# HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

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KPMG SAMJONG

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# Independent Auditor's Report

(English translation of a report originally issued in Korean)

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

***Opinion***

We have audited the consolidated financial statements of HYUNDAI MOBIS CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Group's Internal Control over Financial Reporting for Consolidation Purposes ("ICFR") as of December 31, 2025 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 5, 2026, expressed an unmodified opinion on the effectiveness of the Group's internal control over financial reporting.

***Basis for Opinion***

We conducted our audit in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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***

Key audit matter is such matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of the Cut-off of A/S Parts Sales

As described in Note 3-(20), the Group generates revenue from the sale of A/S parts. The Group recognizes revenue for A/S parts when control of the A/S parts transfers to the customer. With respect to A/S parts sales, there are numerous customers and, depending on the contracts with customers, the timing of revenue recognition may differ; therefore, the inherent risk related to the cut-off of revenue recognition is high. In addition, the Group is a company listed on a securities market with many stakeholders, and revenue and operating profit are included among the Group's key performance indicators. Accordingly, because A/S parts sales have relatively high profit margins, there is a high inherent risk that revenue may be recognized before the relevant revenue recognition criteria are satisfied.

Taking into account this high inherent risk, the significance of the financial performance of the A/S parts business unit to the Group's revenue and operating profit, and the risk of potential misstatements in the cut-off of revenue recognition that may arise under various contracts with customers, we identified the appropriateness of the cut-off of A/S parts sales as a key audit matter.

Our audit procedures to respond to this key audit matter included the following:

- Reviewing the key contract terms related to A/S parts sales, in order to assess the appropriateness of the timing of transfer of control under the revenue recognition criteria of Korean International Financial

Reporting Standards

- Obtaining an understanding of the Group's policies, processes and internal control related to A/S parts sales
- Evaluating the design and operating effectiveness of the Group's internal control over the cut-off of A/S parts sales
- Inspecting and reconciling accounting records with underlying supporting documents, based on a sampling method, for A/S parts sales transactions that occurred before and after the reporting period to assess the cut-off

***Other matters***

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 5, 2025.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sung-Chae, Kang.

Seoul, Korea
March 5, 2026

KPMG Samjong Accounting Corp.

This report is effective as of March 5, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

For each of the two years in the period ended December 31, 2025

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

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
**As of December 31, 2025 and 2024**

| *(In millions of won)* | ***Note*** | | **2025** | | **2024** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 5,40 | ₩ | 4,922,378 | ₩ | 4,788,492 |
| Other financial assets | 6,7,37,40 | | 6,891,336 | | 5,851,738 |
| Trade and other receivables, net | 8,22,29,36,40 | | 10,827,151 | | 10,284,362 |
| Inventories, net | 4,9 | | 6,861,834 | | 6,762,941 |
| Other current assets | 10,40 | | 813,365 | | 730,099 |
| Non-current Assets Held for Sale | 41 | | 50,334 | | 6,441 |
| **Total current assets** | | | 30,366,398 | | 28,424,073 |
| Property, plant and equipment, net | 4,11,22 | | 12,346,592 | | 12,003,452 |
| Intangible assets, net | 4,12 | | 1,265,628 | | 1,167,190 |
| Investment property, net | 13 | | 38,267 | | 39,539 |
| Right-of-use assets, net | 14 | | 726,784 | | 560,951 |
| Investments in associates and joint ventures | 15 | | 23,679,049 | | 22,410,344 |
| Non-current financial assets | 16,40 | | 1,107,914 | | 1,024,599 |
| Deferred tax assets | 34 | | 273,366 | | 233,410 |
| Other non-current assets | 6,8,17,23,40 | | 596,534 | | 733,347 |
| **Total non-current assets** | | | 40,034,134 | | 38,172,832 |
| **Total assets** | | ₩ | 70,400,532 | ₩ | 66,596,905 |

