

REFINITIV

## DELTA REPORT

### 10-Q

HANRYU HOLDINGS, INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 1143

■ CHANGES	178
■ DELETIONS	628
■ ADDITIONS	337

## UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## FORM 10-Q

(Mark One)

 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended March 31, 2024 June 30, 2024  
 OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-41763

**Hanryu Holdings, Inc Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware****7370****88-  
1368281****(State or other jurisdiction of  
incorporation or organization)****(Primary Standard Industrial I.R.S. Employer  
Classification Code Identification Number)**160, Yeouiseo-ro, Yeongdeungpo-gu,  
Seoul, Republic of Korea

07231

**(Address of principal executive offices)****(I.R.S. Employer  
Identification Number) Zip Code)****160, Yeouiseo-ro, Yeongdeungpo-gu, Seoul, Republic of Korea 07231**

+82-2-564-8588

**(Address, including zip code, and Registrant's telephone number, including area code, of Registrant's principal executive offices) code)**

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Class A Common Stock, \$0.001 par value per share	HYRU	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No 

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No The registrant has 52,808,589 shares of the common stock outstanding as of March 31, 2024 October 15, 2024.

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#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management's beliefs and assumptions and on information currently available to management, and which statements involve substantial risk and uncertainties. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, and objectives for future operations are forward-looking statements. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

These risks and uncertainties include, among other things, the risk that we may not be able to successfully implement our growth strategy due to the following reasons;

- overall strength and stability of general economic conditions and of the social media platform and content creation industry in the United States and globally;
- changes in consumer demand for, and acceptance of, our services, including our platform, as well as social media platforms in general;
- changes in the competitive environment, including adoption of technologies, services and products that compete with our own;
- our expectations regarding our future operating and financial performance;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- our ability to continue as a going concern;
- our ability to effectively execute our business plan and continue to expand internationally;
- our ability to recruit, retain, and motivate skilled personnel, including key members of senior management;
- changes in the price of equipment, network infrastructure, hosting and maintenance;
- uncertainties around the successful improvement and modification of our existing applications and development of new products and services, which may require significant expenditures and time;
- changes in laws or regulations governing our business and operations;
- our ability to maintain adequate liquidity and financing sources and an appropriate level of debt on terms favorable to us;
- our ability to effectively market our services;
- costs and risks associated with litigation brought against us;
- our ability to obtain and protect our existing intellectual property protections, including trademarks and copyrights;
- changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings;
- our ability to list maintain the listing of our shares on the Nasdaq Capital Market or any other exchange and maintain such listing; exchange; and
- other risks described from time to time in periodic and current reports that we file with the SEC.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and found on Form 10-K/A 10-K filed for the year ended December 31, 2023. We undertake no obligation to update any forward-looking statements after the date of this Quarterly Report on Form 10-Q or to conform such statements to actual results or revised expectations, except as required by law.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

**HANRYU HOLDINGS, INC. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
**March 31, June 30, 2024 and December 31, 2023**  
(Uaudited)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>(Unaudited) June 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 9,996	\$ 5,427,830	\$ 946	\$ 5,427,830
Short-term loans receivable	8,945,261	3,789,900	8,589,615	3,789,900
Accounts receivable, net of allowance	310,563	324,413	300,913	324,413
Non-trade receivables	34,480	171,892	22,230	171,892
Prepaid expenses and other receivable	7,626,903	7,903,035	7,477,905	7,903,035
Total current assets	16,927,203	17,617,070	16,391,609	17,617,070
PROPERTY PLANT AND EQUIPMENT, NET	434,150	629,185	367,815	629,185
OPERATING LEASE RIGHT-OF-USE ASSET	1,775,941	1,918,966	1,662,367	1,918,966
OTHER ASSETS	363,551	379,735	336,813	379,735
Total Assets	<b>\$ 19,500,845</b>	<b>\$ 20,544,956</b>	<b>\$ 18,758,604</b>	<b>\$ 20,544,956</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
<b>LIABILITIES AND STOCKHOLDER'S DEFICIT</b>				
CURRENT LIABILITIES:				
Short-term loans payable	\$ 1,963,914	\$ 1,589,887	\$ 1,893,680	\$ 1,589,887
Short-term loans payable from related parties			15,647	—
Non-trade accounts payable	2,630,440	2,312,669	2,953,386	2,312,669
Bonds with warrants, net	3,341,253	3,489,995	3,239,274	3,489,995
Accrued expenses and other current liabilities	86,549	83,940	89,979	83,940
Total current liabilities	8,022,156	7,476,491	8,191,966	7,476,491
Total Liabilities	<b>8,022,156</b>	<b>7,476,491</b>	<b>8,191,966</b>	<b>7,476,491</b>
Commitments and contingencies (Note 13)				
STOCKHOLDER'S EQUITY:				
Common Stock, \$0.001 par value				
Authorized 110,000,000 (common:100,000,000, preferred:10,000,000) shares; Issued and outstanding 52,808,589 common shares as of March 31, 2024 and December 31, 2023	52,809	52,809	52,809	52,809
Authorized 110,000,000 (common:100,000,000, preferred:10,000,000) shares; Issued and outstanding 52,808,589 common shares as of June 30, 2024 and December 31, 2023			52,809	52,809
Additional paid-in capital	51,415,476	51,415,476	51,415,476	51,415,476
Accumulated deficit	(39,940,833)	(38,893,762)	(40,502,733)	(38,893,762)
Accumulated other comprehensive income	<b>(48,763)</b>	<b>493,942</b>		
Accumulated other comprehensive income/(loss)			(398,914)	493,942
Total Stockholders' Equity	<b>11,478,689</b>	<b>13,068,465</b>	<b>10,566,638</b>	<b>13,068,465</b>
Total Liabilities and Stockholders' Equity	<b>\$ 19,500,845</b>	<b>\$ 20,544,956</b>	<b>\$ 18,758,604</b>	<b>\$ 20,544,956</b>

*The accompanying footnotes are an integral part of these unaudited consolidated financial statements*

HANRYU HOLDINGS, INC. AND ITS SUBSIDIARIES  
**Condensed Consolidated Statements of Operations**  
For the Three and Six Months Ended **March 31, 2024** **June 30, 2024** and 2023  
(Uaudited)

			Six Months Ended June 30,		Three Months Ended June 30,	
	March 31, 2024	March 31, 2023	2024	2023	2024	2023
Sales	\$ 185	\$ 223	\$ 198	\$ 265,769	\$ 13	\$ 265,546
Cost of Revenue	—	—	—	69,145	—	69,145
Gross profit	185	223	198	196,624	13	196,401
Operating cost and expenses	(1,098,186)	(2,806,680)	(1,738,757)	(5,789,471)	(640,571)	(2,982,791)
Loss from operations	(1,098,001)	(2,806,457)	(1,738,559)	(5,592,847)	(640,558)	(2,786,390)
OTHER INCOME (EXPENSE):						
Loss on disposal of tangible assets	(24,577)	—	(24,577)	—	383	—
Interest income (expense), net	76,313	(2,627)	151,083	(2,572)	74,770	55
Gain (loss) on foreign currency transactions	991	(150)	4,631	(1,777)	3,640	(1,627)
Other expense, net	(1,797)	(14,025)	(1,549)	(13,722)	(135)	303
Net other income	50,930	(16,802)				
Net other income/(loss)			129,588	(18,071)	78,658	(1,269)
Net Loss from continuing operations before taxes	(1,047,071)	(2,823,259)	(1,608,971)	(5,610,918)	(561,900)	(2,787,659)
Net loss from continuing operations	(1,047,071)	(2,823,259)	(1,608,971)	(5,610,918)	(561,900)	(2,787,659)
Discontinued operations:						
Loss from discontinued operations	—	(244,072)	—	(448,334)	—	(204,262)
Loss from discontinued operation	—	(244,072)	—	(448,334)	—	(204,262)
Net Loss	(1,047,071)	(3,067,331)	(1,608,971)	(6,059,252)	(561,900)	(2,991,921)
Less net loss attributable to non-controlling interest	-	(5,776)	-	(9,189)	-	14,965
Net Loss attributable to equity holders of the Company	(1,047,071)	(3,061,555)	(1,608,971)	(6,050,063)	(561,900)	(3,006,886)
Net Loss	(1,047,071)	(3,067,331)	(1,608,971)	(6,059,252)	(561,900)	(2,991,921)
Basic net loss per share:						
Loss from continuing operations	(0.02)	(0.06)	(0.03)	(0.12)	(0.01)	(0.06)
Loss from discontinued operations	—	(0.01)	—	(0.01)	—	(0.01)
Total basic net loss per share	(0.02)	(0.07)	(0.03)	(0.13)	(0.01)	(0.07)
Diluted net loss per share						
Loss from continuing operations	(0.02)	(0.06)	(0.03)	(0.12)	(0.01)	(0.06)
Loss from discontinued operations	—	(0.01)	—	(0.01)	—	(0.00)
Total diluted net loss per share	(0.02)	(0.07)	(0.03)	(0.13)	(0.01)	(0.06)
Weighted average number of common shares outstanding:						
Basic and Diluted	52,808,589	46,375,977	52,808,589	48,319,993	52,808,589	50,242,646

*The accompanying footnotes are an integral part of these unaudited consolidated financial statements*

**HANRYU HOLDINGS, INC. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**For the ~~Three~~ Six Months Ended March 31, 2024 June 30, 2024 and 2023**  
(Unaudited)

	<b>Common Stock</b>		<b>Additional Paid-in and Other Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated other Comprehensive Gain (Loss)</b>	<b>Non-controlling interests</b>	<b>Total Stockholder's Equity (Deficit)</b>	<b>Common Stock</b>		<b>Additional Paid-in and Other Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated other Comprehensive Gain (Loss)</b>
	<b>Shares</b>	<b>Amount</b>						<b>Shares</b>	<b>Amount</b>			
Balance at December 31, 2022	45,416,942	\$ 45,417	27,578,666	\$ (29,607,852)	\$ 879,420	\$ (236,166)	\$ (1,340,515)	45,416,942	\$ 45,417	27,578,666	\$ (29,607,852)	\$
Issuance of common stock at \$10.00 per share by private placement, net of issuance costs	240,000	240	2,399,760	—	—	—	2,400,000	240,000	240	2,399,760	—	
Exercise of warrants at \$0.42 per share by cash considerations, net of issuance costs	20,000	20	8,380	—	—	—	8,400	20,000	20	8,380	—	
Exercise of warrants at \$1.27 per share by cash considerations, net of issuance costs	1,118,223	1,118	1,419,025	—	—	—	1,420,143	1,118,223	1,118	1,419,025	—	
Exercise of warrants at \$1.27 per share by non-cash consideration, net of issuance costs	309,430	309	392,667	—	—	—	392,976	309,430	309	392,667	—	
Currency translation adjustment	—	—	—	—	(69,107)	5,042	(64,065)	—	—	—	—	—
Net loss	—	—	—	(3,061,555)	—	(5,776)	(3,067,331)	—	—	—	—	(3,061,555)
Balance at March 31, 2023	47,104,595	\$ 47,104	31,798,498	\$ (32,669,407)	\$ 810,313	\$ (236,900)	\$ (250,392)	47,104,595	\$ 47,104	31,798,498	\$ (32,669,407)	\$
Issuance of common stock at \$10.00 per share by private placement, net of issuance costs	760,000	760	7,599,240	—								
Exercise of warrants at \$0.42 per share by cash considerations, net of issuance costs	1,000,000	1,000	419,000	—								

Exercise of warrants at \$1.27 per share by cash considerations, net of issuance costs		3,066,666	3,067	3,891,599	—
Currency translation adjustment		—	—	—	—
Net loss		—	—	—	(3,006,886)
Balance at June 30, 2023		51,931,261	51,931	43,708,337	\$ (35,676,293) \$
Balance at December 31, 2023	52,808,589 \$ 52,809 51,415,476 \$ (38,893,762) \$ 493,942 \$ — \$ 13,068,465	52,808,589	52,809	51,415,476	\$ (38,893,762) \$
Currency translation adjustment	— — — — (542,705) — — (542,705)	—	—	—	—
Net loss	— — — — (1,047,071) — — (1,047,071)	—	—	—	(1,047,071)
Balance at March 31, 2024	52,808,589 \$ 52,809 51,415,476 \$ (39,940,833) \$ (48,763) \$ — \$ 11,478,689	52,808,589	52,809	51,415,476	\$ (39,940,833) \$
Currency translation adjustment		—	—	—	—
Net loss		—	—	—	(561,900)
Balance at June 30, 2024		52,808,589 \$ 52,809 51,415,476 \$ (40,502,733) \$			

*The accompanying footnotes are an integral part of these unaudited consolidated financial statements*

**HANRYU HOLDINGS, INC. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
**For the Three Six Months Ended March 31, 2024 June 30, 2024 and 2023**  
(Uaudited)

	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss from continuing operations	\$ (1,047,071)	\$ (2,823,259)	\$ (1,608,971)	\$ (5,610,918)
Depreciation	59,620	62,363	113,334	146,763
Loss on disposal of tangible assets	24,577	—	24,577	—
Amortization of right-of-use asset	62,085	64,659	122,234	127,381
Accounts receivable	23	(186)	200	1,070,295
Non-trade receivable	131,882	(28,258)	124,866	28,572
Prepaid expenses and other current assets	(61,531)	(672,576)	(146,819)	(231,666)
Other assets	—	(1,686)	16,103	—
Non-trade payable	422,089	(508,095)	851,797	(1,430,218)
Accrued expenses and other current liabilities	6,272	(51,831)	12,423	—
Net cash used in operating activities of continuing operations	<u>(402,054)</u>	<u>(3,958,869)</u>	<u>(490,256)</u>	<u>(5,899,791)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Receipt from collection of short-term loan receivable	55,117	784,487	139,314	772,742
Proceeds from the sale of property, plant, and equipment	86,000	—	86,000	—
Sales of investments	—	705,561	—	694,997
Payment for short-term loan receivable	(5,430,389)	(352,859)	(5,345,684)	(540,631)
Purchase of property plant and equipment	—	(483,899)	—	(551,905)
Net cash (used in) provided by investing activities of continuing operations	<u>(5,289,272)</u>	<u>653,290</u>	<u>(5,120,370)</u>	<u>375,203</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from short-term loan payable	447,890	73,632	440,904	509,665
Proceeds from short-term loan payable from related parties	—	616,859	400	747,394
Proceeds from exercising warrants	—	1,428,543	—	5,743,209
Net proceeds from issuance of common stock	—	2,400,000	—	10,000,000
Repayment of short-term loan payable	(15,055)	(200,693)	(14,820)	(409,217)
Repayment of short-term loan payable from related parties	—	(688,010)	—	(763,505)
Net cash provided by financing activities of continuing operations	<u>432,835</u>	<u>3,630,331</u>	<u>426,484</u>	<u>15,827,546</u>
<b>Net change in cash – continued operations</b>	<b><u>(5,258,491)</u></b>	<b><u>324,752</u></b>	<b><u>(5,184,142)</u></b>	<b><u>10,302,958</u></b>
<b>Cash from discontinued operations:</b>				
Net cash used in operating activities of discontinued operations	—	(257,865)	—	(580,831)
Net cash used in investing activities of discontinued operations	—	(2,265)	—	(2,265)
Net cash used in financing activities of discontinued operations	—	(13,779)	—	(30,561)
<b>Net change in cash – discontinued operations</b>	<b><u>—</u></b>	<b><u>(273,909)</u></b>	<b><u>—</u></b>	<b><u>(613,657)</u></b>
Cash beginning of the year- continued operations	5,427,830	118,263	5,427,830	118,263
Cash beginning of the year - discontinued operations	—	695	—	695
<b>Beginning cash</b>	<b>5,427,830</b>	<b>118,958</b>	<b>5,427,830</b>	<b>118,958</b>
Cash end of the year – continued operations	9,996	66,661	946	9,988,237
Cash end of the year - discontinued operations	—	6,323	—	1,901
<b>Ending cash</b>	<b>9,996</b>	<b>72,984</b>	<b>946</b>	<b>9,990,138</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>(5,258,491)</u></b>	<b><u>50,843</u></b>	<b><u>(5,184,142)</u></b>	<b><u>9,689,301</u></b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b><u>(159,343)</u></b>	<b><u>(96,817)</u></b>	<b><u>(242,742)</u></b>	<b><u>181,879</u></b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b><u>5,427,830</u></b>	<b><u>118,958</u></b>	<b><u>5,427,830</u></b>	<b><u>118,958</u></b>

