	2,018,524,859	32,755,824	
Corporate bonds	3,079,701,712	3,279,519,235	618,689,996	248,924,697	1,130,305,392	1,281,599,150	-	
Lease liabilities	430,488,009	492,098,116	51,274,561	41,338,985	102,719,135	171,125,266	125,640,169	
Redeemable convertible preferred shares	6,533,829	14,729,287	-	14,729,287	-	-	-	
Financial liabilities at amortized cost	78,713,546	85,333,857	-	11,508,224	18,139,000	54,417,000	1,269,633	
	₩ 19,525,129,995	₩ 27,298,968,340	₩ 11,480,500,323	₩ 9,202,657,309	₩ 2,781,777,190	₩ 3,619,228,360	₩ 214,805,158	

(in thousands of
Korean won)

<i>(Korean won)</i>	December 31, 2024							
	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Trade and other payables	₩ 4,690,227,868	₩ 4,695,908,536	₩ 4,246,110,784	₩ 4,681,616	₩ 257,248,477	₩ 77,374,855	₩ 110,492,804	
General facility loans	8,217,570,165	8,754,552,269	1,598,417,520	4,457,414,320	550,379,931	2,146,593,276	1,747,222	
Corporate bonds	2,064,939,661	2,237,923,550	302,941,350	129,927,825	814,130,798	990,923,577	-	
Lease liabilities	410,700,722	442,644,347	20,054,367	68,403,829	36,485,277	211,099,459	106,601,415	
Redeemable convertible preferred shares	5,374,684	14,146,829	2,448,255	11,698,574	-	-	-	
Financial liabilities at amortized cost	75,983,763	84,461,042	-	-	10,635,409	54,417,000	19,408,633	
	₩ 15,464,796,863	₩ 16,229,636,573	₩ 6,169,972,276	₩ 4,672,126,164	₩ 1,668,879,892	₩ 3,480,408,167	₩ 238,250,074	

The above non-derivative financial liabilities include financial guarantee liabilities. Accordingly, the Group has an obligation to pay if the entity provided the guarantees cannot perform the obligations. Refer to the relevant liquidity risk which is described in Note 41 *Commitments and Contingencies*.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

4.2 Capital risk management

The purpose of the Group's capital management is to maintain a sound capital structure and to maximize shareholder's profit. The Group 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>	December 31, 2025		December 31, 2024	
Liabilities (A)	₩	37,165,484,932	₩	32,069,927,384
Equity (B)		16,788,184,672		11,492,006,659
Debt ratio (A/B) (%)		221.4%		279.1%
Cash and cash equivalents (C)	₩	7,713,355,500	₩	2,967,733,423
Other current financial assets (D)		188,463,688		353,821,515
Borrowings and debentures (E)		12,394,886,354		10,282,509,826
Net borrowings ratio ((E-D-C)/B) (%)		26.8%		60.6%

5. Fair value

5.1 Financial instruments measured at fair value

The carrying amounts and fair values of financial instruments by category as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 7,713,355,500	₩ 7,713,355,500	₩ 2,967,733,423	₩ 2,967,733,423
Short-term financial instruments	188,463,688	188,463,688	322,872,566	322,872,566
Other current financial assets	-	-	30,948,949	30,948,949
Trade and other receivables	3,734,950,413	3,734,950,413	3,377,790,242	3,377,790,242
Current derivative assets	27,519,400	27,519,400	6,446,390	6,446,390
Long-term financial instruments	67,701,749	67,701,749	62,651,962	62,651,962
Other non-current financial assets	1,825,519,073	1,825,519,073	1,041,552,478	1,041,552,478
Long-term trade and other receivables	303,617,110	303,617,110	408,324,087	408,324,087
Non-current derivative assets	11,247,569	11,247,569	81,542,098	81,542,098
	<u>₩ 13,872,374,502</u>	<u>₩ 13,872,374,502</u>	<u>₩ 8,299,862,195</u>	<u>₩ 8,299,862,195</u>
Financial liabilities				
Trade and other payables	₩ 6,030,832,236	₩ 6,030,832,236	₩ 4,250,543,330	₩ 4,250,543,330
Current portion of borrowings and debentures	6,982,167,457	6,956,468,043	6,117,727,028	6,159,535,366
Current derivative liabilities	66,699,345	66,699,345	361,958,732	361,958,732
Other current financial liabilities	27,631,516	27,631,516	5,374,684	5,374,684
Long-term trade and other payables	572,289,168	572,289,168	439,684,538	439,684,538
Long-term borrowings and debentures	5,412,718,897	5,428,127,934	4,164,782,798	4,123,827,252
Non-current derivative liabilities	3,650,594	3,650,594	53,181,891	53,181,891
Other non-current financial liabilities	69,002,711	69,002,711	75,983,763	75,983,763
	<u>₩ 19,164,991,924</u>	<u>₩ 19,154,701,547</u>	<u>₩ 15,469,236,764</u>	<u>₩ 15,470,089,556</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

5.2 Fair value hierarchy

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- all inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2); and
- unobservable inputs for the asset or liability (Level 3).

The fair value hierarchy classifications of financial instruments that are measured at fair value as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Short-term financial instruments	₩ -	₩ 82,236,000	₩ -	₩ 82,236,000
Long-term financial instruments	-	4,304,700	-	4,304,700
Other non-current financial assets	982,234,982	313,055,473	530,228,618	1,825,519,073
Derivative assets	-	38,766,969	-	38,766,969
Derivative liabilities	-	65,594,970	4,754,969	70,349,939

(in thousands of Korean won)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	₩ -	₩ 7,600,000	₩ -	₩ 7,600,000
Short-term financial instruments	-	71,894,000	-	71,894,000
Long-term financial instruments	-	2,601,064	-	2,601,064
Other current financial assets	-	-	30,948,949	30,948,949
Other non-current financial assets	486,988,306	44,000,902	510,563,270	1,041,552,478
Derivative assets	-	26,574,115	61,414,373	87,988,488
Derivative liabilities	-	409,602,723	5,537,900	415,140,623

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

5.3 Changes in Level 3 for recurring fair value measurements

Changes in level 3 for recurring fair value measurements for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025			
	Financial assets at FVPL	Financial assets at FVOCI	Derivative assets	Derivative liabilities
Beginning balance	₩ 505,590,302	₩ 35,921,917	₩ 61,414,373	₩ 5,537,900
Acquisition	67,130,501	44,220,641	-	-
Disposal ⁴	(30,948,949)	-	(61,414,373)	-
Valuation	(93,250,510)	5,429,146	-	782,931
Others ¹	(4,486,774)	622,344	-	(1,565,862)
Business combination ²	-	-	-	-
Spin-off ³	-	-	-	-
Ending balance	₩ 444,034,570	₩ 86,194,048	₩ -	₩ 4,754,969

(in thousands of Korean won)

	2024			
	Financial assets at FVPL	Financial assets at FVOCI	Derivative assets	Derivative liabilities
Beginning balance	₩ 458,984,447	₩ 24,754,915	₩ 36,810,606	₩ 10,612,762
Acquisition	74,394,482	500,000	-	-
Disposal	-	-	-	-
Valuation	63,790,846	(957,122)	24,603,767	(5,074,862)
Others ¹	(117,969,429)	882,363	-	-
Business combination ²	30,948,949	10,741,761	-	-
Spin-off ³	(4,558,993)	-	-	-
Ending balance	₩ 505,590,302	₩ 35,921,917	₩ 61,414,373	₩ 5,537,900

¹ The Group recognized a loss allowance for the entire balance of the convertible bonds it holds with a face value of ₩ 183,223 million, considering the maturity and collectability of the bonds as of June 16, 2024.

² The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26, 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

³ The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the financial assets of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

⁴ The Group held a call option to acquire the remaining shares (70%) of P&W NGPF Manufacturing Company Singapore Pte. Ltd.; however, as the option was not exercised within the exercise period, the Group recognized a loss on derivatives transactions of ₩ 61,414 million for the year ended December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

5.4 Valuation techniques and inputs

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy as of December 31, 2025 are as follows:

(in thousands of Korean won)

		December 31, 2025			
	Level	Valuation techniques	Inputs	Range of inputs	Fair value
Beneficiary certificates	3	Net asset value approach method	Net asset value	-	₩ 317,067,775
	3	Net asset value approach method	Net asset value	-	41,808,283
Unlisted equity securities	3	Market approach (relative valuation method)	-	-	23,518,222
	3	Discounted cash flow	Perpetual growth rate, weighted average cost of capital	-	15,576,991
Debt instruments	3	Net asset value approach method	Net asset value	-	33,002,700
Cooperative investments	3	Net asset value approach method	Net asset value	-	74,778,403
Redeemable convertible preferred shares / convertible preferred shares	3	Binomial model and others	Price volatility, risk-free interest rate	-	24,476,244
Derivative liabilities	3	Binomial model	Price volatility, risk-free interest rate	-	4,754,969
					<u>₩ 534,983,587</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

6. Financial instruments by category

6.1 Carrying amounts of financial instruments by category

Details of financial assets and liabilities by category as of December 31, 2025 and 2024 are as follows:

(a) Financial assets

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Financial assets at FVPL		
Cash and cash equivalents	₩ -	₩ 7,600,000
Short-term and long-term financial instruments	86,540,700	74,495,064
Other financial assets	755,547,027	547,891,031
Financial assets at FVOCI	1,069,972,046	524,610,396
Financial assets at amortized cost		
Cash and cash equivalents	7,713,355,500	2,960,133,423
Short-term and long-term financial instruments	169,624,737	311,029,464
Trade and other receivables	4,038,567,523	3,786,114,329
Derivative instruments		
Option	-	61,414,373
Interest rate swap held for hedging	655,420	-
Currency swap held for hedging	16,245,533	25,113,409
Currency forward held for hedging	19,072,754	1,002,958
Currency forward held for trading	2,793,262	457,748
	<u>₩ 13,872,374,502</u>	<u>₩ 8,299,862,195</u>

(b) Financial liabilities

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Financial liabilities at amortized cost		
Trade and other payables ¹	₩ 6,603,121,404	₩ 4,690,227,868
Current borrowings and debentures	12,394,886,354	10,282,509,826
Other financial liabilities	96,634,227	81,358,447
Derivative instruments		
Interest rate swap held for hedging	-	1,274,917
Currency forward held for hedging	38,933,831	400,799,271
Currency forward held for trading	26,661,139	7,528,535
Redeemable convertible preferred shares	4,754,969	5,537,900
	<u>₩ 19,164,991,924</u>	<u>₩ 15,469,236,764</u>

¹ Provisional wage expenses are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

6.2 Net gains or losses on financial instruments by category

Net gains (losses) on financial instruments by category for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024⁴
Financial assets at FVPL		
Interest income	₩ 18,829,837	₩ 14,420,858
Dividend income	28,778,785	188,960
Gain on valuation	1,524,775	63,762,222
Loss on disposal	(1,607)	(882)
Gain on foreign currency translations ³	-	4,792,106
Financial assets at FVOCI ¹		
Gain (loss) on valuation ²	16,199,516	(54,570,950)
Loss on disposal	(19,394,519)	-
Financial assets at amortized cost		
Interest income	204,184,496	59,335,694
Gain (loss) on foreign currency translation	(38,884,448)	122,944,443
Gain (loss) on foreign currency transaction	(23,343,464)	66,614,111
Reversal (addition) of bad debt expenses	648,066	(401,665)
Reversal of other bad debt expenses	(466,555)	(132,755,941)
Loss on disposal	(8,315,741)	(7,821,826)
Financial liabilities at amortized cost		
Interest expenses	(472,161,407)	(248,109,240)
Gain (loss) on foreign currency translation	29,629,880	(116,327,167)
Gain (loss) on foreign currency transaction	(33,185,595)	24,064,631
Derivative instruments		
Gain on valuation of option	-	24,603,767
Loss on transaction of option	(61,414,373)	-
Gain on valuation of redeemable convertible preferred shares	782,931	5,074,863
Gain (loss) on valuation of interest rate swap held for hedging ^{1,2}	1,930,337	(1,274,917)
Gain (loss) on valuation of currency swap held for hedging ^{1,2}	1,959,610	(203,568)
Gain (loss) on valuation of currency swap held for hedging	(13,098,000)	33,516,000
Gain on valuation of currency forward held for hedging	14,845,839	-
Gain (loss) on valuation of currency forward held for trading	2,532,720	(6,223,688)
Loss on transactions such as the total return swaps	(1,495,348)	-
Gain on transaction of currency swap held for hedging	2,349,000	252,000
Gain (loss) on transaction of currency forward held for hedging	49,615,481	(332,524)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won)</i>	2025	2024⁴
Loss on transaction of currency forward held for trading	(11,973,777)	(71,533,519)
Total	<u>₩ (309,923,561)</u>	<u>₩ (219,986,232)</u>

¹ Before tax effect.

² Gain (loss) on valuation was recognized in other comprehensive income.

³ Including gain (loss) on foreign currency translation of convertible bonds for the year ended December 31, 2024.

⁴ Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

7. Transfer of financial assets

There are no transferred financial assets that are not derecognized as of December 31, 2025 and 2024.

8. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Cash on hand	₩ 117,757	₩ 98,217,278
Demand deposits	2,763,958,014	862,457,726
Other cash and cash equivalents	4,949,279,729	2,007,058,419
	<u>₩ 7,713,355,500</u>	<u>₩ 2,967,733,423</u>

9. Financial assets restricted in use

Details of financial instruments restricted in use as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025	Dec. 31, 2024	Restriction
Cash and cash equivalents ²	₩ 977,243,597	₩ 44,832,045	Collateral provided, technology development business agreement and others
Other current financial assets ¹ (short-term financial instruments)	118,555,260	95,789,330	Mutual cooperation fund and others
Other non-current financial assets (long-term financial instruments)	56,397,049	53,650,898	Secured deposits and others
	<u>₩ 1,152,195,906</u>	<u>₩ 194,272,273</u>	

¹ As of December 31, 2025, in relation to the Employee Stock Ownership Plan (ESOP), the Group has provided time deposits denominated in Korean won amounting to ₩ 13,878 million to Korea Securities Finance Corporation as collateral.

² As of December 31, 2025, in connection with the issuance of performance bonds for the Polish export business,

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

the Group has provided time deposits denominated in Korean won amounting to ₩ 500,000 million and time deposits denominated in foreign currency amounting to USD 300 million to Seoul Guarantee Insurance as collateral. The restrictions on the use of such collateral were released in January 2026 upon the termination of the related guarantees.

10. Financial assets

10.1 Financial assets at fair value through profit or loss

Details of financial assets measured at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Short-term and long-term financial assets				
Deposit for mutual growth of large and small business	₩ 82,236,000	₩ -	₩ 65,394,000	₩ -
Savings insurance and others	-	4,304,700	6,500,000	2,601,064
Other financial assets				
Beneficiary certificates	-	585,869,454	-	347,618,418
Equity investments	-	341,943	-	1,726,661
Cooperative investments ¹	-	117,489,161	-	116,253,634
Redeemable convertible preferred shares	-	18,843,769	-	17,533,369
Convertible bonds	-	-	-	14,700,000
Other debt instruments	-	33,002,700	30,948,949	19,110,000
	₩ 82,236,000	₩ 759,851,727	₩ 102,842,949	₩ 519,543,146

As of December 31, 2025, a portion of the above cooperative investments has been provided as collateral for guarantees (see Note 42).

10.2 Financial assets at fair value through other comprehensive income

Details of financial assets at fair value through other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025	December 31, 2024
Other non-current financial assets		
Equity investments	₩ 1,069,972,046	₩ 524,610,396

Upon disposal of these equity securities, any balance within the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

10.3 Financial assets at amortized cost

Details of financial assets at amortized cost as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Short-term and long-term financial instruments				
Time deposits and others	₩ 106,227,688	₩ 63,397,049	₩ 250,978,566	₩ 60,050,898
Other receivables				
Non-trade receivables	491,028,874	151,235,781	521,885,979	145,986,057
Less: loss allowance	(149,840,668)	(68,557,891)	(154,794,383)	(68,562,633)
Accrued income	58,329,426	297,631	35,529,709	251,330
Less: loss allowance	(27,828,343)	(6,101)	(27,828,343)	-
Guarantee deposits provided	81,188,928	34,840,117	8,905,480	210,651,873
Loans to employees	17,104,041	-	1,713,772	17,328,657
Loans	192,848,956	18,716,801	5,902,249	2,570,492
Less: loss allowance	(3,830,796)	(38,950)	(4,002,357)	-
	<u>₩ 765,228,106</u>	<u>₩ 199,884,437</u>	<u>₩ 638,290,672</u>	<u>₩ 368,276,674</u>

<i>(in thousands of Korean won)</i>	2025		2024¹	
	Current	Non-current	Current	Non-current
Beginning balance	₩ 186,625,083	₩ 68,562,633	₩ 486,122	₩ 302,359
(Reversal of) bad debt expenses	466,555	-	133,058,300	(302,359)
Write-off	(314,803)	-	(394,197)	-
Spin-off ²	-	-	(19,985)	-
Business combination ³	-	-	41,051,183	68,562,633
Others	(5,277,028)	40,309	12,443,660	-
Ending balance	<u>₩ 181,499,807</u>	<u>₩ 68,602,942</u>	<u>₩ 186,625,083</u>	<u>₩ 68,562,633</u>

¹ Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

² The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the trade and other receivables of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), Hanwha Techwin Co., Ltd., and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

³ The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

11. Trade receivables and contract assets

Details of trade receivables and contract assets as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 3,090,419,928	₩ 762,330,361	₩ 3,007,702,005	₩ 695,785,765
Less: loss allowance	(14,469,933)	(595,200,639)	(17,223,869)	(595,687,454)
	<u>3,075,949,995</u>	<u>167,129,722</u>	<u>2,990,478,136</u>	<u>100,098,311</u>
Contract assets	<u>6,487,721,490</u>	-	<u>5,518,508,643</u>	-
	<u>₩ 9,563,671,485</u>	<u>₩ 167,129,722</u>	<u>₩ 8,508,986,779</u>	<u>₩ 100,098,311</u>

The Group transferred trade receivables to the bank and received cash and has no outstanding amounts. The Group is obligated to pay the relevant amount to a financial institution in the event of bankruptcy of the customer under the loan agreement regarding the outstanding amount.

Changes on loss allowances for trade receivables and contract assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024¹	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Beginning balance	₩ 612,911,323	₩ -	₩ 11,345,993	₩ -
(Reversal of) bad debt expenses	(648,066)	-	401,665	-
Write-off	(2,408,918)	-	(272,910)	-
Spin-off ²	-	-	(6,408,094)	-
Business combination ³	-	-	608,440,018	-
Others	<u>(183,767)</u>	-	<u>(595,349)</u>	-
Ending balance	<u>₩ 609,670,572</u>	<u>₩ -</u>	<u>₩ 612,911,323</u>	<u>₩ -</u>

¹ Gain (loss) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

² The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the trade and other receivables of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), Hanwha Techwin Co., Ltd., and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

³ The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

12. Derivatives

Details of derivatives as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Derivatives assets				
Option ¹	₩ -	₩ -	₩ -	₩ 61,414,373
Interest rate swap held for hedging	655,420	-	-	-
Currency swap held for hedging	9,862,222	6,383,311	4,985,684	20,127,725
Currency forward held for hedging	14,208,496	4,864,258	1,002,958	-
Currency forward held for trading	2,793,262	-	457,748	-
	<u>₩ 27,519,400</u>	<u>₩ 11,247,569</u>	<u>₩ 6,446,390</u>	<u>₩ 81,542,098</u>
Derivatives liabilities				
Interest rate swap held for hedging	₩ -	₩ -	₩ 1,274,917	₩ -
Currency forward held for hedging	38,933,831	-	347,617,380	53,181,891
Currency forward held for trading	23,010,545	3,650,594	7,528,535	-
Redeemable convertible preferred shares	4,754,969	-	5,537,900	-
	<u>₩ 66,699,345</u>	<u>₩ 3,650,594</u>	<u>₩ 361,958,732</u>	<u>₩ 53,181,891</u>

¹ The Group held a call option to acquire the remaining shares (70%) of P&W NGPF Manufacturing Company Singapore Pte. Ltd.; however, as the option was not exercised within the exercise period, the Group recognized a loss on derivatives transactions of ₩ 61,414 million for the year ended December 31, 2025.

Derivatives for cash flow hedge

The Group has entered foreign exchange swap contracts to hedge the risk of volatility in exchange rates and interest rate in USD regarding FRNs. The Group also recognized currency swap derivative assets of ₩ 16,245,533 thousand as of December 31, 2025.

Derivatives for fair value hedge

The Group has entered foreign exchange swap and forward contracts to hedge the risk of volatility in exchange rates of KRW to USD and EUR regarding foreign contracts. The Group applied fair value hedge accounting, recognizing firm commitment assets of ₩ 43,404,736 thousand and commitment liabilities of ₩ 18,028,068 thousand as of December 31, 2025. In addition, the Group also recognized derivative asset of ₩ 19,072,754 thousand and derivative liabilities of ₩ 438,933,831 thousand as of December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

13. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise and finished goods	₩ 456,986,475	₩ (6,701,644)	₩ 450,284,831
Semi-finished goods	687,381,227	(1,899,984)	685,481,243
Work in progress	4,866,294,032	(450,359,044)	4,415,934,988
Raw materials	2,028,034,808	(147,842,869)	1,880,191,939
Supplies	42,232,811	(7,903,609)	34,329,202
Materials in transit	275,435,360	-	275,435,360
	<u>₩ 8,356,364,713</u>	<u>₩ (614,707,150)</u>	<u>₩ 7,741,657,563</u>

(in thousands of Korean won)

	December 31, 2024		
	Acquisition cost	Valuation allowance	Carrying amount
Merchandise & finished goods	₩ 361,185,623	₩ (8,032,144)	₩ 353,153,479
Semi-finished goods	605,937,077	(1,353,885)	604,583,192
Work in progress	3,761,534,399	(494,368,997)	3,267,165,402
Raw materials	1,989,374,177	(158,383,022)	1,830,991,155
Supplies	43,065,619	(7,179,132)	35,886,487
Materials in transit	312,270,868	-	312,270,868
	<u>₩ 7,073,367,763</u>	<u>₩ (669,317,180)</u>	<u>₩ 6,404,050,583</u>

Details of inventories recognized as expenses and losses on valuation of inventories recognized in cost of sales for each of the two years in the period December 31, 2025 are as follows:

(in thousands of Korean won)

	2025	2024¹
Inventories recognized in expenses	₩ 21,307,050,695	₩ 8,925,550,928
(Reversal of) loss on valuation of inventories	(54,610,030)	2,092,102

¹ Gains (losses) arising from the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

14. Other assets

Details of other assets as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Advance payments	₩ 4,504,137,665	₩ 32,294,506	₩ 3,697,218,944	₩ 99,935,909
Prepaid expenses	142,920,847	89,243,989	209,660,146	46,188,667
Incremental costs of obtaining a contract ¹	76,945,835	-	58,183,782	-
Firm commitment assets	43,404,736	-	343,936,218	37,718,500
Other	-	306,661	-	28,415,329
	<u>₩ 4,767,409,083</u>	<u>₩ 121,845,156</u>	<u>₩ 4,308,999,090</u>	<u>₩ 212,258,405</u>

¹ The Group recognized as an asset broker commissions incurred as costs of obtaining a contract with a customer, which would not have been incurred if the contract had not been entered into.

The amortization and impairment loss amounts recognized as expenses in relation to the incremental costs of obtaining a contract recognized as assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Amortization recognized as expenses	₩ 25,083,524	₩ -
Reversal of impairment loss recognized as expenses	(1,199,613)	-

Incremental costs of obtaining a contract are expensed using the same method as that used to recognize revenue for the related contract.

Changes in the book amounts of accumulated impairment losses on incremental costs of obtaining a contract for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 1,199,613	₩ -
Reversal of impairment loss	(1,199,613)	-
Ending balance	<u>₩ -</u>	<u>₩ -</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

15. Property, plant and equipment

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 3,759,079,528	₩ 2,388,297,658	₩ 1,055,809,168	₩ 833,590,464	₩ 349,088,733	₩ 8,385,865,551
Acquisition	8,142,302	35,325,093	224,905,446	1,405,386,181	107,160,882	1,780,919,904
Disposal	(273,421)	(6,323,858)	(14,130,431)	(1,077,880)	(2,550,517)	(24,356,107)
Depreciation	-	(125,259,893)	(179,128,027)	-	(89,082,560)	(393,470,480)
Others ^{1,2}	6,349,452	499,140,474	172,618,347	(1,412,260,784)	509,635,703	(224,516,808)
Ending balance ⁵	₩ 3,773,297,861	₩ 2,791,179,474	₩ 1,260,074,503	₩ 825,637,981	₩ 874,252,241	₩ 9,524,442,060
Acquisition cost	₩ 3,773,297,861	₩ 5,039,553,021	₩ 3,765,446,934	₩ 825,637,981	₩ 2,148,682,405	₩ 15,552,618,202
Accumulated depreciation	-	(1,986,298,923)	(2,275,564,454)	-	(1,029,006,238)	(5,290,869,615)
Accumulated impairment loss	-	(262,074,624)	(229,807,977)	-	(245,423,926)	(737,306,527)

¹ Reclassification and exchange differences are included.

