

Hyundai Corporation and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2022 and 2021
with the independent auditor's report

Table of contents

Independent auditor's report	
Consolidated financial statements	Page
Consolidated statements of financial position	1
Consolidated statements of profit or loss	2
Consolidated statements of comprehensive income	3
Consolidated statements of changes in equity	4
Consolidated statements of cash flows	5
Notes to the consolidated financial statements	6

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

The Shareholders and Board of Directors
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 statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of profit or loss and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 overseas sales and period to which they are attributable**

As described in Note 2 to the consolidated financial statements, the Group recognizes sales at the time of delivery, considering the terms of trade transactions, when a control of inventory is transferred to overseas customers. The Group's overseas sales for the year ended December 31, 2022 are ₩ 5,411,880 million, accounting for about 88% of its total sales.

Since it is probable that the occurrence of overseas sales and period to which such sales are attributable will be recognized incorrect in identifying performance obligations and determining the timing of satisfaction of such performance obligations for the contract with customer relating to overseas sales of the Group, we identified the occurrence of overseas sales and the period to which such sales are attributable as a key audit matter.

The main audit procedures we have performed for this key audit matter are as follows:

- We assessed revenue recognition accounting policies by the type of major overseas sales contract and changes in such policies, if any.
- We assessed contract documents by the type of overseas sales, including the assessment on identification of performance obligations, measurement of transaction amount, allocation of transaction price, and timing of revenue recognition.
- We tested details of overseas sales transactions occurring during the current period by comparing samples of sales to relevant documents.
- We checked whether the period to which overseas sales transactions is attributable is correct if such transactions occurred before or after the end of the reporting period.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Hee Seong Moon.



March 21, 2023

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

Hyundai Corporation and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2022 and 2021

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Anseok Jang
Chief Executive Officer
Hyundai Corporation

Hyundai Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2022 and 2021

(In Korean won)

	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	4,7,9	₩ 356,938,418,361	₩ 195,079,937,786
Short-term financial instruments	4,7	5,000,000,000	2,000,000,000
Trade receivables	4,7,8,10,36	525,741,457,894	649,740,947,644
Inventories	13	293,977,634,260	213,245,326,330
Derivative financial assets	4,5,7,12	5,774,599,634	2,276,942,149
Current portion of finance lease receivables	7,18,36	344,317,942	372,918,614
Other current receivables	4,7,10,36	16,204,009,792	23,408,763,049
Other current assets	14,36	31,234,406,879	25,285,001,980
		<u>1,235,214,844,762</u>	<u>1,111,409,837,552</u>
Non-current assets			
Long-term financial instruments	7	19,000,000	19,000,000
Financial assets at fair value through profit or loss	5,7,11	1,668,779,000	2,559,763,600
Financial assets at fair value through other comprehensive income	5,7,11,16	52,647,035,802	49,357,801,339
Other financial assets	7	319,489,817	349,990,744
Investments in joint ventures and associates	15,16,37	84,781,119,073	88,300,471,096
Long-term loan receivables	4,7,16,36	20,111,394,473	28,386,959,582
Investments in resource development projects	4,7,16,36	20,552,109,435	24,956,797,714
Property, plant and equipment	17	33,022,212,912	29,453,821,160
Investment properties	19	347,000,000,000	342,000,000,000
Right-of-use assets	18,36	7,045,368,627	8,416,278,097
Intangible assets	20	9,750,486,134	8,906,663,499
Deferred tax assets	25	2,693,191,812	6,252,665,226
Finance lease receivables (non-current)	7,18,36	159,016,947	563,430,066
Net defined benefit assets	23	2,257,358,376	-
Other non-current receivables	7,10	9,133,550,855	473,352,151
Other non-current assets	4,7,14,36	4,926,843,528	5,976,343,782
		<u>596,086,956,791</u>	<u>595,973,338,056</u>
Total assets		<u>₩ 1,831,301,801,553</u>	<u>₩ 1,707,383,175,608</u>
Liabilities			
Current liabilities			
Trade payables	4,7,36	₩ 444,427,442,563	₩ 255,963,840,201
Other payables	4,7,36	45,187,532,038	64,184,440,214
Advances from customers	36	110,852,376,295	36,966,249,301
Short-term borrowings	4,7,8,22,34	290,967,447,548	466,626,083,425
Current portion of debentures	4,7,22,34	49,943,005,915	29,962,289,013
Current portion of provisions	4,7,24,35	2,223,034,740	1,948,999,901
Current tax liabilities		15,281,677,489	7,218,727,859
Derivative financial liabilities	4,5,7,12	5,678,949,689	1,435,869,919
Current portion of lease liabilities	4,7,18,34	3,343,635,492	3,196,974,407
Other current liabilities	7,21,36	9,346,822,558	6,281,628,950
		<u>977,251,924,327</u>	<u>873,785,103,190</u>
Non-current liabilities			
Long-term other payables	4,7	9,865,137	4,875,523
Debentures	4,7,22,34	49,906,986,194	99,713,220,794
Long-term borrowings	4,7,22,34	322,931,932,176	322,737,812,608
Net defined benefit liability	23	-	1,845,012,106
Provisions	4,7,24,35	4,833,561,057	5,820,822,295
Deferred tax liabilities	25	21,367,373,539	22,041,881,862
Lease liabilities	4,7,18,34	4,780,894,121	6,607,337,545
Other non-current liabilities	4,7,21	3,947,912,743	4,081,103,615
Others		9,677,070,184	7,915,702,115
		<u>417,455,595,151</u>	<u>470,767,768,463</u>
Total liabilities		<u>1,394,707,519,478</u>	<u>1,344,552,871,653</u>
Equity			
Equity attributable to owners of the parent			
Issued capital	1	66,144,830,000	66,144,830,000
Other components of equity	26	(282,140,365,887)	(281,978,480,507)
Accumulated other comprehensive income	26	73,499,649,123	72,639,148,872
Retained earnings	27	575,527,682,561	504,261,835,732
		<u>433,031,795,797</u>	<u>361,067,334,097</u>
Non-controlling interests		<u>3,562,486,278</u>	<u>1,762,969,858</u>
Total equity		<u>436,594,282,075</u>	<u>362,830,303,955</u>
Total liabilities and equity		<u>₩ 1,831,301,801,553</u>	<u>₩ 1,707,383,175,608</u>

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

Hyundai Corporation and its subsidiaries
Consolidated statements of profit or loss
for the years ended December 31, 2022 and 2021

(In Korean won)

	Notes	2022	2021
Sales	6,16,28,36	₩ 6,126,968,751,169	₩ 3,782,497,523,034
Cost of sales	13,16,28,29,36	<u>(5,968,249,702,824)</u>	<u>(3,671,382,343,166)</u>
Gross profit		158,719,048,345	111,115,179,868
Selling and administrative expenses	29,30	<u>(91,891,540,331)</u>	<u>(76,045,278,170)</u>
Operating profit	6	66,827,508,014	35,069,901,698
Other income	7,31	207,497,033,387	85,269,529,390
Other expenses	7,31	(199,867,253,077)	(66,410,539,985)
Share of profit of associates and joint ventures	15,16	29,302,476,106	7,268,796,478
Finance income	7,32	63,962,795,891	25,841,954,925
Finance costs	7,32	<u>(77,184,918,887)</u>	<u>(30,818,953,659)</u>
Profit before tax		90,537,641,434	56,220,688,847
Income tax expenses	25	<u>(11,851,315,729)</u>	<u>(18,214,692,550)</u>
Profit for the year		<u>₩ 78,686,325,705</u>	<u>₩ 38,005,996,297</u>
Profit (loss) for the year attributable to:			
Owners of the parent		₩ 78,715,077,815	₩ 37,789,612,149
Non-controlling interests		(28,752,110)	216,384,148
Earnings per share attributable to owners of the parent			
Basic earnings per share	33	₩ 6,554	₩ 3,146

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

Hyundai Corporation and its subsidiaries
Consolidated statements of comprehensive income
for the years ended December 31, 2022 and 2021

(In Korean won)

	Notes	2022	2021
Profit for the year		₩ 78,686,325,705	₩ 38,005,996,297
Other comprehensive income			
Items will not be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on defined benefit plans	23	(242,651,386)	(961,960,238)
Gain on equity instruments designated at fair value through other comprehensive income	5,7,11	2,863,492,435	2,847,943,438
Share of other comprehensive income (loss) of associates and joint ventures	15	(8,483,742,904)	4,760,729,134
Items that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates and joint ventures	15	4,953,970,259	4,314,659,629
Gain on valuation of derivative instruments		354,483,195	254,268,398
Exchange differences on translation of foreign operations		1,135,512,932	6,330,843,319
Other comprehensive income for the year		<u>581,064,531</u>	<u>17,546,483,680</u>
Total comprehensive income for the year		<u>₩ 79,267,390,236</u>	<u>₩ 55,552,479,977</u>
Total comprehensive income for the year is attributable to:			
Owners of the parent		₩ 79,332,926,680	₩ 55,216,976,255
Non-controlling interests		(65,536,444)	335,503,722

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

Hyundai Corporation and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2022 and 2021

(In Korean won)

	Attributable to the owners of the parent				
	Issued capital	Other component of equity	Accumulated other comprehensive income	Retained earnings	Total
As of January 1, 2021	₩ 66,144,830,000	₩ (281,978,480,507)	₩ 54,249,824,528	₩ 474,640,763,421	₩ 313,056,937,442
Comprehensive income	-	-	-	₩ 37,789,612,149	₩ 37,789,612,149
Profit for the year	-	-	-	₩ 37,789,612,149	₩ 37,789,612,149
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	₩ 2,847,943,438	-	₩ 2,847,943,438
Share of other comprehensive income of associates and joint ventures	-	-	₩ 9,071,877,949	-	₩ 9,071,877,949
Remeasurement loss on defined benefit plans	-	-	-	₩ (961,960,238)	₩ (961,960,238)
Gain on valuation of derivative instruments	-	-	₩ 254,268,398	-	₩ 254,268,398
Exchange differences on translation of foreign operations	-	-	₩ 6,215,234,559	-	₩ 6,215,234,559
Transaction with owners	-	-	₩ 18,389,324,344	₩ 36,827,651,911	₩ 55,216,976,255
Dividends (Note 27)	-	-	-	₩ (7,206,579,600)	₩ (7,206,579,600)
Equity transactions with non-controlling interests	-	-	-	-	₩ 20,000,000
As of December 31, 2021	₩ 66,144,830,000	₩ (281,978,480,507)	₩ 72,639,148,872	₩ 504,261,835,732	₩ 361,067,334,097
As of January 1, 2022	₩ 66,144,830,000	₩ (281,978,480,507)	₩ 72,639,148,872	₩ 504,261,835,732	₩ 361,067,334,097
Comprehensive income	-	-	-	₩ 78,715,077,815	₩ 78,715,077,815
Profit for the year	-	-	-	₩ 78,715,077,815	₩ 78,715,077,815
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	₩ 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)
Remeasurement loss on defined benefit plans	-	-	-	₩ (242,651,386)	₩ (242,651,386)
Gain on valuation of derivative instruments	-	-	₩ 354,483,195	-	₩ 354,483,195
Exchange differences on translation of foreign operations	-	-	₩ 1,171,079,089	-	₩ 1,171,079,089
Transaction with owners	-	-	₩ 860,500,251	₩ 78,472,426,429	₩ 79,332,926,680
Dividends (Note 27)	-	-	-	₩ (7,206,579,600)	₩ (7,206,579,600)
Equity transactions with non-controlling interests	-	-	-	-	₩ 1,865,052,864
Other capital adjustments	-	-	-	₩ (7,206,579,600)	₩ (7,206,579,600)
As of December 31, 2022	₩ 66,144,830,000	₩ (282,140,365,887)	₩ 73,499,649,123	₩ 575,527,682,561	₩ 433,031,795,797
Total equity	₩ 314,464,403,578	₩ 1,407,466,136	₩ 38,005,996,297	₩ 1,407,466,136	₩ 314,464,403,578