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	\$ 9,996	\$ 72,984	\$ 946	\$ 9,990,138
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash receipt (paid) for interest – all operations	6,281	(2,626)	6,245	(2,555)
Less Cash receipt for interest - discontinued operations	—	1	—	2
Cash receipt (paid) for interest – continued operations	\$ 6,281	\$ (2,627)	\$ 6,245	\$ (2,557)
Cash receipt (paid) during the period for interest	\$ 6,281	\$ (2,626)	\$ 6,245	\$ (2,555)
Supplemental disclosure of non-cash investing and financing activities:				
Offsetting short-term loan payables by exercising warrants to purchase 309,430 common stock	—	(392,976)	—	(392,976)
Total	\$ —	\$ (392,976)	\$ —	\$ (392,976)

*The accompanying footnotes are an integral part of these unaudited consolidated financial statements*

**HANRYU HOLDINGS, INC. AND ITS SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Income**  
**For the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023**  
(Unaudited)

	<b>March 31,</b>		<b>Six Months Ended</b>		<b>Three Months Ended</b>	
	<b>2024</b>	<b>2023</b>	<b>June 30,</b>	<b>2023</b>	<b>June 30,</b>	<b>2023</b>
NET LOSS	<u><u>\$ (1,047,071)</u></u>	<u><u>\$ (3,067,331)</u></u>	<u><u>\$ (1,608,971)</u></u>	<u><u>\$ (6,059,252)</u></u>	<u><u>\$ (561,900)</u></u>	<u><u>\$ (2,991,921)</u></u>
Other comprehensive income (loss):						
Change in foreign currency translation adjustment	(542,705)	(69,107)	(350,151)	8,623	—	3,582
Change in foreign currency translation adjustment to attributable to noncontrolling interest	—	5,042	—	—	—	—
COMPREHENSIVE LOSS	<u><u>\$ (1,589,776)</u></u>	<u><u>\$ (3,131,396)</u></u>	<u><u>\$ (1,959,122)</u></u>	<u><u>\$ (5,905,975)</u></u>	<u><u>\$ (369,346)</u></u>	<u><u>\$ (2,774,579)</u></u>
Less : Comprehensive Income/(Loss) attributable to noncontrolling interest	—	(734)	—	(17,813)	—	(18,547)
Comprehensive Income/(Loss) attributable to the Company	<u><u>\$ (1,589,776)</u></u>	<u><u>\$ (3,130,661)</u></u>	<u><u>\$ (1,959,122)</u></u>	<u><u>\$ (5,923,788)</u></u>	<u><u>\$ (369,346)</u></u>	<u><u>\$ (2,793,126)</u></u>

*The accompanying footnotes are an integral part of these unaudited consolidated financial statements*

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

NOTE 1 — NATURE OF OPERATIONS AND BASIS OF PRESENTATION

**Business**

Hanryu Holdings, Inc., a Delaware corporation (“*Hanryu Holdings*”), together with its wholly owned subsidiaries Hanryu Bank Co., Ltd (“*HBC*”), FNS Co., Ltd. (“*FNS*”), and Marine Island Co., Ltd (“*Marine Island*”), all incorporated under the laws of the Republic of Korea (“*Korea*” or “*ROK*”) (collectively, the “*Company*”, “*we*”, or “*us*”), aims to be the leader in the global Korean entertainment market, also known as “*Hanryu*” or “*K-Culture*”, through its engaging social-media platform, FANTOO. The FANTOO platform is an all-inclusive global playground for fans, where they can consume, create, and get rewarded for all things related to their interests, and interact with other like-minded fans.

**Corporate History**

Since the inception of HBC in 2018, we have accomplished a number of key objectives, as follows:

Date	Event/Milestone
October 18, 2018	HBC is incorporated under the laws of the ROK with the idea of creating an all-in-one product to capture the growing global momentum and popularity of K-Culture.
October 29, 2020	HBC establishes FNS and begins the initial stages of designing and implementing a platform that can create a fandom networking system.
March 11, 2021	HBC establishes Hanryu <b>Times</b> Co., Ltd (“ <i>Hanryu Times</i> ”). Hanryu Times begins operations as HBC’s media outlet, reporting on and providing up-to-date K-Culture news within the FANTOO platform, across a number of languages, including English, Japanese, Chinese (simplified/traditional), Indonesian, Spanish, Russian, and Portuguese.
March 31, 2021	HBC consummates an agreement and plan of merger (the “ <i>Merger Agreement</i> ”) with RnDeep, Co., Ltd, a Korean corporation (“ <i>RnDeep</i> ”), pursuant to which RnDeep merged with and into HBC, with HBC continuing as the surviving corporation (the “ <i>RnDeep Acquisition</i> ”). As consideration for the RnDeep Acquisition, HBC ratably issued a total 4,150,000 HBC common shares, par value \$0.45 per share (“ <i>Common Shares</i> ”), to the former shareholders of RnDeep.
May 17, 2021	The FANTOO platform is launched and made available to the public.
June 30, 2021	HBC enters into an agreement to acquire all the issued and outstanding common shares of Marine Island (the “ <i>Marine Island Acquisition</i> ”), which owns the right to use and occupy 19,200 square-feet of office space within the iconic Seoul Marina, located at 160 Yeouiseo-ro, Yeongdeungpo-gu, Seoul, Korea (the “ <i>Seoul Marina</i> ”) from Sewang Co., Ltd. (“ <i>Sewang</i> ”), for the purchase price of 3,500,000,000 Korean Won (“ <i>KRW</i> ”), along with the assumption of all Marine Island’s liabilities.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 1 — NATURE OF OPERATIONS AND BASIS OF PRESENTATION (cont.)**

Date	Event/Milestone
August 30, 2021	HBC establishes FANTOO Entertainment Co., Ltd ("FANTOO Entertainment"). FANTOO Entertainment provides a variety of content to the Company's FANTOO platform, which contributes to the spread of the Korean Wave by promoting new entertainers and artists.
October 3, 2021	HBC consummated the Marine Island Acquisition, making it the owner of 100% of the issued and outstanding common shares of Marine Island.
October 3, 2021	HBC consummated a strategic acquisition of 50.8% of the outstanding common shares of K-Commerce Co., Ltd ("K-Commerce"). In consideration for the shares of K-Commerce, HBC forgave a short-term loan of \$270,530 (KRW 309,600,000) owed to HBC by K-Commerce.
	HBC's investment into K-Commerce was a strategic acquisition in order to integrate K-Commerce's retail platform, "SellLoveLive" into the FANTOO ecosystem as the FANTOO Fanshop. When launched as the FANTOO Fanshop, K-Commerce's platform will offer combined services of shopping and live broadcasting, allowing users to easily live-stream travel and share local attractions, local festivals, cultures, and news from around the world.
	Prior to HBC's acquisition of its shares in K-Commerce, K-Commerce was 100% owned by Changhyuk Kang, the Company's former Chief Executive Officer and Donghoon Park, the Company's Chief Marketing Officer.
October 20, 2021	Hanryu Holdings is incorporated in the State of Delaware.
February 25, 2022 through May 10, 2022	Hanryu Holdings, HBC, and the shareholders of HBC (the "HBC Shareholders") enter into a share exchange agreement (the "Share Exchange Agreement"), pursuant to which the HBC Shareholders agreed to assign, transfer, and deliver, free and clear of all liens, 100% of the issued and outstanding Common Shares, representing 100% of the voting securities in HBC, to the Company in exchange for the Company issuing 42,565,786 restricted shares of the Company's common stock, par value \$0.001 per share ("Common Stock") to the HBC Shareholders (the "Share Exchange").
	Concurrently with entering into the Share Exchange Agreement, the Company, HBC, and the holders (the "HBC Warrantholders") of all outstanding warrants to purchase Common Shares ("HBC Warrants") enter into a warrant exchange agreement, pursuant to which the HBC Warrantholders agreed to assign, transfer, and deliver, free and clear of any liens, 100% of the outstanding HBC Warrants to the Company in exchange for the Company issuing to the HBC Warrantholders 10,046,666 warrants to purchase restricted shares of Common Stock (the "Warrant Exchange").
	The Warrants and Common Shares of HBC transferred to the Company in the Share Exchange and the Warrant Exchange constituted 100% of the outstanding equity securities of HBC.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 1 — NATURE OF OPERATIONS AND BASIS OF PRESENTATION (cont.)**

**Date** June **Event/Milestone**

16, 2022

June 16, 2022, Hanryu Holdings, HBC, the HBC Shareholders, and the HBC Warranholders consummate the Share Exchange and Warrant Exchange concurrently, pursuant to which HBC became a wholly owned subsidiary of the Company, and the HBC Stockholders and HBC Warranholders, collectively, acquired a controlling interest in the Company.

June 22,  
2022

June 22, 2022, The Company divests itself of all Kingdom Coin ("KDC") holdings and terminates all crypto-currency-related activity, including, without limitation, the operation of the MainNet (FandomChain) and the Kingdom Wallet, pursuant to a Business Transfer Agreement (the "Divestiture Agreement") between HBC and an unaffiliated and unrelated third party, Kingdom Coin Holdings, a Cayman Islands Foundation Company (the "KDC Foundation") (the "KDC Divestiture"), to substantially reduce its involvement with blockchain technologies. Pursuant to the Divestiture Agreement, as of June 22, 2022, the Company no longer owns any KDC, and no longer conducts or controls the operations, issuances, or sales of KDC. In connection with the KDC Divestiture, the Company revised its procedures regarding FP and no longer allows, nor has the technology to allow, for the transfer of FP outside of the FANTOO platform or the exchange of FP and KDC.

August 1, 2023, The shares of the Company are listed at [NASDAQ exchange market](#), on the Nasdaq Capital Market.

December 28, 2023 HBC sold owned whole shares of Hanryu Times, Fantoo Entertainment, and K-Commerce, so the business from the three companies became the discontinued operations.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 1 — NATURE OF OPERATIONS AND BASIS OF PRESENTATION (cont.)**

***Going Concern***

The Company has experienced recurring losses from operations and has a stockholders' equity and working capital of **\$11,478,689** **\$10,566,638** and **\$8,905,047** respectively, **\$8,199,643** as of **March 31, 2024** **June 30, 2024, respectively** and **\$13,068,465** and **\$10,140,579** as of **December 31, 2023** and, respectively. Also, the Company has operating losses of **\$1,098,001** **\$1,738,559** and **\$2,806,457** **\$5,592,847** for the **three** six months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, respectively. These uncertainties raise substantial doubt about the Company's ability to continue as a going concern for twelve (12) months after the issuance date of these financial statements. The accompanying financial statements have been prepared under the assumption that we will continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of us to continue as a going concern.

Our future operations are dependent upon multiple factors, including (i) the success of our FANTOO platform business; (ii) competition from existing and future services from other companies; and (iii) securing new sources of capital to fund operations and develop markets. We will maintain an ongoing effort to improve and innovate FANTOO platform business to generate funds for our operations. For instance, we recently launched FANTOO House which is located in Seoul, and at FANTOO platform, we will launch (i) Epic branded ecommerce platform that we will expect it as a major source of new income, and (ii) dedicated video production operations that will create short episodic content that focuses on K-POP fandom. In addition, we maintain an ongoing effort to raise funds for our operations from current investors and new sources of capital through the issuance of additional common stock and/or short-term notes. However, there can be no assurance as to the outcome of these factors or that future funding efforts will generate sufficient capital to maintain our operations.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies followed by the Company in the preparation of the accompanying Condensed Consolidated financial statements follows:

***Principles of Consolidation***

The Condensed Consolidated financial statements of the Company include the financial statements of Hanryu Holdings, and its three wholly owned subsidiaries, HBC, FNS, and Marine Island in the 1<sup>st</sup> second quarter of 2024 and in 2023, and its five wholly owned subsidiaries, HBC, FNS, Hanryu Times, Fantoo Entertainment, and Marine Island and majority-owned subsidiary (50.8%), K-Commerce in the 1<sup>st</sup> second quarter of 2023. All significant intercompany transactions and balances have been eliminated in consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Condensed Consolidated group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The ownership of non-controlling interests of K-Commerce, out our significant Condensed Consolidated subsidiary as of March 31, 2023 June 30, 2023, was 49.2%. Since HBC sold owned whole shares of Hanryu Times, Fantoo Entertainment, and K-Commerce, at on December 28, 2023, they are not Condensed Consolidated from December 28, 2023, and the controlling interests of K-Commerce become \$0 \$0.

***Foreign Currency***

The Company's functional currency for all operations is the KRW. The Company's accounting records are maintained in KRW, and translated into U.S. Dollars at year-end for the purposes of presentation. During the translation process, the year-end closing exchange rate is used for the valuation of all assets and liabilities, historical exchange rate is used to value stockholder's equity, and the average exchange rate for the year is used for the calculation of the Condensed Consolidated financial statements. The net impact of the translation into the U.S. Dollar is included in the accumulated other comprehensive income (loss) of the Company's Condensed Consolidated balance sheet as of March 31, 2024 June 30, 2024 and December 31, 2023. During the three six months ended March 31, 2024 June 30, 2024, there was a fluctuation in the exchange rates ranging from KRW 1,289.40/USD \$1 to KRW 1,346.80/1,395.30/USD \$1. Also, cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the Condensed Consolidated balance sheets.

***Use of Estimates***

The preparation of the Company's Condensed Consolidated financial statements and related disclosures in conformity with U.S. Generally Accepted Accounting Principles ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management evaluates its estimates on an ongoing basis. Although estimates are based on the Company's historical experience, knowledge of current events and actions it may undertake in the future, actual results may materially differ from these estimates and assumptions.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed the federal insurance limit, and the balance of deposit accounts of the Company doesn't exceed the federal insurance limit as of March 31, 2024 June 30, 2024.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Accounts Receivable**

Accounts receivables are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the Condensed Consolidated statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts quarterly. Past-due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company recorded the allowance of \$0 on the accompanying Condensed Consolidated balance sheets as of **March 31, 2024** **June 30, 2024**, and December 31, 2023. The Company does not have any off-balance-sheet credit exposure related to its customers.

**Non-Trade Receivables**

Non-trade receivables are recorded at the invoiced amount and do not bear interest. Amounts collected on non-trade receivables are included in net cash provided by operating activities in the Condensed Consolidated statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its non-trade receivables portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts quarterly. Past-due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company recorded the allowance of \$0 and \$0 on the accompanying Condensed Consolidated balance sheets as of **March 31, 2024** **June 30, 2024** and December 31, 2023 respectively. The Company does not have any off-balance-sheet credit exposure related to its customers.

**Credit Losses**

The Company maintains current receivable amounts with most of its customers and vendors. The Company regularly monitors and assesses its risk of not collecting amounts owed by them. This evaluation is based upon an analysis of current and past due amounts, along with relevant history and facts particular to the customer. The Company records its allowance for credit losses based on the results of this analysis. The analysis requires the Company to make significant estimates and as such, changes in facts and circumstances could result in material changes in the allowance for credit losses. The Company considers as past due any receivable balance not collected within its contractual terms.

The Company wrote off **\$193,289** **\$193,889** of **short term** **short-term** receivables and \$995,622 of prepaid expenses and other receivables as of **December 31, 2023** **June 30, 2024**.

**Revenue Recognition**

The Company anticipates generating revenues from (i) FANTOO platform through advertising, direct sales, and user to user commissions, and (ii) other businesses. Revenue billed or collected in advance will be recorded as deferred revenue until the event occurs or until applicable performance obligations are satisfied.