² The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 2.95%~4.12%, and the borrowing costs capitalized as property, plant and equipment as of December 31, 2025 amounted to ₩ 3,954 million.

Some of the above property, plant and equipment are provided as collateral for borrowings as of December 31, 2025 (see Note 42).

(in thousands of Korean won)

	2024					
	Land	Buildings and structures	Machinery	Construction in progress	Others	Total
Beginning balance	₩ 1,565,098,825	₩ 925,754,993	₩ 508,724,151	₩ 295,620,154	₩ 115,133,564	₩ 3,410,331,687
Acquisition	4,296,409	30,778,999	119,306,845	456,026,905	30,429,796	640,838,954
Disposal	(230,040)	(8,908,639)	(858,675)	-	(779,988)	(10,777,342)
Depreciation ²	-	(40,846,338)	(118,254,989)	-	(43,949,477)	(203,050,804)
Reversal of impairment loss (Impairment loss)	-	299,549	(1,987,378)	-	(1,918,285)	(3,606,114)
Spin-off ³	(104,060,897)	(55,775,952)	(36,345,811)	(41,692,330)	(42,840,170)	(280,715,160)
Business combination ⁴	2,286,885,512	1,413,368,247	483,922,856	443,552,918	233,509,356	4,861,238,889
Others ¹	7,089,719	123,626,799	101,302,169	(319,917,183)	59,503,937	(28,394,559)
Ending balance ⁵	₩ 3,759,079,528	₩ 2,388,297,658	₩ 1,055,809,168	₩ 833,590,464	₩ 349,088,733	₩ 8,385,865,551
Acquisition cost	₩ 3,759,079,528	₩ 4,525,703,923	₩ 3,471,108,888	₩ 833,590,464	₩ 1,597,005,908	₩ 14,186,488,711
Accumulated depreciation	-	(1,874,715,942)	(2,179,874,188)	-	(998,543,425)	(5,053,133,555)
Accumulated impairment loss	-	(262,690,323)	(235,425,532)	-	(249,373,750)	(747,489,605)

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

¹ Reclassification and exchange differences are included.

² The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

³ The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service, and Hanwha Industrial Solutions Co., Ltd. succeeded the property, plant and equipment of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

⁴ The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

⁵ The capitalization interest rate applied to capitalization of borrowing costs is 4.27%~4.38%, and the borrowing costs capitalized as property, plant and equipment as of December 31, 2024 amounted to ₩ 2,360 million.

The Group has been recognizing land at revaluated value since 2015. Details of the revaluation model applied to land are as follows:

Details

Valuation date	December 31, 2023
Valuation company	The First Appraisal & Consulting Co. and Pacific Appraisal Co., Ltd.
Valuation method	Transaction case value method and public land price standard method

The OALP method, complemented by the comparable transactions method, had been used to appraise the fair value of the land. The valuation method is based on the OALP of base land, whose traits are considered to be similar to those of land to be appraised in terms of 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	₩ 3,773,297,861	₩ 3,152,374,017

Accumulated revaluation surplus that arises from the above land revaluation and recognized as other capital at the end of the current period is ₩ 620,923,844 thousand (before deducting income tax effect, including non-controlling interests).

The fair value hierarchy classifications of the land that are measured at fair value as of December 31, 2025 are as follows:

<i>(in thousands Korean won)</i>	December 31, 2025		
	Level 1	Level 2	Level 3
Land	₩ -	₩ -	₩ 3,773,297,861
Non-current assets held-for-sale	-	-	35,636,049
	₩ -	₩ -	₩ 3,808,933,910

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Line items, including depreciation, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024 ¹
Cost of sales	₩ 363,448,865	₩ 176,143,346
Selling and administrative expenses	18,543,875	19,935,494
Research and development	11,477,740	6,971,964
	<u>₩ 393,470,480</u>	<u>₩ 203,050,804</u>

¹ The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

16. Intangible assets

Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)		2025														
		Goodwill	Development cost and technical value	Patents and trademark	Business license for international joint projects	Technical license	Software	Others	Total							
Beginning balance	₩	4,175,009,362	₩	2,401,645,251	₩	16,394,749	₩	298,496,200	₩	29,295,270	₩	74,810,746	₩	760,668,053	₩	7,756,319,631
Internally generated		-		86,599,292		-		-		-		-		-		86,599,292
Acquisition		2,362		-		2,755,058		27,903,145		-		17,503,268		43,957,551		92,121,384
Disposal		-		-		(2,064,663)		-		-		(327,177)		(8,917,467)		(11,309,307)
Amortization		-		(195,545,793)		(1,995,723)		-		(2,094,304)		(32,305,333)		(146,043,277)		(377,984,430)
Impairment		-		(1,818,383)		-		-		-		(1,914,765)		(64,036)		(3,797,184)
Others ^{1,3,4}		(3,566,259)		(215,716,324)		(770,677)		190,937,957		(172,915)		95,771,081		(110,641,799)		(44,158,936)
Ending balance		<u>4,171,445,465</u>		<u>2,075,164,043</u>		<u>14,318,744</u>		<u>517,337,302</u>		<u>27,028,051</u>		<u>153,537,820</u>		<u>538,959,025</u>		<u>7,497,790,450</u>
Acquisition cost		4,343,070,536		2,461,740,085		42,231,438		602,293,963		52,191,972		459,657,179		782,625,700		8,743,810,873
Accumulated amortization ²	₩	(171,625,071)	₩	(386,576,042)	₩	(27,912,694)	₩	(84,956,661)	₩	(25,163,921)	₩	(306,119,359)	₩	(243,666,675)	₩	(1,246,020,423)

¹ Reclassification and exchange differences are included.

² Accumulated impairment losses are included.

³ The amount of ₩ 13,739,714 thousand recognized as deductions from sales is included.

⁴ The amount includes capitalized borrowing costs. The capitalization interest rate applied to capitalization of borrowing costs is 3.36%~4.12%, and the borrowing costs capitalized as intangible assets as of December 31, 2025 amount to ₩ 1,968 million.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

Korean won)	2024															
	Goodwill		Development cost and technical value		Patents and trademark		Business license for international joint projects		Technical license		Software		Others		Total	
Beginning balance	₩	1,014,280,802	₩	642,544,775	₩	26,475,450	₩	281,591,980	₩	32,566,550	₩	74,246,633	₩	131,101,530	₩	2,202,807,720
Internally generated		-		73,186,421		-		-		-		-		-		73,186,421
Acquisition		6,172,653		-		1,808,451		29,579,773		-		20,590,605		82,646,315		140,797,797
Disposal		-		-		(49,596)		-		-		(94,163)		(27,624,680)		(27,768,439)
Amortization ⁴		-		(28,460,260)		(3,707,229)		-		(3,271,280)		(28,758,425)		(7,724,650)		(71,921,844)
Impairment		(149,461,866)		(110,111)		(5,516,967)		-		-		(281,317)		(8,127,810)		(163,498,071)
Spin-off ⁵		(73,286,661)		(4,926,699)		(7,362,284)		-		-		(8,260,305)		(9,000,893)		(102,836,842)
Business combination ⁶		3,370,815,696		1,706,518,679		3,440,666		-		-		1,545,221		597,414,490		5,679,734,752
Others ^{1,3}		6,488,738		12,892,446		1,306,258		(12,675,553)		-		15,822,497		1,983,751		25,818,137
Ending balance ⁷		4,175,009,362		2,401,645,251		16,394,749		298,496,200		29,295,270		74,810,746		760,668,053		7,756,319,631
Acquisition cost		4,346,630,897		2,673,598,683		163,996,476		383,452,861		55,375,992		363,130,569		812,089,966		8,798,275,444
Accumulated amortization ²	₩	(171,621,535)	₩	(271,953,432)	₩	(147,601,727)	₩	(84,956,661)	₩	(26,080,722)	₩	(288,319,823)	₩	(51,421,913)	₩	(1,041,955,813)

¹ Reclassification and exchange differences are included.

² Accumulated impairment losses are included.

³ The amount of ₩ 12,675,553 thousand recognized as deductions from sales is included.

⁴ The amortizations incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

⁵ The Group has established Hanwha Industrial Solutions Co., Ltd. on September 1, 2024 through spin-off of its security service and industrial machinery service. Hanwha Industrial Solutions Co., Ltd. succeeded the financial assets of Hanwha Vision CO., LTD, Hanwha Precision Machinery Co., Ltd., Hanwha Tech Win Co., Ltd. (Tianjin), and Hanwha Techwin (Shanghai) Co., Ltd. which are held by the Group.

⁶ The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly, DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26 2024, and Hanwha Philly Shipyard, Inc. on December 31, 2024, into the scope of consolidation through business combinations.

⁷ The capitalization interest rate applied to capitalization of borrowing costs is 4.27%~4.38%, and the borrowing costs capitalized as intangible assets as of December 31, 2024 amount to ₩ 10,521 million.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Impairment test on goodwill

Goodwill is monitored by management at the operating segment level. The table below summarizes goodwill allocation for each operating segment (cash-generating unit). Goodwill allocation as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Landsystems division	₩	272,825,375	₩	272,825,375
Hanwha Systems Co., Ltd. – Defense division		127,333,294		127,333,294
Hanwha Systems Co., Ltd. – ICT division		331,756,852		331,756,852
Hanwha Ocean Co., Ltd.		2,509,067,287		2,509,156,333
Hanwha Aerospace USA Corporation		38,886,820		39,838,037
Hanwha Offshore Singapore Pte. Ltd.		606,874,802		611,749,417
Hanwha Philly Shipyard, Inc.		252,260,927		249,909,946
Satrec Initiative Co., Ltd.		28,228,520		28,228,520
Others		4,211,588		4,211,588
	₩	<u>4,171,445,465</u>	₩	<u>4,175,009,362</u>

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:

	December 31, 2025							
	Hanwha Defense – Landsystems division	Hanwha Systems Co., Ltd. – Defense division	Hanwha Systems Co., Ltd. – ICT division	Hanwha Ocean Co., Ltd.	Hanwha Aerospace USA Corporation	Hanwha Offshore Singapore Pte. Ltd.	Hanwha Philly Shipyard, Inc.	Satrec Initiative Co., Ltd.
Gross margin rate ¹	20.61%	9.90%	8.32%	7.83%	8.10%	10.68%	6.38%	12.44%
Sales growth rate ²	18.60%	19.81%	5.98%	8.89%	2.80%	15.51%	12.78%	8.96%
Discount rate	9.00%	8.34%	8.95%	8.00%	10.40%	9.80%	10.55%	8.66%
Perpetual growth rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

¹ The weighted average gross margin for estimating cash flows over the budgeted period

² The annual sales growth rate for estimating cash flows over the budgeted period

Also, as the result of sensitivity analysis from perpetual growth rate and discount rate fluctuate, even if the discount rate and perpetual growth rate change by 0.5%, respectively, the carrying amount does not exceed the recoverable amount.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Key assumptions that the Group has applied in estimating the value in use of business license for international joint projects as of December 31, 2025 are as follows:

Business license for international joint projects

Gross margin rate ¹	50.30%
Sales growth rate ²	-1.20%
Discount rate	7.88%
Perpetual growth rate ³	-

¹ The weighted average gross margin for estimating cash flows over the budgeted period

² The annual sales growth rate for estimating cash flows over the budgeted period

³ As the perpetual growth rate of the business license for international joint projects was estimated based on the cash flow for a limited period of business, the perpetual growth rate was not separately estimated.

As a result of the impairment assessment on the business license for international joint projects, it is determined that the carrying amount will not exceed the recoverable amount. In addition, as a result of the sensitivity analysis on changes in the perpetual growth rate and discount rate, the carrying amount does not exceed the recoverable amount even if the discount rate and the perpetual growth rate each change by 0.5%.

Details of intangible assets with indefinite useful lives as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Golf membership rights	₩	20,620,357	₩	20,784,144
Other membership rights		11,045,665		8,290,563
Virtual assets		647,180		2,165,153
	₩	<u>32,313,202</u>	₩	<u>31,239,860</u>

Line items, including amortization, in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024¹	
Cost of sales	₩	64,096,015	₩	39,086,154
Selling and administrative expenses		310,616,027		30,337,308
Research and development		3,272,388		2,498,382
	₩	<u>377,984,430</u>	₩	<u>71,921,844</u>

¹ The amortizations incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Virtual assets

The Group classifies acquired virtual assets as intangible assets, and for the virtual assets acquired through the operation of platforms, acquisition cost is recognized by adding costs directly attributable to the acquisition to the purchase price, while the virtual assets acquired by rendering the services or free of charge are stated at their fair value initially. Virtual assets classified as intangible assets are deemed to have indefinite useful life and thus are not amortized. Upon disposal, costs are determined by weighted average method. Impairment tests are conducted for virtual assets classified as intangible assets on a yearly basis or when there is an indication of impairment, and the carrying amounts are stated in the amounts less accumulated impairment losses. Impairment losses and gains or losses on disposal on virtual assets are classified as non-operating income or expenses as such virtual assets are not directly related to the main operations of the Group.

The status of virtual assets held by the Group as of December 31, 2025 is as follows:

(unit, in Korean won)	Listing status	Quantity				Fair value (per unit)	
		Beginning balance	Acquisition	Disposal	Ending balance	Dec. 31, 2024	Dec. 31, 2025
Kaia (formerly, Klaytn)	Listed ¹	₩ 7,236,292	₩ 709,445	₩ -	₩ 7,945,738	₩ 294	₩ 81

¹ It is listed on Coinone, a virtual asset exchange in Korea.

Changes in virtual assets for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025			
	Beginning balance	Acquisition	Impairment	Ending balance
Kaia (formerly, Klaytn)	₩ 2,165,153	₩ 396,792	₩ (1,914,765)	₩ 647,180

(in thousands of Korean won)	2024			
	Beginning balance	Acquisition	Disposal ¹	Ending balance
Kaia (formerly, Klaytn)	₩ 1,732,800	₩ 432,353	₩ -	₩ 2,165,153
MediBloc	330,602	44,119	(374,721)	-

¹ Loss on disposal of ₩ 180 million was recognized for the year ended December 31, 2024.

Risk of holding virtual assets

Fair values of virtual assets held by the Group as of December 31, 2025 have significantly changed after the year end and the impact thereof on the Group's consolidated financial statements cannot be estimated. Due to this uncertainty, adjustments are not reflected in the Group's consolidated financial statements.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Emission permits held for fulfilling obligations

The quantities of emission permits which are allocated free of charge for the 4th planning period (2026-2030) are as follows:

<i>(in tCO₂-eq)</i>	2026	2027	2028	2029	2030	Total
Free allocation of emission	340,181	336,868	332,907	328,939	324,980	1,663,875

The quantity and carrying amount of certified emission reduction for the year ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2024		2025	
	Quantity	Amount	Quantity	Amount
Beginning balance	134,061	₩ -	102,868	₩ -
Free of charge	444,681	-	435,476	-
Submission ¹	(455,320)	-	(436,000)	-
Carryforwards	(102,868)	-	-	-
Disposal	(20,554)	-	-	-
Ending balance	-	₩ -	102,344	₩ -

¹ The quantity for the year ended December 31, 2024 represents the submission to the government, and the quantity for the year ended December 31, 2025 is the estimated emission obligations of the Group for the current year.

Emissions obligations are measured as the sum of the carrying amount of the allocated allowances that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of reporting period for any excess emission. Emission permits and emission obligations are classified as “intangible assets” and “current portion of provisions”, respectively, in the consolidated statement of financial position.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

17. Lease

Set out below is the information for leases when the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

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

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Right-of-use assets				
Properties	₩	334,986,558	₩	318,339,602
Vehicles		16,752,537		15,239,523
Others (IT tools and others)		91,083,735		87,450,119
	₩	<u>442,822,830</u>	₩	<u>421,029,244</u>
Lease liabilities				
Current	₩	83,443,405	₩	81,315,192
Non-current		347,044,604		329,385,530
	₩	<u>430,488,009</u>	₩	<u>410,700,722</u>

Additions to the right-of-use assets for the year ended December 31, 2025 were ₩ 101,837 million (2024: ₩ 35,931 million).

(b) Amounts recognized in the consolidated statement of comprehensive income

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

<i>(in thousands of Korean won)</i>	2025		2024¹	
Depreciation of right-of-use assets				
Properties	₩	64,714,354	₩	45,104,639
Vehicles		13,834,077		5,727,938
Others (IT tools and others)		22,738,517		5,142,539
	₩	<u>101,286,948</u>	₩	<u>55,975,116</u>
Interest expense relating to lease liabilities (included in finance cost)	₩	17,511,222	₩	9,110,858
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		7,682,797		6,190,262
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and selling administrative expenses)		9,072,273		6,855,464
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		8,905,860		-

¹ The depreciation incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

The total cash outflow for leases for the year ended December 31, 2025 was ₩ 141,853 million (2024: ₩ 72,295 million).

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

18. Investments in associates and joint ventures

Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

Name of entity	Location	Main business	December 31, 2025		December 31, 2024	
			Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Associates						
P&W NGPF Manufacturing Company Singapore Pte Ltd.	Singapore	Manufacturing of gas turbine engines for aircrafts	30.00%	₩ 79,981,688	30.00%	₩ 75,526,067
Sermatech Korea Co., Ltd.	Korea	Plasma coating, etc.	49.00%	10,445,889	49.00%	9,824,261
Overair, Inc.	U.S.A	Development of PAV aircraft and components	45.19%	-	45.19%	-
Luxrobo ¹	Korea	Coding education and development of IoT products	11.47%	4,619,783	11.61%	12,914,710
Musicow US, Inc. ²	U.S.A	Operation of investment platforms for music copyrights	11.93%	4,603,061	15.00%	5,462,048
Infinidome Ltd. ³	Israel	Development of anti-jamming solution	9.33%	6,898,794	9.33%	6,668,461
Forge Nano, Inc. ⁴	U.S.A	Development of batteries and equipment for semiconductors	5.49%	20,582,524	2.76%	9,007,437
Hanwha Aviation Pte Ltd. ⁷	Singapore	Other industrial machinery and equipment rental	50.00%	138,202,083	50.00%	107,636,416
Wing Shiptechnology Corp.	Korea	Other engineering research and development	23.20%	-	23.20%	-
TPI Mega Line Co., Ltd. ⁸	Korea	Shipping	19.00%	5,052,435	19.00%	4,643,834
KC LNG Tech Co., Ltd. ⁸	Korea	Patent management and licensing	16.60%	-	16.60%	-
YEONGDEOKBEULRUWINDEU CO., LTD.	Korea	Private development	50.00%	782,731	50.00%	827,524
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ⁹	China	Marine plants	51.00%	5,439	51.00%	31,576
Joint ventures						
Hanwha Futureproof Corp.	U.S.A	Holding company	50.00%	709,983,618	50.00%	722,381,036
Vivity AI Inc. ⁵		Development of AI platform	27.69%	774,597	80.97%	5,983,750
Joob Global Pte Ltd. ⁶		Telecommunications	-	-	80.62%	191,024
Shinan Ui Offshore Windpower Corporation ¹⁰		Private development	60.00%	22,175,454	60.00%	4,743,040
Hanwha Shipping LLC		Shipping	50.00%	230,437,374	-	-
Hanwha Shipping Holdings LLC ¹¹		Management of overseas subsidiaries	50.00%	121,185,910	-	-
Hanwha Defense & Energy Corp. ^{11,12}		Management of overseas subsidiaries	75.00%	834,426,145	-	-
				₩ 2,190,157,525	₩ 965,841,184	

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

¹ Although the Group owns under 20% shares of Luxrobo, it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

² Although the Group owns under 20% shares of Musicow US, Inc., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

³ Although the Group owns under 20% shares of Infinidome Ltd., it is classified as an associate because the Group has significant influence as the Group has right to appoint a member of the board of directors.

⁴ Although the Group owns under 20% shares of Forge Nano Inc., it is classified as an associate because the Group has significant influence as the participation in the board of directors.

⁵ Although the Group owns 27.69% shares of Vivity AI Inc., it is classified as a joint venture because the Group has joint control through a joint agreement as Group has right to appoint a member of the board of directors.

⁶ For the year ended December 31, 2025, the liquidation process was completed, and the entity was excluded from the scope of joint ventures.

⁷ Although the Group owns under 50% shares of Hanwha Aviation Pte Ltd., it is classified as an associate because the Group has the right to appoint the entity's directors in accordance with the investor agreement.

⁸ The entities were classified as associates because the Group is deemed to have significant influence over the entities as the Group has the right to participate in the decision-making body of the entities.

⁹ Although the Group owns over 50% shares of DM-CMHI Offshore Engineering(Jiangsu), the entity is classified as an associate because the Group cannot exercise the majority of voting rights pursuant to contracts and others.

¹⁰ The Group classified the entity as a joint venture as major decisions of the decision-making body of the investee require unanimous agreement.

¹¹ The Group newly established the entity for the year ended December 31, 2025.

¹² Although the Group owns over 50% shares of Hanwha Defense & Energy Corp., the entity is classified as a joint venture because the Group cannot exercise the majority of voting rights pursuant to contracts and others.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Changes in associates and joint ventures for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025					
	Beginning balance	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Others ^{1,3}	Ending balance
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 75,526,067	₩ -	₩ 6,181,111	₩ (1,725,490)	₩ -	₩ 79,981,688
Sermatech Korea Co., Ltd.	9,824,261	-	5,067,333	26,795	(4,472,500)	10,445,889
OVERAIR, Inc. ²	-	-	-	-	-	-
Luxrobo	12,914,710	-	(1,570,534)	24,048	(6,748,441)	4,619,783
Musicow US, Inc.	5,462,048	-	(1,094,923)	-	235,936	4,603,061
Infinidome Ltd.	6,668,461	-	(617,022)	847,355	-	6,898,794
Forge Nano Inc.	9,007,437	11,686,400	(2,045,923)	(422,399)	2,357,009	20,582,524
Hanwha Aviation PTE. Ltd	107,636,416	37,016,900	(4,394,063)	(2,057,170)	-	138,202,083
Wing Shiptechnology Corp.	-	-	-	-	-	-
TPI Mega Line Co., Ltd.	4,643,834	-	1,370,001	-	(961,400)	5,052,435
KC LNG Tech Co., Ltd. ²	-	-	-	-	-	-
YEONGDEOKBEULRUWI NDEU CO., LTD.	827,524	-	(44,793)	-	-	782,731
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	31,576	-	(26,314)	254	(77)	5,439
Hanwha Futureproof Corp.	722,381,036	63,144,000	(60,096,967)	(15,444,451)	-	709,983,618
Vivity AI Inc.	5,983,750	-	(1,873,454)	(90,264)	(3,245,435)	774,597
Joob Global Pte Ltd.	191,024	-	(840)	-	(190,184)	-
Shinan Ui Offshore Windpower Corporation	4,743,040	27,106,200	(9,543,397)	(136,485)	6,096	22,175,454
Hanwha Shipping LLC	-	240,184,003	(13,846,496)	4,099,867	-	230,437,374
Hanwha Shipping Holdings LLC ³	-	118,164,108	(775,457)	3,797,259	-	121,185,910
Hanwha Defense & Energy Corp. ⁴	-	859,373,445	-	(24,947,300)	-	834,426,145
	₩ 965,841,184	₩ 1,356,675,056	₩ (83,311,738)	₩ (36,027,981)	₩ (13,018,996)	₩ 2,190,157,525

¹ Others include impairment and dividends.

² The Group discontinued the application of the equity method.

³ Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.

