# HYUNDAI MOBIS CO., LTD.

Separate financial statements
for each of the two years in the period ended December 31, 2024
with the independent auditor's report

# Table of contents


| | Page |
|---|---|
| Independent Auditor's Report | |
| Separate Financial Statements | |
| Separate Statements of Financial Position | 1 |
| Separate Statements of Profit or Loss | 3 |
| Separate Statements of Comprehensive Income | 4 |
| Separate Statements of Changes in Equity | 5 |
| Separate Statements of Cash Flows | 6 |
| Notes to the Separate Financial Statements | 7 |
| Audit opinion on internal control over financial reporting | |
| Independent auditor's report on internal control over financial reporting ("ICFR") | |
| Management's Report on the Effectiveness of Internal Control over Financial Reporting | |

EY 한영
Shape the future with confidence

Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

# Independent Auditor's Report

(English translation of a report originally issued in Korean)

**The Shareholders and Board of Directors**
**HYUNDAI MOBIS CO., LTD.**

## Opinion

We have audited the separate financial statements of HYUNDAI MOBIS CO., LTD. (the "Company"), which comprise the separate statements of financial position as of December 31, 2024 and 2023, and the separate statements of profit or loss, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2024, based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 5, 2025 expressed an unqualified opinion thereon.

## Basis for Opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate 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 Matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. This matter was addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Appropriate cut-off of revenue recognition of parts for after sales service

As described in Notes 3-(20) and 28 to the separate financial statements, the Company is engaged in the part business for after sales service in significant scale, and recognizes the related consideration as revenue when the control of goods is transferred in a contract with a customer. The Company's sales of parts for after sales service are transacted with various customers, and the timing of revenue recognition may differ depending on the contract with the customer, and thus, the inherent risk of cut-off of revenue recognition is high. Therefore, we identified the appropriateness of sales cut-off of parts for after sales service as a key audit matter in consideration of the significance of sales of parts for after sales service in the Company's revenues and the significant risk of misstatement in the cut-off of revenue recognition, which may occur depending on the terms of contracts with various customers.

Our procedures performed with regard to the key audit matter are as follows:

- Review the time when the control is transferred on the basis of revenue recognition under KIFRS by reviewing the Company's major contract terms and conditions.
- Obtain an understanding of the Company's policies, processes and the Company's internal control over revenue recognition of parts for after sales service.
- Evaluate the effectiveness of the design and operation of the Company's internal control over cut-off of sales of parts for after sales service.
- Compare the accounting records with supporting documents of sales transactions of the parts for after sales service occurring on and around the year end, on a sample basis.

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

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 separate 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-Yeong Kim.

Ernst & Young Han Young

March 5, 2025

This audit report is effective as of March 5, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

# HYUNDAI MOBIS CO., LTD.

Separate Financial Statements

For each of the two years in the period ended December 31, 2024

"The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company."

**Gyusuk Lee**
**Chief Executive Officer**
**HYUNDAI MOBIS Co., Ltd.**

HYUNDAI MOBIS CO., LTD.

Separate Statements of Financial Position

**As of December 31, 2024 and 2023**

| *(In millions of won)* | ***Note*** | | **2024** | | **2023** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 4, 39 | ₩ | 985,305 | ₩ | 1,435,435 |
| Other financial assets | 5,6,39 | | 4,500,669 | | 3,713,895 |
| Trade and other receivables, net | 7,18,28,35,39 | | 8,202,117 | | 7,980,808 |
| Inventories, net | 8 | | 2,985,617 | | 2,703,313 |
| Other current assets | 9,39 | | 236,497 | | 250,660 |
| Non-current Assets Held for Sale | 40 | | - | | 11,861 |
| **Total current assets** | | | 16,910,205 | | 16,095,972 |
| Property, plant and equipment, net | 10 | | 7,213,217 | | 7,146,617 |
| Intangible assets, net | 11 | | 1,016,031 | | 905,649 |
| Investment property, net | 12 | | 27,590 | | 28,063 |
| Right-of-use assets, net | 13 | | 103,291 | | 121,346 |
| Investment in associates, joint ventures and subsidiaries | 14,35 | | 10,710,372 | | 9,745,899 |
| Non-current financial assets | 15,39 | | 988,138 | | 879,183 |
| Other non-current assets | 5,7,16,22,39 | | 555,369 | | 654,373 |
| **Total non-current assets** | | | 20,614,008 | | 19,481,130 |
| **Total assets** | | ₩ | 37,524,213 | ₩ | 35,577,102 |

*(continued)*

HYUNDAI MOBIS CO., LTD.
Separate Statements of Financial Position, Continued

**As of December 31, 2024 and 2023**

| *(In millions of won)* | ***Note*** | | **2024** | | **2023** |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Trade and other payables | 17,35,39 | ₩ | 4,990,240 | ₩ | 5,271,758 |
| Short-term borrowings | 18,38,39 | | 4,325 | | 153,100 |
| Current lease liabilities | 13,38,39 | | 48,843 | | 45,150 |
| Income taxes payable | 33 | | 422,853 | | 144,943 |
| Current provisions for warranties | 21 | | 1,077,885 | | 965,294 |
| Other current liabilities | 19,39 | | 379,130 | | 341,780 |
| **Total current liabilities** | | | 6,923,276 | | 6,922,025 |
| Bonds | 18,38,39 | | 199,795 | | 199,686 |
| Non-current lease liabilities | 13,38,39 | | 53,423 | | 74,183 |
| Non-current provision for warranties | 21 | | 301,784 | | 289,794 |
| Deferred tax liabilities | 33 | | 251,900 | | 351,645 |
| Other non-current liabilities | 20,36,39 | | 433,882 | | 527,816 |
| **Total non-current liabilities** | | | 1,240,784 | | 1,443,124 |
| **Total liabilities** | | | 8,164,060 | | 8,365,149 |
| **Equity** | | | | | |
| Capital stock | 23 | | 491,096 | | 491,096 |
| Capital surplus | 23 | | 1,367,614 | | 1,363,467 |
| Treasury stock | 24 | | (571,878) | | (681,939) |
| Other equity | 25 | | (96,855) | | (164,198) |
| Retained earnings | 26 | | 28,170,176 | | 26,203,527 |
| **Total equity** | | | 29,360,153 | | 27,211,953 |
| **Total liabilities and equity** | | ₩ | 37,524,213 | ₩ | 35,577,102 |

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

HYUNDAI MOBIS CO., LTD.

Separate Statements of Profit or Loss

**For each of the two years in the period ended December 31, 2024**

| *(In millions of won, except earnings per share)* | ***Note*** | | **2024** | | **2023** |
|---|---|---|---|---|---|
| Revenue | 28,35 | ₩ | 36,604,026 | ₩ | 38,970,304 |
| Cost of sales | 29,35 | | (31,384,907) | | (34,719,201) |
| **Gross profit** | | | 5,219,119 | | 4,251,103 |
| Selling, general and administrative expenses | 29,30,32,35 | | (3,416,266) | | (3,089,416) |
| **Operating profit** | | | 1,802,853 | | 1,161,687 |
| Other income | 31,32 | | 383,229 | | 285,711 |
| Other expenses | 31,32 | | (260,004) | | (196,905) |
| Finance income | 32,35 | | 1,427,784 | | 1,296,241 |
| Finance costs | 32 | | (226,261) | | (361,201) |
| Gain (loss) on Investment in associates, joint ventures and subsidiaries | 14 | | 1,688 | | 313 |
| **Profit before income taxes** | | | 3,129,289 | | 2,185,846 |
| Income tax expense | 33 | | (535,068) | | (370,947) |
| **Profit for the year** | | ₩ | 2,594,221 | ₩ | 1,814,899 |
| **Earnings per share** | | | | | |
| Basic earnings per share in won | 34 | ₩ | 28,745 | ₩ | 19,959 |

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

HYUNDAI MOBIS CO., LTD.

Separate Statements of Comprehensive Income

**For each of the two years in the period ended December 31, 2024**

| *(In millions of won)* | *Note* | | 2024 | | 2023 |
|---|---|---|---|---|---|
| **Profit for the year** | | ₩ | 2,594,221 | ₩ | 1,814,899 |
| **Other comprehensive income (loss)** | | | 8,980 | | (65,142) |
| **Items that will not be reclassified subsequently to profit or loss:** | | | | | |
| Remeasurements of defined benefit plan, net of tax | 22,26,33 | | (58,726) | | (65,187) |
| Gain (Loss) on financial assets at FVOCI, net of tax | 15,25,32,33 | | 67,256 | | 45 |
| | | | 8,980 | | (65,142) |
| **Total comprehensive income for the year** | | ₩ | 2,603,201 | ₩ | 1,749,757 |

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

HYUNDAI MOBIS CO., LTD.

Separate Statements of Changes in Equity

**For each of the two years in the period ended December 31, 2024**

| *(In millions of won)* | Capital stock | Capital surplus | Treasury stock | Other equity | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Balance as of January 1, 2023** | ₩ 491,096 | ₩ 1,362,608 | ₩ (568,475) | ₩ (164,243) | ₩ 24,967,441 | ₩ 26,088,427 |
| **Total comprehensive income (loss):** | | | | | | |
| Profit for the year | - | - | - | - | 1,814,899 | 1,814,899 |
| Gain on financial assets at FVOCI, net of tax | - | - | - | 45 | - | 45 |
| Remeasurements of defined benefit plan, net of tax | - | - | - | - | (65,187) | (65,187) |
| **Total comprehensive income for the year** | - | - | - | 45 | 1,749,712 | 1,749,757 |
| **Transactions with owners of the Company, recognized directly in equity:** | | | | | | |
| Dividends | - | - | - | - | (367,157) | (367,157) |
| Change in treasury stock | - | 859 | (113,464) | - | (146,469) | (259,074) |
| **Total transactions with owners of the Company, recognized directly in equity** | - | 859 | (113,464) | - | (513,626) | (626,231) |
| **Balance As of December 31, 2023** | ₩ 491,096 | ₩ 1,363,467 | ₩ (681,939) | ₩ (164,198) | ₩ 26,203,527 | ₩ 27,211,953 |
| **Balance as of January 1, 2024** | ₩ 491,096 | ₩ 1,363,467 | ₩ (681,939) | ₩ (164,198) | ₩ 26,203,527 | ₩ 27,211,953 |
| **Total comprehensive income (loss):** | | | | | | |
| Profit for the year | - | - | - | - | 2,594,221 | 2,594,221 |
| Gain on financial assets at FVOCI, net of tax | - | - | - | 67,343 | (87) | 67,256 |
| Remeasurements of defined benefit plan, net of tax | - | - | - | - | (58,276) | (58,276) |
| **Total comprehensive income for the year** | - | - | - | 67,343 | 2,535,858 | 2,603,201 |
| **Transactions with owners of the Company, recognized directly in equity:** | | | | | | |
| Dividends | - | - | - | - | (406,219) | (406,219) |
| Change in treasury stock | - | 4,147 | 110,061 | - | (162,990) | (48,782) |
| **Total transactions with owners of the Company, recognized directly in equity** | - | 4,147 | 110,061 | - | (569,209) | (455,001) |
| **Balance as of December 31, 2024** | ₩ 491,096 | ₩ 1,367,614 | ₩ (571,878) | ₩ (96,855) | ₩ 28,170,176 | ₩ 29,360,153 |

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

HYUNDAI MOBIS CO., LTD.

Separate Statements of Cash Flows

**For each of the two years in the period ended December 31, 2024**

| *(In millions of won)* | ***Note*** | **2024** | | **2023** | |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash flows generated from operations | 37 | ₩ | 2,063,202 | ₩ | 3,334,588 |
| Interest received | | | 220,681 | | 233,279 |
| Interest paid | | | (2,599) | | (32,135) |
| Dividends received | | | 903,555 | | 748,085 |
| Income tax paid | | | (353,472) | | (467,212) |
| **Net cash flows provided by operating activities** | | | 2,831,367 | | 3,816,605 |
| **Cash flows from investing activities** | | | | | |
| Increase in financial assets at amortized cost, net | | | (1,028,231) | | (69,962) |
| Decrease in short-term loans | | | 1,400 | | 1,000 |
| Disposal of financial assets at FVPL | | | 711 | | 320 |
| Acquisition of financial assets at FVPL | | | (11,493) | | (1,000) |
| Disposal of financial assets at FVOCI | | | 3,938 | | 5,625 |
| Acquisition of financial assets at FVOCI | | | (10,493) | | (100) |
| Disposal of investments in associates, joint ventures and subsidiaries | | | 19,300 | | 313 |
| Acquisition of investments in associates, joint ventures and subsidiaries | | | (977,645) | | (853,943) |
| Cash inflows from disposal of business | | | 244,315 | | - |
| Disposal of property, plant and equipment | | | 29,352 | | 69,036 |
| Acquisition of property, plant and equipment | | | (672,952) | | (678,767) |
| Disposal of intangible assets | | | 2,021 | | 3,374 |
| Acquisition of intangible assets | | | (145,611) | | (100,650) |
| Proceeds from sales of non-current assets held for sale | | | 21,286 | | - |
| Increase in deposits provided | | | 15,164 | | (6,896) |
| **Net cash flows used in investing activities** | | | (2,508,938) | | (1,631,650) |
| **Cash flows from financing activities** | | | | | |
| Proceed from short-term borrowings | | | 213,688 | | 3,333,197 |
| Repayment of short-term borrowings | | | (212,557) | | (4,382,247) |
| Redemption of current portion of longterm borrowings | | | (150,000) | | - |
| Acquisition of treasury stock | | | (162,990) | | (302,971) |
| Dividends paid | | | (406,219) | | (367,157) |
| Payment of lease liabilities | | | (54,941) | | (51,072) |
| **Net cash flows used in financing activities** | | | (773,019) | | (1,770,250) |
| **Effect of changes in foreign exchange rates on cash and cash equivalents** | | | 460 | | (4,030) |
| **Net increase (decrease) in cash and cash equivalents** | | | (450,130) | | 410,675 |
| **Cash and cash equivalents at the beginning of year** | | | 1,435,435 | | 1,024,760 |
| **Cash and cash equivalents at the end of year** | | ₩ | 985,305 | ₩ | 1,435,435 |

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

## 1. General Description of the Company

HYUNDAI MOBIS CO., LTD. (the "Company") engages in the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services, and others. The shares of the Company have been listed on the Korea Stock Exchange since September 5, 1989.

The main office is located in Yeok-Sam, Gangnam-gu, Seoul, and its module factories are located in Ul-San, Kyoung-In and Chung-Cheong, Republic of Korea. The Company also has a R&D lab located in Yong-In, Republic of Korea.

The Company's common stockholders as of December 31, 2024 and 2023 are as follows:

| *(In Shares)* | **December 31, 2024** | | **December 31, 2023** | |
|---|---|---|---|---|
| **Stockholders** | **Number of shares** | **Percentage of ownership** | **Number of shares** | **Percentage of ownership** |
| KIA CORPORATION | 16,427,074 | 17.66% | 16,427,074 | 17.54% |
| Mong-Ku Chung | 6,778,966 | 7.29% | 6,778,966 | 7.24% |
| Hyundai Steel Company | 5,504,846 | 5.92% | 5,504,846 | 5.88% |
| KT Corporation | 1,383,893 | 1.49% | 1,383,893 | 1.48% |
| Hyundai Glovis Co., Ltd. | 656,293 | 0.71% | 656,293 | 0.70% |
| Eui-Sun Chung | 303,759 | 0.33% | 303,759 | 0.32% |
| Treasury stock | 2,504,454 | 2.69% | 2,986,451 | 3.19% |
| Others | 59,435,809 | 63.91% | 59,613,812 | 63.65% |
| Total | 92,995,094 | 100.00% | 93,655,094 | 100.00% |

## 2. Basis of Preparation

### (1) Statement of compliance

The Company 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*.

These financial statements are separate financial statements prepared in accordance with KIFRS 1027, 'Separate Financial Statements. Pursuant to KIFRS 1027, the accompanying separate financial statements are accounted for, by a parent, investor in an associate or a joint venturer on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

The accompanying separate 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.

### (2) Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except as described in notes herein.

### (3) Functional and presentation currency

The Company presents each account in functional currency (currency of economic environment) with which the Company carries out its operating activities. These separate financial statements are presented in Korean won, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates.

**2. Basis of Preparation, Continued**

**(4) Use of estimates and judgments**

The preparation of the separate financial statements in conformity with KIFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about critical assumptions and estimates is included in Note 3-(24).

**3. Material Accounting Policies**

The material accounting policies applied by the Company in preparation of its separate financial statements are included below and have been applied consistently to all periods presented in these separate financial statements.

**(1) Investments in subsidiaries and associates**

The Company's separate financial statements are prepared in accordance with KIFRS 1027. The Company applied the cost method to account for investment in associates, joint ventures and subsidiaries in accordance with KIFRS 1027. The Company applied KIFRS 1101 *First-time Adoption of KIFRS*. and the carrying amount was used as deemed cost based on the previous accounting standard at the date of transition to KIFRS. Dividends from a subsidiary or associate are recognized in profit or loss when the right to receive the dividend is established.

**(2) Operating segment**

In order to make decision on the distribution of resources on each segment and to evaluate the performance of each segment, the Company divides segment according to the internal report that are periodically reviewed by chief operating decision maker. The Company discloses information related to operating segment in accordance with KIFRS 1108 'Operating Segment' in its separate financial statements.

**(3) Foreign currencies**

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the date of the transactions or that of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the separate statement of profit of loss.

Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the separate statement of profit or loss within financial income or expenses. All other foreign exchange gains and losses are presented in the separate statement of profit or loss within other operating income or expenses.

**(4) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are used by the Company in management of its short-term commitments.

**3. Material Accounting Policies, Continued**

**(5) Non-derivative financial assets**

① Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time at the time of issue. Other financial instruments and financial liabilities are recognized only when the Company becomes a party to the financial instruments.

Except for trade receivables that do not include significant financial assets, are measured at fair value at the time of initial recognition and financial assets at fair value through profit or loss or financial liabilities at fair value through profit or loss transaction costs directly related to the acquisition of the financial asset or the issuance of the financial liability are added to or subtracted from the fair value. Trade receivables that do not include significant financial elements are initially measured at transaction prices.

② Classification and subsequent measurements

**Financial assets**

At initial recognition, financial assets are amortized cost, other comprehensive income - fair value debt instruments, other comprehensive income - fair value equity instruments or profit or loss - classified as measured at fair value.

Financial assets are not reclassified after initial recognition, unless the entity modifies the financial asset management model, in which case all of the financial assets impacted are reclassified on the first day of the first reporting period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. However, once a financial asset is designated as FVPL, it shall be canceled.

**3. Material Accounting Policies, Continued**

**(5) Non-derivative financial assets, continued**

② Classification and subsequent measurements, continued

**Financial assets - Business model**

The Company assess the purpose of the business model held at the portfolio level of the financial asset because it best reflects how the business is managed and how information is provided to management. Such information considers the following:

- the accounting policies and objectives and the actual implementation of these policies for the portfolio;

It focuses on acquiring contractual interest, maintaining a certain level of interest rates, aligning the duration of the debt with the duration of the financial assets and the duration of the financial asset, or leaking or realizing the expected cash flow through the sale of the asset includes executive strategy.

- evaluation of the performance of the financial assets held by the business model and report of the evaluation to key management personnel;
- the risks that affect the performance of the business model (and the financial assets held in the business model) and the way in which they are managed;
- the manner of compensation to management (e.g. compensation based on the fair value of the assets under management or contractual cash flows received); and
- the frequency, amount, timing, reasons for the sale of financial assets in the past and the forecasts of future selling activities

For this purpose, transfers of financial assets to third parties in transactions that do not meet the derecognizing requirements are not considered for sale. A portfolio of financial assets that meets the definition of trading or whose performance is valued at fair value through profit or loss is measured at fair value through profit or loss.