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Transaction prices are based on the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, if any. We consider the explicit terms of the revenue contract, which are typically written and executed by the parties, our customary business practices, the nature, timing, and the amount of consideration promised by a customer in connection with determining the transaction price for our revenue arrangements. Refunds and sales returns historically have not been material.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

For the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, the Company recognized product sales revenue amounting to \$0 and **\$0, \$71,816, respectively**. Revenue is derived at the point in time when merchandise is sold and shipped or delivered to customers. Merchandise sales are fulfilled with inventory sourced from our owned inventory. Although the Company does not currently have any inventory as of the balance sheet date, the Company, from time to time, may hold products in inventory for an abbreviated amount of time before shipping such inventory and recognizing the corresponding revenue.

Revenue is recognized when control of the product passes to the customer, typically at the date of delivery of the merchandise to the customer, or the date a service is provided and is recognized in an amount that reflects the expected consideration to be received in exchange for such goods or services. As such, customer orders are recorded as unearned revenue prior to delivery of products or services ordered. If the Company ships high volumes of packages through multiple carriers, the Company will use estimates to determine which shipments are to be delivered and, therefore, recognized as revenue at the end of the period. Delivery date estimates are based on average shipping transit times, which are calculated using the following factors: (i) the type of shipping carrier (as carriers have different in-transit times); (ii) the fulfillment source; (iii) the delivery destination; and (iv) actual transit time experience, which shows that delivery date is typically one to eight business days from the date of shipment. The Company reviews and updates our estimates on a quarterly basis based on our actual transit time experience. However, actual shipping times may differ from our estimates.

Generally, the Company requires authorization from credit cards or other payment vendors whose services the Company offers to customers or verification of receipt of payment, before the Company ships products to purchasers. The Company generally receives payments from our customers before our payments to our suppliers are due. The Company does not recognize assets associated with costs to obtain or fulfill a contract with a customer.

Shipping and handling is considered a fulfillment activity, as it takes place prior to the customer obtaining control of the merchandise, and fees charged to customers are included in net revenue upon completion of our performance obligations. The Company presents revenue net of sales taxes, discounts, and expected refunds.

Merchandise sales contracts include terms that could cause variability in the transaction price for items such as discounts, credits, or sales returns. Accordingly, the transaction price for product sales includes estimates of variable consideration to the extent it is probable that a significant reversal of revenue recognized will not occur. At the time of sale, the Company estimates a sales return liability for the variable consideration based on historical experience, which is recorded within "Accrued Liabilities" in the Condensed Consolidated balance sheet. The Company records an allowance for returns based on current period revenues and historical returns experience. The Company analyzes actual historical returns, current economic trends and changes in order volume, and acceptance of our products when evaluating the adequacy of the sales returns allowance in any accounting period.

The Company evaluates the criteria outlined in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-55, *Principal versus Agent Considerations*, in determining whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. When the Company is the principal in a transaction and controls the specific good or service before it is transferred to the customer, revenue is recorded gross; otherwise, revenue is recorded on a net basis. Currently, the Company records all advertising revenue as a net basis, and other revenues are recorded as a gross basis, and the revenues as a gross basis for the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023** are **\$185 \$198** and **\$223, \$193,953, respectively**. Through contractual terms with our partners, we have the ability to control the promised goods or services and as a result record the majority of the revenue on a gross basis.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***Cost of Revenue***

Cost of revenue is recognized at the time the products or services are delivered to the customers. Cost of revenue includes all direct labor, material, shipping and handling cost and other direct costs such as travel, postage, telecommunication, vehicle charge, printing, and training, and allocated indirect costs related to revenue such as supplies, utilities, office equipment rental, and computers.

***Property, Plant and Equipment***

Property, plant and equipment are carried at cost (see Note 5). Depreciation expense is provided over the estimated useful lives of the assets using the straight line method for vehicles and the declining balance method for fixtures and equipment. A summary of the estimated useful lives is as follows:

<b>Classification</b>	<b>Estimated Useful Life in Years</b>
Vehicles	5
Fixtures	5
Equipment	5

Maintenance and repairs are charged to expense as incurred, while any additions or improvements are capitalized.

The Company evaluates property and equipment for impairment when facts and circumstances indicate that the carrying values of such assets may not be recoverable. When evaluating for impairment, the Company first compare the carrying value of the asset to the asset's estimated future undiscounted cash flows. If the estimated undiscounted future cash flows are less than the carrying value of the asset, the Company determines if there is an impairment loss by comparing the carrying value of the asset to the asset's estimated fair value and recognizes an impairment charge when the asset's carrying value exceeds its estimated fair value. The fair value of the asset is estimated using a discounted cash flow model based on forecasted future revenues and operating costs, using internal projections. There were no significant property and equipment asset impairment charges recorded during the **three** **six** months ended **March 31, 2024**, **June 30, 2024** and the year ended **March 31, 2023** **June 30, 2023**.

***Impairment of Long-Lived Assets***

The Company assesses the recoverability of long-lived assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If the cost basis of a long-lived asset is greater than the projected future undiscounted net cash flows from such asset, an impairment loss is recognized. Impairment losses are calculated as the difference between the cost basis of an asset and its estimated fair value. There were no significant long-lived assets impairment charges recorded during the **three** **six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

***Concentrations of Credit Risk***

Cash and cash equivalents are financial instruments that potentially subject the Company to concentrations of credit risk. The Company may maintain deposits in financial institutions in excess of government insured limits. The Company believes that it is not exposed to significant credit risk as its deposits are held at financial institutions that management believes to be of high credit quality and the Company has not experienced any losses on these deposits. The Company is also potentially subject to concentrations of credit risk in its accounts receivable and loans. Credit risk with respect to receivables is limited due to the number of companies comprising the Company's customer base. Credit risk with respect to loans is limited since they are made principally related to the collaborative activities between the Company and loan holders. Since the Company is directly affected by the financial condition of its customers and loan holders, management carefully watch if any significant credit risks exist, and they will make actions to remove or mitigate such risks if there are any. For the **three six** months ended **March 31, 2024 June 30, 2024** and **March 31, 2023 June 30, 2023**, over 10% of the revenues are from two customers and one customer, **respectively**, but there are no receivable balances from them. Also, over 10% of the account receivable for the year ended December 31, 2023 is from Hanryu Times, which was the affiliated company by December 28, 2023, and Hanryu Times and the **company** Company already agreed to the payment plan that Hanryu Times would pay back all by the end of December 31, 2024. Therefore, as of **March 31, 2024 June 30, 2024** and December 31, 2023, the Company believes that the credit risk for the account receivables is manageable and controllable. Generally, the Company does not require collateral or other securities to support its accounts receivable and loans.

***Fair Value of Financial Instruments***

The fair value of Company's financial instruments, consisting of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, debt receivables, debt payables approximate their recorded amounts due to their relatively short settlement terms.

***Fair Value Measurements***

The Company applies a three-level valuation hierarchy for fair value measurements. The categorization of assets and liabilities within the valuation hierarchy is based on the lowest level of input that is significant to the measurement of fair value.

Level 1	Inputs to the valuation methodology utilize unadjusted quoted market prices in active markets for identical assets and liabilities.
Level 2	Inputs to the valuation methodology are other observable inputs, including quoted market prices for similar assets and liabilities, quoted prices for identical and similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
Level 3	Inputs to the valuation methodology are unobservable inputs based on management's best estimate of the inputs that market participants would use in pricing the asset or liability at the measurement date, including assumptions about risk.

A change to the level of an asset or liability within the fair value hierarchy is determined at the end of a reporting period.

***Investments***

The Company's investments are carried at historical cost. As of **March 31, 2024 June 30, 2024** and December 31, 2023, there is no balance of investments.

***Earning (Loss) Per Share***

Basic earning (loss) per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of Common Stock for the applicable period. Diluted earning (loss) per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of Common Stock for the applicable period, including the dilutive effect of Common Stock equivalents. Potentially dilutive Common Stock equivalents primarily consist of warrants issued in connection with financings. For purposes of computing both basic and diluted earning (loss) per share, income or loss shall exclude the income or loss attributable to the non-controlling interest. The Company calculates net loss per share in accordance with FASB ASC Topic 260, *Earnings Per Share*. Basic net loss per share amounts have been computed by dividing net loss excluding loss attributable to the non-controlling interest by the weighted-average number of common shares outstanding during the period. For the **three six** months ended **March 31, 2024 June 30, 2024** and **2023, June 30, 2023**, the Company reported net losses and, accordingly, potential common shares were not included since such inclusion would have been anti-dilutive. As a result, our basic and diluted net loss per share are the same because the Company generated a net loss in all periods presented.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**Income Taxes**

Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws in effect when the differences are expected to reverse. The measurement of deferred income tax assets is reduced, if necessary, by a valuation allowance for any tax benefits which are not expected to be realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that such tax rate changes are enacted. We have determined that all of our deferred tax benefits are not likely to be realized due to our historical and expected future taxable losses. Accordingly, we have maintained a full valuation allowance.

The Company applies the provisions of FASB ASC Topic 740-10, *Uncertainty in Income Taxes*. The Company has evaluated our tax positions, and there are none as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

Income taxes on the Company's taxable income from operating activities are subject to various tax laws and determinations of the authority in the ROK. Regarding taxes payable in the ROK, if a certain portion of taxable income is not used for investments or for increases in wages or dividends, in accordance with the Tax System for Recirculation of Corporate Income, the Company is liable to pay additional income tax calculated based on Korean tax law.

The Company assesses uncertainty over a tax treatment. When the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the Company will reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the Company expects to better predict the resolution of the uncertainty:

- The most likely amount: The single most likely amount in a range of possible outcomes.
- The expected value: The sum of the probability-weighted amounts in a range of possible outcomes.

**Lease**

Under ASC 842, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our balance sheets.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since most of the Company's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Company's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (cont.)**

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices or for which it has made an accounting policy election to account for these as a single lease component. For certain equipment leases, like vehicles, the Company accounts for the lease and non-lease components as a single lease. Refer to Note 76 for additional disclosures required as a result of the adoption of this new standard.

**Recently Issued Accounting Standards**

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. ASU 2023-09 will improve the transparency and decision usefulness of income tax disclosures to better assess how operations and related tax risks affect tax rates and future cash flows on an interim and annual basis. It will be effective for us on May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impacts of the standard on our financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*. ASU 2023-07 will improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on an interim and annual basis. It will be effective for our annual period beginning May 1, 2024, and interim periods beginning May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impacts of the standard on our financial statements and disclosures.

In August 2020, the FASB issued ASU No. 2020-06, *Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40) Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”). ASU 2020-06 changes how entities account for convertible instruments and contracts in an entity’s own equity and simplifies the accounting for convertible instruments by removing certain separation models for convertible instruments. ASU 2020-06 also modifies the guidance on diluted earnings per share calculations. ASU 2020-06 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023.

In November 2019, the FASB issued ASU 2019-10, “*Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*”, which amended the effective date of the various topics. As the Company is a smaller reporting company, the provisions of ASU 2016-13 and the related amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 (quarter ending September 30, 2023 for the Company). Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective.

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, “*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (“ASU 2016-13”), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance.

**NOTE 3 — SHORT-TERM LOAN RECEIVABLES**

The following table summarizes information with regard to short-term loan receivables outstanding as of **March 31, 2024** **June 30, 2024** and December 31, 2023. The interest income from short-term loan receivables is **\$87,449** **\$173,086** and \$0 for the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, respectively, and the Company received **\$6,281** **\$6,245** and \$0 for interest income for the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, respectively.

	Interest Rate	March 31, 2024		December 31, 2023		Interest Rate	June 30, 2024		December 31, 2023	
Hanryu Times	0%	\$ 989,605		\$ 1,033,659		0%	\$ 959,401		\$ 1,033,659	
K-Commerce	0%	75,549		76,586		0%	73,244		76,586	
FANTOO Entertainment	0%	365,764		381,270		0%	354,600		381,270	
LA PRIMERA CAPITAL INVESTMENTS	0%	29,365		30,672		0%	28,469		30,672	
Jacob Asset	4.6%	7,089,770		2,087,578		4.6%	6,873,382		2,087,578	
Ticket Land	4.6%	76,329		79,727		4.6%	73,999		79,727	
AMERIDGE CORPORATION	0.1%	96,129		100,408		0.1%	10,568		100,408	
KD Korea Corporation	5.0%	222,750		—		5.0%	215,952		—	
Total short-term loans		<b>\$ 8,945,261</b>		<b>\$ 3,789,900</b>			<b>\$ 8,589,615</b>		<b>\$ 3,789,900</b>	

For the year ended December 31, 2023, the **company** Company wrote off \$193,889 of short-term loan receivables from PRT Korea since PRT Korea has not paid back it by the maturity **date**, June 13, 2024, and they have not provided any plan for the payment.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 4 — PREPAID EXPENSES AND OTHER RECEIVABLES**

The following table summarizes information with regard to prepaid expenses and other receivables as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Jacob Asset, Co.Ltd	7,536,125	7,755,545		
Jacob Asset, Co., Ltd			7,198,388	7,755,545
Orumplus Design, Co., Ltd	—	25,593	—	25,593
Asia Model Festival Organization Foundation	74,250	77,556	71,984	77,556
Others	16,528	44,341	207,533	44,341
<b>Total prepaid expenses and other receivables</b>	<b>\$ 7,626,903</b>	<b>\$ 7,903,035</b>	<b>\$ 7,477,905</b>	<b>\$ 7,903,035</b>

For the year ended December 31, 2023, the **company** **Company** wrote off \$995,622 of prepaid expenses and other receivables from Top Eng Co., Ltd since they don't make contracted business obligation to the Company more than 1 year and they have not provided the confirmed plan to the Company.

The Company made a contract to purchase the right to buy the land and building located in Busan, Korea in 2023 from Jacob Asset, Co., Ltd and the Company paid \$7,198,388 as the first payment. The Company expect that the title transfer will be done by the end of 2024.

**NOTE 5 — PROPERTY PLANT AND EQUIPMENT**

Property plant and equipment consist of the following:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Vehicles	\$ 91,671	\$ 222,733	\$ 88,872	\$ 222,733
Fixtures	337,339	352,356	327,043	352,356
Equipment	677,286	707,437	656,615	707,437
	1,106,296	1,282,526	1,072,530	1,282,526
Less accumulated depreciation	(672,146)	(653,341)	(704,715)	(653,341)
<b>Property plant and equipment, net</b>	<b>\$ 434,150</b>	<b>\$ 629,185</b>	<b>\$ 367,815</b>	<b>\$ 629,185</b>

Total depreciation expense for the **three six** months ended **March 31, 2024** **June 30, 2024** is **\$113,334** and **December 31, 2023** are **\$59,620** and **\$381,917**, for the six months ended June 30, 2023 was **\$146,763**. Depreciation expense is reflected in operating cost and expenses in the Condensed Consolidated statements of operations.

The Company disposed one of Vehicles with \$86,000 on February 28, 2024, and \$24,577 was recorded as loss on disposal for the **three six** months ended **March 31, 2024** **June 30, 2024**.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 6 — LEASE**

The Company uses approximately 19,200 square feet of office space at the Seoul Marina at no cost. Although no formal lease exists, the Company believes that ASC 842 accounting guidelines apply to determine the fair market value of ten years of free rent as well as recording rent expense on its Statement of Operations. Using the following variables:

Annual lease cost — KRW 300,000,000 Korean Won

10-year present value calculation

Assumed annual rent increase -4.96%

Interest cost -3%

10-year bond rate on Korean Bonds 2.11%

Exchange rate: KRW 1188.5 Korean Won to the US dollar

The Company determined that the present value of ten years of free rent amount to \$2,775,512 which was recorded as a long-term ROU asset as of June 30, 2021. Since there were no liabilities associated with this asset since the Company is receiving free rent, the ROU assets **is are** being amortized at a rate of approximately \$23,000 per month over a ten year term. Since the Company had initially allocated a value of \$2,935,658 to SMC Receivable and the Lien, the Company recorded an impairment of \$158,278 on its Right-of-Use Asset for the year ended December 31, 2021.

As of **March 31, 2024** June 30, 2024 and December 31, 2023, the balances of the Right-of-Use-Asset was \$1,775,941 \$1,662,367 and \$1,918,966, respectively.

Lease cost consists of approximately \$62,085 \$122,234 and \$64,659, \$127,381, for the **three six** months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively. The weighted average remaining lease term in years for operating leases is **7.75** 7.5 years and the weighted average discount rate for operating leases is 3%.