⁴ Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

Korean won)		2024											
		Beginning balance		Acquisition		Share of profit (loss) of associates and joint ventures		Share of other comprehensive income (loss) of associates and joint ventures		Others ^{1,3}		Ending balance	
P&W NGPF Manufacturing Company Singapore Pte. Ltd.		₩	60,899,152	₩	-	₩	5,718,757	₩	8,908,158	₩	-	₩	75,526,067
Sermatech Korea Co., Ltd.			8,917,007		-		4,271,113		(5,704)		(3,358,155)		9,824,261
OVERAIR, Inc. ²			-		-		(25,284,861)		(8,874,597)		34,159,458		-
Luxrobo			11,295,568		12,489,204		(3,241,859)		(36,249)		(7,591,954)		12,914,710
Musicow US, Inc.			5,554,130		-		(806,749)		-		714,667		5,462,048
Infinidome Ltd.			6,226,151		-		(246,617)		779,980		(91,053)		6,668,461
Vivity AI Inc.			3,707,238		4,978,760		(3,300,282)		(250,014)		848,048		5,983,750
Joob Global Pte Ltd.			3,635,490		138,510		(3,817,452)		21,020		213,456		191,024
Hanwha Ocean Co., Ltd.			2,721,827,571		-		144,690,337		13,996,418		(2,880,514,326)		-
Forge Nano Inc.			9,147,544		-		(815,212)		1,158,523		(483,418)		9,007,437
Hanwha Futureproof Corp			372,568,267		289,528,750		(10,185,901)		70,469,920		-		722,381,036
Hanwha Aviation PTE. Ltd			-		102,402,960		(1,236,466)		6,469,922		-		107,636,416
Wing Shiptechnology Corp.			-		-		-		-		-		-
TPI Mega Line Co., Ltd.			-		-		-		-		4,643,834		4,643,834
KC LNG Tech Co., Ltd.			-		-		-		-		-		-
YEONGDEOKBEULRUWI NDEU CO., LTD.			-		-		-		-		827,524		827,524
Shinan Ui Offshore Windpower Corporation			-		-		-		-		4,743,040		4,743,040
Hanwha Shipping LLC			-		-		-		-		-		-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.			-		-		(401,048)		10,327		422,297		31,576
		₩	3,203,778,118	₩	409,538,184	₩	105,343,760	₩	92,647,704	₩	(2,845,466,582)	₩	965,841,184

¹ Others include dividends and business combination. In addition, Hanwha Ocean Co., Ltd. includes gains or losses on perpetual bonds.

² Losses are included, which recognized in excess of the investment amount of financial assets at fair value through profit or loss that form part of the net investment in associates.

³ As the Group obtained control over Hanwha Ocean Co., Ltd. for the year ended December 31, 2024, the Group accounted for the transaction as disposal of investments in associates at fair value at the time of acquisition of control. The gain or loss on disposal of ₩ 1,143,151 million was recognized.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The tables below provides the summarized financial information on those associates and joint ventures as of and for the years ended December 31, 2025 and 2024:

(in thousands of
Korean won)

Korean won)		As of and for the year ended December 31, 2025														
		Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue		Profit (loss) for the year		Total comprehensive income (loss)	Dividends received from associates and joint ventures	
P&W NGPF																
Manufacturing Company Singapore Pte. Ltd.	₩	198,911,540	₩	138,023,767	₩	60,798,492	₩	11,118,568	₩	282,743,765	₩	20,641,395	₩	20,641,395	₩	-
Sermatech Korea Co., Ltd.		20,041,079		13,604,048		5,505,636		6,821,331		38,892,321		10,194,470		10,249,154		4,472,500
OVERAIR, Inc.		10,223,574		20,204,647		227,217,767		3,987,441		-		-		4,911,333		-
Luxrobo		10,051,821		82,044,975		13,141,034		20,109,209		2,891,430		(13,546,072)		(13,616,592)		-
Musicow US, Inc		4,154,784		4,923,803		8,012,073		11,766		14,264		(8,516,527)		(8,516,527)		-
Infinidome Ltd.		4,379,713		738,680		2,363,161		9,358,279		3,386,612		(5,807,977)		(5,807,977)		-
Forge Nano Inc.		31,048,769		76,877,621		36,770,699		5,265,584		10,066,871		(34,202,516)		(34,202,516)		-
Hanwha Aviation Pte Ltd.		60,629,285		388,308,973		166,564,590		5,969,503		50,706,879		(8,240,789)		(8,240,789)		-
Wing Shiptechnology Corp.		-		-		-		-		-		-		-		-
TPI Mega Line Co., Ltd		24,905,118		2,907,159		1,261,013		-		17,874,963		7,284,890		7,284,890		961,400
KC LNG Tech Co., Ltd		1,093,608		5,249,645		13,012,810		363,929		749,963		(1,546,380)		(1,546,380)		-
YEONGDEOKBEULR UWINDEU CO., LTD.		98,209		1,397,226		3,673		-		-		(89,585)		(89,585)		-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.		554,086		-		607,849		-		1,305,417		(51,931)		(51,931)		-
Hanwha Futureproof Corp.		282,076,011		3,573,124,186		1,205,553,842		1,229,679,120		26,167,409		(118,382,997)		(118,382,997)		-
Vivify AI Inc.		1,040,564		734,735		1,938,211		1,382,227		1,364,626		(4,463,756)		(4,377,971)		-
Joob Global Pte Ltd.		-		-		-		-		-		(1,043)		(1,043)		-
Shinan Ui Offshore Windpower Corporation		10,418,811		69,353,802		32,438,646		15,570		-		(1,647,801)		(1,647,801)		-
Hanwha Shipping LLC		28,556,200		456,793,479		2,224,542		-		-		(5,405,717)		2,757,133		-
Hanwha Shipping Holdings LLC ¹		102,010		241,562,569		10,170		-		-		(2,261,819)		(2,261,819)		-
Hanwha Defense & Energy Corp. ²		348,192		1,111,986,230		34,178		-		-		(33,934)		(33,934)		-

¹ Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.

² Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

As of and for the year ended December 31, 2024									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)	Dividends received from associates and joint ventures	
P&W NGPF									
Manufacturing Company Singapore Pte. Ltd.	₩ 183,384,226	₩ 138,017,519	₩ 60,244,643	₩ 10,990,926	₩ 221,474,302	₩ 19,035,720	₩ 48,729,580	₩	-
Sermatech Korea Co., Ltd.	21,243,384	12,762,029	7,476,900	6,478,981	38,783,062	9,107,571	9,107,571		3,358,154
OVERAIR, Inc.	9,945,577	21,226,967	232,775,885	4,084,981	-	(55,882,934)	(78,128,636)		-
Luxrobo	14,310,540	89,253,064	12,010,165	22,524,628	19,993,646	(28,407,416)	(28,812,921)		-
Musicow US, Inc	1,096,264	131,110	3,258,334	-	-	(5,378,324)	(5,378,324)		-
Infinidome Ltd.	2,666,124	632,976	2,234,725	1,292,750	5,254,049	(2,664,021)	(3,120,121)		-
Vivity AI Inc.	3,439,764	953,433	544,900	911,024	1,141,642	(3,926,616)	(4,383,029)		-
Joob Global Pte Ltd.	237,060	-	124	-	-	(3,689,522)	(3,663,567)		-
Hanwha Ocean Co., Ltd.	11,378,594,093	8,313,311,932	10,346,614,469	4,556,076,586	10,776,004,934	416,874,315	457,169,727		-
Forge Nano Inc.	40,498,370	55,927,730	26,970,893	33,779,868	9,446,644	(28,635,999)	(25,080,249)		-
Hanwha Futureproof Corp.	288,452,906	2,486,288,172	1,304,442,960	25,536,046	5,303,122	(20,371,801)	120,568,039		-
Hanwha Aviation Pte Ltd. ¹	39,528,205	179,784,069	1,299,362	2,740,080	6,863,367	(2,448,270)	10,491,574		-
Wing Shiptechnology Corp. ²	-	-	-	-	-	-	-		-
TPI Mega Line Co., Ltd ²	26,224,152	869,633	2,338,652	313,902	-	-	-		-
KC LNG Tech Co., Ltd ²	2,558,922	5,783,619	13,460,694	368,953	-	-	-		-
YEONGDEOKBEULRU WINDEU CO., LTD. ²	291,992	1,294,055	4,700	-	-	-	-		-
Shinan Ui Offshore Windpower Corporation ²	2,061,885	1,960,873	6,054	10,193	-	-	-		-
Hanwha Shipping LLC ²	-	-	-	-	-	-	-		-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ³	300,809	85,877	323,866	-	3,417,977	(140,016)	(129,690)		-

¹ Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is May 22, 2025.

² Recognized as associates for the year ended December 31, 2024 of which the deemed acquisition date is December 31, 2024.

³ Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is November 30, 2024.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of adjustments from financial information of associates and joint ventures to the carrying amount of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025				
	Net asset	Ownership interests held by the Group (%)	Interest in net asset	Difference between investment and interest in net asset	Carrying amount
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 265,018,247	30.00%	₩ 79,513,513	₩ 468,175	₩ 79,981,688
Sermatech Korea Co., Ltd.	21,318,160	49.00%	10,445,889	-	10,445,889
OVERAIR, Inc.	(200,776,987)	45.19%	(90,730,081)	90,730,081	-
Luxrobo	56,752,759	11.47%	6,506,798	(1,887,015)	4,619,783
Musicow US, Inc	1,054,749	11.93%	125,840	4,477,221	4,603,061
Infinidome Ltd.	(6,603,047)	9.33%	(616,064)	7,514,858	6,898,794
Forge Nano Inc.	65,890,107	5.49%	3,618,639	16,963,885	20,582,524
Hanwha Aviation Pte Ltd.	276,404,165	50.00%	138,202,083	-	138,202,083
Wing Shiptechnology Corp.	-	23.20%	-	-	-
TPI Mega Line Co., Ltd	26,551,264	19.00%	5,044,740	7,695	5,052,435
KC LNG Tech Co., Ltd	(7,033,486)	16.60%	(1,167,559)	1,167,559	-
YEONGDEOKBEULRUWINDEU CO., LTD.	1,491,762	50.00%	745,881	36,850	782,731
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd.	(53,763)	51.00%	(27,419)	32,858	5,439
Hanwha Futureproof Corp.	1,419,967,235	50.00%	709,983,618	-	709,983,618
Vivity AI Inc.	(1,564,598)	27.69%	(433,216)	1,207,813	774,597
Shinan Ui Offshore Windpower Corporation	47,318,397	60.00%	28,391,038	(6,215,584)	22,175,454
Hanwha Shipping LLC	483,125,137	50.00%	241,562,569	(11,125,195)	230,437,374
Hanwha Shipping Holdings LLC ¹	241,654,409	50.00%	120,827,205	358,705	121,185,910
Hanwha Defense & Energy Corp. ²	1,112,300,244	75.00%	834,225,183	200,962	834,426,145

¹ Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is July 1, 2025.

² Recognized as an associate for the year ended December 31, 2025 of which the deemed acquisition date is December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of Korean won)

December 31, 2024

	Net asset	Ownership interests held by the Group (%)	Interest in net asset	Difference between investment and interest in net asset	Carrying amount
P&W NGPF Manufacturing Company Singapore Pte. Ltd.	₩ 250,166,176	₩ 30.00%	₩ 75,057,893	₩ 468,174	₩ 75,526,067
Sermatech Korea Co., Ltd.	20,049,532	49.00%	9,824,261	-	9,824,261
OVERAIR, Inc.	(206,763,028)	45.19%	(93,435,142)	93,435,142	-
Luxrobo	66,658,697	11.61%	7,741,988	5,172,722	12,914,710
Musicow US, Inc	(2,030,960)	15.00%	(304,644)	5,766,692	5,462,048
Infinidome Ltd.	(228,375)	9.33%	(21,311)	6,689,772	6,668,461
Vivity AI Inc.	2,921,509	80.97%	2,365,513	3,618,237	5,983,750
Joob Global Pte Ltd.	236,936	80.62%	191,024	-	191,024
Forge Nano Inc.	35,675,339	2.76%	984,444	8,022,992	9,007,436
Hanwha Futureproof Corp.	1,444,762,072	50.00%	722,381,036	-	722,381,036
Hanwha Aviation Pte Ltd. ¹	215,272,832	50.00%	107,636,416	-	107,636,416
Wing Shiptechnology Corp. ²	-	23.20%	-	-	-
TPI Mega Line Co., Ltd ²	24,441,231	19.00%	4,643,834	-	4,643,834
KC LNG Tech Co., Ltd ²	(5,487,106)	16.60%	(910,860)	910,860	-
YEONGDEOKBEULRUWINDEU CO., LTD. ²	1,581,347	50.00%	790,674	36,850	827,524
Shinan Ui Offshore Windpower Corporation ²	4,006,511	60.00%	2,403,733	2,339,307	4,743,040
Hanwha Shipping LLC ²	-	-	-	-	-
DM-CMHI Offshore Engineering (Jiangsu) Co., Ltd. ³	62,820	51.00%	32,038	(462)	31,576

¹ Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is May 22, 2025.

² Recognized as associates for the year ended December 31, 2024 of which the deemed acquisition date is December 31, 2024.

³ Recognized as an associate for the year ended December 31, 2024 of which the deemed acquisition date is November 30, 2024.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

19. Trade and other payables

Details of trade and other payables as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Trade payables	₩ 2,175,768,987	₩ 149,019,341	₩ 1,708,265,717	₩ 171,959,983
Non-trade payables	2,219,992,722	65,653,933	1,165,706,992	77,990,524
Accrued expenses	1,307,338,007	357,168,524	955,001,217	186,954,910
Withholdings	323,962,312	-	428,985,075	-
Deposits received	14,009,623	447,370	11,969,223	2,779,121
	<u>₩ 6,041,071,651</u>	<u>₩ 572,289,168</u>	<u>₩ 4,269,928,224</u>	<u>₩ 439,684,538</u>

The Group has entered into purchasing card arrangements and Banker's Usance agreements to ensure stable working capital management. Under these arrangements, the Group settles its obligations by making payments to suppliers through financial providers on the original payment due dates. The Group has not provided any collateral to the financial providers. All liabilities arising from supplier finance arrangements are included in trade and other payables and borrowings in the consolidated statement of financial position.

Purchasing card arrangements

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Carrying amount of payables that are parts of supplier finance arrangements	₩ 1,193,217,373	₩ 430,579,890
Amounts paid to suppliers	1,162,883,796	426,425,146
Payment due date		
Payables that are parts of supplier finance arrangements	within 9 months	within 9 months
Payables that are not parts of supplier finance arrangements	within 3 months	within 3 months

Banker's Usance agreements

<i>(in thousands of Korean won)</i>	2025	2024
Banker's Usance amount	₩ 510,946,019	₩ 65,106,336
Payment due date	within 1 year	within 1 year

Significant judgments

Non-trade payables include the amount of purchasing card usage for materials and others, and the Group makes payments to the financial institutions at the end of the extended credit period according to the credit card agreement. The Group has agreed with the supplier to use the purchasing card. Payments to financial institutions are classified as trade and other payables and presented as cash flows from operating activities in the consolidated statement of cash flows since the nature is to purchase goods or services in the normal course of business, the payment due for the financial institutions is within the normal course of business and no collateral is provided in relation to the

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

agreement.

In contrast, liabilities arising from usance arrangements are classified as supplier finance arrangement liabilities, and changes in such balances between the beginning and end of the reporting period are presented as cash flows from financing activities.

20. Borrowings and Debentures

Details of debentures as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Date of issuance	Date of maturity	Annual interest rate (%)		December 31, 2025	December 31, 2024
The 125-2nd public bonds	Apr. 28, 2021	Apr. 28, 2026	2.19	₩	140,000,000	₩ 140,000,000
The 126-1st public bonds	Apr. 20, 2023	Apr. 18, 2025	4.26		-	115,000,000
The 126-2nd public bonds	Apr. 20, 2023	Apr. 20, 2026	4.34		155,000,000	155,000,000
The 126-3rd public bonds	Apr. 20, 2023	Apr. 20, 2028	4.44		30,000,000	30,000,000
The 127-1st public bonds	Jan. 11, 2024	Jan. 9, 2026	4.05		60,000,000	60,000,000
The 127-2nd public bonds	Jan. 11, 2024	Jan. 11, 2027	4.14		260,000,000	260,000,000
The 127-3rd public bonds	Jan. 11, 2024	Jan. 11, 2029	4.27		80,000,000	80,000,000
The 128-1st public bonds	Jun. 26, 2024	Jun. 26, 2026	3.56		70,000,000	70,000,000
The 128-2nd public bonds	Jun. 26, 2024	Jun. 25, 2027	3.58		150,000,000	150,000,000
The 128-3rd public bonds	Jun. 26, 2024	Jun. 26, 2029	3.70		80,000,000	80,000,000
The 129-1st public bonds	Jan. 16, 2025	Jan. 15, 2027	3.02		60,000,000	-
The 129-2nd public bonds	Jan. 16, 2025	Jan. 14, 2028	3.18		240,000,000	-
The 129-3rd public bonds	Jan. 16, 2025	Jan. 16, 2030	3.30		100,000,000	-
The 4-1st non-guarantee private bonds	Sep. 19, 2023	Sep. 19, 2025	4.69		-	50,000,000
The 5-1st non-guarantee private bonds	Jun. 4, 2024	Jun. 4, 2026	3.71		100,000,000	100,000,000
The 5-2nd non-guarantee private bonds	Jun. 4, 2024	Jun. 4, 2027	3.79		150,000,000	150,000,000
The 6-1st non-guarantee private bonds	Apr. 29, 2025	Apr. 29, 2027	2.78		60,000,000	-
The 6-2nd non-guarantee private bonds	Apr. 29, 2025	Apr. 28, 2028	2.80		170,000,000	-
The 6-3rd non-guarantee private bonds	Apr. 29, 2025	Apr. 29, 2030	2.94		70,000,000	-
The 7-1st non-guarantee bonds	Oct. 29, 2025	Oct. 29, 2027	2.73		90,000,000	-
The 7-2nd non-guarantee bonds	Oct. 29, 2025	Oct. 27, 2028	2.89		190,000,000	-
The 7-3rd non-guarantee bonds	Oct. 29, 2025	Oct. 29, 2030	3.10		120,000,000	-
The 8-1st non-guarantee public bonds	Nov. 27, 2024	May 27, 2026	4.55		20,000,000	20,000,000
The 8-2nd non-guarantee public bonds	Nov. 27, 2024	Nov. 27, 2026	4.69		80,000,000	80,000,000
The 9-1st non-guarantee private bonds	Jan. 8, 2025	Jan. 8, 2026	3.90		28,000,000	-
The 9-2nd non-guarantee private bonds	Jan. 8, 2025	Jan. 8, 2027	4.52		22,000,000	-
The 10-1st non-guarantee public bonds	Feb. 19, 2025	Feb. 19, 2027	4.09		41,000,000	-
The 10-2nd non-guarantee public bonds	Feb. 19, 2025	Feb. 18, 2028	4.57		71,000,000	-
The 11-1st non-guarantee public bonds	Jul. 24, 2025	Jul. 23, 2027	3.53		39,000,000	-
The 11-2nd non-guarantee public bonds	Jul. 24, 2025	Jul. 24, 2028	4.02		81,000,000	-
Korea Investment &	Jul. 10, 2024	Jan. 10, 2025	4.72		-	50,000,000

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Securities CP privately placed bonds					
Korea Investment & Securities CP privately placed bonds	Jul. 24, 2024	Jan. 24, 2025	4.72	-	50,000,000
Korea Investment & Securities CP privately placed bonds	Sep. 10, 2024	Mar. 10, 2025	4.55	-	50,000,000
FRN private bonds ¹	Aug. 12, 2022	Aug. 12, 2025	Compounded SOFR 3M + 1.05%	-	44,100,000
FRN private bonds ¹	Sep. 22, 2023	Sep. 22, 2026	Compounded SOFR 3M + 1.05%	129,141,000	132,300,000
FRN private bonds ¹	Jul. 29, 2024	Jul. 28, 2027	Compounded SOFR 3M + 1.05%	200,886,000	205,800,000
				<u>3,087,027,000</u>	<u>2,072,200,000</u>
Less: discount of debentures				(7,325,288)	(7,260,339)
Less: current portion of debentures				(781,473,417)	(358,167,898)
				<u>₩ 2,298,228,295</u>	<u>₩ 1,706,771,763</u>

¹ The Group has entered into currency swap agreements to hedge cash flows arising from interest rate fluctuations and foreign currency exchange risk (Note 12).

Details of short-term borrowings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
INDUSTRIAL BANK OF KOREA	General operating fund	2.95~4.55	₩ 5,500,000	₩ 7,500,000
	LC	2.42~4.69	19,988,974	9,690,240
KB Kookmin Bank	General operating fund	4.10	30,000,000	150,000,000
	Facility loans	3.73	170,000,000	80,000,000
	LC	2.41~4.84	97,648,161	1,062,808
KDB Development Bank	General operating fund	2.50~3.69	1,709,158,937	2,332,658,937
	LC	2.79~5.17	102,966,316	5,135,645
NH Nonghyup Bank	General operating fund	3.79	50,000,000	-
	Facility loans	4.04	50,000,000	170,000,000
	LC	2.57~4.90	23,220,079	504,345
Shinhan Bank	General operating fund	4.17	50,000,000	-
	General operating fund (BLCP)	3.97~4.02	300,000,000	-
	Facility loans	4.34~4.57	-	60,000,000
	LC	2.54~4.83	44,689,855	6,194,727
Woori Bank	General operating fund	4.19	100,000,000	151,742,605
	LC	2.42~4.83	91,568,223	9,858,511
KEB Hana Bank	General operating fund	3.61~4.00	288,000,000	208,000,000
	LC	2.37~4.79	127,723,337	32,660,061
The Export-Import Bank of Korea	General operating fund	2.50	950,000,000	1,250,000,000
Suhyup Bank	General operating fund	3.86~5.23	113,047,000	50,000,000
Busan Bank	General operating fund	3.85	50,000,000	-
IM BANK	General operating fund	3.84	60,000,000	-
Bank of China	General operating fund	3.71	90,000,000	90,000,000
Woori Investment & Securities	General operating fund	4.69	-	20,000,000
KB Securities Co.,Ltd.	CP	3.40	100,000,000	-
Korea Investment & Securities	CP	4.10	49,921,370	-
Industrial and Commercial Bank of China Yantai	General operating fund	3.00	8,223,968	-

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
Development				
China Merchants Bank	General operating fund	2.75	20,476,000	-
Yantai Development				
Bank of Hope	General operating fund	7.12	-	39,690,000
Shinhan Bank - Singapore	General operating fund	5.37	-	14,648,299
KDB Bank - New York	General operating fund	5.01~5.12	71,745,000	-
KDB Bank - Shanghai	General operating fund	2.60	4,095,200	-
Kookmin Bank - New York	General operating fund	5.51~5.63	-	29,400,000
Kookmin Bank - Singapore	General operating fund	4.66~4.88	48,669,239	51,274,217
Kookmin Bank - Hanoi	General operating fund	4.66~4.83	8,588,689	-
Woori Bank - New York	General operating fund	4.92	14,349,000	14,700,000
Woori America Bank - Philadelphia		4.30	114,792,000	-
Woori Bank - Hanoi	General operating fund	4.69~4.70	6,006,360	36,620,747
Woori Bank - Hongkong	General operating fund	5.08	25,766,068	26,366,938
Woori Bank - Beijing	General operating fund	2.85	10,238,000	-
Nonghyup Bank - Hanoi	General operating fund	5.11~5.13	-	14,648,299
KEB Hana Bank - Hongkong	General operating fund	4.84~5.02	48,955,528	27,099,353
Hanwha Chemical (Ningbo) Co., Ltd.	General operating fund	2.85	28,666,400	28,177,800
Banco Santander and 4 other banks ¹	General operating fund	5.63	286,980,000	235,200,000
Mitsubishi Capital	Facility loans	8.88	243,926	-
			<u>₩ 5,371,227,630</u>	<u>₩ 5,152,833,532</u>

¹ The total amount borrowed under the syndicated agreements with Banco Santander and four other banks (Banco Bilbao Vizcaya Argentaria, Shinhan Bank (Hong Kong), Westpac Banking Corporation, and Australia and New Zealand Banking Group Limited).

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The Group sold trade receivables to financial institutions with foreign currency purchase agreement and other similar agreements. The amount of receivables which is not due in maturity is recorded as short-term borrowings. The Group has no related short-term borrowings as of December 31, 2025 and 2024.