**Financial assets - An assessment of whether contractual cash flows consist solely of principal and interest**

The principal is defined as the fair value at the initial recognition of the financial assets.
Interest is comprised in time value of money, value for the credit risk associated with principal and another cost of basic rental risk and margin.

When assessing whether contractual cash flows consist solely of payments for principal and interest, the Company takes into account conditions of contract. If the financial assets include contractual terms that change the timing or amount of cash flows in the contract, it is necessary to determine whether the cash flows that may occur during the period of the financial assets consist solely of principal payments.

The Company considers the following:

- conditional circumstances that change the amount or timing of cash flows;
- provisions that adjust the contractual face-to-face interest rate, including variable interest rate characteristics;
- medium prepayment and maturity extension characteristics; and
- terms and conditions that limit claims on cash flows arising from specific assets. (e.g., Non-claim features)

The amount of the medium prepayment represents the interest on the principal and remnant money, and if it includes reasonable additional compensation for the early liquidation of the contract, early repayment characteristics are consistent with the conditions under which principal and interest that paid on a particular day.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**3. Material Accounting Policies, Continued**

**(5) Non-derivative financial assets, continued**

② Classification and subsequent measurements, continued

**Financial assets - Subsequent measurement and profit and loss**

| | |
|---|---|
| **Financial assets at FVPL** | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| **Financial assets at amortized cost** | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| **Debt investments at FVOCI** | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| **Equity investments at FVOCI** | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. |

③ Elimination

In the event that the contractual rights to cash flows of financial assets have ceased, the Company transfers the contractual rights to receive the cash flows of the financial assets and substantially transfers the risks and rewards of ownership of the transferred financial assets, or if the Company does not control or control the financial assets without retaining or transferring substantially all the risks and rewards of ownership.

If the Company transacts a recognized asset in its statement of financial position but holds most of the risks and rewards of ownership of the transferred asset, the transferred asset is not removed.

④ Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company currently has a legally enforceable right to set off the recognized amounts and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(6) Impairment of financial assets**

The Company recognize a loss reserve for expected credit losses on the following assets:

- financial assets at amortized cost;
- debt instruments measured at fair value through other comprehensive income; and
- contractual assets as defined in KIFRS 1115.

① Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**3. Material Accounting Policies, Continued**

**(6) Impairment of financial assets, continued**

① Credit-impaired financial assets, continued

The evidence that the credit of a financial asset is impaired includes the following observable information:

- significant financial difficulties of issuer or borrower;
- default;
- inevitable mitigation of initial borrowing conditions for economic or contractual reasons related to the borrower's financial difficulties;
- borrowers are likely to go bankrupt or other financial restructuring becomes more likely; and
- termination of active market for financial assets due to financial difficulties.

The individual impairment review of trade receivables recognizes the difference between the recoverable value and the carrying amount as an impairment loss by estimating the recoverable value of the bond for which the impairment was found. The recoverable value is estimated by considering the collateral value and the guarantee price taking into account the evaluation amount.

Recognition of collective impairment loss for trade receivables is calculated by applying the credit risk ratio for each set of a certain period of time to bonds collectively classified in consideration of similar credit risk characteristics.

② Write-off

If an entity does not reasonably expect to recover all or part of the contractual cash flows of a financial asset, the asset is derecognised. For individual customers, on the basis of their past experience with the recovery of similar assets, the Company removes the carrying amount if the financial asset is determined to be impaired, evaluates whether there is a reasonable expectation for the recovery of the entity's customers, and evaluates the timing and amount individually. The Company has no expectation that the proceeds will be recovered significantly. However, any financial assets that are derecognised may be subject to recovery activities in accordance with the Company's procedures for recovering the amount due.

③ Presentation of impairment

The expected credit loss on financial assets at amortized cost is recognized in profit or loss, and the allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the asset. For debt instruments at FVOCI, changes in credit risk are included in profit or loss and changes in non-credit risk are recognized in other comprehensive income.

**(7) Derivative financial instruments**

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

① Hedge accounting

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on a quarterly basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated.

**3. Material Accounting Policies, Continued**

**(7) Derivative financial instruments, continued**

① Hedge accounting, continued

- Fair value hedge
Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from re-measuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the separate statement of comprehensive income. The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

- Cash flow hedge
When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

② Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met:

(a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
(b) a separated instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

③ Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

**(8) Inventories**

The cost of inventories is determined by the monthly weighted-average method for merchandise, finished goods, work-in-progress, raw material and supplies, and by the moving-average method for auto parts for after-sales service, and by the specific identification method for materials in transit. Inventories are measured at the lower of cost and net realizable value. The Company periodically reviews signs of impairment of inventories, and if impairment is identified due to excess, obsolescence, and inutility, the losses on valuation of inventories are recognized reduction to inventories in separate statement of financial position, and are charged to cost of sales. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**3. Material Accounting Policies, Continued**

**(9) Property, plant and equipment**

Property, plant and equipment are initially measured at cost. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Some land among property, plant and equipment was measured at fair value as pursuant to KIFRS 1101, *First-time Adoption of KIFRS* at the date of transition to KIFRS, thereby being used as deemed cost for subsequent accounting.

Subsequent to initial recognition, property, plant and equipment, except for land, are carried at its cost less any accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the separate statement of profit or loss during the financial period in which they are incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

The estimated useful lives of the Company's property, plant and equipment are as follows:

| | Useful lives (years) |
|---|---|
| Buildings and structures | 30 |
| Machinery and equipment | 5 ~ 15 |
| Tools | 3 ~ 5 |
| Furniture and fixtures | 5 |
| Vehicles | 5 ~ 15 |

Useful lives, depreciation method and residual values are reviewed at the end of each reporting period and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's estimated recoverable amount is smaller than its carrying amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other income or expenses' in the separate statement of profit or loss.

**(10) Borrowing costs**

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset.

The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Company capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

**3. Material Accounting Policies, Continued**

**(11) Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are presented as a deduction to related assets and are credited to depreciation over the estimated useful lives of the related assets.

**(12) Intangible assets**

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

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. As there are no foreseeable limits to the periods over which certain intangible assets are expected to be available for use, those intangible assets are determined as having indefinite useful lives and not amortized.

| | Useful lives (years) |
|---|---|
| Development costs | 5 |
| Software | 5 |
| Industrial property rights | 5 ~ 10 |

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

① Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets acquired. When the excess is negative, bargain purchase gain is recognized immediately in profit or loss. Goodwill is not amortized and stated at book value less accumulated impairment loss.

② Development costs

Costs that are identifiable, controllable and directly attributable to development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project and use or sell it;
- there is an ability to use or sell the development project;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the development project are available; and
- the expenditure attributable to the development project during its development can be reliably measured.

Direct imputed costs capitalized as development costs include new products, employee benefits for the development of new technologies, and related expenses. Capitalized development costs that are recognized as intangible assets are amortized using the straight-line method over their estimated useful lives from the date that they are available for use or sale.

Other development expenditures that do not meet these criteria are recognized in profit or loss as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

**3. Material Accounting Policies, Continued**

**(12) Intangible assets, continued**

③ Membership rights

Membership rights are regarded as intangible assets with indefinite useful lives and not amortized as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. All membership rights are tested annually for impairment and stated at cost less accumulated impairment losses.

④ Other intangible assets

Other intangible assets consist of Customer Relationships and patents, etc.

**(13) Investment property**

Property held for the purpose of earning rentals or benefiting from capital appreciation or for both is classified as investment property. If some portion of property is held for the purpose of owner-occupation and cannot be separated by portions to dispose and the owner-occupied portion is immaterial, it is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on the investment property except for land is calculated using the straight-line method to allocate their cost less residual values over 30 years.

Useful lives, depreciation method and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change of useful lives and residual values is accounted for as a change in an accounting estimate.

**(14) Right-of-use asset and lease liabilities**

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

- As a lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.
However, for the leases of property, the Company has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

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

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

**3. Material Accounting Policies, Continued**

**(14) Right-of-use asset and lease liabilities, continued**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company adjusts interest rates from various external financial information to reflect the terms of the lease and the characteristics of the leased asset and calculates the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following.

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and.
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Company elected to the recognition exemptions for lease contracts that have a lease term of 12 months or less and for which the underlying asset is of low value. The lease payments thereof are recognized on a straight-line basis over the lease term.

**(15) Impairment of non-financial assets**

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested for impairment annually. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is determined for each asset, and if the recoverable amount of an individual asset cannot be estimated, it determines the recoverable amount of the lowest level Company (cash generating unit) that creates a separately identifiable cash flow to which the asset belongs. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the greater of its net fair value and its value in use. The value in use is estimated as the appropriate discount rate that reflects the current market's assessment of the asset's specific risks that have not been adjusted when estimating the time value of money and future cash flows.

If the recoverable amount of an asset or cash-generating unit is less than the carrying amount, the carrying amount of the asset is reduced and recognized in profit or loss immediately. An impairment loss on a cash-generating unit first reduces the carrying amount of goodwill allocated to the cash-generating unit, and then reduces the carrying amount of the asset in proportion to the carrying amount of each other asset belonging to the cash-generating unit.
Impairment losses recognized for goodwill cannot be reversed in subsequent periods.

Non-financial assets other than goodwill that have recognized the impairment loss are reviewed for reversal of the impairment loss at the end of each reporting period. The carrying amount increased by the reversal of an impairment loss cannot exceed the balance after depreciation or amortization of the carrying amount before the impairment loss is recognized in the past.

**3. Material Accounting Policies, Continued**

**(16) Employee benefits**

① Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the benefits in the separate statement of profit or loss.

② Retirement benefits: defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligations to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits related to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

③ Retirement benefits: defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on the high-quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

④ Other long-term employee benefits

Other long-term employee benefits include employee benefits that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The amounts of future benefit that employees have earned in return for their service in the current and prior periods are recognized as liabilities with discounted value. Changes from re-measurements are recognized in profit or loss in the period.

**(17) Provisions and contingent liabilities**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is presented as a separate asset.

Contingent liabilities are:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

**3. Material Accounting Policies, Continued**

**(18) Emission rights**

The Company accounts for greenhouse gases emission right and the relevant liability as below pursuant to the *Act on Allocation and Trading of Greenhouse Gas Emission*.

① Greenhouse gases emission right

Greenhouse gases emission rights consist of emission allowances that are allocated from the government free of charge or purchased from the market. The costs include those directly attributable to bringing the asset and condition necessary for them to be capable of operating in the manner intended by management.

Emission rights held for the purpose of performing the obligation are classified intangible assets. The intangible assets are initially measured at cost and after initial recognition, are carried at cost, less accumulated impairment losses. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the emissions rights are classified as current assets.

Emission rights held for short-term trading gains are classified as current assets and measured at fair value at the end of each reporting period, and any changes in fair value are recognized in profit or loss.

The Company derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government in which the future economic benefits are no longer expected to be probable.

② Emission liability

Emission liability is a present obligation of submitting emission rights to the government with regard to emission of greenhouse gas. Emission liability is recognized when it is probable that outflows of resources will be required to settle the obligation and the costs required to perform the obligation are reliably estimable. Emissions obligations are measured as the sum of the carrying amount of the allocated rights that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of the reporting period for any excess emission. The Company derecognizes emission liability when it submits emission rights to the government.

**(19) Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it is related to a business combination, or items recognized directly in equity or in other comprehensive income.

① Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

② Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

## 3. Material Accounting Policies, Continued

### (19) Income taxes, continued

② Deferred tax, continued

The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

The Company recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period, the amount is reduced if it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

③ Pillar 2 Model Rules

The comprehensive implementation framework of the Organisation for Economic Co-operation and Development (OECD) and the Group of Twenty (G20) addresses tax challenges that have arisen from the digitalization of the global economy. The Global Anti-Base Erosion (GloBE) rules, also known as Pillar Two Model Rules, apply to multinational enterprises with revenues of more than 750 million euros. Under the newly introduced three taxation mechanisms of Pillar Two Model Rules, multinational enterprises must pay a minimum amount of tax (hereinafter referred to as "minimum tax'):

- Qualified Domestic Minimum Top-up Tax (QDMTT);
- Income Inclusion Rule (IIR); and
- Undertaxed Payments Rule (UTPR).

The Subject to Tax Rule is a treaty-based rule that generally applies the minimum tax to cross-border intra-group transactions that would not have been subject to minimum tax if the Subject to Tax Rule had not been applied. These new taxation mechanisms impose a minimum tax on the income generated in each country where the multinational enterprises operate. The Income Inclusion Rule, Undertaxed Payments Rule, and Qualified Domestic Minimum Top-up Tax are applied in a manner that imposes additional tax in countries where the effective tax rate determined on a country-by-country basis is below the minimum tax rate of 15%, according to the Pillar Two Model Rules.

**(20) Revenue from contracts with customers**

The Company is engaged in automobile module and parts manufacturing business and parts business for after sales service. The Company's main revenue is sales of goods. In a contract with a customer, the Company recognizes revenue when the control of the goods or services is transferred to the customer, at an amount that reflects the consideration expected to be paid for the goods or services.

There are other commitments other than the provision of goods on the sales contract of the module and parts with the customer by the Company, and the Company considers whether the obligations under these other commitments are separate performance obligations that requires certain portion of the transaction amount to be allocated. Accordingly, the Company is required to separately identify the provision of service type warranties that exists in the sales contract of the modules and parts from the provision of the modules and parts as separate performance obligations.

The major performance obligations of the Company for contracts with customers are as follows:

① Provision of modules and parts for after sales service

Revenue from the modules and parts is recognized at the time of delivery of the asset, at which control of the asset is transferred to the customer, the general collecting terms being within 90 days of delivery except for related parties.

When calculating the transaction price allocated to the obligation to provide modules and parts, the Company considers the following:

(a) Variable consideration
If the contract contains a variable consideration, the Company estimates the amount to be received in exchange for transferring the promised goods to the customer. When the uncertainty associated with variable consideration is resolved later, the variable consideration is estimated at the inception of the contract and included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur.

(b) Significant financial component
The Company receives short-term advances from certain customers, depending on the terms in the contract with customers. Applying the simplified approach of KIFRS 1115, if it is expected that the duration between the transfer of the goods to the customer and the payment of the consideration by the customer will be within one year at the time the contract is initiated, the Company does not reflect the impact of significant financing components in calculating the transaction price.

(c) Provision of assurance type warranties
The Company provides warranties for repairs of defective products at the point of sale of vehicles and its parts in accordance with relevant laws and regulations. The Company determines that the majority of these guarantees are assurance type warranties as per KIFRS 1115, and accordingly, it accounts for the warranties in accordance with KIFRS 1037: *Provisions, contingent liabilities and contingent assets* (Note 21).

**3. Material Accounting Policies, Continued**

**(20) Revenue from contracts with customers, continued**

② Provision of service type warranties

In addition to the defects repair warranty at the time of the sale of the modules and its parts, the Company provides different additional warranties depending on the type of goods. The Company distinguishes these additional warranties as separate performance obligations under KIFRS 1115 and allocates a portion of the transaction price received in providing the goods to the performance obligations, and revenues are recognized over the period when the performance obligation is fulfilled.

When the Company calculates the transaction price allocated to the obligation to provide the service type warranty, the Company considers the following:

(a) Estimating selling price of each service
In the case of a service type warranty provided by the Company, the individual selling price is not directly observed, and the Company considers all available information to a reasonable extent and estimates its individual selling prices in a consistent manner.

(b) Significant financing component
The Company generally receives the total transaction amount from the customer, including the consideration of the service type warranty, within 90 days from the delivery of modules and its parts. In general, as there is a significant difference between the point at which the Company receives the consideration for the provision of the service type warranty and the time at which the obligation is actually fulfilled, the Company reviews whether significant financing components exist. The Company determines that the difference arises due to a reason other than providing financial services to the customer or the Company, and therefore, there is no significant financing component in the transaction price.

**3. Material Accounting Policies, Continued**

**(21) Financial and other revenue**

The Company recognizes revenue when the amount of revenue can be reliably measured, the future economic benefits are likely to flow into the Company, and certain specific requirements for each of the activities described below are met.

① Interest income

Interest income is classified as financial income and is recognized using the effective interest rate method over time. In the event of a bond damage, the Company reduces the carrying amount of the bond amount up to the recoverable amount (the amount obtained by discounting the estimated future cash flows to the initial effective interest rate of the financial asset), and the interest income on the damaged bond is recognized by the initial effective interest rate.

② Dividend income

Dividend income is classified as financial income and is recognized when the right to receive dividends is established.

③ Rental income

Rental income from investment property is classified as other income and is recognized on a straight-line basis over the rental period.

**(22) Dividend**

Dividend liability is recognized in the separate statement of financial position when the dividends are approved by the Company's shareholders.

**(23) Earnings per share**

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

**(24) Events After the Reporting Period**

If a company obtains information about conditions that existed at the end of the reporting period after the reporting period but before the authorization date of the issuance, it evaluates whether this information affects the amounts recognized in the separate financial statements. The Company adjusts the amounts recognized in the financial statements to reflect events after the reporting period that require adjustment and amends the related disclosures to reflect the new information. For events after the reporting period that do not require adjustment, the Company does not change the amounts recognized in the separate financial statements but discloses the nature and an estimate of the financial effect of the non-adjusting events after the reporting period, or if such an estimate cannot be made, a description thereof.

**3. Material Accounting Policies, Continued**

**(25) Material accounting estimates and judgments**

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, differ from actual results. The material estimates and assumptions and those which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

① Fair value of derivative and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company 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.

② Recoverable amount of non-current assets

The carrying amounts of the Company's non-current assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

③ Defined benefit obligations

The Company has a defined benefit plan for post-employment benefit. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The Company determines the appropriate discount rate and future salary growth and other assumptions to apply an actuarial valuation method. The estimation of post-employment benefit plan contains material uncertainties because of the long-term nature of the liability.

④ Impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

⑤ Provision for warranties

The Company recognizes provision for expected expenditures based on the warranty period (1~11 years) and past experience rate by warranty, exchange, refund, defect repair and after-service for merchandises and finished goods. In addition, if some or all of the expenditure required to settle the provision is expected to be reimbursed by a third party, the reimbursement amount is recognized and accounted for as a separate asset only when it is almost certain that the reimbursement will be made.

⑥ Provision for loss on valuation

As of the end of each reporting period, the Company recognizes losses on valuation by reviewing whether there are any indications of individual impairment such as deterioration, obsolescence or inutility. Except for items measured individually, losses on valuation of inventories are recognized as the difference between net realizable value and book value. When the Company evaluate the inventories, it applies the estimate of future required inventory quantities, selling price and selling expenses.

**3. Material Accounting Policies, Continued**

**(25) Material accounting estimates and judgments, continued**

⑦ Income taxes

The Company recognized the income tax effects of future business activities as a result of its operations as of the end of the reporting period as the current and deferred income tax through the best estimation process. However, the actual final future income tax may differ from assets and liabilities recognized, and such difference may affect the income tax, deferred tax assets and liabilities when the final tax effect is determined.

When a certain amount of taxable income is not used for investment or wage increase during a specific period, the Company pays additional income tax calculated in accordance with the tax laws. Therefore, the tax effect must be reflected when measuring current and deferred income tax for the relevant period. As the Company's tax may change arising from changes in investment, wage growth, etc., there exists uncertainty in calculating the final tax effect.

The Company reviews whether there is uncertainty in the treatment of income tax, and if the tax authorities conclude that it is not likely to accept the uncertain income tax treatment, each uncertain income tax treatment is recognized as the amount calculated by the following methods to predict resolution of the uncertainty.
(a) Most likely amount: A single amount with the highest probability within a range of possible outcomes.
(b) Expected value: the sum of all amounts in the range of possible outcomes multiplied by each probability

⑧ Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**(26) New and amended standards and interpretations**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to KIFRS 1116 - *Lease Liability in a Sale and Leaseback***
The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.
The amendments had no impact on the Company's separate financial statements.

