



HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023
ATTACHMENT: INDEPENDENT AUDITORS' REPORT

HYUNDAI MOTOR COMPANY
AND ITS SUBSIDIARIES

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Independent auditor's report
(English Translation of a Report Originally Issued in Korean)

The Shareholders and the Board of Directors
Hyundai Motor Company

Opinion

We have audited the accompanying consolidated financial statements of Hyundai Motor Company and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023, and the consolidated statements of income, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2023, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Design and Operation Integrated Framework in accordance with Korean Standards on Auditing ("KSA") issued by the Committee of Internal Control Operations, and our report dated March 6, 2024 expressed an unmodified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) Valuation of sales warranty provision

As described in Note 2.(20) to the consolidated financial statements, the Group provides free warranty services to customers during guaranteed period after the sale of the vehicle and also in the event of a recall or campaign due to quality issues. As of December 31, 2023, the Group has recognized a total of ₩9,121,253 million in sales warranty provision, including provision for the obligation to provide free warranty services (Note 17).

When estimating the balance of provisions for the obligation to provide free repairs, the Group uses historical data such as sales volume by vehicle type and past repair expenses that occurred from warranty services, and assumptions such as expected increase rate of unit repair price and expected free repair occurrence rate. The amount of basic data collected and aggregated in the process is vast and complex, and the applied management assumptions are highly subjective and uncertain. Therefore, we selected the valuation of the

sales warranty provision as a key audit matter as it is probable that that any error in such data or assumptions might cause a material misstatement in the consolidated financial statements.

The primary audit procedures we performed to address this key audit matter included the following:

- Evaluating whether control activities to measure and recognize the sales warranty provision are properly designed and operated;
- Using IT specialists to evaluate whether general control and automatic control of the IT system that aggregates historical sales warranty data are properly designed and operated;
- Comparing the source data of management's accounting estimates with other internal and external information;
- Comparing the sources of management's main assumptions used for measurement of related liabilities with historical data;
- Recalculating the balance of sales warranty provisions independently as of the end of the reporting period;
- Evaluating by comparing the estimates by each vehicle type as of the end of the immediately preceding reporting period and the actual amount as of the end of the current reporting period; and
- Evaluating the appropriateness of other significant considerations that have affected the balance of provisions.

2) Valuation of financial services receivables

According to the accounting policies for valuation of financial services receivables described in Note 2.(8) to the consolidated financial statements, as of December 31, 2023, the Group recognized financial services receivables, net, and loss allowance of ₩110,055,651 million and ₩ 1,769,240 million, respectively (Note 14).

In accordance with KIFRS 1109 *Financial Instruments*, the Group recognizes allowance for credit loss for financial services receivables using the expected credit loss (ECL) model. The ECL model requires management judgment to assess whether the receivable has undergone a significant increase in credit risk, as well as other assumptions, such as credit rating and macroeconomic variables. In addition, the Group also considers historical transaction data, such as delinquency days, bankruptcy, and collection, to determine assumptions used in the ECL model. As errors in the assumptions applied to the ECL model could have a significant impact on the consolidated financial statements, we identified the valuation of financial services receivables as a key audit matter.

The primary audit procedures we performed to address this key audit matter included the following:

- Assessing whether the Group's accounting policies comply with the requirements in KIFRS 1109 *Financial Instruments*;
- Understanding the process over the measurement of credit loss allowance for financial services receivables and testing relevant controls;
- On a sample basis, assessing the credit rating and classification of credit quality, including the identification of significant increase in credit risk, through inspection of related documents; and
- On a sample basis, checking the source data for probability of default and loss given default and testing appropriateness of calculation methods used for the estimation through recalculation.

Other matter

The accompanying consolidated financial statements of the Group for the year ended December 31, 2022 were audited by other auditors who expressed an unmodified opinion on those statements on March 8, 2023. Meanwhile, the consolidated financial statements for the year ended December 31, 2022, audited by other auditors, do not reflect the impact of the discontinued operations described in Note 43.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with KSA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Do hun, Han.



Seoul, Korea

March 6, 2024

This audit report is effective as of March 6, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR EACH OF THE TWO YEARS IN THE PERIOD ENDED
DECEMBER 31, 2023**

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Company.

Chang, Jae Hoon
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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(Phone Number) 02-3464-1114

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND DECEMBER 31, 2022

ASSETS	NOTES	December 31, 2023	December 31, 2022
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	20	₩ 19,166,619	₩ 20,864,879
Short-term financial instruments	20	7,339,968	5,774,597
Other financial assets	5,20	2,802,611	5,934,745
Trade notes and accounts receivable	3,20	4,682,182	4,279,057
Other receivables	4,20	3,431,169	4,458,689
Inventories	6	17,400,346	14,291,216
Current tax assets		195,696	85,867
Financial services receivables	14,20	43,120,684	38,037,368
Non-current assets classified as held for sale	8,43	434,503	22,302
Other assets	7,20	3,150,939	2,640,553
Total current assets		101,724,717	96,389,273
Non-current assets:			
Long-term financial instruments	20	154,966	112,557
Other financial assets	5,20	4,423,388	3,889,776
Long-term trade notes and accounts receivable	3,20	210,979	179,781
Other receivables	4,20	855,015	821,050
Property, plant and equipment	9,40	38,920,900	36,153,190
Investment property	10,40	146,148	144,450
Intangible assets	11,40	6,218,585	6,102,377
Investments in joint ventures and associates	13	28,476,142	25,199,437
Net defined benefit assets	35	488,181	837,502
Deferred tax assets	34	3,604,977	3,237,309
Financial services receivables	14,20	64,566,977	52,326,478
Investments in operating leases	15	29,664,618	27,681,534
Right-of-use assets	12	1,037,643	1,117,293
Other assets	7,20	1,970,119	1,550,455
Total non-current assets		180,738,638	159,353,189
Total assets		₩ 282,463,355	₩ 255,742,462

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND DECEMBER 31, 2022

LIABILITIES AND EQUITY	NOTES	December 31, 2023	December 31, 2022
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 10,952,046	₩ 10,797,065
Other payables	20,39	8,642,808	8,277,891
Short-term borrowings	16,20	9,035,548	11,366,480
Current portion of long-term debt and debentures	16,20	25,109,158	25,574,131
Income tax payable		1,324,720	1,008,506
Provisions	17	7,316,877	8,102,596
Other financial liabilities	18,20	56,712	99,144
Lease liabilities	12,20	224,350	405,053
Non-current liabilities classified as held for sale	8,43	122,851	5,365
Other liabilities	19,20,27	10,577,033	8,600,241
Total current liabilities		<u>73,362,103</u>	<u>74,236,472</u>
Non-current liabilities:			
Long-term other payables	20,39	616,011	726,115
Debentures	16,20	73,033,493	62,960,060
Long-term debt	16,20	17,569,760	12,285,149
Net defined benefit liabilities	35	77,268	61,861
Provisions	17	4,333,841	4,327,985
Other financial liabilities	18,20	176,399	262,518
Deferred tax liabilities	34	5,438,976	5,027,741
Lease liabilities	12,20	834,052	705,751
Other liabilities	19,20,27	5,212,012	4,252,265
Total non-current liabilities		<u>107,291,812</u>	<u>90,609,445</u>
Total liabilities		<u>180,653,915</u>	<u>164,845,917</u>
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,378,489	4,241,303
Other capital items	23	(1,197,084)	(1,713,928)
Accumulated other comprehensive loss	24	(838,892)	(1,620,682)
Retained earnings	25	88,665,805	79,953,601
Equity attributable to the owners of the Company		<u>92,497,311</u>	<u>82,349,287</u>
Non-controlling interests		9,312,129	8,547,258
Total equity		<u>101,809,440</u>	<u>90,896,545</u>
Total liabilities and equity		<u>₩ 282,463,355</u>	<u>₩ 255,742,462</u>

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	NOTES	2023	2022
		(In millions of Korean Won, except per share amounts)	
Sales	27,40	₩ 162,663,579	₩ 142,151,469
Cost of sales	32	129,179,183	113,879,569
Gross profit		33,484,396	28,271,900
Selling and administrative expenses	28,32	18,357,495	18,446,972
Operating profit		15,126,901	9,824,928
Gain on investments in joint ventures and associates, net	29	2,470,933	1,557,630
Finance income	30	1,559,538	985,893
Finance expenses	30	970,700	879,638
Other income	31	1,782,333	1,930,914
Other expenses	31,32	2,350,343	2,238,256
Profit before income tax		17,618,662	11,181,471
Income tax expense	34	4,626,640	2,979,168
Profit from continuing operations		₩ 12,992,022	₩ 8,202,303
Discontinued operations			
Loss from discontinued operations	43	₩ (719,721)	₩ (218,689)
Profit for the year		12,272,301	7,983,614
Profit attributable to:			
Owners of the Company		11,961,717	7,364,364
Non-controlling interests		310,584	619,250
Earnings per share attributable to the owners of the Company:	33		
Basic earnings per share:			
Common stock		₩ 45,703	₩ 28,521
From continuing operations		47,622	29,105
From discontinued operations		(1,919)	(584)
1 st preferred stock		₩ 45,535	₩ 28,207
From continuing operations		47,445	28,783
From discontinued operations		(1,910)	(576)
Diluted earnings per share:			
Common stock		₩ 45,703	₩ 28,521
1 st preferred stock		₩ 45,535	₩ 28,207

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	(In millions of Korean Won)	
Profit for the year	₩ 12,272,301	₩ 7,983,614
Other comprehensive income (loss) :		
Items that will not be reclassified subsequently to profit or loss:		
Profit (loss) on financial assets measured at FVOCI, net	79,056	(223,420)
Remeasurements of defined benefit plans	(312,128)	391,308
Changes in retained earnings of equity-accounted investees, net	(219,981)	164,475
Changes in share of OCI of equity-accounted investees, net	40,297	(175,059)
	<u>(412,756)</u>	<u>157,304</u>
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) on financial assets measured at FVOCI, net	13,884	(36,545)
Gain (loss) on valuation of cash flow hedge derivatives, net	(227,671)	218,377
Changes in share of OCI of equity-accounted investees, net	328,032	10,008
Gain on foreign operations translation, net	455,051	701,718
	<u>569,296</u>	<u>893,558</u>
Total other comprehensive income	<u>156,540</u>	<u>1,050,862</u>
Total comprehensive income	<u>₩ 12,428,841</u>	<u>₩ 9,034,476</u>
Comprehensive income attributable to:		
Shareholders of the Company	12,204,426	8,234,396
Non-controlling interests	224,415	800,080
Total comprehensive income	<u>₩ 12,428,841</u>	<u>₩ 9,034,476</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance as of January 1, 2022	₩ 1,488,993	₩ 4,070,260	₩ (1,968,385)	₩ (1,772,601)	₩ 73,167,855	₩ 74,986,122	₩ 7,629,667	₩ 82,615,789
Comprehensive income:								
Profit for the period	-	-	-	-	7,364,364	7,364,364	619,250	7,983,614
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(430,012)	174,758	(255,254)	(4,711)	(259,965)
Gain on valuation of cash flow hedge derivatives, net	-	-	-	169,796	-	169,796	48,581	218,377
Changes in valuation of equity-accounted investees, net	-	-	-	(160,325)	164,475	4,150	(4,726)	(576)
Remeasurements of defined benefit plans	-	-	-	-	378,880	378,880	12,428	391,308
Gain on foreign operations translation, net	-	-	-	572,460	-	572,460	129,258	701,718
Total comprehensive income	-	-	-	151,919	8,082,477	8,234,396	800,080	9,034,476
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(1,298,212)	(1,298,212)	(56,800)	(1,355,012)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	560	560
Acquisition of investment of subsidiaries	-	-	-	-	-	-	273,271	273,271
Disposals of investment of subsidiaries	-	-	-	-	-	-	(83,094)	(83,094)
Purchases of treasury stocks	-	-	(193,452)	-	-	(193,452)	-	(193,452)
Disposals of treasury stocks	-	174,346	447,909	-	-	622,255	-	622,255
Others	-	(3,303)	-	-	1,481	(1,822)	(16,426)	(18,248)
Total transactions with owners, recorded directly in equity	-	171,043	254,457	-	(1,296,731)	(871,231)	117,511	(753,720)
Balance as of December 31, 2022	₩ 1,488,993	₩ 4,241,303	₩ (1,713,928)	₩ (1,620,682)	₩ 79,953,601	₩ 82,349,287	₩ 8,547,258	₩ 90,896,545

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance as of January 1, 2023	₩ 1,488,993	₩ 4,241,303	₩ (1,713,928)	₩ (1,620,682)	₩ 79,953,601	₩ 82,349,287	₩ 8,547,258	₩ 90,896,545
Comprehensive income:								
Profit for the period	-	-	-	-	11,961,717	11,961,717	310,584	12,272,301
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	119,124	(26,118)	93,006	(66)	92,940
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(149,287)	-	(149,287)	(78,384)	(227,671)
Changes in valuation of equity-accounted investees, net	-	-	-	348,212	(219,981)	128,231	20,117	148,348
Remeasurements of defined benefit plans	-	-	-	-	(292,982)	(292,982)	(19,146)	(312,128)
Gain on foreign operations translation, net	-	-	-	463,741	-	463,741	(8,690)	455,051
Total comprehensive income	-	-	-	781,790	11,422,636	12,204,426	224,415	12,428,841
Transactions with owners, recorded directly in equity:								
Payment of cash Dividends	-	-	-	-	(2,358,316)	(2,358,316)	(140,764)	(2,499,080)
Increase in paid-in capital of subsidiaries by issuing stock	-	46,828	-	-	-	46,828	814,374	861,202
Acquisition of investment in subsidiaries	-	22,898	-	-	-	22,898	(26,341)	(3,443)
Disposals of investment in subsidiaries	-	-	-	-	-	-	20,546	20,546
Disposals of Treasury stocks	-	67,491	201,432	-	-	268,923	-	268,923
Retirement of Treasury stocks	-	-	315,412	-	(315,412)	-	-	-
Issue of hybrid bonds	-	-	-	-	-	-	159,590	159,590
Repayments of hybrid bonds	-	-	-	-	-	-	(300,000)	(300,000)
Others	-	(31)	-	-	(36,704)	(36,735)	13,051	(23,684)
Total transactions with owners, recorded directly in equity	-	137,186	516,844	-	(2,710,432)	(2,056,402)	540,456	(1,515,946)
Balance as of December 31, 2023	₩ 1,488,993	₩ 4,378,489	₩ (1,197,084)	₩ (838,892)	₩ 88,665,805	₩ 92,497,311	₩ 9,312,129	₩ 101,809,440

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the year		₩ 12,272,301	₩ 7,983,614
Adjustments		21,192,358	20,255,938
Changes in operating assets and liabilities		<u>(30,365,064)</u>	<u>(13,922,657)</u>
		3,099,595	14,316,895
Interest received		1,672,380	867,192
Interest paid		(4,237,818)	(2,695,029)
Dividend received		840,925	531,902
Income tax paid		<u>(3,893,842)</u>	<u>(2,393,649)</u>
Net cash provided by (used in) operating activities		<u>(2,518,760)</u>	<u>10,627,311</u>
Cash flows from investing activities:			
Changes in short-term financial instruments, net		(1,305,170)	1,082,254
Changes in other financial assets (current), net		3,703,249	5,452,691
Decrease in other financial assets (non-current)		107,256	41,521
Collection of other receivables		61,697	60,779
Disposals of long-term financial instruments		42,793	122,124
Proceeds from disposals of property, plant and equipment		144,338	136,870
Proceeds from disposals of intangible assets		2,333	7,357
Proceeds from disposals of investment in joint ventures and associates		19,650	19,115
Acquisitions of subsidiaries, net of cash acquired		-	(89,167)
Increases in other financial assets (non-current)		(862,570)	(276,728)
Increases in other receivables		(89,586)	(80,170)
Purchases of long-term financial instruments		(73,150)	(63,612)
Acquisitions of property, plant and equipment		(7,070,758)	(4,014,969)
Acquisitions of intangible assets		(1,780,423)	(1,718,733)
Acquisitions of investments in joint ventures and associates		(1,522,962)	(1,696,266)
Cash outflows from changes in consolidation		(12,787)	(197,188)
Others		<u>(13,301)</u>	<u>10,627</u>
Net cash used in investing activities		<u>(8,649,391)</u>	<u>(1,203,495)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceeds from short-term borrowings	₩	2,144,959	₩ 3,388,510
Proceeds from long-term debt and debentures		49,089,498	30,089,495
Proceeds from capital contribution from non-controlling interest		713,380	341,864
Acquisitions of subsidiaries		(5,501)	-
Repayment of short-term borrowings		(4,762,286)	(6,070,109)
Repayment of long-term debt and debentures		(34,942,180)	(27,086,324)
Repayment of lease liabilities		(248,888)	(195,245)
Purchases of treasury stocks		-	(193,451)
Dividends paid		(2,499,050)	(1,354,996)
Issue of hybrid bonds		159,590	-
Repayment of hybrid bonds		(300,000)	-
Others		43,849	(244,243)
Net cash provided by (used in) financing activities		<u>9,393,371</u>	<u>(1,324,499)</u>
Cash and cash equivalents included in assets held for sale		(149,673)	-
Effect of exchange rate changes on cash and cash equivalents		226,193	(29,992)
Net increase in cash and cash equivalents		(1,698,260)	8,069,325
Cash and cash equivalents, beginning of the year		<u>20,864,879</u>	<u>12,795,554</u>
Cash and cash equivalents, end of the year	₩	<u>19,166,619</u>	₩ <u>20,864,879</u>

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. GENERAL:

Hyundai Motor Company (the “Company” or “Parent Company”) was incorporated in December 1967, under the laws of the Republic of Korea. The Company and its subsidiaries (the “Group”) manufacture and distribute motor vehicles and parts, operate vehicle financing and credit card processing, and manufacture trains.

The shares of the Company have been listed on the Korea Exchange since June 1974, and the Global Depositary Receipts issued by the Company have been listed on the London Stock Exchange and Luxembourg Stock Exchange.

As of December 31, 2023, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.64%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.39%).

(1) The Group’s consolidated subsidiaries as of December 31, 2023 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HYUNDAI CAPITAL SERVICES, INC.	Financing	Korea	59.72%	
HYUNDAI CARD CO., LTD. (*1)	"	"	36.96%	
HYUNDAI ROTEM COMPANY (*2)	Manufacturing	"	33.77%	
HYUNDAI KEFICO CORPORATION	"	"	100.00%	
HYUNDAI PARTECS	"	"	56.00%	
Hyundai NGV	Engineering	"	68.29%	
MAINtrans company	Services	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Rotem SRS Co., Ltd.	"	"	100.00%	"
S-Trans Co., Ltd.	"	"	100.00%	"
JEONBUK HYUNDAI MOTORS FC CO., LTD	Football club	"	100.00%	
AirPlug Inc.	R&D and Sales	"	99.41%	
42dot Inc.	"	"	58.69%	
42 Air, Inc	"	USA	100.00%	42dot Inc. 100.00%
Movia Inc.	Transporting	Korea	100.00%	"
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	"	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	"	100.00%	HMA 100.00%
Hyundai Motor Group Metaplant America, LLC (HMGMA)	"	"	60.00%	HMA 60.00%
Hyundai Translead (HT)	"	"	100.00%	
Hyundai America Technical Center, Inc. (HATCI)	R&D	"	100.00%	
Genesis Motor America LLC	Sales	"	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Investment, Inc.	Investment	"	100.00%	
HYUNDAI AUTO CANADA CORP. (HACC)	Sales	Canada	100.00%	HMA 100.00%
HYUNDAI AUTO CANADA CAPTIVE INSURANCE INC. (HACCI)	Insurance	"	100.00%	"
Hyundai Capital Canada Inc. (HCCA)	Financing	"	70.00%	HYUNDAI CAPITAL SERVICES, INC. 20.00%
Hyundai Capital Lease Inc. (HCLI)	"	"	100.00%	HCCA 100.00%
HK Lease Funding LP	"	"	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	"	"	100.00%	HCLI 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HCCA Funding Two Inc.	Financing	Canada	100.00%	HCCA 100.00%
HK Retail Funding LP	"	"	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%
HYUNDAI MOTOR INDIA LIMITED (HMI)	Manufacturing	India	100.00%	
HYUNDAI MOTOR INDIA ENGINEERING PRIVATE LIMITED (HMIE)	R&D	"	100.00%	HMI 100.00%
HYUNDAI INDIA INSURANCE BROKING PRIVATE LIMITED (HIIB)	Insurance	"	100.00%	"
HYUNDAI CAPITAL INDIA PRIVATE LIMITED (HCI)	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Mobility Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Mobility Japan R&D Center Co., Ltd. (HMJ R&D)	R&D	"	100.00%	
Hyundai Motor Business Service Company (HMBSC)	Services	Saudi Arabia	100.00%	
HYUNDAI MOTOR MIDDLE EAST AND AFRICA L.L.C	"	United Arab Emirates	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Genesis Motor Sales (Shanghai) Co., LTD.	"	"	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
KEFICO Automotive Systems(Beijing) Co., Ltd.	Manufacturing	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	"	"	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV)(*1)	"	Vietnam	50.00%	
HYUNDAI THANH CONG COMMERCIAL VEHICLE JOINT STOCK COMPANY (HTCV)(*1)	Sales	"	50.00%	
HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV)(*1)	"	"	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
HYUNDAI MOTOR COMPANY AUSTRALIA PTY LIMITED (HMCA)	Sales	Australia	100.00%	
HYUNDAI MOTOR PHILIPPINES, INC. (HMPH)	"	Philippines	100.00%	
HYUNDAI MOBILITY (THAILAND) CO., LTD. (HMT)	"	Thailand	100.00%	
PT HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	100.00%	
PT HYUNDAI MOTORS INDONESIA (HMID)	Sales	"	100.00%	HMMI 0.01%
PT Hyundai Solusi Mobilitas (HSM)	"	"	99.99%	HMID 99.99%
PT. HYUNDAI CAPITAL INDONESIA (HCID)	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Capital Australia Pty Limited	"	Australia	100.00%	"
HR MECHANICAL SERVICES LIMITED	Services	New Zealand	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Manufacturing Czech s.r.o. (HMMC)	Manufacturing	Czech	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Czech s.r.o. (HMCZ)	Sales	Czech	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motorsport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH.	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
HMCIS B.V.	Holding company	Netherlands	100.00%	
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Sweden AB (HMS)	"	Sweden	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor CIS Limited Liability Company (HMCIS)	Sales	"	100.00%	HMCIS B.V. 100.00%
Hyundai Mobility Lab Limited Liability Company. (HML)	R&D	"	100.00%	HMCIS 99.00%, HMMR 1.00%
HYUNDAI CAPITAL SERVICES LIMITED LIABILITY COMPANY	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Limited liability company Hyundai Truck & Bus Rus (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret Anonim Sirketi (HAOSVT)	Manufacturing	Turkiye	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	HYUNDAI ROTEM COMPANY 50.50%
Hyundai Rotem Company – Hyundai EUROTREM Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	"	100.00%	HYUNDAI ROTEM COMPANY 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company - Hyundai EUROTREM Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	HYUNDAI ROTEM COMPANY 85.00%, Hyundai EURotem A.S. 15.00%
Rotem SRS Ukraine LLC.	Services	Ukraine	100.00%	Rotem SRS Co., Ltd. 100.00%
Rotem SRS Egypt LLC.	"	Egypt	98.00%	Rotem SRS Co., Ltd. 98.00%
HYUNDAI MOTOR UK LIMITED (HMUK)	Sales	UK	100.00%	
HYUNDAI MOTOR COMPANY ITALY S.R.L. (HMCI)	"	Italy	100.00%	
HYUNDAI MOTOR ESPANA, S.L.U. (HMES)	"	Spain	100.00%	
HYUNDAI MOTOR FRANCE (HMF)	"	France	100.00%	
Hyundai Motor Poland sp. z o.o. (HMP)	"	Poland	100.00%	
HYUNDAI ROTEM EUROPE sp. z o.o.	Services	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
GENESIS MOTOR EUROPE GmbH (GME)	Sales	Germany	100.00%	
GENESIS MOTOR UK LIMITED (GMUK)	"	UK	100.00%	GME 100.00%
GENESIS MOTOR SWITZERLAND AG (GMCH)	"	Switzerland	100.00%	"
GENESIS MOTOR DEUTSCHLAND GmbH (GMD)	"	Germany	100.00%	"
Hyundai Hydrogen Mobility AG (HHM)	"	Switzerland	75.00%	
Hyundai Hydrogen Mobility Germany GmbH (HHMG)	"	Germany	100.00%	HHM 100.00%
HYUNDAI MOTOR DE MEXICO S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L. DE C.V.	"	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda.	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
HMS SERVICOS DE MOBILIDADE LTDA.	Holding company	Brazil	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	"	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
ZER01NE Accelerator Investment Fund No.1	"	Korea	99.00%	
Autopia Sixty-fifth ~ Seventy-Seventh Asset Securitization Specialty Company (*1)	Financing	"	0.50%	HYUNDAI CAPITAL SERVICES, INC. 0.50%
Zavurov First Co., Ltd. (*1)	"	"	0.00%	HYUNDAI CAPITAL SERVICES, INC. 0.00%
Super Series Ninth ~ Sixteenth Securitization Specialty Co., Ltd. (*1)	"	"	0.50%	HYUNDAI CARD CO., LTD. 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	HYUNDAI CARD CO., LTD. 100.00%
Hyundai Connected Mobility GmbH	Mobility Service	Germany	100.00%	
MOCEAN Co.,Ltd	"	Korea	73.28%	
UB1st Co., Ltd	Manufacturing	"	67.99%	42dot Inc. 67.99%
Hyundai Cha Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

(*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.