Details of long-term borrowings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

Lender	Details	Annual interest rate (%)	Dec. 31, 2025	Dec. 31, 2024
KB Kookmin Bank	General operating fund	1.00~5.07	₩ 186,055,925	₩ 88,977,503
	Facility loans	3.73	83,900,000	-
Korea Development Bank	General operating fund	3.49~4.88	1,301,956,981	1,134,348,101
	Facility loans	3.30~3.72	100,764,881	79,479,589
	LC	4.52	3,141,075	-
NH Nonghyup Bank	General operating fund	3.89	50,000,000	-
	Facility loans	3.83	100,000,000	100,000,000
	Munitions industry fund	2.00	5,578,800	7,438,400
Shinhan Bank	General operating fund	1.00	4,800,000	8,000,000
	Facility loans	1.30~3.79	152,168,826	150,000,000
Woori Bank	General operating fund	1.00	7,186,205	11,659,051
	Facility loans	3.58	150,000,000	150,000,000
KEB Hana Bank	General operating fund	1.00~4.09	125,767,277	41,184,377
	Facility loans	3.59~3.96	320,000,000	200,000,000
The Export-Import Bank of Korea	General operating fund	1.00~5.71	859,842,126	813,379,541
	Facility loans	2.19~3.73	71,693,011	2,443,011
Kyongnam Bank Co., Ltd.	General operating fund	4.69	-	50,000,000
Arab Bank Group	General operating fund	5.38	71,566,048	73,098,854
Industrial and Commercial Bank of China	General operating fund	3.56	248,222,260	-
Korea Housing Urban Guarantee Corporation	General operating fund	0.00	80,625	84,657
IBK CAPITAL CORPORATION	General operating fund	4.70	-	30,000,000
Shinhan Capital Co., Ltd.	General operating fund	4.70	-	10,000,000
Korea National Oil Corporation	General operating fund	0.00	7,309,400	-
Korea Energy Agency	General operating fund	0.00	-	7,426,461
Korea Midland Power Co., Ltd.	General operating fund	4.60~5.00	681,400	250,000
KEB Hana Bank - New York	General operating fund	5.01~5.12	71,745,000	73,500,000
KEB Hana Bank - Hongkong	General operating fund	5.90	8,946,551	12,817,262
Woori Bank - Hanoi	General operating fund	5.09	3,578,526	10,985,937
Department of Economic and community Development (USA)	Facility loans	0.00	7,838,806	9,663,889
Mitsubishi Capital	Facility loans	8.88	1,133,289	-
			<u>3,943,957,012</u>	<u>3,064,736,633</u>
Less: current portion of long-term liabilities			<u>(829,466,410)</u>	<u>(606,725,599)</u>
			<u>₩ 3,114,490,602</u>	<u>₩ 2,458,011,034</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

21. Other liabilities

Details of other liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025				December 31, 2024			
	Current		Non-current		Current		Non-current	
Advances	₩	36,374,638	₩	-	₩	32,914,609	₩	-
Unearned revenue		-		-		1,426		-
Firm commitment liabilities		18,028,068		-		-		-
	₩	54,402,706	₩	-	₩	32,916,035	₩	-

22. Provisions

Changes in provisions for expected losses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		2024	
Beginning balance	₩	169,346,052	₩	58,023,465
Addition (reversal)		(63,834,074)		(12,538,421)
Utilization		(259,836)		(1,674,120)
Business combination ²		-		132,356,735
Others ¹		2,652,422		(6,821,607)
Ending balance	₩	107,904,564	₩	169,346,052

¹ Exchange differences are included.

² The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26, 2024, and HANWHA PHILLY SHIPYARD INC. on December 31, 2024 in the scope of consolidation through business combinations.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Changes in provisions for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025					
	Provision for product warranties¹		Provision for contingent losses		Other provisions	
Beginning balance	₩	112,157,088	₩	287,743,692	₩	32,615,422
Addition (reversal)		35,974,952		15,647,998		(1,536,170)
Utilization		(22,623,337)		(6,904,457)		(7,974,995)
Others ²		4,178,105		(166,835,501)		(7,085,824)
Ending balance	₩	129,686,808	₩	129,651,732	₩	16,018,433

¹ Includes provisions for defect warranty obligations.

² Includes reclassifications and the effects of exchange differences.

(in thousands of Korean won)

	2024³					
	Provision for product warranties¹		Provision for contingent losses		Other provisions	
Beginning balance	₩	43,104,687	₩	4,065,708	₩	14,010,649
Addition (reversal)		10,154,989		(3,382,717)		(5,983,014)
Utilization		(13,450,867)		-		(288,169)
Spin-off		(20,493,115)		-		-
Business combination ⁴		103,385,665		287,045,834		15,889,908
Others ²		(10,544,271)		14,867		8,986,048
Ending balance	₩	112,157,088	₩	287,743,692	₩	32,615,422

¹ Includes provisions for defect warranty obligations.

² Includes reclassifications and the effects of exchange differences.

³ The business unit of security service and industrial machinery service, which was spun off for the year ended December 31, 2024, is included.

⁴ The Group included Hanwha Offshore Singapore Pte. Ltd. (formerly DYNA-MAC Holdings Ltd.) and its subsidiaries on November 26, 2024, Hanwha Ocean Co., Ltd. and its subsidiaries on December 26, 2024, and HANWHA PHILLY SHIPYARD INC. on December 31, 2024 in the scope of consolidation through business combinations.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

23. Other financial liabilities

Details of other financial liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Redeemable convertible preferred shares as a liability	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -
Financial liabilities at amortized cost	-	67,652,537	-	65,348,354
Financial guarantee liabilities	10,036,678	1,350,174	-	-
Other financial liabilities	11,061,009	-	-	10,635,409
	₩ 27,631,516	₩ 69,002,711	₩ 5,374,684	₩ 75,983,763

Details of redeemable convertible preferred share liabilities as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
SIA redeemable convertible preferred share liabilities	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -
	₩ 6,533,829	₩ -	₩ 5,374,684	₩ -

Details of the conditions for issuance of redeemable convertible preferred shares issued by subsidiaries of the Group are as follows:

	SI Analytics Co., Ltd.		
	Medici 2014-2 startup investment association and others	Medici 2018-2 Small and medium-sized leading enterprise start-up investment association	Korea Development Bank
Investor	Medici 2014-2 startup investment association and others	Medici 2018-2 Small and medium-sized leading enterprise start-up investment association	Korea Development Bank
Date of issuance	Nov. 6, 2019	May 31, 2021	Jun. 11, 2021
The number of exercisable shares	12,500 shares	13,750 shares	13,750 shares
Exercise price	₩ 160,000	₩ 280,000	₩ 280,000
Total amount of issuance	₩ 2,000,000,000	₩ 4,999,995,000	₩ 4,999,995,000
Nature of preferred shares	Participating, Cumulative, Voting rights		
Dividend	Priority in dividends		
Liquidation	Priority in the distribution of residual assets		
Conversion period	From the date of issue to the end of the business immediately preceding the redemption maturity date (10 years from the date of issue)		
Redemption condition	Redemption can be claimed from the date 4 years have elapsed since the date of issuance (the amount equivalent to the principal including annual compounded interest rate of 4% and less the dividend which has already been paid)		
Automatic conversion	The shares that conversion right is not exercised within conversion period are automatically converted into ordinary share at the end of the conversion period according to the conversion ratio at that time.		

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

	Adjusted for:
Adjustment of conversion rate	- the amount is less than 70% of the entity's IPO public offering price - capital increase or issuance of shares-related bonds at an issuance price lower than the conversion price prior to conversion to preferred share - the amount is less than 70% of the appraised price for calculating the exchange rate used when the entity merges with another entity.
Conversion rate	1:1

Details of redeemable convertible preferred share liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Issuance price	₩	11,999,990	₩	11,999,990
Carrying amount of preferred stock liabilities		6,533,829		5,374,684
Conversion right (derivative liabilities)		4,754,969		5,537,900

The net amount received from issuance of redeemable convertible preferred shares were recorded separately as the debt component, which is the main contract, and the conversion right and early redemption right, which are embedded derivatives. The debt component of the main contract is measured at amortized cost. The early redemption right and equity conversion right embedded in redeemable convertible preferred share as a liabilities were separated from the main contract and accounted for as derivatives because it does not correspond to the equity component and satisfies all conditions for separation of embedded derivatives. The fair value of the conversion right and early redemption right fluctuates according to the intrinsic share value.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

24. Employee benefit liabilities

Details of employee benefit liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Net defined benefit liabilities	₩ 438,203,143	₩ 692,326,396
Other long-term employee benefits	279,966,493	256,642,685
	<u>₩ 718,169,636</u>	<u>₩ 948,969,081</u>

Details of net defined benefit liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	Dec. 31, 2025¹	Dec. 31, 2024¹
Present value of funded defined benefit obligations	₩ 1,809,775,673	₩ 1,790,274,107
Fair value of plan assets	<u>(1,371,572,530)</u>	<u>(1,097,947,711)</u>
Net defined benefit liabilities	<u>₩ 438,203,143</u>	<u>₩ 692,326,396</u>

¹ As of December 31, 2025, the amount of plan assets exceeding the defined benefit obligation amounted to ₩ 306,661 thousand (2024: ₩ 1,459,597 thousand). The amount has been reclassified as net defined benefit assets and is included in other non-current assets.

Changes in the present values of defined benefit obligations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 1,790,274,107	₩ 918,876,457
Current service cost	168,770,528	97,927,427
Past service cost	45,231,586	6,125,477
Interest expense	72,943,222	45,176,952
Remeasurements:		
Actuarial gain (loss) from change in demographic assumptions	63,765	(9,246,774)
Actuarial gain (loss) from change in financial assumptions	(182,676,432)	35,344,070
Actuarial gain from experience adjustments	49,345,679	58,603,274
Transfer between affiliates	(1,463,860)	5,961,255
Payments of post-employment benefits	(129,144,004)	(61,547,697)
Business combination	-	839,450,522
Effect of spin-off	-	(145,566,593)
Others ¹	<u>(3,568,918)</u>	<u>(830,263)</u>
Ending balance	<u>₩ 1,809,775,673</u>	<u>₩ 1,790,274,107</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

¹ Includes the effects arising from new employees hired for each of the two years in the period ended December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Changes in the fair values of plan assets for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Beginning balance	₩ 1,097,947,711	₩ 313,882,106
Interest income	45,851,685	15,790,433
Remeasurements:		
Return on plan assets	(29,741,257)	(3,258,333)
Contributions	307,216,446	115,245,000
Transfer between affiliates	1,434,581	3,236,300
Payments of post-employment benefits	(51,902,618)	(7,578,401)
Business combination	-	694,850,150
Effect of spin-off	-	(34,134,792)
Transfer to defined benefit assets ¹	(306,661)	(1,459,597)
Others ¹	1,072,643	1,374,845
Ending balance	₩ 1,371,572,530	₩ 1,097,947,711

¹ The excess of plan assets over the defined benefit obligation amounted to ₩ 306,661 thousand as of December 31, 2025 (2024: ₩ 1,459,597 thousand) and has been transferred to net defined benefit assets and is included in other non-current assets.

The composition of plan assets as of December 31, 2025 and 2024 is as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Principal guaranteed financial instruments	₩ 529,633,544	₩ 421,895,873
Others ¹	841,938,986	676,051,838
	₩ 1,371,572,530	₩ 1,097,947,711

¹ Contributions to the National Pension Fund are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The expenses recognized as profit or loss for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Current service cost ¹	₩ 168,770,528	₩ 97,927,427
Past service cost	45,231,586	6,125,477
Net interest cost	27,091,537	29,386,519
	<u>₩ 241,093,651</u>	<u>₩ 133,439,423</u>

¹ Includes the effects arising from new employees hired for each of the two years in the period ended December 31, 2025.

² The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

Items included in the total expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Cost of sales	₩ 190,927,618	₩ 89,516,782
Selling and administrative expenses	39,336,178	37,960,428
Research and development	10,829,855	5,962,213
	<u>₩ 241,093,651</u>	<u>₩ 133,439,423</u>

¹ The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

The significant actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Discount rate	3.1%~5.4%	3.7% ~ 5.5%
Salary growth rate	3.5%~5.8%	3.8% ~ 7.0%

The sensitivity analysis on defined benefit obligations to changes in the principal assumption is as follows:

<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	₩ (140,948,975)	₩ 162,997,661
Salary growth rate	1% Increase/Decrease	163,391,104	(143,774,667)

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

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

The Group reviews the funding level on an annual basis and has a policy of making up for deficit in the fund.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Benefit payments	₩ 141,612,765	₩ 208,208,958	₩ 435,758,031	₩ 5,317,503,404	₩ 6,103,083,158

The weighted-average duration of the defined benefit obligation is 7.4 ~ 9.3 years.

The amount of benefit payments made under defined contribution plan for the year ended December 31, 2025 is ₩ 25,499,866 thousand.

25. Income tax expense and deferred tax

Details of income tax expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024¹
Current tax:		
Current tax on profits for the year	₩ 610,120,845	₩ 461,854,794
Adjustments in respect of prior years	(981,717)	(7,760,826)
	<u>609,139,128</u>	<u>454,093,968</u>
Deferred tax expense:		
Changes in temporary differences	(601,248,940)	(296,540,381)
	<u>(601,248,940)</u>	<u>(296,540,381)</u>
Income tax expense	<u>₩ 7,890,188</u>	<u>₩ 157,553,587</u>

¹ The expenses incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Profit before income tax expense ¹	₩ 2,209,873,274	₩ 2,697,427,047
Tax at domestic tax rates applicable to profit in the respective countries	806,039,228	742,299,340
Tax effects of:		
Non-taxable income	(10,933,786)	(5,203,872)
Expenses not deductible for tax purposes	66,278,505	7,097,930
Tax credits and tax reductions	(179,154,592)	(32,020,189)
Income tax on unappropriated earnings	-	(8,499,498)
Adjustment in respect of prior years	(981,717)	(7,760,826)
Non-recognition of deferred tax	(623,259,129)	(504,914,667)
Change in the tax rate	(70,754,165)	-
Others	20,655,844	(33,444,631)
Current adjustments	(798,149,040)	(584,745,753)
Income tax expense	₩ 7,890,188	₩ 157,553,587
Effective tax rate (%)	0.36%	5.84%

¹ Gains (losses) from discontinued operations resulting from spin-off that occurred for the year ended December 31, 2024 are included.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	Before tax	Tax effect	After tax
Other capital surplus	₩ -	₩ -	₩ -
Gain (loss) on valuation of financial assets at FVOCI	17,561,534	(2,795,398)	14,766,136
Gain (loss) on valuation of derivatives	3,341,035	(1,320,898)	2,020,137
Revaluation of assets	-	(3,699,730)	(3,699,730)
Gain on translation of foreign operations	6,073,116	-	6,073,116
Share of other comprehensive income (loss) of associates and joint ventures	(39,432,895)	18,344,796	(21,088,099)
Remeasurements of net defined benefit liabilities	133,966,073	(28,093,362)	105,872,711
	₩ 121,508,863	₩ (17,564,592)	₩ 103,944,271

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in thousands of Korean won)

	2024		
	Before tax	Tax effect	After tax
Other capital surplus	₩ -	₩ -	₩ -
Loss on valuation of financial assets at FVOCI	(62,109,315)	(981,005)	(63,090,320)
Gain (loss) on valuation of derivatives	(1,478,486)	390,321	(1,088,165)
Revaluation of assets	-	-	-
Gain on translation of foreign operations	120,132,135	-	120,132,135
Share of other comprehensive income of associates and joint ventures	67,115,993	-	67,115,993
Remeasurements of net defined benefit liabilities	(87,047,265)	21,988,687	(65,058,578)
	₩ 36,613,062	₩ 21,398,003	₩ 58,011,065

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in thousands of Korean won)

	2025				
	Beginning balance	Consolidated statement of comprehensive income (loss)	Changes in scope of consolidation	Equity	Ending balance
Defined benefit obligations	₩ 137,625,896	₩ (23,971,631)	₩ -	₩ (28,093,362)	₩ 85,560,903
Financial assets at FVPLs	(137,534,153)	139,788,015	-	-	2,253,862
Financial assets at FVOCI	10,541,976	-	-	(2,795,398)	7,746,578
Investments in subsidiaries and associates	(86,543,582)	644,347,162	-	18,344,796	576,148,376
Depreciation	26,552,783	(1,120,299)	-	-	25,432,484
Provisions	294,441,621	(212,613,978)	-	-	81,827,643
Prepaid license fee	2,102,709	(276,578)	-	-	1,826,131
Loss allowance	41,158,007	170,453,147	-	-	211,611,154
Loss on valuation of inventories	7,438,127	959,010	-	-	8,397,137
Accrued expenses and others	138,489,677	20,762,565	-	-	159,252,242
Long-term employee benefits and others	41,154,221	8,221,520	-	-	49,375,741
Impairment loss on intangible assets	7,581,783	(3,586,645)	-	-	3,995,138
Right-of-use assets and lease liabilities	1,563,110	(50,122)	-	-	1,512,988
Loss on revaluation	(361,489,543)	-	-	(3,699,730)	(365,189,273)
Tax credits carried forward	22,439,736	134,252,488	-	-	156,692,224
Loss carried forward	10,916,163	529,547,342	-	-	540,463,505
Others	495,417,958	(805,463,056)	-	(1,320,898)	(311,365,996)
	₩ 651,856,489	₩ 601,248,940	₩ -	₩ (17,564,592)	₩ 1,235,540,837

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in thousands of Korean won)

	2024					
	Beginning balance	Consolidated statement of comprehensive income (loss)	Changes in scope of consolidation	Equity	Ending balance	
Defined benefit obligations	₩ 148,494,379	₩ (10,094,900)	₩ (22,762,270)	₩ 21,988,687	₩ 137,625,896	
Financial assets at FVPL	(60,637,917)	(76,896,236)	-	-	(137,534,153)	
Financial assets at FVOCI	10,216,843	-	1,306,138	(981,005)	10,541,976	
Investments in subsidiaries and associates	(209,355,277)	307,595,655	(184,783,960)	-	(86,543,582)	
Depreciation	30,402,924	(2,644,538)	(1,205,603)	-	26,552,783	
Provisions	14,058,238	7,713,760	272,669,623	-	294,441,621	
Prepaid license fee	2,863,430	(760,721)	-	-	2,102,709	
Provision for impairment	2,145,114	41,027,094	(2,014,201)	-	41,158,007	
Loss on valuation of inventories	14,010,455	(735,731)	(5,836,597)	-	7,438,127	
Accrued expenses and others	143,941,159	13,846,852	(19,298,334)	-	138,489,677	
Long-term employee benefits and others	12,751,142	8,619,292	19,783,787	-	41,154,221	
Impairment loss on intangible assets	6,112,094	1,469,689	-	-	7,581,783	
Right-of-use assets and lease liabilities	897,881	749,630	(84,401)	-	1,563,110	
Gain (loss) on revaluation	(137,453,055)	10,245,373	(234,281,861)	-	(361,489,543)	
Tax credits carried forward	30,821,250	(3,712,595)	(4,668,919)	-	22,439,736	
Loss carried forward	17,478,768	-	(6,562,605)	-	10,916,163	
Others	95,336,267	117,757	399,573,613	390,321	495,417,958	
	₩ 122,083,695	₩ 296,540,381	₩ 211,834,410	₩ 21,398,003	₩ 651,856,489	

The Group did not recognize deferred tax assets in consideration of future reliability for deductible temporary differences of ₩ 1,047,078,622 thousand related to investments in subsidiaries, associates and joint ventures, tax losses of ₩ 4,429,794,795 thousand and deferred tax credit of ₩ 40,436,041 thousand.

The expiry period for the deduction of losses carried forwards that have not been recognized as deferred tax assets is as follows:

(in thousands of Korean won)

	Amount
Not later than five years	₩ 633,273,375
Later than five years and not later than ten years	-
Later than ten years and not later than fifteen years	3,746,519,460
No deduction period	50,001,960
	₩ 4,429,794,795

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The maturity of unused tax credit is as follows:

<i>(in thousands of Korean won)</i>	Amount	
2026	₩	4,261,881
2027		4,484,045
2028		5,794,081
2029		5,183,359
2030		3,952,494
2031		2,186,241
2032		3,806,033
2033		5,181,476
2034		4,433,838
2035		1,152,593
	₩	<u>40,436,041</u>

The Group did not recognize deferred tax liabilities all for taxable temporary differences related to investments in subsidiaries and associates as of December 31, 2025. Because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Under the Pillar Two Global Minimum Tax legislation, the Group is required to pay a top-up tax for the difference between the effective tax rate of each jurisdiction in which its constituent entities operate and the minimum tax rate of 15%. As the effective tax rate in Vietnam is below 15%, the Group has recognized the corresponding top-up tax for the difference up to 15% as current income tax expense during the period. In most other jurisdictions in which the Group operates, the transitional safe harbor provisions are met or the effective tax rates are at or above 15%, and therefore no significant additional top-up taxes are expected to arise. The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

26. Share capital and capital surplus

The Parent Company's total number of authorized shares is 200,000,000 shares and the total number of ordinary shares issued is 51,563,401 shares with a par value of ₩ 5,000 per share. The Parent Company acquired 2,620,655 shares cumulatively, and retired or disposed of 2,506,042 shares for the year ended December 31, 2025. As a result, differences of ₩ 12,500 million occurred between the total par value of the issued stock and the share capital.

Details of capital surplus as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Share premium	₩ 4,366,055,928	₩ 187,200,001
Other capital surplus	(761,630,601)	19,498,061
Loss on spin-off ¹	(717,130,464)	(717,130,464)
	<u>₩ 2,887,294,863</u>	<u>₩ (510,432,402)</u>

¹ The Group has established Hanwha Industrial Solutions Co., Ltd. by spinning off its security service and industrial machinery service.

27. Share-based payments

The Group granted restricted share units ("RSUs") to its key executives pursuant to a resolution in the Board of Directors, and details are as follows:

December 31, 2025

Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	101,552 shares
Share value-based cash payments ¹	₩ 5,028,327,450
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2025, etc ¹
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the current year.
Exercisable date	The payment for the RSUs become effective from January 2027 to March 2035 depending on each executive, regardless of the executive's employment status (however, the Group may pay if the condition for an interim payment is satisfied).

¹ For executives who granted mid-term, the time of grant and the base stock price are determined depending on each executive contractual terms.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

December 31, 2024

Shares	Ordinary shares of Hanwha Aerospace Co., Ltd.
Total amount granted	
Equity-settled share options	100,096 shares
Share value-based cash payments ¹	₩ 13,799,234,560
Exercise price	₩ 0 (There is no exercise price under the current share-based payment policy.)
Granted date	Jan. 1, 2024, etc ¹
Vesting condition	The granted RSUs are not adjusted if the executive has worked for more than 6 months in the position in the current year.
Exercisable date	The payment for the RSUs become effective from January 2027 to July 2034 depending on each executive, regardless of the executive's employment status (however, the Group may pay if the condition for an interim payment is satisfied).

¹ For executives who joined mid-term, the time of grant and the base stock price are determined through a resolution of the board of directors.

Changes in the number of equity-settled share options for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in shares)</i>	2025	2024
Beginning balance	362,102	262,006
Granted	101,552	100,096
Change in plan ²	224,289	-
Effects of paid-in capital increase ³	10,362	-
Ending balance	<u>698,305</u>	<u>362,102</u>
Exercisable at the end of the year	-	-

¹ Pursuant to a resolution of the Board of Directors dated June 30, 2025, the Group modified share options from cash-settled to equity-settled share options only for those contracts for which the holders agreed to the modification.

² As a result of the ex-rights date arising from the capital increase conducted for the year ended December 31, 2025, the Group adjusted the previously granted RSUs in proportion to the ex-rights value ratio.

The weighted-average remaining contractual maturity of share options outstanding as of December 31, 2025 is 4.6 years and the exercise price is ₩ 0.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Changes in the number of cash-settled stock options for each of the two years in the period ended December 31, 2025 are as follows:

	Amount (in shares)		Market average stock price (in Korean won)			
	2025	2024	2025		2024	
Beginning balance	483,979	607,852	₩	326,500	₩	124,500
Granted ¹	16,047	200,618		313,350		137,860
Spin-off	-	(324,491)		-		137,860
Change in plan ²	(224,289)	-		848,000		-
Effects of paid-in capital increase ³	4,448	-		837,000		-
Ending balance	280,185	483,979	₩	941,000	₩	326,500
Exercisable at the end of the year	-	-	₩	-	₩	-

¹ The grant price was calculated as the arithmetic average of closing prices in the securities market for one month immediately before the grant base date.

² Pursuant to a resolution of the Board of Directors dated June 30, 2025, the Group modified share options from cash-settled to equity-settled share options only for those contracts for which the holders agreed to the modification.

³ As a result of the ex-rights date arising from the capital increase conducted for the year ended December 31, 2025, the Group adjusted the previously granted RSUs in proportion to the ex-rights value ratio.

Details of liabilities and intrinsic values related to share value-based cash payments for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025		2024	
Liabilities	₩	263,654,085	₩	157,477,520
Intrinsic value (in Korean won) ¹		941,000		326,500

¹ The Group evaluates the intrinsic value based on the market value of the shares traded in security markets at the end of each reporting period.

Details of recognized expenses of share-based payments for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)	2025		2024	
Equity-settled share options	₩	32,971,500	₩	13,824,726
Share value-based cash payments ¹		296,180,187		148,773,047
	₩	329,151,687	₩	162,597,773

¹ The business unit of security service and industrial machinery service, which was spun off for the year ended December 31, 2024, is included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

28. Capital adjustments

The Group's capital adjustments consist of treasury shares and there are 114,613 treasury shares amounting to ₩ 21,020 million as of December 31, 2025. Treasury shares are restricted for voting rights in accordance with the *Commercial Act* of the Republic of Korea.