**Amendments to KIFRS 1001 - *Classification of Liabilities as Current or Non-current***
The amendments to 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 terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

**3. Material Accounting Policies, Continued**

**(26) New and amended standards and interpretations, continued**

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's separate financial statements.

**Amendments to KIFRS 1007 and KIFRS 1107** ***- Supplier Finance Arrangements***

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement in Note 17.

**(27) 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 Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

**Amendments to KIFRS 1021 -** ***Lack of exchangeability***
The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.
The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.
The amendments are not expected to have a material impact on the Company's separate financial statements.

**Amendments to KIFRS 1109** ***Financial Instruments*** **and KIFRS 1107** ***Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments***

The amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments include the following:
• clarifying that a financial liability is derecognized on the settlement date and introduce an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
• providing additional guidance as to how to assess contractual cash flows of financial assets with environmental, social and corporate governance (ESG) and similar features;
• clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
• introducing disclosures on financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income.

**3. Material Accounting Policies, Continued**

**(27) Standards issued but not yet effective, continued**

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, and the amendments for the classification of financial assets and related disclosures may be early adopted. The Group does not plan to early apply the amendments.

In relation to the derecognition of financial liabilities that are settled via electronic payment systems, the Group is performing assessment on all the major electronic payment systems used in various jurisdictions in which the Group operates.

The amendments are not expected to have a material impact on its consolidated financial statements based on the initial assessment performed but the assessment has not been completed

**Annual Improvements to KIFRS - Volume 11**

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.
· Amendments to KIFRS 1101 First-time adoption of KIFRS: Hedge accounting by a first-time adopter
· Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
· Amendments to KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
· Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
· Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the separate financial statements.

## 4. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Cash on hand | ₩ | 4 | ₩ | 5 |
| Bank deposits and others | | 985,301 | | 1,435,430 |
| | ₩ | 985,305 | ₩ | 1,435,435 |

## 5. Restricted Financial Instruments

Restricted financial instruments in use as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | Dec. 31, 2024 | | Dec. 31, 2023 | | Description |
|---|---|---|---|---|---|
| Other financial assets | ₩ | 149,500 | ₩ | 165,500 | Mutual cooperation deposits and others |
| | | 1,920 | | 7,689 | Escrow account for public contribution |
| Other non-current assets | | 17 | | 18 | Bank account deposits |
| Total | ₩ | 151,437 | ₩ | 173,207 | |

## 6. Other Financial Assets

Other financial assets as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Financial assets at amortized cost | ₩ | 4,101,420 | ₩ | 3,073,189 |
| Financial assets at FVPL | | 399,249 | | 640,706 |
| Total | ₩ | 4,500,669 | ₩ | 3,713,895 |

## 7. Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Current | Non-current (Note 16) | Current | Non-current (Note 16) |
| Accounts and notes receivable - trade | W 7,971,875 | W 221 | W 7,756,788 | W 384 |
| Allowance for doubtful accounts | (489) | (221) | (573) | (262) |
| Sub-total | 7,971,386 | - | 7,756,215 | 122 |
| Accounts and notes receivable - other | 229,523 | 419,630 | 223,604 | 414,281 |
| Allowance for doubtful accounts | (192) | (138) | (411) | (552) |
| Sub-total | 229,331 | 419,492 | 223,193 | 413,729 |
| Loans | 1,400 | 1,440 | 1,400 | 2,840 |
| Total | W 8,202,117 | W 420,932 | W 7,980,808 | W 416,691 |

Trade and other receivables from the Company’s related parties and the conglomerate affiliates as of December 31, 2024 and 2023 are ₩6,898,897 million and ₩6,633,283 million, respectively (Note 35).

(2) The Company transferred certain accounts and notes receivable amounted to ₩4,325 million and ₩3,171 million to several financial institutions with recourse and treated them as borrowings as of December 31, 2024 and 2023, respectively (Note 18).

(3) The Company recognized an allowance for doubtful accounts amounting to ₩359 million based on individual analysis for receivables impaired as of December 31, 2024. In addition, the Company recognized an allowance for doubtful accounts amounting to ₩681 million based on collective assessment of impairment based on past experience for Company of assets with similar credit risk.

Changes in allowance for doubtful accounts for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won)* | 2024 | 2023 |
|---|---|---|
| Beginning | ₩ 1,798 | ₩ 1,507 |
| Impairment | 70 | 337 |
| Write-off | (828) | (46) |
| Ending | ₩ 1,040 | ₩ 1,798 |

## 8. Inventories

Inventories as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Acquisition cost | Provision for loss on valuation | Carrying amount | Acquisition cost | Provision for loss on valuation | Carrying amount |
| Merchandises | ₩ 1,071,042 | ₩ (31,204) | ₩ 1,039,838 | ₩ 903,062 | ₩ (32,957) | ₩ 870,105 |
| Finished goods | 106,041 | (9,078) | 96,963 | 142,127 | (19,214) | 122,913 |
| Work-in-process | 216,101 | (10,805) | 205,296 | 282,637 | (34,377) | 248,260 |
| Raw materials | 1,420,557 | (43,745) | 1,376,812 | 1,155,095 | (18,791) | 1,136,304 |
| Supplies | 24,396 | - | 24,396 | 23,872 | - | 23,872 |
| Goods-in-transit | 195,815 | - | 195,815 | 257,060 | - | 257,060 |
| Outsourcing | 46,497 | - | 46,497 | 44,799 | - | 44,799 |
| Total | ₩ 3,080,449 | ₩ (94,832) | ₩ 2,985,617 | ₩ 2,808,652 | ₩ (105,339) | ₩ 2,703,313 |

The amounts of reversal on valuation of inventories charged to cost of sales for each of the two years in the period ended December 31, 2024 are ₩10,507 million and ₩8,283 million, respectively.

## 9. Other Current Assets

Other current assets as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Accrued income | ₩ 61,967 | ₩ 52,557 |
| Prepaid expenses | 63,424 | 58,544 |
| Prepaid value added tax | 111,106 | 139,559 |
| Total | ₩ 236,497 | ₩ 250,660 |

## 10. Property, Plant and Equipment

(1) Property, plant and equipment as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | | Land | Buildings | Structures | Machinery | Tools | Furniture and fixtures | Vehicles | Construction-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 3,856,955 | 2,031,731 | 236,496 | 1,811,096 | 937,486 | 385,499 | 70,704 | 742,936 | 10,072,903 |
| Accumulated depreciation | | - | (675,862) | (90,152) | (1,049,731) | (705,939) | (273,778) | (37,284) | - | (2,832,746) |
| Government grant | | (11,300) | (11,325) | - | (4,242) | - | (21) | (52) | - | (26,940) |
| Net carrying amount | ₩ | 3,845,655 | 1,344,544 | 146,344 | 757,123 | 231,547 | 111,700 | 33,368 | 742,936 | 7,213,217 |

② As of December 31, 2023

| *(In millions of won)* | | Land | Buildings | Structures | Machinery | Tools | Furniture and fixtures | Vehicles | Construction-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 3,832,389 | 1,780,922 | 208,509 | 1,804,218 | 878,274 | 378,896 | 92,162 | 797,667 | 9,773,037 |
| Accumulated depreciation | | - | (608,409) | (79,531) | (999,901) | (625,182) | (271,889) | (38,592) | - | (2,623,504) |
| Government grant | | - | (1,638) | - | (1,217) | (1) | (56) | (4) | - | (2,916) |
| Net carrying amount | ₩ | 3,832,389 | 1,170,875 | 128,978 | 803,100 | 253,091 | 106,951 | 53,566 | 797,667 | 7,146,617 |

**10. Property, Plant and Equipment, Continued**

(2) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | Acquisition | Disposal(*1) | Depreciation | Impairment Losses | InvestmentIn kind(*2) | Others(*3) | Ending |
|---|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 3,832,389 | 2,002 | (86) | - | - | (3,546) | 14,896 | 3,845,655 |
| Buildings | | 1,170,875 | 10,761 | (1,433) | (67,392) | - | (1,053) | 232,786 | 1,344,544 |
| Structures | | 128,978 | 4,181 | (380) | (10,646) | - | - | 24,211 | 146,344 |
| Machinery | | 803,100 | 43,166 | (107,443) | (135,814) | - | - | 154,114 | 757,123 |
| Tools | | 253,091 | 78,203 | (11,455) | (94,319) | (4,619) | - | 10,646 | 231,547 |
| Furniture and fixture | | 106,951 | 35,585 | (2,075) | (38,210) | - | - | 9,449 | 111,700 |
| Vehicles | | 53,566 | 1,611 | (231) | (5,834) | - | - | (15,744) | 33,368 |
| Construction-in-progress | | 797,667 | 442,583 | - | - | - | - | (497,314) | 742,936 |
| Total | ₩ | 7,146,617 | 618,092 | (123,103) | (352,215) | (4,619) | (4,599) | (66,956) | 7,213,217 |

(*1) The company transferred property, plant and equipment related to the hydrogen fuel cell business amounting to ₩ 106,752 million to HYUNDAI MOTOR COMPANY for the year ended December 31, 2024.
(*2) The company made a capital contribution in kind of property, plant and equipment amounting to ₩ 4,599 million HMGS LLC for the year ended December 31, 2024.
(*3) Others include the reclassification of construction-in-progress, reclassification between accounts, reclassification from fixed assets to assets scheduled to be sold and capitalization of borrowing cost.

② For the year ended December 31, 2023

| *(In millions of won)* | | Beginning | Acquisition | Disposal | Depreciation | Investment In Kind(*1) | Others(*2) | Ending |
|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 3,778,804 | 25,774 | - | - | - | 27,811 | 3,832,389 |
| Buildings | | 987,759 | 16,001 | (408) | (59,120) | - | 226,643 | 1,170,875 |
| Structures | | 132,236 | 2,528 | (186) | (10,196) | (22) | 4,618 | 128,978 |
| Machinery | | 1,058,185 | 43,508 | (58,900) | (156,996) | (240,428) | 157,731 | 803,100 |
| Tools | | 268,563 | 108,666 | (18,358) | (96,002) | (31,217) | 21,439 | 253,091 |
| Furniture and fixture | | 102,393 | 43,288 | (846) | (37,520) | (12,732) | 12,368 | 106,951 |
| Vehicles | | 14,347 | 23,523 | (18) | (4,453) | (8) | 20,175 | 53,566 |
| Construction-in-progress | | 845,064 | 446,930 | - | - | - | (494,327) | 797,667 |
| Total | ₩ | 7,187,351 | 710,218 | (78,716) | (364,287) | (284,407) | (23,542) | 7,146,617 |

(*1) The Company made an investment in kind of ₩ 14,404 million, ₩85,367 million and ₩184,636 million for H Green Power Inc., Motras Co., Ltd. and Unitus Co., Ltd., respectively.
(*2) Others include the reclassification of construction-in-progress, reclassification between accounts, reclassification from fixed assets to assets scheduled to be sold (Note 40) and capitalization of borrowing cost.

## 10. Property, Plant and Equipment, Continued

(3) The capitalized borrowing costs and capitalization interest rate for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | **2024** | | **2023** |
|---|---|---|---|---|
| Capitalized borrowing costs | ₩ | 5,412 | ₩ | 6,636 |
| Capitalization interest rates (%) | | 1.95 | | 1.90 |

## 11. Intangible Assets

(1) Intangible assets as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | | **Goodwill** | **Industrial property rights** | **Development costs** | **Software** | **Other intangible assets** | **Membership** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 598,960 | 60,014 | 315,222 | 568,774 | 11,796 | 97,155 | 1,651,921 |
| Accumulated amortization | | (1,581) | (33,221) | (155,551) | (435,780) | (9,076) | (640) | (635,849) |
| Government grant | | - | - | - | (41) | - | - | (41) |
| Net carrying amount | ₩ | 597,379 | 26,793 | 159,671 | 132,953 | 2,720 | 96,515 | 1,016,031 |

② As of December 31, 2023

| *(In millions of won)* | | **Goodwill** | **Industrial property rights** | **Development costs** | **Software** | **Other intangible assets** | **Membership** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 598,960 | 50,732 | 223,712 | 507,659 | 11,870 | 89,411 | 1,482,344 |
| Accumulated amortization | | - | (24,426) | (140,463) | (411,132) | - | (640) | (576,661) |
| Government grant | | - | - | - | (34) | - | - | (34) |
| Net carrying amount | ₩ | 598,960 | 26,306 | 83,249 | 96,493 | 11,870 | 88,711 | 905,649 |

(2) Changes in intangible assets for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | | **Beginning balance** | **Acquisition (*1)** | **Disposals (*2)** | **Amortization** | **Impairment Losses(*3)** | **Others(*4)** | **Ending balance** |
|---|---|---|---|---|---|---|---|---|
| Goodwill | ₩ | 598,960 | - | - | - | (1,581) | - | 597,379 |
| Industrial property rights | | 26,306 | 9,922 | (557) | (5,192) | (3,686) | - | 26,793 |
| Development costs | | 83,249 | 91,510 | - | (14,059) | (1,029) | - | 159,671 |
| Software | | 96,493 | 35,235 | (917) | (44,821) | - | 46,963 | 132,953 |
| Other intangible assets | | 11,870 | - | (73) | (654) | (8,423) | - | 2,720 |
| Membership | | 88,771 | 8,944 | (1,200) | - | - | - | 96,515 |
| Total | ₩ | 905,649 | 145,611 | (2,747) | (64,726) | (14,719) | 46,963 | 1,016,031 |

**11. Intangible Assets, Continued**

(*1) Acquisition costs of internal development are included.
(*2) The Compnay transferred intangible assets related to the hydrogen fuel cell business amounting to W 803 million to HYUNDAI MOTOR COMPANY in the year ended December 31, 2024.
(*3) Impairment losses were recognized for goodwill, industrial property rights, development costs and other intangible assets due to evaluation of goodwill, trademarks and project discontinuation.
(*4) Others includes the transfer amounts to the main account and other accounts for assets under construction.

(2) Changes in intangible assets for each of the two years in the period ended December 31, 2024 are summarized as follows, continued:

② For the year ended December 31, 2023

| *(In millions of won)* | | Beginning | Acquisition(*1) | Disposals | Amortization | impairment Losses(*2) | Investment In Kind(*3) | Others(*4) | Ending |
|---|---|---|---|---|---|---|---|---|---|
| Goodwill | ₩ | 598,960 | - | - | - | - | - | - | 598,960 |
| Industrial property rights | | 27,189 | 7,337 | - | (4,502) | (3,718) | - | - | 26,306 |
| Development costs | | 48,928 | 47,046 | - | (11,131) | (1,594) | - | - | 83,249 |
| Software | | 98,976 | 31,046 | (3,151) | (44,869) | - | (3,943) | 18,434 | 96,493 |
| Other intangible assets | | 11,695 | 267 | (87) | - | - | - | (5) | 11,870 |
| Membership | | 73,817 | 14,954 | - | - | - | - | - | 88,771 |
| Total | ₩ | 859,565 | 100,650 | (3,238) | (60,502) | (5,312) | (3,943 | 18,429 | 905,649 |

(*1) Acquisition costs of internal development are included.
(*2) Impairment losses were recognized for industrial property rights and development costs due to trademark evaluation and project discontinuation.
(*3) The Company made an investment in kind of ₩3,657 million and ₩286 million for Motras Co., Ltd. and Unitus Co., Ltd., respectively.
(*4) Others include the reclassification of construction-in-progress, reclassification between accounts, reclassification from fixed assets to Non-current Assets Held for Sale (Note 40) and capitalization of borrowing cost.

(3) Research and development costs recorded in profit or loss for each of the two years in the period ended December 31, 2024 are ₩1,746,436 million and ₩1,592,768 million, respectively (Note 30).

(4) Details of development costs as of December 31, 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | Residual amortization period |
|---|---|---|---|
| Development costs (Electrical / electronic parts) | ₩ | 126,379 | 3 ~ 5 years |
| Development costs (Electrification parts) | | 13,450 | 4 years |
| Development costs (Safety Parts) | | 19,133 | 5 years |
| Development costs (Semiconductor parts) | | 262 | 2 years |
| Development costs (Module parts) | | 447 | 5 years |
| Total | ₩ | 159,671 | |

**11. Intangible Assets, Continued**

(5) Impairment of goodwill

Goodwill allocated to the cash generation units identified by operating segments as of December 31, 2024 is as follows:

| *(In millions of won)* | Auto parts | | After-sales services | | Total | |
|---|---|---|---|---|---|---|
| Hyundai Autonet Co., Ltd. | ₩ | 588,395 | ₩ | - | ₩ | 588,395 |
| Others | | 8,984 | | - | | 8,984 |
| Total | ₩ | 597,379 | ₩ | - | ₩ | 597,379 |

Impairment of goodwill is determined based on the unit of cash generation. The recoverable amount of the cash-generating unit is determined based on the value in use, and the value in use is based on a cash flow estimate based on a five-year business plan approved by the management. The growth rate for cash flows over 5 years was estimated within the range not exceeding the long-term average growth rate for each industry in the region to which each cash generation unit belongs.

Value in use is greatly influenced by major assumptions such as the long-term growth rate and pre-tax discount rate used in the cash flow discount model. The permanent growth rate and pre-tax discount rate used in estimating value in use is 0% and 9.7% respectively.

As a result of the impairment test on goodwill, it is expected that the book value of the cash generation unit will not exceed the recoverable amount. In addition, even if the major assumptions (permanent growth rate, discount rate) are changed by 0.5% each within the possible range, the book value is not expected to exceed the recoverable amount.

**12. Investment Property**

(1) Investment property as of December 31, 2024 and 2023 is summarized as follows:

| *(In millions of won)* | December 31, 2024 | | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Land | | Buildings | | Land | | Buildings | |
| Acquisition costs | ₩ | 23,005 | ₩ | 13,921 | ₩ | 23,005 | ₩ | 13,921 |
| Accumulated depreciation | | - | | (9,336) | | - | | (8,863) |
| Carrying amount | ₩ | 23,005 | ₩ | 4,585 | ₩ | 23,005 | ₩ | 5,058 |

(2) Changes in investment property for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | Beginning | | Depreciation | | Ending | |
|---|---|---|---|---|---|---|
| Land | ₩ | 23,005 | ₩ | - | ₩ | 23,005 |
| Buildings | | 5,058 | | (473) | | 4,585 |
| Total | ₩ | 28,063 | ₩ | (473) | ₩ | 27,590 |

**12. Investment Property, Continued**

(2) Changes in investment property for each of the two years in the period ended December 31, 2024 are summarized as follows, Continued

② For the year ended December 31, 2023

| *(In millions of won)* | | **Beginning** | | **Depreciation** | | **Ending** |
|---|---|---|---|---|---|---|
| Land | ₩ | 23,005 | ₩ | - | ₩ | 23,005 |
| Buildings | | 5,531 | | (4,734) | | 5,058 |
| Total | ₩ | 28,536 | ₩ | (4,734) | ₩ | 28,063 |

(3) The fair values of investment property as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | **December 31, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| Land | ₩ | 48,128 | ₩ | 48,128 |
| Buildings | | 3,992 | | 3,992 |
| Total | ₩ | 52,120 | ₩ | 52,120 |

The fair value evaluation of investment property was conducted as of December 31, 2019. The calculation was performed by an independent appraiser. The company did not re-perform the fair value evaluation after the valuation date because it determined that changes are not expected to have a significant impact to the company.