(*2) Even though the ownership percentage is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.

(2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the year ended December 31, 2023 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 39,602,030	₩ 33,565,942	₩ 4,873,315	₩ 459,888
HYUNDAI CARD CO., LTD. (*)	23,937,240	20,106,768	3,224,815	265,106
HYUNDAI ROTEM COMPANY (*)	5,241,485	3,954,509	3,587,382	156,779
HYUNDAI KEFICO CORPORATION (*)	2,135,064	1,130,238	2,519,796	41,047
HCA(*)	82,158,423	74,184,645	14,025,729	459,062
HMA	14,506,566	7,565,450	40,823,810	2,778,222
HCCA(*)	8,665,898	8,075,579	994,577	47,190
HMI(*)	5,000,466	1,922,363	10,634,619	921,119
HMMC	4,920,777	1,843,845	11,146,656	795,558
HMMA	4,893,938	3,606,681	13,275,365	236,265
HAOSVT	2,025,990	974,573	4,723,194	230,654
HACC(*)	1,994,722	1,126,555	4,870,333	139,070
HMMI	1,776,410	1,130,619	1,928,508	81,740
HMB	1,611,763	915,285	3,617,488	52,054
HME(*)	1,600,476	1,512,577	17,657,351	13,903

(*) Based on the subsidiary's consolidated financial statements

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the year ended December 31, 2022 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 38,647,454	₩ 33,017,783	₩ 4,436,122	₩ 437,087
HYUNDAI CARD CO., LTD. (*)	25,102,360	21,256,797	3,015,376	253,957
HYUNDAI ROTEM COMPANY (*)	4,823,870	3,332,399	3,163,344	194,534
HYUNDAI KEFICO CORPORATION (*)	2,118,244	1,151,710	2,255,354	86,781
HCA (*)	65,174,141	57,784,155	12,392,502	416,542
HMA	13,534,367	8,484,603	33,684,033	2,549,423
HCCA (*)	6,146,352	5,611,754	819,584	82,115
HMMA	4,974,559	3,863,001	11,399,961	(807,997)
HMI (*)	4,932,560	2,071,012	9,230,238	710,908
HMMC	4,554,767	1,724,596	9,291,193	680,064
HME (*)	2,604,267	2,528,135	14,302,787	12,792
HACC (*)	1,811,550	1,003,562	4,146,159	102,258
HMB	1,801,019	1,195,946	3,314,994	97,250
HAOSVT	1,733,527	867,053	3,625,354	288,338
HMMI	1,717,566	1,169,855	1,484,674	(36,494)

(*) Based on the subsidiary's consolidated financial statements

(3) The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods as the Company's.

(4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group and subsidiaries of finance segment for the year ended December 31, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HCA	HCCA	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)					
Provided by (used in) operating activities	₩ (1,240,514)	₩ 617,367	₩ (13,789,397)	₩ (1,888,547)	₩ 734,192
Provided by (used in) investing activities	(289,957)	(309,410)	(131,584)	(4,046)	(270,412)
Provided by (used in) financing activities	594,005	(1,528,100)	14,078,209	1,850,713	(576,282)
Effect of exchange rate changes on cash and cash equivalent	-	-	7,726	3,374	2,635
Net increase (decrease) in cash and cash equivalents	(936,466)	(1,220,143)	164,954	(38,506)	(109,867)
Beginning balance of cash and cash equivalents	1,747,627	2,269,390	553,623	87,794	506,008
Ending balance of cash and cash equivalents	₩ <u>811,161</u>	₩ <u>1,049,247</u>	₩ <u>718,577</u>	₩ <u>49,288</u>	₩ <u>396,141</u>

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the year ended December 31, 2022 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HCA	HCCA	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)					
Provided by (used in) operating activities	₩ (1,111,074)	₩ (618,906)	₩ (254,261)	₩ (1,257,295)	₩ 716,229
Provided by (used in) investing activities	(223,067)	(70,359)	28,172	(1,741)	(429,045)
Provided by (used in) financing activities	2,572,598	2,379,211	389,229	1,274,970	(97,120)
Effect of exchange rate changes on cash and cash equivalent	-	-	22,292	(542)	(3,784)
Net increase (decrease) in cash and cash equivalents	1,238,457	1,689,946	185,432	15,392	186,280
Beginning balance of cash and cash equivalents	509,170	579,444	368,191	72,402	319,728
Ending balance of cash and cash equivalents	₩ <u>1,747,627</u>	₩ <u>2,269,390</u>	₩ <u>553,623</u>	₩ <u>87,794</u>	₩ <u>506,008</u>

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the year ended December 31, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.28%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,425,670	₩ 2,490,730	₩ 942,579
Profit attributable to non-controlling interests	187,078	142,315	98,254
Dividends paid to non-controlling interests	-	38,442	-

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of and for the year ended December 31, 2022 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,263,283	₩ 2,511,596	₩ 845,085
Profit attributable to non-controlling interests	171,675	160,104	127,747
Dividends paid to non-controlling interests	-	56,753	-

- (6) Financial support provided to consolidated structured entities

As of December 31, 2023, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC., subsidiaries of the Company, have agreements that provide counterparties with rights of recourse in the event of default on the derivatives relating to asset-backed securities issued by consolidated structured entities, Autopia Sixty-Eighth, Sixty-Ninth and Seventy-sixth Asset Securitization Specialty Company, Super Series Ninth, Twelfth, Fourteenth and Fifteenth Securitization Specialty Co., Ltd..

- (7) Nature and risks associated with interests in unconsolidated structured entities

- 1) Nature of interests in unconsolidated structured entities of the Group as of December 31, 2023 is as follows.

Description	Purpose	Nature of business	Method of funding	Total assets (*)
(In millions of Korean Won)				
Asset securitization SPC	Fund raising through asset-securitization	Fund collection	Asset Backed Securities and others	₩ 847,155
Investment fund	Investment trust and others	Fund management and operation, distribution of operating profit and others	Beneficiary (Investment) certificates	7,288,926
Structured Finance	Fund raising through project financing	Project financing for construction project and ship investment	Project financing and others	34,569,749

(*) The financial information of unconsolidated structured entity includes unaudited amounts.

Nature of interests in unconsolidated structured entities of the Group as of December 31, 2022 is as follows.

Description	Purpose	Nature of business (In millions of Korean Won)	Method of funding	Total assets (*)
Asset securitization SPC	Fund raising through asset-securitization	Fund collection	Asset Backed Securities and others	₩ 711,575
Investment fund	Investment trust and others	Fund management and operation, distribution of operating profit and others	Beneficiary (Investment) certificates	6,877,841
Structured Finance	Fund raising through project financing	Project financing for construction project and ship investment	Project financing and others	24,128,653

(*) The financial information of unconsolidated structured entity includes unaudited amounts.

2) Risks associated with interests in unconsolidated structured entities of the Group as of December 31, 2023 are as follows.

Description	Book value in the structured entity	Financial support provided to the structured entity		Maximum amount of exposure to loss of the structured entity
		Method	Purpose	
Asset securitization SPC	₩ 69,754	Loan obligations	Loan agreement (Credit line)	₩ 92,000
Investment fund	304,074	Beneficiary certificates, Investment trust	Invest agreement	304,074
Structured Finance	1,695,327	Loan obligations	Loan agreement (Credit line)	2,356,936

Risks associated with interests in unconsolidated structured entities of the Group as of December 31, 2022 are as follows.

Description	Book value in the structured entity	Financial support provided to the structured entity		Maximum amount of exposure to loss of the structured entity
		Method	Purpose	
Asset securitization SPC	₩ 70,208	Loan obligations	Loan agreement (Credit line)	₩ 77,000
Investment fund	238,424	Beneficiary certificates, Investment trust	Invest agreement	238,424
Structured Finance	1,585,070	Loan obligations	Loan agreement (Credit line)	2,089,900

(8) Significant restrictions on the subsidiaries

As of December 31, 2023, HYUNDAI CARD CO., LTD., a subsidiary of the Company, is subject to significant restrictions that require it to obtain consent from a nominated outside director recommended by non-controlling shareholders in the events of acquiring a company, entering into new business, providing guarantees, making investments in stocks or contracts beyond a certain amount and others.

(9) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation during the year ended December 31, 2023 are as follows.

Changes	Name of subsidiaries	Description
Included	Autopia Seventy-Sixth Asset Securitization Specialty Company	Establishment
"	Autopia Seventy-Seventh Asset Securitization Specialty Company	"
"	Super Series Fifteenth Securitization Specialty Co., Ltd.	"
"	Super Series Sixteenth Securitization Specialty Co., Ltd.	"
"	S-Trans Co., Ltd.	"
"	HYUNDAI ROTEM EUROPE sp. z o.o.	"
"	Hyundai Motor Business Service Company	"
"	Hyundai Motor Sweden AB	"
"	Hyundai Connected Mobility GmbH	"
"	HYUNDAI MOTOR MIDDLE EAST AND AFRICA L.L.C	"
"	UB1st Co., Ltd	Acquisition
Excluded	Super Series Sixth Securitization Specialty Co., Ltd.	Liquidation
"	Super Series Seventh Securitization Specialty Co., Ltd.	"
"	Super Series Eighth Securitization Specialty Co., Ltd.	"
"	KEFICO Automotive Systems(Chongqing) Co., Ltd.	"
"	SMART Alabama, LLC	"
"	Stamped Metal American Research Technology, Inc.	"

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), as prescribed in the Act on External Audit of Stock Companies, Etc in the Republic of Korea.

The material accounting policies used for the preparation of the consolidated financial statements are summarized below. These material accounting policies are consistent with those applied to the consolidated financial statements as of and for the year ended December 31, 2022, except for the new or amended accounting standards and interpretations described below.

1) New and amended standards that have been applied from the year beginning on January 1, 2023 are as follows.

The Group applied KIFRS 1117 *Insurance Contracts, Definition of Accounting Estimates* (Amendments to KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*), Disclosure of Accounting Policies (Amendments to KIFRS 1001 *Presentation of Financial Statements*), *Deferred Tax related to Assets and Liabilities arising from a Single Transaction, International Tax Reform-Pillar Two Model Rules* (Amendments to KIFRS 1012 *Income Taxes*), *Disclosure of gains (losses) on valuation of financial liabilities in accordance with exercise price refixing* (Amendments to KIFRS 1001 *Presentation of Financial Statements*), for the first time on January 1, 2023. These standards and other new accounting standards effective from January 1, 2023 do not have a material impact on the Group's consolidated financial statements.

2) A number of new standards are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

The Group is currently evaluating the effect of the following new or amended standards and interpretations, if any, to the consolidated financial statements, however, those standards are not expected to have a material impact on the Group's consolidated financial statements.

- Lease liabilities arising from sale and leaseback transactions (KIFRS 1116 *Leases*)
- Classification of Liabilities as Current or Non-current (KIFRS 1001 *Presentation of Financial Statements*)
- Supplier Finance Arrangements (KIFRS 1007 *Statement of Cash Flows*, KIFRS 1107 *Financial Instruments*):

Disclosures)

- Disclosure of virtual assets (KIFRS 1001 *Presentation of Financial Statements*)

The consolidated financial statements were approved by the Board of Directors on January 25, 2024 and are expected to be submitted for the Company's annual general meeting of shareholders.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise stated in the accounting policies below. Historical cost is usually measured at the fair value of the consideration given to acquire the assets.

(3) Basis of consolidations

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (or its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Even if the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Group. The carrying amount of non-controlling interests consists of the amount of those non-controlling interests at the initial recognition and the changes in shares of the non-controlling interests in equity since the date of the acquisition. Total comprehensive income is attributed to the owners of the Group and to the non-controlling interests even if the non-controlling interest has a deficit balance.

Changes in the Group's ownership interests in subsidiaries, without a loss of control, are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable KIFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under KIFRS 1109 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(4) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration includes any asset or liability resulting from a contingent consideration arrangement and is measured at fair value.

Acquisition-related costs are recognized in profit or loss as incurred. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Prior to the acquisition date, the amount resulting from changes in the value of its equity interest in the acquiree that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were directly disposed of.

(5) Revenue recognition

In accordance with KIFRS 1115, all types of contracts recognize revenues by the 5-step revenue recognition model (1) identification of contract → (2) identification of performance obligations → (3) calculation of transaction price → (4) allocation of transaction price to performance obligations → (5) recognition of revenue when performance obligation is satisfied.

1) Identification of performance obligations

The Group operates businesses such as the manufacture and sale of automobiles and auto parts. In the automobile sales contracts with customers, services other than automobile sales are separately identified as performance obligations.

2) Performance obligations satisfied at a point in time

Revenue is recognized when the performance obligations under the terms of a contract with the Group's customer are satisfied, which generally occurs with the transfer of control of goods or services.

3) Performance obligations satisfied over time

In assessing whether the control over goods or services is transferred over time, the Group evaluates whether the customer simultaneously obtains and consumes the benefits provided by the Group's performance, whether the assets are controlled by the customer, and whether the assets created by the Group have no substitute purpose, and whether the Group is entitled to reimbursement of costs incurred to date, including a reasonable margin.

4) Allocation of transaction price

The Group allocates the transaction price to each of the performance obligations identified in a single contract in proportion to its stand-alone selling price. When the stand-alone selling price is not directly observable, the Group estimates the stand-alone selling price using the adjusted market assessment approach, or the expected cost plus a margin approach.

5) Variable consideration

The Group estimates the amount of consideration it will be entitled to receive using the method (either the expected value method or the most likely amount method) that provides the most accurate prediction.

Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in future periods.

6) Significant financing element

If the period between the transfer of the goods or services promised to the customer and the payment from the customer is within one year, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, as a practical expedient.

7) Construction contracts

Where the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the end of reporting period.

The percentage of completion of a contract activity is reliably measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, by surveys of work performed or by completion of a physical proportion of the contract work. Variations in contract work, claim and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

(6) Foreign currency translation

The individual financial statements of each entity in the Group are prepared and presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions occurring in currencies other than their functional currency (foreign currencies) are recorded using the exchange rate on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences resulting from settlement of assets or liabilities and translation of monetary items denominated in foreign currencies are recognized in profit or loss in the period in which they arise except for some exceptions.

Foreign exchange gains or losses are classified as finance income (expenses) or other income (expenses) by the nature of the transaction or event.

For the purpose of presenting the consolidated financial statements, assets and liabilities in the Group's foreign operations are translated into Won, using the exchange rates at the end of reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate during the period has significantly fluctuated, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising, if any, are recognized in equity as other comprehensive income. Upon the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of reporting period.

(7) Financial Assets

The Group classifies financial assets as financial assets measured at fair value through profit or loss, financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income according to the terms and purpose of acquisition. The Group determines the classification of a financial asset at initial recognition.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

1-1) Amortization cost and effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI.

1-2) Debt instruments classified as at FVOCI

Corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated in investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

1-3) Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

1-4) Financial assets measured at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVPL. Gains or losses arising from changes in the fair value of FVPL, dividends and interest income from the financial assets are recognized in profit or loss.

2) Foreign exchange gain / loss

The carrying amount of a financial asset designated as a foreign currency is determined in foreign currencies and is translated at the spot exchange rate at the end of the reporting period.

(8) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and valuation of individual assets, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of forecast on present and future conditions reflecting time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- other significant increases in credit risk.

2) Definition of default

The Group believes that, based on past experience, if the debtor violates the terms of the contract, it is considered to constitute a default event for internal credit risk management purposes.

3) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event as defined by the Group's internal policy.

4) Measurements and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECLs in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECLs are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECLs at the current reporting date, except for financial assets for which a simplified approach is used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(9) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(10) Inventory

Inventory is measured at the lower of cost or net realizable value. Inventory cost, including the fixed and variable manufacturing overhead cost, is calculated, using the moving average method, except for the cost for inventory in transit, which is determined by the specific identification method.

(11) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence, but not a joint venture or a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate or a joint venture is initially recognized at cost and accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

Investment in associate or joint venture is accounted for using the equity method from the date that the investee becomes the associate or joint venture. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of KIFRS 1028 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When there is any indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with KIFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with KIFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with KIFRS 1109. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis it would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture. When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies KIFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Unrealized gains from transactions between the Group and its associates or joint ventures are eliminated up to the shares in associate (joint venture) stocks. Unrealized losses are also eliminated, unless evidence of impairment in assets transferred is produced. If the accounting policy of associates or joint ventures differs from the Group, financial statements are adjusted accordingly before applying equity method of accounting.

(12) Property, plant and equipment

Property, plant and equipment is recognized if, and only if it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. After the initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in case the recognition criteria are met, the subsequent costs will be added to the carrying amount of the asset or recognized as a separate asset, and the carrying amount of what was replaced is derecognized.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The representative useful lives are as follows.

	<u>Representative useful lives (years)</u>
Buildings and structures	12 – 50
Machinery and equipment	6 – 15
Vehicles	6 – 15
Dies, mold and tools	4 – 6
Office equipment	3 – 15
Other	2 – 20

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

(13) Investment properties

Investment properties are property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at its cost and transaction costs are included in the initial measurement. After initial recognition, the book value of investment properties is presented at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized.

Land is not depreciated, and other investment properties are depreciated using the straight-line method over the period from 20 to 50 years. The Group reviews the depreciation method, the estimated useful lives and residual values at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

(14) Intangible assets

1) Goodwill

Goodwill arising from a business combination is recognized as an asset at the time of obtaining control (the acquisition date). Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized, but tested for impairment at least annually. For purposes of impairment tests, goodwill is allocated to those cash-generating units ("CGU") of the Group expected to have synergies from the business combination. CGU that goodwill has been allocated is tested for impairment every year or when an event occurs that indicates impairment.

If the recoverable amount of a CGU is less than its carrying amount, the impairment will first decrease the goodwill allocated to that CGU and the remaining impairment will be allocated among other assets relative to its carrying value. Impairment recognized for goodwill may not be reversed. When disposing a subsidiary, related goodwill will be included in gain or loss from disposal.

2) Development costs

The expenditure on research is recognized as an expense when it is incurred. The expenditure on development is recognized as an intangible asset, and amortization is computed using the straight-line method based on the estimated useful lives of the assets since the asset is available for use or sale.

Research and development activities are conducted in phases of preceding research, development approval, product development and mass production. The Group generally recognizes intangible assets as development activities after the development approval phases which product specification, release schedule, and sales plan are established. Expenditure incurred at the previous phase is recognized as an expense as it is considered as research activities when it is incurred.

3) Intangible assets acquired separately

Intangible assets are measured initially at cost, and are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized by the straight-line method based on estimated useful lives from the date of availability. The Group reviews the estimated useful life and amortization method at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate. Intangible assets assessed as having indefinite useful life such as club membership are subjected to impairment test at least once a year without amortization.

The representative useful lives are as follows.

	<u>Representative useful lives (years)</u>
Development costs	3, 7
Industrial property rights	5 – 10
Software	3 – 7
Other	5 – 40

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. If the cash inflows of an individual asset are largely independent from other assets or group of assets, the recoverable amount is measured for that individual asset; otherwise, it is measured for the cash generating unit (CGU) to which the asset belongs. An impairment loss in respect of goodwill is not reversed. For other assets, impairment loss is reversed if the recoverable amount increases in subsequent years, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized, but tested for impairment annually.

(16) Non-current assets classified as held for sale

The Group classifies a non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

The Group classified unit of operating division for which operating activities have been completed or classified as unit held for sale in case of major business division or sales region as discontinued income, excluding profit or loss from discontinued operations after tax from result of continued operations and represents single amounts on income statements. Other details for discontinued operation are represented on Note 8, and other Notes includes continued operating amounts unless otherwise stated. If there is a discontinued operation, the profit or loss related to the discontinued operation is classified as profit or loss from discontinued operation, and the comparative consolidated statement of income is restated by presenting profit or loss from the discontinued operation separately.