29. Accumulated other comprehensive income

Details of accumulated other comprehensive income as of December 31, 2025 and 2024 are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025		December 31, 2024	
Loss on financial assets at FVOCI	₩	(30,281,480)	₩	(68,071,405)
Cash flow hedge		(1,321,269)		(3,554,657)
Revaluation surplus		411,767,176		415,466,906
Gain on translation of foreign operations		119,129,128		120,372,110
Share in other comprehensive income of associates and joint ventures		65,849,667		74,921,444
Others		435,835		516,296
	₩	<u>565,579,057</u>	₩	<u>539,650,694</u>

Changes in accumulated other comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025		
	Beginning balance	Increase (decrease)	Ending balance
Financial assets at FVOCI	₩ (68,071,405)	₩ 37,789,925	₩ (30,281,480)
Cash flow hedge	(3,554,657)	2,233,388	(1,321,269)
Revaluation surplus	415,466,906	(3,699,730)	411,767,176
Gain (loss) on translation of foreign operations	120,372,110	(1,242,982)	119,129,128
Share in other comprehensive income (loss) of associates and joint ventures	74,921,444	(9,071,777)	65,849,667
Others	516,296	(80,461)	435,835
	₩ <u>539,650,694</u>	₩ <u>25,928,363</u>	₩ <u>565,579,057</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in thousands of Korean won)

		2024	
	Beginning balance	Increase (decrease)	Ending balance
Financial assets at FVOCI	₩ (40,624,768)	₩ (27,446,637)	₩ (68,071,405)
Cash flow hedge	(2,466,492)	(1,088,165)	(3,554,657)
Revaluation surplus	475,632,747	(60,165,841)	415,466,906
Gain on translation of foreign operations	40,011,195	80,360,915	120,372,110
Share in other comprehensive income (loss) of associates and joint ventures	(27,413,266)	102,334,710	74,921,444
Others	516,296	-	516,296
	<u>₩ 445,655,712</u>	<u>₩ 93,994,982</u>	<u>₩ 539,650,694</u>

30. Retained earnings

Details of retained earnings as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

		December 31, 2025	December 31, 2024
Legal reserves	Legal reserves ¹	₩ 67,565,896	₩ 51,652,604
Discretionary reserves	Facility reserves and others ²	2,733,460,971	1,913,381,926
Other reserves	Asset revaluation reserves and others	168,907,121	169,179,673
Retained earnings before appropriation	Profit and others	<u>3,012,801,743</u>	<u>2,612,306,188</u>
		<u>₩ 5,982,735,731</u>	<u>₩ 4,746,520,391</u>

¹ The *Commercial Act* of the Republic of Korea requires the Group to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. 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 without specific purposes are accounted for as other reserves for business expansion and others by the Group. Those reserves can be used for other purposes afterwards upon a resolution at a shareholders' meeting.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

31. Hybrid bonds

Hanwha Ocean Co., Ltd., a subsidiary, holds hybrid bonds, which is included in non-controlling interest in the consolidated financial statements. Details thereof are as follows:

<i>(in thousands of Korean won)</i>	December 31, 2025	December 31, 2024
8th Private unregistered non-guarantee convertible bonds	₩ 1,000,000,000	₩ 1,000,000,000
9th Private unregistered non-guarantee convertible bonds	1,284,775,000	1,284,775,000
10th Private unregistered non-guarantee convertible bonds	48,057,256	48,057,256
	<u>₩ 2,332,832,256</u>	<u>₩ 2,332,832,256</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

8th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On December 29, 2016, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,000,000,000 thousand of the outstanding balance of exporting financing loan (expiry date: January 2, 2018) made from November 25, 2015 to December 12, 2016.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of June 28, 2017, December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

Details

Name of the bonds	8th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 1,000,000,000 thousand
Bond maturity	December 29, 2046 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment¹, a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021.
Early redemption right	- Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-equity conversion of accrued interest	- The acquiring company may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

9th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On June 28, 2017, convertible bonds were issued to Korea Export-Import Bank to secure capital, by offsetting ₩ 1,284,775,000 thousand of the outstanding balance of exporting financing loan (expiry date: December 31, 2017) made from October 17, 2014 to February 9, 2017.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

Details

Name of the bonds	9th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 1,284,775,000 thousand
Bond maturity	June 28, 2047 (30 years), The maturity date can be extended under the same conditions as the discretion of the issuer.
Interest payment	- Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment¹ and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment¹, a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021.
Early redemption right	- Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer
Debt-to-equity conversion of accrued interest	- The acquirer may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

10th Private unregistered non-guarantee convertible bonds

On December 26, 2024, the Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination. On March 14, 2018, convertible bonds were issued to Korea Export-Import Bank to secure its capital, by offsetting ₩ 48,057,256 thousand of the outstanding balance of exporting financing loan (expiry date: March 27, 2018) made on January 31, 2018.

These convertible bonds are classified as equity as there is no contractual cash payment obligation of the issuer. Details of convertible bonds issued by the Group are changed as of December 23, 2021, December 23, 2022, May 23, 2023 and June 1, 2023 and the condition of bond issuance are as follows:

Details

Name of the bonds	10th Private unregistered non-guarantee convertible bonds
Bond issuance amount	₩ 48,057,256 thousand
Bond maturity	March 14, 2048 (30 years), The maturity date can be extended under the same conditions at the discretion of the issuer. - Amount: 1% per annum from the issuance date of May 23, 2023 (hereinafter referred to as the "closing date") up to the day before the 5th anniversary of the closing date, 1.5% per annum from 5th anniversary to the day before the 11th anniversary of the closing date, 2% per annum from 11th anniversary to the day before the 17th anniversary of the closing date, 2.93% per annum from the 17th anniversary to the day before the maturity date. - Payment: Pay quarterly, Optional payment suspension unless one of the specified events occurred not allowing suspension of interest payment ¹ , and interest for which payment has been suspended is accumulated and carried forward to the next interest payment date with additional interest incurred by applying guaranteed maturity yield to the delayed interest at a compound interest rate for three months. - Late payment interest: If the early redemption amount is not paid after the early redemption right is notified, or if the interest is not paid despite occurrence of one of the specified events not allowing suspension of interest payment ¹ , a late payment annual interest of 15% is incurred on the overdue amount. ¹ Specified events not allowing suspension of interest payment: A dividend payment decision is made in the last 12 months, or the shares of the issuer are reduced by the Group's retained earnings or purchased, repaid by the Group - Optional redemption for all and part of the bonds every year, after December 31, 2021. - Starting from the day after five years after the closing date to the 6 years thereafter, an amount equivalent to 0.5% of the total face value of the bonds may be repaid every six months, from the day after the payment to the 6 years thereafter, an amount equivalent to 1.5% of the total face value of the bonds may be repaid every six months, and from the day after the payment to the maturity date, the amount equivalent to 2.5% of the total face value of the bonds may be repaid (newly established)
Interest payment	
Early redemption right	
Conversion condition	₩ 40,350 per share
Trigger clause	The liquidation of the issuer - The acquirer may decide to convert the accumulated accrued interest, whether already incurred or to be incurred on this bond, into registered ordinary shares of the issuing company. - In this case, the conversion price is the amount calculated on May 23, 2023, the date of the board of directors' resolution of the issuing company, in accordance with the Article 5-18, Paragraph 2 of the Regulations Regarding Securities Issuance and Disclosure (however, no discount rate is applied)
Debt-to-equity conversion of accrued interest	

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

32. Non-current assets held for sale

Details of non-current assets held for sale as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025		December 31, 2024	
Property, plant and equipment ¹	₩	44,342,864	₩	44,357,207
Intangible assets		-		2,524
	₩	44,342,864	₩	44,359,731

¹ ₩ 27,881,019 thousand of the cumulative revaluation gain of land classified as held-for-sale non-current assets recognized up until December 31, 2025 is included.

33. Construction contracts

Changes in the remaining balance of construction contracts for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

	2025					
	Aerospace		Defense		Total	
Beginning balance	₩	1,493,707,648	₩	9,083,092,491	₩	44,164,556,139
Increase		534,339,734		1,977,462,436		19,880,947,075
Construction revenue recognition		(557,026,955)		(2,675,688,184)		(17,505,008,512)
Ending balance	₩	1,471,020,427	₩	8,384,866,743	₩	46,540,494,702

(in thousands of
Korean won)

	2024					
	Aerospace		Security ¹		Total	
Beginning balance	₩	730,958,924	₩	3,306,599	₩	8,481,647,510
Increase		1,284,144,885		9,116,737		5,861,239,775
Construction revenue recognition		(516,724,968)		(7,981,189)		(3,146,759,627)
Spin-off ¹		-		(4,442,147)		(4,442,147)
Business combination ²		(4,671,193)		-		32,972,870,628
Ending balance	₩	1,493,707,648	₩	-	₩	44,164,556,139

¹ The business unit of security service, which was spun off for the year ended December 31, 2024, is included.

² The effect of business combination of Hanwha Ocean Co., Ltd. and the spin-off of a business unit of security service for the year ended December 31, 2024 is included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of accumulated construction costs in relation with the ongoing construction contracts as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

December 31, 2025

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,515,291,078	₩ 6,095,528,980	₩ 131,213,958	₩ 773,087,898	₩ 19,196,900,272	₩ 27,712,022,186
Accumulated contract cost	1,461,996,045	5,551,974,752	116,348,919	606,382,238	17,264,126,823	25,000,828,777
Accumulated contract profit	₩ 53,295,033	₩ 543,554,228	₩ 14,865,039	₩ 166,705,660	₩ 1,932,773,449	₩ 2,711,193,409

(in thousands of Korean won)

December 31, 2024

	Aerospace	Security ¹	Defense	ICT	Satrec Initiative	Marine	Total
Accumulated contract revenue	₩ 1,154,086,071	₩ 46,709,094	₩ 5,538,731,598	₩ 118,800,919	₩ 591,906,575	₩ 73,042,874	₩ 7,523,277,131
Accumulated contract cost	1,074,945,159	35,275,047	5,111,649,889	110,011,478	430,772,085	42,481,269	6,805,134,927
Accumulated contract profit	₩ 79,140,912	₩ 11,434,047	₩ 427,081,709	₩ 8,789,441	₩ 161,134,490	₩ 30,561,605	₩ 718,142,204

¹ The business unit of security service, which was spun off for the year ended December 31, 2024, is included.

Details of due from and due to customers for contract works as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

December 31, 2025

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 201,552,337	₩ 651,250,925	₩ 23,682,883	₩ 27,592,777	₩ 5,565,403,906	₩ 6,469,482,828
Due to customers	152,843,825	1,817,949,330	9,674,167	70,011,818	5,567,926,568	7,618,405,708
Provision for expected losses ¹	₩ 6,406,106	₩ 29,066,581	₩ -	₩ 10,275	₩ 72,421,602	₩ 107,904,564

¹ The amounts are recognized as provisions in the consolidated statement of financial position.

(in thousands of Korean won)

December 31, 2024

	Aerospace	Defense	ICT	Satrec Initiative	Marine	Total
Due from customers	₩ 109,740,000	₩ 351,334,963	₩ 17,815,248	₩ 20,096,245	₩ 5,019,522,187	₩ 5,518,508,643
Due to customers	240,116,544	1,534,207,921	11,149,087	139,927,427	4,744,524,501	6,669,925,480
Provision for expected losses ¹	₩ 4,022,560	₩ 29,975,451	₩ 2,896,614	₩ 296,490	₩ 132,154,937	₩ 169,346,052

¹ The amounts are recognized as provisions in the consolidated statement of financial position.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

For the year ended December 31, 2025, the total estimated revenue and costs for contracts in progress have changed due to factors causing the cost increases. Changes in the total estimated contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract works as of December 31, 2025 are as follows:

(in thousands of Korean won)	Changes in the			Impact on profit			Changes in					
	total estimated contract revenue	Changes in the total estimated contract costs	Impact on profit or loss for the year	or loss for the succeeding year	contract assets	contract liabilities						
Aerospace	₩	1,543,750	₩	7,701,481	₩	(8,065,011)	₩	1,907,280	₩	15,993,339	₩	24,058,350
Defense		148,778,142		(38,040,416)		21,646,537		165,172,021		125,062,063		103,415,526
ICT		11,697,060		4,878,218		4,858,085		1,960,757		5,217,875		359,790
Satrec Initiative		9,339,574		13,204,708		(4,400,696)		535,562		6,578,980		10,979,676
Marine		54,455,876		(902,691,329)		61,559,155		895,588,050		373,128,778		311,569,623
	₩	225,814,402	₩	(914,947,338)	₩	75,598,070	₩	1,065,163,670	₩	525,981,035	₩	450,382,965

As of December 31, 2025 and 2024, the information on major contracts for which the contract revenue amount is 5% or more of the previous fiscal year sales is as follows.

(in thousands of Korean won)				December 31, 2025			
Contract date	Construction due date	Progress rate		Due from customers		Due to customers	
				Gross amount	Loss allowance	Gross amount	Loss allowance
Contract A001 ¹	Dec. 5, 2018	Apr. 15, 2026	99.73%	₩ 8,729,515	₩ -	₩ 19,543,613	₩ -
Contract A002 ¹	Dec. 23, 2020	Oct. 31, 2029	58.60%	-	-	-	-
Contract A003 ¹	Dec. 29, 2021	Dec. 31, 2030	40.49%	315,950,160	-	-	-
Contract A004 ¹	Dec. 13, 2021	Mar. 31, 2028	73.29%	-	-	-	-
Contract A005 ¹	Dec. 1, 2023	Jul. 31, 2033	32.71%	-	-	-	-
Contract B015 ¹	May 9, 2024	Dec. 31, 2032	1.73%	-	-	-	-
Contract A006 ¹	Jul. 8, 2024	Mar. 26, 2034	4.81%	-	-	-	-
Contract A007 ¹	Oct. 27, 2025	Jan. 28, 2033	0.00%	-	-	-	-
Contract O001 ¹	Oct. 10, 2019	Sep. 7, 2027	85.92%	463,978,637	-	-	-
Contract O002 ¹	Dec. 22, 2023	Jul. 31, 2031	4.86%	-	-	-	-
Contract O003 ¹	Sep. 9, 2021	Sep. 28, 2028	66.42%	153,208,946	-	-	-
Contract O004 ¹	Jun. 1, 2021	Aug. 30, 2025	100%	1,381,955	-	9,036,851	-
Contract O005 ¹	Jan. 10, 2022	Jul. 3, 2026	91.59%	380,199	-	126,817,827	-
Contract O006 ¹	Sep. 30, 2024	Sep. 15, 2027	5.44%	-	-	-	-
Contract O007 ¹	Dec. 24, 2012	Aug. 13, 2021	100%	57,333,681	-	-	-
Contract O008 ¹	Dec. 1, 2020	Jun. 30, 2025	100%	-	-	-	-
Contract O009 ¹	Dec. 22, 2025	Jun. 19, 2029	9.56%	188,574,693	-	-	-
Contract P001 ¹	Jan. 19, 2021	Nov. 22, 2025	94.58%	34,119,367	-	-	-
Contract P002 ¹	Nov. 1, 2022	Jul. 1, 2028	19.37%	-	-	-	-
Contract P003 ¹	Aug. 26, 2025	Jun. 30, 2030	0.00%	-	-	-	-
				₩ 1,223,657,153	₩ -	₩ 155,398,291	₩ -

¹ The name of the contract was not separately indicated under the relevant laws and regulations.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

				December 31, 2024					
	Contract date	Construction due date	Progress rate	Due from customers		Due to customers			
				Gross amount	Loss allowance	Gross amount	Loss allowance		
Contract A001 ¹	Dec. 5, 2018	Dec. 15, 2025	98.64%	₩ 15,681,904	₩ -	₩ 8,563,379	₩ -		
Contract A002 ¹	Dec. 23, 2020	Oct. 31, 2029	46.56%	-	-	-	-		
Contract A003 ¹	Dec. 29, 2021	Dec. 31, 2030	22.44%	121,960,196	-	17,054,774	-		
Contract A004 ¹	Dec. 13, 2021	Mar. 31, 2028	65.31%	-	-	-	-		
Contract A005 ¹	Dec. 1, 2023	Jul. 31, 2033	12.24%	-	-	-	-		
Contract B015 ¹	May 9, 2024	Dec. 31, 2032	0.34%	1,748,702	-	-	-		
Contract A006 ¹	Jul. 8, 2024	Mar. 26, 2034	1.75%	-	-	-	-		
				₩ 139,390,802	₩ -	₩ 25,618,153	₩ -		

¹ The name of the contract was not separately indicated under the relevant laws and regulations.

34. Information on operating segment

The Group classifies its operating segments by nature of products. The classification of revenue-generating goods and services, and major clients by operating segment is summarized as follows:

	Major products and services	Major customer
Aerospace engine	Manufacturing and sales of engines and components for aircraft	Ministry of Defense, Pratt and Whitney, General Electric and foreign others
Defense	Manufacturing and sales of defense machinery	Defense Acquisition Program Administration and foreign others
ICT	IT consulting, SI, ITO, logistics and others	Affiliates of the Group
Satrec Initiative	Manufacturing and sales of satellite systems and others	Ministry of Defense and foreign others
Marine	Manufacturing and sales of commercial ships, marine and specialty ships, plants and wind power	Mitsui O.S.K Lines.Ltd and foreign others

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

The classification of financial performance by operating segment as of and for the years ended December 31, 2025 and 2024 is as follows:

(in thousands of Korean won)

(in thousands of Korean won)	2025													
	Aerospace		Defense		ICT		Satrec Initiative		Marine		Consolidation adjustments		Total	
Revenues	₩	2,519,663,414	₩	10,383,156,743	₩	662,696,378	₩	335,030,466	₩	14,558,445,247	₩	(1,756,090,999)	₩	26,702,901,249
Operating profit (loss)		13,502,395		2,272,594,142		50,795,206		(9,675,192)		1,115,269,305		(353,165,675)		3,089,320,181
Reportable segment profit (loss) before tax		(174,918,593)		2,424,796,342		5,443,279		(14,910,714)		825,927,218		(856,464,258)		2,209,873,274
Reportable segment profit (loss) for the year		(192,033,831)		2,063,463,060		8,081,208		(13,260,771)		1,234,450,173		(898,716,753)		2,201,983,086
Reportable segment interest income		4,034,913		125,836,042		1,601,478		1,765,970		104,926,876		(15,150,946)		223,014,333
Reportable segment interest expenses		105,598,387		176,655,607		3,102,494		2,310,246		206,866,291		(4,860,396)		489,672,629
Reportable segment depreciation ¹		66,547,168		218,786,265		30,683,936		9,336,063		264,015,571		283,372,855		872,741,858
Reportable segment assets		8,504,237,109		22,869,647,682		3,415,849,792		630,158,354		28,545,074,777		(10,011,298,110)		53,953,669,604
Reportable segment liabilities		4,708,213,042		17,776,052,071		644,447,315		324,288,716		15,532,674,464		(1,820,190,676)		37,165,484,932

¹ Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of
Korean won)

2024

		Aerospace		Defense		ICT		Security		Industrial machinery		Satrec Initiative		Marine		Consolidation adjustments		Total ²
Revenues	₩	1,990,561,976	₩	8,823,418,423	₩	705,919,721	₩	1,576,848,159	₩	350,772,057	₩	171,280,488	₩	73,042,874	₩	(1,302,765,279)	₩	12,389,078,419
Operating profit (loss)		(20,891,910)		1,652,607,220		46,197,766		124,549,141		(30,151,771)		(12,704,119)		34,539,930		(2,331,557)		1,791,814,700
Reportable segment profit (loss) before tax		(261,773,336)		1,605,887,304		182,246,518		126,445,255		(41,003,380)		(5,574,546)		32,087,550		1,059,111,682		2,697,427,047
Reportable segment profit (loss) for the year		(300,378,231)		1,386,026,649		131,267,487		84,668,515		(25,416,926)		(3,603,764)		25,019,152		1,242,290,579		2,539,873,461
Reportable segment interest income		7,358,750		60,964,019		1,419,143		2,262,109		1,459,524		3,479,772		2,545,667		(5,732,432)		73,756,552
Reportable segment interest expenses		115,208,696		120,618,783		3,302,999		7,327,781		7,156,116		781,991		6,396,915		(3,573,183)		257,220,098
Reportable segment depreciation ¹		64,107,928		187,463,023		31,391,591		14,968,301		11,281,362		8,396,479		1,709,348		11,629,732		330,947,764
Reportable segment assets		5,354,217,609		14,446,418,416		1,748,413,377		-		-		645,067,311		23,501,662,431		(2,133,845,101)		43,561,934,043
Reportable segment liabilities		3,534,251,612		13,975,374,237		331,143,771		-		-		373,816,139		14,042,897,293		(187,555,668)		32,069,927,384

¹ Depreciation of property, plant and equipment and amortization amount of intangible assets and right-of-use assets are included.

² The gain or loss incurred by the business units of security service and industrial machinery service that have been spun off for the year ended December 31, 2024 is included.

Revenues over 10% of the Group's revenue are derived from two external customers, of which 12.30% is from customer A and 12.42% is from customer B, for the year ended December 31, 2025.

Revenues over 10% of the Group's revenue are derived from two external customers, of which 27.68% is from customer A and 16.45% is from customer B, for the year ended December 31, 2024.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

35. Selling and administrative expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Salaries and allowances	₩ 540,298,124	₩ 265,891,781
Bonuses	133,028,843	191,321,545
Post-employment benefits	47,261,820	36,137,895
Employee welfare benefits	111,172,255	51,942,529
Depreciation	18,543,875	14,286,100
Amortization	310,616,027	27,981,886
Depreciation of right-of-use assets	30,432,904	20,587,780
Advertisement	141,196,563	65,595,717
Training and education	22,411,959	10,614,168
Social gatherings	9,106,080	6,058,072
(Reversal of) bad debt expenses	(648,066)	681,099
Publications	1,012,663	435,266
Document forwarding fee	72,548	40,533
Logistics	68,529,476	69,498,737
Insurance	63,905,198	39,419,962
Services	15,395,238	2,728,828
Taxes and dues	32,766,824	11,798,665
Supplies	9,119,795	3,614,847
Repairs and maintenance	15,815,544	2,097,874
Travel	41,778,846	27,220,855
Utilities	3,553,550	2,313,234
Prints	529,759	381,454
Rents	21,886,256	3,339,775
Electronic data processing	18,880,904	10,671,092
Research	1,300,536	335,680
Commission fees	389,895,498	159,110,564
Communication	2,509,332	1,885,970
Events	13,420,515	6,037,849
Conferences	1,922,947	3,991,285
	<u>₩ 2,065,715,813</u>	<u>₩ 1,036,021,042</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

36. Expenses classified by nature

Details of expenses classified by nature for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Changes in inventories of finished goods, semi-finished goods and work in process	₩ 605,602,220	₩ (500,631,161)
Purchase of merchandise	606,461,772	339,547,315
Raw materials and consumables used	11,661,222,237	5,286,143,965
Salary and wages ¹	3,386,517,753	1,928,116,086
Employee welfare benefits	582,376,022	248,512,672
Depreciation	393,470,480	186,158,864
Amortization	377,984,430	68,500,268
Depreciation of right-of-use assets	101,286,948	47,218,775
Freight and custody charges	171,516,078	82,892,101
Taxes and dues	58,054,939	26,324,968
Repairs and maintenance	161,794,564	51,451,309
Utilities	200,047,909	58,782,602
Rents	108,129,787	19,175,455
Electronic data processing	85,311,598	60,975,125
Payment fees	805,775,540	328,103,749
Technical license fees	79,232,032	97,976,574
Outsourcing	3,461,541,644	913,947,581
Others	767,255,115	265,046,411
Total ²	<u>₩ 23,613,581,068</u>	<u>₩ 9,508,242,659</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 consolidated statements of comprehensive income.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

37. Other income and expenses

Details of other income and expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025		2024	
Other income				
Fees revenues	₩	1,756,359	₩	2,847,056
Gain on foreign currency transactions		137,828,213		149,028,196
Gain on foreign currency translations		48,318,189		137,070,113
Gain on disposal of property, plant and equipment		3,812,501		2,726,701
Gain on disposal of intangible assets		10,936,353		488,459
Gain on disposal of right-of-use asset		7,687,691		331,338
Gain on disposal of investment in subsidiaries and associates		15,049,665		1,143,106,168
Gain on disposal of business		20,784,235		-
Reversal of impairment loss of property, plant and equipment		-		3,299,998
Gain on valuation of firm commitments		225,255		-
Dividends income		28,778,785		188,960
Reversal of other loss allowances		5,031,617		192,869
Income on government grants		1,042,620		70,782
Miscellaneous income		61,750,739		50,113,449
	₩	<u>343,002,222</u>	₩	<u>1,489,464,089</u>
Other expenses				
Fees	₩	8,321,122	₩	5,959,969
Loss on foreign currency transactions		169,034,932		103,584,134
Loss on foreign currency translations		60,266,529		92,067,197
Loss on valuation of RSU		290,851,902		-
Loss on disposal of trade receivables		8,315,741		7,803,792
Loss on disposal of property, plant and equipment		5,925,623		5,853,989
Loss on disposal of intangible assets		18,494		821,119
Loss on disposal of right-of-use assets		707,135		44,744
Loss on disposal of investment in subsidiaries and associates		452		1,147,946
Loss on disposal of business		22,969,553		-
Loss on valuation of firm commitments		64,315,709		-
Impairment loss on property, plant and equipment		-		6,906,112
Impairment loss on intangible assets		3,879,124		163,498,071
Impairment loss on investment in subsidiaries and associates		6,839,994		7,586,028
Donations		39,866,619		20,309,732
Other bad debt expenses		5,498,172		132,948,810