**NOTE 7 — SHORT-TERM LOAN PAYABLES**

The following table summarizes information with regard to short-term loan payables outstanding as of **March 31, 2024** June 30, 2024 and December 31, 2023.

	<b>Interest Rate</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>Interest Rate</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Short-term loan payables from Hyun Joo Kim and others maturing in January 2025	0 %	441,789	—	0 %	428,304	—
Short-term loan payables from Junwoo Choi maturing in August 2024	0 %	185,625	193,889	0 %	179,960	193,889
Short-term loan payables from Kye Sook Kim and others maturing in June 2024	4.6 %	594,000	620,443			
Short-term loan payables from Kye Sook Kim and others maturing in September 2024				4.6 %	560,228	620,443
Short-term loan payables from Byoung Ik Choi maturing in September 2024	0 %	148,500	155,111	0 %	143,968	155,111
Short-term loan payables from Bong Sang Kim and others maturing in September 2024	0 %	222,750	232,666	0 %	215,952	232,666
Short-term loan payables from Se Kyung Kim and others maturing in November 2024	4.6 %	371,250	387,778	4.6 %	359,335	387,778
Short-term loan payables from Seon Chan Kim and others maturing in May 2025				0 %	5,933	—
Total short-term loan payables		\$ 1,963,914	\$ 1,589,887		\$ 1,893,680	\$ 1,589,887

The Company recorded interest expense of \$11,223 \$22,096 and \$2,655 \$2,616 for the **three six** months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively, and the Company paid \$0 and \$2,626 \$2,555 for interest expense for the **three six** months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 8 — SHORT-TERM LOAN PAYABLES FROM RELATED PARTIES**

As of March 31, 2024, and December 31, 2023, there were no outstanding The following table summarizes information with regard to short-term loan payables from related parties. parties outstanding as of June 30, 2024 and December 31, 2023. Aram Ahn and Changhyuk Kang serve as directors of Hanryu Holdings.

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Short-term loan payables from Changhyuk Kang maturing in March and June 2025	15,247	—
Short-term loan payables from Aram Ahn maturing in June 2025	400	—
Total short-term loan payables from related parties	<b>\$ 15,647</b>	<b>\$ —</b>

These loan payables have no interest and financial covenants.

**NOTE 9 — BONDS WITH WARRANTS**

Bonds with warrants were issued by HBC from December 17, 2018 through July 2, 2021, and the terms and conditions of the remaining outstanding bonds with warrants as of March 31, 2024 June 30, 2024 and December 31, 2023 at the time of acquiring bonds and issuance of such bonds are set forth below.

On July 2, 2021, HBC issued bonds with warrants for an aggregate purchase price of \$3,795,867. The bond accrues no annual interest and mature on July 2, 2024. The warrants have an exercise price of \$1.27 and can be exercised at any time after the issuance date, and expire the month preceding the maturity date of the bonds.

The following two tables summarizes information with regard to bonds with warrant outstanding as of March 31, 2024 June 30, 2024 and December 31, 2023.

Amount as of December 31, 2023	\$ 3,489,995	\$ 3,489,995
Translation adjustment	(148,742)	(250,721)
<b>Amount as of March 31, 2024</b>	<b>\$ 3,341,253</b>	
<b>Amount as of June 30, 2024</b>		<b>\$ 3,239,274</b>

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 9 — BONDS WITH WARRANTS (cont.)**

Terms and conditions of bonds with warrants at the inception are as follows:

No.	Issue Date	Maturity	Amount	Nominal Interest Rate	Interest Rate of Return	Issue Date	Maturity	Amount	Nominal Interest Rate	Interest Rate of Return
11	7/2/2021	7/2/2024	\$ 3,341,253	0%	3%	7/2/2021	7/2/2024	\$ 3,239,274	0%	3%
Total			\$ 3,341,253					\$ 3,239,274		

\* Nominal interest rate and interest rate of return are waived by the separate agreements between the Company and the bondholders.

**Warrants**

There are no remaining outstanding warrants as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

**NOTE 10 — FAIR VALUE MEASUREMENTS**

Fair value has been determined on a basis consistent with the requirements of FASB ASC Topic 825, *Financial Instruments*, and the Company adopted on a prospective basis required provisions of FASB ASC Topic 820, *Fair Value Measurement*.

***Financial Items Measured at Fair Value on a Recurring Basis***

The carrying amounts reported in the Condensed Consolidated balance sheet for short-term financial instruments, including cash and cash equivalents, short-term loans, accounts receivable, prepaid expenses, short-term borrowings, accrued expense and other current liabilities due to the short maturities of these instruments.

Assets and liabilities measured at fair value on a recurring basis as of **March 31, 2024** **June 30, 2024** and December 31, 2023 are summarized in the table below.

	March 31, 2024				June 30, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Assets								
Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities								
Bonds with warrants	\$ —	\$ —	\$ 3,341,253	\$ 3,341,253	\$ —	\$ —	\$ 3,239,274	\$ 3,239,274

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 10 — FAIR VALUE MEASUREMENTS (cont.)**

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Investments	\$ —	\$ —	\$ —	\$ —
Liabilities				
Bonds with warrants	\$ —	\$ —	\$ 3,489,995	\$ 3,489,995

**Financial Items Measured at Fair Value on a Nonrecurring Basis**

There are no financial assets or liabilities measured at fair value on a nonrecurring basis as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

**Nonfinancial Items Measured at Fair Value on a Recurring Basis**

There are no nonfinancial assets measured at fair value on a recurring basis as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

**Nonfinancial Items Measured at Fair Value on a Nonrecurring Basis**

The fair value of long-lived assets is measured whenever the carrying value of long-lived asset or asset group is not recoverable on an undiscounted cash flow basis. No impairment is recognized for long-lived assets as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

**NOTE 11 — SIGNIFICANT NON-CASH TRANSACTION**

The **company** **Company** engaged in the following significant non-cash investing and financing activities for the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**.

	March 31, 2024	March 31, 2023	June 30, 2024	June 30, 2023
Offsetting short-term loan payables by exercising warrants to purchase 309,430 common stock	—	(392,976)	—	(392,976)
Total	\$ —	\$ (392,976)	\$ —	\$ (392,976)

For the **three six** months ended **March 31, 2023** **June 30, 2023**, conversion to equity by offsetting short-term loan payables was \$392,976, which reflected 309,430 shares of common stock issued and a decrease of \$392,976 in short-term loan payables.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 12 — SHARE CAPITAL**

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, Hanryu Holdings' total authorized capital stock is 110,000,000 shares, consisting of 100,000,000 shares of Common Stock, par value \$0.001 per share, and 10,000,000 shares of undesignated preferred stock, par value \$0.001 per share.

On January 4, 2023, through March 8, 2023, warrants of \$1,813,120 were exercised with an exercise price of \$1.27 to purchase 1,427,653 shares of Common Stock by cash of \$1,420,144 and debt conversion of \$392,776.

In February and March of 2023, the Company closed two private placements solely to accredited investors (as defined by Rule 501(a) of Regulation D of the Securities Act) pursuant to which the Company sold an aggregate amount of 240,000 shares of common stock for \$10.00 per share, resulting in gross proceeds of \$2,400,000. The purchase price of the common stock purchased in the private placements is subject to adjustment to the price of the common stock sold in the Company's IPO, such that additional common stock shall be issued to the purchasers if the price of common stock sold in the IPO is less than \$10.00 per share, or the purchasers shall return common stock to the Company if the price of the common stock sold in the IPO is greater than \$10.00 per share, in each case resulting in the purchasers purchasing an aggregate amount of \$2,400,000 of Company common stock at the IPO price. The offerings were exempt from registration under Section 4(a)(2) of the Securities Act. The subscription agreements pursuant to which the common stock was sold to accredited investors contain customary representations and warranties of the Company and the investors and customary indemnification rights and obligations of the parties.

On March 24, 2023, warrants of \$8,400 were exercised with an exercise price of \$0.42 to purchase 20,000 shares of Common Stock by cash.

On April 13, 2023, warrants of \$420,000 were exercised with an exercise price of \$0.42 to purchase 1,000,000 shares of Common Stock by cash.

On May 4, 2023, thorough May 8, 2023, warrants of \$3,894,666 were exercised with an exercise price of \$1.27 to purchase 3,066,666 shares of Common stock by cash.

On May 31, 2023, the Company completed a private placement to solely to an accredited investor (as defined by Rule 501(a) of Regulation D of the Securities Act) pursuant to which the Company sold an aggregate amount of 760,000 shares of common stock for \$10.00 per share, resulting in gross proceeds of \$7,600,000.

On July 31 2023, the Company consummated its initial public offering (the "IPO") of 877,328 shares of Comon stock at a public offering price of \$10.00 per share, generating gross proceeds of \$8,773,280. Net proceeds from the IPO was approximately \$7.7 million after deducting underwriting discounts and commissions and other offering expenses of approximately \$1.1 million.

The Company also granted the underwriters a 45-day option to purchase up to 131,599 additional shares (equal to 15% of the shares of Common stock sold in the IPO) to cover over-allotments, if any, which the underwriters did not exercise. In addition, the Company issued to the representative of the underwriters warrants to purchase a number of shares of Common stock equal to 5.0% of the aggregate number of Common stocks sold in the IPO (including shares of Common stock sold upon exercise of the over-allotment option). The representative's warrants will be exercisable at any time and from time to time, in whole or in part, during the four-and-½-year period commencing six months from the date of commencement of the sales of the shares of Common stock in connection with the IPO, at an initial exercise price per share of \$10.00 (equal to 125% of the initial public offering price per share of **class A** common stock). No representative's warrants have been **exercised**, **exercised as of June 30, 2024**.

As a result of the IPO, the total number of issued and outstanding shares of Common Stock issued increased from 45,416,942 to 52,808,589. Each holder of Common Stock is entitled to one vote for each share of Common Stock held at all meetings of stockholders.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

NOTE 13 — COMMITMENTS AND CONTINGENCIES

**Other Leases**

On September 14, 2022, the Company entered into a one-year lease agreement which **expired on term** was subsequently **extended to** September 14, 2023. And the Company expand its lease term to September 14, 2024. Upon entering into the lease, the Company paid a deposit, which is recorded as Other Assets in the Condensed Consolidated balance sheet in the amount of **\$111,375** **\$107,976** as of **March 31, 2024** **June 30, 2024** and \$116,333 as of December 31, 2023.

The Company has a lease agreement for a vehicle which was initially made on September 16, 2021, and matures on September 21, 2025. The deposit paid on the beginning date of the lease agreement is recorded as other asset in the Condensed Consolidated balance sheet in the amount of \$116,279 as of December 31, 2022. On December 28, 2023, the Company terminated the lease agreement **earlier than prior the original contract, and end of the term, as a result of which** the deposit amount of \$64,725 was returned to the Company and the remaining of \$51,554 was paid as the penalties.

Expenses related to these leases totaled approximately **\$24,088** **\$76,547** and **\$24,695** **\$72,849** for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023**, **June 30, 2023**, respectively.

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 13 — COMMITMENTS AND CONTINGENCIES (cont.)**  
*Legal Matters*

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect on the Condensed Consolidated financial position or results of operations of the Company. For the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, the Company two suspended legal cases as follows, and as of ~~September 30, 2024~~ October 15, 2024, the result of the two cases are not certain.

<b>Case Number</b>	<b>Opponent</b>	<b>Case Summary</b>	<b>Litigation Value</b>	<b>Opponent</b>	<b>Case Summary</b>	<b>Litigation Value</b>
Seoul South Federal Court ; 2023GADAN218067		Building Delivery		Seoul Yacht Marina, Co.Ltd, and another		\$ 85,686
	Seoul Yacht Marina, Co.Ltd, and another		\$ 85,686	Seoul Yacht Marina, Co., Ltd, and another		\$ 85,686
Seoul South Federal Court ; 2024GASO214189		Compensation for damages		Seoul Yacht Marina, Co.Ltd		\$ 10,644
	Seoul Yacht Marina, Co.Ltd		\$ 10,644	Seoul Yacht Marina, Co., Ltd	Compensation for damages	\$ 10,644

**NOTE 14 — RELATED PARTY TRANSACTIONS**

The Company is affiliated with several individuals that have common ownership, and transacts a portion of its business with related parties. There are no remaining outstanding related party transactions as

**Short-Term Loan Payables**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Changhyuk Kang maturing in March and June 2025	\$ 15,247	\$ —
Aram Ahn maturing in June 2025	400	—
<b>Total</b>	<b>15,647</b>	<b>—</b>

**Changhyuk Kang**

On April 1, 2024, the Company and Changhyuk Kang, the director of ~~March 31, 2024~~ the Company, entered into an interest-free, short-term borrowing agreement with a principal amount of \$15,000, which matures on March 31, 2025.

On June 4, 2024, the Company and ~~December 31, 2023~~ Changhyuk Kang, the director of the Company, entered into an interest-free, short-term borrowing agreement with a principal amount of \$247, which matures on June 3, 2025.

The following table shows Changhyuk Kang's loan payables balance in detail:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Loan payables maturing in March 31, 2025	\$ 15,000	\$ —
Loan payables maturing in June 3, 2025	247	—
<b>Total</b>	<b>15,247</b>	<b>—</b>

**Aram Ahn**

On June 4, 2024, the Company and Aram Ahn, the director of the Company, entered into an interest-free, short-term borrowing agreement with a principal amount of \$400, which matures on June 25, 2025. The Company received the amount of \$400 in cash.

The following table shows Aram Ahn's loan payables balance in detail:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Loan payables maturing in June 25, 2025	400	—
<b>Total</b>	<b>400</b>	<b>—</b>

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 15 — DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS**

HBC sold owned whole shares of Hanryu Times with \$153,265, Fanto Entertainment with \$76,604, and K-Commerce with \$229,813 on December 28, 2023. The **company** **Company** would not consolidate the three companies' financials from that time, and the business from the three companies by that time became the discontinued operations of the Company. By selling shares, the Company didn't recognize any loss on sale of investments, but the Company recorded \$3,390,323 as Gain on disposal of subsidiary. On December 28, 2023, the Company calculated a gain regarding the divestiture of subsidiaries as follows:

	<b>As of December 28, 2023</b>
Considerations	\$ 459,682
The carrying amount of any noncontrolling interest	236,166
Net liabilities	(2,694,475)
Gain on disposal of subsidiaries	\$ 3,390,323

The financials of the three companies for the years ended December 31, 2023 are as follows.

	<b>December 31, 2023</b>	<b>December 31, 2023</b>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 62,216	\$ 62,216
Short-term loans	1,996	1,996
Accounts receivable, net of allowance	7,756	7,756
Non-trade receivables	2,863	2,863
Prepaid expenses and other receivables	33,850	33,850
<b>PROPERTY PLANT AND EQUIPMENT, NET</b>	<u>98,682</u>	<u>98,682</u>
Total Assets	<u><u>\$ 160,898</u></u>	<u><u>\$ 160,898</u></u>
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings	\$ 2,855,373	\$ 2,855,373
Account Payable	1,527,104	1,527,104
Non-trade accounts payable	369,266	369,266
Accrued expenses and other current liabilities	941,968	941,968
Total Liabilities	<u><u>\$ 2,855,373</u></u>	<u><u>\$ 2,855,373</u></u>
<b>Total Stockholder's Equity (Deficiency)</b>	<b>\$ (2,694,475)</b>	
<b>Total Stockholder's Equity (Deficiency)</b>		<b>\$ (2,694,475)</b>
<b>Sales</b>		<b>December 31, 2023</b>
Cost of Revenue		33,323
Gross profit (Loss)	<u><u>\$ 22,817</u></u>	10,506
<b>OPERATING EXPENSES:</b>		
<b>OPERATING LOSS</b>		<u><u>1,235,907</u></u>
<b>OTHER INCOME(EXPENSE):</b>		<u><u>(1,213,090)</u></u>
Net loss before taxes		(2,562)
Income tax expense		—
<b>NET INCOME(LOSS)</b>	<b><u><u>\$ (1,215,652)</u></u></b>	

**HANRYU HOLDINGS, INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 16 — SUBSEQUENT EVENTS**

The Company has evaluated subsequent events that occurred subsequent to December 31, 2023 through **September 30, 2024** **October 15, 2024** at which the Condensed Consolidated financial statements were prepared.

