

Hyundai Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2023 and 2022

Hyundai Corporation and Subsidiaries
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December 31, 2023 and 2022

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Hyundai Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Occurrence of revenue from merchandise

(a) Reason why the matter was determined to be a Key Audit Matter

As described in Note 28 to the consolidated financial statements, revenue from merchandise, which approximately accounts for 95% of the total revenue of the Group, arises from various customers and contract conditions. Accordingly, there is a potential risk that the revenue recognition may not be appropriate. Therefore, we focused on this area because we determined that there is a significant risk in relation to occurrence of revenue from merchandise.

(b) How our audit addressed the Key Audit Matter

We have performed the following audit procedures to address the Key Audit Matter.

- We obtained an understanding and assessed the revenue recognition process and the Group's accounting policies related to revenue from merchandise
- We reviewed the contract by type of revenue related to the revenue from merchandise
- We examined supporting documents, in a sample basis, to substantively test sales and purchases at transaction level
- We sent and received back confirmations for sampled customers with revenue from merchandise, and performed alternative procedures for non-responsive customers

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 21, 2023.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Seung-il Shin, Certified Public Accountant.

Seoul, Korea
March 18, 2024

<p>This report is effective as of March 18, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

Hyundai Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	4,7,9	₩ 297,930,077,692	₩ 356,938,418,361
Short-term financial instruments	4,7	12,740,400,000	5,000,000,000
Financial assets at fair value through profit or loss	4,5,7	110,667,550	-
Trade receivables	4,7,8,10,36	758,263,096,492	525,741,457,894
Inventories	13	221,119,826,666	293,977,634,260
Derivative financial assets	5,7,12	2,229,537,966	5,774,599,634
Current portion of finance lease receivables	7,18,36	605,770,927	344,317,942
Other current receivables	4,7,10,36	16,202,176,357	16,204,009,792
Other current assets	14,36	28,731,644,732	31,234,406,879
		<u>1,337,933,198,382</u>	<u>1,235,214,844,762</u>
Non-current assets			
Long-term financial instruments	7	19,000,000	19,000,000
Financial assets at fair value through profit or loss	4,5,7,11	9,765,154,167	1,668,779,000
Financial assets at fair value through other comprehensive income	4,5,7,11,16	46,923,727,642	52,647,035,802
Other financial assets	7	285,938,799	319,489,817
Investments in joint ventures and associates	15,16,37	183,552,852,960	84,781,119,073
Long-term loan receivables	4,7,16,36	18,923,413,140	20,111,394,473
Investments in resource development projects	4,7,16,36	19,686,426,597	20,552,109,435
Property, plant and equipment	17	31,628,472,060	33,022,212,912
Investment properties	19	367,038,608,665	347,000,000,000
Right-of-use assets	18,36	9,113,576,957	7,045,368,627
Intangible assets	20	9,961,415,274	9,750,486,134
Deferred tax assets	25	1,232,640,671	2,693,191,812
Non-current finance lease receivables	7,18,36	65,719,571	159,016,947
Net defined benefit assets	23	1,161,222,524	2,257,358,376
Other non-current receivables	7,10	15,619,634,885	9,133,550,855
Other non-current assets	4,14,36	6,801,570,670	4,926,843,528
		<u>721,779,374,582</u>	<u>596,086,956,791</u>
Total assets		<u>₩ 2,059,712,572,964</u>	<u>₩ 1,831,301,801,553</u>
Liabilities			
Current liabilities			
Trade payables	4,7,36	₩ 477,043,200,239	₩ 444,427,442,563
Other payables	4,7,36	29,710,811,799	45,187,532,038
Advances from customers	36	94,296,810,004	110,852,376,295
Short-term borrowings	4,7,8,22,34	370,806,214,926	290,967,447,548
Current portion of long-term borrowings	4,7,22,34	307,424,859,485	-
Current portion of long-term debentures	4,7,22,34	49,977,582,714	49,943,005,915
Current portion of provisions	4,24,35	2,377,418,659	2,223,034,740
Current tax liabilities		13,250,794,625	15,281,677,489
Derivative financial liabilities	4,5,7,12	3,036,952,789	5,678,949,689
Current portion of lease liabilities	4,7,18,34	5,891,674,411	3,343,635,492
Other current payables	7,21,36	9,304,832,265	9,346,822,558
		<u>1,363,121,151,916</u>	<u>977,251,924,327</u>
Non-current liabilities			
Long-term other payables	4,7	17,408,157	9,865,137
Debentures	4,7,22,34	-	49,906,986,194
Long-term borrowings	4,7,22,34	47,202,868,543	322,931,932,176
Provisions	4,24,35	2,297,462,291	4,833,561,057
Deferred tax liabilities	25	46,766,306,397	21,367,373,539
Non-current lease liabilities	4,7,18,34	4,234,184,077	4,780,894,121
Derivative financial liabilities	4,5,7,12	1,422,103,402	-
Other non-current payables	7,21	4,016,328,759	3,947,912,743
Other non-current liabilities		9,990,240,795	9,677,070,184
		<u>115,946,902,421</u>	<u>417,455,595,151</u>
Liabilities		<u>1,479,068,054,337</u>	<u>1,394,707,519,478</u>
Equity			
Issued capital	1	66,144,830,000	66,144,830,000
Other components of equity	26	(282,140,365,887)	(282,140,365,887)
Accumulated other comprehensive income	26	143,571,865,332	73,499,649,123
Retained earnings	27	649,790,611,261	575,527,682,561
Equity attributable to owners of the Parent		<u>577,366,940,706</u>	<u>433,031,795,797</u>
Non-controlling interests		<u>3,277,577,921</u>	<u>3,562,486,278</u>
Total equity		<u>580,644,518,627</u>	<u>436,594,282,075</u>
Total liabilities and equity		<u>₩ 2,059,712,572,964</u>	<u>₩ 1,831,301,801,553</u>

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

Hyundai Corporation and Subsidiaries
Consolidated Income Statements
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Revenue	6,16,28,36 ₩	6,580,447,881,815 ₩	6,126,968,751,169
Cost of sales	13,16,28,29,36	(6,380,852,991,638)	(5,968,249,702,824)
Gross profit		199,594,890,177	158,719,048,345
Selling and administrative expenses	29,30	(100,264,321,041)	(91,891,540,331)
Operating income	6	99,330,569,136	66,827,508,014
Other income	7,19,31	169,577,950,909	207,497,033,387
Other expenses	7,19,31	(170,309,839,040)	(199,867,253,077)
Profits of associates and joint ventures accounted for using equity method	15,16	18,656,298,209	29,302,476,106
Finance income	7,32	77,423,288,718	63,962,795,891
Finance costs	7,32	(85,267,668,600)	(77,184,918,887)
Profit before tax		109,410,599,332	90,537,641,434
Income tax expense	25	(26,023,115,389)	(11,851,315,729)
Profit		<u>₩ 83,387,483,943</u>	<u>₩ 78,686,325,705</u>
Profit attributable to:			
Owners of the Parent		₩ 83,687,114,756	78,715,077,815
Non-controlling interests		(299,630,813)	(28,752,110)
		<u>₩ 83,387,483,943</u>	<u>₩ 78,686,325,705</u>
Earnings per share attributable to the Owners of the Parent			
Basic earnings per share	33 ₩	6,968 ₩	6,554

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

Hyundai Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in Korean won)

	Notes	2023	2022
Profit		<u>₩ 83,387,483,943</u>	<u>₩ 78,686,325,705</u>
Other comprehensive income			
<i>Other comprehensive income, net of tax, that will not be reclassified to profit or loss</i>			
Losses on remeasurements of net defined benefit liabilities	23	(2,217,606,456)	(242,651,386)
Gains (losses) on valuation of financial assets at fair value through other comprehensive income	5,7,11	(4,379,585,306)	2,863,492,435
Share of other comprehensive income (loss) of associates and joint ventures	15	73,722,570,504	(8,483,742,904)
<i>Other comprehensive income, net of tax, that will be reclassified to profit or loss</i>			
Share of other comprehensive income (loss) of associates and joint ventures	15	(350,295,260)	4,953,970,259
Gains (losses) on valuation of derivative instruments with cash flow hedges		(1,290,506,912)	354,483,195
Exchange differences on translation of foreign operations		<u>2,384,755,639</u>	<u>1,135,512,932</u>
Other comprehensive income, net of tax		<u>67,869,332,209</u>	<u>581,064,531</u>
Total comprehensive income		<u>₩ 151,256,816,152</u>	<u>₩ 79,267,390,236</u>
Total comprehensive income attributable to:			
Owners of the Parent		₩ 151,541,724,509	₩ 79,332,926,680
Non-controlling interests		<u>(284,908,357)</u>	<u>(65,536,444)</u>
		<u>₩ 151,256,816,152</u>	<u>₩ 79,267,390,236</u>

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

Hyundai Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in Korean won)

(in Korean won)

		Attributable to owners of the Parent						
		Accumulated						
	Notes	Issued capital	Other components of equity	other comprehensive income	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at January 1, 2022		₩ 66,144,830,000	₩ (281,978,480,507)	₩ 72,639,148,872	₩ 504,261,835,732	₩ 361,067,334,097	₩ 1,762,969,858	₩ 362,830,303,955
Total comprehensive income								
Profit (loss)		-	-	-	78,715,077,815	78,715,077,815	(28,752,110)	78,686,325,705
Other comprehensive income, net of tax								
Gains on valuation of financial assets at fair value through other comprehensive income		-	-	2,863,492,435	-	2,863,492,435	-	2,863,492,435
Share of other comprehensive loss of associates and joint ventures		-	-	(3,528,554,468)	-	(3,528,554,468)	(1,218,177)	(3,529,772,645)
Losses on remeasurements of net defined benefit liabilities		-	-	-	(242,651,386)	(242,651,386)	-	(242,651,386)
Gains on valuation of derivative instruments		-	-	354,483,195	-	354,483,195	-	354,483,195
Exchange differences on translation of foreign operations		-	-	1,171,079,089	-	1,171,079,089	(35,566,157)	1,135,512,932
Total other comprehensive income		-	-	860,500,251	(242,651,386)	617,848,865	(36,784,334)	581,064,531
Total comprehensive income (loss)		-	-	860,500,251	78,472,426,429	79,332,926,680	(65,536,444)	79,267,390,236
Transactions with owners								
Dividends paid		27	-	-	(7,206,579,600)	(7,206,579,600)	-	(7,206,579,600)
Equity transactions with non-controlling interests		-	-	-	-	-	1,865,052,864	1,865,052,864
Total transactions with owners		-	-	-	(7,206,579,600)	(7,206,579,600)	1,865,052,864	(5,341,526,736)
Other capital adjustments		-	(161,885,380)	-	-	(161,885,380)	-	(161,885,380)
Balance at December 31, 2022		₩ 66,144,830,000	₩ (282,140,365,887)	₩ 73,499,649,123	₩ 575,527,682,561	₩ 433,031,795,797	₩ 3,562,486,278	₩ 436,594,282,075
Balance at January 1, 2023		₩ 66,144,830,000	₩ (282,140,365,887)	₩ 73,499,649,123	₩ 575,527,682,561	₩ 433,031,795,797	₩ 3,562,486,278	₩ 436,594,282,075
Total comprehensive income								
Profit (loss)		-	-	-	83,687,114,756	83,687,114,756	(299,630,813)	83,387,483,943
Other comprehensive income, net of tax								
other comprehensive income		-	-	(4,379,585,306)	-	(4,379,585,306)	-	(4,379,585,306)
Share of other comprehensive income of associates and joint ventures		-	-	73,371,833,489	-	73,371,833,489	441,755	73,372,275,244
Losses on remeasurements of net defined benefit liabilities		-	-	-	(2,217,606,456)	(2,217,606,456)	-	(2,217,606,456)
Losses on valuation of derivative instruments with cash flow hedges		-	-	(1,290,506,912)	-	(1,290,506,912)	-	(1,290,506,912)
Exchange differences on translation of foreign operations		-	-	2,370,474,938	-	2,370,474,938	14,280,701	2,384,755,639
Total other comprehensive income		-	-	70,072,216,209	(2,217,606,456)	67,854,609,753	14,722,456	67,869,332,209
Total comprehensive income (loss)		-	-	70,072,216,209	81,469,508,300	151,541,724,509	(284,908,357)	151,256,816,152
Transactions with owners								
Dividends paid		27	-	-	(7,206,579,600)	(7,206,579,600)	-	(7,206,579,600)
Total transactions with owners		-	-	-	(7,206,579,600)	(7,206,579,600)	-	(7,206,579,600)
Balance at December 31, 2023		₩ 66,144,830,000	₩ (282,140,365,887)	₩ 143,571,865,332	₩ 649,790,611,261	₩ 577,366,940,706	₩ 3,277,577,921	₩ 580,644,518,627

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

Hyundai Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Note	2023	2022
Cash flows from (used in) operating activities			
Net cash flows from (used in) operations	34	₩ (69,218,697,389)	₩ 365,065,824,653
Profit		83,387,483,943	78,686,325,705
Adjustments		32,326,634,783	17,928,792,862
Working capital adjustments		(184,932,816,115)	268,450,706,086
Interest received		10,702,946,800	4,051,327,874
Interest paid		(22,808,723,148)	(19,869,216,573)
Dividends received		32,545,629,321	35,636,439,360
Income taxes refunded (paid)		(21,159,491,267)	1,568,683,089
Cash flows from (used in) operating activities		(69,938,335,683)	386,453,058,403
Cash flows used in investing activities			
Increase in short-term financial instruments		(11,672,230,514)	(5,000,000,000)
Proceeds from sales of equity instruments at fair value through other comprehensive income		20,783,848,805	4,087,394,700
Proceeds from sales of financial assets at amortized cost		65,500,000	65,500,000
Collection of loan receivables		2,127,733,620	128,172,201
Proceeds from sales of property, plant and equipment		229,804,279	789,117,105
Proceeds from sales of investments in associates and joint ventures		988,100,000	14,420,329,374
Increase in leasehold deposits received		72,776,000	-
Collection of finance lease receivables		635,718,299	428,578,403
Decrease in short-term financial instruments		3,755,430,514	2,000,000,000
Decrease in deposits provided		22,724,797	-
Purchases of financial assets at fair value through profit or loss		(29,536,073,165)	(1,300,000,000)
Increase in loan receivables		(1,694,135,356)	(1,096,879,583)
Increase in long-term advance payments		(5,931,481,600)	-
Purchase of property, plant and equipment		(862,950,075)	(6,575,836,243)
Purchase of intangible assets		(824,749,162)	(1,440,773,666)
Purchase of investments in associates and joint ventures		(4,957,784,186)	(8,999,276,864)
Increase in investments in resource development projects		(4,368,750,891)	(2,267,623,494)
Purchase of investment properties		(17,250,170,729)	-
Decrease in leasehold deposits received		-	(163,947,464)
Cash flows used in investing activities		(48,416,689,364)	(4,925,245,531)
Cash flows from (used in) financing activities			
Proceeds from short-term borrowings		304,273,926,445	24,072,140,000
Proceeds from long-term borrowings		39,414,404,326	1,146,330,748
Repayments of short-term borrowings		(223,749,462,469)	(202,766,664,702)
Repayments of long-term borrowings		(833,061,609)	(1,254,229,840)
Repayments of debentures		(50,000,000,000)	(30,000,000,000)
Payment of lease liabilities		(5,159,135,638)	(4,398,519,221)
Increase in non-controlling interests		-	1,980,000,000
Dividends paid		(7,206,579,600)	(7,261,353,698)
Cash flows from (used in) financing activities		56,740,091,455	(218,482,296,713)
Increase (decrease) in cash and cash equivalents		(61,614,933,592)	163,045,516,159
Effects of exchange rate changes on cash and cash equivalents		2,606,592,923	(1,187,035,584)
Cash and cash equivalents at the beginning of period		356,938,418,361	195,079,937,786
Cash and cash equivalents at the end of period		₩ 297,930,077,692	₩ 356,938,418,361

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

Hyundai Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. General Information

The consolidated financial statements include Hyundai Corporation (the “Company”), and its twenty-seven (27) consolidated subsidiaries, including Hyundai Corp. USA (collectively referred to as the “Group”), and fifteen (15) associates and joint ventures, including PT HD INTI. DEVE., which are accounted for using the equity method.