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

Hyundai Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2022 and 2021

(In Korean won)

	Notes	2022	2021
Operating activities			
Cash generated from operations	34 ₩	365,065,824,653 ₩	(340,267,012,756)
Profit for the year		78,686,325,705	38,005,996,297
Adjustments to reconcile profit for the year to net cash flows provided by (used in) operating activities:			
Working capital adjustments:		17,928,792,862	19,483,026,085
Interest received		268,450,706,086	(397,756,035,138)
Interest paid		4,051,327,874	1,276,384,027
Dividends received		(19,869,216,573)	(12,304,135,360)
Income tax refund (payment)		35,636,439,360	17,995,118,781
		1,568,683,089	(11,491,960,129)
Net cash flows provided by (used in) operating activities		386,453,058,403	(344,791,605,437)
Investing activities			
Decrease in short-term financial instruments		2,000,000,000	6,703,000,000
Proceeds from disposal of financial assets at fair value through profit or loss		4,087,394,700	-
Collection of long-term loan receivables		128,172,201	301,077,603
Proceeds from disposal of property, plant and equipment		789,117,105	90,712,246
Proceeds from disposal of intangible assets		-	345,454,546
Increase in leasehold deposits received		(13,544,817)	106,847,464
Collection of finance lease receivables		428,578,403	411,463,998
Proceeds from disposal of financial assets at amortized cost		65,500,000	131,000,000
Proceeds from disposal of investments in joint ventures and associates		14,420,329,374	11,328,122,903
Increase in short-term financial instruments		(5,000,000,000)	(6,527,000,000)
Acquisition of financial assets at fair value through profit or loss		(1,300,000,000)	(350,000,000)
Increase in long-term loan receivables		(1,096,879,583)	(3,524,612,381)
Acquisition of property, plant and equipment		(6,575,836,243)	(4,320,850,603)
Acquisition of intangible assets		(1,440,773,666)	(2,034,696,142)
Decrease in leasehold deposits received		(150,402,647)	-
Acquisition of investments in joint ventures and associates		(8,999,276,864)	(12,102,317,582)
Increase in investments in resource development projects		(2,267,623,494)	(2,194,277,073)
Acquisition of investment properties		-	(8,392,845,774)
Net cash flows used in investing activities		(4,925,245,531)	(20,028,920,795)
Financing activities			
Proceeds from short-term borrowings		24,072,140,000	337,871,327,306
Proceeds from long-term borrowings		1,146,330,748	8,687,682,224
Proceeds from issuance of debentures		-	49,791,780,000
Repayment of short-term borrowings		(202,766,664,702)	(45,145,803,000)
Repayment of long-term borrowings		(1,254,229,840)	(4,171,084,224)
Repayment of debentures		(30,000,000,000)	(30,000,000,000)
Payment of lease liabilities		(4,398,519,221)	(4,224,121,966)
Increase in non-controlling interest		1,980,000,000	-
Dividends paid		(7,261,353,698)	(7,206,579,600)
Net cash flows provided by (used in) financing activities		(218,482,296,713)	305,603,200,740
Net increase (decrease) in cash and cash equivalents		163,045,516,159	(59,217,325,492)
Net foreign exchange difference		(1,187,035,584)	6,262,215,248
Cash and cash equivalents as of January 1		195,079,937,786	248,035,048,030
Cash and cash equivalents as of December 31	₩	356,938,418,361 ₩	195,079,937,786

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

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

1. Corporate information

The consolidated financial statements include Hyundai Corporation (the “Company”), and its twenty six (26) consolidated subsidiaries, including Hyundai Corp. USA (collectively referred to as the “Group”), and twelve (12) 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 of December 31, 2022, 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 of December 31, 2022, the Company has 13,228,966 common 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 of December 31, 2022 are as follows:

Shareholders	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	761,614	5.75
Chung Mong-hyuk	319,601	2.42
Chung Mong-seok	264,579	2.00
Halla Holdings Corporation	264,579	2.00
MIDAS Active Value Securities Investment Company - Equity	132,776	1.00
Hyundai Home Shopping Network Corporation	132,289	1.00
Hyundai Department Store Co., Ltd.	132,289	1.00
Others	5,533,764	41.83
	12,010,966	90.79
Treasuay shares	1,218,000	9.21
	13,228,966	100.00

1.2 Subsidiaries

Details of subsidiaries as of December 31, 2022 and 2021 are as follows:

Name		Percentage of ownership (%)		Closing month	Main business
		2022	2021		
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	Trading
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 and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

1.2 Subsidiaries (cont'd)

Name		Percentage of ownership (%)		Closing month	Main business
		2022	2021		
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	-	December	Trading
HYUNDAI CORPORATION ITALIA S.R.L. (*4, *7)	Italia	100	-	December	Trading
HYUNDAI CORPORATION MEXICO, S. DE R.L DE C.V. (*7)	Mexico	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 Group holds preferential acquisition rights to major real estate of private equity real estate investment trusts, and the percentage of ownership was calculated based on the holding rate of Type 2 beneficiary securities held by the Group.

(*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 of consolidated subsidiaries as of and for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

Company name	2022					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (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
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)

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

1.4 Summarized Financial Information (cont'd)

Company name	2021					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
HYUNDAI CORP. USA	₩ 167,778	₩ 124,015	₩ 43,763	₩ 287,152	₩ 7,023	₩ 10,276
HYUNDAI AUSTRALIA PTY., LTD.	1,853	3,617	(1,764)	5,418	(251)	(290)
HYUNDAI JAPAN CO., LTD.	57,645	36,444	21,201	170,760	1,601	1,126
HYUNDAI CANADA INC.	131,816	119,285	12,531	149,266	1,971	2,882
HYUNDAI CORP. EUROPE GMBH	42,675	34,883	7,792	97,115	(72)	(48)
HYUNDAI CORPORATION SINGAPORE PTE. LTD.	59,091	50,949	8,142	116,248	1,217	1,826
HYUNDAI CORPORATION (SHANGHAI) CO., LTD.	23,755	18,690	5,065	86,985	1,062	1,524
POS-HYUNDAI STEEL MFG. (I) PVT. LTD.	46,935	23,899	23,036	56,706	3,270	4,686
HYUNDAI RENEWABLE LAB	10,682	1,339	9,343	953	228	228
Hangang Domestic Specialized Private Equity in Real Estate Investment Trust No.13	353,984	319,962	34,022	16,606	1,533	1,533
HYUNDAI PLATFORM CORP	2,659	971	1,688	7,887	72	208
HYUNDAI RENEWABLE LAB JAPAN	2,468	1,893	575	303	64	51
HYUNDAI ONE EUROPE GMBH	4,778	483	4,295	17,568	1,583	1,579
HYUNDAI FUELS PTE. LTD.	93,957	82,812	11,145	675,970	3,177	4,177
HYUNDAI ONE ASIA PTE. LTD.	8,085	4,674	3,411	17,695	1,294	1,511
HYUNDAI CORPORATION (CAMBODIA) CO., LTD.	22	22	-	-	109	103
HYUNDAI CORPORATION PHNOM PENH INVESTMENT CO., LTD.	8	-	8	-	-	1
SHANGHAI ONE ASIA LOGISTICS CO., LTD	4,212	2,460	1,752	12,844	455	610
HANOI ONE ASIA LOGISTICS	2,102	410	1,692	5,536	190	342
HYUNDAI RENEWABLE LAB MIMASAKA	1,015	698	317	136	17	10
HYUNDAI NAVIS CO., LTD.	38,917	20,903	18,014	140,886	667	667
HYUNDAI RENEWABLE LAB YUMESAKI	2,053	1,528	525	70	10	13
HYUNDAI RENEWABLE LAB EHIME	2,680	2,220	460	-	(4)	(20)
PROLOGUE VENTURES INC.	108	-	108	-	(2)	(2)

2. Basis of preparation and summary of significant 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 prepares statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") enacted by the *Act on External Audit of Stock Companies*. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Korean won (KRW or ₩) and all values are rounded to the nearest millions, except when otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to KIFRS 1037

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the consolidated financial statements of the Group as there were no provisions recognized additionally after the allocation of incremental costs and costs directly related to contract activities during the period.

Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments replace a reference to a previous version of the International Accounting Standards Board (IASB)'s *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of KIFRS 1103 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* or KIFRS Interpretation 2121 *Levies*, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS Interpretation 2121, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

2.2.1 New and amended standards and interpretations (cont'd)

KIFRS 1101 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of KIFRS 1101 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to KIFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of KIFRS 1101. These amendments had no impact on the consolidated financial statements of the Group as its subsidiary is not a first-time adopter.

KIFRS 1109 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for KIFRS 1039 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

KIFRS 1041 *Agriculture* – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of KIFRS 1041 as of the reporting date.

2.2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

KIFRS 1117 *Insurance Contracts*

In 2021, KIFRS 1117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure was issued. Once effective, KIFRS 1117 will replace KIFRS 1104 *Insurance Contracts* that was issued in 2007. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in KIFRS 1104, which are largely based on grandfathering previous local accounting policies, KIFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of KIFRS 1117 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

KIFRS 1117 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies KIFRS 1109 and KIFRS 1115 on or before the date it first applies KIFRS 1117. This standard is not applicable to the Group.

2.2.2 Standards issued but not yet effective (cont'd)

Amendments to KIFRS 1001: *Classification of Liabilities as Current or Non-current*

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to KIFRS 1008

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to KIFRS 1012

The amendments narrow the scope of the initial recognition exception under KIFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Group is currently assessing the impact of the amendments.

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, 2021. 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

2.3 Basis of consolidation (cont'd)

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.

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 Investment 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 statement of comprehensive income 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 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.

2.4 Investment in associates and joint ventures (cont'd)

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 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 'Share of profit of an associate and a joint venture' 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 versus 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.