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Miscellaneous expenses	127,263,464	9,408,834
	₩ 814,074,565	₩ 557,940,477

38. Finance income and costs

Details of finance income and costs for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

2025

2024

Finance income

Interest income	₩	223,014,333	₩	70,034,943
Gain on foreign currency transactions		658,767,492		111,566,249
Gain on foreign currency translations		147,561,986		43,823,167
Gain on valuation of financial assets at FVPL		96,165,198		75,756,384
Gain on valuation of derivatives		25,228,279		63,195,909
Gain on derivatives transactions		119,824,695		9,163,532
	₩	1,270,561,983	₩	373,540,184

Finance costs

Interest expenses	₩	489,672,629	₩	242,539,779
Payment guarantee fee		49,084		(623,485)
Loss on foreign currency transactions		684,089,832		82,521,419
Loss on foreign currency translations		144,868,214		70,867,110
Loss on valuation of financial assets at FVPL		94,640,423		11,994,162
Loss on disposal of financial assets at FVPL		1,607		882
Loss on disposal of financial assets at FVOCI		19,394,519		-
Loss on valuation of derivatives		20,164,789		7,913,325
Loss on derivatives transactions		142,743,712		79,670,438
	₩	1,595,624,809	₩	494,883,630

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

39. Earnings per share

Basic earnings per share for each of the two years in the period ended December 31, 2025 are calculated as follows:

<i>(in Korean won, except for earnings per share)</i>	2025	2024
Profit attributable to the owners of the Parent Company	₩ 1,404,962,303,500	₩ 2,298,945,270,624
Profit from continuing operation attributable to the owners of the Parent Company	1,404,962,303,500	2,260,506,866,573
Weighted-average number of ordinary shares outstanding	49,244,865 shares	49,211,337 shares
Earnings per share from continuing operations	₩ 28,530	₩ 45,935
Earnings per share from discontinued operations	-	781

The weighted average number of ordinary shares for each of the two years in the period ended December 31, 2025 is calculated as follows:

<i>(in shares)</i>	2025	2024
Beginning balance	45,581,161	50,630,000
Effect of treasury shares	(114,613)	(71,257)
Effect of share options	543,730	326,319
Paid-in capital increase	3,234,587	-
Spin-off	-	(1,673,725)
Weighted average number of ordinary shares	<u>49,244,865</u>	<u>49,211,337</u>

Diluted earnings per share for each of the two years in the period ended December 31, 2025 are calculated as follows:

<i>(in Korean won, except for earnings per share)</i>	2025	2024
Profit attributable to the owners of the Parent Company	₩ 1,404,962,303,500	₩ 2,298,945,270,624
Profit from continuing operation attributable to the owners of the Parent Company	1,404,962,303,500	2,260,506,866,573
Weighted-average number of ordinary shares outstanding for diluted earnings per share	49,244,865 shares	49,211,337 shares
Earnings per share from continuing operations	₩ 28,530	₩ 45,935
Earnings per share from discontinued operations	-	781

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

The weighted average number of ordinary shares for diluted earnings per share for the years ended December 31, 2025 and 2024 is calculated as follows:

<i>(in shares)</i>	2025	2024
Beginning balance	45,581,161	50,630,000
Effect of treasury shares	(114,613)	(71,257)
Effect of share options ¹	543,730	326,319
Paid-in capital increase	3,234,587	-
Spin-off	-	(1,673,725)
Weighted average number of ordinary shares	<u>49,244,865</u>	<u>49,211,337</u>

¹ Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options granted to the key executives at the beginning of the current year for dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (average market price in the accounting period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options are exercised.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

40. Transactions with the related parties

Details of the Group's related parties as of December 31, 2025 are as follows:

Type	Name of entity
Parent Company	Hanwha Corp.
Associates and joint ventures	Sermatech Korea Co., Ltd.
	Forge Nano, Inc.
	Hanwha Futureproof Corp.
	P&W NGPF Manufacturing Company Singapore Pte Ltd.
	Infinidome Ltd.
	Overair, Inc.
	Hanwha Aviation Pte Ltd.
	Vivity AI Inc.
	Musicow US, Inc.
	Luxrobo
	Lambda256 Co., Ltd ²
	Hanwha Shipping LLC
	Shinan Ui Offshore Windpower Corporation
	YEONGDEOKBEULRUWINDEU CO., LTD.
	Wing Shiptechnology Corp.
	TPI Mega Line Co., Ltd.
	KC LNG Tech Co., Ltd.
	DM-CMHI Offshore Engineering(Jiangsu) Co., Ltd.
	Hanwha Shipping Holdings LLC ³
	Hanwha Defense & Energy Corp. ³
	Hanwha Shipping Inc. ³
Joint arrangements	SAME Netherlands B.V.
Other related parties ¹	HANWHA SOLUTIONS CORPORATION and others

¹ Although those entities do not qualify as related parties as defined in Paragraph 9 of KIFRS 1024, they are classified as the related parties based on the substantive relationship criteria outlined in Paragraph 10 of KIFRS 1024, according to the resolution of the Securities and Futures Commission of Korea, which designates the Large-scale business group under the resolution by the Fair Trade Commission.

² Although the investment in Lambda256 Co., Ltd is classified and measured as financial assets at fair value through profit or loss as the redeemable convertible preferred shares and convertible preferred shares, the entity is classified as an associate since the Group has significant influence over Lambda256 Co., Ltd, considering potential voting rights.

³ The entity was newly established for the year ended December 31, 2025.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of the Group's transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)	2025									
	Sales and others		Disposal of assets and others		Purchases and others		Acquisition of assets and others		Other expenses	
Parent Company										
Hanwha Corp. ¹	₩	82,601,081	₩	-	₩	37,577	₩	7,130,000	₩	97,667,262
Associates and joint venture										
Shinan Ui Offshore Windpower Corporation		201,518,519		8,877,967		-		-		1,078,440
Hanwha Shipping LLC		151,092,395		-		-		-		-
Sermatech Korea Co., Ltd. ²		5,427,344		-		18,739,123		-		3,734,494
TPI Mega Line Co., Ltd. ³		961,400		-		281,805		-		7,595,994
Hanwha Aviation Pte Ltd.		552,158		-		-		-		-
P&W NGPF Manufacturing Company Singapore Pte Ltd.		112,276		-		79,435,120		-		2,700
Vivity AI Inc.		-		-		116,400		-		116,400
Hanwha Futureproof Corp.		797,737		-		80,520		-		2,692,470
KC LNG Tech Co., Ltd.		-		-		-		-		258,003
Hanwha Shipping Holdings LLC		-		-		-		-		222,933
Joob Global Pte. Ltd. ⁴		-		-		-		-		828
Others										
Hanwha TotalEnergies Petrochemical Co., Ltd.		93,030,715		-		5,698,217		-		1,267,526
H&G Chemical Co., Ltd.		86,563,342		-		-		-		-
Hanwha Solutions Corporation		72,446,870		-		-		52,071,100		6,910,880
Hanwha Life Insurance Co., Ltd. ⁵		54,424,979		703,900		8,824		-		3,436,858
Hanwha General Insurance Co., Ltd. ⁶		33,574,230		-		10,415,231		30,027		3,038,526
Hanwha Q Cells Georgia, Inc		21,399,666		-		-		-		8,533
Hanwha Power Systems Co., Ltd.		16,801,189		-		19,922,613		99,800		236,511
Hanwha Vision CO., LTD		15,610,027		100,000		-		30,803,512		1,112,749
HANWHA GALLERIA CORPORATION		12,506,963		-		145,677		-		20,725,712
HANWHA SEMITECH CO., LTD.		12,064,444		-		-		-		28,910
Hanwha Investment & Securities Co., Ltd		11,718,464		-		1,122		-		1,847,595
Hanwha Hotels & Resorts Co., Ltd.		10,173,231		1,395,117		6,365,430		63,239,053		32,684,709
YEOCHUN NCC Co., Ltd.		8,033,200		-		-		-		2,500
Hanwha Life Financial Service Co., Ltd		7,265,792		-		-		-		-
Hanwha Energy Corporation		7,243,089		-		1,145,464		85,905,260		40,614
Hanwha Advanced Materials Corporation		6,412,814		-		-		-		-
Hanwha Engine Co., Ltd.		6,151,375		-		553,291,911		10,966		811,525
Hanwha Q Cells Malaysia Sdn. Bhd.		6,071,215		-		-		-		-
Hanwha Momentum		5,681,561		-		-		-		-

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Hanwha Q Cells Technologies, Inc.	5,276,228	-	-	-	-
Hanwha Eagles Professional Baseball Club	2,645,878	-	-	-	2,918,000
Hanwha Q Cells America Inc.	1,807,961	-	-	-	7,865,916
Hanwha International LLC	1,141,168	-	123,118,777	-	9,652,770
Hanwha Cultural Foundation	931,430	-	-	-	21,109,060
Hanwha Europe GmbH	615,502	-	74,151,896	500,986	1,196,391
JEONGSANG BUKHANSAN RESORT CO.,LTD.	339,752	-	-	14,284,694	-
Carrot Co., Ltd ⁷	77,303	-	-	-	9,722,081
HANWHA ESTATE SERVICE	4,112	-	-	-	10,678,325
Hanwha REIT Co., Ltd.	-	-	-	12,794,811	8,214,174
Others	40,039,538	-	923,656	304,500	13,263,085
	<u>₩ 983,114,948</u>	<u>₩ 11,076,984</u>	<u>₩ 893,879,363</u>	<u>₩ 267,174,709</u>	<u>₩ 270,142,474</u>

¹ Includes other expenses of ₩ 218 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

² Including dividends ₩ 4,473 million received for the year ended December 31, 2025.

³ Including dividends ₩ 961 million received for the year ended December 31, 2025.

⁴ Includes other expenses of ₩ 828 thousand incurred by Joob Global Pte. Ltd., which was excluded from associates for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

⁵ Includes other expenses of ₩ 475 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

⁶ Includes other expenses of ₩ 32,817 thousand incurred by Hanwha Intelligence Co., Ltd., which was excluded from subsidiaries for the year ended December 31, 2025. The amount represents transactions incurred up to the date of exclusion.

⁷ For the year ended December 31, 2025, Carrot Co., Ltd was merged into Hanwha Insurance Co., Ltd. The amount represents transactions incurred up until the merger.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of Korean won)

(in thousands of Korean won)	2024									
	Sales and others		Disposal of assets and others		Purchases and others		Acquisition of assets and others		Other expenses	
Parent Company										
Hanwha Corp.	₩	59,056,767	₩	1,600,455	₩	191,981	₩	11,801,300	₩	36,497,945
Associates and joint venture										
Sermatech Korea Co., Ltd. ¹		5,596,570		-		13,254,961		-		4,829,580
OVERAIR, INC.		3,709,414		-		-		-		-
P&W NGPF Manufacturing Company Singapore PTE Ltd.		216,767		-		68,024,567		-		-
VIVITY AI INC.		-		-		-		-		46,800
Others										
Hanwha Ocean Co., Ltd. ²		130,450,338		1,291		180,000		8,818,380		154,395
Hanwha Q Cells Georgia, Inc		92,292,723		-		-		-		-
Hanwha Life Insurance Co., Ltd.		57,299,387		8,787,184		-		2,895,939		3,555,965
Hanwha Solutions Corporation		48,243,620		23,680,000		-		20,310,000		4,793,310
Hanwha General Insurance Co., Ltd.		34,381,126		-		9,684		34,590		7,138,927
Hanwha TotalEnergies Petrochemical Co., Ltd.		18,496,681		-		-		-		58,735
Hanwha Europe GmbH		17,297,942		-		59,508,000		-		3,316,110
HANWHA GALLERIA CORPORATION		16,468,948		-		-		-		9,354,429
Hanwha Hotels & Resorts Co., Ltd.		13,394,868		-		-		6,734,509		18,776,306
Hanwha Power Systems Co., Ltd.		12,552,759		-		3,852,306		341,000		471,161
Hanwha Investment & Securities Co., Ltd		9,148,055		-		-		-		199,668
Hanwha Life Financial Service Co., Ltd		8,991,365		-		-		-		-
Hanwha Japan Co., Ltd		8,308,805		-		11,041		-		180,454
Hanwha Energy Corporation		7,791,477		-		-		-		-
Hanwha Machinery America Inc.		6,204,793		-		-		-		18,507
Hanwha Advanced Materials Corporation		6,163,824		-		-		-		-
Hanwha Vision CO., LTD ³		5,846,125		-		-		-		159,376
Hanwha Impact Corporation		5,695,702		-		-		-		30,460
Hanwha Ocean SG Holdings Pte Ltd. ²		5,691,184		-		-		-		-
Hanwha e-ssential Corporation		5,655,756		-		-		-		-
Hanwha Engine Co., Ltd.		5,011,317		-		-		-		627,097
HANWHA SEMITECH CO., LTD.(formerly Hanwha Precision Machinery Co., Ltd.) ³		4,104,460		-		-		-		8,679
Hanwha Q CELLS America Inc.		2,126,138		-		-		-		3,518,732
VISIONEXT CO., LTD. ³		501,323		-		-		-		-
Hanwha International LLC		488,559		-		92,727,829		-		35,526
Neubla Corporation ³		216,640		-		-		-		-
Carrot Co., Ltd		137,857		-		-		-		8,516,878
Hanwha Vision Vietnam Company Limited ³		43,356		-		-		-		-

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Hanwha Cultural Foundation	36,605	-	-	-	14,725,000
Hanwha Vision America, Inc. ³	29,931	-	-	-	-
Hanwha Techwin (Shanghai) Co., Ltd. ³	26,860	-	-	-	-
Hanwha Vision Europe Limited ³	23,322	-	-	-	-
Hanwha REIT Co., Ltd.	-	5,992,156	-	13,890,834	605,627
Others	47,811,055	-	309,049	2,396,568	12,270,080
	<u>₩ 639,512,419</u>	<u>₩ 40,061,086</u>	<u>₩ 238,069,418</u>	<u>₩ 67,223,120</u>	<u>₩ 129,889,747</u>

¹ Including dividends ₩ 3,358 million received for the year ended December 31, 2024.

² The above entities were included in the scope of consolidation for the year ended December 31, 2024. The transaction amount refers to the amount traded before the inclusion.

³ The above entities were spun off from Hanwha Aerospace Co., Ltd. for the year ended December 31, 2024. The transaction amount refers to the amount traded after the spin-off.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of the Group's outstanding balances arising from the sales/purchases of goods and services with its related parties as of December 31, 2025 and 2024 are as follows:

(in thousands of Korean won)

	December 31, 2025					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 6,056,386	₩ 164,809	₩ 330,801	₩ 11,427	₩ 381,381	₩ 15,449,770
Associates and joint venture						
Shinan Ui Offshore Windpower Corporation	188,574,693	19,719,131	-	-	-	-
Hanwha Shipping LLC	36,650,375	437,913	-	-	-	207,869,557
OVERAIR, INC. ¹	-	138,000,101	-	-	-	-
Hanwha Futureproof Corp.	-	4,928,914	-	-	2,511	1,756,376
Hanwha Aviation Pte Ltd.	-	3,665,358	-	-	-	-
P&W NGPF Manufacturing Company Singapore Ltd.	-	159,337	-	3,670,483	-	-
Sermatech Korea Co., Ltd.	-	15,978	-	1,600,461	-	458,453
Lambda256 Co., Ltd. ²	-	-	17,522,220	-	-	-
TPI MEGALINE CO, LTD	-	-	-	-	1,412,396	50,384,933
Vivity AI Inc.	-	-	-	-	128,040	-
Joint Arrangements						
SAME Netherlands B.V.	91,831,899	-	-	-	-	-
Others						
Hanwha TotalEnergies Petrochemical Co., Ltd.	10,860,536	-	-	760,235	4,315	231,520
Hanwha Solutions Corporation	6,695,826	-	11,706,393	-	195,235	376,699
Hanwha Life Insurance Co., Ltd.	3,932,464	810,298	218,353,254	-	13,740	24,925
Hanwha Hotels & Resorts Co., Ltd.	1,927,208	4,316	4,310,667	4,829,156	5,873,210	-
Hanwha Investment & Securities Co., Ltd	1,784,777	-	-	-	-	38,113,234
Hanwha Q Cells Georgia, Inc	1,513,862	1,171,280	4,971,256	-	-	4,242,581
Hanwha Energy Corporation	844,778	-	477,683	3,487,488	25,279,540	260,039
Hanwha Engine Co., Ltd.	643,529	120,587	145,487,595	54,631,665	6,966	4,948,164
Q Energy Solutions SE	137,036	-	85,459,315	-	-	58,925
Transgrid Energy LLC	7,611	-	115,652,738	-	-	-
Hanwha International LLC	-	-	30,153,725	29,635,827	-	9,711,349
Hanwha REIT Co., Ltd.	-	-	3,994,696	-	-	51,846,002
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,666,400
Others	16,573,291	3,660,195	11,287,797	10,708,128	6,709,514	3,248,167
	₩ 368,034,271	₩ 172,858,217	₩ 649,708,140	₩ 109,334,870	₩ 40,006,848	₩ 417,647,094

¹ The Group established ₩ 138,000 million as the allowance for loss on the loans to the related parties as of December 31, 2025. Gains (losses) on foreign currency transactions of ₩ 5,329 million were recognized for the year ended December 31, 2025.

² Redeemable convertible preferred shares are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of Korean won)

	December 31, 2024					
	Receivables			Payables		
	Trade receivables	Other receivables	Others	Trade payables	Other payables	Others
Parent Company						
Hanwha Corp.	₩ 28,498,479	₩ 1,840,723	₩ 368,179	₩ 17,183,002	₩ 773,698	₩ 10,675,190
Associates and joint venture						
Sermatech Korea Co., Ltd.	-	15,400	-	1,255,615	-	364,290
P&W NGPF Manufacturing Company Singapore Ltd.	-	162,471	-	5,616,939	-	-
OVERAIR, INC. ¹	-	143,329,545	-	-	-	-
Lambda256 Co., Ltd. ²	-	-	17,533,369	-	-	-
TPI MEGALINE CO, LTD	-	-	-	-	1,444,207	60,382,097
Joint Arrangements						
SAME Netherlands B.V.	-	-	190,881,826	-	-	-
Others						
H&G Chemical Co., Ltd.	20,517,300	-	-	-	-	428,187
Hanwha Solutions Corporation	14,317,160	-	14,922,814	124,434	205,663	268,810
Hanwha Life Insurance Co., Ltd.	10,213,735	1,472,071	265,379,705	-	-	4,383,407
Hanwha TotalEnergies Petrochemical Co., Ltd.	8,916,174	56,397	-	772,382	227,076	7,450,520
Hanwha Hotels & Resorts Co., Ltd.	1,535,439	431	6,408,922	2,368,685	1,781,734	-
Hanwha Engine Co., Ltd.	329,496	-	92,862,378	48,222,616	4,290	30,000
Hanwha International LLC	-	-	15,941,320	783,931	-	-
HANWHA CONVERGENCE CO., LTD.	-	-	10,958,500	155,320	-	-
Hanwha Europe GmbH	-	-	8,919,254	1,225,054	642,122	-
Hanwha REIT Co., Ltd.	-	-	3,999,804	-	-	42,706,409
Hanwha Chemical (Ningbo) Co., Ltd.	-	-	-	-	-	28,177,800
Others	25,863,381	1,798,180	8,034,523	1,613,940	2,857,639	7,478,154
	<u>₩ 110,191,164</u>	<u>₩ 148,675,218</u>	<u>₩ 636,210,594</u>	<u>₩ 79,321,918</u>	<u>₩ 7,936,429</u>	<u>₩ 162,344,864</u>

¹ The Group established ₩ 143,330 million as the allowance for loss on the loans to the related parties as of December 31, 2024. Bad debt expenses and gains (losses) on foreign currency transactions amounting to ₩ 143,330 million were recognized for the year ended December 31, 2024.

² Redeemable convertible preferred shares are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of the Group's financial transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of Korean won)

	2025									
	Borrowing transactions									
	Borrowings		Collections		Investment	Dividend expenditure		Dividend receipt		Others
Parent company										
Hanwha Corp.	₩	-	₩	-	₩	-	₩ 54,164,096	₩	-	₩ 11,686,400
Associates and joint venture										
Hanwha Defense & Energy Corp.		-		-	859,373,445		-		-	-
Hanwha Shipping LLC		-		-	240,184,003		-		-	-
Hanwha Shipping Holdings LLC		-		-	118,164,108		-		-	-
Hanwha Futureproof Corp.		-		-	63,144,000		-		-	-
Hanwha Aviation Pte Ltd.		-		-	37,016,900		-		-	-
Shinan Ui Offshore Windpower Corporation		-		-	27,106,200		-		-	-
Sermatech Korea Co., Ltd.		-		-	-		-		4,472,500	-
TPI MEGALINE CO, LTD		-		-	-		-		961,400	-
Other										
Transgrid Energy LLC	111,451,045			-	-		-		-	-
Hanwha Investment & Securities Co., Ltd		-		-	-		284		-	25,000,000
Q Energy Solutions SE	85,459,315			-	-		-		-	-
Hanwha Asset Management Co., Ltd.		-		-	-		20,475		-	-

¹ For the year ended December 31, 2025, the Group acquired an equity interest in Forge Nano, Inc. from Hanwha Corp.

² For the year ended December 31, 2025, Hanwha Investment & Securities Co., Ltd. acquired the Company's corporate bonds amounting to ₩ 25,000 million.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

(in thousands of Korean won)

	2024									
	Borrowing transactions				Dividend expenditure		Dividend receipt		Others	
	Borrowings	Collections	Investment							
Parent company										
Hanwha Corp.	₩	- ₩	- ₩	- ₩	30,941,296	₩	- ₩	- ₩	- ₩	- ₩
Associates and joint venture										
Sermatech Korea Co., Ltd.		-	-	-	-		3,358,154			-
Luxrobo ¹		-	-	12,489,204	-		-			-
Hanwha Aviation PTE. Ltd		-	-	102,402,960	-		-			-
VIVITY AI INC ²		-	-	4,978,760	-		-			-
Hanwha Futureproof Corp		-	-	289,528,750	-		-			-
JOOB GLOBAL PTE. LTD.		-	-	138,510	-		-			-
Other										
Hanwha Investment & Securities Co., Ltd		-	-	-	670		-			-
Hanwha Energy Corporation		-	-	-	6,768,772		-			-
Employees	(140,000)	(140,000)		-	-		-			-

¹ The Group acquired 0.33% of shares by exercising the conversion right of the redeemable convertible preferred shares on June 28, 2024.

² Although the Group has 80.97% of shares through participation in capital increase on January 5, 2024, the entity is classified as a joint venture as the Group has joint control over the entity through joint arrangements such as the right to appoint directors.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of the Group's lease transactions with its related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in thousands of
Korean won)

2025

		Beginning balance	New agreement	Termination	Lease payments	Interest expense (lease liabilities)	Ending
Parent Company							
TPI MEGALINE CO, LTD	₩	60,568,485	₩ -	₩ (186,388)	₩ (11,880,000)	₩ 1,882,836	₩ 50,384,933
Other							
Hanwha REIT Co., Ltd.		42,959,597	21,937,204	(253,188)	(14,261,909)	1,464,298	51,846,002
Hanwha Engine Co., Ltd.		5,178,878	10,966	-	(651,520)	308,615	4,846,939
Hanwha General Insurance Co., Ltd		978,966	30,027	-	(192,416)	31,316	847,893
Hanwha Life Insurance Co., Ltd.		799,800	83,066	(703,900)	(185,448)	20,489	14,007

(in thousands of
Korean won)

2024

		Beginning balance	New agreement	Termination	Lease payments	Interest expense (lease liabilities)	Spin-off	Business combination	Total
Parent Company									
Hanwha Corp.	₩	5,361,055	₩ -	₩ (1,594,235)	₩ (1,538,494)	₩ 99,483	₩ (2,327,809)	₩ -	₩ -
Associates									
TPI MEGALINE CO, LTD		-	-	-	-	-	-	60,568,485	60,568,485
Other									
Hanwha Momentum		-	1,594,237	-	(382,455)	7,437	(1,219,219)	-	-
Hanwha General Insurance Co., Ltd		1,093,126	34,591	-	(188,078)	39,327	-	-	978,966
Hanwha Life Insurance Co., Ltd.		1,091,796	93,068	-	(435,363)	44,636	-	5,663	799,800
Hanwha REIT Co., Ltd. ¹		35,984,416	7,927,738	(6,013,374)	(8,812,222)	1,379,349	-	12,493,689	42,959,596
Hanwha Engine Co., Ltd.		5,498,873	-	-	(648,720)	328,725	-	-	5,178,878

¹ Hanwha Life Insurance Co., Ltd. transferred the ownership of the building leased by the Group to Hanwha REIT Co., Ltd. on August 28, 2024.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

As of December 31, 2025, the amount of investment commitments related to investments in financial instruments with the related parties is as follows:

<i>(in thousands of Korean won)</i>		Commitment amount		Cumulative contribution amount		Remaining contract amount
Hanwha Asset Management Co., Ltd.	₩	140,000,000	₩	86,374,777	₩	53,625,223

The Group obtained approval from the Board of Directors to conduct transactions in investment securities and other financial instruments with Hanwha Investment & Securities Co., Ltd. up to a limit of ₩ 1,430,000 million for the purpose of enhancing the profitability of fund management. As of the end of the current period, out of the approved transaction limit of ₩ 1,430,000 million, transactions amounting to USD 310 million and ₩ 61,000 million had been executed.