**Among the short-term loan payables from Kye Sook Kim and others of (\$577,865) originally maturing in June 2024, the Company made the repayment of \$16,135 on April 1, 2024, and the maturity of the remaining amount (\$577,865) is extended to June 2025, *Bonds with Warrants***

The Company is in discussion with the holders to convert Bond with warrants (\$3,341,253) maturing in the aggregate amount of \$3,341,253 that matured on July 2, 2024 **into equity**.

**Noncompliance with Minimum Bid Price Requirement**

On August 6, 2024, the Company received written notice from the Listing Qualifications Department of The Nasdaq Stock Market ("Nasdaq") that the Company had been granted an additional 180 calendar days, or until February 3, 2025, to regain compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5450(a)(1), requiring a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement"), based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and the Company's written notice of its intention to cure the deficiency by effecting a reverse stock split, if necessary, during the second compliance period.

As previously disclosed by the **agreement** Company in a Current Report on Form 8-K filed on February 12, 2024, the Company received a notification letter from the Staff notifying the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for 30 consecutive business days, the Company no longer met the Minimum Bid Price Requirement.

The Company intends to monitor the closing bid price of its common stock between now and February 3, 2025 and consider its available options to resolve the deficiency and regain compliance with **warrants holder** the Minimum Bid Price Requirement. There can be no assurance that the Company will be able to regain compliance with The Nasdaq Capital Market's continued listing requirements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our **unaudited** condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our **Annual Report** on Form 10-K for the year ending December 31, 2023. As discussed in the section titled "Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" in our **Annual Report** on Form **10-K/A 10-K** for the year ending December 31, 2023.

### Overview

Hanryu Holdings, Inc., a Delaware corporation ("Hanryu Holdings"), along with our wholly owned operating subsidiaries, Hanryu Bank Co., Ltd. ("HBC"), FNS Co., Ltd. ("FNS"), and Marine Island Co., Ltd. ("Marine Island")**a**, and majority owned subsidiary, K-Commerce Co., Ltd. ("K-Commerce"), all incorporated under the laws of the Republic of Korea (collectively, the "Company", "we", "us", or "our"), is the creator of the engaging and innovative social media platform, "FANTOO". FANTOO connects users around the world that share similar interests by providing distinctive service offerings, technologies, applications, and websites. Through FANTOO, we provide a global multi-media platform for our users to interact with other like-minded users, to share their appreciation of various types of entertainment and cultures, create their own content, enjoy other users' content, engage in commerce, and experience a "fandom" community unlike any other.

Although we anticipate expanding into additional entertainment genres, currently, the majority of FANTOO's users are enthusiasts of Korean culture ("K-Culture"), also known as the "Korean Wave." The growing popularity of the Korean Wave has historically been driven by social networking services and online video sharing platforms. Through these channels, the dispersion and exportation of Korean arts, music and entertainment has grown rapidly from a regional influence into a global appreciation of South Korean culture. The expansion of the Korean Wave into a global phenomenon provides a significant opportunity to unite fans across the globe within the FANTOO platform. We aim to become a leading global platform for fans who are passionate about the Korean Wave, eventually expanding into other areas of fandom. Since the FANTOO platform launch in May 2021, its user base has exceeded 27 million users.

We differentiate ourselves from potential competition through the power of a fully-integrated platform, and established partnerships with leaders in the K-Culture entertainment industry within South Korea. Our core strategy is to pursue initiatives that promote the viral growth of our user base, and in doing so, drive advertising revenue, user-generated revenue, and create other new revenue streams.

### **Going Concern**

We have experienced recurring losses from operations and have a stockholders' equity and working capital of \$10,566,638 and \$8,199,643 as of June 30, 2024, respectively, and \$13,068,465 and \$10,140,579 as of December 31, 2023, respectively. Also, we have incurred operating losses of \$1,738,599 and \$5,592,847 for the six months ended June 30, 2024 and June 30, 2023, respectively. These uncertainties raise substantial doubt about our ability to continue as a going concern for twelve (12) months after the issuance date of our financial statements included in this Form 10-Q.

Our future operations are dependent upon multiple factors, including (i) the success of our FANTOO platform business; (ii) competition from existing and future services from other companies; and (iii) securing new sources of capital to fund operations and develop markets. We will maintain an ongoing effort to improve and innovate FANTOO platform business to generate funds for our operations. For instance, we recently opened FANTOO House, in Seoul, a complex entertainment space for content video production, studio, music broadcasting, and rental (lease). At FANTOO platform, we plan to launch (i) Epic branded ecommerce platform expected to generate additional income, and (ii) dedicated video production operations designed to create short episodic content that focuses on K-POP fandom. In addition, we maintain an ongoing effort to raise funds for our operations from current investors and new sources of capital through the issuance of additional common stock and/or short-term notes. However, there can be no assurance as to the outcome of these factors or that future funding efforts will generate sufficient capital to maintain our operations. As a result, the Company has concluded that management's plans do not alleviate substantial doubt about the Company's ability to continue as a going concern.

#### Our Business Model and Growth Strategies

We focus on providing user-centric services to provide a single platform that can address and satisfy all the needs of fans within that platform. FANTOO will enrich users' fandom experience by providing an all-in-one platform for fandom content, including news, popular culture, discussions, live shows, fan creativity. FANTOO is currently available in 17 languages, with real-time translation services. These real time translation services enable our users to communicate with each other across the globe without language barriers. For languages that are not available for real-time translation, the FANTOO platform provides a solution through the use of translation matching services among users. Through the translation matching services, the FANTOO platform ensures that content is accurately translated and available to a greater number of global fans in their own languages. The FANTOO platform further allows users to freely create and monetize their own content and enables fast and secure user-to-user sales on the FANTOO platform.

We intend to create value for our shareholders through developing multiple revenue streams, including (1) direct sales revenue, driven by advertisement, content and commerce sales; and (2) revenue derived from collecting a percentage of user-to-user sales of emojis, online stickers, web novels, webtoons, translation matching, and other user-to-user transactions.

In the long term, we expect the majority of our revenue will be generated from commissions from user-to-user transactions. Deriving revenue from user-to-user transactions gives our platform an advantage over other existing platforms that primarily rely on advertisement sales. We recognize both the creative power and purchasing power of our users and fans in general, and as such, we designed our platform to maximize the economic effects of FANTOO users. Since May 2021, 2022, we have experienced a significant growth in the number of FANTOO users.

Due to the surge in popularity of **Korean culture ("K-Culture")**, we believe that we have great potential to continue growing our user base, while maintaining a high percentage of Monthly Active Users ("MAUs"). According to the Korea Foundation and Korean Ministry of Foreign Affairs, in 2021, Korean culture had 156.6 million fans in 116 countries, and generated approximately \$21.5 billion in global revenue in 2019. Furthermore, K-Culture was ranked as the seventh most influential global culture in 2021, and contributed over \$10 billion in exports in 2020, as reported by the Korean Foundation for International Cultural Exchange. The global purchasing power of K-Culture was at \$124.3 billion in 2020, based on the 2021 report by the Organization for Economic Cooperation and Development.

## Financial Overview

### Components of Results of Operations

#### Revenue

We anticipate that our primary source of revenue will be generated from FANTOO platform operations. Additionally, we have generated limited revenue from the Company's other subsidiaries' operations, such as revenue from marketing services, retail sales, and content sales. We started generating revenue from FANTOO business, and we anticipate earning more steady revenue from the Company's other businesses by the end of 2024.

We expect that our primary sources of revenue on the FANTOO platform will be derived from (i) direct sales and (ii) commissions from user-to-user sales.

Revenue from FANTOO business. We expect that our primary sources of revenue on the FANTOO platform will be derived from (i) direct sales and (ii) commissions from user-to-user sales. We started generating revenue from FANTOO platform.

(i) Direct Sales. From 2023, we began generating direct sales revenue through: (i) original content sales, such as FANTOO produced web series that can be purchased by users on our platform or licensed to distributors; (ii) e-commerce goods through FANTOO's Fanshop, which sells items such as the latest fandom goods and upcoming concert tickets; and (iii) advertising sales, including banner placements, splash advertising, pop-up advertisements within the platform, in-platform promotions, and branded content productions. For advertising sales, we act as an agent in arranging third-party promotions to our users. Our business model provides for the distribution of a percentage of our advertising revenue to FANTOO users in the form of FP as incentives for certain activities within the FANTOO platform. Users can then spend FP within the FANTOO platform to purchase goods and/or services, either directly from us or from other users.

(ii) User-to-User Commissions. We intend to generate commissions on user-to-user transactions when FANTOO users sell their own products, content, and services to other users. Users can sell: (i) items they have created or produced such as emojis, online stickers, web novels, and webtoons; and (ii) tangible goods or other non-FANTOO platform based fandom items, such as concert tickets. For each sale by a user of content and non-tangible goods, we intend to collect a percentage of the gross purchase price. For sales of tangible goods and non-FANTOO platform based fandom goods, transactions are processed through a secure escrow account, for which we will receive a commission based upon the aggregate purchase price of the transaction.

Revenue from Retail Sales. Revenue from retail sales which offers include a wide variety of products for purchase. Although we have generated limited revenue from such services in the past, we anticipate earning more steady revenue from this business model by in 2024.

Revenue from Marketing Services. Revenue from marketing services provided by the Company's other subsidiaries such as Hanryu Bank, which will include activities such as creating and distributing flyers, hosting events and giveaways, producing advertisement videos, and more. Although we have generated limited revenue from such services in the past, we anticipate earning more steady revenue from this business model by the end of 2024.

Revenue from News Agency. Revenue from news agency content sales, which provides news articles and original content to other third-party media outlets. Although we have generated a de minimis amount of revenue from such services in the past, we anticipate earning more steady revenue from this business model by the end of 2024.

As we continue to diversify our product and service offerings, we anticipate additional revenue streams, including the following:

Revenue from Entertainment Agency. Our entertainment agency business will is expected to assist influencers in growing their influence base both within and outside of the FANTOO platform. As each influencer's status grows, we expect to monetize their influencer status through entering into advertisement agreements or performance-based contracts. We anticipate earning revenue from this business model by the end of 2024.

While we anticipate generating revenue from sales of our entertainment agency business by the end of the year ended December 31, 2024, no assurances can be given that we will successfully launch such affiliated businesses, and if so, whether such businesses will be successful.

#### Cost of Revenue

Cost of revenue consists primarily of service costs, hosting costs, and production costs such as advertising costs, down payments, and royalty payments to artists under entertainment contracts for original FANTOO platform content, such as web series and concerts. We expect that cost of revenue will increase proportionately with the growth of the user base for the FANTOO platform.

#### *Sales, Marketing and Advertising Expense*

Sales and marketing expense consists of compensation and commission costs of the sales and related support teams, as well as travel, trade show, and other marketing related costs. Advertising costs are expensed to operations when incurred. Expense also includes the cost of creating and implementing marketing strategies, conducting market research, and producing advertisements. Those expenses are recognized as incurred based on the accrual basis of accounting. We expect that sales, advertising, and marketing expense will increase on a proportionate basis with user-growth, and will vary from period-to-period as a percentage of revenue for the foreseeable future. This variation is due to our plans to continue to invest in marketing in order to grow both sales and our user-base by way of increasing brand awareness. The trend and timing of our marketing costs will depend in part on the timing of marketing campaigns.

#### *Research and Development Expense*

Research and development expense includes costs to maintain and develop the FANTOO platform. Costs incurred for research and product development are expensed as incurred and include salaries, taxes and benefits, contracting, and travel expense related to research and development.

#### *General and Administrative Expense*

General and administrative expense consists primarily of personnel-related costs, including salaries and benefits, non-cash stock compensation expense, equipment expense, office and facilities costs, legal, accounting and other professional fees, public relations costs and other corporate and administrative costs.

#### Results of Operations

Three and Six months Ended **March 31, 2024** June 30, 2024 Compared to three and six months ended **March 31, 2023** June 30, 2023

The following table sets forth a summary of our statements of operations for the **three** **six** months ended **March 31, 2024** June 30, 2024 and 2023:

	<i>Three months ended</i>				<i>Six months ended</i>			
	<i>March 31,</i>		<i>Increase / (Decrease)</i>		<i>June 30,</i>		<i>Increase / (Decrease)</i>	
	<i>2024</i>	<i>2023</i>	<i>\$</i>	<i>%</i>	<i>2024</i>	<i>2023</i>	<i>\$</i>	<i>%</i>
<b>Revenue</b>	\$ 185	\$ 223	\$ (38)	(17)%	\$ 198	\$ 265,769	\$ (265,571)	(100)%
<b>Cost of Revenue</b>	-	-	-	-	-	69,145	(69,145)	(100)%
<b>Gross Profit</b>	185	223	(38)	(17)%	198	196,624	(196,426)	(100)%
<b>Operating Expense</b>								
Marketing and advertising expense	3,500	289,473	\$ (285,973)	(99)%	3,446	832,755	\$ (829,309)	(100)%
Research and Development	-	71,732	\$ (71,732)	(100)%	-	231,743	\$ (231,743)	(100)%
General and administrative expense	1,094,686	2,445,475	\$ (1,350,789)	(55)%	1,735,311	4,724,973	\$ (2,989,662)	(63)%
Total operating expense	1,098,186	2,806,680	\$ (1,708,494)	(61)%	1,738,757	5,789,471	\$ (4,050,714)	(70)%
<b>Total Other Income (Expense)</b>	50,930	(16,802)	\$ 67,732	403%	129,588	(18,071)	\$ 147,659	(817)%
<b>Net Loss</b>	\$ (1,047,071)	\$ (3,067,331)	\$ 2,020,260	(66)%	\$ (1,608,971)	\$ (6,059,252)	\$ 4,450,281	(73)%

	Three months ended March 31,				Three months ended June 30,		Increase / (Decrease)	
	(as a percentage of revenues)				2024		2023	
	2024	2023	2024	2023	\$	%	\$	%
<b>Revenue</b>	100 %	100 %	\$ 13	\$ 265,546	\$ (265,533)	(100) %		
<b>Cost of Revenue</b>	0 %	0 %	\$ -	\$ 69,145	\$ (69,145)	(100) %		
<b>Gross Profit</b>	100 %	100 %	\$ 13	\$ 196,401	\$ (196,388)	(100) %		
 <b>Operating Expense</b>								
Marketing and advertising expense	1,892 %	129,809 %	\$ (54)	\$ 543,282	\$ (543,336)	(100) %		
Research and Development	0 %	32,167 %	\$ -	\$ 160,011	\$ (160,011)	(100) %		
General and administrative expense	591,722 %	1,096,626 %	\$ 640,625	\$ 2,027,949	\$ (1,638,873)	(72) %		
Total operating expense	593,614 %	1,258,601 %	\$ 640,571	\$ 2,982,791	\$ (2,342,220,)	(79) %		
 <b>Total Other Income (Expense)</b>	27,530 %	(7,535) %	\$ 78,658	\$ (1,269)	79,927	6,298 %		
 <b>Net Loss</b>	(565,984) %	(1,375,485) %	\$ (561,900)	\$ (2,991,921)	\$ 2,430,021	81 %		
Six months ended June 30, (as a percentage of revenues)				Three months ended June 30 (as a percentage of revenues)				
2024	2023	2024	2023	2024	2023	2024	2023	
<b>Revenue</b>	100 %	100 %	100 %	100 %	100 %	100 %	100 %	
<b>Cost of Revenue</b>	- %	26 %	- %	26 %	- %	26 %	26 %	
<b>Gross Profit</b>	100 %	74 %	100 %	74 %	100 %	74 %	74 %	
 <b>Operating Expense</b>								
Marketing and advertising expense	1,740 %	313 %	(418) %	(418) %	(418) %	(418) %	205 %	
Research and Development	- %	87 %	- %	87 %	- %	87 %	60 %	
General and administrative expense	876,420 %	1,778 %	4,927,501 %	4,927,501 %	4,927,501 %	4,927,501 %	858 %	
Total operating expense	878,610 %	2,178 %	4,927,469 %	4,927,469 %	4,927,469 %	4,927,469 %	1,123 %	
 <b>Total Other Income (Expense)</b>	65,448 %	(7) %	605,062 %	605,062 %	605,062 %	605,062 %	0 %	
 <b>Net Loss</b>	(812,612) %	(2,280) %	(4,322,308) %	(4,322,308) %	(4,322,308) %	(4,322,308) %	(1,127) %	
<b>Revenues</b>								

We have generated revenue from the FANTOO platform, and we have started to generate contents sales through FNS and other platforms, including third party news agencies and YouTube. While the FANTOO platform itself has not yet generated the meaningful revenue, enough, we began implementing our business plan and commenced distributing content to build up and raise brand awareness. Revenue for the three six months ended March 31, 2024 June 30, 2024 was \$185, \$198t, as compared to revenue of \$223 \$265,546 for the three six months ended March 31, 2023 June 30, 2023. This decrease of \$38 \$265,533 was due to \$38 \$193,717 in advertising and content sales through FANTOO platform and FNS. FNS and \$71,816 in product sales thorough Hanryu Bank and FNS in the period ended June 30, 2023 compared to no such sales in the corresponding period in 2024. The substantial decrease in revenue is principally attributable by the restructuring of the FANTOO platform and the strategic decision of the management.