1.1 Overview of the Company

The Company was established on December 8, 1976, under the Commercial Code of the Republic of Korea to primarily engage in the export and import of goods. On December 1, 1977, the Company's shares were listed on the Korea Stock Exchange. The Company has been designated as a general trading company by the government of the Republic of Korea since February 11, 1978. As at December 31, 2023, the Company has 20 overseas branches and mainly exports vehicles, steel products, machinery, construction equipment and vessels, and plants on a deferred payment basis. The Company also engages in the import and domestic sale of merchandise and resource development business, such as overseas exploration of petroleum and minerals.

The Company is authorized to issue 80 million shares with a par value of ₩ 5,000 per share and its issued capital was ₩ 50 million at incorporation. As at December 31, 2023, the Company has 13,228,966 ordinary shares issued and outstanding, and through several capital increases, conversions of convertible bonds and capital reductions, its issued capital amounts to ₩ 66,145 million.

The Company's major shareholders and their shareholdings as at December 31, 2023, are as follows:

<i>(in shares)</i>	Number of shares	Percentage of ownership (%)
HYUNDAI CORPORATION HOLDINGS Co., Ltd.	2,882,000	21.79
KCC Corporation	1,587,475	12.00
National Pension Service	894,689	6.75
Chung Mong-hyuk	319,601	2.42
Chung Mong-seok	264,579	2.00
HL Holdings Corporation	264,579	2.00
Hyundai Home Shopping Network Corporation	132,289	1.00
Hyundai Department Store Co., Ltd.	132,289	1.00
Treasury shares	1,218,000	9.21
Others	5,533,465	41.83
	<u>13,228,966</u>	<u>100.00</u>

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1.2 Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

	Location	Ownership interest held by the Group (%)		Closing month	Main business
		2023	2022		
HYUNDAI CORP. USA	U.S.A	100	100	December	Trading
HYUNDAI AUSTRALIA PTY., LTD.	Australia	100	100	December	Trading
HYUNDAI JAPAN CO., LTD.	Japan	100	100	December	Trading
HYUNDAI CANADA INC.	Canada	100	100	December	Trading
HYUNDAI CORP. EUROPE GMBH	Germany	100	100	December	Trading
HYUNDAI CORPORATION SINGAPORE PTE. LTD.	Singapore	100	100	December	Trading
HYUNDAI CORPORATION (SHANGHAI) CO., LTD.	China	100	100	December	Trading
POS-HYUNDAI STEEL MFG. (I) PVT. LTD.	India	94	94	March	Manufacture of steel
HYUNDAI RENEWABLE LAB	Korea	100	100	December	Photovoltaic power generation
Hangang Domestic Specialized Private Equity in Real Estate Investment Trust No.13 ⁵	Korea	100	100	May/November	Real estate trust
HYUNDAI PLATFORM CORP ³	U.S.A	100	100	December	Transport and Installation
HYUNDAI RENEWABLE LAB JAPAN ¹	Japan	100	100	December	Photovoltaic power generation
HYUNDAI ONE EUROPE GMBH ³	Germany	100	100	December	Transport
HYUNDAI FUELS PTE. LTD. ²	Singapore	100	100	December	Trading
HYUNDAI ONE ASIA PTE. LTD. ²	Singapore	100	100	December	Trading
HYUNDAI CORPORATION (CAMBODIA) CO., LTD. ²	Cambodia	100	100	December	Trading
HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD. ^{2,6}	Cambodia	49	49	December	Trading and farming
SHANGHAI ONE ASIA LOGISTICS CO., LTD ³	China	100	100	December	Transport
HANOI ONE ASIA LOGISTICS ³	Vietnam	80	80	December	Transport
HYUNDAI RENEWABLE LAB MIMASAKA ¹	Japan	100	100	December	Photovoltaic power generation
HYUNDAI NAVIS CO., LTD.	Korea	100	100	December	Transport
HYUNDAI RENEWABLE LAB YUMESAKI ¹	Japan	100	100	December	Photovoltaic power generation
HYUNDAI RENEWABLE LAB EHIME ¹	Japan	100	100	December	Photovoltaic power generation
PROLOGUE VENTURES INC.	Korea	82	82	December	Management consulting
PT HYUNDAI CORP INDONESIA ⁷	Indonesia	100	100	December	Trading
HYUNDAI CORPORATION ITALIA S.R.L. ^{4,7}	Italy	100	100	December	Trading
HYUNDAI CORPORATION MEXICO, S. DE R.L. DE C.V. ⁷	Mexico	100	100	December	Trading

¹ The subsidiary of HYUNDAI JAPAN CO., LTD.

² The subsidiary of HYUNDAI CORPORATION SINGAPORE PTE. LTD.

³ The subsidiary of HYUNDAI NAVIS CO., LTD.

⁴ The subsidiary of HYUNDAI CORP. EUROPE GMBH.

⁵ The Company holds preferential acquisition rights to major real estate of private equity real estate

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investment trusts, and the percentage of ownership was calculated based on the holding rate of Type 2 beneficiary securities held by the Company.

⁶ Although the Group owns less than 50% of the voting rights of HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD., the Group is considered to have control over HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD., as the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.

⁷ Newly established during the year ended December 31, 2022.

1.3 Summarized Financial Information

Summarized financial information for consolidated subsidiaries as at and for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

Subsidiary	2023						2022					
	Assets		Liabilities		Equity		Sales		Profit (loss)		Total comprehensive income (loss)	
HYUNDAI CORP. USA	₩	182,678	₩	104,086	₩	78,592	₩	602,914	₩	13,585	₩	14,535
HYUNDAI AUSTRALIA PTY., LTD.		22,223		20,364		1,859		25,314		644		683
HYUNDAI JAPAN CO., LTD.		76,882		55,301		21,581		242,290		2,009		1,098
HYUNDAI CANADA INC.		58,751		42,899		15,852		175,832		1,926		2,501
HYUNDAI CORP. EUROPE GMBH		24,869		14,928		9,941		163,204		830		1,319
HYUNDAI CORPORATION SINGAPORE PTE. LTD.		113,249		103,373		9,876		272,179		932		547
HYUNDAI CORPORATION (SHANGHAI) CO., LTD.		12,839		7,696		5,143		20,118		133		114
POS-HYUNDAI STEEL MFG. (I) PVT. LTD.		31,703		13,632		18,071		54,155		(2,792)		(2,482)
HYUNDAI RENEWABLE LAB		11,415		1,130		10,285		1,050		415		415
Hangang Domestic Specialized Private Equity in Real Estate Investment Trust No. 13		357,040		321,939		35,101		19,998		1,966		1,966
HYUNDAI PLATFORM CORP		2,198		539		1,659		7,704		(233)		(198)
HYUNDAI RENEWABLE LAB JAPAN		1,955		1,327		628		275		48		21
HYUNDAI ONE EUROPE GmbH		4,878		281		4,597		10,044		(309)		(52)
HYUNDAI FUELS PTE. LTD.		140,074		113,361		26,713		1,121,419		4,355		3,853
HYUNDAI ONE ASIA PTE. LTD.		14,325		7,720		6,605		34,401		1,600		1,667
HYUNDAI CORPORATION (CAMBODIA) CO., LTD.		25		32		(7)		-		-		-
HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD.		8		-		8		-		-		-

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SHANGHAI ONE ASIA						
LOGISTICS CO., LTD	3,829	684	3,145	17,038	733	711
HANOI ONE ASIA LOGISTICS	2,831	523	2,308	5,236	11	(11)
HYUNDAI RENEWABLE LAB						
MIMASAKA	816	504	312	113	10	(4)
HYUNDAI NAVIS CO., LTD.	32,008	10,193	21,815	98,792	2,292	2,292
HYUNDAI RENEWABLE LAB						
YUMESAKI	1,597	1,052	545	169	25	2
HYUNDAI RENEWABLE LAB						
EHIME	3,278	2,481	797	270	(4)	(39)
PROLOGUE VENTURES INC.	9,540	195	9,345	240	(669)	(669)
PT HYUNDAI CORP						
INDONESIA	1,886	1,183	703	266	(517)	(465)
HYUNDAI CORPORATION						
ITALIA S.R.L.	7,557	6,150	1,407	16,999	147	215
HYUNDAI CORPORATION						
MEXICO, S. DE R.L. DE C.V.	53,912	52,488	1,424	75,226	(92)	121

(in millions of Korean won)

2022

Subsidiary							Total comprehensive income (loss)					
	Assets		Liabilities		Equity		Sales		Profit (loss)			
HYUNDAI CORP. USA	₩	142,162	₩	78,105	₩	64,057	₩	566,732	₩	17,610	₩	20,294
HYUNDAI AUSTRALIA PTY., LTD.		15,212		14,036		1,176		10,228		321		72
HYUNDAI JAPAN CO., LTD.		73,233		52,750		20,483		255,325		896		(718)
HYUNDAI CANADA INC.		90,460		77,108		13,352		226,761		802		821
HYUNDAI CORP. EUROPE GMBH		54,865		46,244		8,621		178,654		782		830
HYUNDAI CORPORATION SINGAPORE PTE. LTD.		48,512		39,183		9,329		207,864		821		1,371
HYUNDAI CORPORATION (SHANGHAI) CO., LTD.		9,097		4,068		5,029		42,814		100		(36)
POS-HYUNDAI STEEL MFG. (I) PVT. LTD.		45,398		24,845		20,553		70,996		153		(567)
HYUNDAI RENEWABLE LAB		11,178		1,309		9,869		1,255		526		526
Hangang Domestic Specialized Private Equity in Real Estate Investment Trust No. 13		356,418		321,482		34,936		20,186		2,714		2,714
HYUNDAI PLATFORM CORP		2,354		497		1,857		6,829		52		168
HYUNDAI RENEWABLE LAB JAPAN		2,152		1,546		606		287		77		32
HYUNDAI ONE EUROPE GmbH		5,537		889		4,648		13,955		329		355
HYUNDAI FUELS PTE. LTD.		142,665		119,805		22,860		1,381,044		10,828		11,714
HYUNDAI ONE ASIA PTE. LTD.		10,316		5,377		4,939		24,404		1,318		1,528

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HYUNDAI CORPORATION (CAMBODIA) CO., LTD.	25	32	(7)	-	(7)	(7)
HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD.	8	-	8	-	-	1
SHANGHAI ONE ASIA LOGISTICS CO., LTD	3,873	1,439	2,434	8,763	769	682
HANOI ONE ASIA LOGISTICS	2,992	674	2,318	9,984	589	626
HYUNDAI RENEWABLE LAB MIMASAKA	891	575	316	129	23	(1)
HYUNDAI NAVIS CO., LTD.	32,434	12,838	19,596	159,638	1,536	1,536
HYUNDAI RENEWABLE LAB YUMESAKI	1,804	1,260	544	165	59	18
HYUNDAI RENEWABLE LAB EHIME	3,863	3,027	836	212	(19)	(58)
PROLOGUE VENTURES INC.	10,052	39	10,013	43	(823)	(823)
PT HYUNDAI CORP INDONESIA	1,391	223	1,168	779	7	(26)
HYUNDAI CORPORATION ITALIA S.R.L.	1,226	34	1,192	50	(79)	(60)
HYUNDAI CORPORATION MEXICO, S. DE R.L. DE C.V.	1,303	-	1,303	-	-	(80)

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2. Material Accounting Policies

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

2.1 Basis of Preparation

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

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

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

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

- Certain financial assets and liabilities (including derivative instruments),
- Defined benefit plans – plan assets measured at fair value, and
- Investment properties measured at fair value

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

2.2 Changes in Accounting Policies and Disclosures

2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information. The amendments do not have a significant impact on the consolidated financial statements.

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(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

(d) Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contracts

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the consolidated financial statements.

(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The Group is in review for the impact of this legislation enactment on the consolidated financial statements.

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2.2.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

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

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

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

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

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

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

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

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for each fiscal year ended December 31. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.4 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investments in associates and joint ventures are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with

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those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'profits (losses) of associates and joint ventures accounted for using equity method' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.5 Current verses Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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2.6 Foreign Currency Translation

The Group's consolidated financial statements are presented in Korean won, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss is also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign exchange differences arising from monetary items that are part of the Group's net investment in overseas operations are recognized in OCI and reclassified from equity to profit or loss at the time of disposal of the net investment.

(b) Translation of overseas operation

The assets and liabilities of overseas operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI

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relating to that particular foreign operation is recognized in profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.8.1 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Korean IFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt

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instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

A. Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

B. Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

C. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Korean IFRS 1032 *Financial Instruments*.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group may elect to classify irrevocably its non-listed equity investments under this category.

D. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets

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are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated income statement.

This category includes derivatives and listed equity instruments that do not make an irrevocable choice to treat changes in fair value in other comprehensive income. Dividends for listed equity instruments are recognized in profit or loss at the time the rights are established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of

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the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – Note 3
- Trade receivables and other receivables – Note 10

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.8.2 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial liabilities.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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A. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Korean IFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Korean IFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

B. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

This category generally applies to interest-bearing loans and borrowings.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.9 Derivative Financial Instruments and Hedge Accounting

2.9.1 Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate

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swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

A. Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item

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ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

B. Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other income or expenses.

2.10 Inventories

The Group evaluates the inventory at the lower of the acquisition cost or net realizable value. Meanwhile, acquisition costs for each inventory include purchase costs, conversion costs, and other costs incurred in bringing the inventory to its current place. The unit cost of merchandise is determined using the specific identification method, while the unit costs of raw materials, work in progress and finished goods are determined using the first-in, first-out (FIFO) method.

In addition, the net realizable value is calculated as the expected selling price in the ordinary course of business minus the expected cost to complete and related selling expenses.

2.11 Property, Plant and Equipment

Construction-in-progress is stated at cost, net of accumulated impairment losses, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property, plant and equipment, excluding land, is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

	Useful lives
Buildings	30 years
Machinery and equipment	15
Others	2 - 13

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The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. In particular, the Group considers the impact of health, safety, and environmental laws when reviewing estimates of useful life and residual value. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

2.12 Investment Properties

Investment properties are measured initially at cost, including transaction costs and includes alternative costs that meet the recognition requirements of the asset at the time of occurrence. However, the costs incurred in daily management activities are recognized as expenses when they occur. Since initial recognition, investment property has been accounted for at fair value reflecting current market conditions at the end of the reporting period, and gains or losses from changes in fair value are reflected in profit or loss at the time of occurrence.