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.

(1) 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.

2.6 Foreign currency translation (cont'd)

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.

(2) 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 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

(1) 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 KIFRS 1115.

2.8.1 Financial assets (cont'd)

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.

(2) 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 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

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.

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 the statement of 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.

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 KIFRS 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 statement of profit or loss 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.

2.8.1 Financial assets (cont'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 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 statement of profit or loss.

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.

(3) 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) 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 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.

2.8.1 Financial assets (cont'd)

(4) Impairment of financial assets

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

	<u>Notes</u>
➤ Disclosures for significant assumptions	3
➤ Trade receivables, including contract assets	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 contract assets, 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

(1) 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.

(2) Subsequent measurement

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

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 KIFRS 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 the statement of 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 KIFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. 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.

2.8.2 Financial liabilities (cont'd)

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

(3) 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 the consolidated statement of 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 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:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit or loss. 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 statement of profit or loss.

2.9.1 Initial recognition and subsequent measurement (cont'd)

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 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.

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 statement of profit or loss. 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 inventories is determined using the specific identification 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:

	<u>Useful life</u>
Buildings	30 years
Machinery and equipment	15 years
Others	2 to 13 years

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 the consolidated statement of 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.

(1) 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

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

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 section 3.6 Impairment of non-financial assets.

(2) 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.

2.13.1 Group as a lessee (cont'd)

(3) 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 statement of profit or loss 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 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 KIFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*

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 statement of comprehensive income 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.

2.17 Provisions (cont'd)

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

(1) 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 statement of comprehensive income. 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.

(2) 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 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 OCI 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.

2.18 Taxes (cont'd)

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

(1) Defined benefit plans

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

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

(2) Other long-term employee benefits

The Group provides long-term employee benefits, which are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The 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

(1) 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.

(2) 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

(1) Interest income

Interest income is recognized using the EIR 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.

2.21 Other income (cont'd)

(2) Dividend income

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

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 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 EPS is calculated by dividing the profit for the year attributable to ordinary owners of the parent by the weighted average number of common 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.

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.

2.25 Fair value measurement (cont'd)

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 consolidated financial statements

The consolidated financial statements of the Group for the year ended December 31, 2022 were approved By the Board of Directors on February 9, 2023 and will be submitted at the annual shareholders' meeting for revision and final approval, if any.

3. Significant accounting judgments estimates and assumptions

The preparation of consolidated 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 taxes

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 (see Note 25).

If certain portion of the taxable income is not used for investments, increase in wages, or dividends in accordance with the *Tax System for Recirculation of Corporate Income*, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred tax is affected by the tax effects from the new system. 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 (see Note 5).

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 (see Note 23).

3.4 Provisions

The Group recognizes provisions for restoration related to overseas explorations as of the reporting date. The amounts are estimated based on historical data (see Note 24).

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 (see Note 10).

3.6 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. For non-financial assets excluding goodwill and intangible assets with indefinite useful lives, an assessment is made when there is any indication that the carrying amount of such assets cannot be recovered. In assessing value in use, management estimates future cash flows generated from the asset or cash-generating unit and discounts the cash flows to their present value using a proper discount rate.

4. Financial instruments risk management objectives and policies

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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

(1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar, 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 the 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.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

4.1.1 Market risk (cont'd)

Financial assets and liabilities denominated in foreign currency as of December 31, 2022 and 2021 are as follows (Korean won in millions and USD in thousands):

Financial assets	2022		2021	
	Equivalent in USD	Converted to KRW	Equivalent in USD	Converted to KRW
Cash and cash equivalents	\$ 142,415	₩ 180,482	\$ 42,820	₩ 50,763
Trade receivables	389,243	493,288	492,900	584,333
Other current receivables	627	794	8,256	9,787
Long-term loan receivables	14,022	17,770	21,078	24,988
Investments in development projects	16,217	20,552	21,052	24,957
Other non-current assets	224	284	220	260
Total	\$ 562,748	₩ 713,170	\$ 586,326	₩ 695,088

Financial liabilities	2022		2021	
	Equivalent in USD	Converted to KRW	Equivalent in USD	Converted to KRW
Trade payables	\$ 247,755	₩ 313,980	\$ 140,815	₩ 166,936
Short-term borrowings	219,553	278,239	352,948	418,420
Other payables	9,702	12,295	22,280	26,413
Long-term borrowings	4,782	6,060	4,782	5,669
Total	\$ 481,792	₩ 610,574	\$ 520,825	₩ 617,438

The analysis is based on the assumption that the interest rate has increased/decreased by 10% with all other variables held constant (Korean won in millions).

	2022		2021	
	10% increase	10% decrease	10% increase	10% decrease
Income effect before tax	₩ 10,260	₩ (10,260)	₩ 7,765	₩ (7,765)

(2) Price risk

The Group's equity investments, which are classified as FVPL and FVOCI, are susceptible to price risk.

The Group has determined that an increase/(decrease) of 10% on price of FVPL and FVOCI that the Group is holding, could have an impact of approximately ₩ 5,432 million increase/(decrease) on equity before tax of the Group resulted from changes of gain(loss) on valuation of financial instruments.

(3) Interest 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.

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.

As of 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.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

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 of December 31, 2022 and 2021 (Korean won in millions):

	2022				Total	Carrying amount
	Less than 1 year	1~2 years	2~3 years	Over 3 years		
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.

	2021				Total	Carrying amount
	Less than 1 year	1~2 years	2~3 years	Over 3 years		
Trade payables	₩ 255,964	₩ -	₩ -	₩ -	₩ 255,964	₩ 255,964
Other payables	64,184	-	-	-	64,184	64,184
Derivative financial liabilities	1,436	-	-	-	1,436	1,436
Borrowings (*1)	480,656	14,052	308,204	14,458	817,370	789,364
Debentures (*1)	33,377	52,575	51,194	-	137,146	129,676
Lease liabilities	4,160	3,591	1,113	2,314	11,178	9,804
Financial guarantee contracts (*2)	-	-	-	2,040	2,040	48
Total	₩ 839,777	₩ 70,218	₩ 360,511	₩ 18,812	₩ 1,289,318	₩ 1,250,476

(*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 of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Liabilities	₩ 1,394,708	₩ 1,344,553
Equity	436,594	362,830
Debt-to-equity ratios (%)	319.5	370.6

5. Fair value

5.1 Fair value of financial instruments by category

There are no significant differences between carrying value 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 of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Derivative financial assets	₩ -	₩ 5,775	₩ -	₩ 5,775
Financial assets at FVOCI	-	-	51,965	51,965
Derivative financial liabilities	-	5,679	-	5,679
	2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Derivative financial assets	₩ -	₩ 2,277	₩ -	₩ 2,277
Financial assets at FVPL	-	-	2,191	2,191
Financial assets at FVOCI	-	-	48,497	48,497
Derivative financial liabilities	-	1,436	-	1,436

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, trade payable, other payable, long and short-term borrowings and etc. is 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, 2022 and 2021.

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 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.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

5.3 Valuation technique and the inputs

Valuation techniques and inputs used in the fair values categorized within Level 3 of the fair value hierarchy as of December 31, 2022 and 2021 are as follows (Korean won in millions):

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

	2021				
	Fair value	Level	Valuation techniques	Inputs	Range of inputs
Financial assets at FVPL					
Almac Co., Ltd.	2,191	3	Discounted cash flow (DCF) model Comparable company valuation multiples	Discount rate Perpetuity growth rates Comparable company peer	12.15% 0% Manufactures of aluminum with rolled, extrusion, stretching
Financial assets at FVOCI					
KOREA Ras Laffan LNG Ltd.	39,791	3	Discounted cash flow (DCF) model	Discount rate Main product unit price (\$/mmbtu) Estimated period of cash flow	7.59% 7.08 ~ 11.76 By 2029
Hyundai Miraero Co., Ltd.	8,706	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 within 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, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable. 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 (Korean won in millions):

	Favorable change	Unfavorable change
Gain (loss) on valuation of financial assets at FVOCI	₩ 912	₩ (872)

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

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, 2022 and 2021 is as follows (Korean won in millions):

	2022			
	Sales	Operating profit	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
	<u>₩ 6,126,969</u>	<u>₩ 66,828</u>	<u>₩ 6,136</u>	<u>₩ 548</u>

	2021			
	Sales	Operating profit	Depreciation	Amortization
Steel	₩ 1,342,286	₩ 23,439	₩ 2,009	₩ 132
Auto & Parts	550,485	2,435	658	54
Smart mobility & Energy convergence	205,220	926	1,000	63
Infra & Machinery	223,400	1,332	267	22
Petroleum & Chemical products	1,357,961	5,468	1,622	134
Others	103,146	1,470	123	10
	<u>₩ 3,782,498</u>	<u>₩ 35,070</u>	<u>₩ 5,679</u>	<u>₩ 415</u>

Share of profit and other income (dividend income) of resource development business division, which are not included in operating income amount to ₩ 34,860 million and ₩ 15,832 million for the years ended December 31, 2022 and 2021, 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.

6.2 Regional Information.

As of December 31, 2022 and 2021, the details of non-current assets by region (based on location) are as follows (Korean won in millions):

2022					
Korea	America	Asia	Europe	Others	Total
₩ 367,266	₩ 1,703	₩ 29,016	₩ 71	₩ 133	₩ 398,189

2021					
Korea	America	Asia	Europe	Others	Total
₩ 365,608	₩ 1,726	₩ 23,868	₩ 57	₩ 166	₩ 391,425

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

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

7. Financial instruments by category

Details of financial assets by category as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			
	At amortized cost	At FVPL	At FVOCI	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
	<u>904,227</u>	<u>5,074</u>	<u>701</u>	<u>910,002</u>
Non-current assets:				
Long-term financial instruments	19	-	-	19
Financial assets at FVPL	-	1,669	-	1,669
Financial assets at FVOCI	-	-	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
	<u>53,850</u>	<u>1,669</u>	<u>52,647</u>	<u>108,166</u>
	<u>₩ 958,077</u>	<u>₩ 6,743</u>	<u>₩ 53,348</u>	<u>₩ 1,018,168</u>

(*1) Long-term prepaid expenses are excluded.