#### Cost of Revenues

Cost of revenue for three six months ended March 31, 2024 June 30, 2024 and 2023 was \$0, respectively since there are no direct and \$69,145, respectively. The substantial decrease in cost of revenues related revenue is principally due to the revenues. Substantial decrease in revenue reported during the six-month period ending June 30, 2024, compared to the corresponding period in 2023.

## Operating Expense

### Marketing and Advertising

Marketing and advertising expense for the **three** six months ended **March 31, 2024** **June 30, 2024** was **\$3,500**, **\$3,446**, as compared to **\$289,973**, **\$832,755** for the **three** six months ended **March 31, 2023** **June 30, 2023**. The decrease is due to the restructuring of the FANTOO platform and the strategic decision of the management to improve FANTOO platform to efficiently reach the targeted users.

### Research and Development

Research and development expense for the **three** six months ended **March 31, 2024** **June 30, 2024** was \$0, as compared to **\$71,732**, **\$231,743** for the **three** six months ended **March 31, 2023** **June 30, 2023**. The decrease in research and development expense is primarily due to the restructuring of the FANTOO platform and the strategic decision of the management.

### General and Administrative

General and administrative expense for the **three** six months ended **March 31, 2024** decreased **\$1,350,789** or **55%**, **June 30, 2024** was **\$1,735,311** as compared to **\$4,724,973** for the **three** six months ended **March 31, 2023** **June 30, 2023**. The decrease of **\$2,989,662** was primarily due to a decrease in commissions and consulting costs of **\$591,944**, **\$853,773**, a decrease in labor related costs of **\$495,424**, **\$1,274,566**, and a decrease in travel expense of **\$372,287**, **\$679,686**. The substantial decrease in general and administrative expense is principally attributable to the decrease in consulting costs, labor related costs and **Travel** **travel** expense by the restructuring of the FANTOO platform and the strategic decision of the management.

## Other income (expense)

Other income (expense) for the **three** six months ended **March 31, 2024** **June 30, 2024** was **\$50,930**, **\$129,588** an increase of **\$67,732**, or **403%**, **\$147,659** as compared to the **three** six months ended **March 31, 2023** **June 30, 2023**, which was primarily driven by **\$76,313**, **\$173,086** of the interest income.

## Liquidity and **Going Concern** Capital Resources

We have a history of operating losses and negative cash flow in operating activities. We have incurred recurring net losses, including net losses from operations before income taxes of **\$1,047,071**, **\$1,608,971** and **\$2,823,259**, **\$6,059,252** for the **three** six months ended **March 31, 2024** **June 30, 2024** and 2023, respectively. We used **\$402,054**, **\$490,256** and **\$3,958,869** of **\$13,683,164** of cash for operating activities for the **three** six months ended **March 31, 2024** **June 30, 2024** and 2023, respectively.

As of June 30, 2024, we had cash and cash equivalents of approximately \$946. Based on our available cash resources and current operating plan, there is substantial doubt regarding the Company's ability to continue as a going concern for a period of one year after the date that its financial statements for the six months ended June 30, 2024 are issued. The Company's existing capital resources, including the net proceeds from its IPO will not be sufficient to enable it to continue its operation as planned. The Company will need to raise substantial additional funds in the future in order to continue its operations. Our cash needs will depend on numerous factors, including our revenues, completion of our product development activities, customer and market acceptance of our product, platform, and our ability to reduce and control costs.

We expect to **devote** **continue** to incur substantial expenditures in the foreseeable future for the development of our technologies and platform infrastructure. We will require additional financing to further develop and market our platform business, and otherwise execute our business plan. Our current financial condition raises substantial doubt about our ability to continue as a going concern. Our failure to raise capital resources as and when needed would have a material adverse impact on our financial condition, our ability to **among other things**, **fund operations** **meet our obligations**, and **continue development plans**, **our ability to pursue our business strategies**.

In July 2023, we consummated our IPO of 877,328 shares of its common stock at a public offering price of \$10.00 **per** **per** share, generating gross proceeds of \$8,773,280. Net proceeds from the IPO were approximately \$7.7 million after deducting underwriting discounts and commissions and other offering expenses of approximately \$1.1 million.

To support our existing and planned business model, we need to raise additional capital to fund our future operations. We have not experienced any difficulty in raising funds through loans and have not experienced any liquidity problems in settling payables in the normal course of business and repaying loans when they fall due. Successful renewal of our loans, however, is subject to numerous risks and uncertainties. In addition, the increasingly competitive industry conditions under which we operate may negatively impact our results of operations and cash flows. Additional debt financing is anticipated to fund our operations in the near future. However, there are no current agreements or understandings with regard to the form, time or amount of such financing and there is no assurance that any of this financing can be obtained **or** **if** **at** **all**. As a result, the Company has concluded that **we can** **management's** **plans** **do not** **alleviate** substantial doubt about the Company's ability to continue as a going concern.

We may seek to raise capital through equity offerings or debt financings, which may include collaboration agreements, or other arrangements with other companies, or through other sources of financing. Adequate additional funding may not be available to us on acceptable terms or at all. Our failure to raise capital as and when needed could have a negative impact on our consolidated financial condition and our ability to pursue our business strategies.

## Summary of Cash Flows

The following table summarizes changes in cash for the **three six** months ended **March 31, 2024** **June 30, 2024** and 2023:

	2024	2023	2024	2023
<b>Statement of Cash Flow Data:</b>				
Net cash used in operating activities	\$ (402,054)	\$ (3,958,869)	\$ (490,256)	\$ (5,899,791)
Net cash (used in) provided by investing activities	(5,289,272)	653,290	(5,120,370)	375,203
Net cash provided by financing activities	432,835	3,630,331	426,684	15,827,546

### *Cash Flows from Operating Activities.*

Net cash used in operating activities for the **three six** months ended **March 31, 2024** **June 30, 2024** was **\$402,054**, **\$490,256**, which primarily reflected our net loss of **\$1,047,071**, **\$1,608,971**, net of adjustments to reconcile net loss to net cash provided by operating activities of **\$646,017** **\$1,118,715** which included a depreciation charge of **\$59,620**, **\$113,334**. Changes in working capital primarily reflected increases in receivables and the settlement of payables in the ordinary course. Net cash used in operating activities for the **three six** months ended **March 31, 2023** **June 30, 2023** was **\$3,958,869**, **\$5,899,791** which primarily reflected our net loss of **\$2,823,259**, **\$5,610,918**, net of adjustments to reconcile net loss to net cash provided by operating activities of **\$1,135,619**, **\$288,873**, which included a depreciation charge of **\$62,363**, **\$146,763**. Changes in working capital primarily reflected increases in receivables and the settlement of payables in the ordinary course.

### *Cash Flows from Investing Activities.*

Our net cash **provided** used in **by** investing activities was **\$5,288,926**, **\$5,120,370** for the **three six** months ended **March 31, 2024** **June 30, 2024**, representing a decrease of **\$5,942,216**, or **909.58%**, **\$5,495,573**, as compared to **\$653,290**, **\$375,203** of cash used in **provided** by investing activities for the **three six** months ended **March 31, 2023** **June 30, 2023**. This decrease was driven by a **\$5,430,389**, **\$5,345,684** decrease in payment for the short term loan receivables.

### *Cash Flows from Financing Activities.*

Our net cash provided by financing activities was **\$432,835**, **\$426,684** for the **three six** months ended **March 31, 2024** **June 30, 2024**, consisting of a **\$432,835**, **\$440,904** net increase of proceeds from short-term loan payables. Our net cash provided by financing activities was **\$3,630,331**, **\$15,827,546** for the **three six** months ended **March 31, 2023** **June 30, 2023**, consisting of a **\$71,151**, **\$763,505** net decrease in cash payment of short-term loan receivables from related parties, a **\$1,428,543**, **\$5,743,209** increase in cash proceeds from exercising warrants, a **\$2,400,000**, **\$10,000,000** increase in cash proceeds from issuance of common stock.

### *Convertible Debt.*

As of **March 31, 2024** **June 30, 2024**, the remaining outstanding principal amount of bonds with warrants was approximately **\$3,341,253**, **\$3,239,274**. There was no issuance of bonds with warrants for the **three six** months ended **March 31, 2024** **June 30, 2024**. A **\$148,742**, **\$250,721** decrease in bonds with warrants compared to the balance of **\$3,489,995** as of **December 31, 2023** **December 31, 2023** was due to currency translation adjustment.

#### Contractual Obligations

We As of June 30, 2024, there have been no material changes to our contractual obligations as of March 31, 2024.

On September 14, 2022, the Company entered into a one-year lease agreement which expired on September 14, 2023. And the Company expand its lease term to September 14, 2024. Upon entering into the lease, the Company paid a deposit, which is recorded as Other Assets in the consolidated balance sheet in the amount of \$111,375 as of March 31, 2024, and \$116,333 as of December 31, 2023.

The Company has a lease agreement for a vehicle which was initially made on September 16, 2021, and matures on September 21, 2025. The deposit paid on the beginning date of the lease agreement is recorded as other asset in the consolidated balance sheet in the amount of \$116,279 as of December 31, 2022. On December 28, 2023, the Company terminated the lease agreement earlier than the original contract, and the deposit amount of \$64,725 was returned to the Company and the remaining of \$51,554 was paid as the penalties.

Expenses related to these leases totaled approximately \$24,088 and \$24,695 for the three month ended March 31, 2024 and March 31, 2023.

#### Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our financial statements included elsewhere in this prospectus. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

#### Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency and credit.

##### Foreign Currency Risk

We have accounts on our foreign subsidiaries' ledgers, which are maintained in the respective subsidiary's local currency and translated into USD for reporting of our condensed consolidated financial statements. As a result, we are exposed to fluctuations in the exchange rates of various currencies against the USD and other currencies, including KRW.

##### Transactional

We generate the majority of our revenue from customers within Korea. Typically, we aim commitments compared to align costs with revenue denominated in the same currency, but we are not always able to do so. As a result of the geographic spread of our operations and due to our reliance those disclosed on certain products and services priced in currencies other than KRW, our business, results of operations, and financial condition have been and will continue to be impacted by the volatility of the KRW against foreign currencies.

#### Translational

Our functional currency and reporting currency is the USD. The local and functional currency for our Korean subsidiaries, Hanryu Bank, FSN, and Marine Island, which are our primary operating subsidiaries, is the KRW. Assets and liabilities of each subsidiary are translated into USD at the exchange rate in effect at the end of each period. Revenue and expenses for these subsidiaries are translated into USD using average rates that approximate those in effect during the period. Consequently, increases or decreases in the value of the USD affect the value of these items with respect to the non-USD-denominated businesses in the condensed consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger USD will reduce the reported results of operations of non-USD-denominated businesses and conversely a weaker USD will increase the reported results of operations of non-USD-denominated businesses. An assumed hypothetical 10% adverse change in average exchange rates used to translate foreign currencies to USD would have resulted in a decline in total net revenues of \$72,197 and a change in net loss of \$744,726 for the year ended December 31, 2023. An assumed hypothetical 10% adverse change in average exchange rates used to translate foreign currencies to USD would have resulted in a decline in total net revenues of \$21 and a change in net loss of \$256,660 for the three months ended March 31, 2024.

At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency risk. It is difficult to predict the impact hedging activities would have on our results of operations.

#### Credit Risk

Our cash and cash equivalents, deposits, and loans with banks and financial institutions are potentially subject to concentration of credit risk. We place cash and cash equivalents with financial institutions that management believes are of high credit quality. The degree of credit risk will vary based on many factors including the duration of the transaction and the contractual terms of the agreement. As appropriate, management evaluates and approves credit standards and oversees the credit risk management function related to investments. Form 10-K.

#### Critical Accounting Policies and Estimates

This discussion and analysis of financial condition and results of operation is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions judgments that affect the reported amounts of assets and liabilities and the disclosure disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The Company's these estimates under different assumptions or conditions. For further information on our significant estimates and assumptions include accounting policies, refer to our Annual Report on Form 10-K for the fair value of year ended December 31, 2023, filed with the Company's common stock, stock-based compensation, the recoverability and useful lives of long-lived assets, and the valuation allowance relating to the Company's deferred tax assets. SEC on July 16, 2024.

#### Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") We have determined that all other issued, Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740) Improvements but not yet effective accounting pronouncements are inapplicable or insignificant to Income Tax Disclosures*.ASU 2023-09 will improve the transparency us and decision usefulness of income tax disclosures once adopted are not expected to better assess how operations and related tax risks affect tax rates and future cash flows on an interim and annual basis. It will be effective for us on May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on have a retrospective basis. We are currently evaluating the impacts of the standard material impact on our financial statements and disclosures. position. Refer to Note 2, *Significant Accounting Policies*, for detailed disclosures regarding the recent accounting pronouncement.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*.ASU 2023-07 will improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on an interim and annual basis. It will be effective for our annual period beginning May 1, 2024, and interim periods beginning May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impacts of the standard on our financial statements and disclosures. Other Information

In August 2020, the FASB issued ASU No. 2020-06, *Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) JOBS Act Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). ASU 2020-06 changes how entities account for convertible instruments and contracts in an entity's own equity and simplifies the accounting for convertible instruments by removing certain separation models for convertible instruments. ASU 2020-06 also modifies the guidance on diluted earnings per share calculations. ASU 2020-06 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023.

In November 2019, the FASB issued ASU 2019-10, “*Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*”, which amended the effective date of the various topics. As the Company is a smaller reporting company, the provisions of ASU 2016-13 and the related amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 (quarter ending September 30, 2023 for the Company). Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective.

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, “*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (“ASU 2016-13”), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance.

#### Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company’s management, in consultation with its legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, in consultation with legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

#### Relaxed Ongoing Reporting Requirements Election

We expect to become a public reporting company under the Exchange Act, and will be required to publicly report on an ongoing basis. We expect to elect to report as an “emerging growth company” (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an “emerging growth company,” we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not “emerging growth companies,” including but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- taking advantage of extensions of time to comply with certain new or revised financial accounting standards;
- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not “emerging growth companies,” and our stockholders could receive less information than they might expect to receive from more mature public companies.

We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We would remain an “emerging growth company” for up to five years until the earliest of (1) December 31, 2028 (the last day of the fiscal year following the fifth anniversary of the closing of our IPO), (2) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.235 billion, (3) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any June 30 before that time, we would cease to be an “emerging growth company” if the market value of our common stock that is held by non-affiliates exceeds \$700.0 million as of the following December 31, last business day of the second fiscal quarter of such year or (4) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by 17 C.F.R. 229.10(f)(1) Rule 12b-2 of the Exchange Act of 1934, as amended (the "Exchange Act") and are not required to provide information under this item.