(4) The amounts recognized in profit or loss from investment property for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | **2024** | | **2023** |
|---|---|---|---|---|
| Rental income | ₩ | 4,533 | ₩ | 4,286 |
| Operating/Maintaining expense | | (1,290) | | (1,151) |
| Total | ₩ | 3,243 | ₩ | 3,135 |

## 13. Right-of-use asset

(1) Changes in right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | | Additions | | Depreciation | | Others(*2) | | Ending balance |
|---|---|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 11,165 | ₩ | 4 | ₩ | (4,610) | ₩ | 1,626 | ₩ | 8,165 |
| Buildings(*1) | | 106,076 | | 13,579 | | (48,736) | | 17,786 | | 88,705 |
| Vehicles | | 4,030 | | 4,833 | | (2,949) | | 402 | | 6,316 |
| Others | | 75 | | 2,603 | | (2,612) | | 19 | | 85 |
| Total | ₩ | 121,346 | | 21,019 | ₩ | (58,907) | ₩ | 19,833 | ₩ | 103,291 |

(*1) The lease contract of headquarter contains an option to extend the lease, which only the company can exercise. The company shall reassess whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances.
(*2) Effect of changing lease period is included.

② For the year ended December 31, 2023

| *(In millions of won)* | | Beginning | | Additions | | Depreciation | | Others(*2) | | Ending balance |
|---|---|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 6,509 | ₩ | 6,536 | ₩ | (5,259) | ₩ | 3,379 | ₩ | 11,165 |
| Buildings(*1) | | 94,924 | | 30,970 | | (41,211) | | 21,393 | | 106,076 |
| Vehicles | | 3,657 | | 2,329 | | (1,937) | | (19) | | 4,030 |
| Others | | 244 | | 5,550 | | (4,644) | | (1,075) | | 75 |
| Total | ₩ | 105,334 | ₩ | 45,385 | ₩ | (53,051) | ₩ | 23,678 | ₩ | 121,346 |

(*1) The lease contract of headquarter contains an option to extend the lease, which only the company can exercise. The company shall reassess whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances.
(*2) Effect of changing lease period is included.

(2) The amounts recognized in profit or loss from leases for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Interest expense on lease liabilities | ₩ | 3,525 | ₩ | 3,033 |
| The expense on variable lease payments not included in the measurement of lease liabilities | | 57,705 | | 78,183 |
| Expenses on short-term leases | | 2,407 | | 3,540 |
| Expenses on leases of low-value assets, excluding short-term leases of low-value assets | | 1,281 | | 916 |

## 14. Investment in Associates, Joint Ventures and Subsidiaries

(1) Investments in the subsidiaries as of December 31, 2024 and 2023 are summarized as follows:

*(In millions of won)*

| Company | Location | Business | 2024 Ownership | 2024 Carrying amount | 2023 Ownership | 2023 Carrying amount |
|---|---|---|---|---|---|---|
| Hyundai IHL Co., Ltd. | Korea | Manufacturing the auto lighting and electric apparatus | 99.38% | ₩ - | 99.38% | ₩ - |
| Global Information Technology Co., Ltd. | Korea | Manufacturing diagnostic System | 80.54% | 48,450 | 80.54% | 48,450 |
| H Green Power Inc.(*4) | Korea | Manufacturing of storage battery | 100.00% | 169,746 | 100.00% | 109,746 |
| Motras Co., Ltd.(*4) | Korea | Manufacturing of automotive module | 100.00% | 167,302 | 100.00% | 137,302 |
| Unitus Co., Ltd.(*4) | Korea | Manufacturing of auto-parts | 100.00% | 277,902 | 100.00% | 277,902 |
| Hyundai Motor (Shanghai) Co., Ltd. | China | Sales of auto-parts | 100.00% | 18,228 | 100.00% | 18,228 |
| Shanghai Hyundai Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 100.00% | 116,069 | 100.00% | 116,069 |
| Jiangsu Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 100.00% | 96,915 | 100.00% | 96,915 |
| Beijing Hyundai Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 100.00% | 223,061 | 100.00% | 223,061 |
| Wuxi Mobis Automotive Parts Co., Ltd.(*1) | China | Manufacturing and sales of auto-parts | 33.75% | 24,814 | 33.75% | 24,814 |
| Tianjin Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 100.00% | 20,600 | 100.00% | 20,600 |
| Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 90.00% | - | 90.00% | - |
| ChongQing Hyundai Mobis Automotive Parts Co., Ltd.(*5) | China | Manufacturing and sales of auto-parts | 90.00% | - | 90.00% | - |
| Mobis Parts Middle East FZE | UAE | Sales of auto-parts | 100.00% | - | 100.00% | - |
| Mobis America Inc. | USA | Manufacturing and sales of auto-parts | 100.00% | 555,069 | 100.00% | 555,069 |
| American Autoparts, Inc. | USA | Manufacturing and sales of auto-parts | 100.00% | 19,637 | 100.00% | 19,637 |
| Mobis Parts Europe N.V. | Belgium | Sales of auto-parts | 100.00% | 59,107 | 100.00% | 59,107 |
| Mobis Parts Australia PTY., Ltd. | Australia | Sales of auto-parts | 100.00% | 25,159 | 100.00% | 25,159 |
| Mobis Slovakia s.r.o. | Slovakia | Manufacturing and sales of auto-parts | 100.00% | 33,213 | 100.00% | 33,213 |
| Mobis Automotive and Module Industry Trade Co. - Joint Stock Company | Turkey | Manufacturing and sales of auto-parts | 100.00% | 33,803 | 100.00% | 33,803 |
| Mobis India, Ltd. | India | Manufacturing and sales of auto-parts | 100.00% | 89,389 | 100.00% | 89,389 |
| Mobis India Module Private Limited | India | Manufacturing and sales of auto-parts | 100.00% | 15,328 | 100.00% | 15,328 |
| Mobis Automotive Czech s.r.o. | Czech | Manufacturing and sales of auto-parts | 100.00% | 20,503 | 100.00% | 20,503 |
| Mobis Automotive System Czech S.R.O. | Czech | Manufacturing and sales of auto-parts | 100.00% | 49,868 | 100.00% | 49,868 |
| Mobis Module CIS, LLC(*2) | Russia | Manufacturing and sales of auto-parts | 99.00% | 17,138 | 99.00% | 17,138 |
| Mobis Brasil Fabricacao De Auto Pecas Ltda | Brazil | Manufacturing and sales of auto-parts | 100.00% | - | 100.00% | - |
| Mobis Parts Canada Corporation | Canada | Sales of auto-parts | 100.00% | 6,511 | 100.00% | 6,511 |
| Hyundai Mobis Mexico. S. DE R.L. DE C.V.(*3) | Mexico | Manufacturing and sales of auto-parts | 98.37% | 170,687 | 98.37% | 170,687 |
| MOBIS Spain Electrified Powertrain, S.L.(*4) | Spain | Sales of auto-parts | 100.00% | 29,100 | 100.00% | 5 |
| PT Hyundai Energy Indonesia | Indonesia | Manufacturing of storage battery | 60.00% | 18,749 | 60.00% | 18,749 |
| Mobis Hungary KFT. | Hungary | Manufacturing and sales of auto-parts | 100.00% | 33,720 | 100.00% | 33,720 |
| | | | | ₩ 2,340,068 | | ₩ 2,220,973 |

**14. Investment in Associates, Joint Ventures and Subsidiaries, Continued**

(1) Investment in the subsidiaries as of December 31, 2024 and 2023 are summarized as follows, continued:

(*1) The Company and Shanghai Hyundai Mobis Automotive Parts Co., Ltd. hold 33.75% and 66.25% of the ownership, respectively.
(*2) The Company and Mobis Parts CIS, LLC hold 99.00% and 1.00% of the ownership, respectively.
(*3) The Company and Mobis America, Inc. hold 98.37% and 1.63% of the ownership, respectively.
(*4) The Company made an additional investment of ₩60,000 million, ₩29,095 million, and ₩30,000 million for H Green Power Inc., MOBIS Spain Electrified Powertrain S.L. and Motras Co., Ltd., respectively.
(*5) The Company acquired 10% of equity interest in the entity from Hyundai Motor Group (China) Ltd. for the year ended December 31, 2024.

## 14. Investment in Associates, Joint Ventures and Subsidiaries, Continued

(2) Investments in the associates and joint ventures as of December 31, 2024 and 2023 are summarized as follows:

*(In millions of won)*

| | | | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| Company | Location | Business | Ownership | | Carrying amount | Ownership | | Carrying amount |
| Hyundai Motor Company | Korea | Automobile manufacture and sales | 21.86% | ₩ | 3,880,191 | 21.43% | ₩ | 3,880,191 |
| Hyundai Engineering & Construction Co., Ltd.(*1) | Korea | Engineering and construction | 8.73% | | 1,167,119 | 8.73% | | 1,167,119 |
| Hyundai Engineering Co., Ltd.(*1) | Korea | Engineering and construction | 9.35% | | 286,556 | 9.35% | | 286,556 |
| Hyundai Autoever Corporation | Korea | ERP system design and management | 20.13% | | 197,777 | 20.13% | | 197,777 |
| ZF Lemfoerder Chassis Technology Korea Co., Ltd. | Korea | Manufacture and sales of auto-parts | 27.34% | | 4,492 | 27.34% | | 4,492 |
| Hyundai Motor Securities Co., Ltd.(*1) | Korea | Securities brokerage | 15.71% | | 54,029 | 15.71% | | 54,029 |
| Fubon Hyundai Life Insurance Co., Ltd.(*1) | Korea | Life Insurance | 7.56% | | 137,040 | 10.18% | | 137,040 |
| Hyundai Motor Group (China) Ltd. | China | Investment | 20.00% | | 68,554 | 20.00% | | 68,554 |
| Beijing Hyundai Mobis Parts Co., Ltd.(*2) | China | Sales of auto-parts | 50.00% | | 20,983 | 50.00% | | 20,983 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd.(*2) | China | Sales of auto-parts | 50.00% | | 9,849 | 50.00% | | 9,849 |
| Jiangsu Yeuda Mobis New Energy Battery Co., Ltd.(*2) | China | Manufacture and sales of auto-parts | 50.00% | | 10,404 | 50.00% | | 10,404 |
| Motional AD LLC(*1,6) | USA | AI software | 17.00% | | 751,965 | 10.00% | | 497,834 |
| ACVC Partners Fund I, LP(*4) | USA | Investment | 44.33% | | 13,572 | 44.33% | | 10,886 |
| SMART WORLD INNOVATION FUND L.P.(*5) | USA | Investment | 30.94% | | 5,400 | 30.94% | | 4,931 |
| Hyundai Motor Company Innovation Center In Singapore PTE. Ltd.(*7) | Singapore | Automobile manufacture and sales | 20.00% | | 84,147 | 20.00% | | 67,580 |
| HTWO guangzhou Co.,Ltd(*3) | China | Manufacture and sales of auto-parts | - | | - | 15.00% | | 16,996 |
| SUPERNAL, LLC(*8) | USA | Urban air mobility | 33.33% | | 629,367 | 33.33% | | 391,612 |
| PT. HLI GREEN POWER | Indonesia | Manufacture and sales of auto-parts | 25.00% | | 105,644 | 25.00% | | 105,644 |
| HMG Global, LLC.(*9) | USA | Investment | 20.00% | | 923,550 | 20.00% | | 591,147 |
| SPb Audio Lab(*10) | Bulgaria | Software | 25.04% | | 1,302 | 25.04% | | 1,302 |
| HMGS LLC(*10) | Korea | Real estate rental | 20,40% | | 18,363 | - | | - |
| | | | | ₩ | 8,370,304 | | ₩ | 7,524,926 |

**14. Investment in Associates, Joint Ventures and Subsidiaries, Continued**

(2) Investment in associates and joint ventures as of December 31, 2024 and 2023 are summarized as follows, continued:

(*1) In spite of ownership of less than 20%, the Company has significant influence over the appointment of members of Board of Directors according to the joint operation agreement signed with the stockholders, and thus the entities are classified as associates.
(*2) The Company has classified Beijing Hyundai Mobis Parts Co., Ltd., Mobis Parts Jiangsu Yueda Trading Co., Ltd. and Jiangsu Yueda Mobis New Energy Battery Co., Ltd., all of which were established under joint venture agreements, as joint ventures, since the Company has rights only to the net assets, and the joint arrangements are structured through separate vehicles.
(*3) The Company disposed of the shares of ₩16,996 million to Hyundai Motor Company for the year ended December 31, 2024.
(*4) The Company invested an additional ₩3,085 million in ACVC PARTNERS FUND I, LP, and recovered ₩399 million, and the recognized gain on disposal of financial assets was ₩67 million for the year ended December 31, 2024.
(*5) The Company invested an additional ₩686 million in Smart World Innovation Fund LP, and recovered ₩217 million, and the recognized gain on disposal of financial assets was ₩1,621 million for the year ended December 31, 2024.
(*6) The Company invested an additional ₩254,131 million in Motional AD LLC for the year ended December 31, 2024.
(*7) The Company invested an additional ₩16,567 million in Hyundai Motor Group Innovation Center In Singapore Pte.Ltd. for the year ended December 31, 2024.
(*8) The Company invested an additional ₩237,755 million in SUPERNAL, LLC. for the year ended December 31, 2024.
(*9) The Company invested an additional ₩332,403 million in HMG Global, LLC for the year ended December 31, 2024.
(*10) The Company newly acquired 20.4% shares in HMGS LLC for ₩13,923 million and tangible assets of ₩4,440 million for the year ended December 31, 2024.

(3) The fair values of marketable securities of associates as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Hyundai Motor Company | ₩ 9,705,789 | ₩ 9,316,642 |
| Hyundai Engineering & Construction Co., Ltd. | 246,882 | 339,219 |
| Hyundai Motor Securities Co., Ltd | 37,075 | 42,806 |
| Hyundai Autoever Corporation | 696,107 | 1,167,539 |

## 15. Non-current financial assets

Non-current financial assets as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | | December 31, 2024 | | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares (In shares) | Ownership | | Acquisition cost | | Carrying amount | | Acquisition cost | | Carrying amount |
| **1. Financial assets at FVOCI** | | | | | | | | | | |
| **Non-marketable securities** | | | | | | | | | | |
| Hyundai Transys Inc.(*1) | 12,893,176 | 15.74% | ₩ | 342,861 | ₩ | 283,585 | ₩ | 342,989 | ₩ | 285,061 |
| China Millennium Corporations | - | 10.10% | | 9,061 | | 9,061 | | 9,061 | | 9,061 |
| Envisics, Inc.(*2) | 26,076,884 | 13.37% | | 72,209 | | 105,367 | | 72,209 | | 93,092 |
| Boston Dynamics AI Institute LLC | - | 19.00% | | 113,346 | | 113,346 | | 113,346 | | 113,346 |
| ZF Sachs Korea Co., Ltd. | 908,960 | 8.55% | | 635 | | 9,288 | | 635 | | 9,288 |
| Other securities(*3) | | | | 54,956 | | 59,706 | | 46,777 | | 49,213 |
| Subtotal | | | ₩ | 593,068 | ₩ | 580,353 | ₩ | 585,017 | ₩ | 559,061 |
| **Marketable securities** | | | | | | | | | | |
| HDC Hyundai Development Company Co., Ltd. | 255,000 | 0.39% | ₩ | 5,115 | ₩ | 4,603 | ₩ | 5,115 | ₩ | 3,723 |
| HWASEUNG R&A CO., LTD. | 467,654 | 2.46% | | 1,090 | | 1,403 | | 1,090 | | 1,938 |
| KG Mobility Corp. | - | - | | - | | - | | - | | - |
| Deepglint(*5) | 817,613 | 0.32% | | 2,700 | | 2,343 | | 2,700 | | 3,099 |
| Velodyne Lidar, Inc | - | - | | - | | - | | - | | - |
| Ouster, Inc | 400,195 | 0.81% | | 7,734 | | 7,189 | | 7,734 | | 3,958 |
| KT Corporation | 8,094,466 | 3.21% | | 300,520 | | 354,942 | | 300,520 | | 278,450 |
| Other securities(*4) | | | | 3,660 | | 2,174 | | 3,662 | | 4,959 |
| Subtotal | | | | 320,819 | | 372,654 | | 320,821 | | 296,127 |
| Total | | | ₩ | 913,887 | ₩ | 953,007 | ₩ | 905,838 | ₩ | 855,188 |
| **2. Financial assets at FVPL** | | | | | | | | | | |
| Debt instruments(*5) | | | ₩ | 31,070 | ₩ | 35,131 | ₩ | 19,934 | ₩ | 23,995 |
| Total non-current financial assets | | | ₩ | 944,957 | ₩ | 988,138 | ₩ | 925,772 | ₩ | 879,183 |

(*1) The fair value evaluation was conducted for the year ended December 31, 2024, and the recognized loss on financial assets at FVOCI was ₩1,348 million.
(*2) The fair value evaluation was conducted for the year ended December 31, 2024, and the recognized gain on financial assets at FVOCI was ₩12,275 million.
(*3) The Company newly acquired 10.48% shares in Elevation Microsystems, Inc. with ₩10,493 million.
(*4) The Company sold 209,339 shares in MediaZen Inc. for ₩3,798 million, and the recognized gain on disposal of financial assets at FVOCI was ₩97 million.
(*5) The Company newly acquired debt securities of Elevation Microsystems, Inc. with ₩10,493 million.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

## 16. Other Non-current Assets

Other non-current assets as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Long-term loans | ₩ | 1,440 | ₩ | 2,840 |
| Long-term financial instruments | | 17 | | 18 |
| Long-term accounts and notes receivable - other | | 419,492 | | 413,729 |
| Deposits provided | | 86,666 | | 101,636 |
| Long-term accounts and notes receivable - trade | | - | | 122 |
| Net defined benefit assets(Note 22) | | 47,754 | | 136,028 |
| Total | ₩ | 555,369 | ₩ | 654,373 |

## 17. Trade and Other Payables

(1) Trade and other payables as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Accounts and notes payable - trade | ₩ | 3,883,129 | ₩ | 4,266,473 |
| Accounts and notes payable - other | | 1,107,111 | | 1,005,285 |
| Total | ₩ | 4,990,240 | ₩ | 5,271,758 |

Trade and other payables to the related parties and the conglomerate affiliates as of December 31, 2024 and 2023 are ₩1,521,414 million and ₩1,626,638 million, respectively (Note 35).

(2) The company entered into supplier financial arrangements with several major suppliers. Participation in the agreement is at the discretion of the suppliers. Suppliers participating in the supplier financial arrangements may receive early payments of trade and other receivables of the Company from the financial provider. If the supplier chooses to receive an early payment, the supplier shall pay fees to the financial provider, not to the company. In order for financial provider to make the payment, the company shall receive the goods and approve the related invoice. The financial provider shall make the payment before the due date. In all cases, the company shall make the payment to the financial provider on the original payment date described above to settle its trade and other payables. The terms and conditions of the payment with the supplier are not renegotiated. The company has not provided collateral to the financial provider. All trade and other payables under the supplier financial arrangements are included in the trade and other payables in the separate statement of financial position and are included in the trade and other payables in the table above.

The trade and other payables are interest-free and generally, the payment date is within 90 days. The trade and other payables included in the Supplier financial arrangements are also included.

The book values of the trade and other payables that are part of the supplier financial arrangement as of December 31, 2024 is ₩1,295,669 million, of which the payment to the supplier is ₩115,587 million.

There are no significant non-cash changes in the book values of the trade and other payables that are part of the supplier financial arrangements.