(17) Lease

At contract inception, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether the contract conveys a right to control the use of an identified asset, definition of a lease under KIFRS 1116 has been applied.

1) As a lessee

At inception or effective date of change, the Group allocates the consideration in the contract to each lease on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2) As a lessor

The accounting policies applicable in the same period to the Group as a lessor are not different from those under KIFRS 1116. When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease interest income is allocated to accounting periods so as to reflect an effective interest rate on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the carrying amount of investments in operating leases and recognized as expense on a straight-line basis over the lease term.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until they are ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) Employee benefits

1) Short-term employee benefits

Short-term employee benefits are settled within 12 months from the end of the reporting period in which the employee provided the relevant service. They are recognized in profit or loss when the service is rendered and measured at the undiscounted amount of benefits expected to be paid in exchange for that service.

2) Retirement benefit plans

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, less the fair value of plan assets. Defined benefit obligations are calculated annually by an actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligations is measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds, with similar maturity as the expected retirement benefit payment date. In countries where there is no deep market in such bonds, the market yields at the end of the reporting period on government bonds are used.

The remeasurements of the net defined benefit liabilities (assets) comprising actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results, the effect of the changes to the asset ceiling and return on plan assets, excluding amounts included in net interest on the net defined benefit liabilities (assets), are recognized in other comprehensive income of the consolidated statements of comprehensive income, which is immediately recognized as retained earnings. Those recognized in retained earnings will not be reclassified in profit or loss. Past service costs are recognized in profit and loss when the plan amendment occurs, and net interest is calculated by applying the discount rate determined at the beginning of the annual reporting period to the net defined benefit liabilities (assets). Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on settlements), net interest expense (income), and remeasurements.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees provide services eligible for payment.

3) Other long-term employee benefits

Other long-term employee benefits, which are not paid within 12 months from the end of the reporting period in which the employee provided the relevant service, discounts future benefits earned in return for service provided in the current and past periods to present values. Liabilities are determined after discounting estimated future cash outflows by the interest rate of high-quality corporate bonds, with similar maturity as the expected other long-term employee benefits date. And service cost, net interest and remeasurement component are recognized as profit or loss. Also, these liabilities are evaluated annually by independent, qualified actuaries.

(20) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the

consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation. The increase in provision due to passage of time is recognized as interest expense.

The Group recognizes provisions for costs expected to be incurred in the future for the repair of regular parts within the warranty period based on historical experience and compensation for accidents caused by defects in the exported products or parts of the product when such amounts are probable of payment. Also, the Group recognizes provisions for the probable losses of unused loan commitment, construction contracts, pre-contract sale or service contract due to legal or constructive obligations.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(21) Taxation

Income tax expense is composed of current and deferred tax.

1) Current tax

The current tax is computed based on the taxable profit for the current year. The taxable profit differs from the profit before income tax as reported in the consolidated statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities shall not be recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that taxable profit will be available against which the temporary difference can be utilized and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3) Recognition of current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, or items arising from initial accounting treatments of a business combination. The tax effect arising from a business combination is included in the accounting for the business combination.

In addition, Pillar Two laws have been enacted or substantially enacted in some jurisdictions where the Group operates, and Pillar Two laws are scheduled to take effect during the Group's reporting period beginning on January 1, 2024.

(22) Treasury stock

When the Group repurchases its equity instruments (treasury stock), the incremental costs and net of tax effect are deducted from equity and recognized as other capital item deducted from the total equity in the consolidated statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in equity and not in current profit or loss.

(23) Financial liabilities and equity instruments

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument.

1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2) Financial guarantee liability

A financial guarantee contract is a contract that the issuer must pay a certain amount of money to compensate for losses incurred by the holder due to the failure of a specific debtor to pay the due date on the original contract or modified terms of the debt instrument. Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

- Loss provision calculated in accordance with KIFRS 1109
- The amount recognized less the accumulated profits recognized in accordance with KIFRS 1115

3) Financial liabilities measured at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVPL as of the date of initial recognition.

However, for financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVPL are recognized in profit or loss.

4) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVPL as of the date of initial recognition, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(24) Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in such case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedges) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedges).

1) Fair value hedges

The Group recognizes the changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. If the forecast transaction results in the recognition of a non-financial asset or liability, the related gain and loss recognized in other comprehensive income and accumulated in equity are transferred from equity to the initial cost of related non-financial asset or liability.

Cash flow hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for the criteria of hedging. Any gain or loss accumulated in equity at that time remains in equity, and is recognized as profit or loss when the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(25) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of KIFRS 1116 *Leases*, and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 20.

(26) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group classifies the emission rights as intangible assets. The emission rights allowances received from the government free of charge are measured at zero, while purchased emission rights allowances are measured at cost. No emission liability is recognized if the expected quantity of emission for the performing period does not exceed the emission allowance in possession. If the expected emissions exceed the emission allowances held, the emission liability is measured and recognized based on the expected excess quantity of emissions and the market unit price of the emission rights at the end of the reporting period.

(27) Significant accounting estimates and key sources of estimation uncertainties

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties at December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows.

1) Impairment test for goodwill and non-financial assets

Determining whether goodwill and non-financial asset is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated and value in use of non-financial assets. The value in use calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

2) Warranty provision

The Group recognizes provisions for the warranties of its products as described in Note 2.(20). The amounts are recognized based on the best estimate of amounts necessary to settle the present and future warranty obligation.

3) Defined benefit plans

The Group operates defined retirement benefit plans. Defined benefit obligations are determined at the end of each reporting period using an actuarial valuation method that requires management assumptions on discount rates, rates of expected future salary increases and mortality rates. The characteristic of post-employment benefit plan that serves for the long term period causes significant uncertainties when the post-employment benefit obligation is estimated.

4) Taxation

The Group recognizes current tax and deferred tax based on the best estimates of income tax effect to be charged in the future as the result of operating activities until the end of the reporting period. However, actual final income tax to be charged in the future may differ from the relevant assets and liabilities recognized at the end of the reporting period and the difference may affect income tax charged or credited, or deferred tax assets and liabilities in the period in which the final income tax determined.

5) Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. The Group makes judgements on the choice of various valuation methods and assumptions based on the condition of the principal market at the end of the reporting period.

6) Measurement and useful lives of property, plant, equipment or intangible assets

When the Group acquires property, plant, equipment or intangible assets from a business combination, it is required to estimate the fair value of the assets at the acquisition date and determine the useful lives of such assets for depreciation and amortization.

7) Credit loss allowance

The Group sets credit loss allowance upon evaluation of impairment relating to account receivables and financial services receivables as described in Note 2.(8). The precision in loss allowance is based on the estimation of expected cash flow and assumptions and variables of risk measurement model used for the estimation.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,701,721	₩ 241,556	₩ 4,298,915	₩ 200,400
Loss allowance	(19,539)	(5,005)	(19,858)	(5,028)
Present value discount accounts	-	(25,572)	-	(15,591)
	<u>₩ 4,682,182</u>	<u>₩ 210,979</u>	<u>₩ 4,279,057</u>	<u>₩ 179,781</u>

(2) Aging analysis of trade notes and accounts receivable

As of December 31, 2023, aging analysis of total trade notes and accounts receivable that are past due, but not impaired is as follows.

Description	Not due	Overdue Within 90days	Overdue Within 180days More than 91days		Total amounts	Amount of impaired receivables
			Overdue More than 181 days	Overdue More than 181 days		
(In millions of Korean Won)						
Total trade notes and accounts receivable	₩ 4,227,084	₩ 396,061	₩ 56,367	₩ 263,765	₩ 4,943,277	₩ 24,544

As of December 31, 2022 aging analysis of total trade notes and accounts receivable that are past due, but not impaired is as follows.

Description	Not due	Overdue Within 90days	Overdue Within 180days More than 91days		Total amounts	Amount of impaired receivables
			Overdue More than 181 days	Overdue More than 181 days		
(In millions of Korean Won)						
Total trade notes and accounts receivable	₩ 4,225,436	₩ 192,913	₩ 7,766	₩ 73,200	₩ 4,499,315	₩ 24,886

(3) Transferred trade notes and accounts receivable that are not derecognized

As of December 31, 2023 and December 31, 2022, total trade notes and accounts receivable (including inter-company receivables within the Group) which the Group transferred to financial institutions but did not qualify for derecognition, amount to ₩0 and ₩2,123,379 million, respectively. Cash and cash equivalents received as consideration for the transfer are recognized as short-term borrowings due to the fact that the risks and rewards were not transferred substantially.

(4) Changes in loss allowance for the years ended December 31, 2023 and December 31, 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Beginning of the year	₩	24,886	₩	43,507
Impairment loss (reversal)		14,817		(940)
Write-off		(15,208)		(20,769)
Effect of foreign exchange differences and others		49		3,088
End of the year	₩	24,544	₩	24,886

4. OTHER RECEIVABLES:

(1) Other receivables as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others (*)	₩	2,223,588	₩	418,541
Due from customers for contract work		1,191,078		-
Lease and rental deposits		17,104		323,362
Deposits		9,020		40,740
Others		9,237		38,407
Loss allowance		(18,858)		-
	₩	3,431,169	₩	821,050

(*) As of December 31, 2023 and December 31, 2022, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of ₩1,008,099 million and ₩1,045,159 million, respectively.

(2) Changes in other allowance for the years ended December 31, 2023 and December 31, 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Beginning of the year	₩	134,385	₩	20,877
Impairment loss		5,165		130,650
Write-off		(4,104)		(971)
Effect of foreign exchange differences		(116,588)		(16,171)
End of the year	₩	18,858	₩	134,385

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of December 31, 2023 are as follows.

Description	December 31, 2023	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at FVPL	₩	493,423
Financial assets measured at FVOCI		2,900,170
Financial assets measured at amortized cost		588,502
Derivative assets that are effective hedging instruments		441,293
	₩	4,423,388

Other financial assets as of December 31, 2022 are as follows.

Description	December 31, 2022	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at FVPL	₩ 5,366,752	₩ 343,594
Financial assets measured at FVOCI	66,044	2,773,537
Financial assets measured at amortized cost	25,404	12,494
Derivative assets that are effective hedging instruments	476,545	760,151
	₩ 5,934,745	₩ 3,889,776

(2) Financial assets measured at FVOCI as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Acquisition cost	Book value	Book value	
	(In millions of Korean Won)			
Debt instruments	₩ 627,464	₩ 611,668	₩	499,193
Equity instruments (*)	2,649,742	2,377,754		2,340,388
	₩ 3,277,206	₩ 2,989,422	₩	2,839,581

(*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial recognition.

(3) Equity instruments classified into financial assets measured at FVOCI as of December 31, 2023 and December 31, 2022 are as follows.

Name of the company	Ownership percentage (%)	December 31, 2023		December 31, 2022	
		Acquisition cost	Book value	Book value	
		(In millions of Korean Won)			
KT Corporation (*1)	4.75	₩ 458,793	₩ 421,442	₩	414,412
Hyundai Glovis Co., Ltd.	4.88	210,688	350,625		299,359
Hyundai Steel Company (*2)	6.87	727,028	334,836		322,546
ANI Technologies Private Limited (OLA)	3.38	278,955	282,285		278,825
Hyundai Oilbank Co., Ltd.	4.35	53,734	224,367		270,911
Grab Holdings Limited	1.10	442,922	186,356		175,010
HD Hyundai (*3)	2.20	9,018	109,811		99,055
Hyundai M Partners Co., Ltd.	9.29	9,888	14,720		17,151
NICE Information Service Co., Ltd.	2.25	3,312	12,935		16,664
Hyundai Green Food Co., Ltd. (*4)	2.36	5,203	9,187		-
NICE Holdings Co., Ltd.	1.30	3,491	6,480		6,342
Hyundai G.F. Holdings Co., Ltd. (*4)	0.97	9,801	5,487		15,531
Hyundai Asan Corporation	0.88	22,500	2,117		2,117
Others		414,409	417,106		422,465
		₩ 2,649,742	₩ 2,377,754	₩	2,340,388

(*1) During the year ended December 31, 2022, the Group acquired 12,011,143 shares in KT Corporation by the exchange of treasury stocks for the purpose of strengthening its business partnership with KT Corporation, and the shares acquired by the Group are restricted from disposal for a certain period of time.

(*2) The Group entered into a total return swap agreement to transfer 1,367,114 shares out of total 10,540,709 shares with a third party. The Group has disposed of all of its shares during the year ended December 31, 2023.

(*3) During the year ended December 31, 2022, the name of the company has been changed from Hyundai Heavy Industries Holdings Co., Ltd. to HD Hyundai.

(*4) During the year ended December 31, 2023, Hyundai Green Food Co., Ltd. was spun off into Hyundai G.F. Holdings Co., Ltd., the surviving entity, and Hyundai Green Food Co., Ltd., the new entity.

6. INVENTORIES:

Inventories as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Finished goods	₩	10,509,361	₩	7,824,079
Merchandise		121,347		100,075
Semifinished goods		632,114		666,083
Work in progress		497,054		578,404
Raw materials		3,535,109		3,460,781
Supplies		360,031		351,994
Materials in transit		566,475		576,321
Others (*1)		1,178,855		733,479
Total (*2)	₩	17,400,346	₩	14,291,216

(*1) As of December 31, 2023 and December 31, 2022, others include inventories provided by operating lease with repurchase agreement in the amount of ₩157,442 million and ₩163,268 million, respectively.

(*2) As of December 31, 2023 and December 31, 2022, the Group recognized a valuation allowance in the amount of ₩238,834 million and ₩177,907 million, respectively.

7. OTHER ASSETS:

Other assets as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accrued income	₩ 668,301	₩ 379	₩ 460,921	₩ 531
Advanced payments	1,175,996	137,377	882,136	130,743
Prepaid expenses	713,067	1,795,515	782,749	1,332,807
Prepaid value-added tax and others	593,575	36,848	514,747	86,374
	₩ 3,150,939	₩ 1,970,119	₩ 2,640,553	₩ 1,550,455

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE:

Non-current assets classified as held for sale and non-current liabilities classified as held for sale as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Land	₩	-	₩	6,676
Building and others		-		15,626
Subsidiaries (*)		434,503		-
Total	₩	434,503	₩	22,302
Non-current liabilities classified as held for sale (*)	₩	122,851	₩	5,365

(*) As the Group decided to sell all of its shares of Hyundai Motor Manufacturing Rus LLC, it classified assets and liabilities related to Hyundai Motor Manufacturing Rus LLC as disposal group held for sale, recognizing other comprehensive loss cumulatively in the amount of ₩321,879 million. The Group also recognized impairment loss in the amount of ₩483,992 million arising from measuring disposal group held for sale as fair value less costs to sell. Details of assets, liabilities classified as disposal group held for sale are described in Note 43.

9. PROPERTY, PLANT AND EQUIPMENT:

(1) Property, plant and equipment (“PP&E”) as of December 31, 2023 and 2022 are as follows.

Description	December 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation (*)	Book value	Acquisition cost	Accumulated depreciation (*)	Book value
	(In millions of Korean Won)					
Land	₩ 12,490,298	₩ -	₩ 12,490,298	₩ 12,180,112	₩ -	₩ 12,180,112
Buildings	12,184,105	(4,799,368)	7,384,737	11,620,590	(4,489,885)	7,130,705
Structures	1,869,394	(924,658)	944,736	1,762,100	(911,214)	850,886
Machinery and equipment	18,183,078	(11,790,269)	6,392,809	18,215,786	(11,632,625)	6,583,161
Vehicles	704,453	(259,992)	444,461	615,152	(252,906)	362,246
Dies, molds and tools	16,567,090	(12,368,355)	4,198,735	15,387,346	(11,258,981)	4,128,365
Office equipment	2,223,452	(1,640,610)	582,842	2,090,753	(1,601,189)	489,564
Others	165,125	(60,664)	104,461	272,101	(114,293)	157,808
Construction in progress	6,377,821	-	6,377,821	4,270,343	-	4,270,343
	<u>₩ 70,764,816</u>	<u>₩ (31,843,916)</u>	<u>₩ 38,920,900</u>	<u>₩ 66,414,283</u>	<u>₩ (30,261,093)</u>	<u>₩ 36,153,190</u>

(*) Accumulated impairment losses are included.

(2) The changes in PP&E for the year ended December 31, 2023 are as follows.

Description	Beginning of the year	Acquisitions	Transfers		Depreciation	Others (*)	End of the year
			within PP&E	Disposals			
	(In millions of Korean Won)						
Land	₩ 12,180,112	₩ 196,315	₩ 105,432	₩ (2,172)	₩ -	₩ 10,611	₩ 12,490,298
Buildings	7,130,705	51,594	690,587	(26,949)	(374,434)	(86,766)	7,384,737
Structures	850,886	28,225	160,215	(14,211)	(80,314)	(65)	944,736
Machinery and equipment	6,583,161	26,453	1,153,470	(117,038)	(1,074,619)	(178,618)	6,392,809
Vehicles	362,246	141,460	162,268	(116,583)	(103,785)	(1,145)	444,461
Dies, molds and tools	4,128,365	13,273	1,467,093	(77,934)	(1,443,734)	111,672	4,198,735
Office equipment	489,564	68,535	217,751	(5,018)	(185,761)	(2,229)	582,842
Others	157,808	4,867	24,041	(40)	(15,681)	(66,534)	104,461
Construction-in-progress	4,270,343	6,535,901	(3,980,857)	(4,393)	-	(443,173)	6,377,821
	<u>₩ 36,153,190</u>	<u>₩ 7,066,623</u>	<u>₩ -</u>	<u>₩ (364,338)</u>	<u>₩ (3,278,328)</u>	<u>₩ (656,247)</u>	<u>₩ 38,920,900</u>

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation, impairment loss of ₩140,170 million for the CGU attributable to Hyundai Motor Manufacturing Rus LLC and others.

The changes in PP&E for the year ended December 31, 2022 are as follows.

Description	Beginning of the year	Acquisitions	Transfers		Depreciation	Others (*)	End of the year
			within PP&E	Disposals			
	(In millions of Korean Won)						
Land	₩ 12,130,094	₩ -	₩ 56,663	₩ (9,874)	₩ -	₩ 3,229	₩ 12,180,112
Buildings	6,763,707	6,946	703,192	(28,181)	(357,212)	42,253	7,130,705
Structures	813,762	18,900	90,828	(5,258)	(77,357)	10,011	850,886
Machinery and equipment	6,657,350	32,604	986,035	(91,333)	(1,064,339)	62,844	6,583,161
Vehicles	253,851	109,262	137,739	(59,329)	(81,904)	2,627	362,246
Dies, molds and tools	4,411,102	19,799	1,284,698	(65,801)	(1,403,168)	(118,265)	4,128,365
Office equipment	424,549	55,507	187,658	(3,303)	(173,658)	(1,189)	489,564
Others	206,618	3,577	79,172	(288)	(17,647)	(113,624)	157,808
Construction-in-progress	3,882,050	4,110,106	(3,525,985)	(1,192)	-	(194,636)	4,270,343
	<u>₩ 35,543,083</u>	<u>₩ 4,356,701</u>	<u>₩ -</u>	<u>₩ (264,559)</u>	<u>₩ (3,175,285)</u>	<u>₩ (306,750)</u>	<u>₩ 36,153,190</u>

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, impairment loss of ₩172,769 million for the CGU attributable to Hyundai Motor Manufacturing Rus LLC and others. The impairment test regarding CGU attributable to Hyundai Motor Manufacturing Rus LLC was conducted due to continued suspension of production, and the recoverable amount was based on its fair value less costs to sell (net fair value).

10. INVESTMENT PROPERTY:

(1) Investment property as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
	(In millions of Korean Won)					
Land	₩ 54,284	₩ -	₩ 54,284	₩ 47,608	₩ -	₩ 47,608
Buildings	310,646	(228,480)	82,166	310,589	(223,852)	86,737
Structures	18,629	(8,931)	9,698	18,630	(8,525)	10,105
	<u>₩ 383,559</u>	<u>₩ (237,411)</u>	<u>₩ 146,148</u>	<u>₩ 376,827</u>	<u>₩ (232,377)</u>	<u>₩ 144,450</u>

(2) The changes in investment property for the year ended December 31, 2023 are as follows:

Description	Beginning of the year	Transfers(*)	Depreciation	Effect of foreign exchange differences	End of the year
	(In millions of Korean Won)				
Land	₩ 47,608	₩ 6,676	₩ -	₩ -	₩ 54,284
Buildings	86,737	465	(4,994)	(42)	82,166
Structures	10,105	-	(408)	1	9,698
	<u>₩ 144,450</u>	<u>₩ 7,141</u>	<u>₩ (5,402)</u>	<u>₩ (41)</u>	<u>₩ 146,148</u>

(*) Transferred amount from Construction-in-progress and other accounts

The changes in investment properties for the year ended December 31, 2022 are as follows.

Description	Beginning of the year	Transfers(*)	Depreciation	Effect of foreign exchange differences	End of the year
	(In millions of Korean Won)				
Land	₩ 54,284	₩ (6,676)	₩ -	₩ -	₩ 47,608
Buildings	91,858	201	(4,994)	(328)	86,737
Structures	10,514	-	(408)	(1)	10,105
	<u>₩ 156,656</u>	<u>₩ (6,475)</u>	<u>₩ (5,402)</u>	<u>₩ (329)</u>	<u>₩ 144,450</u>

(*) Transferred amount from Construction-in-progress and other accounts

(3) The fair value of investment properties as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Land	₩ 54,284	₩ 47,608
Buildings	261,906	333,488
Structures	15,496	15,496
	<u>₩ 331,686</u>	<u>₩ 396,592</u>

The fair value measurement of the investment properties was performed by an independent third party. The Group deems the change in fair value from the fair value measurement performed at the initial recognition of the investment properties is not material.

The fair value of the investment properties is classified as Level 3, based on the inputs used in the valuation techniques. The fair value has been determined based on the cost approach and the market approach. The cost approach measures fair value as current replacement cost considering building structures and design, supplementary installation, depreciation period.

(4) Income and expenses related to investment properties for the years ended December 31, 2023 and 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Rental income	₩	43,881	₩	43,967
Operating and maintenance expenses		13,271		13,201

11. INTANGIBLE ASSETS:

(1) Intangible assets as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023			December 31, 2022		
	Acquisition cost	Accumulated amortization (*)	Book value	Acquisition cost	Accumulated amortization (*)	Book value
	(In millions of Korean Won)					
Goodwill	₩ 738,791	₩ (37,972)	₩ 700,819	₩ 728,644	₩ (35,927)	₩ 692,717
Development costs	10,205,023	(6,849,151)	3,355,872	10,679,258	(7,124,833)	3,554,425
Industrial property rights	582,180	(400,272)	181,908	515,017	(366,666)	148,351
Software	2,219,784	(1,454,281)	765,503	1,935,307	(1,280,424)	654,883
Others	1,059,105	(247,173)	811,932	874,134	(216,651)	657,483
Construction in progress	434,544	(31,993)	402,551	415,983	(21,465)	394,518
	<u>₩ 15,239,427</u>	<u>₩ (9,020,842)</u>	<u>₩ 6,218,585</u>	<u>₩ 15,148,343</u>	<u>₩ (9,045,966)</u>	<u>₩ 6,102,377</u>

(*) Accumulated impairment losses are included.