	2021			
	At amortized cost	At FVPL	At FVOCI	Total
Current assets:				
Cash and cash equivalent	₩ 195,080	₩ -	₩ -	₩ 195,080
Short-term financial instruments	2,000	-	-	2,000
Trade receivables	649,741	-	-	649,741
Derivatives financial assets	-	2,022	255	2,277
Finance lease receivables	373	-	-	373
Other current receivables	23,409	-	-	23,409
	<u>870,603</u>	<u>2,022</u>	<u>255</u>	<u>872,880</u>
Non-current assets:				
Long-term financial instruments	19	-	-	19
Financial assets at FVPL	-	2,560	-	2,560
Financial assets at FVOCI	-	-	49,358	49,358
Other financial assets	350	-	-	350
Long-term loan receivables	28,387	-	-	28,387
Investments in resource development projects	24,957	-	-	24,957
Finance lease receivables	563	-	-	563
Other non-current receivables	473	-	-	473
Other non-current assets (*1)	3,328	-	-	3,328
	<u>58,077</u>	<u>2,560</u>	<u>49,358</u>	<u>109,995</u>
	<u>₩ 928,680</u>	<u>₩ 4,582</u>	<u>₩ 49,613</u>	<u>₩ 982,875</u>

(*1) Long-term prepaid expenses are excluded.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

7. Financial instruments by category (cont'd)

Net gains or losses on each category of financial instruments for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Financial assets at FVPL:		
Gain on disposal of financial assets at FVPL	₩ 1,896	₩ -
Dividend income	30	4
Gain on valuation of financial assets at FVPL	-	6
	<u>1,926</u>	<u>10</u>
Financial assets at FVOCI:		
Dividend income	13,733	7,989
Gain on valuation of financial assets at FVOCI	2,863	2,848
	<u>16,596</u>	<u>10,837</u>
Financial assets at amortized cost:		
Interest income	5,381	2,212
Bad debt expenses	(24,887)	(2,733)
Foreign exchange gain	7,573	16,596
Loss on disposal of trade receivables	(10,226)	(1,768)
	<u>(22,159)</u>	<u>14,307</u>
Derivative instruments:		
Gain (loss) on valuation (through profit or loss)	(1,190)	491
Gain on valuation (through other comprehensive income)	354	254
Gain (loss) on transactions	6,065	(530)
	<u>5,229</u>	<u>215</u>
Financial liabilities at amortized cost:		
Interest expenses	(19,650)	(13,067)
Foreign exchange loss	(9,818)	(10,875)
	<u>(29,468)</u>	<u>(23,942)</u>
Finance guarantee provision:		
Reversal of provision for financial guarantee	439	175
Contribution to Provision for financial guarantee	(757)	(169)
	<u>(318)</u>	<u>6</u>
	<u>₩ (28,194)</u>	<u>₩ 1,433</u>

Details of restricted financial instruments as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021	description
Long-term financial instruments and others	₩ 191	₩ 202	Bank overdrafts and etc.

8. Transfers of financial assets

(1) 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 of December 31, 2022 and 2021 are as follows (Korean won in millions):

	Financial assets at amortized cost			
	2022		2021	
Book value of assets	₩	278,175	₩	423,992
Book value of related liabilities (*1)		278,175		423,992

(*1) Net of prepaid expenses.

(2) 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 of December 31, 2022, the carrying amount of receivables which have not matured amounts to ₩ 79,291 million.

9. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Cash at bank and on hand	₩	356,938	₩	131,872
Short-term deposits		-		63,208
	₩	356,938	₩	195,080

10. Trade and other receivables

10.1 Trade receivables

Details of trade receivables as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Trade receivables	₩	543,590	₩	679,879
Allowance for expected credit losses		(17,849)		(30,138)
	₩	525,741	₩	649,741

Details of the aging analysis and loss allowance for expected credit losses of trade receivables as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	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 expected credit losses	(102)	(34)	(3)	(139)
Individual impaired receivables:				
Carrying amount	-	523	26,045	26,568
Allowance for expected credit losses	-	(523)	(17,187)	(17,710)
Total of receivables	₩ 482,998	₩ 29,319	₩ 31,273	₩ 543,590
	₩ (102)	₩ (557)	₩ (17,190)	₩ (17,849)

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

10.1 Trade receivables (cont'd)

	2021			
	Current	< 3 months	Over 3 months	Total
General receivables				
Carrying amount	₩ 600,473	₩ 41,714	₩ 4,757	₩ 646,944
Expected loss rate (%)	0.02%	0.21%	19.78%	-
Allowance for expected credit losses	(146)	(89)	(941)	(1,176)
Individual impaired receivables				
Carrying amount	-	-	32,935	32,935
Allowance for expected credit losses	-	-	(28,962)	(28,962)
Total of receivables	600,473	41,714	37,692	679,879
	₩ (146)	₩ (89)	₩ (29,903)	₩ (30,138)

Changes in the allowance for expected credit losses of trade receivables for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
As of January, 1	₩ 30,138	₩ 27,073
Provision of allowance for expected credit loss	872	2,948
Others (*)	(13,161)	117
	₩ 17,849	₩ 30,138

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

10.2 Other receivables

Details of other receivables as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			2021		
	Receivables	Allowance for doubtful accounts	Carrying amount	Receivables	Allowance for doubtful accounts	Carrying amount
Short-term loan receivables	₩ 49	₩ -	₩ 49	₩ -	₩ -	₩ -
Other receivables	132,850	(118,513)	14,337	114,579	(104,669)	9,910
Accrued income	14,905	(4,782)	10,123	13,521	-	13,521
Guarantee deposits	829	-	829	451	-	451
	₩ 148,633	₩ (123,295)	₩ 25,338	₩ 128,551	₩ (104,669)	₩ 23,882

11. Financial assets at fair value

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

Details of financial assets at FVPL as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Investment fund		
Shinhan Gentium Startup Fund No.2	₩ 350	₩ 350
Non-listed equity investments		
EUROTEM DEMIRYOLU ARA-LARI SAN	19	19
Almac Co., Ltd.	-	2,191
Prologue Ventures New Technology Investment Association No.1	1,000	-
Aureum Gold Rush ESG General Private Equity Investment Trust No.1	300	-
	₩ 1,669	₩ 2,560

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

11. Financial assets at fair value (cont'd)

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

Details of financial assets at FVOCI as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Non-listed equity investments				
KOREA RAS LAFFAN LNG LIMITED	₩	40,670	₩	39,791
Hyundai Miraero Co., Ltd.		11,295		8,706
SHWE DAEHAN MOTORS		-		861
STEELARIS PTE LTD		682		-
	₩	52,647	₩	49,358

Changes in financial assets at FVPL and FVOCI for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at FVPL	Financial assets at FVOCI
As of January 1	₩ 2,560	₩ 49,358	₩ 2,204	₩ 45,530
Additions	1,300	-	350	-
Disposals	(2,191)	-	-	-
Valuation	-	3,230	6	3,757
Effect of changes in foreign currency	-	59	-	71
As of December 31	₩ 1,669	₩ 52,647	₩ 2,560	₩ 49,358

12. Derivative instruments

Details of derivative instruments as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
	Asset	Liability	Asset	Liability
Foreign exchange forward	₩ 3,996	₩ 4,908	₩ 1,830	₩ 1,093
Instruments futures - fair value risk hedge (*1)	1,078	771	192	343
Instruments futures - cash flow hedge (*2)	701	-	255	-
	₩ 5,775	₩ 5,679	₩ 2,277	₩ 1,436

(*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 ₩ 541 million and ₩ 187 million as of December 31, 2022 and 2021, respectively.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

12. Derivative instruments (cont'd)

Details of foreign exchange forward as of December 31, 2022 and 2021 are as follows (Korean won in millions, foreign currency in thousands):

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

2021					
Currency (buy)	Amount (buy)	Currency (sell)	Amount (sell)	Derivative instruments assets	Derivative instruments liabilities
EUR	9,898	USD	11,851	₩ -	₩ 749
JPY	100,957	KRW	1,048	-	7
KRW	18,954	CNY	103,025	-	205
KRW	791	EUR	588	1	-
KRW	3,904	JPY	376,846	19	-
KRW	62,791	USD	52,970	35	80
USD	1,706	CAD	2,172	11	10
USD	50,126	EUR	42,944	1,728	42
USD	1,200	JPY	137,027	11	-
USD	7,258	KRW	8,583	25	-
				₩ 1,830	₩ 1,093

Details of instruments futures as of December 31, 2022 and 2021 are as follows (Korean won in millions):

Contract	Position	2022		2021	
		Derivative instruments assets	Derivative instruments liabilities	Derivative instruments assets	Derivative instruments liabilities
Instruments futures - fair value risk hedge					
Asphalt futures	Buy	₩ 1,078	₩ 771	₩ 192	₩ 343
Instruments futures - cash flow hedge					
Gas oil futures	Buy	-	-	51	-
Fuel oil futures	Buy	701	-	204	-
		701	-	255	-
		₩ 1,779	₩ 771	₩ 447	₩ 343

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

13. Inventories

Details of inventories as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			2021		
	Purchase cost	Valuation allowance	Carrying amount	Purchase cost	Valuation allowance	Carrying amount
Merchandise	₩ 273,993	₩ -	₩ 273,993	₩ 194,195	₩ (1,084)	₩ 193,111
Finished goods	2,224	-	2,224	2,010	-	2,010
Raw materials	17,635	-	17,635	18,057	-	18,057
Work in progress	126	-	126	67	-	67
	₩ 293,978	₩ -	₩ 293,978	₩ 214,329	₩ (1,084)	₩ 213,245

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 (loss on valuation of inventories in 2021: ₩ 332 million).

14. Other assets

Details of other assets as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Other current assets:		
Prepayments	₩ 22,222	₩ 19,624
Prepaid expenses	6,265	3,175
Others	2,747	2,486
	₩ 31,234	₩ 25,285
Other non-current assets:		
Long-term prepaid expenses	1,371	2,649
Deposits	3,556	3,327
	₩ 4,927	₩ 5,976
	₩ 36,161	₩ 31,261

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

15. Investments in joint ventures and associates

(1) Details of investments in joint ventures and associates as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021		Domicile	Business
	Equity interest (%)	Book value	Equity interest (%)	Book value		
PT HD INTI DEVE. (*1)	55.00	₩ 1,142	55.00	₩ 1,154	Indonesia	Management of facility
HYUNDAI YEMEN LNG COMPANY LIMITED (*1, *2)	51.00	31,920	51.00	36,759	Bermuda	Yemen LNG development
KOREA LNG LIMITED	20.00	29,837	20.00	31,360	Bermuda	OMAN LNG development
H&DE CO., LTD.	34.00	-	34.00	896	Korea	Aluminum forged products
KAPSTEX VINA., JSC (*3)	13.00	4,241	13.00	4,018	Vietnam	Manufacture and sale of technical textiles
INTERGIS BUSAN NEWPORT CENTER CO., LTD. (*4)	20.00	1,101	20.00	1,056	Korea	Warehouse and Transportation related Service
ELIAS AUTO INDIA PRIVATE LIMITED (*1, *5)	51.00	577	51.00	700	India	Vehicle knock down business
HY Auto Solution	50.00	7,301	50.00	7,438	Russia	Auto parts manufacturing
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd. (*8)	-	-	44.96	4,919	Korea	Securities investment
Aeonus Co., Ltd. (*6, *9)	8.94	614	-	-	Korea	Renewable energy and mobile ESS development
KCA ESG No.1 Private Equity Investment Co., Ltd. (*9)	34.17	7,324	-	-	Korea	Securities investment
Infinite Marine Connect Co., Ltd. (*7, *9)	49.00	100	-	-	Korea	Ship fuel supply business
SUGIHARA HYUNDAI AUTOMOTIVE (*9)	50.00	624	-	-	Indonesia	Auto parts manufacturing
		<u>₩ 84,781</u>		<u>₩ 88,300</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 Corporation Singapore Pte. Ltd.