As of December 31, 2025 and 2024, the Group provides home mortgage loans to its employees.

Details of payment guarantees provided by the Group to its related parties as of December 31, 2025 are as follows:

<i>(in thousands of USD)</i>	Guaranteed by		Total guaranteed amount		Guaranteed amount	
Associates						
Hanwha Aviation Pte Ltd. ¹	Hana Bank (Singapore) KEXIM (Singapore) NH Nonghyup Bank (Hong Kong)	USD	168,000	USD	168,000	Payment guarantee
Joint Arrangements						
SAME Netherlands B.V. ¹	Petroleo Brasileiro S.A	USD	2,517,811	USD	1,057,651	Performance guarantee

¹ On July 31, 2025, Hanwha Aviation Pte Ltd. entered into borrowing agreements with Hana Bank (Singapore), KEXIM (Singapore), and NH NongHyup Bank (Hong Kong) for credit facilities amounting to USD 80 million, USD 30 million, and USD 30 million, respectively, totaling USD 140 million. These borrowings are secured by a joint and several guarantee provided by the Group, covering 120% of the outstanding debt amount. In connection with the above guarantees, on July 31, 2025, the Group entered into a shareholders' agreement with Hanwha Impact Partners Inc., under which the guarantee obligations are shared between the parties in proportion to their equity interests at a ratio of 50:50 pursuant to a separate agreement.

On April 30, 2025, Hanwha Futureproof Corp. issued USD 400 million in bonds to the Korea Development Bank, supported by joint and several guarantees provided by the Group and Hanwha Solutions Corporation. Subsequently, on June 30, 2025, the Group entered into a separate agreement with Hanwha Solutions Corporation to share the guarantee obligations in proportion to their indirect ownership interests. Under this agreement, the guarantee sharing ratio between the Group and Hanwha Solutions Corporation is 87.5:12.5.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

For the year ended December 31, 2025, the Group acquired shares of Hanwha Ocean Co., Ltd. from Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation in the amounts of ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively. In connection with the acquisition, related incidental costs amounting to ₩ 260 million were paid to Hanwha Investment & Securities Co., Ltd.

For the year ended December 31, 2025, the Group conducted a third-party allotment capital increase to Hanwha Impact Partners Inc., Hanwha Energy Corporation Singapore Pte. Ltd., and Hanwha Energy Corporation, with capital contributions of ₩ 888,061 million, ₩ 288,358 million, and ₩ 123,582 million, respectively, fully paid during the period. In addition, the Group carried out a rights offering followed by a public offering of unsubscribed shares, and capital contributions amounting to ₩ 765,878 million were fully paid by Hanwha Corporation during the current period.

As of December 31, 2025, the amount of payment guarantees provided by management in relation to foreign currency payment guarantees and others is ₩ 6,000,000 thousand, and the actual amount is ₩ 1,018,909 thousand.

Details of compensations paid or payable to the key management for employee services for each of the two years in the period ended December 31, 2025 is as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Short-term employee benefits	₩ 83,956,084	₩ 66,936,199
Share-based payments	269,560,423	133,457,182
Post-employment benefits	30,090,455	12,409,895
	<u>₩ 383,606,962</u>	<u>₩ 212,803,276</u>

Key management includes all registered executives and general executives who have significant authority and responsibility in respect to planning, operating and controlling of the Group's business activities.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

41. Commitments and contingencies

Details of the Group's major agreements with the financial institution as of December 31, 2025 are as follows:

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Korea Development Bank	KRW	108,333,320	Facility loans
	KRW	2,537,658,937	General purpose loans
	USD	6,697,954,190	Other payment guarantee in other foreign currencies
	USD	334,400,000	Import L/C
	USD	730,000,000	General purpose loans
Woori Bank	KRW	3,000,000	Purchasing card
	KRW	100,000,000	Supplier finance arrangement
	KRW	7,200,000	Other payment guarantee
	KRW	6,000,000	Mutual partnership loan
	KRW	150,000,000	Facility loans
	KRW	18,991,616	General purpose loans
	KRW	315,000,000	Combined limits loan agreements
	KRW	40,000,000	Limit loans
	USD	640,000	Other payment guarantee in other foreign currencies
	USD	196,000,000	Import L/C
Woori Bank (Beijing)	USD	1,449,319	General purpose loans
Woori Bank (Hanoi)	CNY	70,000,000	General purpose loans
	USD	20,000,000	Facility loans
	USD	25,000,000	General purpose loans
Woori Bank (Hong Kong)	USD	18,000,000	General purpose loans
Woori Bank (Sydney)	AUD	18,000,000	Limit loans
KEB Hana Bank	KRW	5,000,000	Purchasing card
	KRW	10,000,000	Supplier finance arrangement
	KRW	3,000,000	Overdraft loan limit
	KRW	608,000,000	Facility loans
	KRW	15,000,000	Credit sales facility
	KRW	117,573,610	General purpose loans
	KRW	4,127,500	Limit loans
	USD	129,800,000	Other payment guarantee in other foreign currencies
	USD	247,500,000	Import L/C
	RON	2,110,318,468	Other payment guarantee in other foreign currencies
	USD	10,000,000	Facility loans
	USD	40,000,000	General purpose loans
Shinhan Bank	KRW	85,922,054	Other payment guarantee
	KRW	150,000,000	Facility loans
	KRW	1,500,000	Credit sales facility
	KRW	344,800,000	General purpose loans
	KRW	50,000,000	CP acquisition agreement
	USD	55,097,309	Other payment guarantee in other foreign currencies
	USD	78,000,000	Import L/C
	PHP	97,815,000	Other payment guarantee in other foreign currencies
Shinhan Bank (New York)	USD	10,000,000	Limit loans
Shinhan Bank (Singapore)	USD	15,000,000	General purpose loans

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
Shinhan Bank (Sydney)	AUD	15,000,000	Limit loans
Kookmin Bank	KRW	130,000,000	Supplier finance arrangement
	KRW	150,000,000	Trade financing
	KRW	170,000,000	Facility loans
	KRW	3,000,000	Credit sales facility
	KRW	216,000,000	General purpose loans
	USD	284,781,727	Combined payment guarantee in other foreign currencies
	USD	161,000,000	Import L/C
	USD	70,000,000	General purpose loans
Kookmin Bank (Singapore)	USD	34,000,000	General purpose loans
	USD	4,000,000	Limit loans
Kookmin Bank (Hanoi)	USD	6,000,000	General purpose loans
Industrial Bank of Korea	KRW	2,500,000	Purchasing card
	KRW	5,500,000	General purpose loans
	KRW	34,000,000	Electric bill limit
	KRW	50,000,000	Supplier finance arrangement
	USD	100,000,000	Combined payment guarantee in other foreign currencies
	USD	200,000	Forward exchange contract
	USD	58,400,000	Import L/C
NH Nonghyup Bank	KRW	10,000,000	Supplier finance arrangement
	KRW	155,578,800	Facility loans
	KRW	10,000,000	Credit sales facility
	KRW	325,000,000	General purpose loans
	USD	43,000,000	Import L/C
NH Nonghyup Bank (Hanoi)	USD	10,000,000	General purpose loans
Korea Export-Import Bank	KRW	27,000,000	Import fund limit loans
	KRW	102,693,011	Export fund limit loans
	KRW	1,642,900,000	General purpose loans
	KRW	142,000,000	Overseas investment fund limit loans
	USD	6,105,854,990	Other payment guarantee in other foreign currencies
	USD	1,021,436,456	Performance guarantee
	USD	15,000,000	Facility loans
	USD	319,357,429	General purpose loans
	EUR	9,348,326	Other payment guarantee in other foreign currencies
	EUR	297,800,000	Performance guarantee
Suhyup bank	KRW	120,000,000	General purpose loans
Kyongnam Bank	KRW	30,000,000	Supplier finance arrangement
Kwangju Bank	KRW	30,000,000	General purpose loans
iM Bank	KRW	120,000,000	General purpose loans
Busan Bank	KRW	35,000,000	Supplier finance arrangement
Korea Development Bank (Shanghai)	CNY	222,700,000	General purpose loans
Bank of China	KRW	90,000,000	General purpose loans
Kexim VLC	USD	15,600,000	Finance lease limit
VILC	USD	9,162,820	Finance lease limit
ANZ Bank	AUD	30,000,000	Limit loans
Societe Generale	USD	100,000,000	Import L/C
		429,000,000	Performance guarantee

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won and in foreign currencies)</i>	Currency	Limit	Details
First Abu Dhabi Bank	USD	34,200,000	Performance guarantee
Banco Santander	USD	323,020,000	Performance guarantee
	USD	200,000,000	General purpose loans
Credit Agricole	USD	100,000,000	Other payment guarantee in other foreign currencies
	USD	247,609,975	Performance guarantee
Natixis	USD	345,291,321	Other payment guarantee in other foreign currencies
Woori America Bank	USD	40,000,000	Limit loans
SAMSUNG CARD	KRW	90,864,094	Supplier finance arrangement
WOORI CARD	KRW	129,528,472	Supplier finance arrangement
LOTTE CARD	KRW	71,492,456	Supplier finance arrangement
Commerz Bank	USD	100,000,000	General purpose loans
CHUBB	USD	150,000,000	Other payment guarantee in other foreign currencies
United Overseas Bank	USD	330,000,000	Other payment guarantee in other foreign currencies
BBVA	USD	500,000,000	Other payment guarantee in other foreign currencies
	USD	99,000,000	Limit loans
HSBC	USD	130,000,000	Other payment guarantee in other foreign currencies
Allianz Trade	USD	220,000,000	Other payment guarantee in other foreign currencies
Industrial and Commercial Bank of China	CNY	46,000,000	General purpose loans
China Merchants Bank	CNY	100,000,000	General purpose loans

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Details of guarantees provided by others as of December 31, 2025 are as follows:

(in thousands of Korean won and in foreign currencies)

	Details	Currency	Amount
Korea Defense Industry Association	Performance guarantee	KRW	10,451,035,265
Seoul Guarantee Insurance Company	Performance guarantee	KRW	5,109,407,878
	Performance guarantee	USD	741,497,475
	Performance guarantee	EUR	271,670,603
Korea Software Financial Cooperative	Performance guarantee	KRW	1,456,023,627
KEB Hana Bank	Import L/C	USD	72,426,109
	Import L/C	EUR	14,118,070
	Payment guarantee denominated in foreign currency	USD	115,000,000
	Performance guarantee	RON	2,110,318,468
Woori Bank	Import L/C	USD	37,631,049
	Import L/C	EUR	22,288,061
	Performance guarantee	KRW	813,535
	Performance guarantee	USD	38,259,644
	Performance guarantee	EUR	4,011,171
	Performance guarantee	AED	32,207,853
Korea Export-Import Bank	Payment guarantee denominated in foreign currency	USD	99,088,309
	Performance guarantee	EUR	4,791,420,274
	Performance guarantee	USD	307,148,326
Shinhan Bank	Import L/C	USD	25,727,455
	Import L/C	EUR	4,611,400
	Payment guarantee denominated in foreign currency	PHP	97,815,000
	Performance guarantee	KRW	85,922,054
	Performance guarantee	USD	55,097,309
Kookmin Bank	Import L/C	USD	49,969,139
	Import L/C	EUR	17,751,614
	Payment guarantee denominated in foreign currency	USD	157,304,553
	Performance guarantee	USD	95,470,421
Capital Goods Deduction Association	Performance guarantee	KRW	39,071,739
Korea Development Bank	Import L/C	USD	41,197,224
	Import L/C	EUR	27,877,402
	Performance guarantee	USD	3,227,714,833
NH Nonghyup Bank	Import L/C	USD	13,010,452
	Import L/C	EUR	2,699,963
INDUSTRIAL BANK OF KOREA	Import L/C	USD	12,506,713
	Import L/C	EUR	1,212,000
Banco Santander	Performance guarantee	USD	323,020,000
Credit Agricole	Performance guarantee	USD	247,609,975
Natixis	Performance guarantee	USD	345,291,321
Societe Generale	Import L/C	USD	27,823,039
	Performance guarantee	USD	92,367,181
First Abu Dhabi Bank	Performance guarantee	USD	34,200,000

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

United Overseas Bank	Performance guarantee	USD	130,648,876
BBVA	Performance guarantee	USD	113,313,960
HSBC	Performance guarantee	USD	14,515,146
Allianz Trade	Performance guarantee	USD	72,165,232

Details of PF-related guarantees provided by the Group to the third parties as of December 31, 2025 are as follows:

(in thousands of Korean won)		Debtor	Guarantee limit	Guarantee amount ¹	Outstanding loan balance	Type of loan	Guarantee provider
Yangyang Suri Onshore Wind Power	YANGYANG SURI WIND POWER CO.,LTD.	W	325,000,000	W 325,000,000	W 212,000,000	PF LOAN	KB Kookmin Bank, Shinhan Bank, Kyobo Life Insurance Co.,Ltd., private investment trusts, and policy loan lenders
							Korea Investment & Securities Co.,Ltd. and Kyobo Life Insurance Co.,Ltd.
Ulsan HDOT Storage Tank	Hyundai Oil Terminal Ulsan Co., Ltd		180,000,000	180,000,000	120,500,000	PF LOAN	
			505,000,000	505,000,000	332,500,000		

¹ A conditional compensation agreement for damages is provided in the event of failure to achieve responsible completion.

Details of non-PF-related collateral and guarantees provided by the Group to the third parties as of December 31, 2025 are as follows:

(in thousands of Korean won and in US dollar and CNY)

Type of guarantee	Beneficiary	Total performance guarantee amount	Guaranteed amount	Guarantee provider
Performance guarantee	Joint venture partners of plant project sites, etc.	KRW 2,401,363	KRW 2,401,363	Daewoo Engineering & Construction Co.,Ltd.
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY 3,965	CNY 3,965	China Merchants Bank Yantai Development
Performance guarantee	China Construction Fifth Engineering Division Co., Ltd	CNY 9,929	CNY 9,929	China Merchants Bank Yantai Development

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Matters relating to contingent liabilities

The amount of investment agreement for the Group's investment in financial instruments as of December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	Amount of investment agreement	Cumulative invested amount	Remaining amount
Financial assets at fair value through profit or loss ¹	₩ 170,000,000	₩ 98,073,401	₩ 71,926,599

¹ In addition to the above, the Group entered into investment agreements with related parties in relation to financial instruments as of December 31, 2025 (Note 40).

The Company and the newly incorporated company (Hanwha Industrial Solutions) are jointly liable for the obligations that the spun-off company had before the spin-off according to provisions of paragraph 1, Article 530-9 of the Commercial Act. For some of the Group's borrowing agreements, when below standards are exceeded, it is considered to be an event of default. Standards are differently applied for each borrowing, and include an excess of debt ratio over certain level, capital to collateral ratio, total asset to disposal of assets ratio and exclusion of mutual investment restriction group. However, even if an event of default occurs, an obligation to repay the borrowings arises only upon a resolution by the lenders and the delivery of written notice.

The Group has technical assistance agreements with General Electric Company, etc. to develop and manufacture new products.

The Group entered into Risk and revenue Sharing program (RSP) with Pratt & Whitney in the USA and others to promote engine parts business and expand the mid- to long-term business model. Through RSP, the Group is allocated with benefits and risks from business including development, mass production, and aftermarket sales of airplane engines in proportion to its participation. Pratt & Whitney and others, who are Consortium leaders (OEM, Original Equipment Manufacturer) of the agreement, have been providing products and services to aircraft manufacturers such as Airbus and others and transportation service company such as Korean Air and others. The Group bears rights and obligations up to the proportion of its participation (1~3% for each program classified by types of engines supplied by the Group) according to the agreement.

Revenues in relation to the agreement mostly occur through supply of designated products, and some of the revenues occur by providing engine repair and other services. Also, costs of the agreement include manufacturing cost to supply products, business participation cost agreed to pay for participation in business, development cost to enhance capability of engines, program management cost, sales promotion cost paid to customers, and others.

In addition, the Group has been distributed with arrangements such as borrowing limits provided by the program in accordance with the agreement up to its percentage of shares. According to the agreement, the Group has provided ₩ 129,457 million of borrowing limits to Indigo Airline, Delta Airline, and others.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

As of December 31, 2024, the Group has entered into an agreement for mutual growth of large and small business with Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank. In accordance with the agreement, Woori Bank and Korea Development Bank supports small business that cooperates with the Group, where Woori Bank, Korea Development Bank, Kookmin Bank and Shinhan Bank additionally sets up a special fund based on the deposit of ₩ 82.2 billion from the Group.

The Group entered into a put option contract with the existing largest shareholders of Satrec Initiative Co.,Ltd through a shareholder agreement regarding stock purchase agreement. According to the contract, the existing largest shareholders of Satrec Initiative Co.,Ltd have a put option that allows the Group to claim a certain number of stock purchases each year from 2027 to 2031.

The Group is subject to offset obligation requirements in connection with certain defense export projects and expected to fulfill the obligation during the periods of the agreement. Due to the nature of offset orders agreement, the Group does not recognize provisions as a specific performance obligation is not specified and impossible to reliably measure the costs.

The Group entered into a quantity commitment agreement with Shinhan Heavy Industries Co., Ltd. to ship Deck House and Engine for more than 70% of the Group's orders of commercial ships and more than 6,000 tons for general blocks per year from January 1, 2022, to December 31,2026. The Group evaluates the quality and delivery date for the delivered products every year, and the Group may make a downward adjustment for the quantity commitment standard or cancel the quantity commitment in case certain conditions are not met.

The Group has invested in Nigeria oil fields development project by forming a Korean consortium (9.75% of the Group's shares) including Korea National Oil Corp. However, the Group is considering business withdrawal. The Group recognized the investment in Nigeria oil fields as other investment assets.

The Group jointly established SAME Netherlands B.V. with SAIPEM S.p.A. to perform P-79 FPSO Project ordered by PETROLEO BRASILEIRO S.A.

According to the agreement entered with Seoul National University in 2015, the Group completed the construction of tank facilities for testing purpose in Siheung Campus on September 14, 2020, and registered a right of ownership on October 24, 2020. The Group will transfer its ownership to Seoul National University after 25 years of the completion.

The Group has issued put options on the equity interests of its subsidiary, SIA Co., Ltd. As a result, the non-controlling shareholders holding the put options have the right to require the Group to purchase all or a portion of their shares if an initial public offering is not completed within two years from the issuance date. The exercise price per share is determined as the sum of the original issue price per share at the time of share acquisition and an amount calculated by applying an annual compound interest rate of 4% from the day following the share payment date to the settlement date of the share purchase price.

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Contingent liabilities related to legal proceedings

Certain investors have filed a lawsuit for damages against the Group's subsidiary, Hanwha Ocean Co., Ltd. and its accounting firm, alleging that they suffered losses by acquiring stocks, corporate bonds, and commercial papers based on false consolidated financial statements, audit reports, business reports, securities registration statements, and investment prospectuses resulting from accounting fraud. The Group recorded expected losses from pending lawsuits and performance guarantees as provisions in its consolidated financial statements.

On April 17, 2023, the Group has been notified to cancel the contracts for development of new generation system and supply of products that were entered into with Heungkuk Life Insurance Co., Ltd. ('customer'). Then, on July 5, 2023, the customer filed a lawsuit to claim the recovery due to notification of contract cancellation and compensations for damages due to default of obligations, to Hanwha Systems Co., Ltd., a subsidiary. Hanwha System Co., Ltd., a subsidiary, decided the one-sided cancellation from the customer as unfair cancellation, and would be respond by considering many different ways to the relevant notification of contract cancellation and lawsuits. As the financial impacts on this case cannot be reasonably predicted, the Group will review according to the progress.

In addition to the cases discussed in Note 41, the Group is involved in 35 cases as a plaintiff aggregating to ₩ 852,928 million, and involved in 66 cases as a defendant aggregating to ₩ 1,423,075 million. Management is unable to predict the result of the cases.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

42. Assets provided as collateral

Details of assets provided as collateral for the Group's debts as of December 31, 2025 are as follows:

(in thousands of Korean won and in US dollar and CNY)

Secured assets	Secured amount		Secured party	Details
Property, plant and equipment	KRW	4,442,700,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	USD	880,000,000	Korea Development Bank, Korea Export-Import Bank	Secured borrowings and others
	CNY	267,240,000	Korea Development Bank (Shanghai)	Secured borrowings and others
Time deposit	KRW	19,411,230	Korea Securities Finance Corporation, Industrial Bank of Korea	Employee stock loan collateral and others
	USD	42,018,742	Citizens, Wells Fargo	NSMV 3 Escrow, NSMV bonds collateral
Cash and cash equivalents	USD	300,384,700	Seoul Guarantee Insurance	Collateral for guarantee insurance
	KRW	500,000,000		
Cooperative investments	KRW	73,693,745	Korea Defense Industry Association, Korea Software Financial Cooperative, Haeundae Blueline, Construction Guarantee, Machinery Financial Cooperative	Issuance of guaranteed insurance and others
Financial assets at FVPL	KRW	38,971,874	Korea Defense Industry Association, Machinery Financial Cooperative, Construction Guarantee Fire Guarantee	Performance guarantee
Financial assets at fVOCI	KRW	390,000,000	Kookmin Bank and others	Joint guarantee

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

¹ As of December 31, 2025, in relation to the Employee Stock Ownership Association, the Group has provided the time deposits denominated in Korean won amounting to ₩ 13,878 million to Korea Securities Finance Corporation as collateral.

² As of December 31, 2025, in connection with the issuance of performance bonds for the Polish export business, the Group has provided the time deposits denominated in Korean won amounting to ₩ 500,000 million and the time deposits denominated in USD amounting to USD 300 million to Seoul Guarantee Insurance as collateral. The restrictions on the use of such collateral were released in January 2026 upon the termination of the related guarantees.