(2) The changes in intangible assets for the year ended December 31, 2023 are as follows.

Description	Beginning of the year	Internal developments	External acquisition	Transfers within intangible assets	Disposals
Goodwill	₩ 692,717	₩ -	₩ -	₩ -	₩ -
Development Costs	3,554,425	1,318,026	21,675	46,161	(2,310)
Industrial property rights	148,351	81	998	59,963	(94)
Software	654,883	3,567	48,455	82,747	(4,146)
Others	657,483	247	10,266	178,914	(10,088)
Construction in progress	394,518	31,126	343,218	(367,785)	-
	<u>₩ 6,102,377</u>	<u>₩ 1,353,047</u>	<u>₩ 424,612</u>	<u>₩ -</u>	<u>₩ (16,638)</u>

Description	Amortization	Impairment loss /reversal (*1)	Others (*2)	End of the year
(In millions of Korean Won)				
Goodwill	₩ -	₩ -	₩ 8,102	₩ 700,819
Development Costs	(1,408,725)	(197,229)	23,849	3,355,872
Industrial property rights	(32,167)	-	4,776	181,908
Software	(207,256)	(221)	187,474	765,503
Others	(14,617)	(19)	(10,254)	811,932
Construction in progress	-	(2,081)	3,555	402,551
	₩ (1,662,765)	₩ (199,550)	₩ 217,502	₩ 6,218,585

(*1) Impairment losses include impairment of development costs due to the discontinued sales and development projects and others for the year ended December 31, 2023.

(*2) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

The changes in intangible assets for the year ended December 31, 2022 are as follows.

Description	Beginning of the year	Internal developments	External acquisition	Transfers within intangible assets	Disposals
(In millions of Korean Won)					
Goodwill	₩ 373,763	₩ -	₩ -	₩ -	₩ -
Development Costs	4,042,493	1,176,423	26,653	45,890	(3,755)
Industrial property rights	139,209	93	505	33,875	(85)
Software	477,856	540	62,745	60,924	(23)
Others	631,923	-	40,277	45,521	(30,387)
Construction in progress	181,742	18,941	388,696	(186,210)	-
	₩ 5,846,986	₩ 1,195,997	₩ 518,876	₩ -	₩ (34,250)

Description	Amortization	Impairment loss /reversal (*1)	Others (*2)	End of the year
(In millions of Korean Won)				
Goodwill	₩ -	₩ -	₩ 318,954	₩ 692,717
Development Costs	(1,596,985)	(159,009)	22,715	3,554,425
Industrial property rights	(29,057)	-	3,811	148,351
Software	(188,800)	(7,426)	249,067	654,883
Others	(52,093)	(1,841)	24,083	657,483
Construction in progress	-	(502)	(8,149)	394,518
	₩ (1,866,935)	₩ (168,778)	₩ 610,481	₩ 6,102,377

(*1) Impairment losses include impairment of development costs due to the discontinued sales and development projects and others for the year ended December 31, 2022.

(*2) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

(3) Development costs of intangible assets as of December 31, 2023 consist of as follows.

Description		Book value	Remaining amortization period (*)
		(In millions of Korean Won)	
Automobile	Developing	₩ 1,209,380	-
"	Amortizing	1,711,268	30 months
Powertrain	Developing	103,963	-
"	Amortizing	105,478	24 months
Others	Developing	34,748	-
"	Amortizing	191,035	42 months
		₩ 3,355,872	

(*) Since the remaining amortization period differs for each project, the weighted average remaining useful lives of the development costs at the end of reporting period are disclosed.

Development costs of intangible assets as of December 31, 2022 consist of as follows.

Description		Book value	Remaining amortization period (*)
		(In millions of Korean Won)	
Automobile	Developing	₩ 944,149	-
"	Amortizing	2,163,052	30 months
Powertrain	Developing	106,894	-
"	Amortizing	153,676	24 months
Others	Developing	-	-
"	Amortizing	186,654	46 months
		₩ 3,554,425	

(*) Since the remaining amortization period differs for each project, the weighted average remaining useful lives of the development costs at the end of reporting period are disclosed.

(4) Research and development expenditures for the years ended December 31, 2023 and 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Development costs (intangible assets)	₩	1,339,701	₩	1,203,076
Research and development costs (*1)		2,629,163		2,130,455
Total (*2)	₩	3,968,864	₩	3,333,531

(*1) Presented in manufacturing costs, administrative expenses.

(*2) Amortization of development costs is not included.

(5) Impairment test of goodwill

The allocation of goodwill amongst the Group's CGUs as of December 31, 2023 and December 31, 2022 is as follows.

Segment	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Vehicle	₩ 261,782	₩ 256,508
Finance	482	482
Others	438,555	435,727
	₩ 700,819	₩ 692,717

The recoverable amounts of the Group's CGUs are measured as their value-in-use calculated based on cash flow projections of financial budgets for the next five years approved by management. The pre-tax discount rate applied to the cash flow projections for the years ended December 31, 2023 and 2022 are 14.2% and 12.7%, respectively. Cash flow projections beyond the five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. No impairment loss had been recognized for the years ended December 31, 2023 and 2022.

12. LEASES (AS A LESSEE):

(1) The changes in right-of-use assets for the year ended December 31, 2023 are as follows.

Description	Beginning of the year	Acquisitions	Disposals	Depreciation	Others(*)	End of the year
	(In millions of Korean Won)					
Land	₩ 251,898	₩ 37,144	₩ (173,643)	₩ (14,159)	₩ 1,468	₩ 102,708
Buildings	819,353	383,571	(76,542)	(227,877)	(27,330)	871,175
Vehicles	26,593	12,739	(416)	(13,358)	2,378	27,936
Others	19,449	30,558	-	(13,841)	(342)	35,824
	₩ 1,117,293	₩ 464,012	₩ (250,601)	₩ (269,235)	₩ (23,826)	₩ 1,037,643

(*) Others include the effect of foreign exchange differences, changes in the scope of consolidation and others.

The changes in right-of-use assets for the year ended December 31, 2022 are as follows.

Description	Beginning of the year	Acquisitions	Disposals	Depreciation	Others(*)	End of the year
	(In millions of Korean Won)					
Land	₩ 83,604	₩ 175,406	₩ (392)	₩ (6,097)	₩ (623)	₩ 251,898
Buildings	754,149	330,661	(59,061)	(197,807)	(8,589)	819,353
Vehicles	2,370	34,238	(507)	(6,258)	(3,250)	26,593
Others	100,703	18,482	-	(6,323)	(93,413)	19,449
	₩ 940,826	₩ 558,787	₩ (59,960)	₩ (216,485)	₩ (105,875)	₩ 1,117,293

(*) Others include the effect of foreign exchange differences, changes in the scope of consolidation and others.

(2) Lease liabilities as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Undiscounted lease liabilities	₩ 1,260,621	₩ 1,303,067
Discounted lease liabilities	1,058,402	1,110,804
Current	224,350	405,053
Non-current	834,052	705,751

(3) Expenses recognized in relation to leases for the years ended December 31, 2023 and 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Interest on lease liabilities	₩	37,635	₩	33,993
Expenses in relation to leases of short-term and low-value assets		17,117		19,961

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of December 31, 2023 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	Book value (In millions of Korean Won)
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩ 637,681
Hyundai WIA Automotive Engine (Shandong) Company (WAE) (*4)	Manufacturing	China	31.40	91,058
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	9,413
HMG Global LLC	New business Investment & management	USA	49.50	1,275,203
Motional AD LLC (*1)	R&D	USA	26.00	700,691
Boston Dynamics AI Institute, LLC	R&D	USA	47.50	246,535
supernal, LLC (*1)	R&D	USA	44.44	163,943
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	671,589
Hyundai Capital France (HCF) (*1)	Financing	France	50.00	123,879
HYUNDAI MOTOR GROUP INNOVATION CENTER IN SINGAPORE PTE. LTD.(HMGICS)	Manufacturing	Singapore	40.00	117,494
Kia Corporation	Manufacturing	Korea	34.16	15,976,149
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,125,635
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,181,611
Hyundai WIA Corporation	Manufacturing	Korea	25.35	783,750
Hyundai Commercial Inc.	Financing	Korea	37.50	492,127
Hyundai Autoever Corp.	IT service	Korea	31.59	486,425
Hyundai Motor Securities Co., Ltd.	Securities Brokerage	Korea	25.43	344,646
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	321,030
Tiger Alternative Investment trust No.318 (*1)	Real Estate Investment	Korea	50.00	250,796
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	84,997
Others				1,391,490
				<u>₩ 28,476,142</u>

- (*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.
- (*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.
- (*4) The recoverable amount was less than the carrying amount and the impairment loss amounting to ₩105,284 million was recognized during the year ended December 31, 2023. The recoverable amount is determined based on the value of use, and the discount rate applied to measure the value of use is 11.18% per annum.

Investments in joint ventures and associates as of December 31, 2022 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	Book value (In millions of Korean Won)
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩ 759,766
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	525,250
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	31.40	215,786
Motional AD LLC (*1)	R&D	USA	25.92	907,061
HMG Global LLC (*4)	New business Investment & Management	USA	49.50	608,223
Boston Dynamics AI Institute, LLC	R&D	USA	47.50	266,357
supernal, LLC (*1)	R&D	USA	44.44	178,564
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	508,110
Hyundai Capital France (HCF)(*1)	Financing	France	50.00	75,323
Hyundai Motor Group INNOVATION CENTER IN SINGAPORE PTE. LTD.(HMGICS)	Manufacturing	Singapore	40.00	104,556
Kia Corporation	Manufacturing	Korea	33.88	13,251,475
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,033,945
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,157,462
Hyundai WIA Corporation	Manufacturing	Korea	25.35	759,270
Hyundai Autoever Corp.	IT service	Korea	31.59	449,994
Hyundai Commercial Inc.	Financing	Korea	37.50	374,970
Hyundai Motor Securities Co., Ltd.	Securities Brokerage	Korea	25.43	332,624
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	269,261
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	96,303
Others				1,325,137
				<u>₩ 25,199,437</u>

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

(*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(*4) During the year ended December 31, 2022, the Group completed the establishment of HMG Global LLC by contributing cash and all of the Group's interests in Boston Dynamics, Inc. to HMG Global LLC.

(2) The changes in investments in joint ventures and associates for the year ended December 31, 2023 are as follows.

Name of the company	Beginning of the year	Acquisitions (disposals)	Share of			End of the year
			profits (losses) for the period	Dividends	Others (*)	
(In millions of Korean Won)						
BHAF	₩ 759,766	₩ -	₩ 24,648	₩ (144,672)	₩ (2,061)	₩ 637,681
WAE	215,786	-	(19,110)	-	(105,618)	91,058
BHMC	525,250	-	(524,377)	-	8,540	9,413
HMG Global LLC	608,223	754,776	(86,091)	-	(1,705)	1,275,203
Motional AD LLC	907,061	-	(201,394)	-	(4,976)	700,691
Boston Dynamics AI Institute, LLC	266,357	-	(24,772)	-	4,950	246,535
supernal, LLC	178,564	215,887	(229,267)	-	(1,241)	163,943
HCBE	508,110	140,581	(21,188)	-	44,086	671,589
HCF	75,323	38,990	6,448	-	3,118	123,879
HMGICS	104,556	29,300	(20,315)	-	3,953	117,494
Kia Corporation	13,251,475	-	3,129,359	(480,614)	75,929	15,976,149
Hyundai Engineering & Construction Co., Ltd.	3,033,945	-	109,811	(13,996)	(4,125)	3,125,635
Hyundai Transys Inc.	1,157,462	-	33,554	-	(9,405)	1,181,611
Hyundai WIA Corporation	759,270	-	19,516	(4,826)	9,790	783,750
Hyundai Commercial Inc.	374,970	-	83,650	-	33,507	492,127
Hyundai Autoever Corp.	449,994	-	47,993	(9,877)	(1,685)	486,425
Hyundai Motor Securities Co., Ltd.	332,624	-	12,860	(4,436)	3,598	344,646
Eukor Car Carriers Inc.	269,261	-	89,015	(38,646)	1,400	321,030
Tiger Alternative Investment trust No.318	-	256,200	(5,404)	-	-	250,796
Haevichi Hotels & Resorts Co., Ltd.	96,303	-	(11,200)	-	(106)	84,997
Others	1,325,137	57,267	76,204	(79,592)	12,474	1,391,490
	<u>₩ 25,199,437</u>	<u>₩ 1,493,001</u>	<u>₩ 2,489,940</u>	<u>₩ (776,659)</u>	<u>₩ 70,423</u>	<u>₩ 28,476,142</u>

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

The changes in investments in joint ventures and associates for the year ended December 31, 2022 are as follows.

Name of the company	Beginning of the year	Acquisitions (disposals)	Share of			End of the year
			profits (losses) for the period	Dividends	Others (*)	
(In millions of Korean Won)						
BHAF	₩ 736,704	₩ -	₩ 44,478	₩ -	₩ (21,416)	₩ 759,766
BHMC	345,950	597,979	(394,495)	-	(24,184)	525,250
WAE	245,868	-	(25,336)	-	(4,746)	215,786
Motional AD LLC	1,025,263	-	(189,135)	-	70,933	907,061
HMG Global LLC	-	743,062	(5,483)	-	(129,356)	608,223
Boston Dynamics AI Institute, LLC	-	283,366	(2,308)	-	(14,701)	266,357
supernal, LLC	-	194,596	(87,946)	-	71,914	178,564
Boston Dynamics, Inc.	414,634	-	(37,483)	-	(377,151)	-
HCBE	498,050	-	15,337	-	(5,277)	508,110
HCF	-	75,191	924	-	(792)	75,323
HMGICS	78,316	29,528	(8,067)	-	4,779	104,556
Kia Corporation	11,620,132	-	1,907,469	(411,955)	135,829	13,251,475
Hyundai Engineering & Construction Co., Ltd.	2,935,786	-	89,636	(13,996)	22,519	3,033,945
Hyundai Transys Inc.	1,085,858	-	47,166	-	24,438	1,157,462
Hyundai WIA Corporation	729,053	-	31,789	(4,826)	3,254	759,270
Hyundai Autoever Corp.	410,935	-	39,961	(6,065)	5,163	449,994
Hyundai Commercial Inc.	339,300	-	100,212	(20,000)	(44,542)	374,970
Hyundai Motor Securities Co., Ltd.	314,532	-	22,153	(6,453)	2,392	332,624
Eukor Car Carriers Inc.	186,489	-	82,923	(7,392)	7,241	269,261
Haevichi Hotels & Resorts Co., Ltd.	98,894	-	(2,601)	-	10	96,303
Others	1,363,353	77,761	7,630	(16,349)	(107,258)	1,325,137
	₩ 22,429,117	₩ 2,001,483	₩ 1,636,824	₩ (487,036)	₩ (380,951)	₩ 25,199,437

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the year ended December 31, 2023 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHAF (*)	₩ 2,787,605	₩ -	₩ 1,584,432	₩ -
WAE	328,159	378,785	116,180	5,397
BHMC	2,381,289	2,453,993	4,484,377	281,563
HMG Global LLC	255,370	3,226,650	124,210	303,525
Motional AD LLC	195,840	2,954,385	132,590	290,284
Boston Dynamics AI Institute, LLC	508,378	67,955	21,790	35,796
supernal, LLC	184,936	382,837	109,761	99,471
HCBE (*)	13,466,701	-	12,101,110	-
HCF (*)	3,572,040	-	3,325,447	-
HMGICS	66,473	678,881	196,468	262,288
Kia Corporation	37,466,302	43,161,524	25,674,105	8,395,486
Hyundai Engineering & Construction Co., Ltd.	18,613,430	5,101,065	10,356,647	2,902,333
Hyundai Transys Inc.	4,407,156	3,608,930	3,404,363	1,662,230
Hyundai WIA Corporation	3,721,639	3,092,821	1,972,463	1,075,243
Hyundai Commercial Inc. (*)	11,826,809	-	10,211,806	-
Hyundai Autoever Corp.	1,833,667	1,009,390	922,947	327,798
Hyundai Motor Securities Co., Ltd. (*)	11,585,257	-	10,307,455	-
Eukor Car Carriers Inc.	1,417,292	3,257,299	722,525	1,270,233
Tiger Alternative Investment trust No.318	9,721	372,556	288,304	29,100
Haevichi Hotels & Resorts Co., Ltd.	42,103	404,699	248,049	60,061

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHAF (*)	₩ 236,851	₩ 46,507	₩ -	₩ 46,507
WAE	365,973	(65,014)	-	(65,014)
BHMC	4,763,204	(994,057)	-	(994,057)
HMG Global LLC	84,398	(343,794)	5,069	(338,725)
Motional AD LLC	1,775	(803,742)	12,115	(791,627)
Boston Dynamics AI Institute, LLC	-	(51,357)	-	(51,357)
supernal, LLC	-	(526,387)	-	(526,387)
HCBE (*)	1,256,007	40,187	88,806	128,993
HCF (*)	173,068	12,777	4,581	17,358
HMGICS	79,792	(50,787)	-	(50,787)
Kia Corporation	99,808,420	8,777,817	190,203	8,968,020
Hyundai Engineering & Construction Co., Ltd.	29,651,357	654,281	(28,254)	626,027
Hyundai Transys Inc.	11,693,980	96,745	(21,456)	75,289
Hyundai WIA Corporation	8,590,316	52,548	(792)	51,756
Hyundai Commercial Inc. (*)	728,303	133,182	8,311	141,493
Hyundai Autoever Corp.	3,065,015	140,313	(5,094)	135,219
Hyundai Motor Securities Co., Ltd. (*)	1,582,197	53,511	20,033	73,544
Eukor Car Carriers Inc.	3,090,801	731,559	45,811	777,370
Tiger Alternative Investment trust No.318	6,232	(13,047)	-	(13,047)
Haevichi Hotels & Resorts Co., Ltd.	162,921	(29,323)	(207)	(29,530)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

Summarized financial information of the Group's major joint ventures and associates as of and for the year ended December 31, 2022 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHAF (*)	₩ 4,044,066	₩ -	₩ 2,610,546	₩ -
BHMC	3,042,267	3,120,431	4,715,086	399,063
WAE	537,909	457,303	338,319	5,551
Motional AD LLC	646,160	3,187,411	142,518	89,824
HMG Global LLC	799,047	1,384,220	88,391	320,996
Boston Dynamics AI Institute, LLC	556,273	53,152	9,072	39,876
supernal, LLC	338,831	216,123	42,290	108,565
HCBE (*)	9,448,406	-	8,405,237	-
HCF (*)	1,956,470	-	1,801,224	-
HMGICS	118,876	370,889	18,593	216,915
Kia Corporation	34,147,147	39,563,818	25,377,803	8,990,081
Hyundai Engineering & Construction Co., Ltd.	15,516,745	5,394,963	8,757,397	2,230,034
Hyundai Transys Inc.	4,311,914	3,209,159	3,147,190	1,499,678
Hyundai WIA Corporation	4,267,463	3,278,988	2,410,435	1,402,365
Hyundai Autoever Corp.	1,695,856	923,580	883,698	245,358
Hyundai Commercial Inc. (*)	11,170,366	-	9,774,127	-
Hyundai Motor Securities Co., Ltd. (*)	10,233,054	-	9,008,411	-
Eukor Car Carriers Inc.	1,026,513	3,312,611	609,827	1,505,122
Haevichi Hotels & Resorts Co., Ltd.	43,919	412,477	253,312	34,862

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHAF (*)	₩ 362,978	₩ 83,920	₩ -	₩ 83,920
BHMC	4,900,315	(821,204)	-	(821,204)
WAE	501,436	(71,164)	-	(71,164)
Motional AD LLC	1,207	(751,726)	(6,314)	(758,040)
HMG Global LLC	21,388	(63,993)	-	(63,993)
Boston Dynamics AI Institute, LLC	-	(4,858)	-	(4,858)
supernal, LLC	-	(195,567)	-	(195,567)
HCBE (*)	971,654	32,144	16,302	48,446
HCF (*)	15,602	1,848	(1,654)	194
HMGICS	12,190	(20,168)	-	(20,168)
Kia Corporation	86,559,029	5,408,976	227,095	5,636,071
Hyundai Engineering & Construction Co., Ltd.	21,239,082	470,876	144,153	615,029
Hyundai Transys Inc.	10,256,254	123,483	64,705	188,188
Hyundai WIA Corporation	8,207,614	43,482	9,136	52,618
Hyundai Autoever Corp.	2,754,508	116,170	17,586	133,756
Hyundai Commercial Inc. (*)	588,167	266,640	(116,056)	150,584
Hyundai Motor Securities Co., Ltd. (*)	1,186,029	87,102	5,147	92,249
Eukor Car Carriers Inc.	2,865,427	668,062	43,489	711,551
Haevichi Hotels & Resorts Co., Ltd.	152,860	(5,485)	9	(5,476)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

(4) Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2023 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF(*)	₩ 694,653	₩ 1,199,356	₩ -	₩ 8,884	₩ 234,323	₩ 60,215	₩ 22,627
BHMC	1,323,025	623,684	61,785	669,321	23,712	48,157	37,878
Motional AD LLC	77,819	30,839	19,743	132,772	4,161	2,721	7,830
supernal, LLC	182,290	-	-	18,882	800	2,997	-
HCF (*)	153,126	3,325,447	-	-	127,608	73,896	4,489
Tiger Alternative Investment trust No.318	8,253	288,304	29,100	2,189	288	1,108	-

(*) The total amount of assets (liabilities) is included in current financial liabilities as BHAF and HCF, as a financial service business, do not distinguish current and non-current portion in their separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2022 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF(*)	₩ 1,023,368	₩ 2,385,681	₩ -	₩ 13,926	₩ 341,357	₩ 128,264	₩ 32,245
BHMC	1,887,932	606,105	161,500	570,749	18,263	51,436	60,112
Motional AD LLC	71,075	16,062	62,753	87,887	5,760	-	6,027
supernal, LLC	333,184	-	-	8,305	589	5,983	-
HCF(*)	68,198	1,801,224	-	-	14,274	4,823	626

(*) The total amount of assets (liabilities) is included in current financial liabilities as BHAF and HCF, as a financial service business, do not distinguish current and non-current portion in their separate financial statements.