(*5) The joint venture of Pos-Hyundai Steel Mfg. (I) Pvt. Ltd.

(*6) Although the percentage of ownership of the Group is 8.94%, it is determined to be an associate because the entity has an authority to appoint key executives of the associate.

(*7) The associate of Hyundai Fuels Pte. Ltd.

(*8) The entity was disposed during the year ended December 31, 2022.

(*9) The entity was newly established during the year ended December 31, 2022.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

15. Investments in joint ventures and associates (cont'd)

(2) Changes in investments in joint ventures and associates as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022						
	Jan. 1	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Others	Dec. 31	
PT HD INTI 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	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	
SUGIHARA HYUNDAI AUTOMOTIVE	-	651	-	(27)	-	624	
	₩ 88,300	₩ (5,354)	₩ 29,303	₩ (5,597)	₩ (21,871)	₩ 84,781	

	2021						
	Jan. 1	Acquisition	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Others	Dec. 31	
PT HD INTI DEVE.	₩ 1,162	₩ -	₩ 351	₩ 66	₩ (425)	₩ 1,154	
HYUNDAI YEMEN LNG COMPANY LIMITED	33,804	-	(1,324)	4,279	-	36,759	
KOREA LNG LIMITED	24,273	-	9,167	7,099	(9,179)	31,360	
H&DE CO., LTD.	2,180	-	(1,284)	-	-	896	
KAPSTEX VINA., JSC	3,591	-	359	227	(159)	4,018	
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	1,039	-	23	16	(22)	1,056	
ELIAS AUTO INDIA PRIVATE LIMITED	931	-	(290)	59	-	700	
Multi-Asset Eco-Friendly Ship Equipment Private Equity Trust	11,328	(11,328)	218	-	(218)	-	
HY Auto Solution	-	7,102	130	206	-	7,438	
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	-	5,000	(81)	-	-	4,919	
	₩ 78,308	₩ 774	₩ 7,269	₩ 11,952	₩ (10,003)	₩ 88,300	

(3) Financial information of investments in joint ventures and associates as of and for the years ended December 31, 2022 and 2021 are as below (Korean won in millions):

	2022					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
PT HD INTI 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	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)
SUGIHARA HYUNDAI AUTOMOTIVE	1,251	3	1,248	-	-	(54)

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

15. Investments in joint ventures and associates (cont'd)

	2021					
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
	₩	₩	₩	₩	₩	₩
PT HD INTI DEVE.	2,729	629	2,100	4,230	637	758
HYUNDAI YEMEN LNG COMPANY LIMITED	166,791	103,878	62,913	-	(2,596)	4,278
KOREA LNG LIMITED	157,018	217	156,801	47,857	45,834	81,333
H&DE CO., LTD.	18,578	15,945	2,633	4,640	(3,779)	(3,780)
KAPSTEX VINA., JSC	25,497	5,194	20,303	39,136	2,725	4,510
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	9,861	4,571	5,290	3,364	125	203
ELIAS AUTO INDIA PRIVATE LIMITED	2,242	872	1,370	2,085	(568)	(454)
Multi-Asset Eco-Friendly Ship Equipment Private Equity Trust	-	-	-	-	653	653
HY Auto Solution	18,127	3,251	14,876	1,234	260	672
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	10,939	-	10,939	-	(181)	(181)

(4) The tables below provide a reconciliation between interest in net assets and book amount of the joint ventures or associates (Korean won in millions).

	2022			
	Interest in net assets	Goodwill	Others (*)	Book value
	₩	₩	₩	₩
PT HD INTI DEVE.	1,142	-	-	1,142
HYUNDAI YEMEN LNG COMPANY LIMITED (*)	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	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
SUGIHARA HYUNDAI AUTOMOTIVE	624	-	-	624

(*) Adjusted amount considering contractual terms regarding dividends.

	2021			
	Interest in net assets	Goodwill	Others (*)	Book value
	₩	₩	₩	₩
PT HD INTI DEVE.	1,154	-	-	1,154
HYUNDAI YEMEN LNG COMPANY LIMITED (*)	32,086	-	4,673	36,759
KOREA LNG LIMITED	31,360	-	-	31,360
H&DE CO., LTD.	896	-	-	896
KAPSTEX VINA., JSC	2,639	1,379	-	4,018
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	1,058	-	-	1,058
ELIAS AUTO INDIA PRIVATE LIMITED	698	-	-	698
Multi-Asset Eco-Friendly Ship Equipment Private Equity Trust	-	-	-	-
HY Auto Solution	7,438	-	-	7,438
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	4,919	-	-	4,919

(*) Adjusted amount considering contractual terms regarding dividends.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

15. Investments in joint ventures and associates (cont'd)

(5) The accumulated unrecognized changes in equity due to the suspension of application of the equity method are as follows (Korean won in millions):

	2022		2021	
	Unrecognized loss	Accumulated unrecognized loss	Unrecognized loss	Accumulated unrecognized loss
H&DE CO., LTD. (*)	₩ 561	₩ 561	₩ -	₩ -

(*) Unrecognized gains and losses in equity method were recognized as loss allowance for long-term loans for the year ended December 31, 2022.

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 of December 31, 2022 and 2021 are as follows (Korean won in millions):

Project name	Accounts	2022	2021	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)	31,920	36,759	2009
	Investments in resource development projects (*3)	14,492	19,288	
	Long-term loan receivables (*4)	15,478	23,700	
West Kamchatka Project	Investments in resource development projects (*5)	6,060	5,669	Under liquidation
Oman LNG	Investments in associates (KOREA LNG LIMITED)	29,837	31,360	2000
Qatar LNG	Financial assets at FVOCI (KOREA Ras Laffan LNG Ltd.)	40,670	39,791	1999
Total	Investments in resource development projects	20,552	24,957	
	Long-term loan receivables	15,478	23,700	
	Investments in associates and joint ventures	61,757	68,119	
	Financial assets at FVOCI	40,670	39,791	

(*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 of December 31, 2022.

(*3) ₩ 8,339 million of loss allowance was recognized after the indications of impairment were identified for the year ended December 31, 2022.

(*4) ₩ 10,331 million of loss allowance was recognized after the indications of impairment were identified for the year ended December 31, 2022.

(*5) The project is under liquidation process and the project's recoverable amount is determined at the balance of relevant long-term borrowing, which will be exempted by its creditor when failure of related project is confirmed by creditor.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

16. Resource development (cont'd)

The pre-tax comprehensive income (loss) from investments in resources development project for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

Project name	Description	2022	2021
Vietnam 11-2 sector	Sales	₩ 3,824	₩ 4,279
	Cost of sales	(3,556)	(2,926)
Yemen LNG (HYUNDAI YEMEN LNG COMPANY LIMITED)	Share of loss of joint ventures and associates	105	(1,324)
	Share of other comprehensive income (loss) of associates and joint ventures	(4,943)	4,278
Oman LNG (KOREA LNG LIMITED)	Share of profit of joint ventures and associates	21,022	9,167
	Share of other comprehensive income (loss) of associates and joint ventures	(1,241)	7,099
Qatar LNG (KOREA Ras Laffan LNG Ltd.)	Other comprehensive income (loss)	880	4,014
	Dividend income	13,733	7,989
		<u>₩ 29,824</u>	<u>₩ 32,576</u>

The equity interests in investments in the resource development project as of December 31, 2022, are as follows:

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 value of property, plant and equipment for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022				
	Land	Building	Construction - in-progress	Others	Total
Book value as of Jan. 1	₩ 1,409	₩ 12,808	₩ -	₩ 15,237	₩ 29,454
Changes during the year					
Additions/capital expenditures	128	-	4,715	1,733	6,576
Disposals	(336)	(353)	-	(19)	(708)
Depreciation	-	(357)	-	(1,564)	(1,921)
Transfer (*1)	-	-	-	-	-
Exchange differences, etc.	(84)	484	(321)	(458)	(379)
Book value as of Dec. 31	1,117	12,582	4,394	14,929	33,022
Book value as of Dec. 31					
Acquisition cost	1,117	17,404	4,394	28,249	51,164
Accumulated depreciation	-	(2,983)	-	(13,320)	(13,303)
Accumulated impairment losses	-	(1,839)	-	-	(1,839)
Net book value	<u>₩ 1,117</u>	<u>₩ 12,582</u>	<u>₩ 4,394</u>	<u>₩ 14,929</u>	<u>₩ 33,022</u>

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

17. Property, plant and equipment (cont'd)

	2021			
	Land	Building	Others	Total
Book value as of Jan. 1	₩ 445	₩ 3,558	₩ 12,824	₩ 16,827
Changes during the year				
Additions/capital expenditures	646	-	3,675	4,321
Disposals	-	-	(90)	(90)
Depreciation	-	(314)	(1,344)	(1,658)
Transfer (*1)	336	8,819	-	9,155
Exchange differences, etc.	(18)	745	172	899
Book value as of Dec. 31	1,409	12,808	15,237	29,454
Book value as of Dec. 31				
Acquisition 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 value	₩ 1,409	₩ 12,808	₩ 15,237	₩ 29,454

(*1) It has been transferred from intangible assets and investment properties during the year ended December 31, 2021.