### Item 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

Our management has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the **Securities Exchange Act of 1934, as amended (the "Exchange Act")**), as of **March 31, 2024** **June 30, 2024**. Based on such evaluation, our **interim** Chief Executive Officer and Chief Financial Officer have concluded that as of **March 31, 2024** **June 30, 2024**, our disclosure controls and procedures were ineffective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified by **Securities and Exchange Commission ("SEC")** **SEC** rules and forms and (b) is accumulated and communicated to our management, including our **interim** Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure.

Management has identified control deficiencies regarding inadequate accounting resources, the lack of segregation of duties and the need for a stronger internal control environment. Our management believes that these material weaknesses are due to the small size of our accounting staff. The small size of our accounting outsourced staff may prevent adequate controls in the future due to the cost/benefit of such remediation.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of external legal and accounting professionals. As we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our financial statements may not be prevented or detected on a timely basis. In light of this material weakness, we performed additional analyses and procedures in order to conclude that our financial statements for the quarter ended **March 31, 2024** **June 30, 2024**, included in this Quarterly Report on Form 10-Q were fairly stated in accordance with GAAP. Accordingly, management believes that despite our material weaknesses, our financial statements for the quarter ended **March 31, 2024** **June 30, 2024**, are fairly stated, in all material respects, in accordance with GAAP.

#### Changes in Internal Control Over Financial Reporting

There **were** **have been** no changes in our internal control over financial reporting during the quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### Inherent Limitations on Effectiveness of Controls

Our management, including our **interim** Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect on the Condensed Consolidated financial position or results of operations of the Company. For the **three six** months ended **March 31, 2024** **June 30, 2024**, the Company two suspended legal cases as follows, and as of **September 30, 2024** **October 15, 2024**, the result of the two cases are not certain.

Case Number	Opponent	Case Summary	Litigation Value
Seoul South Federal Court ; 2023GADAN218067	Seoul Yacht Marina, Co.Ltd, and another	Building Delivery	\$ 85,686
Seoul South Federal Court ; 2024GASO214189	Seoul Yacht Marina, Co.Ltd	Compensation for damages	\$ 10,644

Case Number	Opponent	Case Summary	Litigation Value
Seoul South Federal Court ; 2023GADAN218067	Seoul Yacht Marina, Co., Ltd, and another	Building Delivery	\$ 85,686
Seoul South Federal Court ; 2024GASO214189	Seoul Yacht Marina, Co., Ltd	Compensation for damages	\$ 10,644

### Item 1A. Risk Factors.

As a “smaller **We are smaller reporting company**” company as defined by **Item 10** Rule 12b-2 of Regulation S-K, we the Exchange Act and are not required to provide information required by this item.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior **Securities** **Securities**.

Not applicable.

### Item 4. Mine Safety **Disclosures** **Disclosures**.

Not applicable.

### Item 5. Other **Information** **Information**.

During the **three six** months ended **March 31, 2024** **June 30, 2024**, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

Item 6. Exhibits.

The following exhibits are included herein or incorporated herein by reference:

3.1*	<a href="#">Amended and Restated Certificate of Incorporation of Registrant</a>
3.2*	<a href="#">Bylaws of Registrant</a>
4.1*	<a href="#">Form of Common Stock Certificate</a>
4.3*	<a href="#">Description of Registrant's Securities</a>
31.1*	<a href="#">Certification of Taehoon Kim pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Juhyon Shin pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Taehoon Kim pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification of Juhyon Shin pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Registrant</a>	S-1	01/26/2023	3.1	
3.2	<a href="#">Bylaws of Registrant</a>	S-1	01/26/2023	3.2	
4.1	<a href="#">Form of Common Stock Certificate</a>	S-1	01/26/2023	4.1	
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
32.1#	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				X
32.2#	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				X
101.INS	Inline XBRL Instance Document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

\* Filed herewith. Included in Interactive Data File covered by Exhibit 101.

\*\* + Furnished herewith. Management Contract.

# In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Hanyru Holdings, Inc**

Signature	Title	Date
/s/ Taehoon Kim Taehoon Kim	Interim Chief Executive Officer ( <i>Principal Executive Officer</i> )	September 30, October 15, 2024
/s/ Juhyon Shin Juhyon Shin	Chief Financial Officer ( <i>Principal Financial and Accounting Officer</i> )	September 30, October 15, 2024

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Exhibit 3.1

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
HANRYU HOLDINGS, INC.  
A DELAWARE CORPORATION  
ARTICLE I  
NAME**

The name of this corporation shall be Hanyru Holdings, Inc. (the "Corporation").

**ARTICLE II  
REGISTERED OFFICE**

The address of the registered office of the Corporation in the State of Delaware is 1013 Centre Road, Suite 403-B, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is VCorp Services, LLC.

**ARTICLE III  
CORPORATE PURPOSE**

The purpose or purposes of the corporation shall be to carry on any and all business and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

**ARTICLE IV  
AUTHORIZED CAPITAL STOCK**

The total number of shares of stock which the Corporation shall have authority to issue is one hundred ten million (110,000,000), consisting of one hundred million (100,000,000) shares of Common Stock, par value \$0.001 per share, and ten million (10,000,000) shares of Preferred Stock, par value \$0.001 per share.

1. Common Stock. Each share of Common Stock shall be equal to every other share of Common Stock in every respect. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(h)(2) of the General Corporation Law.

2. Preferred Stock. The Board of Directors of the Corporation may divide the Preferred Stock into any number of series, fix the designation and number of each such series, and determine or change the designation, relative rights, preferences, and limitations of any series of Preferred Stock. The Board of Directors (within the limits and restrictions of the adopting resolutions) may also increase or decrease the number of shares of Preferred Stock initially fixed for any series, but no decrease may reduce the number below the shares of Preferred Stock then outstanding and duly reserved for issuance.

**ARTICLE V**  
**BYLAWS PROVISIONS**

**1. Amendment of Bylaws.** Subject to any additional vote required by this Certificate or bylaws of the Corporation (the "Bylaws"), in furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws.

**2. Number of Directors.** Subject to any additional vote required by this Certificate, the number of directors of the Corporation will be determined in the manner set forth in the Bylaws.

**3. Ballot.** Elections of directors need not be by written ballot unless the Bylaws so provide.

**4. Meeting and Books.** Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws.

**ARTICLE VI**

**LIMITATION OF DIRECTORS' LIABILITY**

A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the Director derived any improper personal benefit. If the DGCL is amended after the effective date of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL.

**ARTICLE VII**  
**INDEMNIFICATION**

**(A)** To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of, and advancement of expenses to, directors, officers, employees, other agents of the corporation and any other persons to which the DGCL permits the corporation to provide all indemnification. Such right to indemnification shall continue as to a person who has ceased to be a Director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal legal representatives.

**(B)** The rights to indemnification and to the advance of expenses conferred in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation, the Bylaws, any statute, agreement, vote of stockholders or disinterested Directors or otherwise.

**(C)** Any repeal or modification of this Article X, by amendment of such section or by operation of law, shall not adversely effect any right or protection of a director, officer, employee or other agent of the corporation existing at the time of, or increase the liability of any such person with respect to acts or omissions in their capacity as a director, officer, employee, or other agent of the corporation occurring prior to, such repeal or modification.

**ARTICLE VIII**  
**EXCLUSIVE FORUM**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware or, as further provided below, the United States District Court for the District of Delaware, shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or this Certificate of Incorporation or the Bylaws of the Corporation, (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine, in each case subject to the Court of Chancery of the State of Delaware having jurisdiction over the subject matter and personal jurisdiction over the indispensable parties name as defendants therein, or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. Cases involving claims for which the Court of Chancery lacks jurisdiction shall, to the fullest extent permitted by law, be brought in the United States District Court for the District of Delaware. This Article VIII shall not apply to actions arising under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934.

**ARTICLE IX**

**AMENDMENT OF THE CERTIFICATE OF INCORPORATION**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

**ARTICLE X**

**ARRANGEMENTS BETWEEN CREDITORS**

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

**ARTICLE XI**

**STOCK REPURCHASES**

For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Certificate of Incorporation from employees, officers, directors or consultants of the Company in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

IN WITNESS WHEREOF, Hanryu Holdings, Inc. has caused this certificate to be signed by \_\_\_\_\_, its \_\_\_\_\_, on this \_\_\_\_\_ day of December, 2022.

By:

Title:

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Exhibit 3.2

**BYLAWS OF  
HANRYU HOLDINGS, INC.  
ARTICLE I  
OFFICES**

**Section 1.1 Registered Office.**

The registered office of the corporation in the State of Delaware shall be set forth in the Certificate of Incorporation of the corporation (as amended, modified or restated, the "Certificate of Incorporation").

**Section 1.2 Other Offices.**

The corporation may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

**ARTICLE II**

**STOCKHOLDERS' MEETINGS**

**Section 2.1 Place of Meetings.**

(a) Meetings of stockholders may be held at such place, either within or without this State, as may be designated by or in the manner provided in these Bylaws or, if not so designated, as determined by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by paragraph (b) of this Section 2.1.

(b) If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) Participate in a meeting of stockholders; and

(2) Be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (B) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

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(c) For purposes of this Section 2.1, "remote communication" shall include (1) telephone or other voice communications and (2) electronic mail or other form of written or visual electronic communications satisfying the requirements of Section 2.1(b).

#### **Section 2.2 Annual Meetings.**

The annual meetings of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors, or, if not so designated, then at 10:00 a.m. on April 30 in each year if not a legal holiday, and, if a legal holiday, at the same hour and place on the next succeeding day not a holiday.

#### **Section 2.3 Special Meetings.**

Special Meetings of the stockholders of the corporation may be called, for any purpose or purposes, by the Chairman of the Board or the President or the Board of Directors at any time. Upon written request of any stockholder or stockholders holding in the aggregate one-fifth of the voting power of all stockholders delivered in person or sent by registered mail to the Chairman of the Board, President or Secretary of the Corporation, the Secretary shall call a special meeting of stockholders to be held as provided in Section 2.1 at such time as the Secretary may fix, such meeting to be held not less than 10 nor more than 60 days after the receipt of such request, and if the Secretary shall neglect or refuse to call such meeting within seven days after the receipt of such request, the stockholder making such request may do so.

#### **Section 2.4 Notice of Meetings.**

(a) Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders, specifying the place, if any, date and hour and purpose or purposes of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote thereat, directed to his address as it appears upon the books of the corporation; except that where the matter to be acted on is a merger or consolidation of the Corporation or a sale, lease or exchange of all or substantially all of its assets, such notice shall be given not less than 20 nor more than 60 days prior to such meeting.

(b) If at any meeting action is proposed to be taken which, if taken, would entitle shareholders fulfilling the requirements of section 262(d) of the Delaware General Corporation Law to an appraisal of the fair value of their shares, the notice of such meeting shall contain a statement of that purpose and to that effect and shall be accompanied by a copy of that statutory section.

(c) When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken unless the adjournment is for more than thirty days, or unless after the adjournment a new record date is fixed for the adjourned meeting, in which event a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(d) Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, either before or after such meeting, and, to the extent permitted by law, will be waived by any stockholder by his attendance thereat, in person or by proxy. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

(e) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the corporation under any provision of Delaware General Corporation Law, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if (i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent, and (ii) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this subparagraph (e) shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of these Bylaws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

#### **Section 2.5 Quorum and Voting.**

(a) At all meetings of stockholders except where otherwise provided by law, the Certificate of Incorporation or these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. Shares, the voting of which at said meeting have been enjoined, or which for any reason cannot be lawfully voted at such meeting, shall not be counted to determine a quorum at said meeting. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting. The stockholders present at a duly called or convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(b) Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the voting power represented at any meeting at which a quorum is present shall be valid and binding upon the corporation.

(c) Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter, and the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

#### **Section 2.6 Voting Rights.**

(a) Except as otherwise provided by law, only persons in whose names shares entitled to vote stand on the stock records of the corporation on the record date for determining the stockholders entitled to vote at said meeting shall be entitled to vote at such meeting. Shares standing in the names of two or more persons shall be voted or represented in accordance with the determination of the majority of such persons, or, if only one of such persons is present in person or represented by proxy, such person shall have the right to vote such shares and such shares shall be deemed to be represented for the purpose of determining a quorum.

(b) Every person entitled to vote or to execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary of the corporation at or before the meeting at which it is to be used. Said proxy so appointed need not be a stockholder. No proxy shall be voted on after three (3) years from its date unless the proxy provides for a longer period. Unless and until voted, every proxy shall be revocable at the pleasure of the person who executed it or of his legal representatives or assigns, except in those cases where an irrevocable proxy permitted by statute has been given.

(c) Without limiting the manner in which a stockholder may authorize another person or persons to act for him as proxy pursuant to subsection (b) of this section, the following shall constitute a valid means by which a stockholder may grant such authority:

(1) A stockholder may execute a writing authorizing another person or persons to act for him as proxy. Execution may be accomplished by the stockholder or his authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

(2) A stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of a telephone, telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telephone, telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telephone, telegram, cablegram or other electronic transmission was authorized by the stockholder. Such authorization can be established by the signature of the stockholder on the proxy, either in writing or by a signature stamp or facsimile signature, or by a number or symbol from which the identity of the stockholder can be determined, or by any other procedure deemed appropriate by the inspectors or other persons making the determination as to due authorization.

If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

(d) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to subsection (c) of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

#### **Section 2.7 Voting Procedures and Inspectors of Elections.**

(a) The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(b) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(d) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Sections 211(e) or 212(c)(2) of the Delaware General Corporation Law, or any information provided pursuant to Section 211(a)(2)(B)(i) or (iii) thereof, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to subsection (b)(v) of this section shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

## Section 2.8 List of Stockholders.

The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. The corporation need not include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

## Section 2.9 Stockholder Proposals at Annual Meetings.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, otherwise properly brought before the meeting by or at the direction of the Board of Directors, or otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than 45 days nor more than 75 days prior to the date on which the corporation first mailed its proxy materials for the previous year's annual meeting of stockholders (or the date on which the corporation mails its proxy materials for the current year if during the prior year the corporation did not hold an annual meeting or if the date of the annual meeting was changed more than 30 days from the prior year). A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in Section 2.1 and this Section 2.9, provided, however, that nothing in this Section 2.9 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of Section 2.1 and this Section 2.9, and if he should so determine he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Nothing in this Section 2.9 shall affect the right of a stockholder to request inclusion of a proposal in the corporation's proxy statement to the extent that such right is provided by an applicable rule of the Securities and Exchange Commission.

## Section 2.10 Nominations of Persons for Election to the Board of Directors.

In addition to any other applicable requirements, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors, by any nominating committee or person appointed by the Board of Directors or by any stockholder of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.10. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less than 45 days nor more than 75 days prior to the date on which the corporation first mailed its proxy materials for the previous year's annual meeting of shareholders (or the date on which the corporation mails its proxy materials for the current year if during the prior year the corporation did not hold an annual meeting or if the date of the annual meeting was changed more than 30 days from the prior year). Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of the corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, and (ii) the class and number of shares of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein. These provisions shall not apply to nomination of any persons entitled to be separately elected by holders of preferred stock.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

## Section 2.11 Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. To be effective, a written consent must be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this Section to the corporation, written consents signed by a sufficient number of holders to take action are delivered to the corporation in accordance with this Section. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

(b) A telegram, cablegram or other electronic transmission consent to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder, and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram,

cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in this State, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if to the extent and in the manner provided by resolution of the Board of Directors of the corporation.

(c) Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

## ARTICLE III DIRECTORS

### Section 3.1 Number and Term of Office.

The number of directors of the corporation shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors, until changed by amendment of the Certificate of Incorporation or by a Bylaw amending this Section 3.1 duly adopted by the vote or written consent of holders of a majority of the outstanding shares or by the Board of Directors. Subject to the foregoing provisions for changing the number of directors, the initial number of directors of the corporation has been fixed at One.

With the exception of the first Board of Directors, which shall be elected by the incorporator or incorporators, and except as provided in Section 3.3 of this Article III, the directors shall be elected by a plurality vote of the shares represented in person or by proxy, at the stockholders annual meeting in each year and entitled to vote on the election of directors. Elected directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified. Directors need not be stockholders. If, for any cause, the Board of Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

### Section 3.2 Powers.

The powers of the corporation shall be exercised, its business conducted and its property controlled by or under the direction of the Board of Directors.