(5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2023 is as follows.

Name of the company	Group's share of net assets		Unrealized profit (loss) and others		Carrying amounts
			Goodwill		
	(In millions of Korean Won)				
BHAF	₩	637,681	₩	-	₩ 637,681
WAE (*)		188,495		7,809	91,058
BHMC		34,671		(105,246)	9,413
HMG Global LLC		1,275,203		(25,258)	1,275,203
Motional AD LLC		709,112		-	700,691
Boston Dynamics AI Institute, LLC		246,405		(8,421)	246,535
supernal, LLC		163,949		130	163,943
HCBE		660,815		(6)	671,589
HCF		123,294		9,041	123,879
HMGICS		114,640		585	117,494
Kia Corporation		15,853,616		-	15,976,149
Hyundai Engineering & Construction Co., Ltd. (*)		2,393,998		197,089	3,125,635
Hyundai Transys Inc.		1,167,997		731,362	1,181,611
Hyundai WIA Corporation		878,333		-	783,750
Hyundai Commercial Inc.		492,127		(13,614)	492,127
Hyundai Autoever Corp. (*)		427,504		(94,583)	486,425
Hyundai Motor Securities Co., Ltd.		305,343		99	344,646
Eukor Car Carriers Inc.		321,049		(749)	321,030
Tiger Alternative Investment trust No.318 (*)		194,777		(19)	250,796
Haevichi Hotels & Resorts Co., Ltd. (*)		81,421		56,019	84,997
				3,576	

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2022 is as follows.

Name of the company	Group's share of net assets		Goodwill (In millions of Korean Won)	Unrealized profit (loss) and others		Carrying amounts
	₩			₩		
BHAF	₩	759,766	₩	-	₩	759,766
BHMC		551,378		-	(26,128)	525,250
WAE (*)		207,938		7,809	39	215,786
Motional AD LLC		922,942		-	(15,881)	907,061
HMG Global LLC		608,223		-	-	608,223
Boston Dynamics AI Institute, LLC		266,227		-	130	266,357
supernal, LLC		178,571		-	(7)	178,564
HCBE		497,892		22,341	(12,123)	508,110
HCF		77,621		-	(2,298)	75,323
HMGICS		101,702		-	2,854	104,556
Kia Corporation		13,124,472		197,089	(70,086)	13,251,475
Hyundai Engineering & Construction Co., Ltd. (*)		2,302,451		731,362	132	3,033,945
Hyundai Transys Inc.		1,142,960		-	14,502	1,157,462
Hyundai WIA Corporation		854,377		-	(95,107)	759,270
Hyundai Autoever Corp. (*)		391,073		58,822	99	449,994
Hyundai Commercial Inc.		374,970		-	-	374,970
Hyundai Motor Securities Co., Ltd.		291,823		40,052	749	332,624
Eukor Car Carriers Inc.		268,999		-	262	269,261
Haevichi Hotels & Resorts Co., Ltd. (*)		92,727		3,576	-	96,303

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

(6) The market price of major listed equity securities as of December 31, 2023 is as follows.

Name of the company	Price per share	Total number of shares		Market value
		(In millions of Korean Won, except price per share)		
Kia Corporation	₩	100,000	137,318,251	₩ 13,731,825
Hyundai Autoever Corp.		211,500	8,664,334	1,832,507
Hyundai Engineering & Construction Co., Ltd.		34,900	23,327,400	814,126
Hyundai WIA Corporation		65,100	6,893,596	448,773
Hyundai Motor Securities Co., Ltd.		8,590	8,065,595	69,283

14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31,	
	2023	2022
	(In millions of Korean Won)	
Loans	₩ 86,800,272	₩ 69,298,391
Card receivables	21,196,283	21,018,287
Financial lease receivables	2,052,053	2,060,971
Others	7,043	20,761
	<u>110,055,651</u>	<u>92,398,410</u>
Loss allowance	(1,769,240)	(1,726,916)
Loan origination fee	(587,895)	(261,084)
Present value discount accounts	(10,855)	(46,564)
	<u>₩ 107,687,661</u>	<u>₩ 90,363,846</u>

(2) Transfer of financial services receivables

As of December 31, 2023 and 2022, the Group has issued asset-backed securities with loan receivables and credit card receivables as underlying assets and related asset-backed securities have the right of recourse. As of December 31, 2023 the carrying amount of financial assets that were transferred but not derecognized (including inter-company bonds) amounted to ₩33,972,924 million and its fair value is ₩33,011,898 million. The carrying amount of related liabilities is ₩23,178,071 million and its fair value is ₩23,116,550 million. As a result, the fair value of net position is ₩9,895,348 million. As of December 31, 2022, the carrying amount of financial assets that were transferred but not derecognized (including inter-company bonds) amounted to ₩31,838,127 million and its fair value is ₩30,847,083 million. The carrying amount of related liabilities is ₩22,795,844 million and its fair value is ₩22,263,492 million. As a result, the fair value of net position is ₩8,583,591 million.

(3) The changes in loss allowance of financial services receivables for the year ended December 31, 2023 are as follows.

Description	Loan Obligations					
	12-Month expected credit losses	Lifetime expected credit losses		Total loan obligations		
		Not Impaired	Impaired			
(In millions of Korean Won)						
Beginning of the year	₩ 345,035	₩ 501,419	₩ 234,157	₩		₩ 1,080,611
Transfer to 12-Month expected credit losses	136,477	(132,123)	(4,354)			-
Transfer to lifetime expected credit losses	(36,319)	40,241	(3,922)			-
Transfer to credit-impaired financial assets	(3,001)	(10,807)	13,808			-
Impairment loss (reversal)	(32,630)	434,664	271,319			673,353
Collection (write-off)	(253)	(366,271)	(218,366)			(584,890)
Disposals and others	-	-	(54,462)			(54,462)
Effect of foreign exchange differences	4,710	3,965	40			8,715
End of the year	₩ 414,019	₩ 471,088	₩ 238,220	₩		₩ 1,123,327

Description	Card receivables					
	12-Month expected credit losses	Lifetime expected credit losses		Total card receivables		
		Not Impaired	Impaired			
(In millions of Korean Won)						
Beginning of the year	₩ 189,841	₩ 219,571	₩ 178,791	₩		₩ 588,203
Transfer to 12-Month expected credit losses	84,210	(84,058)	(152)			-
Transfer to lifetime expected credit losses	(14,774)	15,177	(403)			-
Transfer to credit-impaired financial assets	(122,103)	(103,344)	225,447			-
Impairment loss (reversal)	92,337	125,385	205,181			422,903
Collection (write-off)	-	-	(389,551)			(389,551)
Disposals and others	(1,562)	-	(18,980)			(20,542)
Effect of foreign exchange differences	-	-	-			-
End of the year	₩ 227,949	₩ 172,731	₩ 200,333	₩		₩ 601,013

Description	Others						
	12-Month expected credit losses	Lifetime expected credit losses		Total others	Total Allowances		
		Not Impaired	Impaired				
(In millions of Korean Won)							
Beginning of the year	₩ 13,336	₩ 8,974	₩ 35,792	₩ 58,102	₩	₩ 1,726,916	
Transfer to 12-Month expected credit losses	4,100	(2,689)	(1,411)	-		-	
Transfer to lifetime expected credit losses	(1,550)	1,948	(398)	-		-	
Transfer to credit-impaired financial assets	(195)	(442)	637	-		-	
Impairment loss (reversal)	(1,920)	1,993	2,152	2,225		1,098,481	
Collection (write-off)	-	-	(15,424)	(15,424)		(989,865)	
Disposals and others	-	-	-	-		(75,004)	
Effect of foreign exchange differences	(2)	(1)	-	(3)		8,712	
End of the year	₩ 13,769	₩ 9,783	₩ 21,348	₩ 44,900	₩	₩ 1,769,240	

The changes in allowance for doubtful accounts of financial services receivables for the year ended December 31, 2022 are as follows.

Description	Loan Obligations					
	12-Month expected credit losses	Lifetime expected credit losses		Total loan obligations		
		Not Impaired	Impaired			
(In millions of Korean Won)						
Beginning of the year	₩ 449,207	₩ 316,425	₩ 204,034	₩	969,666	
Transfer to 12-Month expected credit losses	69,360	(65,956)	(3,404)		-	
Transfer to lifetime expected credit losses	(54,196)	58,198	(4,002)		-	
Transfer to credit-impaired financial assets	(2,434)	(7,225)	9,659		-	
Impairment loss (reversal)	(139,481)	435,731	164,836		461,086	
Collection (write-off)	(169)	(241,816)	(132,234)		(374,219)	
Disposals and others	(2)	-	(4,794)		(4,796)	
Effect of foreign exchange differences	22,750	6,062	62		28,874	
End of the year	₩ 345,035	₩ 501,419	₩ 234,157	₩	1,080,611	

Description	Card receivables					
	12-Month expected credit losses	Lifetime expected credit losses		Total card receivables		
		Not Impaired	Impaired			
(In millions of Korean Won)						
Beginning of the year	₩ 195,709	₩ 163,391	₩ 154,600	₩	513,700	
Transfer to 12-Month expected credit losses	49,247	(49,118)	(129)		-	
Transfer to lifetime expected credit losses	(26,980)	27,145	(165)		-	
Transfer to credit-impaired financial assets	(93,623)	(70,901)	164,524		-	
Impairment loss (reversal)	65,488	149,053	217,342		431,883	
Collection (write-off)	-	-	(342,013)		(342,013)	
Disposals and others	-	1	(15,368)		(15,367)	
Effect of foreign exchange differences	-	-	-		-	
End of the year	₩ 189,841	₩ 219,571	₩ 178,791	₩	588,203	

Description	Others						
	12-Month expected credit losses	Lifetime expected credit losses		Total others	Total Allowances		
		Not Impaired	Impaired				
(In millions of Korean Won)							
Beginning of the year	₩ 14,299	₩ 8,119	₩ 46,203	₩ 68,621	₩	1,551,987	
Transfer to 12-Month expected credit losses	4,326	(1,737)	(2,590)	(1)		(1)	
Transfer to lifetime expected credit losses	(1,550)	1,974	(424)	-		-	
Transfer to credit-impaired financial assets	(100)	(237)	337	-		-	
Impairment loss (reversal)	(3,639)	855	8,315	5,531		898,500	
Collection (write-off)	-	-	(16,049)	(16,049)		(732,281)	
Disposals and others	-	-	-	-		(20,163)	
Effect of foreign exchange differences	-	-	-	-		28,874	
End of the year	₩ 13,336	₩ 8,974	₩ 35,792	₩ 58,102	₩	1,726,916	

- (4) Gross investments in financial leases and their present value of minimum lease receipts as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 809,793	₩ 676,940	₩ 868,890	₩ 758,724
Later than one year and not later than five years	1,535,881	1,354,786	1,423,828	1,293,495
Later than five years	22,215	19,309	5,215	4,988
	<u>₩ 2,367,889</u>	<u>₩ 2,051,035</u>	<u>₩ 2,297,933</u>	<u>₩ 2,057,207</u>

- (5) Unearned interest income of financial leases as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,367,889	₩ 2,297,933
Net lease investments:		
Present value of minimum lease payment receivable	2,051,035	2,057,207
Present value of unguaranteed residual value	1,018	3,764
	<u>2,052,053</u>	<u>2,060,971</u>
Unearned interest income	<u>₩ 315,836</u>	<u>₩ 236,962</u>

15. INVESTMENTS IN OPERATING LEASES (AS A LESSOR):

- (1) Investments in operating leases as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Acquisition cost	₩ 37,319,651	₩ 32,090,728
Accumulated depreciation	(7,520,255)	(4,262,026)
Accumulated impairment loss	(134,778)	(147,168)
	<u>₩ 29,664,618</u>	<u>₩ 27,681,534</u>

- (2) Future minimum lease payment receivable related to investments in operating leases as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Not later than one year	₩ 5,356,971	₩ 5,001,104
Later than one year and not later than five years	6,674,656	5,906,720
Later than five years	233	111
	<u>₩ 12,031,860</u>	<u>₩ 10,907,935</u>

16. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of December 31, 2023 and December 31, 2022 are as follows.

Description	Lender	Annual interest rate (%)	December 31, 2023	December 31, 2022
(In millions of Korean Won)				
Overdrafts	Citi Bank and others	1.75~6.03	₩ 177,130	₩ 62,101
General borrowings	Korea Development Bank and others	TIBOR+0.8~11.87	4,664,576	5,277,609
Borrowings collateralized by trade receivables	Hana Bank and others	-	-	2,123,379
Banker's Usance	Hana Bank and others	0.28~9.20	308,187	705,155
Commercial paper	Shinhan Bank and others	4.20~6.33	3,785,655	2,898,236
Credit facilities	Korea Development Bank	3.94	100,000	300,000
			₩ 9,035,548	₩ 11,366,480

(2) Long-term debt as of December 31, 2023 and December 31, 2022 is as follows.

Description	Lender	Annual interest rate (%)	December 31, 2023	December 31, 2022
(In millions of Korean Won)				
General borrowings	Hana Bank and others	0.10~7.72	₩ 8,081,132	₩ 8,909,156
Credit facilities	Shinhan Bank and others	4.74~9.13	40,200	40,200
Commercial paper	KIWOOM Securities and others	1.41~4.74	1,790,000	2,900,000
Asset-backed securities	HSBC and others	4.40~6.12	14,865,832	6,377,616
Others(*)	NH Investment & Securities	-	-	68,903
			24,777,164	18,295,875
Less: present value discounts			(164,297)	(77,686)
Less: current maturities			(7,043,107)	(5,933,040)
			₩ 17,569,760	₩ 12,285,149

(*) The Group transferred a portion of its voting shares to a third party in accordance with the total revenue swap agreement as of December 31, 2022. However, the Group still recognizes it as the financial asset because the Group still owns the majority of the risks and rewards of ownership of the transferred shares. Also, the Group recognized the amount received from disposal as borrowings.

(3) Debentures as of December 31, 2023 and December 31, 2022 are as follows.

Description	Latest maturity date	Annual interest rate (%)	December 31, 2023	December 31, 2022
(In millions of Korean Won)				
Non-guaranteed public debentures	March 29, 2032	1.00~6.63	₩ 33,702,908	₩ 33,979,495
Non-guaranteed private debentures	September 21, 2030	0.80~6.67	34,403,777	25,971,468
Asset-backed securities	December 17, 2029	0.38~6.12	23,189,001	22,801,451
			91,295,686	82,752,414
Less: discount on debentures			(196,142)	(151,263)
Less: current maturities			(18,066,051)	(19,641,091)
			₩ 73,033,493	₩ 62,960,060

17. PROVISIONS:

(1) Provisions as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Warranty	₩	9,121,153	₩	10,399,527
Other long-term employee benefits		637,190		598,637
Others		1,892,375		1,432,417
	₩	11,650,718	₩	12,430,581

(2) The changes in provisions for the year ended December 31, 2023 are as follows.

Description	Warranty (*)		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the year	₩	10,399,527	₩	598,637	₩	1,432,417
Charged		2,175,691		119,281		1,192,422
Utilized		(3,442,626)		(80,749)		(896,740)
Effect of foreign exchange differences and others		(11,439)		21		164,276
End of the year	₩	9,121,153	₩	637,190	₩	1,892,375

(*) During the year ended December 31, 2023, the Group updated the measurement of warranty provisions related to the recall of theta 2 and other engines to reflect new information and a longer period of historical claim data.

The changes in provisions for the year ended December 31, 2022 are as follows.

Description	Warranty (*)		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the year	₩	9,048,185	₩	676,432	₩	1,154,167
Charged		4,347,523		3,900		953,430
Utilized		(3,133,544)		(83,682)		(645,750)
Effect of foreign exchange differences and others		137,363		1,987		(29,430)
End of the year	₩	10,399,527	₩	598,637	₩	1,432,417

(*) During the year ended December 31, 2022, the Group updated the measurement of warranty provisions related to the recall of theta 2 and other engines to reflect new information and a longer period of historical claim data.

18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of December 31, 2023 are as follows.

Description	December 31, 2023			
	Current		Non-current	
	(In millions of Korean Won)			
Financial liabilities measured at FVPL	₩	35,241	₩	808
Derivative liabilities that are effective hedging instruments		20,909		172,047
Financial Liabilities measured at amortized cost		562		3,544
	₩	56,712	₩	176,399

(2) Other financial liabilities as of December 31, 2022 are as follows.

Description	December 31, 2022	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 10,053	₩ 174,386
Derivative liabilities that are effective hedging instruments	88,832	86,464
Financial Liabilities measured at amortized cost	259	1,668
	₩ 99,144	₩ 262,518

19. OTHER LIABILITIES:

Other liabilities as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,154,776	₩ 105,755	₩ 1,464,339	₩ 67,776
Withholdings	1,232,665	271,117	1,056,483	223,568
Accrued expenses	4,481,203	-	3,351,822	-
Unearned income	1,248,837	4,026,192	1,090,242	3,150,126
Due to customers for contract work	1,636,127	-	1,217,052	-
Others	823,425	808,948	420,303	810,795
	₩ 10,577,033	₩ 5,212,012	₩ 8,600,241	₩ 4,252,265

20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of December 31, 2023 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
Cash and cash equivalents	₩ -	₩ 19,166,619	₩ -	₩ -	₩ 19,166,619	₩ 19,166,619
Short-term and long-term financial instruments	-	7,494,934	-	-	7,494,934	7,494,934
Trade notes and accounts receivable	-	4,893,161	-	-	4,893,161	4,893,161
Other receivables	-	1,605,675	-	-	1,605,675	1,605,675
Other financial assets	2,867,455	609,106	2,989,422	760,016	7,225,999	7,225,999
Other assets	1,086	668,668	-	-	669,754	669,754
Financial services receivables	-	107,687,661	-	-	107,687,661	105,443,151
	₩ 2,868,541	₩ 142,125,824	₩ 2,989,422	₩ 760,016	₩ 148,743,803	₩ 146,499,293

Financial assets by categories as of December 31, 2022 are as follows

Description	Financial assets		Financial assets		Derivative assets that are effective hedging instruments		Book value	Fair value
	measured at FVPL	measured at amortized cost	measured at FVOCI					
(In millions of Korean Won)								
Cash and cash equivalents	₩ -	₩ 20,864,879	₩ -	₩ -	₩ -	₩ -	₩ 20,864,879	₩ 20,864,879
Short-term and long-term financial instruments	-	5,887,154	-	-	-	-	5,887,154	5,887,154
Trade notes and accounts receivable	-	4,458,838	-	-	-	-	4,458,838	4,458,838
Other receivables	-	2,378,968	-	-	-	-	2,378,968	2,378,968
Other financial assets	5,710,346	37,898	2,839,581	1,236,696			9,824,521	9,824,521
Other assets	27,960	434,829	-	-	-	-	462,789	462,789
Financial services receivables	-	90,363,846	-	-	-	-	90,363,846	86,705,579
	<u>₩ 5,738,306</u>	<u>₩ 124,426,412</u>	<u>₩ 2,839,581</u>	<u>₩ 1,236,696</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 134,240,995</u>	<u>₩ 130,582,728</u>

(2) Financial liabilities by categories as of December 31, 2023 are as follows.

Description	Financial liabilities		Financial liabilities		Derivative liabilities that are effective hedging instruments		Book value	Fair value
	measured at FVPL	measured at amortized cost	measured at amortized cost					
(In millions of Korean Won)								
Trade notes and accounts payable	₩ -	₩ 10,952,046	₩ -	₩ -	₩ -	₩ -	₩ 10,952,046	₩ 10,952,046
Other payables	-	7,560,541	-	-	-	-	7,560,541	7,560,541
Borrowings and debentures	29,705	124,718,254	-	-	-	-	124,747,959	124,403,404
Other financial liabilities	36,049	4,106		192,956			233,111	233,111
Lease liabilities	-	1,058,402	-	-	-	-	1,058,402	1,058,402
Other liabilities	-	4,267,077	-	-	-	-	4,267,077	4,267,077
	<u>₩ 65,754</u>	<u>₩ 148,560,426</u>	<u>₩ -</u>	<u>₩ 192,956</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 148,819,136</u>	<u>₩ 148,474,581</u>

Financial liabilities by categories as of December 31, 2022 are as follows.

Description	Financial liabilities		Financial liabilities		Derivative liabilities that are effective hedging instruments		Book value	Fair value
	measured at FVPL	measured at amortized cost	measured at amortized cost					
(In millions of Korean Won)								
Trade notes and accounts payable	₩ -	₩ 10,797,065	₩ -	₩ -	₩ -	₩ -	₩ 10,797,065	₩ 10,797,065
Other payables	-	7,292,508	-	-	-	-	7,292,508	7,292,508
Borrowings and debentures	27,239	112,158,581	-	-	-	-	112,185,820	108,603,134
Other financial liabilities	184,439	1,927		175,296			361,662	361,662
Lease liabilities	-	1,110,804	-	-	-	-	1,110,804	1,110,804
Other liabilities	-	2,960,053	-	-	-	-	2,960,053	2,960,053
	<u>₩ 211,678</u>	<u>₩ 134,320,938</u>	<u>₩ -</u>	<u>₩ 175,296</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 134,707,912</u>	<u>₩ 131,125,226</u>

(3) Fair value estimation

The Group categorizes the assets and liabilities measured at fair value into the following three-level fair value hierarchy in accordance with the inputs used for fair value measurement.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2023 are as follows.

Description	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 54,853	₩ 2,401,437	₩ 412,251	₩ 2,868,541
Derivative assets that are effective hedging instruments	-	760,016	-	760,016
Financial assets measured at FVOCI	1,599,823	580,478	809,121	2,989,422
	<u>₩ 1,654,676</u>	<u>₩ 3,741,931</u>	<u>₩ 1,221,372</u>	<u>₩ 6,617,979</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 5,318	₩ 60,436	₩ 65,754
Derivative liabilities that are effective hedging instruments	-	191,803	1,153	192,956
	<u>₩ -</u>	<u>₩ 197,121</u>	<u>₩ 61,589</u>	<u>₩ 258,710</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2022 are as follows.