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.13.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Real estate: 1 to 20 years
- Vehicles and other assets: 1 to 10 years

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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.6 Impairment of Non-Financial Assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of real estate and vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office supplies that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

2.13.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as other income in the

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period in which they are earned.

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 Intangible Assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets consist of software, membership and others.

Others included software and membership rights. Software is amortized using the straight-line method over their useful lives of five years. Membership rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

2.16 Financial Guarantee Contracts

Financial guarantee contracts provided by Group are measured at fair value at initial recognition and are subsequently recognized as provisions by measuring at a greater of:

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

2.17 Provisions

Provisions are 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Group records a provision for decommissioning cost in relation to exploration project. Decommissioning costs are provided for at the present value of expected costs to settle the obligation

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using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

The impact of climate-related matters on environmental damage recovery is taken into account when determining provisions related to the restoration of overseas mines disclosed in Note 24.

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill
- An asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or

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loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which 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.

2.19 Employee Benefits

(a) Defined benefit plans

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

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losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

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

(b) Other long-term employee benefits

The Group provides long-term employee benefits to long-term employees. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year.

2.20 Revenue from Contracts with Customers

(a) Sales of goods

The Group recognizes sales at the time of delivery taking the terms and conditions of trade into account, when control of assets is transferred to the customer. Receivables are recognized when the goods are delivered, because from the point of delivery of the goods, the price will be paid as time passes, and there will be an unconditional right to receive the payments.

(b) Principal versus agent consideration

When another party is involved in providing goods or services to a customer, the Group shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). The Group is a principal (recognized the gross amount as revenue) if it controls the specified good or service before that good or service is transferred to a customer. However, the Group is an agent (recognizes commission revenue as the net amount) if the entity's performance obligation is to arrange for the provision of the specified good or service by another party.

2.21 Other Income

(a) Interest income

Interest income is recognized using the effective interest rate method over time. When an impairment of receivables occur, the carrying amount is decreased to the recoverable amount and the portion of the amount increasing over time is recognized as interest income. Meanwhile, interest income regarding impairment receivables is recognized using the initial effective interest.

(b) Dividend income

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established.

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2.22 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2.23 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 6). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, makes strategic decisions.

2.24 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

2.25 Fair Value Measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

	Notes
Disclosures for valuation methods, significant estimates and assumptions	3,5
Quantitative disclosures of fair value measurement hierarchy	5
Financial instruments (including those carried at amortized cost)	7

2.26 Cash Dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.27 Approval of Issuance of the Financial Statements

The consolidated financial statements 2023 were approved for issue by the Board of Directors on February 5, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

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

3.1 Income Tax

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 25).

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

3.2 Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The valuation of fair value through other comprehensive income arising from resources development project, which is subject to fair value measurement, is determined based on the project's long-term business plan, unit price of major products, expected production term, discount rate, and the political and economic environment of the country (Notes 5 and 16).

3.3 Net Defined Benefit Liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 23).

3.4 Provisions

The Group recognizes provisions for financial guarantee and restoration related to overseas explorations. The amounts are estimated based on historical data (Note 24).

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3.5 Provision for Expected Credit Losses of Trade and Other Receivables

The Group estimates the amount of allowance for doubtful considering that ages, historical default events and other economic and industry environment factors of receivables in order to calculate provision for credit losses regarding trade and other receivables, loan receivables (Notes 10, 16).

3.6 Fair Value of Investment Property

The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 19).

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4. Financial Risk Management

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

4.1.1 Market Risk

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar, Euro and the Japanese yen. Foreign exchange risk arises from future commercial transactions, and recognized assets and liabilities.

The Group operates hedging policies (reduction of exposure through matching) for each operating segment within the Group, considering the nature of business and the existence of instruments to cope with the risks of exchange rate fluctuation. Additionally, the Group periodically evaluates and handles such risks exposed through managing system for receivables and payables denominated in foreign currencies, and reports the results to management. In order to hedge the risk of foreign currency exchanges in foreign currency - denominated assets and liabilities, the Group entered into the contracts of foreign exchange forwards with KEB Hana Bank and others, and accounts for short-term trading purposes.

Financial assets and liabilities denominated in foreign currency as at December 31, 2023 and 2022, are as follows:

(in thousands of USD and in millions of Korean won)

Financial assets	2023				2022			
	Equivalent in USD		Converted to KRW		Equivalent in USD		Converted to KRW	
Cash and cash equivalents	₩	139,050	₩	179,291	₩	142,415	₩	180,482
Trade receivables		447,370		576,839		389,243		493,288
Other current receivables		1,018		1,313		627		794
Short-term financial instruments		6,000		7,736		-		-
Long-term loan receivables		13,819		17,818		14,022		17,770
Investments in development projects		15,268		19,686		16,217		20,552
Other non-current receivables		6,942		8,951		6,055		7,673
	₩	629,467	₩	811,634	₩	568,579	₩	720,559

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(in thousands of USD and in millions of Korean won)

Financial liabilities	2023				2022			
	Equivalent in USD		Converted to KRW		Equivalent in USD		Converted to KRW	
Trade payables	₩	259,191	₩	334,202	₩	247,755	₩	313,980
Short-term borrowings		226,782		292,413		219,553		278,239
Other payables		5,634		7,264		9,702		12,295
Long-term borrowings		29,145		37,579		4,782		6,060
	₩	520,752	₩	671,458	₩	481,792	₩	610,574

The impact of weakened/strengthened Korean won by 10% against foreign currencies with all other variables held constant on the pre-tax profit for the year of the Group at the end of the reporting period, are as follows:

(in millions of Korean won)

	2023				2022			
	10% increase		10% decrease		10% increase		10% decrease	
Income effect before tax	₩	14,018	₩	(14,018)	₩	10,260	₩	(10,260)

(b) Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group that are classified either as at fair value through profit or loss or at fair value through other comprehensive income in the consolidated statement of financial position.

The Group has determined that an increase/(decrease) of 10% on price of fair value through profit or loss and fair value through other comprehensive income that the Group is holding, could have an impact of approximately ₩ 5,680 million increase/(decrease) on equity before tax of the Group resulted from changes of gain (loss) on valuation of financial instruments.

(c) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating-rate deposits and borrowings. Part of the interest rate risk is offset by the variable interest rate risk from the underlying cashable assets and short-term financial instruments.

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The analysis is based on the assumption that the interest rate has increased/decreased by 100bp with all other variables held constant at the end of the reporting period.

(in millions of Korean won)	2023				2022			
	10% increase		10% decrease		10% increase		10% decrease	
Income effect before tax	₩	504	₩	(504)	₩	57	₩	(57)

4.1.2 Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only highly rated financial institutions from independent rating agency are accepted. For the general customers, the Group hedges credit risks by assessing level of credit ratings and entering into an export credit insurance contracts with Korea Trade Insurance Corporation.

At the end of the reporting date, the maximum exposure to credit risk of each of financial assets is the carrying amount of each of financial assets.

4.1.3 Liquidity Risk

In order to maintain appropriate amount of liquidity, the Group manages liquidity risk by making cyclical expectations and adjustments of capital inflows and outflows. The Group management team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at December 31, 2023 and 2022.

(in millions of Korean won)	2023						Carrying amount
	Less than 1 year	1~2 years	2~3 years	Over 3 years	Total		
Trade payables	₩ 477,043	₩ -	₩ -	₩ -	₩ 477,043	₩	477,043
Other payables	29,711	-	9	8	29,728		29,728
Derivative financial liabilities	3,037	-	1,422	-	4,459		4,459
Borrowings ¹	679,971	2,847	38,842	7,999	729,659		725,434
Debentures ²	50,597	-	-	-	50,597		49,978
Lease liabilities	6,255	2,673	527	1,222	10,677		10,126
Financial guarantee	311	-	-	-	311		2

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contracts ³

₩ 1,246,925	₩ 5,520	₩ 40,800	₩ 9,229	₩ 1,302,474	₩ 1,296,770
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¹ Cash flow from borrowings includes nominal interests on borrowings, financial fees, and amounts related to derivatives for cash flow hedges due to interest rate and exchange rate fluctuations.

² Borrowings and debentures include nominal interests.

³ Represents the maximum amount that can be claimed at the earliest period.

(in millions of Korean won)

	2022					
	Less than 1 year	1~2 years	2~3 years	Over 3 years	Total	Carrying amount
Trade payables	₩ 444,427	₩ -	₩ -	₩ -	₩ 444,427	₩ 444,427
Other payables	45,188	6	-	3	45,197	45,197
Derivative financial liabilities	5,679	-	-	-	5,679	5,679
Borrowings ¹	305,016	14,048	308,196	13,988	641,248	613,899
Debentures ¹	52,575	51,194	-	-	103,769	99,850
Lease liabilities	3,619	2,222	916	1,733	8,490	8,125
Financial guarantee contracts ²	-	-	-	2,040	2,040	200
	₩ 856,504	₩ 67,470	₩ 309,112	₩ 17,764	₩ 1,250,850	₩ 1,217,377

¹ Borrowings and debentures include nominal interests.

² Represents the maximum amount that can be claimed at the earliest period.

4.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses debt-to-equity ratio for capital management. This ratio is calculated as total debts divided by total equity as shown in the consolidated statement of financial position.

Debt-to-equity ratios as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Liabilities	₩ 1,479,068	₩ 1,394,708
Equity	580,645	436,594
Debt-to-equity ratios (%)	254.7	319.5

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5. Fair Value

5.1 Fair Value of Financial Instruments by Category

There are no significant differences between carrying amount and fair value of financial instruments except for financial assets at fair value measured at cost, which do not have a quoted price in an active market and their fair value cannot be measured reliably and thus excluded from the fair value disclosures.

5.2 Fair Value Hierarchy

Financial instruments measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group's financial assets and financial liabilities that are measured at fair value as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Derivative financial assets	₩ -	₩ 2,230	₩ -	₩ 2,230
Financial assets at fair value through profit or loss	111	-	9,765	9,876
Financial assets at fair value through other comprehensive income	-	-	46,924	46,924
Derivative financial liabilities	-	4,459	-	4,459

(in millions of Korean won)

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Derivative financial assets	₩ -	₩ 5,775	₩ -	₩ 5,775
Financial assets at fair value through other comprehensive income	-	-	51,965	51,965
Derivative financial liabilities	-	5,679	-	5,679

Fair value of cash and cash equivalents, trade receivable, long and short-term financial instruments, finance lease receivable, other financial assets, long-term loan receivables, investments in development projects, trade payable, other payable, long and short-term borrowings and etc. is

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excluded from disclosure of fair value since fair value is similar to the carrying amounts that the effects discounted are not material.

There were no transfers between Level 1 and Level 2, to Level 3 and from Level 3 for the years ended December 31, 2023 and 2022.

When calculating fair value measures, the impact of potential climate-related issues, including laws and regulations that may affect the fair value measurement of assets and liabilities in consolidated financial statements, was considered. Climate-related risks are included in major assumptions if they have a significant impact on the measurement of recoverable amounts. This assumption was included in the cash flow estimation when evaluating the value of use.

Currently, the impact of climate-related issues is not material to the Group's consolidated financial statements.

5.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair values categorized within Level 3 of the fair value hierarchy as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)			2023			
	Fair value	Level	Valuation techniques	Inputs	Range of inputs	
Financial assets at fair value through profit or loss						
Investment fund	₩ 6,450	3	Cost approach	-	-	
Non-listed equity investments	3,024	3	Cost approach	-	-	
Non-listed equity investments	291	3	Net asset method	-	-	
Financial assets at fair value through other comprehensive income						
KOREA Ras Laffan LNG Ltd.	35,655	3	Discounted cash flow (DCF) model	Discount rate	8.94%	
				Main product unit price (\$/mmbtu)	8.09~12.71	
				Estimated period of cash flow	By 2029	
Hyundai Miraero Co., Ltd.	11,269	3	Net asset method	-	-	

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	Fair value	Level	Valuation techniques	2022	
				Inputs	Range of inputs
Financial assets at fair value through other comprehensive income					
				Discount rate	12.25%
KOREA Ras Laffan LNG Ltd.	₩ 40,670	3	Discounted cash flow (DCF) model	Main product unit price (\$/mmbtu)	8.28 ~ 13.75
				Estimated period of cash flow	By 2029
Hyundai Miraero Co., Ltd.	11,295	3	Net asset method	-	-

The fair value measurement for the purpose of financial reporting is annually performed by the external independent valuation institution.

5.4 Sensitivity analysis for Recurring Fair Value Measurements Categorized as Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters. When the fair value is affected by more than two input parameters, the most favorable or most unfavorable amounts are presented. The equity securities of Korea Ras Laffan LNG Ltd., which is classified as Level 3, is subject to sensitivity analysis. The results of the sensitivity analysis from changes of 1% in discounted rate, which is unobservable input, for financial assets at fair value through other comprehensive income, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

(in millions of Korean won)

	2023	
	Favorable changes	Unfavorable changes
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 774	₩ (743)

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6. Operating Segment and Regional Information

6.1 Operating Segment

Management who makes strategic decisions determines the Group's operating segments. Management makes decisions about allocation of resources and reviews to assess performance of the operating segments based on their sales. Based on product type, operating segments are categorized as steel division, auto & parts division, smart mobility & energy convergence division, infra & machinery division, petroleum & chemical products division, and others.

The Group's financial information by operating segments for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023			
	Sales	Operating income	Depreciation	Amortization
Steel	₩ 1,954,893	₩ 37,542	₩ 2,198	₩ 154
Auto & Parts	1,987,577	36,558	1,565	158
Smart mobility & Energy convergence	271,799	9,665	1,118	86
Infra & Machinery	343,441	5,905	271	27
Petroleum & Chemical products	1,903,923	10,155	1,500	150
Others	118,815	(494)	92	10
	₩ 6,580,448	₩ 99,331	₩ 6,744	₩ 585

(in millions of Korean won)

	2022			
	Sales	Operating income	Depreciation	Amortization
Steel	₩ 2,106,900	₩ 36,444	₩ 2,091	₩ 168
Auto & Parts	1,133,779	13,580	896	91
Smart mobility & Energy convergence	167,434	(5,410)	1,000	72
Infra & Machinery	320,774	4,045	253	26
Petroleum & Chemical products	2,233,957	17,291	1,765	179
Others	164,125	878	131	12
	₩ 6,126,969	₩ 66,828	₩ 6,136	₩ 548

Profits of associates and joint ventures accounted for using equity method and other income (dividend income) of resource development business division, which are not included in operating income amount to ₩ 31,647 million and ₩ 34,860 million for the years ended December 31, 2023 and 2022, respectively.

Assets, liabilities, other income and expenses, and finance income and costs of operating segments are not reported to the chief operating decision-maker. Accordingly, the information is not presented in the tables above.

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6.2 Regional Information

As at December 31, 2023 and 2022, the details of non-current assets by region (based on location) are as follows:

<i>(in millions of Korean won)</i>	Korea	America	Asia	Europe	Others	Total
2023	₩ 376,309	₩ 1,754	₩ 45,971	₩ 413	₩ 97	₩ 424,544
2022	367,266	1,703	29,016	71	133	398,189

The amount of non-current assets by region excludes financial instruments, deferred tax assets, and investments in joint ventures and associates.