### Section 3.3 Vacancies.

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired portion of the term of the director whose place shall be vacant and until his successor shall have been duly elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this section in the case of the death, removal or resignation of any director, or if the stockholders fail at any meeting of stockholders at which directors are to be elected (including any meeting referred to in Section 3.4 below) to elect the number of directors then constituting the whole Board.

### Section 3.4 Resignations and Removals.

(a) Any director may resign at any time by delivering his resignation to the Secretary in writing or by electronic transmission, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

(b) At a special meeting of stockholders called for the purpose in the manner hereinabove provided, the Board of Directors or any individual director may be removed from office, with or without cause, and a new director or directors elected by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of directors.

1. Unless the Certificate of Incorporation otherwise provides, if the Board of Directors is classified, shareholders may effect removal only for cause.

2. If the corporation has cumulative voting for directors, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if voted cumulatively at an election of the entire board.

### Section 3.5 Meetings.

(a) The annual meeting of the Board of Directors shall be held immediately after the annual stockholders' meeting and at the place where such meeting is held or at the place announced by the Chairman at such meeting. No notice of an annual meeting of the Board of Directors shall be necessary, and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 1.2 of Article I hereof. Regular meetings of the Board of Directors may also be held at any place, within or without the State of Delaware, which has been designated by resolutions of the Board of Directors or the written consent of all directors.

(c) Special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board or, if there is no Chairman of the Board, by the President, or by any of the directors.

(d) Written notice of the time and place of all regular and special meetings of the Board of Directors shall be delivered personally to each director or sent by telegram or facsimile transmission or other form of electronic transmission at least 48 hours before the start of the meeting, or sent by first class mail at least 120 hours before the start of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat.

### Section 3.6 Quorum and Voting.

(a) A quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 3.1 of Article III of these Bylaws, but not less than one; provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation, or these Bylaws.

(c) Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) The transactions of any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

### Section 3.7 Action Without Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

### Section 3.8 Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors.

### Section 3.9 Committees.

(a) **Executive Committee:** The Board of Directors may appoint an Executive Committee of not less than one member, each of whom shall be a director. The Executive Committee, to the extent permitted by law, shall have and may exercise when the Board of Directors is not in session all powers of the Board in the management of the business and affairs of the corporation, except such committee shall not have the power or authority to amend these Bylaws or to approve or recommend to the stockholders any action which must be submitted to stockholders for approval under the General Corporation Law.

**(b) Other Committees:** The Board of Directors may, by resolution passed by a majority of the whole Board, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committee, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

**(c) Term:** The members of all committees of the Board of Directors shall serve a term coexistent with that of the Board of Directors which shall have appointed such committee. The Board, subject to the provisions of subsections (a) or (b) of this Section 3.9, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee; provided that no committee shall consist of less than one member. The membership of a committee member shall terminate on the date of his death or voluntary resignation, but the Board may at any time for any reason remove any individual committee member and the Board may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

**(d) Meetings:** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 3.9 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter; special meetings of any such committee may be held at the principal office of the corporation required to be maintained pursuant to Section 1.2 of Article I hereof; or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by any director who is a member of such committee upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time after the meeting and will be waived by any director by attendance thereof. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

## ARTICLE IV OFFICERS

### Section 4.1 Officers Designated.

The officers of the corporation shall be a President, a Secretary and a Treasurer. The Board of Directors or the President may also appoint a Chairman of the Board, one or more Vice-Presidents, assistant secretaries, assistant treasurers, and such other officers and agents with such powers and duties as it or he shall deem necessary. The order of the seniority of the Vice-Presidents shall be in the order of their nomination unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as they shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

### Section 4.2 Tenure and Duties of Officers.

**(a) General:** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. Nothing in these Bylaws shall be construed as creating any kind of contractual right to employment with the corporation.

**(b) Duties of Chairman of the Board of Directors:** The Chairman of the Board of Directors (if there be such an officer appointed) when present shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

**(c) Duties of President:** The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. The President shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

**(d) Duties of Vice-Presidents:** The Vice-Presidents, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. The Vice-President shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

**(e) Duties of Secretary:** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and any committee thereof, and shall record all acts and proceedings thereof in the minute book of the corporation, which may be maintained in either paper or electronic form. The Secretary shall give notice, in conformity with these Bylaws, of all meetings of the stockholders and of all meetings of the Board of Directors and any Committee thereof requiring notice. The Secretary shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any assistant secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each assistant secretary shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

**(f) Duties of Treasurer:** The Treasurer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner, and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct any assistant treasurer to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each assistant treasurer shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

## ARTICLE V EXECUTION OF CORPORATE INSTRUMENTS, AND VOTING OF SECURITIES OWNED BY THE CORPORATION

### Section 5.1 Execution of Corporate Instruments.

**(a)** The Board of Directors may in its discretion determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the corporation.

**(b)** Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board (if there be such an officer appointed) or by the President; such documents may also be executed by any Vice-President and by the Secretary or Treasurer or any assistant secretary or assistant treasurer. All other instruments and documents requiring the corporate signature but not requiring the corporate seal may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

**(c)** All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

**(d)** Execution of any corporate instrument may be effected in such form, either manual, facsimile or electronic signature, as may be authorized by the Board of Directors.

### Section 5.2 Voting of Securities Owned by Corporation.

All stock and other securities of other corporations owned or held by the corporation for itself or for other parties in any capacity shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors or, in the absence of such authorization, by the Chairman of the Board (if there be such an officer appointed), or by the President, or by any Vice-President.

## ARTICLE VI SHARES OF STOCK

### Section 6.1 Form and Execution of Certificates.

The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by, or in the name of the corporation by, the Chairman of the Board (if there be such an officer appointed), or by the President or any Vice-President and by the Treasurer or assistant treasurer or the Secretary or assistant secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or

restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

#### **Section 6.2 Lost Certificates.**

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to indemnify the corporation in such manner as it shall require and/or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

#### **Section 6.3 Transfers.**

Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a certificate or certificates for a like number of shares, properly endorsed.

#### **Section 6.4 Fixing Record Dates.**

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the date on which the meeting is held. A determination of stockholders of record entitled notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, when no prior action by the Board of Directors is required by the Delaware General Corporation Law, shall be the first date on which a signed written consent or electronic transmission setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided that any such electronic transmission shall satisfy the requirements of Section 2.11(b) and, unless the Board of Directors otherwise provides by resolution, no such consent by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

#### **Section 6.5 Registered Stockholders.**

The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## **ARTICLE VII**

### **OTHER SECURITIES OF THE CORPORATION**

All bonds, debentures and other corporate securities of the corporation, other than stock certificates, may be signed by the Chairman of the Board (if there be such an officer appointed), or the President or any Vice-President or such other person as may be authorized by the Board of Directors and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an assistant secretary, or the Treasurer or an assistant treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signature of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an assistant treasurer of the corporation, or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon has ceased to be an officer of the corporation before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

## **ARTICLE VIII**

### **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS**

#### **Section 8.1 Right to Indemnification.**

Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness, or otherwise), in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "Proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended or interpreted (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the corporation to provide broader indemnification rights than were permitted prior thereto) against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any director or officer as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereinafter "Expenses"); provided, however, that except as to actions to enforce indemnification rights pursuant to Section 8.3 of this Article, the corporation shall indemnify any director or officer seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Article shall be a contract right.

#### **Section 8.2 Authority to Advance Expenses.**

Expenses incurred by an officer or director (acting in his capacity as such) in defending a Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding, provided, however, that if required by the Delaware General Corporation Law, as amended, such Expenses shall be advanced only upon delivery to the corporation of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article or otherwise. Expenses incurred by other employees or agents of the corporation (or by the directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon such terms and conditions as the Board of Directors deems appropriate. Any obligation to reimburse the corporation for Expense advances shall be unsecured and no interest shall be charged thereon.

#### **Section 8.3 Right of Claimant to Bring Suit.**

If a claim under Section 8.1 or 8.2 of this Article is not paid in full by the corporation within 90 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including

attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

#### **Section 8.4 Provisions Nonexclusive.**

The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Certificate of Incorporation, agreement, or vote of the stockholders or disinterested directors is inconsistent with these Bylaws, the provision, agreement, or vote shall take precedence.

#### **Section 8.5 Authority to Insure.**

The corporation may purchase and maintain insurance to protect itself and any director, officer, employee or agent (hereafter an "Agent") against any Expense, whether or not the corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article.

#### **Section 8.6 Survival of Rights.**

The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

#### **Section 8.7 Settlement of Claims.**

The corporation shall not be liable to indemnify any Agent under this Article (a) for any amounts paid in settlement of any action or claim effected without the corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award if the corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

#### **Section 8.8 Effect of Amendment.**

Any amendment, repeal, or modification of this Article shall not adversely affect any right or protection of any Agent existing at the time of such amendment, repeal, or modification.

#### **Section 8.9 Subrogation.**

In the event of payment under this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring suit to enforce such rights.

#### **Section 8.10 No Duplication of Payments.**

The corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote, or otherwise) of the amounts otherwise indemnifiable hereunder.

### **ARTICLE IX**

#### **NOTICES**

Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, the same shall be given either (1) in writing, timely and duly deposited in the United States Mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent, or (2) by a means of electronic transmission that satisfies the requirements of Section 2.4(e) of these Bylaws, and has been consented to by the stockholder to whom the notice is given. Any notice required to be given to any director may be given by either of the methods hereinabove stated, except that such notice other than one which is delivered personally, shall be sent to such address or (in the case of electronic communication) such e-mail address, facsimile telephone number or other form of electronic address as such director shall have filed in writing or by electronic communication with the Secretary of the corporation, or, in the absence of such filing, to the last known post office address of such director. If no address of a stockholder or director be known, such notice may be sent to the office of the corporation required to be maintained pursuant to Section 1.2 of Article I hereof. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing and all notices given by means of electronic transmission shall be deemed to have been given as at the sending time recorded by the electronic transmission equipment operator transmitting the same. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such a stockholder or such director to receive such notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation, or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

### **ARTICLE X**

#### **AMENDMENTS**

These Bylaws may be repealed, altered or amended or new Bylaws adopted by written consent of stockholders in the manner authorized by Section 2.11 of Article II, or at any meeting of the stockholders, either annual or special, by the affirmative vote of a majority of the stock entitled to vote at such meeting, unless a larger vote is required by these Bylaws or the Certificate of Incorporation. The Board of Directors shall also have the authority to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaws setting forth the number of directors who shall constitute the whole Board of Directors) by unanimous written consent or at any annual, regular, or special meeting by the affirmative vote of a majority of the whole number of directors, subject to the power of the stockholders to change or repeal such Bylaws and provided that the Board of Directors shall not make or alter any Bylaws fixing the qualifications, classifications, or term of office of directors.

### **BYLAWS**

#### **OF**

### **HANRYU HOLDINGS, INC.,**

A DELAWARE CORPORATION

Exhibit 4.1

#### **CERTIFICATE NUMBER**

HANRYU HOLDINGS, INC.  
INCORPORATED UNDER THE LAWS OF DELAWARE  
COMMON STOCK

#### **SHARES**

SEE REVERSE FOR  
CERTAIN DEFINITIONS  
CUSIP 411292 105

**This Certifies that  
is the owner of**

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF THE PAR  
VALUE OF \$0.001 EACH OF  
HANRYU HOLDINGS, INC.

*transferable on the books of the Company in person or by duly authorized attorney upon surrender of this certificate properly endorsed.*

*This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.  
Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.*

*Dated:*

**CHAIRMAN**

**SECRETARY**

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -

as tenants in common

UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_

TEN ENT -

as tenants by the entireties

(Cust) (Minor)

JT TEN -

as joint tenants with right of survivorship

under Uniform Gifts to Minors

and not as tenants in common

Act \_\_\_\_\_

(State)

Additional abbreviations may also be used though not in the above list.

Hanryu Holdings, Inc.

For value received,

hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

shares

Attorney

to transfer the said stock on the books of the within named Company with full power of substitution in the premises.

Dated

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.  
Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15).

Exhibit 4.3

#### DESCRIPTION OF SECURITIES

Under "Description of Securities," "we," "us," "our," the "Company" and "our Company" refer to Hanryu Holdings, Inc. and not to any of its subsidiaries.

General

The following description of our capital stock and certain provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the certificate of incorporation and the bylaws.

Authorized Capitalization

The total amount of our authorized share capital consists of 100,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share.

Common Stock

Holders of shares of our common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our common stock are entitled to receive dividends at the same rate when, as and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders of one or more outstanding series of our preferred stock.

Upon our liquidation, dissolution or winding up, and after payment in full of all amounts required to be paid to creditors, the holders of shares of our common will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our common stock that are outstanding are fully paid and non-assessable. The common stock is to be subject to further calls or assessments by us. Holders of shares of our common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the common stock. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

No shares of common stock are subject to redemption or have preemptive rights to purchase additional shares of common stock. Holders of shares of our common stock do not have subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the common stock.

Anti-Takeover Provisions

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all our directors. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, or our chief executive officer. Our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

This will make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. This intended to preserve our existing control structure following this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

#### **Section 203 of the Delaware General Corporation Law**

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

#### **Exclusive Forum**

Our bylaws contain an exclusive forum provision providing that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any of our directors, officers, employees, agents or stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (4) any action asserting a claim that is governed by the internal affairs doctrine. However, the exclusive forum provision states that it shall not apply to actions arising under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Securities Act or any other claim for which the federal and state courts have concurrent jurisdiction, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision included in our bylaws. The exclusive forum provision, if enforced, may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable.

#### **Corporate Opportunities**

Our certificate of incorporation provides that we renounce any interest or expectancy in the business opportunities of our officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries and each such party shall not have any obligation to offer us those opportunities unless presented to one of our directors or officers in his or her capacity as a director or officer.

#### **Transfer Agent and Registrar**

Our transfer agent and registrar is Colonial Stock Transfer Company. The transfer agent's address is 7840 S 700E, Sandy, UT 84070 and the telephone number is (801) 355-5740.

#### **Listing on the Nasdaq Capital Market**

Our common stock is listed on the Nasdaq Capital Market under the symbol "HRYU".

**Exhibit 31.1**

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14 AND 15d-14**  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Taehoon Kim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "Report") for the quarterly period ended **March 31, 2024** of Hanryu Holdings, Inc.;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Amendment is being prepared;
  - b. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - d. Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 30, 2024

/s/ Taehoon Kim

Taehoon Kim

Interim Chief Executive Officer  
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14 AND 15d-14**  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Juhyon Shin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "Report") for the quarterly period ended **March 31, 2024** **June 30, 2024** of Hanryu Holdings, Inc.;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Amendment is being prepared;
- [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];
- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
- Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: October 15, 2024

By: /s/ Taehoon Kim

Taehoon Kim  
Interim Chief Executive Officer  
(Principal Executive Officer)

Date: September 30, 2024

Exhibit 31.2

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14 AND 15d-14**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Juhyon Shin, certify that:

- I have reviewed this Quarterly Report on Form 10-Q (this "Report") for the quarterly period ended June 30, 2024 of Hanryu Holdings, Inc.;
- Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
- Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;
- The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

  - Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Amendment is being prepared;
  - [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];
  - Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

- The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

  - All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: October 15, 2024

By: /s/ Juhyon Shin

Juhyon Shin  
Chief Financial Officer

(Principal  
Financial  
and  
Accounting  
Officer)

Exhibit 32.1

**CERTIFICATION**  
**PURSUANT TO**  
**18 U.S.C. 1350**

(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Hanryu Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Taehoon Kim, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 30, 2024  
Date: October 15, 2024

By: /s/ Taehoon Kim  
Taehoon Kim  
Interim Chief Executive Officer

(Principal  
Executive  
Officer)

Exhibit 32.2

**CERTIFICATION  
PURSUANT TO  
18 U.S.C. 1350**

(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Hanryu Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Juhyon Juhyon** Shin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 30, 2024  
Date: October 15, 2024

By: /s/ Juhyon Shin  
Juhyon Shin  
Chief Financial Officer

(Principal  
Financial  
and  
Accounting  
Officer)

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