## 18. Borrowings and Bonds

(1) Short-term borrowings as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | Annual interest rate (%) | December 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Borrowings collateralized by trade receivables | Wooribank Korea Co., Ltd. and others | 1M SOFR+0.4 and others | ₩ 4,325 | ₩ 3,171 |

(2) Bonds as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | Issue date | Expiry date | Annual interest rate (%) | December 31, 2024 | December 31, 2023 |
|---|---|---|---|---|---|
| Nonguaranteed public offering bond | 2021-07-09 | 2024-07-09 | - | ₩ - | ₩ 150,000 |
| Nonguaranteed public offering bond | 2021-07-09 | 2026-07-09 | 1.957 | 140,000 | 140,000 |
| Nonguaranteed public offering bond | 2021-07-09 | 2028-07-09 | 2.081 | 60,000 | 60,000 |
| | | | | 200,000 | 350,000 |
| Discount on bonds premium | | | | (205) | (385) |
| Reclassification from non-current to current | | | | - | (149,929) |
| | | | | ₩ 199,795 | ₩ 199,686 |

## 19. Other Current Liabilities

Other current liabilities as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Accrued expenses | ₩ 269,907 | ₩ 214,229 |
| Advance from customers | 30,294 | 26,745 |
| Unearned revenue | 23,560 | 22,475 |
| Withholdings | 43,564 | 65,796 |
| Liabilities for payment guarantee | 3,727 | 3,465 |
| Others | 8,078 | 9,070 |
| Total | ₩ 379,130 | ₩ 341,780 |

## 20. Other Non-current Liabilities

Other non-current liabilities as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Long-term other payable(Note 36) | ₩ | 199,999 | ₩ | 336,513 |
| Other long-term employee benefits | | 110,403 | | 89,129 |
| Long-term accrued expenses | | 49,652 | | 46,080 |
| Provision for restoration | | 5,891 | | 5,784 |
| Long-term unearned revenue | | 66,717 | | 50,310 |
| Others | | 1,220 | | - |
| Total | ₩ | 433,882 | ₩ | 527,816 |

## 21. Provision for Warranties

Changes in provision for warranties for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Beginning | ₩ | 1,255,088 | ₩ | 904,777 |
| Increase | | 448,632 | | 586,486 |
| Utilization | | (324,051) | | (236,175) |
| Ending | | 1,379,669 | | 1,255,088 |
| Less: current provision for warranties | | (1,077,885) | | (965,294) |
| Non-current provision for warranties | ₩ | 301,784 | ₩ | 289,794 |

Third-party reimbursements treated as separate assets as of December 31, 2024 and 2023 are ₩617,337 million and ₩578,695 million, respectively.

## 22. Defined Benefit Obligations

(1) Defined benefit s as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Present value of defined benefit obligations | ₩ | 959,159 | ₩ | 836,361 |
| Transfer to National Pension Fund | | (132) | | (144) |
| Fair value of plan assets | | (1,006,781) | | (972,245) |
| Amount recognized in financial statements (*) | ₩ | (47,754) | ₩ | (136,028) |

(*) Net defined benefit assets are included. (Note 16).

(2) Changes in present value of defined benefit obligations for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Beginning | ₩ | 836,361 | ₩ | 690,742 |
| Current service costs | | 84,952 | | 71,567 |
| Interest costs | | 37,284 | | 35,825 |
| Remeasurements: | | 73,141 | | 79,880 |
| Gain from changes in demographic assumptions | | - | | (51) |
| Gain from changes in financial assumptions | | 49,808 | | 58,322 |
| Gain from experience adjustments | | 23,333 | | 21,609 |
| Benefit paid | | (72,579) | | (41,653) |
| Ending | ₩ | 959,159 | ₩ | 836,361 |

(3) Changes in fair value of plan assets for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Beginning | ₩ | 972,245 | ₩ | 940,994 |
| Interest income | | 44,473 | | 50,095 |
| Remeasurements of plan assets | | (6,037) | | (7,913) |
| Contribution paid into the plan assets | | 55,400 | | 27,530 |
| Benefit paid by the plan assets | | (59,300) | | (38,461) |
| Ending | ₩ | 1,006,781 | ₩ | 972,245 |

**22. Defined Benefit Obligations, Continued**

(4) The components of plan assets as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Fixed deposit | ₩ | 50,090 | ₩ | - |
| Insurance contract of guaranteed interest | | 956,687 | | 972,244 |
| Cash assets | | 4 | | 1 |
| Total | ₩ | 1,006,781 | ₩ | 972,245 |

The plan assets are invested that do not have a quoted market price in an active market.

(5) The components of retirement benefit costs for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Current service costs | ₩ | 84,952 | ₩ | 71,567 |
| Interest income | | (7,189) | | (14,270) |
| Total expense included in employee benefits | ₩ | 77,763 | ₩ | 57,297 |

Total expenses for retirement benefit costs for the year ended December 31, 2024 consist of ₩7,549 million recognized as cost of sales, ₩33,977 million as selling, general and administrative expenses (excluding research and development expense), ₩36,237 million as research and development expenses. The actual return on plan assets is ₩38,436 million for the year ended December 31, 2024. The Company expects to pay contribution into the plan amounting to approximately ₩85,034 million in 2025.

(6) Principal actuarial assumptions used as of December 31, 2024 and 2023 are summarized as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Discount rate | 4.07% | 4.61% |
| Expected future salary growth | 3.82% | 3.82% |

The discount rate is the market yield at the end of the reporting period on high quality corporate bonds (AA+) that have maturity approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

(7) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2024 is as follows:

| *(In millions of won)* | | 1% increase | | 1% decrease |
|---|---|---|---|---|
| Discount rate | ₩ | (88,998) | ₩ | 104,601 |
| Expected future salary growth | | 106,317 | | (91,658) |

## 22. Defined Benefit Obligations, Continued

(8) The information on the maturity profile of defined benefit obligations as of December 31, 2024 is as follows:

| *(In millions of won)* | Weighted average duration | | Less than 1 year | 1~5 years | 5~10 years | More than 10 years | Total |
|---|---|---|---|---|---|---|---|
| Benefit payments | 10.663 years | ₩ | 37,076 | 219,913 | 244,994 | 457,176 | 959,159 |

(9) The expenses recognized in the current period's profit and loss related to the defined contribution plan amount to 1,443 million KRW.

## 23. Stockholders' Equity

(1) The Company's capital stocks as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won and in shares)* | December 31, 2024 | | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Common stock | | Preferred stock | | Common stock | | Preferred stock | |
| Authorized number of shares | | 275,000,000 | | 25,000,000 | | 275,000,000 | | 25,000,000 |
| Par value per share in won | ₩ | 5,000 | ₩ | 5,000 | ₩ | 5,000 | ₩ | 5,000 |
| Issued number of shares | | 92,995,094 | | 3,974 | | 93,655,094 | | 3,974 |
| Capital stock in millions of won | ₩ | 490,969 | ₩ | 127 | ₩ | 490,969 | ₩ | 127 |

Pursuant to Articles of Incorporation, the Company is authorized to issue shares of non-voting preferred stock up to 25 million shares. In case the Company is not able to pay the agreed additional dividends (dividend rate for common stock + 1%) for preferred stock, the preferred shareholders are given the voting rights from the date of the general shareholders' meeting which approves the suspension of dividends to preferred stock, to the date of the general shareholders' meeting which approves the resumption of the dividends to preferred stock.

As approved by the Board of Directors on March 15, 2003, January 24, 2014, April 26, 2019, January 30, 2020, January 28, 2021, October 28, 2021, September 7, 2022, July 26, 2023 and February 16, 2024 the Company retired 850,000 treasury shares of common stocks amounting to ₩18,813 million, 21,484 treasury shares of preferred stocks amounting to ₩4,125 million, 2,037,169 treasury shares of common stocks amounting to ₩261,145 million, 252,000 treasury shares of common stocks amounting to ₩52,978 million, 261,600 treasury shares of common stocks amounting to ₩57,833 million, 220,000 treasury shares of common stocks amounting to ₩54,084 million, 288,000 treasury shares of common stocks amounting to ₩70,801 million, 630,000 treasury shares of common stocks amounting to ₩146,469 million and 660,000 treasury shares of common stocks amounting to 162,990 million, repectively. Accordingly, the number of shares issued has been decreased, but the total amount of paid-in capital has not been affected.

(2) Details of capital surplus as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Additional paid-in capital | ₩ | 1,283,312 | ₩ | 1,283,312 |
| Revaluation reserve | | 26,844 | | 26,844 |
| Other capital surplus | | 57,458 | | 53,311 |
| Total | ₩ | 1,367,614 | ₩ | 1,363,467 |

## 24. Treasury Stock

The Company acquires treasury stocks for price stabilization, stock dividends, and exercise of appraisal rights of dissenting shareholders at the time of merge. The Company plans to retire the shares depending on the market conditions.

Changes in treasury Stock for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won, except share information)* | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Number of shares** | **Carrying amount** | **Number of shares** | **Carrying amount** |
| Beginning | 2,986,451 | ₩ 681,939 | 2,434,930 | ₩ 568,475 |
| Acquisition of treasury stock(*1) | 660,000 | 162,990 | 1,370,000 | 302,971 |
| Disposal of treasury stock(*2) | (481,997) | (110,061) | (188,479) | (43,038) |
| Retirement of treasury stock(*1) | (660,000) | (162,990) | (630,000) | (146,469) |
| Ending | 2,504,454 | ₩ 571,878 | 2,986,451 | ₩ 681,939 |

(*1) As approved by the Board of Directors on December 8, 2022, the Company resolved to acquire 1,500,000 shares of common stock. The Company acquired 740,000 shares of common stock as treasury stock for a total amount of KRW 156,502 million for the year ended December 31, 2023. As approved by the Board of Directors on July 26, 2023, the Company resolved to acquire 630,000 shares of common stock for the purpose of retirement. The Company acquired 630,000 shares of common stock as treasury stock for a total amount of KRW 146,469 million for the year ended December 31, 2023 and retired them on November 1, 2023. In addition, as approved by the Board of Directors on February 16, 2024, the Company resolved to acquire 660,000 shares of common stock for the purpose of retirement. During the current period, the Company acquired 660,000 shares of common stock as treasury stock for a total amount of KRW 162,990 million and retired them on June 3, 2024.

(*2) As approved by the Board of Directors on July 25, 2024, the Company disposed of 165,615 shares of common stock as treasury stock for a total amount of KRW 37,818 million by donating them to the Employee Stock Ownership Association on September 30, 2024. Additionally, the Company disposed of 168,825 shares of common stock as treasury stock for a total amount of KRW 38,550 million by distributing them to employees on the same date. Furthermore, as approved by the same Board resolution, the Company disposed of 71,800 shares of common stock as treasury stock for a total amount of KRW 16,395 million by donating them to the Employee Stock Ownership Association on December 24, 2024, and disposed of 75,757 shares of common stock as treasury stock for a total amount of KRW 17,298 million by distributing them to employees on the same date.

## 25. Other Equity

Other equities as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Gain on valuation of financial assets at FVOCI | ₩ 93,080 | ₩ 49,601 |
| Loss on valuation of financial assets at FVOCI | (169,193) | (193,057) |
| Other capital adjustments | (20,742) | (20,742) |
| Total | ₩ (96,855) | ₩ (164,198) |

## 26. Retained Earnings

(1) Retained earnings as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Legal reserve | ₩ | 245,548 | ₩ | 245,548 |
| Voluntary reserve | | 25,639,975 | | 24,444,975 |
| Unappropriated retained earnings | | 2,284,653 | | 1,513,004 |
| Total | ₩ | 28,170,176 | ₩ | 26,203,527 |

(2) Legal reserve

The *Commercial Act* of the Republic of Korea requires the Group to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve cannot be used for dividends in cash, but only may be used to reduce a deficit or may be transferred to common stock in connection with a free issue of shares.

(3) Voluntary reserve

Under the Special Tax Treatment Control Law, the Company appropriates a certain portion of retained earnings, pursuant to a shareholder resolution, as a voluntary reserve. This reserve may be reversed and transferred to unappropriated retained earnings by the resolution of shareholders and be distributed as dividends after its reversal.

(4) Statements of appropriation of retained earnings for the years ended December 31, 2024 and 2023 are as follows:

Date of Appropriation for 2025: March 19, 2025
Date of Appropriation for 2024: March 20, 2024

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Unappropriated retained earnings** | | | | |
| Beginning | ₩ | 1,798 | ₩ | 875 |
| Payment of quarterly dividends (Note 27) | | (90,013) | | (91,114) |
| Remeasurements of defined benefit liabilities | | (58,276) | | (65,187) |
| Retirement of treasury stocks | | (162,990) | | (146,469) |
| Disposal of financial assets at FVOCI | | (87) | | - |
| Profit for the year | | 2,594,221 | | 1,814,899 |
| | ₩ | 2,284,653 | ₩ | 1,513,004 |
| **Appropriation of retained earnings** | | | | |
| Voluntary reserve | | 1,734,453 | | 1,195,000 |
| Dividends | | 452,743 | | 316,206 |
| | ₩ | 2,283,873 | ₩ | 1,511,206 |
| **Unappropriated retained earnings to be carried over to subsequent year** | ₩ | 780 | ₩ | 1,798 |

## 27. Dividends

(1) Dividends for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won, except for share information and ratio)* | | 2024(Quarter) | | | 2024(Prospective) | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Common stock | Preferred stock | Total | Common Stock | Preferred stock | Total | Common stock | Preferred stock | Total |
| Number of shares | | 90,008,643 | 3,974 | 90,012,617 | 90,490,640 | 3,974 | 90,494,614 | 90,340,643 | 3,974 | 90,344,617 |
| Par value per share in won | ₩ | 5,000 | 5,000 | | 5,000 | 5,000 | | 5,000 | 5,000 | |
| Dividends as a percentage of par value | | 20.00% | 20.00% | | 100.00% | 101.00% | | 90.00% | 91.00% | |
| Dividends | ₩ | 90,009 | 4 | 90,013 | 452,453 | 20 | 452,473 | 407,302 | 18 | 407,320 |

(2) Dividends as a percentage of net income for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won, except for ratio)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Dividends | ₩ | 542,486 | ₩ | 407,320 |
| Profit attributable to owners of the Company | | 2,594,221 | | 1,814,899 |
| Dividend as a percentage of net income | | 20.91% | | 22.44% |

(3) Dividend yield ratio for each of the two years in the period ended December 31, 2024 are as follows:

| *(In won)* | | 2024(Quarter) | | 2024(Prospective) | | 2023 | |
|---|---|---|---|---|---|---|---|
| | | Common stock | Preferred stock | Common stock | Preferred stock | Common stock | Preferred stock |
| Dividend per share | ₩ | 1,000 | 1,000 | 3,500 | 3,550 | 4,000 | 4,550 |
| Market price at the end of year | | 251,500 | - | 236,500 | - | 237,000 | - |
| Dividend yield ratio | | 0.40% | - | 2.11% | - | 1.90% | - |

## 28. Revenue from Contracts with Customers

(1) Source of Revenue

Main revenues acquired from the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services, and royalty income for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Revenue from contracts with customers | ₩ | 36,604,026 | ₩ | 38,970,304 |

**28. Revenue from Contracts with Customers, Continued**

(2) Disaggregation of Revenue

Adjustment of revenues from contracts with customers which were disaggregated according to the timing of their implementation for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Recognized at a point in time | ₩ | 36,210,990 | ₩ | 38,688,905 |
| Recognized over time | | 393,036 | | 281,399 |
| Total | ₩ | 36,604,026 | ₩ | 38,970,304 |

(3) Contract Balance

The contract balances as of December 31, 2024 and 2023 are as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Account receivables | ₩ | 7,972,096 | ₩ | 7,757,172 |
| Contract Liabilities | | 85,634 | | 57,493 |

(4) The amounts allocated to performance obligations that are not satisfied(or partially not satisfied) of the transaction prices in major contracts entered into as of December 31, 2024 and 2023 are as follows:

| *(In millions of won)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Rendering of transportation services | ₩ | 15,935 | ₩ | 5,060 |
| Rendering of warranty in addition to assurance | | 69,699 | | 52,433 |

The performance obligation transaction price that was not implemented will be recognized as profit or loss during the period when the service or warranty is provided.

## 29. Nature of Expenses

Details of nature of expenses for each of the two years in the period ended December 31, 2024 are as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Changes in finished goods, work-in-process and merchandises | ₩ | (100,819) | ₩ | (79,417) |
| Raw material consumed and purchase of merchandise | | 25,798,740 | | 29,822,150 |
| Employee benefits | | 1,947,896 | | 1,678,114 |
| Depreciation and amortization | | 476,321 | | 478,313 |
| Freight | | 608,247 | | 468,877 |
| Advertisement | | 75,200 | | 78,505 |
| Fees and commission paid | | 2,321,046 | | 2,146,601 |
| Others | | 3,674,542 | | 3,215,474 |
| Total | ₩ | 34,801,173 | ₩ | 37,808,617 |

The total amount is the sum of cost of sales and selling, general, and administrative expenses in separate statements of income.

## 30. Selling, General and Administrative Expenses

Selling, general and administrative expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Salaries | ₩ | 657,698 | ₩ | 574,581 |
| Retirement benefits | | 35,266 | | 25,435 |
| Employee welfare | | 128,050 | | 115,886 |
| Transportation and storage | | 115,566 | | 106,383 |
| Payment commission | | 283,601 | | 258,638 |
| Advertisement | | 75,200 | | 78,505 |
| Research and development | | 1,746,436 | | 1,592,768 |
| Others | | 374,449 | | 337,220 |
| Total | ₩ | 3,416,266 | ₩ | 3,089,416 |

## 31. Other Income and Expense

Details of other income and expense for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Other income (A):** | | | | |
| Gain on foreign exchange transaction | ₩ | 212,852 | ₩ | 182,040 |
| Gain on foreign exchange translation | | 68,799 | | 5,594 |
| Gain on disposal of property, plant and equipment | | 8,832 | | 11,031 |
| Gain on disposal of intangible assets | | 103 | | 242 |
| Reversal of allowance for doubtful accounts - other | | 258 | | 698 |
| Reversal of Impairment loss on intangible assets | | 4,976 | | - |
| Miscellaneous gain | | 87,409 | | 86,106 |
| | | 383,229 | | 285,711 |
| **Other expense (B):** | | | | |
| Loss on foreign exchange transaction | | 148,094 | | 135,694 |
| Loss on foreign exchange translation | | 15,475 | | 15,559 |
| Bad debts expense - other | | 129 | | 239 |
| Donation | | 27,911 | | 21,970 |
| Loss on disposal of property, plant and equipment | | 1,552 | | 6,802 |
| Loss on disposal of intangible assets | | 24 | | 106 |
| Impairment loss on property, plant and equipment | | 4,619 | | - |
| Impairment loss on intangible assets | | 14,719 | | 5,312 |
| Miscellaneous loss | | 47,481 | | 11,223 |
| | | 260,004 | | 196,905 |
| Net other income (A-B) | ₩ | 123,225 | ₩ | 88,806 |

## 32. Financial Instruments Related Income and Expense

(1) Financial instruments related income and expense classified as selling, general and administrative expenses for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Selling, general and administrative expenses:** | | | | |
| Allowance for other doubtful accounts | ₩ | 309 | ₩ | 796 |
| Reversal of allowance for doubtful accounts | | (110) | | - |
| Net finance loss | ₩ | (199) | ₩ | (796) |

(2) Financial instruments related income and expense classified as other income and other expense for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Other income (A):** | | | | |
| Gain on foreign exchange transaction | ₩ | 212,852 | ₩ | 182,040 |
| Gain on foreign exchange translation | | 68,799 | | 5,594 |
| Reversal of allowance for doubtful accounts - others | | 258 | | 698 |
| | | 281,909 | | 188,332 |
| **Other expense (B):** | | | | |
| Loss on foreign exchange transaction | | 148,094 | | 135,694 |
| Loss on foreign exchange translation | | 15,475 | | 15,559 |
| Bad debts expense – others | | 129 | | 239 |
| | | 163,698 | | 151,492 |
| Net finance income (A-B) | ₩ | 118,211 | ₩ | 36,840 |

**32. Financial Instruments Related Income and Expense, Continued**

(3) Financial instruments related income and expense classified as finance income and finance costs for each of the two years in period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Finance income (A):** | | | | |
| Interest income | ₩ | 232,486 | ₩ | 246,797 |
| Dividend income (*) | | 28,339 | | 16,140 |
| Foreign exchange transaction gain | | 287,770 | | 257,390 |
| Foreign exchange translation gain | | 468 | | 53 |
| Gain on disposal of financial assets at FVPL | | 366 | | 1,469 |
| Gain on valuation of financial assets at FVPL | | 3,139 | | 42,447 |
| Subtotal for finance income | | 552,568 | | 564,296 |
| **Finance costs (B):** | | | | |
| Interest expense | | 7,649 | | 42,537 |
| Foreign exchange transaction loss | | 216,002 | | 302,467 |
| Foreign exchange translation loss | | 29 | | 4,071 |
| Loss on disposal of financial assets at FVPL | | 12 | | 9,166 |
| Loss on valuation of financial assets at FVPL | | 2,569 | | 2,960 |
| Subtotal for finance costs | | 226,261 | | 361,201 |
| Bet finance income (A-B) | ₩ | 326,307 | ₩ | 203,095 |

(*) Dividend income of ₩875,216 million and ₩731,945 million from investment in associates, joint ventures and subsidiaries for the years ended December 31, 2024 and 2023 respectively are excluded (Note 35).