7. Financial Instruments by Category

Details of financial assets by category as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
Current assets:				
Cash and cash equivalents	₩ 297,930	₩ -	₩ -	₩ 297,930
Short-term financial instruments	12,740	-	-	12,740
Financial assets at fair value through profit or loss	-	110	-	110
Trade receivables	758,263	-	-	758,263
Derivatives financial assets	-	2,230	-	2,230
Finance lease receivables	606	-	-	606
Other current receivables	16,202	-	-	16,202
	<u>1,085,741</u>	<u>2,340</u>	<u>-</u>	<u>1,088,081</u>
Non-current assets:				
Long-term financial instruments	19	-	-	19
Financial assets at fair value through profit or loss	-	9,765	-	9,765
Financial assets at fair value through other comprehensive income	-	-	46,924	46,924
Other financial assets	286	-	-	286
Long-term loan receivables	18,923	-	-	18,923
Investments in resource development projects	19,686	-	-	19,686
Finance lease receivables	66	-	-	66
Other non-current receivables	<u>15,620</u>	<u>-</u>	<u>-</u>	<u>15,620</u>

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	54,600		9,765		46,924		111,289
₩	1,140,341	₩	12,105	₩	46,924	₩	1,199,370

(in millions of Korean won)

(in millions of Korean won)

		2022							
		At amortized cost		At fair value through profit or loss		At fair value through other comprehensive income		Total	
Current assets:									
Cash and cash equivalents	₩	356,938	₩	-	₩	-	₩	356,938	
Short-term financial instruments		5,000		-		-		5,000	
Trade receivables		525,741		-		-		525,741	
Derivatives financial assets		-		5,074		701		5,775	
Finance lease receivables		344		-		-		344	
Other current receivables		16,204		-		-		16,204	
		904,227		5,074		701		910,002	
Non-current assets:									
Long-term financial instruments		19		-		-		19	
Financial assets at fair value through profit or loss		-		1,669		-		1,669	
Financial assets at fair value through other comprehensive income		-		-		52,647		52,647	
Other financial assets		319		-		-		319	
Long-term loan receivables		20,111		-		-		20,111	
Investments in resource development projects		20,552		-		-		20,552	
Finance lease receivables		159		-		-		159	
Other non-current receivables		9,134		-		-		9,134	
Other non-current assets ¹		3,556		-		-		3,556	
		53,850		1,669		52,647		108,166	
	₩	958,077	₩	6,743	₩	53,348	₩	1,018,168	

¹ Long-term prepaid expenses are excluded.

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Details of financial liabilities by category as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023		2022	
	At amortized cost	At fair value through profit or loss	At amortized cost	At fair value through profit or loss
Current liabilities:				
Trade payables	₩ 477,043	₩ -	₩ 444,427	₩ -
Other payables	29,710	-	45,188	-
Short-term borrowings	370,806	-	290,967	-
Current portion of long-term borrowings	307,425	-	-	-
Current portion of debentures	49,978	-	49,943	-
Derivative financial liabilities	-	3,037	-	5,679
Lease liabilities	5,892	-	3,344	-
Other current liabilities ¹	9,305	-	9,347	-
	<u>1,250,159</u>	<u>3,037</u>	<u>843,216</u>	<u>5,679</u>
Non-current liabilities:				
Long-term other payables	17	-	10	-
Debentures	-	-	49,907	-
Long-term borrowings	47,203	-	322,932	-
Lease liabilities	4,234	-	4,781	-
Other non-current liabilities	4,016	-	3,948	-
Derivative financial liabilities	-	1,422	-	-
	<u>55,470</u>	<u>1,422</u>	<u>381,578</u>	<u>-</u>
	<u>₩ 1,305,629</u>	<u>₩ 4,459</u>	<u>₩ 1,224,794</u>	<u>₩ 5,679</u>

¹ Liabilities related to employee benefits are excluded.

Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Financial assets at fair value through profit or loss		
Gains on disposal of financial assets at fair value through profit or loss	₩ 358	₩ 1,896
Dividend income	30	30
Gain on valuation of financial assets at fair value through profit or loss	93	-
	<u>481</u>	<u>1,926</u>
Financial assets at fair value through other comprehensive income		
Dividend income	11,259	13,733
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(4,380)	2,863
	<u>6,879</u>	<u>16,596</u>

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Financial assets at amortized cost		
Interest income	11,514	5,381
Bad debt expenses (reversal) ¹	1,074	(24,887)
Foreign exchange gains	52,588	7,573
Losses on disposal of trade receivables	(20,660)	(10,226)
	<u>44,516</u>	<u>(22,159)</u>
Derivative instruments		
Losses on valuation of derivative instruments (through profit or loss)	(549)	(1,190)
Gain (loss) on valuation of derivative instruments (through other comprehensive income)	(1,291)	354
Gain (loss) on transactions of derivative instruments	(1,599)	6,065
	<u>(3,439)</u>	<u>5,229</u>
Financial liabilities at amortized cost		
Interest expenses	(24,038)	(19,650)
Foreign exchange losses	(50,572)	(9,818)
	<u>(74,610)</u>	<u>(29,468)</u>
	<u>₩ (26,173)</u>	<u>₩ (27,876)</u>

Details of restricted financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022	Description
Short-term financial instruments and others	₩ 7,736	₩ -	Collateral for trade finance and etc.
Long-term financial instruments and others	19	191	Bank overdrafts and etc.

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8. Transfers of Financial Assets

(a) Transferred financial assets that are not derecognized in their entirety

The D/A export receivables that have not matured have been discounted with banks and the receivables that the Group has a redemption appeal duty are not derecognized because the Group has risks and rewards.

Financial assets which were transferred but not derecognized as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	Financial assets at amortized cost			
	2023		2022	
Book amount of assets	₩	298,798	₩	278,175
Book amount of related liabilities ¹		298,798		278,175

¹ Net of prepaid expenses.

(b) Transferred financial assets that are derecognized in their entirety

The Group derecognized the receivables, which were discounted with the financial institutions, from the consolidated financial statements on transfer date by transferring substantially all the risks and rewards. As at December 31, 2023, the carrying amount of receivables which have not matured amounts to ₩ 222,697 million.

9. Cash and Cash Equivalents

Details of cash and cash equivalents as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Cash in bank and on hand	₩	297,930	₩	356,938
	₩	297,930	₩	356,938

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10. Trade and Other Receivables

10.1 Trade Receivables

Details of trade receivables as at December 31, 2023 and 2022, are as follows. The maximum exposure to credit risk is the carrying amount of trade receivables.

<i>(in millions of Korean won)</i>	2023		2022	
Trade receivables	₩	775,698	₩	543,590
Allowance for credit losses		(17,435)		(17,849)
	₩	<u>758,263</u>	₩	<u>525,741</u>

Details of the aging analysis and allowance for credit losses of trade receivables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	Current	< 3 months	Over 3 months	Total
General receivables:				
Carrying amount	₩ 674,044	₩ 73,548	₩ 5,705	₩ 753,297
Expected loss rate (%)	0.01%	0.01%	1.37%	-
Allowance for credit losses	(37)	(6)	(78)	(121)
Individual impaired receivables:				
Carrying amount	-	529	21,872	22,401
Allowance for credit losses	-	(529)	(16,785)	(17,314)
	<u>674,044</u>	<u>74,077</u>	<u>27,577</u>	<u>775,698</u>
	₩ (37)	₩ (535)	₩ (16,863)	₩ (17,435)

<i>(in millions of Korean won)</i>	2022			
	Current	< 3 months	Over 3 months	Total
General receivables:				
Carrying amount	₩ 482,998	₩ 28,796	₩ 5,229	₩ 517,023
Expected loss rate (%)	0.02%	0.12%	0.06%	-
Allowance for credit losses	(102)	(34)	(3)	(139)
Individual impaired receivables:				
Carrying amount	-	523	26,045	26,568
Allowance for credit losses	-	(523)	(17,187)	(17,710)
	<u>482,998</u>	<u>29,319</u>	<u>31,273</u>	<u>543,590</u>
	₩ (102)	₩ (557)	₩ (17,190)	₩ (17,849)

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Changes in the allowance for credit losses of trade receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 17,849	₩ 30,138
Provision (reversal) of allowance for credit losses	(407)	872
Others ¹	(7)	(13,161)
Ending balance	₩ 17,435	₩ 17,849

¹ It includes ₩ 13,180 million of loss allowance for receivables reclassified to long-term other receivables for the year ended December 31, 2022.

10.2 Other Receivables

Details of other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			2022		
	Receivables	Allowance for doubtful accounts	Carrying amount	Receivables	Allowance for doubtful accounts	Carrying amount
Short-term loan receivables	₩ -	₩ -	₩ -	₩ 49	₩ -	₩ 49
Other receivables	133,417	(117,635)	15,782	132,850	(118,513)	14,337
Accrued income	14,483	(4,434)	10,049	14,905	(4,782)	10,123
Guarantee deposits	629	-	629	829	-	829
Deposits provided	5,362	-	5,362	3,556	-	3,556
	₩ 153,891	₩ (122,069)	₩ 31,822	₩ 152,189	₩ (123,295)	₩ 28,894

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11. Financial Assets at Fair Value

(a) Financial assets at fair value through profit or loss

Details of financial assets at fair value through profit or loss as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Investment fund		
Shinhan Gentium Startup Fund No.2	₩ 350	₩ 350
Daishin-Newgen New Growth Fund No.3	4,000	-
Hanwha Investment & Securities Tiger Fund	2,100	-
Listed equity investments		
Doosan Robotics Inc.	106	-
IMT Co., Ltd.	5	-
Non-listed equity investments		
EUROTEM DEMIRYOLU ARA-LARI SAN	19	19
Prologue Ventures New Technology Investment Association No.1	-	1,000
Ricoh Co., Ltd.	3,000	-
TCU GmbH & Co. KG	5	-
Aureum Gold Rush ESG General Private Equity Investment Trust No.1	291	300
	<u>₩ 9,876</u>	<u>₩ 1,669</u>

(b) Financial assets at fair value through other comprehensive income

Details of financial assets at fair value through other comprehensive income as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Non-listed equity investments		
KOREA RAS LAFFAN LNG LIMITED	₩ 35,655	₩ 40,670
Hyundai Miraero Co., Ltd.	11,269	11,295
STEELARIS PTE LTD	-	682
	<u>₩ 46,924</u>	<u>₩ 52,647</u>

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Changes in financial assets at fair value through profit or loss and fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
Beginning balance	₩ 1,669	₩ 52,647	₩ 2,560	₩ 49,358
Additions	29,516	-	1,300	-
Sales	(20,407)	-	(2,191)	-
Valuation	93	(5,723)	-	3,230
Effect of changes in foreign currency	-	-	-	59
Others	(995)	-	-	-
Ending balance	₩ 9,876	₩ 46,924	₩ 1,669	₩ 52,647

12. Derivative Instruments

Details of derivative instruments as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Asset	Liability	Asset	Liability
Foreign exchange forward - held for trading (current)	₩ 2,011	₩ 2,622	₩ 3,996	₩ 4,908
Instruments futures - fair value risk hedge ¹	219	15	1,078	771
Instruments futures - cash flow hedge ²	-	400	701	-
	₩ 2,230	₩ 3,037	₩ 5,775	₩ 5,679
Foreign exchange swap - cash flow hedge ³	₩ -	₩ 1,422	₩ -	₩ -
	₩ -	₩ 1,422	₩ -	₩ -

¹ The Group conducts futures trading to avoid price fluctuation in connection with the asphalt supply contract.

² The Group applies cash flow hedge accounting to commodity futures regarding vessel fuel oil. The effective portion of hedge that was recognized in the equity amounts to ₩ (-)311 million and ₩ 541 million as at December 31, 2023 and 2022, respectively.

³ The Group applies cash flow hedge accounting to foreign exchange swap regarding to avoid variable interest rates and exchange rate fluctuations in foreign currency borrowings. The effective portion of hedge that was recognized in the equity amounts to ₩ (-)438 million as at December 31,

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2023.

Details of foreign exchange forward as at December 31, 2023 and 2022, are as follows:

(in thousands of foreign currency and in millions of Korean won)

2023					
Currency (buy)	Amount (buy)	Currency (sell)	Amount (sell)	Derivative instruments assets	Derivative instruments liabilities
AUD	1,173	KRW	1,017	₩ 14	₩ -
CAD	182	USD	134	4	-
EUR	1,800	USD	1,917	101	-
JPY	530,285	USD	3,701	85	-
KRW	1,875	AUD	2,167	-	30
KRW	926	EUR	650	1	2
KRW	119,515	USD	91,661	1,793	81
USD	1,575	AUD	2,372	-	60
USD	1,144	CAD	1,522	2	12
USD	24,741	EUR	22,822	1	735
USD	20,145	JPY	2,880,596	-	594
USD	32,813	KRW	43,303	-	1,089
USD	835	GBP	667	-	19
GBP	178	USD	219	10	-
				₩ 2,011	₩ 2,622

(in thousands of foreign currency and in millions of Korean won)

2022					
Currency (buy)	Amount (buy)	Currency (sell)	Amount (sell)	Derivative instruments assets	Derivative instruments liabilities
AUD	254	KRW	230	₩ -	₩ 12
CAD	923	USD	696	-	19
CNY	942	KRW	185	-	14
EUR	905	KRW	1,224	6	5
EUR	9,673	USD	9,896	588	-
JPY	513,792	USD	3,673	283	-
KRW	1,290	AUD	1,427	65	-
KRW	185	CNY	942	14	-
KRW	3,106	EUR	2,299	8	15
KRW	1,075	JPY	110,996	6	-
KRW	95,774	USD	73,406	2,996	166
USD	2,284	CAD	3,075	22	5
USD	35,270	EUR	33,910	1	1,316
USD	24,493	JPY	3,436,989	7	2,070
USD	21,150	KRW	28,094	-	1,286
				₩ 3,996	₩ 4,908

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Details of instruments futures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Contract	Position	2023		2022	
		Derivative instruments assets	Derivative instruments liabilities	Derivative instruments assets	Derivative instruments liabilities
Instruments futures - fair value risk hedge					
Asphalt futures	Buy	₩ 218	₩ 15	₩ 1,078	₩ 771
Instruments futures - cash flow hedge					
Gas oil futures	Buy	-	160	-	-
Fuel oil futures	Buy	-	240	701	-
		-	400	701	-
		₩ 218	₩ 415	₩ 1,779	₩ 771

Details of foreign exchange swap as at December 31, 2023, are as follows:

(in thousands of foreign currency and in millions of Korean won)

2023					
Currency (receive)	Amount (receive)	Currency (pay)	Amount (pay)	Derivative instruments assets	Derivative instruments liabilities
USD	29,500	KRW	38,890	₩ -	₩ 1,422

13. Inventories

Details of inventories as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			2022		
	Purchase cost	Valuation allowance	Carrying amount	Purchase cost	Valuation allowance	Carrying amount
Merchandise	₩ 211,534	₩ -	₩ 211,534	₩ 273,993	₩ -	₩ 273,993
Finished goods	2,161	-	2,161	2,224	-	2,224
Raw materials	7,187	-	7,187	17,635	-	17,635
Work in progress	238	-	238	126	-	126
	₩ 221,120	₩ -	₩ 221,120	₩ 293,978	₩ -	₩ 293,978

The reversal of loss on valuation of inventories recognized in cost of sales amounts to ₩ 1,084 million for the year ended December 31, 2022.