18. Leases

18.1 Right-of-use assets

Changes in the carrying amount of right-of-use assets for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022				2021			
	Property	Motor vehicles	Others	Total	Property	Motor vehicles	Others	Total
Book value as of Jan. 1								
As of Dec. 31, 2021	₩ 7,983	₩ 299	₩ 134	₩ 8,416	₩ 9,965	₩ 240	₩ 110	₩ 10,315
Change in accounting policy	-	-	-	-	-	-	-	-
As of Jan. 1, 2022	7,983	299	134	8,416	9,965	240	110	10,315
Changes during the year								
Additions	2,487	274	-	2,761	1,453	309	132	1,894
Disposals	-	-	-	-	-	-	-	-
Depreciation	(3,902)	(252)	(61)	(4,215)	(3,627)	(284)	(110)	(4,021)
Exchange differences, etc.	82	1	-	83	192	35	1	228
Book value as of Dec. 31	6,650	322	73	7,045	7,983	300	133	8,416
Book value as of Dec. 31:								
Acquisition cost	20,125	1,126	311	21,562	18,128	935	310	19,373
Accumulated depreciation	(13,475)	(804)	(238)	(14,517)	(10,145)	(636)	(176)	(10,957)
Net book value	₩ 6,650	₩ 322	₩ 73	₩ 7,045	₩ 7,983	₩ 299	₩ 134	₩ 8,416

18.2 Lease liabilities

Changes in the carrying amount of lease liabilities for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			2021		
	Current lease liabilities	Non-current lease liabilities	Total	Current lease liabilities	Non-current lease liabilities	Total
As of Jan. 1	₩ 3,197	₩ 6,607	₩ 9,804	₩ 3,277	₩ 8,418	₩ 11,695
Additions	851	1,782	2,633	173	1,721	1,894
Accretion of interest	22	352	374	35	375	410
Payments	(4,773)	-	(4,773)	(4,663)	-	(4,663)
Other (*)	4,047	(3,960)	87	4,375	(3,907)	468
As of Dec. 31	₩ 3,344	₩ 4,781	₩ 8,125	₩ 3,197	₩ 6,607	₩ 9,804

(*) It includes the amount of transfer to current portions and the effect of exchange differences.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

18. Leases (cont'd)

The table below summarizes the maturity profile of lease liabilities based on contractual undiscounted payments for the years ended December 31, 2022 and 2021 (Korean won in millions):

	2022				2021			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Current lease liabilities	₩ 3,619	₩ -	₩ -	₩ 3,619	₩ 4,160	₩ -	₩ -	₩ 4,160
Non-current lease liabilities	-	3,961	910	4,871	-	5,665	1,353	7,018
	₩ 3,619	₩ 3,961	₩ 910	₩ 8,490	₩ 4,160	₩ 5,665	₩ 1,353	₩ 11,178

18.3 Amounts recognized in profit or loss related to leases

The following are the amounts recognized in profit or loss for the years ended December 31, 2022 and 2021 (Korean won in millions):

	2022	2021
Depreciation expense of right-of-use assets	₩ (4,215)	₩ (4,021)
Interest expense on lease liabilities	(374)	(410)
Expense relating to short-term leases	(479)	(496)
Expense relating to leases of low-value assets	(40)	(43)
Interest income relating to finance lease receivables	28	44
	₩ (5,080)	₩ (4,926)

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 of December 31, 2022 are as follows (Korean won in millions):

	2023	2024	2025	2026	After 2027
Annual rentals	₩ 422	₩ 412	₩ 104	₩ -	₩ -

18.5 The Group had total cash outflows for leases of ₩ 4,489 million for the year ended December 31, 2022 (2021: ₩ 4,869 million).

19. Investment properties

Changes in the carrying amount of investment properties as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			2021		
	Land	Building	Total (*1, *2)	Land	Building	Total (*1, *2)
As of January, 1	₩ 232,560	₩ 109,440	₩ 342,000	₩ 231,200	₩ 108,800	₩ 340,000
Additions	-	-	-	-	8,393	8,393
Valuation (*3)	24,220	(19,220)	5,000	1,360	640	2,000
Transfer	-	-	-	-	(8,393)	(8,393)
As of December, 31	₩ 256,780	₩ 90,220	₩ 347,000	₩ 232,560	₩ 109,440	₩ 342,000

(*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, 2022, the Group recognized ₩ 1,761 million (2021: 343 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 ₩ 3,239 million (2021: 1,657 million) in gain on valuation of investment properties excluding that amount.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

19. Investment properties (cont'd)

Details of income and expenses associated with investment properties for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Other income:				
Rental income derived from investment properties	₩	11,413	₩	11,365
Gain on valuation on investment properties (*1)		3,239		1,657
Other		5,533		5,241
		20,185		18,263
Other expense:				
Operating expenses		2,118		1,946
Fees		2,045		2,145
Other (*2)		7,998		7,269
		12,161		11,360
Interest expense		5,310		5,371
Profit arising from investment properties carried at fair value	₩	2,714	₩	1,532

(*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 of December 31, 2022, is follow (Korean won in millions):

	Fair value	Level	Valuation technique	Key input	Range
			Cost approach	Replacement cost	-
			Comparable method	Costs of cases	Similar cases considering on the factors of location and region
Seoul City Square	₩ 347,000	3	Income approach	Discounted rate Rent growth and other increase rates	4.00% 2.00 ~ 3.00%

20. Intangible assets

Changes in the carrying amount of intangible assets as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022			2021		
	Mining rights	Others (*1)	Total	Mining rights	Others (*1)	Total
As of January, 1	₩ -	₩ 8,907	₩ 8,907	₩ -	₩ 8,406	₩ 8,406
Additions/capital expenditures	-	1,441	1,441	-	2,035	2,035
Amortization	-	(548)	(548)	-	(415)	(415)
Disposals	-	-	-	-	(390)	(390)
Transfer (*2)	-	-	-	-	(762)	(762)
Exchange differences	-	(50)	(50)	-	33	33
As of December, 31	-	9,750	9,750	-	8,907	8,907
Acquisition cost	44,372	15,981	60,353	44,372	14,600	58,972
Accumulated amortization (*3)	₩ (44,372)	₩ (6,231)	₩ (50,603)	₩ (44,372)	₩ (5,693)	₩ (50,065)

(*1) It includes membership rights and others.

(*2) It has been transferred to property, plant and equipment during the year ended December 31, 2021.

(*3) It includes accumulated impairment losses.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

21. Other financial liabilities

Details of other financial liabilities as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Other current liabilities:				
Withholdings	₩	1,354	₩	1,018
Guarantee deposits		519		446
Accrued expenses		7,341		4,701
Other current financial liabilities		133		117
		<u>9,347</u>		<u>6,282</u>
Other non-current liabilities:				
Rental deposits		3,948		4,081
	₩	<u>13,295</u>	₩	<u>10,363</u>

22. Borrowings and debentures

Details of long and short-term borrowings as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	Purpose	Creditor	Interest rate (%)	2022	2021
Foreign currency short-term borrowings	D/A NEGO (*1)	WOORI BANK and others	-	₩278,175	₩423,992
	USANCE	The Korea Development Bank and others	2.80~6.09	12,398	24,925
Korean won short-term borrowings	Operations	Hyundai Energy Solution	2.98	-	3,114
		KEB Hana Bank	Libor(3mont h) + 1.1	-	14,226
	Real estate mortgage loan	DBS Bank	1.50	394	369
				<u>290,967</u>	<u>466,626</u>
Foreign currency long-term borrowings	Investments in development projects (*2)	Korea Energy Agency	-	6,060	5,669
	General borrowings	AOZORA Bank	1.00	5,060	5,243
	Real estate mortgage loan	DBS Bank	3M SORA + 4	5,312	5,326
Korean won long-term borrowings	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>322,932</u>	<u>322,738</u>
				<u>₩ 613,899</u>	<u>₩ 789,364</u>

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

(*2) As a specific purpose borrowing for exploration project, its redemption obligation of the Group will be exempted by its creditor when the project's ultimate failure is confirmed.

(*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 (see Note 19).

Details of debentures as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	Managing company	Issue date	Maturity	Interest rate (%)	2022	2021
39th non-guarantee public bonds	The Korea Securities Finance Corporation	5 Nov. 2019	4 Nov. 2022	2.67	₩ -	₩ 30,000
40th non-guarantee public bonds	Korea Securities Depository	29 Oct. 2020	27 Oct. 2023	2.76	50,000	50,000
41th non-guarantee public bonds	Korea Securities Depository	27 Apr. 2021	26 Apr.2024	2.39	50,000	50,000
					<u>100,000</u>	<u>130,000</u>
	(Less: discount on debentures)				(150)	(325)
	(Less: current portion of debentures)				(49,943)	(29,962)
					<u>₩ 49,907</u>	<u>₩ 99,713</u>

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

23. Net defined benefit liability (asset)

Details of net defined benefit liability (asset) as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Defined benefit obligations	₩	25,862	₩	25,196
Fair value of plan assets (*)		(28,119)		(23,351)
	₩	(2,257)	₩	1,845

(*) It includes deposits to the National Pension Fund of ₩ 17 million as of December 31, 2022 (2021: ₩ 19 million).

Changes in the carrying amount of defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
As of January, 1	₩	25,196	₩	24,756
Current service cost		2,740		2,565
Interest cost		338		267
Remeasurement loss (gain) in OCI:		(214)		1,080
- Actuarial changes arising from changes in demographic assumptions		-		-
- Actuarial changes arising from changes in financial assumptions		(1,789)		(440)
- Experience adjustments		1,575		1,520
Transfer from (to) related companies		(51)		(190)
Benefits paid		(2,123)		(3,298)
Exchange differences		(24)		16
As of December, 31	₩	25,862	₩	25,196

Expected maturity analysis of undiscounted pension benefits as of December 31, 2022, is as follows (Korean won in millions):

	< 1 year	1 ~ 2 years	2 ~ 5 years	5 ~ 10 years	Over 10 years	Total
Pension benefits	₩ 1,657	₩ 15,281	₩ 3,901	₩ 4,885	₩ 6,485	₩ 32,209

The weighted average duration of the defined benefit obligations is 6.01 years.

Changes in fair value of plan assets as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
As of January, 1	₩	23,351	₩	22,107
Interest income		640		469
Remeasurement gain (loss) in OCI		(290)		(237)
Contributions by employer		6,396		4,045
Benefits paid		(1,978)		(3,033)
	₩	28,119	₩	23,351

The significant actuarial assumptions as of December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	5.28~5.35%	2.20~3.01%
Future salary growth rate	4.00~4.04%	4.00%

23. Net defined benefit liability (cont'd)

The sensitivity of the overall pension liability as of December 31, 2022 to changes in the weighted principal assumptions is:

	Changes in principal assumption	Impact on defined benefit obligation
Discount rate	1% increase	2.39% decrease
	1% decrease	2.66% increase
Future salary growth rate	1% increase	2.73% increase
	1% decrease	2.50% 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 statement of financial position.