Description	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 57,556	₩ 5,412,130	₩ 268,620	₩ 5,738,306
Derivative assets that are effective hedging instruments	-	1,236,696	-	1,236,696
Financial assets measured at FVOCI	1,493,627	451,990	893,964	2,839,581
	<u>₩ 1,551,183</u>	<u>₩ 7,100,816</u>	<u>₩ 1,162,584</u>	<u>₩ 9,814,583</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 11,451	₩ 200,227	₩ 211,678
Derivative liabilities that are effective hedging instruments	-	173,361	1,935	175,296
	<u>₩ -</u>	<u>₩ 184,812</u>	<u>₩ 202,162</u>	<u>₩ 386,974</u>

The changes in financial instruments classified as Level 3 for the year ended December 31, 2023 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 268,620	₩ 136,235	₩ (13,487)	₩ 14,398	₩ 6,485	₩ 412,251
Financial assets measured at FVOCI	893,964	725	(27,995)	(54,502)	(3,071)	809,121
Financial liabilities measured at FVPL	200,227	-	-	11,833	(151,624)	60,436
Derivative liabilities that are effective hedging instruments	1,935	-	-	(782)	-	1,153

The changes in financial instruments classified as Level 3 for the year ended December 31, 2022 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 162,330	₩ 92,328	₩ (6,107)	₩ 8,529	₩ 11,540	₩ 268,620
Financial assets measured at FVOCI	913,767	12,373	(874)	79,143	(110,445)	893,964
Financial liabilities measured at FVPL	53,139	29,884	-	2,169	115,035	200,227
Derivative liabilities that are effective hedging instruments	-	1,935	-	-	-	1,935

(4) Financial assets and liabilities subject to offsetting, and financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2023 are as follows.

Description	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Gross amounts of recognized financial assets and liabilities	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position - financial instruments	Related amounts not set off in the statement of financial position - collateral received (pledged)	Net amounts
(In millions of Korean Won)						
Financial assets:						
Trade notes and accounts receivable		₩ 5,192,922	₩ 4,893,161	₩ -	₩ -	₩ 4,893,161
Other receivables		2,786,530	1,605,675	-	-	1,605,675
Financial assets measured at FVPL		33,107	33,107	14	-	33,093
Derivative assets that are effective hedging instruments (*)		760,016	760,016	100,723	-	659,293
		<u>₩ 8,772,575</u>	<u>₩ 7,291,959</u>	<u>₩ 100,737</u>	<u>₩ -</u>	<u>₩ 7,191,222</u>
Financial liabilities:						
Trade notes and accounts payable		₩ 12,130,201	₩ 10,952,046	₩ -	₩ -	₩ 10,952,046
Other payables		7,863,002	7,560,541	-	-	7,560,541
Financial liabilities measured at FVPL		65,754	65,754	14	-	65,740
Derivative liabilities that are effective hedging instruments (*)		192,956	192,956	100,723	-	92,233
		<u>₩ 20,251,913</u>	<u>₩ 18,771,297</u>	<u>₩ 100,737</u>	<u>₩ -</u>	<u>₩ 18,670,560</u>

(*) These are derivative assets and liabilities that the Group may have the right to offset in the event of default, insolvency or bankruptcy of the counterparty although these do not meet the criteria of offsetting under KIFRS 1032.

Financial assets and liabilities, subject to offsetting, and financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2022 are as follows.

Description	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position - financial instruments	Related amounts not set off in the statement of financial position - collateral received (pledged)	Net amounts
Financial assets:						
Trade notes and accounts receivable	₩ 4,731,300	₩ 272,462	₩ 4,458,838	₩ -	₩ -	₩ 4,458,838
Other receivables	3,005,009	626,041	2,378,968	-	-	2,378,968
Financial assets measured at FVPL	47,256	-	47,256	-	-	47,256
Derivative assets that are effective hedging instruments (*)	1,236,696	-	1,236,696	93,233	-	1,143,463
	<u>₩ 9,020,261</u>	<u>₩ 898,503</u>	<u>₩ 8,121,758</u>	<u>₩ 93,233</u>	<u>₩ -</u>	<u>₩ 8,028,525</u>
Financial liabilities:						
Trade notes and accounts payable	₩ 11,418,549	₩ 621,484	₩ 10,797,065	₩ -	₩ -	₩ 10,797,065
Other payables	7,569,527	277,019	7,292,508	-	-	7,292,508
Financial liabilities measured at FVPL	211,678	-	211,678	-	-	211,678
Derivative liabilities that are effective hedging instruments (*)	175,296	-	175,296	93,233	-	82,063
	<u>₩ 19,375,050</u>	<u>₩ 898,503</u>	<u>₩ 18,476,547</u>	<u>₩ 93,233</u>	<u>₩ -</u>	<u>₩ 18,383,314</u>

(*) These are derivative assets and liabilities that the Group may have the right to offset in the event of default, insolvency or bankruptcy of the counterparty although these do not meet the criteria of offsetting under KIFRS 1032.

(5) Interest income, dividend income and interest expenses by categories of financial instruments for the year ended December 31, 2023 are as follows.

Description	2023		
	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)			
Non-financial services:			
Financial assets measured at amortized cost	₩ 937,276	₩ -	₩ -
Financial assets measured at FVPL	60,379	-	-
Financial assets measured at FVOCI	-	79,127	-
Financial liabilities measured at amortized cost	-	-	542,172
	<u>₩ 997,655</u>	<u>₩ 79,127</u>	<u>₩ 542,172</u>
Financial services:			
Financial assets measured at amortized cost	₩ 4,676,007	₩ -	₩ -
Financial assets measured at FVPL	100,025	707	-
Financial assets measured at FVOCI	557	-	-
Financial liabilities measured at amortized cost	-	-	3,971,993
	<u>₩ 4,776,589</u>	<u>₩ 707</u>	<u>₩ 3,971,993</u>

Interest income, dividend income and interest expenses by categories of financial instruments for the year ended December 31, 2022 are as follows.

Description	2022		
	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)			
Non-financial services:			
Financial assets measured at amortized cost	₩ 443,993	₩ -	₩ -
Financial assets measured at FVPL	150,084	-	-
Financial assets measured at FVOCI	-	44,533	-
Financial liabilities measured at amortized cost	-	-	426,731
	<u>₩ 594,077</u>	<u>₩ 44,533</u>	<u>₩ 426,731</u>
Financial services:			
Financial assets measured at amortized cost	₩ 3,466,000	₩ -	₩ -
Financial assets measured at FVPL	5,825	1,300	-
Financial assets measured at FVOCI	899	-	-
Financial liabilities measured at amortized cost	-	-	2,277,906
	<u>₩ 3,472,724</u>	<u>₩ 1,300</u>	<u>₩ 2,277,906</u>

- (6) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the years ended December 31, 2023 and 2022 are ₩1,263,422 million and ₩1,011,152 million, respectively. In addition, the fee expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the years ended December 31, 2023 and 2022 are ₩489,309 million and ₩427,606 million, respectively.
- (7) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the year ended December 31, 2023.
- (8) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

Fair value of currency forwards, options and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards, options and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates.

As the inputs used to measure fair value of currency forwards, options and swap are supported by observable market data, such as forward exchange rates, the Group classifies the estimates of fair value measurements of the currency forwards, options and swap as Level 2 of the fair value hierarchy.

- Interest rate swap

The discount rate and forward interest rate used to measure the fair value of interest rate swap are determined based on an applicable yield curve derived from interest quoted in the current market at the end of the reporting period. The fair value of interest rate swap was measured as a discount on the estimated future cash flows of interest rate swap based on forward interest rates derived from the above method at an appropriate discount rate.

As the inputs used to measure fair value of interest rate swap are supported by observable market data, such as yield curves, the Group classifies the estimates of fair value measurements of the interest rate swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

Fair value of debt instruments including corporate bonds is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on swap rate and credit spreads of debt instruments, which have the similar credit rating and period quoted in the current market with those of debt instruments including corporate bonds that should be measured. The Group classifies fair value measurements of debt instruments including corporate bonds as Level 2 of the fair-value hierarchy since the rate, which has significant effects on fair value of debt instruments including corporate bonds, is based on observable market data.

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and market approach, and as for discounted cash flow projections, certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate based on business plan and circumstance of industry, are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- Redeemable convertible preference share

Fair value of redeemable convertible preference share is measured based on the fair value, exercise price, maturity, and the stock price volatility up to the maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is applied by converting the rate of return on corporate bonds with equivalent credit rating corresponding to the remaining maturity into a continuously compounding discount rate, and the stock price volatility up to maturity uses historical volatility of proxy companies in similar industries in response to the remaining maturity. The fair value of the underlying asset is assumed to be maintained until the end of the current period after estimating the underlying asset value on the contracted date by inverting the underlying asset value inherent in the terms of the transaction on the premise that the acquisition of related shares is an orderly transaction and traded at fair value. The Group classifies the fair value measurement of redeemable convertible preference share as Level 3 in the fair value hierarchy based on the conclusion that the effect of the above assumptions and estimates on the fair value of redeemable convertible preference share is significant.

(9) The quantitative information about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy and the description of relationships of significant unobservable inputs to the fair value are as follows:

Description	Fair value at December 31, 2023 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Range	Description of relationship
Unlisted equity securities and others	₩ 1,221,372	Discounted cash flow and others	Sales growth rate	-3.1% ~ 6.5%	If the sales growth rate and the pre-tax operating profit margin ratio increase, and the discount rate declines, the fair value increases
			Pre-tax operating profit margin ratio	3.3% ~ 3.5%	
			Discount rate	8.3%	
Description	Fair value at December 31, 2023 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Range	Description of relationship
Redeemable convertible preference share and others	₩ 61,589	Binomial option pricing model and others	Risk discount rate	28.3%	If the discount rate declines and stock price volatility increases, the fair value increases
			Risk free discount rate	3.7%	
			Stock price volatility	73.9%	

The Group does not expect changes in significant unobservable inputs would have a significant impact on the fair value, taking into account reasonable alternative assumptions.

21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of December 31, 2023 and December 31, 2022 are as follows.

(1) Common stock

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won, except par value)			
Issued		211,531,506 shares		213,668,187 shares
Par value	₩	5,000	₩	5,000
Capital stock		1,157,982		1,157,982

The Company completed stock retirement of 10,000,000, 1,320,000, 6,608,292 and 2,136,681 common shares as of March 5, 2001, May 4, 2004, July 27, 2018 and February 3, 2023, respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount as of December 31, 2023 and December 31, 2022.

(2) Preferred stock

Description	Par value	Issued	Korean Won	Dividend rate
			(In millions of Korean Won)	
1 st preferred stock	₩ 5,000	24,113,119 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	36,120,597 shares	193,069	The lowest stimulated dividend rate: 2%
3 rd preferred stock	"	2,404,448 shares	12,392	The lowest stimulated dividend rate: 1%
		62,638,164 shares	₩ 331,011	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares and as of February 3, 2023, the Company retired 243,566 first preferred shares, 364,854 second preferred shares and 24,287 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

22. CAPITAL SURPLUS:

Capital surplus as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others (*)	1,057,155	919,969
	₩ 4,378,489	₩ 4,241,303

(*) During the year ended December 31, 2022, the Group disposed of 2,216,983 treasury stocks and recognized ₩118,686 million gains on disposition of treasury stock.

23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. The number of treasury stocks as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023	December 31, 2022
	(Number of shares)	
Common stock	7,700,625	11,408,711
1 st preferred stock	2,186,993	2,430,559
2 nd preferred stock	1,353,570	1,718,424
3 rd preferred stock	48,574	72,861

24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of December 31, 2023 is as follows.

Description	December 31, 2023	
	(In millions of Korean Won)	
Gain on valuation of financial assets measured at FVOCI	₩	366,933
Loss on valuation of financial assets measured at FVOCI		(596,940)
Gain on valuation of cash flow hedge derivatives		96,683
Loss on valuation of cash flow hedge derivatives		(62,194)
Gain on share of the other comprehensive income of equity-accounted investees		239,708
Loss on share of the other comprehensive income of equity-accounted investees		(411,142)
Loss on foreign operations translation, net		(471,940)
	₩	<u>(838,892)</u>

(2) Accumulated other comprehensive loss as of December 31, 2022 is as follows.

Description	December 31, 2022	
	(In millions of Korean Won)	
Gain on valuation of financial assets measured at FVOCI	₩	418,986
Loss on valuation of financial assets measured at FVOCI		(768,117)
Gain on valuation of cash flow hedge derivatives		276,938
Loss on valuation of cash flow hedge derivatives		(93,162)
Gain on share of the other comprehensive income of equity-accounted investees		195,912
Loss on share of the other comprehensive income of equity-accounted investees		(715,558)
Loss on foreign operations translation, net		(935,681)
	₩	<u>(1,620,682)</u>

25. RETAINED EARNINGS:

(1) Retained earnings as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Legal reserve (*)	₩	744,836	₩	744,836
Discretionary reserve		49,710,496		47,307,996
Unappropriated		38,210,473		31,900,769
	₩	<u>88,665,805</u>	₩	<u>79,953,601</u>

(*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, a minimum of 10% of annual cash dividends declared, until such reserve equals 50% of its capital stock issued. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Appraisal gains, amounting to ₩1,852,871 million, derived from asset revaluation pursuant to the Asset Revaluation Law of Korea are included in retained earnings. It may be only transferred to capital stock or used to reduce accumulated deficit, if any.

(2) The computation of the interim dividends for the year ended December 31, 2023 is as follows.

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
(In millions of Korean Won, except per share amounts)				
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Shares, net of treasury stocks	202,875,846	21,926,126	34,767,027	2,355,874
Dividends per share	₩ 3,000	₩ 3,000	₩ 3,000	₩ 3,000
Dividend rate	60%	60%	60%	60%
Dividends declared	608,628	65,778	104,301	7,068

The computation of the interim dividends for the year ended December 31, 2022 is as follows.

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
(In millions of Korean Won, except per share amounts)				
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Shares, net of treasury stocks	198,765,273	21,926,126	34,767,027	2,355,874
Dividends per share	₩ 1,000	₩ 1,000	₩ 1,000	₩ 1,000
Dividend rate	20%	20%	20%	20%
Dividends declared	198,764	21,926	34,767	2,356

(3) The computation of the proposed dividends for the year ended December 31, 2023 is as follows.

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
(In millions of Korean Won, except per share amounts)				
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Shares, net of treasury stocks	203,830,881	21,926,126	34,767,027	2,355,874
Dividends per share	₩ 8,400	₩ 8,450	₩ 8,500	₩ 8,450
Dividend rate	168%	169%	170%	169%
Dividends declared	1,712,179	185,276	295,520	19,907

The computation of the dividends for the year ended December 31, 2022 is as follows.

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
(In millions of Korean Won, except per share amounts)				
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Shares, net of treasury stocks	202,259,476	21,926,126	34,767,027	2,355,874
Dividends per share	₩ 6,000	₩ 6,050	₩ 6,100	₩ 6,050
Dividend rate	120%	121%	122%	121%
Dividends declared	1,213,557	132,653	212,079	14,253

26. **HYBRID BOND:**

(1) HYUNDAI CARD CO., LTD., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of December 31, 2023, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual	December 31, 2023
			interest rate	
			(%)	(In millions of Korean Won)
The 876th Hybrid Tier 1 (Private)	July 12, 2023	July 12, 2053	6.00	₩ 160,000
Issue cost				(410)
				₩ 159,590

- (2) As of December 31, 2023, the conditions of hybrid bond that HYUNDAI CARD CO., LTD., a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ July 12, 2028 : An annual fixed interest rate 6% Increase of 2% after five years which is limited to one time only in accordance with Step-up clause
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is available after five years from issue date

27. SALES:

- (1) Sales for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Sales of goods	₩ 138,208,356	₩ 120,760,624
Rendering of services	4,389,945	3,562,531
Royalties	226,785	260,034
Financial services revenue	15,610,287	13,764,122
Revenue related to construction contracts	3,455,105	3,099,326
Others	773,101	704,832
	₩ 162,663,579	₩ 142,151,469

- (2) As of December 31, 2023, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year	After a year
	(In millions of Korean Won)	
Deferred revenue and others	₩ 2,356,687	₩ 3,956,403

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 89,186	₩ 78,807
Overseas market expenses	415,139	443,923
Advertisements and sales promotion	3,419,523	3,102,640
Sales commissions	1,047,374	909,093
Expenses for warranties	2,303,658	4,345,078
Transportation expenses	110,129	101,995
	7,385,009	8,981,536
Administrative expenses:		
Payroll	3,770,106	3,259,693
Post-employment benefits	144,828	173,367
Welfare expenses	622,375	544,626
Service charges	2,014,392	1,662,880
Research	2,163,445	1,759,707
Others	2,257,340	2,065,163
	10,972,486	9,465,436
	₩ 18,357,495	₩ 18,446,972

29. GAIN (LOSS) ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain (loss) on investments in joint ventures and associates for the years ended December 31, 2023 and 2022 is as follows.

Description	2023	2022
	(In millions of Korean Won)	
Gain on share of earnings of equity-accounted investees, net	₩ 2,489,940	₩ 1,636,824
Gain on disposals of investments in associates	90,664	63,992
Impairment loss on investments in associates	(109,671)	(143,186)
	<u>₩ 2,470,933</u>	<u>₩ 1,557,630</u>

30. FINANCE INCOME AND EXPENSES:

(1) Finance income for the years ended December 31, 2023 and 2022 is as follows.

Description	2023	2022
	(In millions of Korean Won)	
Interest income	₩ 997,655	₩ 594,077
Gain on foreign exchange transactions	166,513	146,066
Gain on foreign currency translation	275,411	146,247
Dividend income	79,127	44,533
Gain on derivatives	33,769	18,511
Others	7,063	36,459
	<u>₩ 1,559,538</u>	<u>₩ 985,893</u>

(2) Finance expenses for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Interest expenses	₩ 557,532	₩ 523,407
Loss on foreign exchange transactions	152,264	77,214
Loss on foreign currency translation	204,700	255,973
Loss on derivatives and others	56,204	23,044
	<u>₩ 970,700</u>	<u>₩ 879,638</u>

31. OTHER INCOME AND EXPENSES:

(1) Other income for the years ended December 31, 2023 and 2022 is as follows.

Description	2023	2022
	(In millions of Korean Won)	
Gain on foreign exchange transactions	₩ 686,182	₩ 756,417
Gain on foreign currency translation	476,230	437,298
Gain on disposals of PP&E	42,185	49,280
Commission income	15,957	18,335
Rental income	104,676	97,905
Others	457,103	571,679
	<u>₩ 1,782,333</u>	<u>₩ 1,930,914</u>

(2) Other expenses for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Loss on foreign exchange transactions	₩ 614,114	₩ 700,908
Loss on foreign currency translation	483,390	556,152
Loss on disposals of PP&E	262,940	176,146
Donations	178,367	89,421
Others	811,532	715,629
	₩ 2,350,343	₩ 2,238,256

32. EXPENSES BY NATURE:

Expenses by nature for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Changes in inventories	₩ (2,569,963)	₩ (1,677,346)
Raw materials and merchandise used	93,205,106	80,682,374
Employee benefits	12,078,050	10,637,811
Depreciation	3,283,730	3,180,687
Amortization	1,662,765	1,866,935
Others	42,227,333	39,874,336
Total (*)	₩ 149,887,021	₩ 134,564,797

(*) Sum of cost of sales, selling and administrative expenses and other expenses in the consolidated statements of income.

33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the year. The Group does not compute diluted earnings per common stock for the years ended December 31, 2023 and 2022, since there are no dilutive items during the years.

Basic earnings per common stock and preferred stock for the years ended December 31, 2023 and 2022 are computed as follows.

(1) Basic earnings per common stock and preferred stock attributable to the owners of the Company.

Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 9,271,196	202,857,418	₩ 45,703	₩ 5,696,576	199,735,258	₩ 28,521
1 st Preferred stock (*2)	998,401	21,926,126	45,535	618,639	21,932,141	28,207
2 nd Preferred stock	1,584,846	34,767,027	45,585	982,679	34,775,916	28,257
3 rd Preferred stock	107,274	2,355,874	45,535	66,470	2,356,491	28,207

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 'Earnings per Share'.

- (2) Basic earnings per common stock and preferred stock from continuing operations attributable to the owners of the Company.

Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 9,660,450	202,857,418	₩ 47,622	₩ 5,813,175	199,735,258	₩ 29,105
1 st Preferred stock (*2)	1,040,273	21,926,126	47,445	631,279	21,932,141	28,783
2 nd Preferred stock	1,651,240	34,767,027	47,495	1,002,722	34,775,916	28,833
3 rd Preferred stock	111,773	2,355,874	47,445	67,828	2,356,491	28,783

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 'Earnings per Share'.

- (3) Basic earnings per common stock and preferred stock from discontinued operations attributable to the owners of the Company.

Description	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ (389,254)	202,857,418	₩ (1,919)	₩ (116,599)	199,735,258	₩ (584)
1 st Preferred stock (*2)	(41,872)	21,926,126	(1,910)	(12,640)	21,932,141	(576)
2 nd Preferred stock	(66,394)	34,767,027	(1,910)	(20,043)	34,775,916	(576)
3 rd Preferred stock	(4,499)	2,355,874	(1,910)	(1,358)	2,356,491	(576)

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 *Earnings per Share*.

34. INCOME TAX EXPENSE:

(1) The components of income tax expense for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Current tax expense	₩ 3,696,557	₩ 2,705,459
Adjustments recognized in the current year in relation to the prior years	326,989	66,052
Changes in deferred taxes relating to		
Temporary differences	(541,666)	(623,348)
Tax losses and tax credits	585,233	949,285
Items that are charged or credited directly to equity	95,778	(186,176)
Effect of foreign exchange differences and others	442,093	53,057
Income tax expense	₩ 4,604,984	₩ 2,964,329
Income tax expense on continuing operations	4,626,640	2,979,168
Income tax expense (benefit) on discontinued operations	(21,656)	(14,839)

(*) The Group has identified potential exposures in a limited number of countries where transitional Safe Harbor regulations are not applied and the Pillar Two effective tax rate is expected to be less than 15% for reasons such as currently receiving corporate tax reductions as investment incentives. The Group expects to be subject to additional income tax after 2024 due to the impact of Pillar Two Model Rules, and its impact analysis is underway.

(2) The reconciliation from profit before income tax to income tax expense for the years ended December 31, 2023 and 2022 are as follows.

Description	2023	2022
	(In millions of Korean Won)	
Profit before income tax from continuing operations	₩ 17,618,662	₩ 11,181,471
Profit before income tax from discontinued operations	(741,376)	(233,528)
Profit before income tax	16,877,286	10,947,943
Income tax expense calculated at the applicable tax rates of 28.1% in 2023 and 27.2% in 2022	4,739,431	2,973,667
Adjustments:		
Non-taxable income	(1,026,127)	(91,601)
Non-deductible expenses	127,372	399,296
Tax credits	(366,809)	(528,986)
Others	1,131,117	211,953
	(134,447)	(9,338)
Income tax expense	₩ 4,604,984	₩ 2,964,329
Income tax expense on continuing operation	4,626,640	2,979,168
Income tax expense (benefit) on discontinued operation	(21,656)	(14,839)
Effective tax rate	27.3%	27.1%

(3) The changes in deferred tax assets (liabilities) for the year ended December 31, 2023 are as follows.