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14. Other Assets

Details of other assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Other current assets:				
Prepayments	₩	22,726	₩	22,222
Prepaid expenses		5,938		6,265
Others		68		2,747
		<u>28,732</u>		<u>31,234</u>
Other non-current assets:				
Long-term prepayments		6,675		-
Long-term prepaid expenses		127		1,371
		<u>6,802</u>		<u>1,371</u>
	₩	<u>35,534</u>	₩	<u>32,605</u>

15. Interests in Joint Ventures and Associates

Details of investments in joint ventures and associates as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022		Location	Business
	Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount		
PT HD INTI. DEVE. ¹	55.00	₩ 1,515	55.00	₩ 1,142	Indonesia	Management of facility
HYUNDAI YEMEN LNG COMPANY LIMITED ^{1,2}	51.00	97,547	51.00	31,920	Bermuda	Yemen LNG development
KOREA LNG LIMITED	20.00	59,421	20.00	29,837	Bermuda	OMAN LNG development
H&DE CO., LTD. ⁹	-	-	34.00	-	Korea	Aluminum forged products
KAPSTEX VINA., JSC ³	13.00	4,266	13.00	4,241	Vietnam	Manufacture and sale of technical textiles
INTERGIS BUSAN NEWPORT CENTER CO., LTD. ⁴	20.00	1,129	20.00	1,101	Korea	Warehouse and transportation related Service
ELIAS AUTO INDIA PRIVATE LIMITED ^{1,5}	51.00	574	51.00	577	India	Vehicle knock down business
HY AUTO SOLUTION LLC	50.00	4,027	50.00	7,301	Russia	Auto parts manufacturing
Aeonus Co., Ltd. ^{8,10}	8.74	669	8.94	614	Korea	Renewable energy and mobile ESS development
KCA ESG No.1 Private Equity Investment Co., Ltd. ¹⁰	34.17	7,176	34.17	7,324	Korea	Securities investment
Infinite Marine Connect Co., Ltd. ^{6,10}	49.00	251	49.00	100	Korea	Ship fuel supply business
PT. SUGIHARA HYUNDAI AUTOMOTIVE ¹⁰	50.00	501	50.00	624	Indonesia	Auto parts manufacturing
HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD ⁷	50.00	3,243	-	-	Australia	Sale and rental of forklift

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Prologue ventures New Technology Fund No.1 ¹¹	18.18	969	-	-	Korea	Securities investment
Prologue Agricultural Food scale up Fund ¹²	26.19	1,622	-	-	Korea	Securities investment
K-culture Global scale up Fund ¹²	22.81	642	-	-	Korea	Securities investment
		<u>₩ 183,552</u>		<u>₩ 84,781</u>		

¹ It is excluded from the scope of consolidation despite the Group's shares in the associate exceeds 50% because the consent of other shareholders is required to make major decisions under shareholders' agreement.

² Although the percentage of ownership of the Group is 51%, the equity method is applied at a percentage considering the contractual terms regarding dividends.

³ Although the percentage of ownership of the Group is 13%, it is determined to be an associate because the entity has an authority to appoint key executives of the associate.

⁴ The associate of HYUNDAI ONE EUROPE GmbH.

⁵ The joint venture of POS-HYUNDAI STEEL MFG. (I) PVT. LTD.

⁶ The associate of HYUNDAI FUELS PTE. LTD.

⁷ The entity was a joint venture of HYUNDAI AUSTRALIA PTY., LTD., acquired during the year ended December 31, 2023.

⁸ Although the percentage of ownership of the Group is 8.74%, it is determined to be an associate because the entity has an authority to appoint key executives of the associate.

⁹ The entity was disposed during the year ended December 31, 2023.

¹⁰ The entity was newly established during the year ended December 31, 2022.

¹¹ Although the Group owns less than 20% of ownership in this entity, it is determined to be an associate because the Group participates in policy-making processes as a general partner.

¹² The entity was newly established during the year ended December 31, 2023.

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Changes in investments in joint ventures and associates as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Beginning balance	Acquisition (Disposal)	Profits (losses) of associates and joint ventures accounted for using equity method	Share of other comprehensive income of associates and joint ventures	Others	Ending balance
PT HD INTL. DEVE.	₩ 1,142	₩ -	₩ 343	₩ 30	₩ -	₩ 1,515
HYUNDAI YEMEN LNG COMPANY LIMITED	31,920	-	(597)	66,224	-	97,547
KOREA LNG LIMITED	29,837	-	21,042	29,636	(21,094)	59,421
KAPSTEX VINA., JSC	4,241	-	189	(24)	(140)	4,266
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	1,101	-	51	-	(23)	1,129
ELIAS AUTO INDIA PRIVATE LIMITED	577	-	(10)	7	-	574
HY AUTO SOLUTION LLC	7,301	-	(2,402)	(872)	-	4,027
Aeonus Co., Ltd.	614	-	55	-	-	669
KCA ESG No.1 Private Equity Investment Co., Ltd.	7,324	-	(148)	-	-	7,176
Infinite Marine Connect Co., Ltd.	100	-	151	-	-	251
PT. SUGIHARA HYUNDAI AUTOMOTIVE	624	-	(147)	24	-	501
HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD	-	2,655	197	391	-	3,243
Prologue ventures New Technology Fund No.1	-	-	(31)	-	1,000	969
Prologue Agricultural Food scale up Fund	-	1,650	(28)	-	-	1,622
K-culture Global scale up Fund	-	650	(8)	-	-	642
	₩ 84,781	₩ 4,955	₩ 18,657	₩ 95,416	₩ (20,257)	₩ 183,552

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	2022					
	Beginning balance	Acquisition (Disposal)	Profits (losses) of associates and joint ventures accounted for using equity method	Share of other comprehensive income of associates and joint ventures	Others	Ending balance
PT HD INTL. DEVE.	₩ 1,154	₩ -	₩ 308	₩ (29)	₩ (291)	₩ 1,142
HYUNDAI YEMEN LNG COMPANY LIMITED	36,759	-	105	(4,944)	-	31,920
KOREA LNG LIMITED	31,360	-	21,022	(1,240)	(21,305)	29,837
H&DE CO., LTD.	896	-	(896)	-	-	-
KAPSTEX VINA., JSC	4,018	-	404	80	(261)	4,241
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	1,056	-	61	-	(16)	1,101
ELIAS AUTO INDIA PRIVATE LIMITED	700	-	(103)	(20)	-	577
HY AUTO SOLUTION LLC	7,438	-	(720)	583	-	7,301
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	4,919	(14,354)	9,435	-	-	-
Aeonus Co., Ltd.	-	751	(137)	-	-	614
KCA ESG No.1 Private Equity Investment Co., Ltd.	-	7,500	(176)	-	-	7,324
Infinite Marine Connect Co., Ltd.	-	98	-	-	2	100
PT. SUGIHARA HYUNDAI AUTOMOTIVE	-	651	-	(27)	-	624
	₩ 88,300	₩ (5,354)	₩ 29,303	₩ (5,597)	₩ (21,871)	₩ 84,781

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Financial information of investments in joint ventures and associates as at and for the years ended December 31, 2023 and 2022, are as follows:

		2023										
		Assets		Liabilities		Equity		Sales		Profit (loss)		Total comprehensive income (loss)
PT HD INTL. DEVE.	₩	3,400	₩	645	₩	2,755	₩	4,830	₩	624	₩	678
HYUNDAI YEMEN LNG COMPANY LIMITED		287,870		131,635		156,235		-		(1,170)		101,030
KOREA LNG LIMITED		297,188		82		297,107		108,023		105,211		253,393
KAPSTEX VINA., JSC		26,056		3,845		22,211		38,511		1,450		1,266
INTERGIS BUSAN NEWPORT CENTER CO., LTD.		9,743		4,099		5,644		4,770		259		259
ELIAS AUTO INDIA PRIVATE LIMITED		2,146		1,020		1,126		4,884		(20)		(6)
HY AUTO SOLUTION LLC		12,849		4,796		8,053		47		(4,806)		(6,549)
Aeonus Co., Ltd.		4,514		3,034		1,480		3,022		629		629
KCA ESG No.1 Private Equity Investment Co., Ltd.		21,507		506		21,001		4		(434)		(434)
Infinite Marine Connect Co., Ltd.		652		139		513		1,632		309		309
PT. SUGIHARA HYUNDAI AUTOMOTIVE		1,535		533		1,001		-		(296)		(247)
HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD		11,323		7,492		3,831		16,391		394		1,176
Prologue ventures New Technology Fund No.1		5,365		34		5,331		1		(169)		(169)
Prologue Agricultural Food scale up Fund		6,266		73		6,192		13		(108)		(108)
K-culture Global scale up Fund		2,850		35		2,816		1		(34)		(34)

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(in millions of Korean won)

2022

		Assets		Liabilities		Equity		Sales		Profit (loss)		Total comprehensive income (loss)
PT HD INTL. DEVE.	₩	2,726	₩	649	₩	2,077	₩	4,654	₩	582	₩	506
HYUNDAI YEMEN LNG COMPANY LIMITED		172,459		117,254		55,205		-		205		(7,708)
KOREA LNG LIMITED		149,345		162		149,183		107,361		105,110		98,908
H&DE CO., LTD.		21,290		22,941		(1,651)		12,818		(3,727)		(4,284)
KAPSTEX VINA., JSC		24,768		2,748		22,020		40,486		2,624		3,728
INTERGIS BUSAN NEWPORT CENTER CO., LTD.		9,408		3,906		5,502		3,454		293		293
ELIAS AUTO INDIA PRIVATE LIMITED		1,661		529		1,132		5,148		(198)		(238)
HY AUTO SOLUTION LLC		18,755		4,154		14,601		2,227		(1,441)		(275)
Aeonus Co., Ltd.		2,763		2,312		451		286		(1,534)		(1,534)
KCA ESG No.1 Private Equity Investment Co., Ltd.		21,542		107		21,435		3		(515)		(515)
Infinite Marine Connect Co., Ltd.		215		11		204		-		(1)		(1)
PT. SUGIHARA HYUNDAI AUTOMOTIVE		1,251		3		1,248		-		-		(54)

The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interests in joint ventures and associates.

(in millions of Korean won)

2023

		Interest in net assets		Goodwill		Others ¹		Book amount
PT HD INTL. DEVE.	₩	1,515	₩	-	₩	-	₩	1,515
HYUNDAI YEMEN LNG COMPANY LIMITED ¹		79,680		-		17,867		97,547
KOREA LNG LIMITED		59,421		-		-		59,421
KAPSTEX VINA., JSC		2,887		1,379		-		4,266
INTERGIS BUSAN NEWPORT CENTER CO., LTD.		1,129		-		-		1,129
ELIAS AUTO INDIA PRIVATE LIMITED		574		-		-		574
HY AUTO SOLUTION LLC		4,027		-		-		4,027
Aeonus Co., Ltd.		129		540		-		669
KCA ESG No.1 Private Equity Investment Co., Ltd.		7,176		-		-		7,176
Infinite Marine Connect Co., Ltd.		251		-		-		251

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PT. SUGIHARA HYUNDAI AUTOMOTIVE	501	-	-	501
HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD	1,916	1,327	-	3,243
Prologue ventures New Technology Fund No.1	969	-	-	969
Prologue Agricultural Food scale up Fund	1,622	-	-	1,622
K-culture Global scale up Fund	642	-	-	642

¹ Adjusted amount considering contractual terms regarding dividends.

(in millions of Korean won)

	2022			
	Interest in net assets	Goodwill	Others ¹	Book amount
PT HD INTI DEVE.	₩ 1,142	₩ -	₩ -	₩ 1,142
HYUNDAI YEMEN LNG COMPANY LIMITED ¹	28,154	-	3,766	31,920
KOREA LNG LIMITED	29,837	-	-	29,837
H&DE CO., LTD.	(561)	-	561	-
KAPSTEX VINA., JSC	2,862	1,379	-	4,241
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	1,101	-	-	1,101
ELIAS AUTO INDIA PRIVATE LIMITED	577	-	-	577
HY AUTO SOLUTION LLC	7,301	-	-	7,301
Aeonus Co., Ltd.	40	574	-	614
KCA ESG No.1 Private Equity Investment Co., Ltd.	7,324	-	-	7,324
Infinite Marine Connect Co., Ltd.	100	-	-	100
PT. SUGIHARA HYUNDAI AUTOMOTIVE	624	-	-	624

¹ Adjusted amount considering contractual terms regarding dividends.

The tables below provide unrecognized share of losses of associates and joint ventures, both for the reporting period and cumulatively, because the Group has stopped recognizing its share of losses of associates and joint ventures when applying the equity method.

(in millions of Korean won)

	2023		2022	
	Unrecognized loss	Unrecognized accumulated losses	Unrecognized loss	Unrecognized accumulated losses
H&DE CO., LTD. ¹	₩ -	₩ -	₩ 561	₩ 561

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¹ Unrecognized share of losses of associates and joint ventures were recognized as loss allowance for long-term loans for the year ended December 31, 2022. As it was disposed of for the year ended December 31, 2023, there is no unrecognized loss.

16. Resource Development

The Group organized a consortium that includes Korea National Oil Corporation to invest in exploration of resource projects, and the details as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Project name	Accounts	2023	2022	Production commencement
Vietnam 11-2 sector	Overseas mining development costs ¹	₩ -	₩ -	2007
Yemen LNG (HYLNG) ²	Investments in joint ventures (HYUNDAI YEMEN LNG COMPANY LIMITED)	97,547	31,920	2009
	Investments in resource development projects ³	19,686	14,492	
	Long-term loan receivables ⁴	18,322	15,478	
West Kamchatka Project	Investments in resource development projects ⁵	-	6,060	Under liquidation
Oman LNG	Investments in associates (KOREA LNG LIMITED)	59,421	29,837	2000
Qatar LNG	Financial assets at fair value through other comprehensive income (KOREA Ras Laffan LNG Ltd.)	35,655	40,670	1999
	Investments in resource development projects	19,686	20,552	
	Long-term loan receivables	18,322	15,478	
	Investments in joint ventures and associates	156,968	61,757	
	Financial assets at fair value through other comprehensive income	35,655	40,670	

¹ In 2018, the Group recognized an impairment loss for the entire amount of overseas mining development costs of the mining project considering its low profitability. The Group has recognized a provision for the onerous contract related to the overseas mining development costs.

² The production of the project commenced on October 15, 2009 with two (2) long-term sales contracts with Suez LNG Trading S.A. and Total Gas & Power Ltd. However, the production suspended due to Yemeni Civil War that broke out in April 2015 and the production is estimated to resume after 2025 as at December 31, 2023. HYUNDAI YEMEN LNG COMPANY LIMITED, a joint

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venture, estimated the fair value of Yemen LNG's share by applying the discounted cash flow model. In this valuation, assumptions such as future cash flows and discount rates for the estimation period are used. The Group recognized share of other comprehensive income of associates and joint ventures of ₩ 66,224 million in relation to the fair value of Yemen LNG's share for the year ended December 31, 2023 (Note 15).