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

The fair values of each major class of plan assets as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
	Amount	Composition (%)	Amount	Composition (%)
National Pension Fund	₩ 17	0.1	₩ 19	0.1
Financial instruments and others	28,102	99.9	23,332	99.9
	₩ 28,119	100	₩ 23,351	100

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

24. Provisions

Changes in provisions for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022					Total
	Restoration (*1)	Onerous contract (*2)	Legal claim (*3)	Others		
As of Jan. 1	₩ 532	₩ 5,559	₩ 949	₩ 730	₩ 7,770	
Arising during the year	-	-	546	1,085	1,631	
Interest expense	8	94	-	-	102	
Reversal	(33)	(105)	(242)	(59)	(439)	
Utilized	(210)	(1,875)	(300)	(131)	(2,516)	
Others	48	424	37	-	509	
As of Dec. 31	345	4,097	990	1,625	7,057	
Less: current portions	(176)	(2,018)	-	(29)	(2,223)	
Non- current	₩ 169	₩ 2,079	₩ 990	₩ 1,596	₩ 4,834	

	2021					Total
	Restoration (*1)	Onerous contract (*2)	Legal claim (*3)	Others		
As of Jan. 1	₩ 2,024	₩ 6,705	₩ 870	₩ 841	₩ 10,440	
Arising during the year	-	-	-	169	169	
Interest expense	61	66	-	-	127	
Reversal	(1,367)	(324)	-	(175)	(1,866)	
Utilized	(358)	(1,444)	-	(126)	(1,928)	
Others	172	557	78	21	828	
As of Dec. 31	532	5,560	948	730	7,770	
Less: current portions	(194)	(1,755)	-	-	(1,949)	
Non- current	₩ 338	₩ 3,805	₩ 948	₩ 730	₩ 5,821	

(*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.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

25. Income tax

The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Current income tax charge	₩ 23,160	₩ 11,788
Adjustments in respect of current income tax of previous years	21	128
Relating to origination and reversal of temporary differences	3,439	3,384
Refund from claim for reassessment and others	(14,682)	2,914
Other	(87)	1
	<u>₩ 11,851</u>	<u>₩ 18,215</u>

The reconciliation between income tax expense at the effective tax rate and accounting profit before income tax at the Korea statutory rate for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Accounting profit before income tax	₩ 90,538	₩ 56,221
Tax at domestic tax rates applicable to profits in the respective countries	₩ 29,424	₩ 17,716
Tax effects of:		
Non-deductible expenses and non-taxable income for tax purposes	392	(135)
Adjustments in respect of current income tax of previous years	21	128
Refund from claim for reassessment and others	(14,682)	2,914
Other	(3,304)	(2,408)
Income tax expense	<u>₩ 11,851</u>	<u>₩ 18,215</u>
Effective tax rate	<u>13.1%</u>	<u>32.4%</u>

Details of deferred tax assets (liabilities) as of December 31, 2022 and 2021 and the years then ended are as follows (Korean won in millions):

	2022			
	Jan. 1	Profit or loss	Other comprehensive income (loss)	Dec. 31
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>
	2021			
	Jan. 1	Profit or loss	Other comprehensive income (loss)	Dec. 31
Financial assets at fair value	₩ (6,525)	₩ (456)	₩ (909)	₩ (7,890)
Investments in subsidiaries, joint ventures and associates	(18,507)	(2,739)	(2,876)	(24,122)
Intangible assets	2,854	(434)	-	2,420
Allowance for doubtful	5,481	-	-	5,481
Gain (loss) on foreign currency translation	(320)	1	-	(319)
Provisions	6,931	529	-	7,460
Net defined benefit liability	5	(436)	303	(128)
Other	1,158	151	-	1,309
	<u>₩ (8,923)</u>	<u>₩ (3,384)</u>	<u>₩ (3,482)</u>	<u>₩ (15,789)</u>

25. Income tax (cont'd)

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 ₩ 63,396 million (2021: ₩ 66,646 million) related to subsidiaries and associates whose realizability is uncertain and such amount can be changed if estimation of the future tax benefits changes.

26. Accumulated other comprehensive income and other components of equity

Details of other components of equity as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Treasury shares	₩ (21,062)	₩ (21,062)
Adjustment of other components of equity	(19,027)	(18,865)
Loss from spin-off	(242,051)	(242,051)
	<u>₩ (282,140)</u>	<u>₩ (281,978)</u>

Details of accumulated other comprehensive income as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Gain on valuations of financial assets at FVOCI	₩ 31,991	₩ 29,128
Share of other comprehensive income of joint ventures and associates	47,041	50,569
Gain on valuation of derivatives	541	187
Loss on foreign operation currency translation differences	(6,073)	(7,245)
	<u>₩ 73,500</u>	<u>₩ 72,639</u>

The Group has 1,218,000 shares and 1,218,000 shares of common shares as treasury shares as of December 31, 2022 and 2021, respectively.

27. Retained earnings

Details of retained earnings as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Legal reserve (*)	₩ 10,381	₩ 9,660
Unappropriated retained earnings	565,147	494,602
	<u>₩ 575,528</u>	<u>₩ 504,262</u>

(*) The Commercial Code of the Republic of Korea requires the 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 capital. The reserve is not available for cash dividends payment but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

27. Retained earnings (cont'd)

The dividends paid in 2022 and 2021 were ₩ 7,207 million (₩ 600 per share) and ₩ 7,207 million (₩ 600 per share), respectively. A dividend for the year ended December 31, 2022, of ₩ 600 per share, amounting to total dividends of ₩ 7,207 million, is to be proposed at the annual general meeting on March 29, 2023.

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, 2022 and 2021 (Korean won in millions):

	2022		2021
Type of goods or service:			
Merchandise sales	₩ 5,898,083	₩	3,589,552
Product sales	72,668		58,098
Commissions	152,394		130,569
Resource development	3,824		4,279
	<u>₩ 6,126,969</u>	₩	<u>3,782,498</u>
Geographical markets:			
Republic of Korea	₩ 715,089	₩	505,354
United States	1,527,788		966,204
Asia	2,865,823		1,599,669
Europe	724,559		485,605
Other	293,710		225,666
	<u>₩ 6,126,969</u>	₩	<u>3,782,498</u>
Timing of revenue recognition:			
Goods and services transferred at a point in time	₩ 5,885,040	₩	3,656,349
Goods and services transferred over time	241,929		126,149
	<u>₩ 6,126,969</u>	₩	<u>3,782,498</u>

Details of cost of sales for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021
Cost of merchandise sales	₩ 5,759,679	₩	3,504,558
Cost of product sales	67,969		50,904
Cost of commissions	137,046		112,994
Cost of resource development	3,556		2,926
	<u>₩ 5,968,250</u>	₩	<u>3,671,382</u>

There are no external customers over 10% of the portion of the Group's total sales.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

29. Expenses by nature

Expenses by nature included in the cost of sales, selling and administrative expenses, and other expenses in the consolidated statement of profit or loss for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Changes in inventories	₩ 5,660,634	₩ 3,358,827
Wages and salaries	49,163	40,487
Employee benefits	5,218	4,626
Depreciation	6,136	5,679
Amortization	548	415
Others	338,443	337,394
	<u>₩ 6,060,142</u>	<u>₩ 3,747,428</u>

(*) The amount is sum of cost of sales and selling and administrative expenses.

30. Selling and administrative expenses

Details of selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Wages and salaries	₩ 46,704	₩ 37,835
Retirement benefits	2,457	2,360
Employee benefits	5,161	4,624
Travel expenses	3,040	911
Taxes and dues	1,428	1,305
Entertainment expenses	2,955	1,835
Overseas branch expenses (*)	6,298	5,070
Rental expenses	851	654
Service fees	9,319	7,378
Computer system expenses	1,448	1,570
Depreciation	4,842	4,518
Amortization	490	372
Bad debt expenses	872	2,948
Others	6,027	4,665
	<u>₩ 91,892</u>	<u>₩ 76,045</u>

(*) Among overseas branch expenses, the amount of ₩ 118 million presents retirement benefits for the year ended December 31, 2022 (2021: ₩ 84 million).

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

31. Other income and expense

Details of other income for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021
Gain on foreign currency transaction	₩ 91,456	₩	28,933
Gain on foreign currency translation	12,451		7,974
Dividend income	13,763		7,993
Gain on transaction of derivatives	42,096		11,689
Gain on valuation of derivatives	5,417		2,031
Gain on disposal of property, plant and equipment	101		1
Reversal of provision	439		1,866
Reversal of other bad debt expense	138		176
Gain on disposal of financial assets at FVPL	1,896		-
Gain on valuation of financial assets at FVPL	-		6
Gain on valuation of investment properties	3,239		1,657
Gain on disposal of associates	67		-
Other	36,434		22,944
	<u>₩ 207,497</u>	₩	<u>85,270</u>

Details of other expense for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021
Loss on foreign currency transaction	₩ 100,542	₩	32,472
Loss on foreign currency translation	6,657		4,592
Contributions	597		63
Loss on disposal of property, plant and equipment	10		-
Loss on disposal of intangible assets	-		44
Loss on transaction of derivatives	36,031		12,219
Loss on valuation of derivatives	6,607		1,540
Loss on disposal of trade receivables	10,226		1,768
Reversal of provision	757		169
Other bad debt expense	24,152		-
Other	14,288		13,544
	<u>₩ 199,867</u>	₩	<u>66,411</u>

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

32. Finance income and costs

Details of finance income for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Gain on foreign currency transaction	₩ 57,478	₩ 22,547
Gain on foreign currency translation	1,104	1,083
Interest income	5,381	2,212
	<u>₩ 63,963</u>	<u>₩ 25,842</u>

Details of finance costs for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022	2021
Loss on foreign currency transaction	₩ 53,569	₩ 16,765
Loss on foreign currency translation	3,966	987
Interest expense	19,650	13,067
	<u>₩ 77,185</u>	<u>₩ 30,819</u>

33. Earnings per share (“EPS”)

The following table reflects the income and share data used in the basic EPS computations for the years ended December 31, 2022 and 2021:

	2022	2021
Profit attributable to ordinary owners of the parent:	₩ 78,715,077,815	₩ 37,789,612,149
Weighted average number of common shares for basic EPS	12,010,966	12,010,966
Basic EPS	₩ 6,554	₩ 3,146

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

Weighted average number of common shares outstanding for the years ended December 31, 2022 and 2021, is computed as follows:

	2022	2021
Common shares outstanding accumulated	4,384,002,590	4,384,002,590
Days	365	365
Weighted average number of common shares	12,010,966	12,010,966

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

34. Cash generated from operations

Reconciliation between profit for the year and net cash inflow (outflow) from operating activities for the years ended December 31, 2022 and 2021 is as follows (Korean won in millions):

	2022	2021
Profit for the year	₩ 78,686	₩ 38,006
Adjustments:	17,929	19,483
Interest income	(5,381)	(2,212)
Interest expense	19,650	13,067
Income tax expense	11,851	18,215
Dividend income	(13,763)	(7,993)
Depreciation	6,136	5,679
Amortization	548	415
Retirement benefits	2,438	2,363
Bad debt expense	872	2,948
Loss (gain) on valuation of derivatives	1,190	(491)
Gain on valuation of financial assets at FVPL	(1,896)	(6)
Loss on foreign currency translation	(2,932)	(3,478)
(Reversal of) Other bad debts expense	24,014	(176)
Loss on disposal of trade receivables	10,226	1,768
Share of profit of joint ventures and associates	(29,302)	(7,269)
Loss on disposal of property, plant and equipment	(91)	(1)
Gain on disposal of intangible assets	-	44
(Reversal of) Loss on valuation of inventories	(1,084)	332
Inclusion to (reversal of) provisions	318	(1,697)
Gain on valuation of investment properties	(5,000)	(1,657)
Gain on disposal of associates	(67)	-
Other	202	(368)
Changes in operating assets and liabilities:	268,451	(397,756)
Decrease (increase) in trade receivables	124,970	(355,416)
Increase in inventories	(79,027)	(133,940)
Increase in derivative financial assets	(103)	-
Increase in other current receivables	(2,195)	(5,559)
Decrease (increase) in other current assets	(5,881)	4,401
Increase in other non-current receivables	(999)	(128)
Decrease in other non-current assets	1,130	1,232
Increase in trade payables	181,844	81,634
Decrease (increase) in other payables	(20,257)	4,292
Increase in derivative financial liabilities	-	486
Increase in advances from customers	73,822	12,495
Increase (decrease) in other current liabilities	3,436	(540)
Increase in other non-current liabilities	1,761	343
Retirement benefits paid	(145)	(266)
Transfer from (to) affiliates	(51)	(190)
Contributions to plan assets	(6,396)	(4,045)
Decrease in provisions	(2,516)	(1,928)
Other	(942)	(627)
	₩ 365,066	₩ (340,267)