## 32. Financial Instruments Related Income and Expense, Continued

(4) Details of finance income and costs by category for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | | Financial assets at FVPL | Financial assets at amortized cost | Financial assets at FVOCI | Financial liabilities at amortized cost | Total |
|---|---|---|---|---|---|---|
| **Recognized in profit or loss:** | | | | | | |
| Interest income | ₩ | 68 | 232,418 | - | - | 232,486 |
| Dividends income | | - | - | 28,339 | - | 28,339 |
| Gain on foreign exchange transaction | | - | 462,973 | - | 37,649 | 500,622 |
| Gain on foreign exchange translation | | - | 68,696 | - | 571 | 69,267 |
| Gain on disposal of financial assets at FVPL | | 366 | - | - | - | 366 |
| Gain on valuation of financial assets at FVPL | | 3,139 | - | - | - | 3,139 |
| Reversal of allowance for doubtful accounts | | - | 110 | - | - | 110 |
| Reversal of allowance for doubtful accounts - other | | - | 258 | - | - | 258 |
| Interest expense | | - | - | - | (7,649) | (7,649) |
| Foreign exchange transaction loss | | - | (267,659) | - | (96,437) | (364,096) |
| Foreign exchange translation loss | | - | (66) | - | (15,438) | (15,504) |
| Loss on disposal of financial assets at FVPL | | (12) | - | - | - | (12) |
| Loss on valuation of financial assets at FVPL | | (2,569) | - | - | - | (2,569) |
| Bad debts expense | | - | (309) | - | - | (309) |
| Bad debts expense - others | | - | (129) | - | - | (129) |
| Subtotal | ₩ | 992 | 496,292 | 28,339 | (81,304) | 444,319 |
| Finance income | ₩ | 3,573 | 764,455 | 28,339 | 38,220 | 834,587 |
| Finance costs | | (2,581) | (268,163) | - | (119,524) | (390,268) |
| **Recognized in other comprehensive income (loss):** | | | | | | |
| Unrealized gain on valuation | ₩ | - | - | 67,343 | - | 67,343 |
| Total | ₩ | 992 | 496,292 | 95,682 | (81,304) | 511,662 |

## 32. Financial Instruments Related Income and Expense, Continued

(4) Details of finance income and costs by category for each of the two years in period ended December 31, 2023 are summarized as follows, continued:

② For the year ended December 31, 2023

| *(In millions of won)* | | Financial assets at FVPL | Financial assets at amortized cost | Financial assets at FVOCI | Financial liabilities at amortized cost | Total |
|---|---|---|---|---|---|---|
| **Recognized in profit or loss:** | | | | | | |
| Interest income | ₩ | 1 | 246,796 | - | - | 246,797 |
| Dividends income | | - | - | 16,140 | - | 16,140 |
| Gain on foreign exchange transaction | | - | 351,938 | - | 87,492 | 439,430 |
| Gain on Foreign exchange translation | | - | 2,949 | - | 2,698 | 5,647 |
| Gain on disposal of financial assets at FVPL | | 1,469 | - | - | - | 1,469 |
| Gain on valuation of financial assets at FVPL | | 42,447 | - | - | - | 42,447 |
| Reversal of allowance for doubtful accounts - other | | - | 698 | - | - | 698 |
| Interest expense | | - | - | - | (42,537) | (42,537) |
| Foreign exchange transaction loss | | - | (281,635) | - | (156,526) | (438,161) |
| Foreign exchange translation loss | | - | (17,374) | - | (2,256) | (19,630) |
| Loss on disposal of financial assets at FVPL | | (9,166) | - | - | - | (9,166) |
| Loss on valuation of financial assets at FVPL | | (2,960) | - | - | - | (2,960) |
| Bad debts expense | | - | (796) | - | - | (796) |
| Bad debts expense – others | | - | (239) | - | - | (239) |
| Subtotal | ₩ | 31,791 | 302,337 | 16,140 | (111,129) | 239,139 |
| Finance income | ₩ | 43,917 | 602,381 | 16,140 | 90,190 | 752,628 |
| Finance costs | | (12,126) | (300,044) | - | (201,319) | (513,489) |
| **Recognized in other comprehensive income (loss):** | | | | | | |
| Unrealized gain on valuation | ₩ | - | - | 45 | - | 45 |
| Total | ₩ | 31,791 | 302,337 | 16,185 | (111,129) | 239,184 |

## 32. Financial Instruments Related Income and Expense, Continued

(5) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities set off | Net amounts of financial assets presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral received | |
| Financial instruments | ₩ | 1,101,878 | 1,035,203 | 66,675 | - | 13 | 66,662 |

② As of December 31, 2023

| *(In millions of won)* | | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities set off | Net amounts of financial assets presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral received | |
| Financial instruments | ₩ | 1,242,707 | 1,095,561 | 147,146 | - | 174 | 146,972 |

(6) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off | Net amounts of financial liabilities presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral provided | |
| Repurchase, securities lending and similar agreements | ₩ | 4,325 | - | 4,325 | 4,325 | - | - |
| Other financial instruments | | 1,500,719 | 1,035,203 | 465,516 | 13 | - | 465,503 |
| | ₩ | 1,505,044 | 1,035,203 | 469,841 | 4,338 | - | 465,503 |

② As of December 31, 2023

| *(In millions of won)* | | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off | Net amounts of financial liabilities presented in the separate statement of financial position | Related amounts not offset in the separate statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral provided | |
| Repurchase, securities lending and similar agreements | ₩ | 3,171 | - | 3,171 | 3,171 | - | - |
| Other financial instruments | | 1,594,327 | 1,095,561 | 498,766 | 174 | - | 498,592 |
| | ₩ | 1,597,498 | 1,095,561 | 501,937 | 3,345 | - | 498,592 |

## 33. Income Taxes

(1) The components of income tax expense for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Current tax expense | ₩ | 644,590 | ₩ | 423,605 |
| Adjustment for prior periods | | (7,630) | | (19,867) |
| Origination and reversal of temporary differences | | (99,745) | | (51,859) |
| Income tax recognized in other comprehensive income | | (3,367) | | 19,068 |
| Global Minimum Tax (Pillar 2)(*) | | 1,220 | | - |
| Income tax expense | ₩ | 535,068 | ₩ | 370,947 |

(*) In accordance with the temporary exception provided in KIFRS 1012, Income Taxes, the Company has elected not to recognize deferred tax assets and liabilities related to the global minimum tax legislation and, consequently, has not disclosed information related to deferred taxes arising from these regulations. Our assessment indicates that the current income tax expense includes amounts attributable to jurisdictions where the estimated annual effective tax rate is expected to be below 15%. The estimated annual effective tax rate is subject to change due to various factors, including tax incentives available to subsidiaries and adjustments to accounting profit for the calculation of global minimum tax income as required by the legislation in subsequent interim periods The Company continues to review Pillar Two legislative developments, as Pillar Two Model Rules are enacted in other countries, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

(2) Deferred income tax recognized in other comprehensive income for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Loss on valuation of financial assets at FVOCI | ₩ | (24,004) | ₩ | (3,708) |
| Remeasurements of defined benefit plan | | 20,903 | | 22,606 |
| Disposal profit according to payment of treasury stock | | (266) | | 170 |
| | ₩ | (3,367) | ₩ | 19,068 |

Income tax related to loss (gain) on valuation of financial assets at FVOCI, remeasurements of defined benefit plan and unrealized gain of hedging financial derivatives are recognized in other comprehensive income.

**33. Income Taxes, Continued**

(3) The relationship between income tax expense and accounting profit for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | **2024** | | **2023** |
|---|---|---|---|---|
| Profit before income taxes | ₩ | 3,129,289 | ₩ | 2,185,846 |
| Statutory tax rate | | 26.4% | | 26.4% |
| Income tax using statutory tax rate | | 826,132 | | 577,063 |
| Adjustment for: | | | | |
| Non-taxable income and non-tax deductible expense | | (97,641) | | (108,334) |
| Tax credits | | (152,256) | | (147,873) |
| Current adjustments for prior periods | | (7,630) | | (19,867) |
| Foreign payment tax | | 47,951 | | 61,288 |
| Effect of associates and subsidiaries | | (68,898) | | (4,685) |
| Others | | (12,590) | | 13,355 |
| Income tax expenses | ₩ | 535,068 | ₩ | 370,947 |
| Average effective tax rate | | 17.1% | | 17.0% |

(4) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | **2024** | | **2023** |
|---|---|---|---|---|
| Deferred tax liabilities at the end of the year | ₩ | 251,900 | ₩ | 351,645 |
| Deferred tax liabilities at the beginning of the year | | 351,645 | | 403,504 |
| Income tax expense arising from temporary difference | ₩ | (99,745) | ₩ | (51,859) |

(5) Income taxes effect of temporary differences for the year ended December 31, 2024 are calculated by considering the expected future tax rate of fiscal year when temporary difference of 2024 disappear.
Thus, the realization after 2024 is calculated by applying 26.4%.

**33. Income Taxes, Continued**

(6) Changes in deferred tax assets (liabilities) for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | Beginning | Profit(loss) | Other comprehensive income (loss) | Ending |
|---|---|---|---|---|
| Land | ₩ (103,410) | ₩ 9 | ₩ - | ₩ (103,401) |
| Investment in subsidiaries, associates and joint ventures | (506,884) | 68,898 | - | (437,986) |
| Defined benefit plan | (33,442) | 2,195 | 20,903 | (10,344) |
| Depreciation | (6,064) | (184) | - | (6,248) |
| Valuation of financial assets at FVOCI | 50,390 | 923 | (24,004) | 27,309 |
| Valuation of financial assets at FVPL | 87 | (87) | - | - |
| Allowance for valuation of inventories | 27,809 | (2,773) | - | 25,036 |
| Provision for warranties | 192,410 | 27,246 | - | 219,656 |
| Others | 27,459 | 6,619 | - | 34,078 |
| Total | ₩ (351,645) | ₩ 102,846 | ₩ (3,101) | ₩ (251,900) |

② For the year ended December 31, 2023

| *(In millions of won)* | Beginning | Profit (loss) | Other comprehensive income (loss) | Ending |
|---|---|---|---|---|
| Land | ₩ (103,802) | ₩ 392 | ₩ - | ₩ (103,410) |
| Investment in subsidiaries, associates and joint ventures | (500,282) | (6,602) | - | (506,884) |
| Defined benefit plan | (63,482) | 7,434 | 22,606 | (33,442) |
| Depreciation | (9,856) | 3,792 | - | (6,064) |
| Valuation of financial assets at FVOCI | 51,260 | 2,838 | (3,708) | 50,390 |
| Valuation of financial assets at FVPL | 87 | - | - | 87 |
| Allowance for valuation of inventories | 30,110 | (2,301) | - | 27,809 |
| Provision for warranties | 157,180 | 35,230 | - | 192,410 |
| Others | 35,281 | (7,822) | - | 27,459 |
| Total | ₩ (403,504) | ₩ 32,961 | ₩ 18,898 | ₩ (351,645) |

(7) The Company offsets a deferred tax asset against a deferred tax liability since they are related to income taxes levied by the same taxation authority and the Company has a legally enforceable right to offset current tax assets against current tax liabilities.

(8) As of December 31, 2024 the amount of total temporary differences related to investments in associates and subsidiaries, for which deferred tax assets were not recognized is ₩1,030,757 million.

(9) Temporary differences which are not recognized as deferred tax assets since it is not probable that the temporary differences will reverse in the foreseeable future as of December 31, 2024 amount to ₩358,227 million.

## 34. Earning per Share

(1) Basic earnings per share for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won, except share information)* | | **2024** | | **2023** |
|---|---|---|---|---|
| Profit attributable to owners of the Company | ₩ | 2,594,221 | ₩ | 1,814,899 |
| (-) Dividends on preferred stock | | (24) | | (17) |
| (-) Additional income available for dividends allocated to preferred stock | | (90) | | (63) |
| Net income attributable to common stocks | | 2,594,107 | | 1,814,819 |
| Weighted average number of common shares outstanding (*) | | 90,244,691 | | 90,928,562 |
| Earnings per share in Korean won | ₩ | 28,745 | ₩ | 19,959 |

(*) Weighted average number of common shares outstanding:

| *(In shares)* | **2024** | **2023** |
|---|---|---|
| Weighted average number of common shares issued | 93,272,799 | 94,179,806 |
| Weighted average number of treasury stock | (3,028,108) | (3,251,244) |
| Total | 90,244,691 | 90,928,562 |

(2) Diluted earnings per share

Diluted earnings per share are not calculated for each of the two years in the period ended December 31, 2024, because there are no dilutive shares as of December 31, 2024 and 2023.

## 35. Transactions and Balances with Related Parties and others

(1) Subsidiaries as of December 31, 2024 are summarized as follows:

| Location | Company |
|---|---|
| Korea | Hyundai IHL Co., Ltd. |
| Korea | Global Information Technology Co., Ltd. |
| Korea | H Green Power Inc. |
| Korea | Motras Co., Ltd. |
| Korea | Unitus Co., Ltd. |
| USA | Mobis America, Inc. |
| USA | Mobis Alabama, LLC |
| USA | Mobis Parts America, LLC |
| USA | Mobis Parts Miami, LLC |
| USA | Mobis North America electrified Powertrain, LLC |
| USA | American Autoparts, Inc. |
| USA | Mobis North America, LLC |
| USA | Mobis US Alabama, LLC |
| USA | Mobis US Electrified Powertrain, LLC |
| USA | GIT America., Inc. |
| Canada | Mobis Parts Canada Corporation |
| Mexico | Hyundai Mobis Mexico, S. De R.L. De C.V. |
| Brazil | Mobis Brasil Fabricacao De Auto Pecas Ltda. |
| Belgium | Mobis Parts Europe N.V. |
| Germany | GIT Europe GmbH |
| Russia | Mobis Parts CIS, LLC |
| Russia | Mobis Module CIS, LLC |
| Czech | Mobis Automotive Czech s.r.o. |
| Czech | Mobis Automotive System Czech s.r.o. |
| Slovakia | Mobis Slovakia s.r.o. |
| Turkey | Mobis Automotive and Module Industry Trade Co. - Joint Stock Company |
| Spain | MOBIS Spain Electrified Powertrain S.L.(*1) |
| China | Hyundai Motor (Shanghai) Co., Ltd. |
| China | Shanghai Hyundai Mobis Automotive Parts Co., Ltd. |
| China | Wuxi Mobis Automotive Parts Co., Ltd. |
| China | Jiangsu Mobis Automotive Parts Co., Ltd. |
| China | Beijing Hyundai Mobis Automotive Parts Co., Ltd. |
| China | Tianjin Mobis Automotive Parts Co., Ltd. |
| China | Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. |
| China | ChongQing Hyundai Mobis Automotive Parts Co., Ltd. |
| China | GIT Beijing Automotive Technology Inc. |
| UAE | Mobis Parts Middle East FZE |
| Egypt | Mobis Auto Parts Middle East Egypt |
| India | Mobis India, Ltd. |
| India | Mobis India Module Private Limited |
| India | GIT India Corporation Private Limited(*2) |
| Australia | Mobis Parts Australia PTY., LTD |
| Hungary | Mobis Hungary kft. |

(*1) Mobis Automotive Solutions Spain, S.L.U. changed its name to MOBIS Spain Electrified Powertrain S.L.
(*2) GIT India Corporation Private Limited was established as a subsidiary of Global Information Technology Co., Ltd.

**35. Transactions and Balances with Related Parties and others, Continued**

(2) Revenue transactions which occurred in the normal course of business of the Company with the related parties and the conglomerate affiliates for each of the two years in the period ended December 31, 2024 are summarized as follows:

Although the enterprise Company affiliates are not the related parties of the Company in accordance with KIFRS 1024, they belong to the Business Company designated as a conglomerate to which the Company also belongs in accordance with the *Monopoly Regulation and Fair Trade Act*.

① For the year ended December 31, 2024

| *(In millions of won)* | **Company** | **Sales** | **Other** | **Total** |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 8,912,103 | ₩ 16,791 | ₩ 8,928,894 |
| | Others | 8,433 | - | 8,433 |
| Subsidiaries | Mobis Parts America, LLC | 1,549,145 | 2,352 | 1,551,497 |
| | Mobis Alabama, LLC | 1,890,992 | 20 | 1,891,012 |
| | Others | 5,466,471 | 76,831 | 5,543,302 |
| Associates and joint ventures(*1,2) | Hyundai Motor Company | 12,063,846 | 300,798 | 12,364,644 |
| | Others | 159,301 | 15,524 | 174,825 |
| The conglomerate affiliates | | 1,241,233 | 13,871 | 1,255,104 |
| Total | | ₩ 31,291,524 | ₩ 426,187 | ₩ 31,717,711 |

(*1) In accordance with the resolution of the Board of Directors on February 16, 2024, the company transferred tangible assets, intangible assets, and inventory assets related to the hydrogen fuel cell business to Hyundai Motor Company on May 31, 2024, and recognized a business transfer profit of ₩4,976 million in this regard. Meanwhile, the business was not marked as a suspended business because it did not fall under the main business category of the company.
(*2) The Company disposed of its shares in HTWO guangzhou Co., LTD. to Hyundai Motor Company for ₩ 16,996 million in 2024.