Description	Beginning of the year		Changes		End of the year	
	(In millions of Korean Won)					
Provisions	₩	3,275,658	₩	(357,380)	₩	2,918,278
Financial assets measured at FVPL		1,539		(11,361)		(9,822)
Financial assets measured at FVOCI		(7,990)		(25,329)		(33,319)
Investment of subsidiaries, associates and joint ventures		(1,996,502)		97,850		(1,898,652)
Derivatives		(95,052)		53,186		(41,866)
PP&E		(5,801,434)		489,881		(5,311,553)
Accrued income		(18,767)		1,728		(17,039)
Gain (loss) on foreign currency translation, net		(333)		(7,127)		(7,460)
Others		470,172		300,218		770,390
		(4,172,709)		541,666		(3,631,043)
Carryforward of tax losses and tax credits		2,382,277		(585,233)		1,797,044
	₩	(1,790,432)	₩	(43,567)	₩	(1,833,999)

The changes in deferred tax assets (liabilities) for the year ended December 31, 2022 are as follows.

Description	Beginning of the year		Changes		End of the year	
	(In millions of Korean Won)					
Provisions	₩	2,824,209	₩	451,449	₩	3,275,658
Financial assets measured at FVPL		1,231		308		1,539
Financial assets measured at FVOCI		(121,184)		113,194		(7,990)
Investment of subsidiaries, associates and joint ventures		(1,578,133)		(418,369)		(1,996,502)
Derivatives		(1,516)		(93,536)		(95,052)
PP&E		(5,861,743)		60,309		(5,801,434)
Accrued income		(15,840)		(2,927)		(18,767)
Gain (loss) on foreign currency translation, net		(136)		(197)		(333)
Others		(42,945)		513,117		470,172
		(4,796,057)		623,348		(4,172,709)
Carryforward of tax losses and tax credits		3,331,562		(949,285)		2,382,277
	₩	(1,464,495)	₩	(325,937)	₩	(1,790,432)

(4) Income taxes relating to items that are charged or credited directly to equity for the years ended December 31, 2023 and 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Gain on disposal of treasury stocks	₩	(26,580)	₩	(66,131)
Loss (gain) on financial assets measured at FVOCI, net		(28,371)		97,671
Loss (gain) on valuation of cash flow hedge derivatives, net		76,307		(78,505)
Remeasurements of defined benefit plans		98,464		(152,166)
Changes in retained earnings of equity-accounted investees, net		(24,042)		12,955
	₩	95,778	₩	(186,176)

(5) The amount of temporary differences associated with investments in subsidiaries, joint ventures and associates, for which deferred tax liabilities are not recognized, are ₩ 8,439,636 million and ₩ 8,948,716 million as of December 31, 2023 and 2022, respectively.

35. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the years ended December 31, 2023 and 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Paid-in cash	₩	16,783	₩	14,377
Recognized liability		4,215		4,754
	₩	20,998	₩	19,131

- (2) The significant actuarial assumptions used by the Group as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023	December 31, 2022
Discount rate (*)	5.77%	5.29%
Rate of expected future salary increase	4.88%	4.05%

- (*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as of December 31, 2023 as the discount rate to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

Employee turnover and mortality assumptions used for actuarial valuation are based on the economic conditions and statistical data of each country where entities within the Group are located.

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	6,538,236	₩	6,033,698
Fair value of plan assets		(6,949,149)		(6,809,339)
	₩	(410,913)	₩	(775,641)
Net defined benefit liabilities		77,268		61,861
Net defined benefit assets		(488,181)		(837,502)

(4) Changes in net defined benefit assets and liabilities for the year ended December 31, 2023 are as follows.

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the year	₩ 6,033,698	₩ (6,809,339)	₩ (775,641)
Current service cost	510,688	-	510,688
Interest expenses (income)	275,326	(332,475)	(57,149)
Past service cost	(223)	-	(223)
	6,819,489	(7,141,814)	(322,325)
Remeasurements:			
Return on plan assets	-	41,324	41,324
Actuarial gains and losses arising from changes in demographic assumptions	2,855	-	2,855
Actuarial gains and losses arising from changes in financial assumptions	220,043	-	220,043
Actuarial gains and losses arising from experience adjustments and others	146,370	-	146,370
	369,268	41,324	410,592
Contributions	-	(351,255)	(351,255)
Benefits paid	(694,707)	586,934	(107,773)
Transfers in (out)	2,852	(2,686)	166
Effect of foreign exchange differences and others	41,334	(81,652)	(40,318)
End of the year	₩ 6,538,236	₩ (6,949,149)	₩ (410,913)

Changes in net defined benefit assets and liabilities for the year ended December 31, 2022 are as follows.

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the year	₩ 6,580,593	₩ (6,721,149)	₩ (140,556)
Current service cost	575,608	-	575,608
Interest expenses (income)	173,934	(185,313)	(11,379)
Past service cost	(33)	-	(33)
	7,330,102	(6,906,462)	423,640
Remeasurements:			
Return on plan assets	-	168,474	168,474
Actuarial gains and losses arising from changes in demographic assumptions	255,197	-	255,197
Actuarial gains and losses arising from changes in financial assumptions	(1,002,183)	-	(1,002,183)
Actuarial gains and losses arising from experience adjustments and others	35,038	-	35,038
	(711,948)	168,474	(543,474)
Contributions	-	(584,701)	(584,701)
Benefits paid	(583,748)	483,747	(100,001)
Transfers in (out)	1,946	(1,454)	492
Effect of foreign exchange differences and others	(2,654)	31,057	28,403
End of the year	₩ 6,033,698	₩ (6,809,339)	₩ (775,641)

- (5) The sensitivity analysis based on reasonably possible changes of the significant assumptions as of December 31, 2023 and December 31, 2022, while all the other assumptions are retained, is as follows.

Description	Effect on the net defined benefit liabilities			
	December 31, 2023		December 31, 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)		(In millions of Korean Won)	
Discount rate	₩ (566,791)	₩ 291,717	₩ (367,700)	₩ 419,353
Rate of expected future salary increase	265,995	(554,161)	400,804	(360,074)

- (6) The fair value of the plan assets as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Insurance instruments	₩	6,946,600	₩	6,806,690
Others		2,549		2,649
	₩	6,949,149	₩	6,809,339

- (7) The Group expects to pay contribution of approximately ₩ 600,102 million to the plan in 2024 and the weighted average duration of the defined benefit obligation as of December 31, 2023 is 7.9 years.

36. CASH GENERATED FROM OPERATIONS:

(1) Cash generated from operations for the years ended December 31, 2023 and 2022 is as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Profit for the year	₩	12,272,301	₩	7,983,614
Adjustments:				
Retirement benefit costs		457,531		568,950
Depreciation		3,283,730		3,180,687
Amortization of intangible assets		1,662,765		1,866,935
Provision for warranties		1,926,790		4,005,842
Income tax expense		4,626,640		2,979,168
Gain(loss) on foreign currency translation, net		(63,551)		228,580
Loss on disposals of PP&E, net		220,755		126,866
Interest income, net		(440,123)		(70,670)
Gain on share of earnings of equity-accounted investees, net		(2,489,940)		(1,636,824)
Cost of sales from financial services, net		9,399,599		7,439,938
Others		2,608,162		1,566,466
		21,192,358		20,255,938
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable		(99,422)		(1,325,728)
Decrease in other receivables		488,118		622,992
Decrease (increase) in other financial assets		(546,587)		1,423,023
Increase in inventories		(3,249,884)		(2,721,100)
Increase in other assets		(1,152,521)		(83,879)
Increase(decrease) in trade notes and accounts payable		(8,816)		1,146,082
Increase in other payables		992,329		2,186,971
Increase in other liabilities		2,577,771		2,086,192
Decrease in other financial liabilities		(12,623)		(1,597)
Decrease in net defined benefit assets(liabilities)		(340,839)		(573,780)
Payment of severance benefits		(107,773)		(100,001)
Decrease in provisions		(4,388,292)		(3,796,018)
Changes in financial services receivables		(17,743,124)		(8,457,539)
Investment in operating leases		(6,571,935)		(4,689,798)
Others		(201,466)		361,523
		(30,365,064)		(13,922,657)
Cash generated from operations	₩	3,099,595	₩	14,316,895

(2) Major non-cash transactions not stated on the consolidated statements of cash flows from investing and financing activities for the years ended December 31, 2023 and 2022 are as follows.

Description	2023		2022	
	(In millions of Korean Won)			
Reclassification of the current portion of long-term debt and debentures	₩	27,152,167	₩	24,891,478
Reclassification of construction-in-progress to PP&E		3,980,857		3,525,985
Reclassification of construction-in-progress to intangible assets		367,785		186,210

(3) Changes in liabilities arising from financial activities for the year ended December 31, 2023 are as follows.

Description	Beginning of the year	Cash flows from financing activities	Changes from non-cash transactions				End of the year
			Reclassified to current portion	Effect of exchange rate changes	Present value discounts	Others(*)	
(In millions of Korean Won)							
Short-term borrowings (including current portion)	₩ 36,940,611	₩ (29,949,836)	₩ 27,152,167	₩ 473,380	₩ (24,521)	₩ (447,095)	₩ 34,144,706
Long-term debts	12,285,149	12,901,677	(7,954,787)	202,221	118,791	16,709	17,569,760
Debentures	62,960,060	28,578,150	(19,197,380)	613,213	44,328	35,122	73,033,493

(*) Others include transfers from or to other accounts and others.

Changes in liabilities arising from financial activities for the year ended December 31, 2022 are as follows.

Description	Beginning of the year	Cash flows from financing activities	Changes from non-cash transactions				End of the year
			Reclassified to current portion	Effect of exchange rate changes	Present value discounts	Others(*)	
(In millions of Korean Won)							
Short-term borrowings (including current portion)	₩ 33,666,738	₩ (22,985,947)	₩ 24,891,478	₩ 684,515	₩ 56,738	₩ 627,089	₩ 36,940,611
Long-term debts	10,667,731	6,925,739	(5,432,473)	115,999	7,656	497	12,285,149
Debentures	63,458,809	16,381,780	(19,459,005)	2,524,323	18,593	35,560	62,960,060

(*) Others include transfers from or to other accounts and others.

37. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period.

Debt to equity ratios as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Total liabilities	₩	180,653,915	₩	164,845,917
Total equity		101,809,440		90,896,545
Debt-to-equity ratio		177.4%		181.4%

(2) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and avoid those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and manage its interest rate risk and foreign currency risk.

a) Foreign exchange risk management

The Group is exposed to various foreign exchange risks by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR, JPY and others.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its exchange rate forecast. The Group uses foreign exchange derivatives, such as currency forward, currency swap, and currency option, as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is prohibited.

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of December 31, 2023 is as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ 102,337	₩ (102,337)
EUR	13,707	(13,707)
JPY	(959)	959

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of December 31, 2023 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 33,650	₩ (33,650)
Short-term and long-term financial instruments	22,948	(22,948)
Borrowings and debentures	(134,529)	134,529

The Company's subsidiaries, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC. that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of December 31, 2023 and December 31, 2022, the amounts of interest rate risk measured at VaR are ₩146,303 million and ₩135,241 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of December 31, 2023, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩54,853 million and ₩2,377,754 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 39, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

In addition, the Company's subsidiaries, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC., that operate financial business, assess their credit stability according to their internal credit ratings and manage credit risk concentrations by debtor. These subsidiaries provide loan agreements with a limit to a large number of customers, and as of December 31, 2023, the unused limit is ₩746,970 million for HYUNDAI CAPITAL SERVICES, INC. and ₩86,275,519 million for HYUNDAI CARD CO., LTD. and as of December 31, 2023, credit risk concentration relates to 86% for households and 14% for companies.

3) Liquidity risk

The Group manages liquidity risk based on maturity profile of its funding. The Group analyses and reviews actual cash outflow and its budget to match the maturity of its financial liabilities to that of its financial assets.

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly. In addition, the Group has agreements with financial institutions related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before maturity as of December 31, 2023 is as follows.

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 22,674,125	₩ 664,726	₩ -	₩ 23,338,851
Interest-bearing liabilities	38,896,754	90,865,948	6,960,759	136,723,461
Lease liabilities	262,251	647,038	351,332	1,260,621
Financial guarantee	314,471	63,421	79,205	457,097

The maturity analysis is based on the non-discounted cash flows and the earliest maturity date at which payments, i.e. both principal and interest, should be made.

(3) Derivative instruments

The Group enters into derivative instrument contracts such as currency forwards, currency options, currency swaps and interest swaps to hedge its exposure to changes in foreign exchange rate or interest rate.

As of December 31, 2023 and December 31, 2022, the Group recognized an accumulative net profit of ₩34,489 million and ₩183,776 million, respectively, in accumulated other comprehensive income or loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 99 months as of December 31, 2023.

For the years ended December 31, 2023 and 2022, the Group recognized a net profit of ₩133,719 million and ₩391,801 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments and others.

In addition, the Company's subsidiaries, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC., that are engaged in financial services business, use interest rate swaps and currency swaps to hedge the risks of future cash flows, which related to borrowings, debentures and others, due to market interest rate fluctuations and exchange rate fluctuations. As of December 31, 2023, the average hedge ratio is 100%.

38. RELATED-PARTY AND OTHER TRANSACTIONS:

The transactions and balances of receivables and payables within the Group are wholly eliminated in the preparation of consolidated financial statements of the Group.

- (1) For the year ended December 31, 2023, significant transactions arising from operations between the Group and related parties or affiliates as designated by the Monopoly Regulation and Fair Trade Act of the Republic of Korea ("the Act") are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 590,173	₩ 16,134	₩ 14,813,812	₩ 118,239
	Mobis Alabama, LLC	253,907	-	2,387,097	30,426
	Mobis Automotive Czech s.r.o.	12	2,008	2,962,398	18,684
	Mobis India, Ltd.	18,278	2,854	1,433,394	27,999
	Mobis Parts America, LLC	191,160	4,299	1,604,058	1,278
	Mobis Module CIS, LLC.	67	273	2,015	-
	Mobis Parts Europe N.V.	19,131	2,426	646,881	2,420
	Others	85,447	1,784	1,548,323	12,200
	Joint ventures and associates	Kia Corporation	1,685,353	968,903	648,536
	Kia Russia & CIS, LLC	220	32	-	-
	Kia Slovakia s.r.o..	92,908	16	759,649	-
	Kia Georgia, Inc.	842,050	3,550	154	-
	BHMC	193,257	-	33,075	-
	HMGC	33,571	818	93,268	63,293
	Hyundai WIA Corporation	286,611	1,349	919,024	9,264
	Others	958,681	77,363	5,892,019	3,541,756
Other related parties		56,893	4,028	1,976	9
Affiliates by the Act		981,812	104,267	11,608,499	1,460,116

For the year ended December 31, 2022, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 617,886	₩ 15,569	₩ 12,246,389	₩ 74,457
	Mobis Alabama, LLC	175,677	152	1,952,641	6,392
	Mobis Automotive Czech s.r.o.	88	745	2,441,059	24,371
	Mobis India, Ltd.	15,783	3,237	1,310,317	3,340
	Mobis Parts America, LLC	173,649	4,140	1,528,014	825
	Mobis Module CIS, LLC.	67	376	88,339	2,791
	Mobis Parts Europe N.V.	18,037	1,993	622,583	1,064
Others	68,863	1,480	1,499,679	9,582	
Joint ventures and associates	Kia Corporation	1,344,334	781,710	576,677	749,322
	Kia Russia & CIS, LLC	236,563	7	29	-
	Kia Slovakia s.r.o..	106,675	338	706,944	1,751
	Kia Georgia, Inc.	850,880	1,017	42	-
	BHMC	243,336	-	28,184	-
	HMGC	27,747	1,773	44,864	52,023
	Hyundai WIA Corporation	119,339	913	1,039,973	10,837
	Others	838,127	65,143	5,922,155	2,079,207
Other related parties	21,567	3,755	2,531	7	
Affiliates by the Act	838,319	121,880	10,962,515	1,152,633	

(2) As of December 31, 2023, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 142,677	₩ 150,906	₩ 2,248,687	₩ 459,196
	Mobis Alabama, LLC	31,106	-	157,597	-
	Mobis Automotive Czech s.r.o.	1,253	830	210,894	511
	Mobis India, Ltd.	-	-	160,011	-
	Mobis Parts America, LLC	29,790	26,986	123,415	-
	Mobis Module CIS, LLC	5	85	7	-
	Mobis Parts Europe N.V.	819	149	52,525	44
Others	90,363	2,250	72,019	18,361	
Joint ventures and associates	Kia Corporation	541,374	422,304	78,946	145,081
	Kia Russia & CIS, LLC	-	50	-	141
	Kia Slovakia s.r.o.	7,481	138	55,158	246
	Kia Georgia, Inc.	65,196	51,650	-	34,214
	Kia America, Inc.	-	240,582	-	16,877
	BHMC	302,632	14,681	24	27
	HMGC	16,089	23,602	373	27,900
	Hyundai WIA Corporation	118,669	13,229	144,310	25,746
Others	259,635	181,298	718,951	994,901	
Other related parties	137	-	20	326	
Affiliates by the Act	201,220	65,233	1,173,602	484,603	

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩608 million as of December 31, 2023 and the reversal of impairment loss is recognized in the amount of ₩349 million for the year ended December 31, 2023.

(*2) As of December 31, 2023, outstanding payment of ₩18,080 million pursuant to corporate purchase card agreement provided by HYUNDAI CARD CO., LTD. is included. For the year ended December 31, 2023, the amounts spent and repaid are ₩420,695 million and ₩426,207 million, respectively.

As of December 31, 2022, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 112,072	₩ 186,427	₩ 2,631,460	₩ 453,605
	Mobis Alabama, LLC	22,829	-	148,988	411
	Mobis Automotive Czech s.r.o.	-	9,924	240,666	-
	Mobis India, Ltd.	-	1,462	176,609	22
	Mobis Parts America, LLC	19,635	95	113,577	-
	Mobis Module CIS, LLC	-	71	804	-
	Mobis Parts Europe N.V.	359	1,328	49,254	-
	Others	21,772	949	115,791	6,847
Joint ventures and associates	Kia Corporation	483,663	383,401	103,109	111,663
	Kia Russia & CIS, LLC	4	24	-	-
	Kia Slovakia s.r.o.	6,018	163	55,100	319
	Kia Georgia, Inc.	59,925	33,682	-	30,404
	Kia America, Inc.	-	10,568	-	19,943
	BHMC	272,134	14,411	-	57
	HMGC	7,738	23,734	5,133	23,306
	Hyundai WIA Corporation	33,157	7,449	171,098	28,850
	Others	169,169	125,220	699,974	1,058,827
Other related parties		1,742	44	13	344
Affiliates by the Act		181,415	68,799	1,242,171	423,944

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩958 million as of December 31, 2022 and the impairment loss is recognized in the amount of ₩749 million for the year ended December 31, 2022.

(*2) As of December 31, 2022, outstanding payment of ₩23,592 million pursuant to corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2022, the amounts spent and repaid are ₩426,510 million and ₩425,013 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the year ended December 31, 2023 between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of USD Dollar and EUR Euro, In millions of Korean won)					
Joint ventures and associates	€ 68,600	-	\$ 562,000	\$ 565,000	₩ 1,490,366
			₩ -	₩ 3,425	

Significant fund transactions and equity contribution transactions for the year ended December 31, 2022 between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of USD Dollar and Chinese Yuan, In millions of Korean won)					
Joint ventures and associates	¥ 15,000	-	\$ 612,000	\$ 600,000	₩ 2,002,648
			₩ 520	₩ 4,252	

For the years ended December 31, 2023 and 2022, the Group received dividends of ₩796,678 million and ₩503,634 million from related parties and affiliates by the Act, respectively and paid dividends of ₩590,131 million and ₩349,958 million to related parties, respectively. During 2023, the Group traded in other financial assets and others of ₩2,580,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩310,000 million in the consolidated statement of financial position as of December 31, 2023.

For the year ended December 31, 2023, HYUNDAI MOTOR SECURITIES CO., Ltd., an associate of the Group, acquired bonds issued by the consolidated entities, HYUNDAI KEFICO CORPORATION and HYUNDAI ROTEM COMPANY in amount of ₩15,000 million and ₩5,000 million, respectively, and there are no acquired bonds for the year ended December 31, 2022.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the years ended December 31, 2023 and 2022 is as follows.

Description	2023	(In millions of Korean Won)		2022
Short-term employee salaries	₩	374,972	₩	347,185
Retirement benefit costs		50,004		53,146
Other long-term benefits		1,518		1,289
Share-based payment		155		-
	₩	426,649	₩	401,620

- (5) For the year ended December 31, 2023, the Group offers payment guarantee to related parties and affiliates by the Act.

39. COMMITMENTS AND CONTINGENCIES:

- (1) As of December 31, 2023, the payment guarantees provided to related parties by the Group, excluding the ones provided to the Company's subsidiaries, are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩	28,910	₩	216,119
To others		734		229,651
	₩	29,644	₩	445,770

(*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of December 31, 2023.

- (2) As of December 31, 2023, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of December 31, 2023, the Group is under investigation by related authorities in relation to the Theta 2 engine recall, and its results and impacts are unpredictable. The Group is unable to estimate the outcome of the lawsuits and the amount and timing of outflows of resources are uncertain. The Group expects that the impact on the consolidated financial statements will not be material.
- (3) As of December 31, 2023, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩797,185 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables, are pledged as collateral for their borrowings.
- (4) As of December 31, 2023, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank, with a combined limit of up to USD 33,700 million, and ₩5,756,500 million.
- (5) As of December 31, 2023, HYUNDAI CAPITAL SERVICES, INC. and HYUNDAI CARD CO., LTD., subsidiaries of the Company, have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of HYUNDAI CAPITAL SERVICES, INC. and HYUNDAI CARD CO., LTD. falls below a certain level, this may result in early repayment of the borrowings or termination of the agreements.

- (6) As of December 31, 2023, the Company has a shareholder agreement with the third party investors regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (7) As of December 31, 2023, the Company has an agreement to dispose of its shares of Hyundai Motor Manufacturing Rus LLC, which includes the call options clause that allow the Company to repurchase its shares. The call option can be terminated under an uncontrollable situation, but can be maintained through efforts by both parties to address such situation.
- (8) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of December 31, 2023, the Company has recognized relevant liability in the amount of ₩872,867 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.
- (9) Financial instruments with restricted use for the years ended December 31, 2023 and 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Short-term and long-term financial instruments	₩	1,674,550	₩	1,464,888
Cash and cash equivalents		537,734		631,954
Other financial assets		2		2
	₩	2,212,286	₩	2,096,844

40. SEGMENT INFORMATION:

- (1) The Group's operating segments include vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segment for the year ended December 31, 2023 are as follows

Description	For the year ended December 31, 2023				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Net sales (*1)	₩ 130,149,921	₩ 22,401,156	₩ 10,112,502	₩ -	₩ 162,663,579
Total sales (*2)	212,367,654	22,688,779	11,985,990	(84,378,844)	162,663,579
Operating profit	12,969,227	1,385,538	1,064,063	(291,927)	15,126,901

(*1) Net sales represent sales from external customers.