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

34. Cash generated from operations (cont'd)

Significant non-cash transactions for the years ended December 31, 2022 and 2021, are as follows (Korean won in millions):

	2022	2021
Increase in right-of-use assets and lease liabilities	₩ 2,761	₩ 1,894
Valuation on financial assets at FVOCI	3,230	3,757
Changes in joint ventures and associate from share of other comprehensive income of joint ventures and associates	5,597	11,952
Transfer from construction-in-progress	-	-
Transfer of intangible assets and investment properties to property, plant and equipment	-	9,155

Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021, are as follows (Korean won in millions):

	2022				
	Jan. 1	Cash flow from financing activities	Discount on bonds	Exchange differences, etc.	Dec. 31
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
	<u>₩ 928,844</u>	<u>₩ (213,201)</u>	<u>₩ 174</u>	<u>₩ 6,057</u>	<u>₩ 721,874</u>
	2021				
	Jan. 1	Cash flow from financing activities	Discount on bonds	Exchange differences, etc.	Dec. 31
Borrowings	₩ 488,706	₩ 297,242	₩ -	₩ 3,416	₩ 789,364
Debentures	109,687	19,792	197	-	129,676
Lease liabilities	11,695	(4,224)	-	2,333	9,804
	<u>₩ 610,088</u>	<u>₩ 312,810</u>	<u>₩ 197</u>	<u>₩ 5,749</u>	<u>₩ 928,844</u>

35. Commitments and contingencies

As of December 31, 2022, Group has provided the guarantees of USD 1,610 thousand to financial institutions for local banking transactions of joint ventures and associates.

The Group has provided nine (9) blank promissory notes as collaterals for the borrowings in relation to the investment in resources development project as of December 31, 2022.

As of December 31, 2022, Group is involved in two (2) lawsuit as a defendant with litigation fee of USD 3,030 thousand. Provision of ₩ 990 million which is expected to probably pay 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 of December 31, 2022, are as follows (Korean won in millions and USD in thousand):

	Currency	Limits (*1)	Used amount
D/A, D/P (*2)	USD	556,541	337,754
L/C and others	USD	679,830	557,759
Bonds and others	USD	121,048	65,939
Real estate mortgage loan	USD	4,501	4,501
Real estate mortgage loan	KRW	206,000	184,000
Total	USD	1,361,920	965,953
	KRW	206,000	184,000

(*1) It includes comprehensive limits.

(*2) It includes USD 27,009 thousand used for disposal of D/A, D/P trade receivables without recourse.

As of December 31, 2022 Company is provided with payment guarantees from Seoul Guarantee Insurance Company for up to ₩ 56 million related to deposits in courts, liscensing, 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 accerlerated (see 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.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

36. Related party transactions

Details of associates and other related parties that have sales and other transactions with the Group or have outstanding balances as of December 31, 2022 and 2021 are as follows:

	Company name
Entities with significant influence over the Company	Hyundai Corporation Holdings Co., Ltd.
Joint venture and associates	KOREA LNG LIMITED HYUNDAI YEMEN LNG COMPANY LIMITED PT HD INIT.DEVE. KAPSTEX VINA., JSC INTERGIS BUSAN NEWPORT CENTER CO., LTD. ELIAS AUTO INDIA PRIVATE LIMITED H&DE Co., Ltd. HY AUTO SOLUTION LLC Aeonus Co., Ltd. KCA ESG No.1 Private Equity Investment Co., Ltd. Infinite Marine Connect Co., Ltd. SUGIHARA HYUNDAI AUTOMOTIVE
Other related parties	HYUNDAI C SQUARE CO., LTD.

Significant transactions with related parties for years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	Company name	2022		2021	
		Sales (*1)	Purchases (*2)	Sales (*1)	Purchases (*2)
Entities with significant influence over the Company	Hyundai Corporation Holdings Co., Ltd. (*3)	₩ 1,915	₩ 4,644	₩ 824	₩ 2,192
Joint venture and associates	HYUNDAI YEMEN LNG COMPANY LIMITED	37	-	739	-
	KAPSTEX VINA., JSC	13,592	2,291	14,088	845
	H&DE Co., Ltd.	-	4	78	80
	ELIAS AUTO INDIA PVT. LTD	17	-	-	-
	INTERGIS BUSAN NEWPORT CENTER CO., LTD.	-	-	21	-
	HY AUTO SOLUTION LLC	229	-	8,241	-
Other related parties	HYUNDAI C SQUARE CO., LTD. (*4)	44	179	110	-
	HYUNDAI CNS CO., LTD	-	-	-	32
		₩ 15,834	₩ 7,118	₩ 24,101	₩ 3,149

(*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 ₩ 393 million and ₩ 23 million, respectively, which are excluded from the above transaction.

(*4) Finance lease receivables and interest income received from the sub lease contract are ₩ 16 million and ₩ 1 million, respectively, which are excluded from the above transaction.

Significant receivables and payables with related parties as of December 31, 2022 and 2021 are as follows (Korean won in millions):

	Company name	2022		2021	
		Receivables (*1)	Payables (*2)	Receivables (*1)	Payables (*2)
Entities with significant influence over the Company	Hyundai Corporation Holdings Co., Ltd.	₩ 826	₩ 1,575	₩ 1,994	₩ 4,348
Joint venture and associates	HYUNDAI YEMEN LNG COMPANY LIMITED	12,006	-	10,519	-
	KAPSTEX VINA., JSC	1,118	-	1,159	-
	H&DE Co., Ltd.	-	-	-	80
	ELIAS AUTO INDIA PVT. LTD	27	-	-	-
	HY AUTO SOLUTION LLC	877	-	1,465	-
Other related parties	HYUNDAI C SQUARE CO., LTD.	382	3	445	-
	HYUNDAI CNS CO., LTD	-	-	-	6
		₩ 15,236	₩ 1,578	₩ 15,582	₩ 4,434

(*1) It includes trade receivables, other current receivables and other non-current assets, etc.

(*2) It includes trade payables, other payables, advances from customers, other current liabilities, etc.

Hyundai Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2022 and 2021

36. Related party transactions (cont'd)

Fund transactions with related parties for years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

		2022					Dividends and etc.	
		Loan receivables and etc.						
		Jan. 1	Increase	Recall	Foreign currency translation	Dec. 31	Receipts	Payments
Hyundai Corporation Holdings Co., Ltd.	Dividend	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,729
PT HD INTI. 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 VINA., JSC	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	-	-
SUGIHARA HYUNDAI AUTOMOTIVE	Capital Injection	-	651	-	-	651	-	-
		<u>₩ 52,415</u>	<u>₩ 11,888</u>	<u>₩ (5,000)</u>	<u>₩ 2,954</u>	<u>₩ 62,257</u>	<u>₩ 21,873</u>	<u>₩ 1,729</u>
		2021					Dividends and etc.	
		Loan receivables and etc.						
		Jan. 1	Increase	Recall	Foreign currency translation	Dec. 31	Receipts	Payments
Hyundai Corporation Holdings Co., Ltd.	Dividend	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,537
PT HD INTI. DEVE	Dividend	-	-	-	-	-	424	-
HYUNDAI YEMEN LNG COMPANY LIMITED	Loans	21,289	652	-	1,760	23,701	-	-
	Investment in resource development	15,624	2,194	-	1,469	19,287	-	-
KOREA LNG LIMITED	Dividend	-	-	-	-	-	9,180	-
KAPSTEX VINA., JSC	Dividend	-	-	-	-	-	159	-
INTERGIS BUSAN NEWPORT CENTER CO., LTD.	Dividend	-	-	-	-	-	21	-
Multi-Asset Eco-Friendly Ship Equipment Private Equity Trust	Capital Injection	11,328	-	(11,328)	-	-	-	-
	Dividend	-	-	-	-	-	218	-
H&DE Co., Ltd.	Loans	1,700	-	-	-	1,700	-	-
HY AUTO SOLUTION LLC	Capital Injection	-	7,102	-	-	7,102	-	-
	Loans	-	2,707	-	20	2,727	-	-
KCA New Growth Sector No.2 Private Equity Investment Co., Ltd.	Capital Injection	-	5,000	-	-	5,000	-	-
		<u>₩ 49,941</u>	<u>₩ 17,655</u>	<u>₩ (11,328)</u>	<u>₩ 3,249</u>	<u>₩ 59,517</u>	<u>₩ 10,002</u>	<u>₩ 1,537</u>

Details of the loss allowance recognized by the Group for receivables to the related parties for the year ended December 31, 2022 are as follows (Korean won in millions):

		Jan. 1	Provision	Reversal	Dec. 31
HYUNDAI YEMEN LNG COMPANY LIMITED	Investment in resource development	₩ -	₩ 8,339	₩ -	₩ 8,339
	Loans	-	10,331	-	10,331
	Accrued revenue	-	4,781	-	4,781
H&DE Co., Ltd.	Loans	-	561	-	561
		<u>₩ -</u>	<u>₩ 24,012</u>	<u>₩ -</u>	<u>₩ 24,012</u>

36. Related party transactions (cont'd)

The Group provides payment guarantees to overseas subsidiaries as follows (US Dollar in thousands):

	Financial institution	Amount providing
H&DE Co., Ltd.	Korea Development Bank	\$ 1,610

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

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

The compensation of key management personnel of the Group for the years ended December 31, 2022 and 2021 are as follows (Korean won in millions):

	2022		2021	
Wages and salaries	₩	4,911	₩	4,394
Retirement benefits		864		745
	₩	5,775	₩	5,139

37. Uncertainty of the impact of the Ukraine incident

The ongoing armed conflicts in Ukraine area which began in February 2022 and international sanctions imposed against Russia may impact entities, entities doing business with Ukraine or Russia as well as entities exposed directly or indirectly to industries or economy of Ukraine or Russia. The events described above represent non-adjusting events after the reporting period. The Group has a joint venture, HY AUTO SOLUTION, in Russia as of December 31, 2022. The Group identified indications of impairment for HY AUTO SOLUTION and recognized impairment loss of ₩ 848 million (including share of loss of associates and joint ventures under equity method) for the year ended December 31, 2022.