② For the year ended December 31, 2023

| *(In millions of won)* | **Company** | **Sales** | **Other** | **Total** |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 10,764,300 | ₩ 4,166 | ₩ 10,768,466 |
| | Others | 5,504 | - | 5,504 |
| Subsidiaries | Mobis Parts America, LLC | 1,226,259 | 2,283 | 1,228,542 |
| | Mobis Alabama, LLC | 1,520,052 | 48 | 1,520,100 |
| | Others | 4,424,177 | 356,559 | 4,780,736 |
| Associates and joint ventures | Hyundai Motor Company | 14,770,272 | 35,168 | 14,805,440 |
| | Others | 150,360 | 6,222 | 156,582 |
| The conglomerate affiliates | | 1,252,458 | 12,621 | 1,265,079 |
| Total | | ₩ 34,113,382 | ₩ 417,067 | ₩ 34,530,449 |

**35. Transactions and Balances with Related Parties and others, Continued**

(3) Expense transactions which occurred in the normal course of business of the Company with the related parties and the conglomerate affiliates for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | Company | Purchases | Other | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 463,935 | ₩ 73,516 | ₩ 537,451 |
| | Others | - | 2,094 | 2,094 |
| Subsidiaries | H Green Power Inc. | 637,895 | 17,719 | 655,614 |
| | Motras Co., Ltd. | 40 | 737,615 | 737,655 |
| | Unitus Co., Ltd. | - | 465,153 | 465,153 |
| | Hyundai IHL Co., Ltd. | 435,665 | 775 | 436,440 |
| | Others | 150,656 | 341,301 | 491,957 |
| Associates and joint ventures | Hyundai Motor Company | 163,908 | 221,928 | 385,836 |
| | Hyundai Autoever Corporation | 298,831 | 284,286 | 583,117 |
| | Others | 274,873 | 255,420 | 530,293 |
| The conglomerate affiliates | | 1,260,660 | 517,220 | 1,777,880 |
| Total | | ₩ 3,686,463 | ₩ 2,917,027 | ₩ 6,603,490 |

② For the year ended December 31, 2023

| *(In millions of won)* | Company | Purchases | Other | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 206,490 | ₩ 73,966 | ₩ 280,456 |
| | Others | - | 2,580 | 2,580 |
| Subsidiaries | H Green Power Inc. | 852,073 | 10,189 | 862,262 |
| | Motras Co., Ltd. | - | 661,459 | 661,459 |
| | Unitus Co., Ltd. | - | 470,939 | 470,939 |
| | Hyundai IHL Co., Ltd. | 429,775 | 187 | 429,962 |
| | Others | 191,326 | 268,257 | 459,583 |
| Associates and joint ventures | Hyundai Motor Company | 278,857 | 191,980 | 470,837 |
| | Hyundai Autoever Corporation | 271,872 | 211,518 | 483,390 |
| | Others | 295,591 | 227,611 | 523,202 |
| Other related parties | | - | 373 | 373 |
| The conglomerate affiliates | | 1,560,951 | 386,073 | 1,947,024 |
| Total | | ₩ 4,086,935 | ₩ 2,505,132 | ₩ 6,592,067 |

**35. Transactions and Balances with Related Parties and others, Continued**

(4) Trade and other receivables of the Company with the related parties and the enterprise Company affiliates as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | Company | Accounts and notes receivable – trade | Other receivables | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 1,881,358 | ₩ 3,702 | ₩ 1,885,060 |
| | Others | 1,080 | - | 1,080 |
| Subsidiaries | H Green Power Inc. | 98,338 | 106,692 | 205,030 |
| | Mobis Alabama, LLC | 341,494 | 1 | 341,495 |
| | Mobis Automotive Czech s.r.o. | 232,791 | 1 | 232,792 |
| | Mobis Slovakia s.r.o. | 193,674 | 46 | 193,720 |
| | Others | 1,151,945 | 5,598 | 1,157,543 |
| Associates and joint ventures | Hyundai Motor Company | 2,711,379 | 3,876 | 2,715,255 |
| | Others | 28,392 | 4,380 | 32,772 |
| The conglomerate affiliates | | 132,718 | 2,463 | 135,181 |
| Total | | ₩ 6,773,169 | ₩ 126,759 | ₩ 6,899,928 |

② As of December 31, 2023

| *(In millions of won)* | Company | Accounts and notes receivable – trade | Other receivables | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 1,890,413 | ₩ 1,381 | ₩ 1,891,794 |
| | Others | 829 | - | 829 |
| Subsidiaries | H Green Power Inc. | 324,573 | 115,984 | 440,557 |
| | Mobis Alabama, LLC | 236,324 | - | 236,324 |
| | Mobis Automotive Czech s.r.o. | 166,341 | 51 | 166,392 |
| | Mobis Slovakia s.r.o. | 179,573 | 445 | 180,018 |
| | Others | 751,210 | 17,833 | 769,403 |
| Associates and joint ventures | Hyundai Motor Company | 2,738,639 | 16,799 | 2,755,438 |
| | Others | 32,932 | 199 | 33,131 |
| The conglomerate affiliates | | 160,351 | 1,120 | 161,471 |
| Total | | ₩ 6,481,185 | ₩ 153,812 | ₩ 6,634,997 |

**35. Transactions and Balances with Related Parties and others, Continued**

(5) Trade and other payables of the Company with the related parties and the enterprise Company affiliates as of December 31, 2024 and 2023 are summarized as follows:

① As of December 31, 2024

| *(In millions of won)* | Company | Accounts and notes payable – trade | Other payables | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 427,735 | ₩ 389,449 | ₩ 817,184 |
| Subsidiaries | H Green Power Inc. | 116,599 | 23,788 | 140,387 |
| | Hyundai IHL Co., Ltd. | 80,246 | 596 | 80,842 |
| | Others | 22,374 | 233,217 | 255,591 |
| Associates and joint ventures | Hyundai Motor Company | 142,743 | 528,738 | 671,481 |
| | Hyundai Autoever Corporation | 21,049 | 100,616 | 121,665 |
| | Hyundai Engineering Co., Ltd | - | 57,656 | 57,656 |
| | Others | 45,990 | 15,055 | 61,045 |
| The conglomerate affiliates | | 172,828 | 39,558 | 212,386 |
| Total | | ₩ 1,029,564 | ₩ 1,388,673 | ₩ 2,418,237 |

② As of December 31, 2023

| *(In millions of won)* | Company | Accounts and notes payable – trade | Other payables | Total |
|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA CORPORATION | ₩ 299,755 | ₩ 431,955 | ₩ 731,710 |
| | Others | - | 230 | 230 |
| Subsidiaries | H Green Power Inc. | 250,613 | 12,523 | 263,136 |
| | Hyundai IHL Co., Ltd. | 77,202 | 63 | 77,265 |
| | Others | 20,189 | 186,225 | 206,414 |
| Associates and joint ventures | Hyundai Motor Company | 180,054 | 408,079 | 588,133 |
| | Hyundai Autoever Corporation | 43,333 | 85,899 | 129,232 |
| | Hyundai Engineering Co., Ltd | - | 113,922 | 113,922 |
| | Others | 45,318 | 10,275 | 55,593 |
| The conglomerate affiliates | | 219,112 | 48,505 | 267,617 |
| Total | | ₩ 1,135,576 | ₩ 1,297,676 | ₩ 2,433,252 |

**35. Transactions and Balances with Related Parties and others, Continued**

(6) Financing transactions which occurred in the normal course of business of the Company with the related parties and the enterprise Company affiliates for each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

| *(In millions of won)* | Company | Investments | Investment in kind | Withdrawals |
|---|---|---|---|---|
| Subsidiaries | H Green Power Inc. | ₩ 60,000 | ₩ - | ₩ - |
| | Motras Co., Ltd. | 30,000 | - | - |
| | MOBIS Spain Electrified Powertrain S.L. | 29,095 | - | - |
| Associates and joint ventures | HMG Global, LLC | 332,403 | - | - |
| | SUPERNAL, LLC | 237,755 | - | - |
| | Hyundai Motor Company Innovation Center In Singapore PTE. Ltd. | 16,567 | - | - |
| | ACVC Partners Fund I, LP | 3,085 | - | 399 |
| | Motional AD LLC | 254,131 | - | - |
| | HMGS LLC | 13,923 | 4,440 | - |
| | Smart World Innovation Fund LP | 686 | - | 217 |
| | Total | ₩ 977,645 | ₩ 4,440 | ₩ 616 |

② For the year ended December 31, 2023

| *(In millions of won)* | Company | Investments | Investment in kind |
|---|---|---|---|
| Subsidiaries | Mobis America, Inc. | ₩ 281,472 | ₩ - |
| | H Green Power Inc. | - | 14,404 |
| | Motras Co., Ltd. | - | 97,302 |
| | Unitus Co., Ltd. | 50,000 | 197,902 |
| | Mobis Hungary kft. | 33,720 | - |
| Associates and joint ventures | HMG Global, LLC | 304,960 | - |
| | SUPERNAL, LLC | 161,915 | - |
| | Hyundai Motor Company Innovation Center In Singapore Pte. Ltd. | 14,649 | - |
| | ACVC Partners Fund I, LP | 2,433 | - |
| | HTWO Guangzhou Co., Ltd | 1,781 | - |
| | SPb Audio Lab LLC. | 1,302 | - |
| | Hyundai Motor Group (China) Ltd. | 1,158 | - |
| | Total | ₩ 853,390 | ₩ 309,608 |

**35. Transactions and Balances with Related Parties and others, Continued**

(7) The Company has money market trust of ₩100,000 million in Hyundai Motor Securities Co., Ltd. as of December 31, 2024 (2023: ₩100,000 million). The Company additionally contributed ₩100,000 million to the trust for the year ended December 31, 2024 (2023: ₩40,000 million) and withdrew ₩100,000 million from the trust for the year ended December 31, 2024 (2023: ₩40,000 million). The Company deposits plan assets relating to retirement benefits amounting to ₩241,948 million at Fubon Hyundai Life Insurance Co., Ltd. as of December 31, 2024 (2023: ₩350,198 million). The Company did not contribute additionally to the plan assets for the year ended December 31, 2024 (2023: ₩2,043 million) and withdrew ₩124,011 million from the plan assets for year ended December 31, 2024 (2023: ₩65,465 million).

(8) The Company received dividends from related parties amounting to ₩875,216 million and ₩731,945 million as of December 31, 2024 and 2023, respectively. The Company paid dividends to related parties and the conglomerate affiliates amounting to ₩133,585 million and ₩118,751 million as of December 31, 2024 and 2023, respectively.

(9) The Company provides or is provided payment guarantees to related parties and the Company affiliates as of December 31, 2024 and 2023. (Note 36)

(10) Executive compensations of the Company for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Short-term employee benefits | ₩ | 40,522 | ₩ | 44,801 |
| Retirement benefits | | 8,651 | | 9,087 |
| Long-term employee benefits | | 465 | | 323 |
| Total | ₩ | 49,638 | ₩ | 54,211 |

## 36. Commitments and Contingencies

(1) Guarantees which the Company was provided as of December 31, 2024 and 2023 are summarized as follows:

*(In millions of won and thousands of USD)*

| Guarantor | Guarantee contents | 2024 | | 2023 | |
|---|---|---|---|---|---|
| Hana Bank | | USD | - | USD | 14,000 |
| | Guaranteed payment | ₩ | | ₩ | 1,000 |
| Seoul guarantee insurance company | Guaranteed payment | ₩ | 78,316 | ₩ | 70,637 |
| Total | | USD | | USD | 14,000 |
| | | ₩ | 78,316 | ₩ | 71,637 |

(2) Guarantees which the Company has provided as of December 31, 2024 and 2023 are summarized as follows:

*(In millions of won and thousands of USD)*

| Guarantee | Guarantee Contents | 2024 | | 2023 | |
|---|---|---|---|---|---|
| Hyundai Mobis Mexico, S. De R.L. De C.V. | Local Finance | USD | 175,000 | USD | 295,000 |
| Mobis Automotive and Module Industry Trade Co.- Joint stock Company | Local Finance | USD | 31,199 | USD | 33,192 |
| Mobis Module CIS, LLC | Local Finance | USD | 86,316 | USD | 91,831 |
| Mobis Brasil Fabricacao De Auto Pecas Ltda | Local Finance | USD | 92,718 | USD | 123,351 |
| Mobis Automotive System Czech, s.r.o. | Local Finance | USD | 72,797 | USD | 88,512 |
| Mobis Parts CIS, LLC | Local Finance | USD | 18,719 | USD | 19,915 |
| Mobis Parts America, LLC | Local Finance | USD | 130,000 | USD | 130,000 |
| Mobis India Module Private Limited | Local Finance | USD | 10,400 | USD | 35,405 |
| Mobis Parts Canada Corporation | Local Finance | USD | 43,884 | USD | 47,622 |
| Mobis US Alabama, LLC | Local Finance | USD | 30,000 | USD | 30,000 |
| PT Hyundai Energy Indonesia | Local Finance | USD | 20,079 | USD | 21,060 |
| Mobis Hungary kft | Local Finance | USD | 20,799 | USD | 22,128 |
| MOBIS Spain Electrified Powertrain S.L. | Local Finance | USD | 29,119 | USD | 14,383 |
| Mobis America Inc. | Local Finance | USD | 940,000 | USD | 940,000 |
| PT. HLI Green Power | Local Finance | USD | 177,750 | USD | 177,750 |
| Mobis North America electrified Powertrain, LLC | General Guarantee | | 4,358 | | - |
| Sungjin P&T CO., LTD. | Borrowing Guarantee | ₩ | 350 | ₩ | 470 |
| Chungnam store and 683 other distributors | Joint surety | ₩ | 1,500 | ₩ | 3,000 |
| Total | | USD | 1,883,138 | USD | 2,070,149 |
| | | ₩ | 1,850 | ₩ | 3,470 |

The foreign currency payment guarantee amount is the amount converted into USD through the standard exchange rate announced in Seoul Foreign Exchange Brokerage as of the end of the reporting period.

**36. Commitments and Contingencies, continued**

(3) As of the end of the current period, the Company is involved in domestic and international litigation cases that are pending. The Company has estimated the reasonably expected future payments related to the pending litigation cases and has set aside KRW 49,652 million as other non-current liabilities (Note 20).

However, it is not possible to reasonably predict the outcomes of 34 litigation cases and arbitrations, and the timing and amount of resource outflows are uncertain. The aggregate amounts of claims for these unresolved cases as of December 31, 2024 are KRW 117,511 million. The ultimate effect of these cases cannot be reliably determined, and therefore, the financial statements do not reflect any adjustments that may arise due to this uncertainty.

(4) As of December 31, 2024, the Company has entered to contracts for the development of new technology related to electronic components, audio and others with Qualcomm, Microsoft and other 50 companies. In connection with these contracts, the Company recognized royalty expense amounting to ₩174,290 million and ₩82,961 million for each of the two years in the period ended December 31, 2024, respectively.

(5) As of December 31, 2024, the Company entered into bank overdraft agreements for borrowings up to ₩543,000 million with Hana Bank and others. The Company has agreements with Citibank Korea Inc. and others to open documents against acceptance and documents against payment up to USD 2,568,500 thousand and has agreement to open letters of usance credit up to USD 21,500 thousand. Further, the Company has agreements with Kookmin Bank and others for accounts receivable- collateralized borrowings without recourse for up to ₩482,000 million.

(6) As of December 31, 2024, the Company entered into a shareholders' agreement with other investors regarding the shares of Fubon Hyundai Life Insurance Co., Ltd., the Company's associates. This agreement includes call option that allows non-attributable companies to purchase shares of the attributable company and a put option that allows non-attributable companies to dispose of shares held by the attributable company.

(7) The Company entered into an agreement to invest ₩640,100 million in the construction of new Global Business Centre (GBC). As of December 31, 2024, the Company has recognized relevant liability in the amount of ₩344,191 million in accordance with the agreement with the Seoul government to implement public contributions and overcrowded charges related to the construction project in December, 2019.

## 37. Cash Generated from Operations

(1) Details of cash generated from operation For each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | **2024** | | **2023** |
|---|---|---|---|---|
| **Profit for the year (A)** | ₩ | 2,594,221 | ₩ | 1,814,899 |
| **Adjustments for (B):** | | | | |
| Retirement benefits | | 77,763 | | 57,297 |
| Accrual for warranties | | 238,044 | | 225,541 |
| Depreciation | | 352,215 | | 364,287 |
| Depreciation of right-of-use assets | | 58,907 | | 53,051 |
| Amortization | | 64,726 | | 60,502 |
| Depreciation of investment property | | 473 | | 473 |
| Bad debts expense | | 309 | | 796 |
| Bad debts expense - others | | 129 | | 239 |
| Interest expense | | 7,649 | | 42,537 |
| Loss on Foreign currency translation | | 15,504 | | 19,630 |
| Loss on valuation of financial assets at FVPL | | 2,569 | | 2,960 |
| Loss on disposal of property, plant and equipment | | 1,552 | | 6,802 |
| Impairment loss on property, plant and equipment | | 4,619 | | - |
| Loss on disposal of intangible assets | | 24 | | 106 |
| Impairment loss on intangible assets | | 14,719 | | 5,312 |
| Emission expense | | 148 | | 64 |
| Income tax expense | | 535,068 | | 370,947 |
| Interest income | | (232,486) | | (246,797) |
| Dividends income | | (903,555) | | (748,085) |
| Reversal of allowance for doubtful accounts | | (110) | | - |
| Reversal of allowance for doubtful accounts - other | | (258) | | (698) |
| Gain on Foreign currency translation | | (69,267) | | (5,647) |
| Gain on valuation of financial assets at FVPL | | (3,139) | | (42,447) |
| Gain on disposal of financial assets at FVPL | | (353) | | (320) |
| Gain on disposal of property, plant and equipment | | (8,832) | | (11,031) |
| Gain on disposal of intangible assets | | (103) | | (242) |
| Gain on disposal of investments in associates and subsidiaries | | (1,688) | | (313) |
| Gain on lease modification | | 99 | | (15) |
| Gain on business transfer | | (4,976) | | - |
| Miscellaneous gain | | (12) | | (158) |
| Sub-total | ₩ | 149,738 | | 154,791 |

**37. Cash Generated from Operations, Continued**

(1) Details of cash generated from operation For each of the two years in the period ended December 31, 2024 are summarized as follows, continued:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Changes in assets and liabilities (C):** | | | | |
| Increase in accounts and notes receivable - trade | ₩ | (147,190) | ₩ | (321,932) |
| Decrease in financial assets at FVPL | | 242,026 | | 1,745,409 |
| Decrease (Increase) in other receivables | | (49,424) | | 100,290 |
| Increase in inventories | | (412,825) | | (386,271) |
| Increase in other current assets | | 21,680 | | (61,156) |
| Decrease in other non-current assets | | 229,497 | | 81,129 |
| Increase in accounts and notes payable - trade | | (395,028) | | 218,584 |
| Increase in other payables | | 262,374 | | 124,559 |
| Decrease in provision for warranties | | (324,051) | | (236,175) |
| Increase (decrease) in other current liabilities | | 56,112 | | 88,118 |
| Increase in other non-current liabilities | | (95,261) | | 43,058 |
| Payment of retirement benefit | | (72,579) | | (41,653) |
| Decrease (increase) in plan assets | | 3,912 | | 10,938 |
| Sub-total | | (680,757) | | 1,364,898 |
| **Cash flows generated from operating activities(A+B=C)** | ₩ | 2,063,202 | ₩ | 3,334,588 |

(2) Significant non-cash transactions for each of the two years in the period ended December 31, 2024 are summarized as follows:

| *(In millions of won)* | | 2024 | | 2023 |
|---|---|---|---|---|
| Investment for subsidiaries through withdrawals | ₩ | 4,440 | ₩ | 309,608 |
| Transfer of construction-in-progress | | 524,062 | | 500,964 |
| Reclassification from fixed assets Non-current Assets Held for Sale | | - | | 11,861 |
| Accounts payable related to the acquisition of fixed assets | | (49,448) | | 38,087 |
| Transfer of current portion of bonds from long-term to current | | - | | 149,862 |
| Retirement of Common stock profit | | 162,990 | | 146,469 |

## 38. Changes of liabilities from financing activities

Changes of liabilities from financing activities For each of the two years in the period ended December 31, 2024 are summarized as follows:

① For the year ended December 31, 2024

*(In millions of won)*

| | | | | | Non-cash activities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Beginning | | Cash flow | | Exchange rate fluctuations | | Others(*) | | Ending |
| Current portion of Long-term liabilities and Short-term borrowings | ₩ | 153,100 | ₩ | (148,869) | ₩ | 23 | ₩ | 71 | ₩ | 4,325 |
| Lease debt | | 119,333 | | (54,941) | | (213) | | 38,087 | | 102,266 |
| Bonds | | 199,686 | | - | | - | | 109 | | 199,795 |

(*) Others include non-cash activities from acquisition, changes in contracts and reclassification from long-term borrowings to current portion of long-term debts.