As of December 31, 2025, the Group has provided eleven blank promissory notes to Korea Energy Agency and others as collateral.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

43. Consolidated statements of cash flows

Details of cash generated from operations for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Profit	₩ 2,201,983,086	₩ 2,539,873,461
Adjustment for:		
Income tax expense	7,890,188	157,553,586
Depreciation	393,470,480	203,050,804
Amortization	377,984,430	71,921,844
Depreciation of right-of-use assets	101,286,948	55,975,116
Post-employment benefits	266,593,517	143,563,794
Other long-term employee benefits	124,362,778	47,467,100
Share-base payments	329,151,687	162,597,773
Technical license fees	79,232,032	127,410,557
Loss on valuation of inventories (reversal)	(54,610,030)	2,092,102
Provisions (reversal)	(2,360,441)	(11,749,163)
Interest expenses	489,672,629	257,220,098
Loss on foreign currency translations	205,134,743	174,604,372
Loss on disposal of trade receivables	8,315,741	7,821,826
Loss on disposal of property, plant and equipment	5,925,623	11,923,507
Loss on disposal of intangible assets	18,494	950,154
Loss on disposal of right-of-use assets	707,135	46,026
Loss on derivatives transactions	142,743,712	80,871,833
Loss on disposal of financial assets at FVPL	1,607	882
Loss on disposal of financial assets at FVOCI	19,394,519	-
Loss on disposal of investments in associates	452	1,147,946
Loss on disposal of business	22,969,553	-
Impairment loss on property, plant and equipment	-	3,606,114
Impairment loss on intangible assets	3,879,124	163,498,071
Impairment loss on investments in associates	6,839,994	7,586,028
Loss on valuation of firm commitments	64,315,709	-
Loss on valuation of derivatives	20,164,789	8,575,838
Loss on valuation of financial assets at FVPL	94,640,423	11,994,162
Miscellaneous loss	107,107,934	2,074,911
Impairment loss on trade receivables (reversal)	(648,066)	401,665
Impairment loss on other receivables (reversal)	466,555	132,755,941
Interest income	(223,014,333)	(73,756,552)
Gain on foreign currency translations	(195,880,175)	(186,013,754)
Gain on disposal of property, plant and equipment	(3,812,501)	(3,046,554)
Gain on disposal of intangible assets	(10,936,353)	(488,459)

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

<i>(in thousands of Korean won)</i>	2025	2024
Gain on disposal of right-of-use assets	(7,687,691)	(393,195)
Gain on derivatives transactions	(119,824,695)	(9,257,790)
Gain on disposal of business	(20,784,235)	-
Gain on valuation of derivatives	(25,228,279)	(65,546,779)
Gain on valuation of firm commitments	(225,255)	-
Gain on valuation of financial assets at FVPL	(96,165,198)	(75,756,384)
Gain on disposal of investments in associates	(15,049,665)	(1,143,106,168)
Dividend income	(28,778,785)	(188,960)
Share of profit (loss) of associates	83,311,738	(105,343,760)
Change in operating assets and liabilities		
Trade receivables	(1,074,872,197)	(1,108,833,072)
Non-trade receivables	46,280,427	11,921,518
Inventories	(1,107,693,580)	(882,289,227)
Deposits received	(76,417,547)	(393,155)
Other current assets	(355,229,602)	(249,272,847)
Other non-current assets	(35,887,932)	(74,030,416)
Trade payables	1,826,230,532	5,956,339
Non-trade payables	272,704,458	(83,659,870)
Accrued expenses	70,579,222	185,148,234
Withholdings	(90,950,210)	2,834,192
Other current liabilities	1,492,330,786	1,043,943,107
Other current financial liabilities	(11,386,853)	-
Other non-current liabilities	47,826,397	426,206,238
Other long-term employee benefits liabilities	(36,191,350)	(71,745,372)
Payments of post-employment benefits	(86,704,625)	(43,829,042)
Additional contributions to plan assets	(307,216,446)	(70,245,000)
Changes in post-employment benefits via transfer	(2,798,784)	5,497,095
Cash flows provided by operations	<u>₩ 4,923,162,614</u>	<u>₩ 1,799,146,715</u>

Hanwha Aerospace Co., Ltd. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

Details of non-cash transactions excluded from cash flows for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025	2024
Reclassification of construction in progress to property, plant and equipment	₩ 1,345,644,427	₩ 336,441,491
Reclassification of long-term borrowings and debentures to current portion	1,513,747,601	751,687,849
Reclassification of financial assets at FVPL/other non-trade receivables	-	143,329,545

Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2025 are as follows:

<i>(in thousands of Korean won)</i>	2025						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
Beginning balance	₩ 5,152,833,529	₩ 606,725,599	₩ 2,458,011,035	₩ 358,167,898	₩ 1,706,771,765	₩ 410,700,722	₩ 10,693,210,548
Cash flows	50,262,539	(506,879,103)	1,422,234,617	(209,100,000)	1,376,881,001	(98,680,891)	2,034,718,163
Gain (loss) on foreign currency translations	15,554,529	(1,408,181)	(38,654,960)	-	(8,073,000)	-	(32,581,612)
Amortization of bond discounts	-	-	-	787,937	3,635,370	-	4,423,307
Reclassification to current portion	-	732,760,760	(732,760,760)	780,986,841	(780,986,841)	-	-
Others ¹	152,577,033	(1,732,665)	5,660,670	(149,369,259)	-	118,468,178	125,603,957
Ending balance	₩ 5,371,227,630	₩ 829,466,410	₩ 3,114,490,602	₩ 781,473,417	₩ 2,298,228,295	₩ 430,488,009	₩ 12,825,374,363

¹ Exchange differences are included.

Hanwha Aerospace Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

(in thousands of
Korean won)

	2024						
	Short-term borrowings	Current portion of borrowings	Long-term borrowings	Current portion of debentures	Debentures	Lease liabilities	Total
At January 1, 2024	₩ 1,373,542,505	₩ 644,720,039	₩ 758,861,690	₩ 519,817,335	₩ 642,165,373	₩ 230,910,474	₩ 4,170,017,416
Cash flows	926,656,832	(581,805,880)	300,298,369	(520,000,000)	1,157,931,679	(50,137,814)	1,232,943,186
Gain on foreign currency translations	32,175,679	2,138,745	10,670,198	5,418,000	28,098,000	31,323	78,531,945
Amortization of bond discounts	-	-	-	453,190	2,086,146	-	2,539,336
Reclassification to current portion	-	528,577,736	(528,577,736)	223,110,113	(223,110,113)	-	-
Spin-off	(244,299,930)	(40,059,000)	(13,360,560)	(20,000,000)	-	(29,772,636)	(347,492,126)
Business combination	3,045,943,073	42,431,692	1,928,415,110	149,369,260	99,600,680	191,863,490	5,457,623,305
Others ¹	18,815,370	10,722,267	1,703,964	-	-	67,805,885	99,047,486
At December 31, 2024 ²	₩ 5,152,833,529	₩ 606,725,599	₩ 2,458,011,035	₩ 358,167,898	₩ 1,706,771,765	₩ 410,700,722	₩ 10,693,210,548

¹ Exchange differences are included.

² Changes in liabilities incurred by the business units of security and industrial machinery divisions which were spun off for the year ended December 31, 2024 are included.

Hanwha Aerospace Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

44. Discontinued operations

On April 5, 2024, the Group decided to spin off its business units of security service and industrial machinery to establish a spin-off company in order to strengthen its business competitiveness and focus its capabilities on specialized business areas for sustainable growth. As the spin-off was approved on the shareholders' meeting on August 14, 2024, Hanwha Industrial Solutions was incorporated on September 1, 2024.

Changes in assets acquired and liabilities assumed as a result of the spin-off for the year ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	Amount
Current assets	₩ 1,061,643,580
Non-current assets	574,789,935
	<u>1,636,433,515</u>
Current liabilities	586,426,038
Non-current liabilities	240,003,123
	<u>826,429,161</u>
	<u>₩ 810,004,354</u>

Details of operating profit or loss from discontinued operation due to the spin-off for the year ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>	Amount
Revenue	₩ 1,148,956,935
Cost of sales	557,374,750
Selling and administration expense	531,646,309
Operating profit	59,935,876
Profit before income tax	50,024,295
Income tax expense	21,417,395
Profit from discontinued operations	28,606,900

Hanwha Aerospace Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

Cash flows related to the discontinued operation for the year ended December 31, 2024 are as follows:

<i>(in thousands of Korean won)</i>		Amount
Cash flows from operating activities	₩	154,814,446
Cash flows from investing activities		(39,994,474)
Cash flows from financing activities		(75,041,598)
Net increase in cash and cash equivalents		<u>39,778,374</u>

45. Business combination

The Group acquired 95.15% shares of the subsidiaries Hanwha Offshore Singapore Pte. Ltd. (formerly Dyna-Mac Holdings Ltd.) in order to secure future growth engine and create strategic business synergies related to the marine business division for the year ended December 31, 2024 and applied accounting treatment for business combination.

The Group classified Hanwha Ocean Co., Ltd. and its subsidiaries as subsidiaries by securing additional board appointment rights for the year ended December 31, 2024 and accounted for as the business combination through acquisition in stages from an existing associate.

The Group acquired 100% shares of Hanwha Philly Shipyard, Inc. in order to secure future growth engine and create strategic business synergies related to the marine business division for the year ended December 31, 2024 and applied accounting treatment for business combinations.

The Group's accounting treatment for business combinations is based on provisional amounts reported at the end of the current period, and may be adjusted if new information is obtained regarding facts and circumstances related to the business combination within a measurement period of one year from the acquisition date.

The consideration transferred in the business combination is as follows:

<i>(in thousands of Korean won)</i>	Main business	Acquisition date	Percentage of ownership		Consideration transferred
Hanwha Offshore Singapore Pte. Ltd. (formerly Dyna-Mac Holdings Ltd.) and its subsidiaries	Marine plant	2024.11.26	95.15%	₩	827,466,565
Hanwha Ocean Co., Ltd. and its subsidiaries	Building of steel ships	2024.12.26	34.71%		4,014,815,558
Hanwha Philly Shipyard, Inc.	Building of steel ships	2024.12.31	100.00%		146,930,763

Hanwha Aerospace Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

The consideration transferred in connection with the acquisition of subsidiaries, as well as the fair values of the assets acquired and liabilities assumed and the carrying amount of non-controlling interests at the acquisition date, are as follows. The accounting for the business combinations was not completed as of December 31, 2024 and was therefore reported in the prior year's consolidated financial statements based on provisional amounts. For the year ended December 31, 2025, the Group completed the accounting for the business combinations by retrospectively adjusting the provisional amounts recognized at the acquisition date based on the new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Accordingly, the consolidated financial statements for the year ended December 31, 2024, presented for comparative purposes, have been restated to reflect these adjustments.

Hanwha Offshore Singapore Pte. Ltd. and its subsidiaries

<i>(in thousands of Korean won)</i>	Before adjustment		Adjustment	After adjustment	
Assets					
Current assets	₩	470,812,205	₩	-	₩ 470,812,205
Cash and cash equivalents		341,096,599		-	341,096,599
Short-term financial assets		61,858,691		-	61,858,691
Trade and other receivables		60,221,853		-	60,221,853
Other current assets		7,635,062		-	7,635,062
Non-current assets		98,660,956		77,216,343	175,877,299
Right-of-use assets		50,537,195		-	50,537,195
Property, plant and equipment		47,626,484		-	47,626,484
Intangible assets		-		77,216,343	77,216,343
Investments in associates		422,297		-	422,297
Deferred tax assets		(26)		-	(26)
Other non-current assets		75,006		-	75,006
Total assets	₩	569,473,161	₩	77,216,343	₩ 646,689,504
Liabilities					
Current liabilities	₩	356,615,228	₩	-	₩ 356,615,228
Trade and other payables		117,942,208		-	117,942,208
Income tax payables		13,741,801		-	13,741,801
Other current liabilities		222,260,757		-	222,260,757
Lease liabilities		2,670,462		-	2,670,462
Non-current liabilities		50,503,357		13,126,778	63,630,135
Long-term lease liabilities		50,479,809		-	50,479,809
Other non-current liabilities		20,562		-	20,562
Deferred tax liabilities		2,986		13,126,778	13,129,764
Total liabilities	₩	407,118,585	₩	13,126,778	₩ 420,245,363
Fair value of identifiable net assets		162,354,576		64,089,565	226,444,141
Non-controlling interest ¹		(10,726,993)		-	(10,726,993)
Fair value of net assets of acquired shares		151,627,583		64,089,565	215,717,148
Transferred consideration		827,466,565		-	827,466,565

Hanwha Aerospace Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Goodwill	₩ 675,838,982	₩ (64,089,565)	₩ 611,749,417
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¹ Non-controlling interests from a business combination are measured at the non-controlling interests' proportionate share of the identifiable net assets as of the acquisition date.

Hanwha Ocean Co., Ltd. and its subsidiaries

(in thousands of Korean won)

	Before adjustment	Adjustment	After adjustment
	₩	₩	₩
Assets			
Current assets	₩ 11,542,729,713	₩ 113,741,277	₩ 11,656,470,990
Cash and cash equivalents	588,259,735	-	588,259,735
Short-term financial assets	46,003,529	-	46,003,529
Trade and other receivables	5,881,087,306	-	5,881,087,306
Inventories	2,779,695,382	113,741,277	2,893,436,659
Other current assets	2,247,683,761	-	2,247,683,761
Non-current assets	8,425,962,069	119,118,358	8,545,080,427
Other financial assets	254,635,467	1,412,205	256,047,672
Long-term trade and other receivables	267,215,330	-	267,215,330
Right-of-use assets	133,041,574	-	133,041,574
Property, plant and equipment	4,686,620,372	-	4,686,620,372
Intangible assets	2,066,351,348	85,890,568	2,152,241,916
Investments in associates	5,791,000	1,984,018	7,775,018
Deferred tax assets	942,711,495	29,831,567	972,543,062
Other non-current assets	69,595,483	-	69,595,483
Total assets	₩ 19,968,691,782	₩ 232,859,635	₩ 20,201,551,417
Liabilities			
Current liabilities	₩ 10,346,614,469	₩ -	₩ 10,346,614,469
Trade and other payables	1,671,989,516	-	1,671,989,516
Current portion of borrowings	3,237,744,026	-	3,237,744,026
Income tax payables	3,007,758	-	3,007,758
Other current liabilities	5,403,408,810	-	5,403,408,810
Lease liabilities	30,464,359	-	30,464,359
Non-current liabilities	3,179,016,761	37,289,458	3,216,306,219
Long-term borrowings	2,028,126,040	-	2,028,126,040
Long-term trade and other payables	15,320,021	-	15,320,021
Long-term lease liabilities	98,270,131	-	98,270,131
Employee benefits liabilities	228,230,526	-	228,230,526
Other non-current liabilities	241,083,549	-	241,083,549
Deferred tax liabilities	567,986,494	37,289,458	605,275,952
Total liabilities	₩ 13,525,631,230	₩ 37,289,458	₩ 13,562,920,688
Fair value of identifiable net assets	6,443,060,552	195,570,177	6,638,630,729

Hanwha Aerospace Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Non-controlling interest ¹	(5,005,281,591)	(127,689,912)	(5,132,971,503)
Fair value of net assets of acquired shares	1,437,778,961	67,880,265	1,505,659,226
Transferred consideration	4,014,815,558	-	4,014,815,558
Goodwill	₩ 2,577,036,597	₩ (67,880,265)	₩ 2,509,156,332

¹ Non-controlling interests from a business combination are measured at the non-controlling interests' proportionate share of the identifiable net assets as of the acquisition date.

Hanwha Philly Shipyard, Inc.

(in thousands of Korean won)	Before adjustment		Adjustment		After adjustment	
Assets						
Current assets	₩	158,654,526	₩	-	₩	158,654,526
Cash and cash equivalents		43,396,348		-		43,396,348
Short-term financial assets		7,371,751		-		7,371,751
Trade and other receivables		11,760,699		-		11,760,699
Inventories		2,429,890		-		2,429,890
Other current assets		93,695,838		-		93,695,838
Non-current assets		138,141,215		145,414,090		283,555,305
Other financial assets		52,657,337		-		52,657,337
Long-term trade and other receivables		810,448		-		810,448
Right-of-use assets		23,514,028		-		23,514,028
Property, plant and equipment		61,038,740		65,953,293		126,992,033
Intangible assets		-		79,460,797		79,460,797
Other non-current assets		120,662		-		120,662
Total assets	₩	296,795,741	₩	145,414,090	₩	442,209,831
Liabilities						
Current liabilities	₩	487,388,294	₩	-	₩	487,388,294
Trade and other payables		87,695,748		-		87,695,748
Other current liabilities		397,948,816		-		397,948,816
Lease liabilities		1,743,730		-		1,743,730
Non-current liabilities		10,846,511		46,954,210		57,800,721
Long-term lease liabilities		8,234,999		-		8,234,999
Deferred tax liabilities		2,611,512		46,954,210		49,565,722
Total liabilities	₩	498,234,805	₩	46,954,210	₩	545,189,015
Fair value of identifiable net assets		(201,439,064)		98,459,880		(102,979,184)
Fair value of net assets of acquired shares		(201,439,064)		98,459,880		(102,979,184)
Transferred consideration		146,930,763		-		146,930,763
Goodwill	₩	348,369,827	₩	(98,459,880)	₩	249,909,947

Hanwha Aerospace Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

46. Information on non-controlling interests

46.1 Changes in accumulated non-controlling interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for each of the two years in the period ended December 31, 2025 is as follows:

(in thousands of
Korean won)

Korean won)	2025										
	Non-controlling interest rate (%)	Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non-controlling interests		Others	Accumulated non-controlling interests at the end of the year		
Hanwha Systems Co., Ltd.	52.78	₩	1,176,694,351	₩	121,743,323	₩	(34,546,379)	₩	91,610,409	₩	1,355,501,704
Satrec Initiative Co.,Ltd.	66.37		166,505,850		6,726,971		(1,381,013)		(1,922,293)		169,929,515
Hanwha Ocean Co., Ltd.	57.99		5,132,971,503		747,434,027		-		(230,666,408)		5,649,739,122

(in thousands of
Korean won)

Korean won)	2024										
	Non-controlling interest rate (%)		Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non-controlling interests		Others		Accumulated non-controlling interests at the end of the year
Hanwha Systems Co., Ltd.	52.78	₩	979,785,204	₩	245,583,961	₩	(27,637,103)	₩	(21,037,711)	₩	1,176,694,351
Satrec Initiative Co.,Ltd.	66.37		165,664,768		989,339		(1,090,273)		942,016		166,505,850
Hanwha Ocean Co., Ltd. ¹	65.29		-		-		-		5,132,971,503		5,132,971,503

¹ The Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination on December 26, 2024 and the deemed acquisition date is December 31, 2024.

Hanwha Aerospace Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

46.2 Summarized financial information on subsidiaries

Set out below is the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized consolidated statements of financial position

(in thousands of Korean won)

	December 31, 2025					
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.		Hanwha Ocean Co., Ltd. ¹	
Current assets	₩	2,920,934,049	₩	225,384,881	₩	12,082,155,481
Non-current assets		7,398,735,921		185,617,053		8,058,758,533
Current liabilities		3,327,264,209		170,766,603		11,200,499,199
Non-current liabilities		1,991,406,659		3,232,389		2,765,407,819
Equity	₩	5,000,999,102	₩	237,002,942	₩	6,175,006,996

(in thousands of Korean won)

	December 31, 2024					
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.		Hanwha Ocean Co., Ltd. ¹	
Current assets	₩	2,286,147,317	₩	289,087,193	₩	11,246,034,307
Non-current assets		3,437,862,798		157,897,400		6,597,774,854
Current liabilities		2,677,051,475		209,768,802		10,346,614,469
Non-current liabilities		630,541,745		13,194,069		2,633,844,801
Equity	₩	2,416,416,895	₩	224,021,722	₩	4,863,349,891

¹ The Group included Hanwha Ocean Co., Ltd. and its subsidiaries in the scope of consolidation through a business combination on December 26, 2024 and the deemed acquisition date is December 31, 2024.

Hanwha Aerospace Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

Summarized consolidated statements of comprehensive income

(in thousands of Korean won)

(in thousands of Korean won)			2025			
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.		Hanwha Ocean Co., Ltd.	
Revenue	₩	3,664,150,568	₩	206,916,796	₩	12,783,512,278
Profit for the year		209,145,275		14,085,784		1,245,921,538
Total comprehensive income		2,397,007,829		14,085,784		1,266,487,497

(in thousands of Korean won)

(in thousands of Korean won)	2024			
	Hanwha Systems Co., Ltd.		Satrec Initiative Co.,Ltd.	
Revenue	₩	2,803,686,058	₩	171,279,451
Profit for the year		445,378,843		6,249,304
Total comprehensive income		410,805,324		6,249,304

Summarized consolidated statements of cash flows

(in thousands of Korean won)

<i>(in thousands of Korean won)</i>	Hanwha Systems Co., Ltd.			
	2025		2024	
Cash flows from operating activities	₩	78,736,817	₩	132,623,694
Cash flows from investing activities		(1,170,444,452)		(442,015,642)
Cash flows from financing activities		1,237,306,572		35,063,552
Net increase (decrease) in cash and cash equivalents		145,598,937		(274,328,396)
Cash and cash equivalents at beginning of year		199,842,739		476,088,816
Effects of exchange rate changes on cash and cash equivalents		(19,958,018)		(1,915,122)
Cash equivalents included in asset group held for sale		-		(2,559)
Cash and cash equivalents at end of year	₩	325,483,658	₩	199,842,739

(in thousands of Korean won)

(in thousands of Korean won)	Satrec Initiative Co.,Ltd.			
	2025		2024	
Cash flows from operating activities	₩	(73,995,687)	₩	68,326,064
Cash flows from investing activities		18,959,449		(61,963,615)
Cash flows from financing activities		5,887,564		16,095,479
Net increase (decrease) in cash and cash equivalents		(49,148,674)		22,457,928
Cash and cash equivalents at beginning of year		125,267,446		102,776,985
Effects of exchange rate changes on cash and cash equivalents		(172,295)		32,533
Cash and cash equivalents at end of year	₩	75,946,477	₩	125,267,446

Hanwha Aerospace Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(in thousands of Korean won)

	Hanwha Ocean Co., Ltd.	
	2025	2024
Cash flows from operating activities	₩ 1,205,334,802	₩ -
Cash flows from investing activities	(1,339,241,711)	-
Cash flows from financing activities	329,524,082	-
Net increase in cash and cash equivalents	195,617,173	-
Cash and cash equivalents at beginning of year	588,259,735	-
Effects of exchange rate changes on cash and cash equivalents	(5,405,748)	-
Cash and cash equivalents at end of year	₩ 778,471,160	₩ -

47. Events After the Reporting Period

Subsequent to the end of the reporting period, the Group issued corporate bonds to refinance existing debt and secure working capital. Their details are as follows:

(in thousands of Korean won)	Issue date	Maturity date	Interest rate (%)	Amount	Purpose of issuance	Issuer
130-1st Public Bond	Jan. 15, 2026	Jan. 14, 2028	3.10	₩ 120,000,000	Debt repayment	Hanwha Aerospace Co., Ltd.
130-2nd Public Bond	Jan. 15, 2026	Jan. 15, 2029	3.32	280,000,000	Debt repayment	Hanwha Aerospace Co., Ltd.
130-3rd Public Bond	Jan. 15, 2026	Jan. 15, 2031	3.48	100,000,000	Working capital	Hanwha Aerospace Co., Ltd.
8-1st Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2028	3.46	130,000,000	Debt repayment and working capital	Hanwha Systems Co., Ltd.
8-2nd Unsecured Public Bond	Feb. 11, 2026	Feb. 9, 2029	3.65	220,000,000	Debt repayment and working capital	Hanwha Systems Co., Ltd.
8-3rd Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2031	3.89	50,000,000	Debt repayment	Hanwha Systems Co., Ltd.
12-1st Unsecured Public Bond	Feb. 11, 2026	Feb. 11, 2028	3.89	110,000,000	Debt repayment	Hanwha Ocean Co., Ltd.
12-2nd Unsecured Public Bond	Feb. 11, 2026	Feb. 9, 2029	4.19	150,000,000	Debt repayment	Hanwha Ocean Co., Ltd.
				₩ 1,160,000,000		

Hanwha Aerospace Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

In January 2026, Hanwha Futureproof Corp. obtained borrowings totaling USD 400 million from Hana Bank and other financial institutions, supported by joint and several guarantees provided by the Group and Hanwha Solutions Corporation. Subsequently, in February 2026, the Group entered into a shareholders' agreement with Hanwha Solutions Corporation to share the guaranteed obligations in proportion to their respective indirect ownership interests.

Pursuant to a resolution of the Board of Directors dated February 13, 2026, Hanwha Ocean Co., Ltd., a subsidiary of the Group, submitted a letter of commitment for responsible completion to the lender group of the power generation project of its subsidiary, Sinan-Ui Offshore Wind Power Co., Ltd. Following the reporting period, the guarantee related to the responsible completion obligation became effective. In the event that Hanwha Ocean Co., Ltd. fails to fulfil the obligations stated in the letter of commitment by the responsible completion date, Hanwha Ocean Co., Ltd. has provided a compensation agreement for damages in connection with the project finance loans with a committed amount of ₩ 2,640,000 million. In addition, Hanwha Ocean Co., Ltd. plans to pledge 134,300,000 shares of Sinan-Ui Offshore Wind Power Co., Ltd., which it expects to hold, as collateral to the lender group.

Pursuant to a resolution of the Board of Directors dated March 6, 2026, Hanwha Systems Co., Ltd., a subsidiary of the Group, resolved to dispose of a portion of its shares in Hanwha Ocean Co., Ltd. The expected disposal date is April 6, 2026, and in connection with the share disposal, Hanwha Systems Co., Ltd. plans to enter into a Price Return Swap (PRS) agreement concurrently.

During the first quarter of 2026, the Group acquired 1,627,365 shares of Korea Aerospace Industries, Ltd. Including the 3,236,635 shares held as of December 31, 2025, the total number of shares held by the Group amounts to 4,864,000 shares as of the reporting date, March 16, 2026, representing a 4.99% ownership interest based on the total number of shares outstanding.

THE ISSUER

Hanwha Aerospace, Co., Ltd.
1204 Changwon-daero, Seongsan-gu
Changwon-si, Gyeongsangnam-do 51521
Korea

**FISCAL AGENT, PRINCIPAL PAYING
AGENT, REGISTRAR, TRANSFER
AGENT**

Citicorp International Limited
40/F, Champion Tower
3 Garden Road
Central
Hong Kong

MANAGERS

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
United Kingdom

**Crédit Agricole Corporate and
Investment Bank**
30th Floor Two Pacific Place
88 Queensway
Hong Kong

UBS AG Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street, Central
Hong Kong

LEGAL ADVISORS

To the Issuer as to Korean law

Yulchon LLC
Parnas Tower, 38F
521 Teheran ro, Gangnam gu
Seoul 06164
Korea

To the Managers as to U.S. law

Paul Hastings LLP
33/F West Tower, Mirae Asset Center 1
26 Eulji-ro 5-gil, Jung-gu
Seoul, 04539
Korea

INDEPENDENT AUDITORS

EY Han Young
Taeyoung Building
111, Yeouigongwon-ro, Yeongdeungpo-gu
Seoul 150-777
Korea

SINGAPORE LISTING AGENT

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