³ ₩ 470 million of reversal of allowance for credit losses was recognized for the year ended December 31, 2023.

⁴ ₩ 1,197 million of reversal of allowance for credit losses was recognized for the year ended December 31, 2023.

⁵ The project is under liquidation process and long-term borrowings related to the relevant project were exempted by the Korea Energy Agency and offset against investments in resource development projects for the year ended December 31, 2023 (Note 22).

The pre-tax comprehensive income (loss) from investments in resources development project for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Project name	Description	2023	2022
Vietnam 11-2 sector	Sales	₩ 3,835	₩ 3,824
	Cost of sales	(3,190)	(3,556)
Yemen LNG (HYUNDAI YEMEN LNG COMPANY LIMITED)	Profits (losses) of associates and joint ventures accounted for using equity method	(597)	105
	Share of other comprehensive income of associates and joint ventures	66,224	(4,943)
Oman LNG (KOREA LNG LIMITED)	Profits of associates and joint ventures accounted for using equity method	21,042	21,022
	Share of other comprehensive income of associates and joint ventures	29,636	(1,241)
Qatar LNG (KOREA Ras Laffan LNG Ltd.)	Other comprehensive income	(5,015)	880
	Dividend income	11,202	13,733
		<u>₩ 123,137</u>	<u>₩ 29,824</u>

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The equity interests in investments in the resource development project as at December 31, 2023, are as follows:

(in percentage, %)

Project name	Consortium interest in investments ¹	Equity interests of the Group in consortium ²
Vietnam 11-2 sector	75.0	6.5
Yemen LNG (HYUNDAI YEMEN LNG COMPANY LIMITED)	5.9	51.0
Oman LNG (KOREA LNG LIMITED)	5.0	20.0
Qatar LNG (KOREA Ras Laffan LNG Ltd.)	5.0	8.0

¹ Represents the interests of the consortium in which the Group is involved.

² Represents the Group's interests within the consortium.

17. Property, Plant and Equipment

Changes in the book amount of property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Land	Buildings	Construction-in-progress	Others	Total
Opening net book amount					
Cost	₩ 1,117	₩ 17,404	₩ 4,394	₩ 28,249	₩ 51,164
Accumulated depreciation	-	(2,983)	-	(13,320)	(16,303)
Accumulated impairment losses	-	(1,839)	-	-	(1,839)
Net book amount	1,117	12,582	4,394	14,929	33,022
Changes during the year					
Additions/capital expenditures	-	127	131	605	863
Sales	-	-	-	(111)	(111)
Depreciation	-	(361)	-	(1,820)	(2,181)
Transfer ¹	-	659	(4,668)	4,009	-
Exchange differences, etc.	(48)	194	143	(254)	35
Closing net book amount	1,069	13,201	-	17,358	31,628
Closing net book amount					
Cost	1,069	18,384	-	32,080	51,533
Accumulated depreciation	-	(3,344)	-	(14,722)	(18,066)
Accumulated impairment losses	-	(1,839)	-	-	(1,839)
Net book amount	₩ 1,069	₩ 13,201	₩ -	₩ 17,358	₩ 31,628

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¹ During the year ended December 31, 2023, construction-in-progress of ₩ 4,668 million were transferred to machinery of ₩ 4,009 million and buildings of ₩ 659 million.

(in millions of Korean won)

	2022				
	Land	Buildings	Construction-in-progress	Others	Total
Opening net book amount					
Cost	₩ 1,409	₩ 17,464	₩ -	₩ 27,537	₩ 46,410
Accumulated depreciation	-	(2,817)	-	(12,300)	(15,117)
Accumulated impairment losses	-	(1,839)	-	-	(1,839)
Net book amount	1,409	12,808	-	15,237	29,454
Changes during the year					
Additions/capital expenditures	128	-	4,715	1,733	6,576
Sales	(336)	(353)	-	(19)	(708)
Depreciation	-	(357)	-	(1,564)	(1,921)
Transfer ¹	-	-	-	-	-
Exchange differences, etc.	(84)	484	(321)	(458)	(379)
Closing net book amount	1,117	12,582	4,394	14,929	33,022
Closing net book amount					
Cost	1,117	17,404	4,394	28,249	51,164
Accumulated depreciation	-	(2,983)	-	(13,320)	(16,303)
Accumulated impairment losses	-	(1,839)	-	-	(1,839)
Net book amount	₩ 1,117	₩ 12,582	₩ 4,394	₩ 14,929	₩ 33,022

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18. Leases

18.1 Right-of-use Assets

Changes in the carrying amount of right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Properties	Vehicles	Others	Total
Opening net book amount				
Cost	₩ 20,125	₩ 1,126	₩ 311	₩ 21,562
Accumulated depreciation	(13,475)	(803)	(239)	(14,517)
Net book amount	6,650	323	72	7,045
Changes during the year				
Additions	5,916	575	92	6,583
Depreciation	(4,220)	(283)	(60)	(4,563)
Exchange differences, etc.	50	(1)	-	49
Closing net book amount	8,396	614	104	9,114
Closing net book amount				
Cost	25,891	1,702	403	27,996
Accumulated depreciation	(17,495)	(1,088)	(299)	(18,882)
Net book amount	₩ 8,396	₩ 614	₩ 104	₩ 9,114

(in millions of Korean won)

	2022			
	Properties	Vehicles	Others	Total
Opening net book amount				
Cost	₩ 18,128	₩ 935	₩ 310	₩ 19,373
Accumulated depreciation	(10,145)	(636)	(176)	(10,957)
Net book amount	7,983	299	134	8,416
Changes during the year				
Additions	2,487	274	-	2,761
Depreciation	(3,902)	(252)	(61)	(4,215)
Exchange differences, etc.	82	1	-	83
Closing net book amount	6,650	322	73	7,045
Closing net book amount				
Cost	20,125	1,126	311	21,562
Accumulated depreciation	(13,475)	(804)	(238)	(14,517)
Net book amount	₩ 6,650	₩ 322	₩ 73	₩ 7,045

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18.2 Lease Liabilities

Changes in the carrying amount of lease liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			2022		
	Current lease liabilities	Non-current lease liabilities	Total	Current lease liabilities	Non-current lease liabilities	Total
Beginning balance	₩ 3,344	₩ 4,781	₩ 8,125	₩ 3,197	₩ 6,607	₩ 9,804
Additions	346	6,641	6,987	851	1,782	2,633
Interest expenses	31	287	318	22	352	374
Lease payments	(3,830)	(1,647)	(5,477)	(4,773)	-	(4,773)
Others ¹	6,001	(5,828)	173	4,047	(3,960)	87
Ending balance	₩ 5,892	₩ 4,234	₩ 10,126	₩ 3,344	₩ 4,781	₩ 8,125

¹ It includes the amount of transfer to current portions and the effect of exchange differences.

18.3 Amounts Recognized in Consolidated Statements of Comprehensive Income Related to Leases

(in millions of Korean won)	2023	2022
Depreciation of right-of-use assets	₩ (4,563)	₩ (4,215)
Interest expense on lease liabilities (finance cost)	(318)	(374)
Expense relating to short-term leases (selling and administrative expenses)	(186)	(479)
Expense relating to leases of low-value assets (selling and administrative expenses)	(43)	(40)
Interest income relating to finance lease receivables (finance income)	15	28
	₩ (5,095)	₩ (5,080)

18.4 Group as a Lessor

The Group has entered into a sub-lease contract on offices with Hyundai Corporation Holdings Co., Ltd. etc. Future undiscounted rentals relating the sub-lease contract as at December 31, 2023 are as follows:

(in millions of Korean won)	2024	2025	2026	2027	After 2027
Annual rentals	₩ 702	₩ 109	₩ -	₩ -	-

The total cash outflow for leases in 2023 was ₩ 5,055 million (2022: ₩ 4,489 million).

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19. Investment Properties

Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023			2022		
	Land	Buildings	Total ^{1,2}	Land	Buildings	Total ^{1,2}
Beginning balance	₩ 256,780	₩ 90,220	₩ 347,000	₩ 232,560	₩ 109,440	₩ 342,000
Acquisitions	-	17,250	17,250	-	-	-
Valuation ³	6,770	(3,770)	3,000	24,220	(19,220)	5,000
Changes due to exchange differences	-	(211)	(211)	-	-	-
Ending balance	₩ 263,550	₩ 103,489	₩ 367,039	₩ 256,780	₩ 90,220	₩ 347,000

¹ Investment properties are pledged as collateral for borrowings (the maximum amount of the receivables: ₩ 247,200 million) of the Group.

² Insurance claim right of the investment property is pledged as collateral up to ₩ 247,200 million. Relevant accounts for insurance benefit and rental receipt are pledged as collateral up to the corresponding amount.

³ For the year ended December 31, 2023, the Group recognized ₩ 313 million (2022: ₩ 1,761 million) as other non-current liabilities, including the amount to be allocated to the investors of Type 1 beneficiary securities on the fluctuation of the fair value of the investment properties based on the agreement between the investors of Hangang Domestic Specialized Private Equity in Real Estate Investment Trust No.13, and also recognized ₩ 2,687 million (2022: ₩ 3,239 million) in gain on valuation of investment properties excluding that amount.

Details of income and expenses associated with investment properties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023	2022
Other income		
Rental income derived from investment properties	₩ 11,870	₩ 11,413
Gain on valuation on investment properties ¹	2,687	3,239
Others	5,806	5,533
	<u>20,363</u>	<u>20,185</u>
Other expenses		
Operating expenses	1,791	2,118
Fees	2,256	2,045
Others ²	8,675	7,998
	<u>12,722</u>	<u>12,161</u>
Interest expenses	<u>5,310</u>	<u>5,310</u>
Profit arising from investment properties carried at fair value	₩ <u>2,331</u>	₩ <u>2,714</u>

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¹ It excludes the amount to be allocated to the investors of Type 1 beneficiary securities on the fluctuation of the fair value of the investment properties based on the agreement between the investors.

² It includes the distributions on the agreement between the investors regarding non-controlling interests liabilities (Type 1 beneficiary securities).

Description of valuation techniques used and key inputs to valuation of investment properties as at December 31, 2023, is follow:

<i>(in millions of Korean won)</i>	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Seoul City Square	₩ 350,000	3	Cost approach	Replacement cost	-
			Comparable method	Costs of cases	Similar cases considering on the factors of location and region
			Income approach	Discounted rate	4.10 ~ 4.30%
				Rent growth and other increase rates	2.00 ~ 2.50%

20. Intangible Assets

Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			2022		
	Mining rights	Others ¹	Total	Mining rights	Others ¹	Total
Beginning balance	₩ -	₩ 9,750	₩ 9,750	₩ -	₩ 8,907	₩ 8,907
Acquisitions/ capital expenditures	-	825	825	-	1,441	1,441
Amortization	-	(585)	(585)	-	(548)	(548)
Exchange differences	-	(29)	(29)	-	(50)	(50)
Ending balance	₩ -	₩ 9,961	₩ 9,961	₩ -	₩ 9,750	₩ 9,750
Acquisition cost	₩ 44,372	₩ 16,361	₩ 60,733	₩ 44,372	₩ 15,981	₩ 60,353
Accumulated amortization ²	(44,372)	(6,400)	(50,772)	(44,372)	(6,231)	(50,603)

¹ It includes membership rights and others.

² It includes accumulated impairment losses.

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21. Other Financial Liabilities

Details of other financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Other current liabilities		
Withholdings	₩ 911	₩ 1,354
Guarantee deposits	486	519
Accrued expenses	7,809	7,341
Other current financial liabilities	99	133
	<u>9,305</u>	<u>9,347</u>
Other non-current liabilities		
Leasehold deposits received	4,016	3,948
	<u>₩ 13,321</u>	<u>₩ 13,295</u>

22. Borrowings

Details of carrying amount of borrowings as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Category	Purpose	Creditor	Interest rate (%)	2023	2022
Foreign currency short-term borrowings	D/A NEGO and others ¹	Woori Bank and others	-	₩ 298,798	₩ 278,175
	USANCE and others	The Korea Development Bank and others	4.85~6.93	27,033	12,398
	General borrowings	UOB	TIBOR + 1.2	44,975	-
Korean won short-term borrowings	Real estate mortgage loan	DBS Bank	SORA + 1.2	-	394
				<u>370,806</u>	<u>290,967</u>
Foreign currency long-term borrowings	Investments in development projects ²	Korea Energy Agency	-	-	6,060
	General borrowings	China Construction Bank ⁵	3M SOFR + 0.6	37,579	-
		AOZORA Bank	1.00	5,090	5,060
	Real estate mortgage loan	DBS Bank	SORA + 1.2~3.0	5,459	5,312
Korean won long-term borrowings ⁶	Real estate mortgage loan ^{3,4}	Samsung Life Insurance co., Ltd and others	2.85~4.50	184,000	184,000
	Non-controlling interests liabilities	The Korea Securities Finance Corporation and others	6.00	122,500	122,500
				<u>354,628</u>	<u>322,932</u>
Less: current portion				<u>(307,425)</u>	<u>-</u>
				<u>47,203</u>	<u>322,932</u>
				<u>₩ 725,434</u>	<u>₩ 613,899</u>

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¹ Trade receivables are pledged as collateral (Note 8).

² As a specific purpose borrowing for exploration project, its redemption obligation of the Group was exempted by its creditor due to confirmation of the project's ultimate failure (Note 16).

³ If the investment property provided as collateral is disposed or the Group receives insurance claims exceeding amount of ₩ 500 million in relation to the investment property, early redemption may be required.

⁴ In relation to the borrowings, the Group's investment property and right of the insurance claim for the investment property are provided as collateral (Note 19).

⁵ In relation to the foreign currency borrowings, the Group entered into the CRS contract to hedge the variable interest rate and exchange fluctuation risk.

⁶ It was classified as current liabilities during the year ended December 31, 2023 as the contract period of private equity real estate investment trusts and contractual maturity of real estate mortgage loan is June 28, 2024.

Details of debentures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Category	Managing company	Issue date	Maturity	Interest rate (%)	2023	2022
40th non-guarantee public bonds	Korea Securities Depository	Oct. 29, 2020		-	₩ -	₩ 50,000
41st non-guarantee public bonds	Korea Securities Depository	Apr. 27, 2021	Apr. 26, 2024	2.39	50,000	50,000
					<u>50,000</u>	<u>100,000</u>
Less: discount on debentures					(22)	(150)
Less: current portion					<u>(49,978)</u>	<u>(49,943)</u>
					<u>₩ -</u>	<u>₩ 49,907</u>

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23. Net Defined Benefit Liabilities (Assets)

Details of net defined benefit liabilities (assets) recognized in the statements of financial position as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Present value of funded defined benefit obligations	₩ 30,249	₩ 25,862
Fair value of plan assets ¹	(31,410)	(28,119)
Net defined benefit liabilities (assets)	₩ (1,161)	₩ (2,257)

¹ The contributions to the National Pension Fund of ₩ 17 million are included in the fair value of plan assets as at December 31, 2023 (2022: ₩ 17 million).