② For the year ended December 31, 2023

*(In millions of won)*

| | | | | | Non-cash activities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Beginning | | Cash flow | | Exchange rate fluctuations | | Others(*) | | Ending |
| Current portion of Long-term liabilities and Short-term borrowings | ₩ | 1,052,232 | ₩ | (1,049,050) | ₩ | (10) | ₩ | 149,928 | ₩ | 153,100 |
| Lease debt | | 104,124 | | (51,072) | | 283 | | 65,998 | | 119,333 |
| Bonds | | 349,348 | | - | | - | | (149,662) | | 199,686 |

(*) Others include non-cash activities from acquisition, changes in contracts and reclassification from long-term borrowings to current portion of long-term debts.

## 39. Risk Management

(1) Financial risk management

The Company’s activities are exposed to a variety of financial risks: market risk (comprised of foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company monitors and manages the financial risk arising from the Company’s underlying operations in accordance with the risk management policies and programs.

Financial risk management is carried out for the Company's financial assets (cash and cash equivalents, other financial assets, non-current financial assets, and trade and other receivables) and financial liabilities (trade and other payables, borrowings and bonds).

① Market risk

- Foreign exchange risk

The Company is exposed to foreign exchange risk arising from export in sales and import in purchases amount, which is denominated in foreign currencies. The Company’s primary exposure is related to changes in exchange rates for the US Dollars and Euro and the Company manages to minimize financial risk on fluctuations in foreign exchange in order to stabilize operating activities.

The Company is exposed to foreign exchange risk arising from various currency exposures. As of December 31, 2024 and 2023, if the Company’s functional currency had weakened / strengthened by 10% against foreign currencies with all other variables held constant, profit before income taxes for the year would have been affected as follows:

| *(In millions of won)* | **December 31, 2024** | | **December 31, 2023** | |
|---|---|---|---|---|
| | **10% Up** | **10% Down** | **10% Up** | **10% Down** |
| Profit before income taxes | ₩ 150,860 | ₩ (150,860) | ₩ 139,143 | ₩ (139,143) |

- Price risk

The Company’s activities are exposed to price risk related to equity instruments among non-current financial assets by changes in market price. Marketable equity instruments as of December 31, 2024 and 2023 are as follows:

| *(In millions of won)* | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Financial assets at FVOCI | ₩ 372,654 | ₩ 296,127 |

- Interest rate risk

The purpose of the Company's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense, further to optimize the enterprise value. Interest rate risk is the risk that interest income and interest expense from deposits and borrowings fluctuate, according to the fluctuation of future interest rate in market. Interest rate risk is mostly originated from floating rate deposits and borrowings. Since the Company manages the interest rate risk only by using fixed rate financial instruments, changes in interest rate does not affect the Company’s profit.

## 39. Risk Management, Continued

(1) Financial risk management, continued

① Market risk, continued

- Interest rate risk, continued

Financial instruments exposed to interest rate risk as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Financial assets at FVPL | ₩ | - | ₩ | 112,348 |

The sensitivity analysis of unrealized gain (loss) from a change of interest rate with all other variables held constant For each of the two years in the period ended December 31, 2024 is as summarized as follows:

| *(In millions of won)* | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1% Up | | 1% Down | | 1% Up | | 1% Down | |
| Gain (loss) on valuation of financial assets at FVPL | ₩ | - | ₩ | - | ₩ | (393) | ₩ | 393 |

② Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. To manage credit risks relating to trade receivables, the Company evaluates the credit rating of customers and determines credit limit for each customer based on the information provided by credit rating agencies and other available financial information before commencing business with customers.

Credit risk is borne by not only the credit risk arisen by customers with receivables and firm contracts but cash and cash equivalent, financial derivatives, bank deposit, and financial institution deposit. For the purpose of lowering the credit risk, the Company has transactions only with the financial institutions with high credit rating. The book value of financial assets means maximum exposure in respect of credit risk.

The maximum exposures as of December 31, 2024 and 2023 are summarized as follows:

| *(In millions of won)* | 2024 | | 2023 | |
|---|---|---|---|---|
| Cash and cash equivalents(*) | ₩ | 985,301 | ₩ | 1,435,430 |
| Financial assets at FVPL | | 434,380 | | 664,701 |
| Financial assets at amortized cost | | 4,101,420 | | 3,073,189 |
| Trade and other receivables | | 8,005,763 | | 7,818,804 |
| Other current assets | | 52,165 | | 43,370 |
| Other non-current assets | | 86,683 | | 101,654 |
| Total | ₩ | 13,665,712 | ₩ | 13,137,148 |

(*) Cash on hand is excluded.

## 39. Risk Management, Continued

(1) Financial risk management, continued

② Credit risk, continued

The maximum exposure to credit risk on guarantee which the Company has provided to subsidiaries as of December 31, 2024 and 2023 are ₩2,506,920 million and ₩2,440,060 million, respectively, to Associates as of December 31, 2024 and 2023 are ₩261,293 million and ₩229,191 million. And to other companies ₩1,850 million and ₩3,470 million respectively.

The aging analysis of trade and other receivables as of December 31, 2024 and 2023 is summarized as follows:

- As of December 31, 2024

*(In millions of won)*

| | | | | Past due but not impaired | | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Not past due | Within 30 days | 30~180 days | Over 180 days | Impaired |
| Accounts and notes receivable - trade | ₩ | 7,972,096 | 7,778,5987 | 132,631 | 26,444 | 34,203 | 221 |
| Accounts and notes receivable - other | | 31,867 | 23,353 | 5,677 | 1,076 | 1,623 | 138 |
| Other Loans | | 2,840 | 2,840 | - | - | - | - |
| Total | ₩ | 8,006,803 | 7,804,790 | 138,308 | 27,520 | 35,826 | 359 |

- As of December 31, 2023

*(In millions of won)*

| | | | | Past due but not impaired | | | |
|---|---|---|---|---|---|---|---|
| | | Carrying amount | Not past due | Within 30 days | 30~180 days | Over 180 days | Impaired |
| Accounts and notes receivable - trade | ₩ | 7,757,172 | 7,652,363 | 57,603 | 40,630 | 6,313 | 263 |
| Accounts and notes receivable - other | | 59,190 | 51,768 | 3,511 | 1,174 | 2,185 | 552 |
| Other Loans | | 4,240 | 4,240 | - | - | - | - |
| Total | ₩ | 7,820,602 | 7,708,371 | 61,114 | 41,804 | 8,498 | 815 |

**39. Risk Management, Continued**

(1) Financial risk management, continued

③ Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company maintains adequate sources of liquidity to settle short-term financial liabilities by periodic analysis of expected cash outflows.

The contractual maturities of financial liabilities as of December 31, 2024 and 2023 are summarized as follows:

- As of December 31, 2024

| *(In millions of won)* | | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Trade and other payables | ₩ | 4,958,113 | 4,958,113 | 4,958,113 | - | - |
| Current portion of Long-term liabilities and Short-term borrowings | | 4,325 | 4,325 | 4,325 | - | - |
| Other current liabilities | | 164,429 | 164,429 | 164,429 | - | - |
| Other non-current liabilities | | 199,999 | 199,999 | - | 199,999 | - |
| Lease liabilities | | 102,266 | 115,394 | 54,630 | 60,093 | 671 |
| Liabilities for payment guarantee | | 3,727 | 2,759,094 | 345,424 | 2,413,670 | - |
| Bonds | | 199,795 | 209,477 | 3,988 | 205,489 | - |
| Total | ₩ | 5,632,654 | 8,410,831 | 5,530,909 | 2,879,251 | 671 |

- As of December 31, 2023

| *(In millions of won)* | | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | More than 5 years |
|---|---|---|---|---|---|---|
| Trade and other payables | ₩ | 5,239,630 | 5,239,630 | 5,239,630 | - | - |
| Current portion of Long-term liabilities and Short-term borrowings | | 153,100 | 154,956 | 154,956 | - | - |
| Other current liabilities | | 102,865 | 102,865 | 102,865 | - | - |
| Other non-current liabilities | | 336,513 | 336,513 | - | 336,513 | - |
| Lease liabilities | | 119,333 | 131,698 | 48,148 | 83,549 | 1 |
| Liabilities for payment guarantee | | 3,465 | 2,416,930 | 857,461 | 1,559,469 | - |
| Bonds | | 199,686 | 213,465 | 3,988 | 209,477 | - |
| Total | ₩ | 6,154,592 | 8,596,057 | 6,407,048 | 2,189,008 | 1 |

The above maturity analysis has been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the Company can be required to pay. Expected cash flows of financial guarantee for contracts are distributed to the earliest periods that the maximum amount of each guarantee is required to be fulfilled.

(2) Management of capital risk

The objectives of the Company's capital management are to safeguard the Company'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 Company uses debt to equity ratio as indicator of capital management. The debt-to-equity ratio is calculated as total liability divided by total equity, by using figures disclosed in the separate financial statements.

**39. Risk Management, Continued**

(2) Management of capital risk, Continued

The debt to equity ratio as of December 31, 2024 and 2023 is summarized as follows:

| *(In millions of won, except for ratio)* | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Total liabilities | ₩ | 8,164,060 | ₩ | 8,365,149 |
| Total equity | | 29,360,153 | | 27,211,953 |
| Debt to equity ratio | | 27.8% | | 30.7% |

(3) Fair value of financial instruments

① Categories of financial assets and liabilities as of December 31, 2024 and 2023 are summarized as follows.
It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

- As of December 31, 2024

| | | Book Value | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(In millions of won)* | | FVPL | FVOCI | Amortized cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value** | | | | | | | | | |
| Financial assets at FVPL | ₩ | 434,380 | - | - | 434,380 | - | 399,249 | 15,503 | 414,752 |
| Financial assets at FVOCI | | - | 953,007 | - | 953,007 | 372,654 | - | 388,952 | 761,606 |
| Subtotal | | 434,380 | 953,007 | - | 1,387,387 | 372,654 | 399,249 | 404,455 | 1,176,358 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalent | | - | - | 983,305 | 983,305 | - | - | - | - |
| Financial assets at amortized cost | | - | - | 4,101,420 | 4,101,420 | - | - | - | - |
| Trade and other receivables | | - | - | 8,005,763 | 8,005,763 | - | - | - | - |
| Other current assets | | - | - | 52,165 | 52,165 | - | - | - | - |
| Other non-current assets | | - | - | 86,683 | 86,683 | - | - | - | - |
| Subtotal | | - | - | 13,231,336 | 13,231,336 | - | - | - | - |
| **Financial Assets Total** | ₩ | 434,380 | 953,007 | 13,231,336 | 14,618,723 | 372,654 | 399,249 | 404,455 | 1,176,358 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables | | - | - | 4,958,113 | 4,958,113 | - | - | - | - |
| Current portion of Long-term liabilities and short-term borrowings | | - | - | 4,325 | 4,325 | - | - | - | - |
| Bonds | | - | - | 199,795 | 199,795 | - | 196,287 | - | 196,287 |
| Other current liabilities | | - | - | 168,156 | 168,156 | - | - | - | - |
| Other non-current liabilities | | - | - | 199,999 | 199,999 | - | - | - | - |
| **Financial Liabilities Total** | ₩ | - | - | 5,530,388 | 5,530,388 | - | 196,287 | - | 196,287 |

## 39. Risk Management, Continued

(3) Fair value of financial instruments, continued

① Categories of financial assets and liabilities as of December 31, 2024 and 2023 are summarized as follows, continued:

- As of December 31, 2023

| | | Book Value | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(In millions of won)* | | FVPL | FVOCI | Amortized cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value** | | | | | | | | | |
| Financial assets at FVPL | ₩ | 664,701 | - | - | 664,701 | - | 640,706 | 15,503 | 656,209 |
| Financial assets at FVOCI | | - | 855,188 | - | 855,188 | 296,127 | - | 378,153 | 674,280 |
| Subtotal | | 664,701 | 855,188 | - | 1,519,889 | 296,127 | 640,706 | 393,656 | 1,330,489 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalent | | - | - | 1,435,435 | 1,435,435 | - | - | - | - |
| Financial assets at amortized cost | | - | - | 3,073,189 | 3,073,189 | - | - | - | - |
| Trade and other receivables | | - | - | 7,818,804 | 7,818,804 | - | - | - | - |
| Other current assets | | - | - | 43,370 | 43,370 | - | - | - | - |
| Other non-current assets | | - | - | 101,654 | 101,654 | - | - | - | - |
| Subtotal | | - | - | 12,472,452 | 12,472,452 | - | - | - | - |
| **Financial Assets Total** | ₩ | 664,701 | 855,188 | 12,472,452 | 13,992,341 | 296,127 | 640,706 | 393,656 | 1,330,489 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables | | - | - | 5,239,630 | 5,239,630 | - | - | - | - |
| Current portion of Long-term liabilities and short-term borrowings | | - | - | 153,100 | 153,100 | - | 148,797 | - | 148,797 |
| Bonds | | - | - | 199,686 | 199,686 | - | 190,782 | - | 190,782 |
| Other current liabilities | | - | - | 106,330 | 106,330 | - | - | - | - |
| Other non-current liabilities | | - | - | 336,513 | 336,513 | - | - | - | - |
| **Financial Liabilities Total** | ₩ | - | - | 6,035,259 | 6,035,259 | - | 339,579 | - | 339,579 |

**39. Risk Management, Continued**

(3) Fair value of financial instruments, continued

② Changes in level 3 for each of the two years in the period ended December 31, 2024 are summarized as follows:

- For the year ended December 31, 2024

*(In millions of won)*

| | | Beginning | Other increase | Valuation<br>Comprehensive income | Ending |
|---|---|---|---|---|---|
| Financial assets at FVPL | ₩ | 15,503 | - | - | 15,503 |
| Financial assets at FVOCI (Unlisted stock) | | 378,153 | (128) | 10,927 | 388,952 |
| Total | ₩ | 393,656 | (128) | 10,927 | 404,455 |

- For the year ended December 31, 2023

*(In millions of won)*

| | | Beginning | Reclassification(*) | Valuation<br>Comprehensive income | Ending |
|---|---|---|---|---|---|
| Financial assets at FVPL | ₩ | 15,503 | - | - | 15,503 |
| Financial assets at FVOCI (Unlisted stock) | | 384,819 | (1,151) | (5,515) | 378,153 |
| Total | ₩ | 400,322 | (1,151) | (5,515) | 393,656 |

(*) The trading of listed stock, which was suspended for the year ended December 31, 2024 resumed and it was reclassified from level 3 to level 1.

**39. Risk Management, Continued**

(3) Fair value of financial instruments, continued

③ Financial assets and liabilities carried at fair value by each valuation method are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or in indirectly; and
- Level 3: input for the asset or liability that are not based on observable market data.

The Company measured the fair value of financial instruments as follows:

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the closing bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments; and
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.

**39. Risk Management, Continued**

(3) Fair value of financial instruments, continued

③ Financial assets and liabilities carried at fair value by each valuation method are defined as follows, continued:

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. As for trade and other receivables, the book value approximates a reasonable estimate of fair value.

Other than those listed in Note 2-(4), there are no significant changes in the business environment and economic environment, affected the fair value of the Company's financial assets and financial liabilities for the year ended December 31, 2024.

The valuation methods and the unobservable inputs used in measuring the fair values of financial instruments classified as Level 2 as of December 31, 2024 are summarized as follows:

| *(In millions of won)* | | Fair value | Valuation methods | Inputs |
|---|---|---|---|---|
| Financial assets at FVPL | ₩ | 399,249 | DCF model | Discount rate |
| Bonds | | (196,287) | DCF model | Discount rate |
| | ₩ | 202,962 | | |

The valuation methods and the significant unobservable inputs used in measuring the fair values of financial instruments classified as Level 3 as of December 31, 2024 are summarized as follows:

| *(In millions of won)* | | Fair value | Valuation methods | Significant unobservable input | Estimation range of unobservable input | The effect of changes in the unobservable inputs on the fair value |
|---|---|---|---|---|---|---|
| Financial assets at FVPL(debt instrument) | ₩ | 15,503 | Tsiveriotis-Fernandes model | Forward Rate | 13.84%~28.31% | Value increases as rate increases |
| | | | | Stock price volatility | 49.56% | Value increases as volatility increases |
| | | | | Discount rate | 9.30% | Value decreases as discount rate increases |
| Financial assets at FVOCI(unlisted stock) | | 283,585 | Comparable company method, DCF model | Growth Rate | 1.00% | Value increases as growth rate increases |
| | | | Market Approach, | - | - | - |
| | | 105,367 | Investment value case Act | - | - | - |

## 39. Risk Management, Continued

(3) Fair value of financial instruments, continued:

③ Financial assets and liabilities carried at fair value by each valuation method are defined as follows, continued:

The sensitivity analysis on changes in unobservable inputs used in measuring the fair value of financial instruments classified as Level 3 as of December 31, 2024 is summarized as follows:

| *(In millions of won)* | | | Other Comprehensive income (loss) | | Profit (loss) | |
|---|---|---|---|---|---|---|
| | | Fair value | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes |
| Financial assets at FVPL(Debt Instrument) | ₩ | 15,503 | - | - | 1,768 | (4,257) |
| Financial assets at FVOCI(Unlisted Stock) | | 283,585 | 137,990 | (85,776) | - | - |

Favorable or unfavorable changes of financial assets at FVOCI are calculated by increasing or decreasing 1%P in growth rate and by increasing or decreasing 1%P in discount rate which are primary unobservable inputs.

## 40. Non-current Assets Held for Sale

Non-current assets held for sale for the year ended December 31, 2023 are summarized as follows

| *(In millions of won)* | | 2023 |
|---|---|---|
| Machinery and equipment | ₩ | 10,817 |
| Tools | | 557 |
| Hardware | | 17 |
| Software | | 470 |
| | ₩ | 11,861 |

For the year ended December 31,2024, the company sold tangible and intangible assets amounting to KRW 11,861 million to Motras Co., Ltd. and Unitus Co., Ltd., resulting in no non-current assets held for sale as of the end of the period.

## 41. Date of Authorization for Issue

The seperate financial statements were authorized for issue by the Board of Directors on January 23, 2025.

**Audit opinion on internal control over financial reporting**

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of HYUNDAI MOBIS CO., LTD. (the "Company") and the separate financial statements of the Company for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting ("ICFR")
2. Management's Report on the Effectiveness of Internal Control over Financial Reporting

Ernst & Young Han Young
2-3F, 7-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

# Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
HYUNDAI MOBIS CO., LTD.

## Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of HYUNDAI MOBIS CO., LTD. (the "Company") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the separate statement of financial position as of December 31, 2024, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information, and our report dated March 5, 2025 expressed an unqualified opinion thereon.

## Basis for opinion on ICFR

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

## Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's report on the effectiveness of internal control over financial reporting.

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

## Auditor's responsibilities for the audit of ICFR

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

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

**ICFR definition and inherent limitations**

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The ICFR of the company includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with KIFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the separate financial statements

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

The engagement partner on the audit resulting in this independent auditor's report is Hee-Yeong Kim.

Ernst & Young Han Young

March 5, 2025

| |
|---|
| This audit report is effective as of March 5, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report. |

# Management's Report on the Effectiveness of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of HYUNDAI MOBIS CO., LTD

We, as the Chief Executive Officer and the Internal Control over Financial Reporting Officer of HYUNDAI MOBIS CO., LTD (the "Company"), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting ("ICFR") for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee"). And, we conducted an evaluation of ICFR based on Best Practice Guidance for Designing and Operating Internal Control over Financial Reporting established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR, as of December 31, 2024, is designed and operating effectively, in all material respects, in accordance with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

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

| | | | |
|---|---|---|---|
| Date: | January 23, 2025 | Date: | January 23, 2025 |
| By: | | By: | |
| Name: | Gyusuk Lee | Name: | Kitae Park |
| Title: | Chief Executive Officer | Title: | Internal Control over Financial Reporting Officer |