(*2) Total sales include inter-company sales within the Group.

Assets and liabilities by operating segment as of December 31, 2023 are as follows.

Description	December 31, 2023				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 136,896,274	₩ 154,437,674	₩ 11,166,625	₩ (20,037,218)	₩ 282,463,355
Total liabilities	52,192,746	135,929,495	5,797,213	(13,265,539)	180,653,915

Sales and operating profit by operating segment for the year ended December 31, 2022 are as follows.

Description	For the year ended December 31, 2022				Total
	Vehicle	Finance	Others	Consolidation adjustments	
	(In millions of Korean Won)				
Net sales (*1)	₩ 113,341,992	₩ 20,037,912	₩ 8,771,565	₩ -	₩ 142,151,469
Total sales (*2)	180,440,977	20,306,157	10,438,311	(69,033,976)	142,151,469
Operating profit	7,910,469	1,844,571	581,718	(511,830)	9,824,928

(*1) Net sales represent sales from external customers.

(*2) Total sales include inter-company sales within the Group.

Assets and liabilities by operating segment as of December 31, 2022 are as follows.

Description	December 31, 2022				Total
	Vehicle	Finance	Others	Consolidation adjustments	
	(In millions of Korean Won)				
Total assets	₩ 133,885,205	₩ 135,124,336	₩ 9,793,550	₩ (23,060,629)	₩ 255,742,462
Total liabilities	58,838,578	117,649,362	5,910,506	(17,552,529)	164,845,917

(3) Sales and operating profit by operating segment for the years ended December 31, 2023 and 2022 are as follows.

Description	For the year ended December 31,	
	2023	2022
	(In millions of Korean Won)	
Vehicle (*)		
Sales	₩ 212,367,654	₩ 180,440,977
Cost of sales	183,498,370	156,494,938
Gross profit	28,869,284	23,946,039
Selling and administrative expenses	15,900,057	16,035,570
Operating profit	12,969,227	7,910,469
Loss on investments in joint ventures and associates, net	(155,986)	(193,709)
Finance income and expenses	4,649,392	1,931,640
Other income and expenses	(694,538)	(361,770)
Profit before income tax	16,768,095	9,286,630
Income tax expense	4,112,864	1,788,790
Profit for the period	12,655,231	7,497,840
Finance (*)		
Sales	22,688,779	20,306,157
Cost of sales	18,936,621	16,158,877
Gross profit	3,752,158	4,147,280
Selling and administrative expenses	2,366,620	2,302,709
Operating profit	1,385,538	1,844,571
Gain on investments in joint ventures and associates, net	49,618	88,737
Finance income and expenses	1,474	8
Other income and expenses	11,907	47,026
Profit before income tax	1,448,537	1,980,342
Income tax expense	215,121	801,286
Profit for the period	1,233,416	1,179,056
Others (*)		
Sales	11,985,990	10,438,311
Cost of sales	10,248,626	9,362,208
Gross profit	1,737,364	1,076,103

Selling and administrative expenses	673,301	494,385
Operating profit	<u>1,064,063</u>	<u>581,718</u>
Gain (loss) on investments in joint ventures and associates, net	601	(147)
Finance income and expenses	(3,418)	(36,465)
Other income and expenses	<u>(57,041)</u>	<u>(3,627)</u>
Profit before income tax	1,004,205	541,479
Income tax expense	<u>252,008</u>	<u>(4,988)</u>
Profit for the period	<u>752,197</u>	<u>546,467</u>
Consolidation adjustments	(1,648,822)	(1,021,060)
Profit for the period from continuing operations	<u>12,992,022</u>	<u>8,202,303</u>
Profit attributable to:		
Owners of the Company	12,463,736	7,515,003
Non-controlling interests	528,286	687,300
Loss for the period from discontinued operations	<u>₩ (719,721)</u>	<u>₩ (218,689)</u>
Loss attributable to:		
Owners of the Company	(502,020)	(150,639)
Non-controlling interests	(217,701)	(68,050)

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

(4) Assets by operating segment as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Vehicle (*)				
Current assets:				
Cash and cash equivalents	₩	15,633,984	₩	15,122,640
Financial instruments		10,016,084		14,778,819
Inventories		18,149,965		14,066,352
Trade notes and accounts receivable		9,568,659		12,839,194
Other assets		3,876,820		3,929,828
Total current assets		57,245,512		60,736,833
Non-current assets:				
Financial assets		3,496,251		3,256,063
Property, plant and equipment		35,662,209		32,941,558
Intangible assets		4,717,443		4,579,341
Investments in joint ventures and associates		29,724,875		26,611,995
Other assets		6,049,984		5,759,415
Total non-current assets		79,650,762		73,148,372
Total assets		136,896,274		133,885,205
Finance (*)				
Current assets:				
Cash and cash equivalents		2,632,288		4,659,822
Financial instruments		3,874,879		3,046,070
Inventories		316,540		190,877
Financial services receivables		43,425,548		38,400,027
Other assets		2,907,748		2,163,985
Total current assets		53,157,003		48,460,781
Non-current assets:				
Financial assets		1,382,273		1,431,179
Property, plant and equipment		850,165		613,529
Intangible assets		336,904		331,798
Investments in joint ventures and associates		1,677,486		1,557,709
Financial services receivables		64,809,911		52,576,986
Investments in operating leases		30,266,083		28,355,783
Other assets		1,957,849		1,796,571
Total non-current assets		101,280,671		86,663,555
Total assets		154,437,674		135,124,336
Others (*)				
Current assets:				
Cash and cash equivalents		1,040,150		954,871
Financial instruments		1,467,699		866,684
Inventories		1,607,765		1,465,788
Trade notes and accounts receivable		1,428,134		1,283,400
Other assets		2,272,612		2,027,818
Total current assets		7,816,360		6,598,561
Non-current assets:				
Financial assets		61,200		48,104
Property, plant and equipment		2,528,297		2,462,917
Intangible assets		237,022		195,282
Investments in joint ventures and associates		469		9,854
Other assets		523,277		478,832
Total non-current assets		3,350,265		3,194,989
Total assets		11,166,625		9,793,550
Consolidation adjustments		(20,037,218)		(23,060,629)
Total assets	₩	282,463,355	₩	255,742,462

Liabilities by operating segment as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Vehicle (*)				
Current liabilities:				
Trade notes and accounts payable	₩	15,991,327	₩	19,560,146
Other payables		6,613,077		6,284,763
Borrowings and debentures		3,225,872		6,169,978
Provisions		7,306,099		8,102,910
Other liabilities		8,418,082		6,929,017
Total current liabilities		41,554,457		47,046,814
Non-current liabilities:				
Borrowings and debentures		2,057,140		3,813,212
Net defined benefit liabilities		44,953		41,513
Provisions		4,605,057		4,533,879
Other liabilities		3,931,139		3,403,160
Total non-current liabilities		10,638,289		11,791,764
Total liabilities		52,192,746		58,838,578
Finance (*)				
Current liabilities:				
Other payables		3,310,026		2,623,663
Borrowings and debentures		35,489,760		36,297,818
Provisions		271,574		218,721
Other liabilities		1,998,487		1,907,826
Total current liabilities		41,069,847		41,048,028
Non-current liabilities:				
Borrowings and debentures		88,296,175		71,030,315
Provisions		28,309		28,849
Other liabilities		6,535,164		5,542,170
Total non-current liabilities		94,859,648		76,601,334
Total liabilities		135,929,495		117,649,362
Others (*)				
Current liabilities:				
Trade notes and accounts payable		1,065,212		960,691
Other payables		222,056		167,427
Borrowings and debentures		805,496		1,283,660
Provisions		147,511		99,811
Other liabilities		2,605,152		1,676,220
Total current liabilities		4,845,427		4,187,809
Non-current liabilities:				
Borrowings and debentures		610,861		941,734
Net defined benefit liabilities		32,315		20,348
Provisions		158,811		168,107
Other liabilities		149,799		592,508
Total non-current liabilities		951,786		1,722,697
Total liabilities		5,797,213		5,910,506
Consolidation adjustments		(13,265,539)		(17,552,529)
Total liabilities	₩	180,653,915	₩	164,845,917

Equity by operating segment as of December 31, 2023 and December 31, 2022 is as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Vehicle (*)				
Capital stock	₩	13,814,222	₩	11,476,313
Capital surplus		4,457,140		4,380,670
Other capital items		(1,197,161)		(1,714,005)
Accumulated other comprehensive income (loss)		(1,351,352)		(1,680,138)
Retained earnings		68,980,668		62,583,774
Equity attributable to the owners of the Company		84,703,517		75,046,614
Non-controlling interests		11		13
Total equity		84,703,528		75,046,627
Finance (*)				
Capital stock		3,483,947		3,479,326
Capital surplus		446,317		446,317
Other capital items		158,830		299,240
Accumulated other comprehensive income (loss)		979,767		947,192
Retained earnings		13,439,318		12,302,899
Equity attributable to the owners of the Company		18,508,179		17,474,974
Non-controlling interests		-		-
Total equity		18,508,179		17,474,974
Others (*)				
Capital stock		1,021,187		1,023,526
Capital surplus		1,411,438		576,152
Other capital items		(5,713)		-
Accumulated other comprehensive income (loss)		253,353		207,417
Retained earnings		2,720,065		2,103,887
Equity attributable to the owners of the Company		5,400,330		3,910,982
Non-controlling interests		(30,918)		(27,938)
Total equity		5,369,412		3,883,044
Consolidation adjustments		(6,771,679)		(5,508,100)
Total equity	₩	101,809,440	₩	90,896,545

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

(5) Cash flows by operating segment for the years ended December 31, 2023 and 2022 are as follows.

Description	For the year ended December 31,	
	2023	2022
	(In millions of Korean Won)	
Vehicle (*)		
Cash flows from operating activities:		
Profit for the period	₩ 12,413,564	₩ 7,267,737
Adjustments	9,281,038	11,189,692
Changes in operating assets and liabilities	(7,571,558)	(4,982,787)
Interest received (paid)	1,002,974	425,270
Dividend received	3,652,323	1,678,864
Income tax paid	(3,408,455)	(2,047,422)
Net cash provided by operating activities	<u>15,369,886</u>	<u>13,531,354</u>
Cash flows from investing activities:		
Changes in financial instruments	(989,805)	1,604,166
Changes in investment in joint ventures and associates	(1,322,033)	(1,165,862)
Changes in property, plant and equipment intangible assets	(7,991,770)	(5,184,167)
Others	3,154,743	335,666
Net cash used in investing activities	<u>(7,148,865)</u>	<u>(4,410,197)</u>
Cash flows from financing activities:		
Changes in short-term borrowings	(2,347,941)	(1,842,721)
Changes in long-term debt and debentures	(2,478,999)	(1,343,537)
Proceeds from capital contribution from non-controlling interest	2,321,964	1,568,678
Purchases of treasury stocks	-	(193,451)
Dividends paid	(5,241,389)	(2,441,105)
Others	(143,711)	(112,334)
Net cash used in financing activities	<u>(7,890,076)</u>	<u>(4,364,470)</u>
Effect of exchange rate changes on cash and cash equivalents	180,399	(46,913)
Net increase in cash and cash equivalents	<u>511,344</u>	<u>4,709,774</u>
Finance (*)		
Cash flows from operating activities:		
Profit for the period	1,233,415	1,179,056
Adjustments	7,342,101	8,662,786
Changes in operating assets and liabilities	(21,288,494)	(10,198,949)
Interest received (paid)	(3,567,110)	(2,214,260)
Dividend received	175,598	1,303
Income tax paid	(196,822)	(248,038)
Net cash used in operating activities	<u>(16,301,312)</u>	<u>(2,818,102)</u>
Cash flows from investing activities:		
Changes in financial instruments	-	-
Changes in investment in joint ventures and associates	(179,571)	(75,991)
Changes in property, plant and equipment intangible assets	(399,324)	(119,633)
Others	(157,850)	(73,749)
Net cash used in investing activities	<u>(736,745)</u>	<u>(269,373)</u>
Cash flows from financing activities:		
Changes in short-term borrowings	(1,752,921)	1,972,663
Changes in long-term debt and debentures	16,965,023	4,880,932
Proceeds from capital contribution from non-controlling interest	4,626	2,153
Purchases of treasury stocks	(3,685)	-
Dividends paid	(60,977)	(91,752)
Others	(152,612)	(580,042)
Net cash provided by financing activities	<u>14,999,454</u>	<u>6,183,954</u>

Description	For the year ended December 31,	
	2023	2022
Effect of exchange rate changes on cash and cash equivalents	11,069	22,023
Net increase (decrease) in cash and cash equivalents	<u>(2,027,534)</u>	<u>3,118,502</u>
Others (*)		
Cash flows from operating activities:		
Profit for the period	752,197	546,411
Adjustments	757,274	439,872
Changes in operating assets and liabilities	294,593	439,871
Interest received (paid)	2,381	(39,984)
Dividend received	484	108
Income tax paid	(288,565)	(98,142)
Net cash provided by operating activities	<u>1,518,364</u>	<u>1,288,136</u>
Cash flows from investing activities:		
Changes in financial instruments	(346,989)	(463,400)
Changes in investment in joint ventures and associates	(440)	(110)
Changes in property, plant and equipment intangible assets	(429,153)	(279,034)
Others	(240,543)	263,808
Net cash used in investing activities	<u>(1,017,125)</u>	<u>(478,736)</u>
Cash flows from financing activities:		
Changes in short-term borrowings	(136,018)	(158,936)
Changes in long-term debt and debentures	(571,389)	(237,446)
Proceeds from capital contribution from non-controlling interest	466,535	-
Purchases of treasury stocks	-	-
Dividends paid	(130,644)	(103)
Others	(52,331)	(46,613)
Net cash used in financing activities	<u>(423,847)</u>	<u>(443,098)</u>
Effect of exchange rate changes on cash and cash equivalents	7,887	(6,384)
Net increase in cash and cash equivalents	<u>85,279</u>	<u>359,918</u>
Consolidation adjustments	(267,349)	(118,869)
Net increase (decrease) in cash and cash equivalents	(1,698,260)	8,069,325
Cash and cash equivalents, beginning of the period	<u>20,864,879</u>	<u>12,795,554</u>
Cash and cash equivalents, end of the period	<u>₩ 19,166,619</u>	<u>₩ 20,864,879</u>

(*) The amounts are aggregates of entities belonging to each segment, unadjusted for elimination of intercompany transactions.

- (6) Sales by region based on where the Group's entities are located for the years ended December 31, 2023 and 2022 are as follows.

For the year ended December 31, 2023						
Description	Korea	North America	Asia	Europe	Others	Total
(In millions of Korean Won)						
Net sales	₩ 50,145,518	₩ 66,423,274	₩ 17,498,807	₩ 23,809,444	₩ 4,786,536	₩ 162,663,579

For the year ended December 31, 2022						
Description	Korea	North America	Asia	Europe	Others	Total
(In millions of Korean Won)						
Net sales	₩ 44,725,966	₩ 55,941,024	₩ 15,594,336	₩ 21,741,766	₩ 4,148,377	₩ 142,151,469

- (7) Non-current assets by region where the Group's entities are located as of December 31, 2023 and 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
(In millions of Korean Won)				
Korea	₩	35,311,711	₩	33,935,698
North America		4,751,419		3,211,607
Asia		3,021,481		2,835,528
Europe		1,806,587		2,012,856
Others		656,502		623,992
		45,547,700		42,619,681
Consolidation adjustments		(262,067)		(219,664)
Total (*)	₩	45,285,633	₩	42,400,017

(*) Total amount is the same as summation of PP&E, intangible assets and investment properties.

- (8) There is no single external customer who represents 10% or more of the Group's sales for years ended December 31, 2023 and 2022.

41. **CONSTRUCTION CONTRACTS:**

- (1) Cost, income and loss and claimed construction from construction in progress as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
(In millions of Korean Won)				
Accumulated cost	₩	14,689,631	₩	14,866,771
Accumulated income		937,245		336,083
Accumulated construction in process		15,626,876		15,202,854
Progress billing		16,071,925		15,006,020
Due from customers		1,191,078		1,413,886
Due to customers		1,636,127		1,217,052
Reserve (*)		62,197		77,915

(*) Reserve is recognized as long-term trade notes and accounts receivable in the consolidated financial statements.

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of December 31, 2023 are as follows.

Description	December 31, 2023	
	(In millions of Korean Won)	
Changes in accounting estimates of total contract revenue	₩	535,107
Changes in accounting estimates of total contract costs		229,894
Effects on profit or loss of current period		(25,738)
Effects on profit or loss of future periods		330,951
Changes in due from customers		(62,835)
Provision for construction loss		39,470

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to December 31, 2023. Total contract revenue and costs may change in future periods.

- (3) There is no contract as of December 31, 2023, in which contract revenue is recognized using the percentage of completion method based on the input method, that accounted for more than 5% of the Group's revenue in the prior period.

42. BUSINESS COMBINATIONS:

The Group acquired 54.35% of shares in UB1st Co., Ltd. during the year ended December 31, 2023.

The accounting for the business combination at the acquisition date is as follows.

Description	Amount	
	(In millions of Korean Won)	
Total considerations transferred	₩	3,000
Non-controlling interests		363
Assets and liabilities acquired:		
Current assets		4,103
Non-current assets		2,871
Current liabilities		4,599
Non-current liabilities		1,579
Fair value of identifiable net assets		796
Goodwill		2,567

The amounts of sales and net loss of the acquiree since the acquisition date included in the consolidated statement of income for the year ended December 31, 2023 are ₩6,089 million and ₩777 million, respectively.

43. DISCONTINUED OPERATIONS:

The sale of Hyundai Motor Manufacturing Rus LLC (HMMR) was approved by the Board of Directors on December 19, 2023. The sale is expected to be completed within one year from December 31, 2023. As of December 31, 2023, Hyundai Motor Manufacturing Rus LLC (HMMR) is classified as disposal group and discontinued operation.

Operating results of Hyundai Motor Manufacturing Rus LLC (HMMR) for the years ended December 31, 2023 and 2022 are as follows.

Description	For the year ended December 31,	
	2023	2022
	(In millions of Korean Won)	
Sales	₩ 41,244	₩ 376,066
Cost of sales	106,235	329,914
Gross profit	(64,991)	46,152
Selling and administrative expenses	(8,401)	51,311
Operating profit	(56,590)	(5,159)
Gain on investments in joint ventures and associates, net	1,297	(1,047)
Finance income	32,638	232,920
Finance expenses	128,420	174,590
Other income	105,750	326,199
Other expenses	65,920	432,741
Impairment loss remeasured at fair value	630,131	179,110
Profit before income tax	(741,376)	(233,528)
Income tax expense	(21,655)	(14,839)
Loss for the period from discontinued operations	₩ (719,721)	₩ (218,689)

Assets and liabilities classified as held for sale due to discontinued operations as of December 31, 2023 and December 31, 2022 are as follows.

Description	December 31, 2023		December 31, 2022	
	(In millions of Korean Won)			
Assets:				
Current assets:				
Cash and cash equivalents	₩	70,804	₩	-
Other receivables		4,445		-
Inventories		268,071		-
Other assets		11,773		-
Others		2,730		-
Total current assets		357,823		-
Non-current assets:				
Other assets		8,927		-
Property, plant and equipment		54,761		-
Deferred tax assets		12,295		-
Others		697		-
Total non-current assets		76,680		-
Liabilities:				
Current liabilities:				
Trade notes and accounts payable		3,061		-
Current portion of long-term debts		88,462		-
Provisions		8,682		-
Other liabilities		13,631		-
Total current liabilities:		113,836		-
Non-current liabilities:				
Provisions		9,015		-
Total non-current liabilities:		9,015		-

Net cash flows generated from Hyundai Motor Manufacturing Rus LLC (HMMR) for the years ended December 31, 2023 and 2022 are as follows.

Description	December 31, 2023	December 31, 2022
	(In millions of Korean Won)	
Cash flows from operating activities	₩ (276,116)	₩ (62,608)
Cash flows from investing activities	(65,282)	(91,056)
Cash flows from financing activities	(228,892)	585

44. SUBSEQUENT EVENTS:

The Group declared acquisition of hydrogen fuel cell business based on the resolution of the Board of Directors on February 16, 2024. The details are as follow:

Description	Contents
Seller	Hyundai MOBIS Co., Ltd.
Date of acquisition	May 31, 2024
Object of acquisition	Domestic hydrogen fuel cell business
Price for acquisition	₩217,800 million

Independent auditor`s audit opinion on internal control over financial reporting

The accompanying independent auditor's audit report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Hyundai Motor Company (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2023 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's audit report on internal control over financial reporting
2. ICFR Operating Status Report for Consolidation Purposes by CEO

Independent auditor's audit report on internal control over financial reporting
(English Translation of a Report Originally Issued in Korean)

Hyundai Motor Company
The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of Hyundai Motor Company (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2023.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2023 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of income, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information, and our report dated March 6, 2024 expressed unmodified opinion.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying "ICFR Operating Status Report for Consolidation Purposes by CEO".

Those charged with governance are responsible for overseeing the Group's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

The Group's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The Group's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditors' report is Do hun, Han.



Seoul, Korea
March 6, 2024

This audit report is effective as of March 6, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditor's report date to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

ICFR Operating Status Report for Consolidation Purposes by CEO

To the Shareholders, Board of Directors, and Audit Committee of Hyundai Motor Company

We, as the Chief Executive Officer and the Internal Accounting Manager of Hyundai Motor Company (“the Company”), assessed operating status of the Company’s Internal Control over Financial Reporting (“ICFR”) for consolidation purposes for the year ending December 31, 2023.

Design and operation of ICFR for consolidation purposes is the responsibility of the Company’s management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, “We”, “Our” or “Us”).

We evaluated whether the Company effectively designed and operated its ICFR for consolidation purposes to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable financial information.

We used the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting’ established by the Operating Committee of Internal Control over Financial Reporting in Korea (the “ICFR Committee”)’ as the criteria for design and operation of the Company’s ICFR for consolidation purposes. And we conducted an evaluation of ICFR for consolidation purposes based on the ‘Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting’ established by the ICFR Committee.

Based on our assessment, we concluded that the Company’s ICFR for consolidation purposes is designed and operated effectively as of December 31, 2023, in all material

respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

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

January 25, 2024

Chang, Jae Hoon
Chief Executive Officer

Lee, Seung Jo
Internal Accounting Manager