Movements in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 25,862	₩ 25,196
Current service cost	3,046	2,740
Interest cost	565	338
Remeasurements:	2,691	(214)
Actuarial gain arising from change in demographic assumptions	(30)	-
Actuarial gain (loss) arising from change in financial assumptions	876	(1,789)
Actuarial loss arising from experience adjustments	1,845	1,575
Transfer from (to) related companies	(50)	(51)
Benefit payments	(1,865)	(2,123)
Exchange differences	-	(24)
Ending balance	₩ 30,249	₩ 25,862

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The expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>		Less than 1 year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
Pension benefits	₩	1,333	₩ 17,585	₩ 3,778	₩ 5,979	₩ 11,121	₩ 39,796

The weighted average duration of the defined benefit obligation is 7.53 years.

Movements in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		2023		2022
Beginning balance	₩	28,119	₩	23,351
Interest income		1,452		640
Remeasurements		(171)		(290)
Contributions by employer		3,649		6,396
Benefit payments		(1,639)		(1,978)
Ending balance	₩	<u>31,410</u>	₩	<u>28,119</u>

The significant actuarial assumptions as at December 31, 2023 and 2022, are as follows:

<i>(in percentage, %)</i>	2023	2022
Discount rate	4.37~4.57	5.28~5.35
Future salary growth rate	4.00~4.50	4.00~4.04

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

	Changes in principal assumption	Impact on defined benefit obligation
Discount rate	1% increase	2.99% decrease
	1% decrease	3.38% increase
Future salary growth rate	1% increase	3.44% increase
	1% decrease	3.09% decrease

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Plan assets as at December 31, 2023 and 2022, consist of:

	2023		2022	
	Amount	Composition (%)	Amount	Composition (%)
(in millions of Korean won)				
National Pension Fund	₩ 17	0.1	₩ 17	0.1
Financial instruments and others	31,393	99.9	28,102	99.9
	₩ 31,410	100.0	₩ 28,119	100.0

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24. Provisions

Changes in provisions for other liabilities and charges for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	Restoration ¹	Onerous contract ²	Legal claim ³	Financial guarantee ⁴	Total
Beginning balance	₩ 895	₩ 4,097	₩ 1,864	₩ 201	₩ 7,057
Additional provisions	-	24	-	-	24
Interest expense	13	164	-	-	177
Reversal	(10)	(90)	-	(200)	(300)
Utilized	(337)	(2,063)	-	-	(2,400)
Others	22	88	7	-	117
Ending balance	583	2,220	1,871	1	4,675
Less: current portion	(158)	(2,219)	-	(1)	(2,378)
Non-current	₩ 425	₩ 1	₩ 1,871	₩ -	₩ 2,297

<i>(in millions of Korean won)</i>	2022				
	Restoration ¹	Onerous contract ²	Legal claim ³	Financial guarantee ⁴	Total
Beginning balance	₩ 1,214	₩ 5,559	₩ 949	₩ 48	₩ 7,770
Additional provisions	-	-	1,419	212	1,631
Interest expense	8	94	-	-	102
Reversal	(33)	(105)	(242)	(59)	(439)
Utilized	(341)	(1,875)	(300)	-	(2,516)
Others	47	424	38	-	509
Ending balance	895	4,097	1,864	201	7,057
Less: current portion	(176)	(2,018)	-	(29)	(2,223)
Non-current	₩ 719	₩ 2,079	₩ 1,864	₩ 172	₩ 4,834

¹ It is the present value of the estimated recovery cost until the completion of the 11-2 mine production in Vietnam, which is expected to occur until 2024.

² It is present value of the expected amount of compensation for losses incurred when the minimum guaranteed quantity is not met in relation to the transportation contract for liquefied natural gas produced in the 11-2 mine in Vietnam. The amount is expected to occur until 2024.

³ It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation relating to legal claim.

⁴ It is provisions related to payment guarantee contract for overseas associates with maturity in November 2024.

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25. Tax Expense and Deferred Tax

Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023	2022
Current tax on profit for the year	₩ 24,489	₩ 23,160
Adjustments in respect of prior years	434	21
Origination and reversal of temporary differences	6,853	3,439
Refund from claim for reassessment and others	(5,751)	(14,682)
Others	(2)	(87)
Income tax expense	<u>₩ 26,023</u>	<u>₩ 11,851</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit before income tax expense	₩ 109,411	₩ 90,538
Tax at domestic tax rates applicable to profits in the respective countries	31,896	29,424
Tax effects of:		
Non-deductible expenses and non-taxable income for tax purposes	721	392
Adjustments in respect of current income tax of prior years	434	21
Refund from claim for reassessment and others	(5,751)	(14,682)
Others	(1,277)	(3,304)
Income tax expense	<u>₩ 26,023</u>	<u>₩ 11,851</u>
Effective tax rate	23.8%	13.1%

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 1,344	₩ (420)
Share of other comprehensive income (loss) of associates and joint ventures	(22,044)	1,088
Exchange differences on translation of foreign operations	(357)	-
Remeasurements	645	(114)
Gain on valuation of derivative instruments with cash flow hedges	405	-
	<u>₩ (20,007)</u>	<u>₩ 554</u>

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The analysis of deferred tax assets and liabilities as of December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	₩	14,649	₩	22,637
Deferred tax asset to be recovered within 12 months		3,426		197
Deferred tax liabilities				
Deferred tax liability to be recovered after more than 12 months		(63,453)		(41,296)
Deferred tax liability to be recovered within 12 months		(156)		(212)
Deferred tax assets (liabilities), net	₩	<u>(45,534)</u>	₩	<u>(18,674)</u>

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<i>(in millions of Korean won)</i>	2023			
	Beginning balance	Profit or loss	Other comprehensive income (loss)	Ending balance
Financial assets at fair value	₩ (8,349)	₩ (351)	₩ 1,344	₩ (7,356)
Investments in subsidiaries, joint ventures and associates	(24,817)	524	(22,044)	(46,337)
Intangible assets	416	(48)	-	368
Allowance for doubtful	10,695	(5,787)	-	4,908
Gain (loss) on foreign currency translation	(305)	-	-	(305)
Provisions	3,302	(1,756)	-	1,546
Net defined benefit liability	(493)	(398)	645	(246)
Other	877	963	48	1,888
	<u>₩ (18,674)</u>	<u>₩ (6,853)</u>	<u>₩ (20,007)</u>	<u>₩ (45,534)</u>

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	2022			
	Beginning balance	Profit or loss	Other comprehensive income (loss)	Ending balance
Financial assets at fair value	₩ (7,890)	₩ (39)	₩ (420)	₩ (8,349)
Investments in subsidiaries, joint ventures and associates	(24,122)	(1,782)	1,087	(24,817)
Intangible assets	2,420	(2,004)	-	416
Allowance for doubtful	5,481	5,214	-	10,695
Gain (loss) on foreign currency translation	(319)	14	-	(305)
Provisions	7,460	(4,158)	-	3,302
Net defined benefit liability	(128)	(252)	(113)	(493)
Other	1,309	(432)	-	877
	<u>₩ (15,789)</u>	<u>₩ (3,439)</u>	<u>₩ 554</u>	<u>₩ (18,674)</u>

Realization of the future tax benefits related to deferred tax assets is dependent on many factors, including the Group's ability to generate taxable income within the period during which the temporary differences reverse, the outlook of the Korean economic environment, and the overall future industry outlook. Management periodically considers these factors in reaching its conclusion. The Group has not recognized deferred tax assets of ₩ 65,855 million (2022: ₩ 63,396 million) related to subsidiaries and associates whose realizability is uncertain and such amount can be changed if estimation of the future tax benefits changes.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%. Due to the complexities in applying the legislation, the impact of the legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation. The Group is in review for the impact of implement of the Pillar Two legislation on the financial statements.

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26. Accumulated Other Comprehensive Income and Other Components of Equity

Details of other components of equity as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Treasury shares	₩ (21,062)	(21,062)
Other capital adjustments	(19,027)	(19,027)
Loss from spin-off	(242,051)	(242,051)
	<u>₩ (282,140)</u>	<u>(282,140)</u>

Details of accumulated other comprehensive income as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Gain on valuations of financial assets at fair value	₩ 27,612	₩ 31,991
Share of other comprehensive income of joint ventures and associates	120,412	47,041
Gain (loss) on valuation of derivatives	(749)	541
Loss on foreign operation currency translation differences	(3,703)	(6,073)
	<u>₩ 143,572</u>	<u>₩ 73,500</u>

The Parent Company has 1,218,000 shares and 1,218,000 shares of common shares as treasury shares as at December 31, 2023 and 2022, respectively.

27. Retained Earnings

Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023	2022
Legal reserves ¹	₩ 11,102	₩ 10,381
Unappropriated retained earnings	638,689	565,147
	<u>₩ 649,791</u>	<u>₩ 575,528</u>

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

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The dividends paid in 2023 and 2022 were ₩ 7,207 million (₩ 600 per share) and ₩ 7,207 million (₩ 600 per share), respectively. A dividend for the year ended December 31, 2023, of ₩ 600 per share, amounting to total dividends of ₩ 7,207 million, is to be proposed at the annual general meeting on March 28, 2024.

28. Revenue and Cost of Sales from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, 2023 and 2022:

<i>(in millions of Korean won)</i>	2023	2022
Type of goods or service:		
Merchandise sales	₩ 6,252,392	₩ 5,752,744
Product sales	56,033	72,667
Commissions	26,558	25,193
Resource development	3,835	3,824
Transportation sales	241,630	272,541
	<u>₩ 6,580,448</u>	<u>₩ 6,126,969</u>
Geographical markets:		
Republic of Korea	₩ 675,119	₩ 715,089
United States	1,581,214	1,527,788
Asia	3,110,941	2,865,823
Europe	726,790	724,559
Others	486,384	293,710
	<u>₩ 6,580,448</u>	<u>₩ 6,126,969</u>
Timing of revenue recognition:		
Goods and services transferred at a point in time	₩ 6,338,818	₩ 5,957,288
Goods and services transferred over time	241,630	169,681
	<u>₩ 6,580,448</u>	<u>₩ 6,126,969</u>

Details of cost of sales for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Cost of merchandise sales	₩ 6,072,715	₩ 5,614,339
Cost of product sales	56,018	67,969
Cost of commissions	19,954	22,675
Cost of resource development	3,190	3,556
Cost of transportation	228,976	259,711
	<u>₩ 6,380,853</u>	<u>₩ 5,968,250</u>

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Details of external customers, who contribute more than 10% of the Group's revenue for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Customer	Revenue	
		2023	2022
Merchandise sales	SARYARKAAVTOPROM LTD	₩ 670,061	₩ -

29. Breakdown of Expenses by Nature

Expenses by nature included in the cost of sales, selling and administrative expenses, and other expenses in the consolidated income statement for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Changes in inventories	₩ 6,076,127	₩ 5,392,388
Wages and salaries	52,831	50,146
Employee benefits	6,082	5,477
Depreciation	6,744	6,637
Amortization	585	543
Distribution expenses	135,317	190,529
Service fees	39,288	34,883
Others	164,143	379,538
Total cost of sales and selling and administrative expenses	₩ 6,481,117	₩ 6,060,141

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30. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Wages and salaries	₩	50,418	₩	46,704
Post-employment benefits		2,070		2,457
Employee benefits		6,035		5,161
Travel expenses		5,415		3,040
Taxes and dues		1,644		1,428
Entertainment expenses		3,274		2,955
Overseas branch expenses ¹		6,557		6,298
Rental expenses		827		851
Service fees		9,802		9,319
Computer system expenses		1,484		1,448
Depreciation		5,183		4,842
Amortization		519		490
Bad debt expenses		(407)		872
Others		7,443		6,027
	₩	<u>100,264</u>	₩	<u>91,892</u>

¹ Among overseas branch expenses, the amount of ₩ 91 million presents post-employment benefits for the year ended December 31, 2023 (2022: ₩ 118 million).

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31. Other Income and Expenses

Details of other income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Gain on foreign currency transaction	₩	92,445	₩	91,456
Gain on foreign currency translation		4,772		12,451
Dividend income		11,289		13,763
Gain on transaction of derivatives		30,422		42,096
Gain on valuation of derivatives		2,219		5,417
Gain on disposal of property, plant and equipment		123		101
Reversal of provision		300		439
Reversal of other bad debt expense		671		138
Gain on disposal of financial assets at fair value through profit or loss		358		1,896
Gain on valuation of financial assets at fair value through profit or loss		93		-
Gain on valuation of investment properties		2,687		3,239
Others		24,199		36,501
	₩	<u>169,578</u>	₩	<u>207,497</u>

Details of other expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Loss on foreign currency transaction	₩	95,249	₩	100,542
Loss on foreign currency translation		4,632		6,657
Contributions		102		597
Loss on disposal of property, plant and equipment		4		10
Loss on disposal of financial assets at fair value through profit or loss		1		-
Loss on transaction of derivatives		32,021		36,031
Loss on valuation of derivatives		2,769		6,607
Loss on disposal of trade receivables		20,660		10,226
Reversal of provision		24		757
Other bad debt expense		4		24,152
Others		14,844		14,288
	₩	<u>170,310</u>	₩	<u>199,867</u>

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32. Finance Income and Costs

Details of other expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Gain on foreign currency transaction	₩ 63,510	₩ 57,478
Gain on foreign currency translation	2,400	1,104
Interest income	11,513	5,381
	<u>₩ 77,423</u>	<u>₩ 63,963</u>

Details of finance costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Loss on foreign currency transaction	₩ 59,772	₩ 53,569
Loss on foreign currency translation	1,458	3,966
Interest expense	24,038	19,650
	<u>₩ 85,268</u>	<u>₩ 77,185</u>

33. Earnings per Share

The following table reflects the income and share data used in the basic earnings per share computations for the years ended December 31, 2023 and 2022:

<i>(in Korean won)</i>	2023	2022
Profit attributable to the ordinary equity holders of the Parent Company	₩ 83,687,114,756	₩ 78,715,077,815
Weighted average shares <i>(in shares)</i>	12,010,966	12,010,966
Basic earnings per share	<u>₩ 6,968</u>	<u>₩ 6,554</u>

The Group did not issue any potential ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share.

Weighted average number of ordinary shares outstanding for the years ended December 31, 2023 and 2022, is computed as follows:

<i>(in shares)</i>	2023	2022
Ordinary shares outstanding accumulated	4,384,002,590	4,384,002,590
Days	365	365
Weighted average number of ordinary shares	<u>12,010,966</u>	<u>12,010,966</u>

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34. Cash Generated from (Used in) Operations

(a) *Cash flows generated from (used in) operations*

(in millions of Korean won)

	2023		2022	
Profit	₩	83,387	₩	78,686
Adjustments for:				
Interest income		(11,514)		(5,381)
Interest expense		24,038		19,650
Income tax expense		26,023		11,851
Dividend income		(11,289)		(13,763)
Depreciation		6,744		6,136
Amortization		585		548
Post-employment benefits		2,160		2,438
(Reversal of) Bad debt expense		(407)		872
Loss on valuation of derivatives		549		1,190
Gain on disposal of financial assets at fair value through profit or loss		(356)		-
Gains on valuation of financial assets at fair value through profit or loss		(93)		(1,896)
Gains on foreign currency translation		(1,082)		(2,932)
(Reversal of) Other bad debts expense		(667)		24,014
Losses on disposal of trade receivables		20,660		10,226
Share of profit of joint ventures and associates		(18,656)		(29,302)
Losses on disposal of property, plant and equipment		(118)		(91)
Reversal of loss on valuation of inventories		-		(1,084)
Inclusion to (reversal of) provisions		(276)		318
Gains on valuation of investment properties		(3,000)		(5,000)
Other		(974)		135
		<u>32,327</u>		<u>17,929</u>
Change in operating assets and liabilities:				
Decrease (increase) in trade receivables		(249,782)		124,970
Decrease (increase) in inventories		75,439		(79,027)
Decrease (increase) in derivative financial assets		106		(103)
Decrease (increase) in other current receivables		140		(2,195)
Decrease (increase) in other current assets		2,296		(5,881)
Decrease (increase) in other non-current receivables		1,003		(999)
Decrease (increase) in other non-current assets		(599)		1,130
Increase in trade payables		25,602		181,844
Decrease in other payables		(15,571)		(20,257)
Increase (decrease) in advances from customers		(16,866)		73,822

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<i>(in millions of Korean won)</i>	2023	2022
Increase (decrease) in other current liabilities	(910)	3,436
Increase in other non-current liabilities	223	1,761
Post-employment benefits paid	(450)	(145)
Transfer to affiliates	(50)	(51)
Contributions to plan assets	(3,464)	(6,396)
Decrease in provisions	(2,398)	(2,516)
Others	348	(941)
	<u>(184,933)</u>	<u>268,451</u>
Cash generated from (used in) operations	₩ (69,219)	₩ 365,066

(b) Non-cash transactions

<i>(in millions of Korean won)</i>	2023	2022
Increase in right-of-use assets and lease liabilities	₩ 6,755	₩ 2,761
Valuation on financial assets at fair value through other comprehensive income	(5,695)	3,230
Changes in investments in joint ventures and associates from share of other comprehensive income of joint ventures and associates	95,417	(5,597)
Transfer from construction-in-progress	(4,668)	-
Decrease in investments in resource development projects and long-term borrowings	6,060	-

(c) Changes in liabilities arising from financing activities

Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	At January 1, 2023	Financing cash flows	Discount on bonds	Exchange differences and others	At December 31, 2023
Borrowings	₩ 613,899	₩ 119,105	₩ -	₩ (7,575)	₩ 725,429
Debentures	99,850	(50,000)	128	-	49,978
Lease liabilities	8,125	(5,159)	-	7,274	10,240
	<u>₩ 721,874</u>	<u>₩ 63,946</u>	<u>₩ 128</u>	<u>₩ (301)</u>	<u>₩ 785,647</u>

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(in millions of Korean won)	2022				
	At January 1, 2023	Financing cash flows	Discount on bonds	Exchange differences and others	At December 31, 2023
Borrowings	₩ 789,364	₩ (178,802)	₩ -	₩ 3,337	₩ 613,899
Debentures	129,676	(30,000)	174	-	99,850
Lease liabilities	9,804	(4,399)	-	2,720	8,125
	₩ 928,844	₩ (213,201)	₩ 174	₩ 6,057	₩ 721,874

35. Commitments and Contingencies

As at December 31, 2023, Group has provided the guarantees of USD 240 thousand to financial institutions for local banking transactions of joint ventures and associates (Note 36).

The Group has provided nine (9) blank promissory notes as collaterals for the borrowings in relation to the investment in resources development project as at December 31, 2023.

As at December 31, 2023, Group is involved in three (3) lawsuit as a defendant with litigation fee of USD 4,378 thousand. Provision of ₩ 1,871 million which is expected to probably pay in respect to certain lawsuits has been made in these financial statements.

Hyundai Corporation Holdings Co., Ltd., a company with significant influence over the Group, has been involved in a lawsuit as a defendant in the Brazil court related to the product supply contract with legal proceeding of BRL 14,575 thousand. In connection with the lawsuit, the Group provides joint guarantees.

Commitments for trade financial transactions with Korea Exchange Bank and others as at December 31, 2023, are as follows:

(in millions of Korean won)	Currency	Limits ¹	Used amount
D/A, D/P ^{2,3}	USD	648,918	379,962
L/C and others	USD	925,764	572,423
Bonds and others ⁴	USD	194,213	89,516
Exemption of deposit for derivatives	USD	1,000	-
Real estate mortgage loan	USD	4,233	4,233
	KRW	206,000	184,000
Loans with collateralized trade receivables	KRW	7,100	-
Industrial working capital loans	KRW	10,000	-
	USD	1,774,128	1,046,134
	KRW	223,100	184,000

¹ It includes comprehensive limits.

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² It includes USD 59,170 thousand used for disposal of D/A, D/P trade receivables without recourse.

³ USD 6,000 of short-term financial instruments are collateralized with regard to commitments to acquire export receivables of Deutsche Bank with a limit of USD 20,000 thousand (executed amount of USD 19,666 thousand as at December 31, 2023).

⁴ It includes USD 30,000 thousand of payment guarantee provided by China Construction Bank Seoul Branch for principal and interests of foreign currency long-term borrowings borrowed for the purpose of working capital.

As at December 31, 2023, the Group is provided with payment guarantees from Seoul Guarantee Insurance Company for up to ₩ 242 million related to deposits in courts, licensing, performance guarantees and others.

The bond contract of the unguaranteed public offering debenture issued by the Group includes conditions of i) debt-to-equity ratio less than 550%, ii) a collateral limit within 250% of equity capital (based on consolidated financial statements), and iii) the restriction in disposal of asset, up to 50% from the annual total assets. If the corresponding rules are violated, the payment may be accelerated (Note 22).

In accordance with an arrangement with HYUNDAI YEMEN LNG COMPANY LIMITED, the Group has an obligation to provide loans for up to USD 42,000 thousand if i) an obligation occurs for HYUNDAI YEMEN LNG COMPANY LIMITED related to Yemen LNG project or, ii) upon request by HYUNDAI YEMEN LNG COMPANY LIMITED in accordance with a resolution of the Board of Directors for operating funds.

36. Related Party

Details of associates and other related parties that have sales and other transactions with the Group or have outstanding balances as at December 31, 2023 and 2022, are as follows:

Type	Name of entity
Entities with significant influence over the Company	Hyundai Corporation Holdings Co., Ltd.
Joint venture and associates	HYUNDAI YEMEN LNG COMPANY LIMITED KAPSTEX VINA., JSC ELIAS AUTO INDIA PRIVATE LIMITED H&DE Co., Ltd. ¹ HY AUTO SOLUTION LLC Infinite Marine Connect Co., Ltd. PT. SUGIHARA HYUNDAI AUTOMOTIVE HFA DISTRIBUTORS PTY LTD ²
Other related parties	HYUNDAI C SQUARE CO., LTD. HYUNDAI AGRO (CAMBODIA) CO., LTD.

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¹ It was disposed during the year ended December 31, 2023.

² It is a subsidiary of HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD which was acquired during the year ended December 31, 2023.

Significant transactions with related parties for years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023		2022	
	Sales and others ¹	Purchases and others ²	Sales and others ¹	Purchases and others ²
Entities with significant influence over the Company				
Hyundai Corporation Holdings Co., Ltd. ³	₩ 2,421	₩ 5,159	₩ 1,915	₩ 4,644
Joint venture and associates				
HYUNDAI YEMEN LNG COMPANY LIMITED	-	-	37	-
KAPSTEX VINA., JSC	11,890	894	13,592	2,291
H&DE Co., Ltd.	-	-	-	4
ELIAS AUTO INDIA PVT.LTD.	162	131	17	-
HY AUTO SOLUTION LLC	-	-	229	-
Infinite Marine Connect Co., Ltd.	-	1,609	-	-
PT. SUGIHARA HYUNDAI AUTOMOTIVE	504	28	-	-
HFA DISTRIBUTORS PTY LTD	1,888	-	-	-
Other related parties				
HYUNDAI C SQUARE CO., LTD. ⁴	58	478	44	179
HYUNDAI AGRO (CAMBODIA) CO., LTD.	10	-	-	-
	₩ 16,933	₩ 8,299	₩ 15,834	₩ 7,118

¹ It includes merchandise sales, commission income, and other revenues.

² It includes purchase of goods and services.

³ Finance lease receivables and interest income received from the sub lease contract, are ₩ 378 million and ₩ 14 million, respectively, which are excluded from the above transaction.

⁴ Finance lease receivables and interest income received from the sub lease contract are ₩ 38 million and ₩ 1 million, respectively, which are excluded from the above transaction.

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Outstanding balances arising from sales/purchases of goods and services as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Receivables and others ¹	Payables and others ²	Receivables and others ¹	Payables and others ²
Entities with significant influence over the Company				
Hyundai Corporation Holdings Co., Ltd.	₩ 1,031	₩ 1,690	₩ 826	₩ 1,575
Joint venture and associates				
HYUNDAI YEMEN LNG COMPANY LIMITED	12,536	-	12,006	-
KAPSTEX VINA., JSC	1,399	61	1,118	-
ELIAS AUTO INDIA PVT.LTD.	360	-	27	-
HY AUTO SOLUTION LLC	1,080	-	877	-
Infinite Marine Connect Co., Ltd.	-	79	-	-
PT. SUGIHARA HYUNDAI AUTOMOTIVE	5	-	-	-
HFA DISTRIBUTORS PTY LTD	303	-	-	-
Other related parties				
HYUNDAI C SQUARE CO., LTD.	499	2	382	3
	₩ 17,213	₩ 1,832	₩ 15,236	₩ 1,578

¹ It includes trade receivables, other current receivables and other non-current assets and others.

² It includes trade payables, other payables, advances from customers, other current liabilities and others.

Hyundai Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Fund transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023							
		Loan receivables and others					Dividends and others		
		Beginning balance	Increase	Recall	Foreign currency translation	Ending balance	Receipts	Payments	
Hyundai Corporation Holdings Co., Ltd.	Dividend	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	1,729
HYUNDAI YEMEN LNG COMPANY LIMITED	Loans	25,810	1,252	-	393	27,455	-	-	-
	Investment in resource development	22,830	4,369	-	357	27,556	-	-	-
KOREA LNG LIMITED	Dividend	-	-	-	-	-	21,094	-	-
KAPSTEX VINA., JSC	Dividend	-	-	-	-	-	140	-	-
H&DE Co., Ltd.	Loans	1,700	-	(1,700)	-	-	-	-	-
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	Dividend	-	-	-	-	-	23	-	-
HY AUTO SOLUTION LLC	Loans	2,915	-	-	51	2,966	-	-	-
PT.SUGIHARA HYUNDAI AUTOMOTIVE	Loans	-	261	-	(3)	258	-	-	-
HYUNDAI FRONTIER AUSTRALIA HOLDINGS PTY LTD	Capital Injection	-	2,655	-	(20)	2,635	-	-	-
Prologue Agricultural Food scale up Fund	Capital Injection	-	1,650	-	-	1,650	-	-	-
K-culture Global scale up Fund	Capital Injection	-	650	-	-	650	-	-	-
		₩ 53,255	₩ 10,837	₩ (1,700)	₩ 778	₩ 63,170	₩ 21,257	₩ -	₩ 1,729

Hyundai Corporation and Subsidiaries

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December 31, 2023 and 2022

(in millions of Korean won)

		2022							
		Loan receivables and others					Dividends and others		
		Beginning balance	Increase	Recall	Foreign currency translation	Ending balance	Receipts	Payments	
Hyundai Corporation Holdings Co., Ltd.	Dividend	₩	-	₩	-	₩	-	₩	1,729
PT HD INTL. DEVE.	Dividend		-		-	-	290		-
HYUNDAI YEMEN LNG COMPANY LIMITED	Loans	23,701	618	-	1,491	25,810	-		-
	Investment in resource development	19,287	2,268	-	1,275	22,830	-		-
KOREA LNG LIMITED	Dividend		-		-	-	21,305		-
KAPSTEX	Dividend		-		-	-	262		-
H&DE Co., Ltd.	Loans	1,700	-	-	-	1,700	-		-
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	Dividend		-		-	-	16		-
HY AUTO SOLUTION LLC	Loans	2,727	-	-	188	2,915	-		-
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	Capital Injection	5,000	-	(5,000)	-	-	-		-
Aeonus Co., Ltd.	Capital Injection	-	751	-	-	751	-		-
KCA ESG No.1 Private Equity Investment Co., Ltd.	Capital Injection	-	7,500	-	-	7,500	-		-
Infinite Marine Connect Co., Ltd.	Capital Injection	-	100	-	-	100	-		-
PT. SUGIHARA HYUNDAI AUTOMOTIVE	Capital Injection	-	651	-	-	651	-		-
		₩ 52,415	₩ 11,888	₩ (5,000)	₩ 2,954	₩ 62,257	₩ 21,873	₩	1,729

Details of the loss allowance recognized by the Group for receivables to the related parties for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

		2023			
		Beginning balance	Provision	Reversal	Ending balance
HYUNDAI YEMEN LNG COMPANY LIMITED	Investment in resource development	₩ 8,339	₩ -	₩ (470)	₩ 7,869
	Loans	10,331	-	(1,198)	9,133
	Accrued revenue	4,781	-	(535)	4,246
H&DE Co., Ltd.	Loans	561	-	(561)	-
HY AUTO SOLUTION LLC	Loans	-	2,966	-	2,966
	Accrued revenue	-	188	-	188
		₩ 24,012	₩ 3,154	₩ (2,764)	₩ 24,402

Hyundai Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

The Group provides payment guarantees to related parties as follows:

<i>(in thousands of USD)</i>	Financial institution	Amount providing	
ELIAS AUTO INDIA PVT.LTD.	KEB Hana Bank Chennai Branch	USD	240

The Group provides a cash deficiency support agreement to HYUNDAI YEMEN LNG COMPANY LIMITED for limit up to USD 42,000 thousand (Note 35).

The Group provides joint payment guarantees for the related party, Hyundai Corporation Holdings Co., Ltd, in relation to a lawsuit (Note 35).

The compensation paid or payable to key management for employee services for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023		2022	
Wages and salaries	₩	5,214	₩	4,911
Post-employment benefits		890		864
	₩	<u>6,104</u>	₩	<u>5,775</u>

37. Uncertainty of the Impact of the Ukraine incident

The ongoing armed conflicts in Ukraine area which began in February 2023 and international sanctions imposed against Russia may impact sanctioned entities and, entities doing business with Ukraine or Russia as well as entities exposed directly or indirectly to industries or economy of Ukraine or Russia. The Group has a joint venture, HY AUTO SOLUTION LLC, in Russia as at December 31, 2023. The Group identified indications of impairment for HY AUTO SOLUTION LLC and recognized impairment loss of ₩ 962 million and ₩ 3,154 million for the investment value (including share of loss of associates and joint ventures under equity method) and loans, respectively, for the year ended December 31, 2023.

38. Uncertainty of the Political and Economic Environment of Middle East Area

Geopolitical conflicts between Israel and Palestine and conflicts between Yemen's Houthi rebel forces and the West may directly or indirectly affect companies or industries doing business in the region.

As at December 31, 2023, the Group cannot reasonably predict the impact of these uncertainties on the consolidated financial statements in relation to the Yemen LNG mine project and others.