*(continued)*

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position, Continued
**As of December 31, 2025 and 2024**

| *(In millions of won)* | ***Note*** | **2025** | | **2024** | |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Trade and other payables | 18,36,40 | ₩ | 8,128,123 | ₩ | 8,089,243 |
| Current portion of long-term debt and short-term borrowings | 22,39,40 | | 1,127,064 | | 1,071,184 |
| Current lease liabilities | 39,40 | | 179,614 | | 145,865 |
| Income taxes payable | 34 | | 365,504 | | 524,594 |
| Current provisions for warranties | 21 | | 1,327,739 | | 1,344,842 |
| Other current liabilities | 19,40 | | 1,883,102 | | 1,569,454 |
| Non-current Assets Held for Sale | 41 | | 46,817 | | - |
| **Total current liabilities** | | | 13,057,963 | | 12,745,182 |
| Bonds and long-term borrowings | 22,39,40 | | 1,818,510 | | 1,927,485 |
| Defined benefit obligations | 23 | | 19,207 | | 16,671 |
| Non-current lease liabilities | 39,40 | | 542,895 | | 409,912 |
| Non-current provision for warranties | 21 | | 396,573 | | 380,585 |
| Deferred tax liabilities | 34 | | 4,952,963 | | 4,521,376 |
| Other non-current liabilities | 20,37,40 | | 399,626 | | 477,462 |
| **Total non-current liabilities** | | | 8,129,774 | | 7,733,491 |
| **Total liabilities** | | | 21,187,737 | | 20,478,673 |
| **Equity** | | | | | |
| Capital stock | 24 | | 491,096 | | 491,096 |
| Capital surplus | 24 | | 1,377,160 | | 1,367,293 |
| Treasury stock | 25 | | (355,258) | | (571,878) |
| Other equity | 26 | | 2,430,010 | | 1,883,219 |
| Retained earnings | 27 | | 45,224,557 | | 42,911,192 |
| **Equity attributable to owners of the Company** | | | 49,167,565 | | 46,080,922 |
| **Non-controlling interests** | 1 | | 45,230 | | 37,310 |
| **Total equity** | | | 49,212,795 | | 46,118,232 |
| **Total liabilities and equity** | | ₩ | 70,400,532 | ₩ | 66,596,905 |

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Profit or loss

**For each of the two years in the period ended December 31, 2025**

| *(In millions of won, except earnings per share)* | ***Note*** | | **2025** | | **2024** |
|---|---|---|---|---|---|
| Revenue | 4,29,36 | ₩ | 61,118,127 | ₩ | 57,236,995 |
| Cost of sales | 30,36 | | (52,288,206) | | (49,174,367) |
| **Gross profit** | | | 8,829,921 | | 8,062,628 |
| Selling, general and administrative expenses | 30,31,33 | | (5,472,465) | | (4,989,172) |
| **Operating profit** | 4 | | 3,357,456 | | 3,073,456 |
| Other income | 32,33 | | 540,505 | | 518,144 |
| Other expenses | 32,33 | | (433,757) | | (440,551) |
| Finance income | 33 | | 606,103 | | 812,053 |
| Finance costs | 33 | | (355,172) | | (486,348) |
| Gain on Investment in associates, joint ventures | 15 | | 1,400,023 | | 1,787,722 |
| **Profit before income taxes** | | | 5,115,158 | | 5,264,476 |
| Income tax expense | 34 | | (1,450,422) | | (1,204,315) |
| **Profit for the year** | | ₩ | 3,664,736 | ₩ | 4,060,161 |
| **Profit attributable to:** | | | | | |
| Owners of the Company | 35 | ₩ | 3,655,790 | ₩ | 4,055,642 |
| Non-controlling interests | 1 | | 8,946 | | 4,519 |
| **Earnings per share** | | | | | |
| Basic earnings per share in won | 35 | ₩ | 40,861 | ₩ | 44,939 |

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

**For each of the two years in the period ended December 31, 2025**

| *(In millions of won)* | *Note* | | 2025 | | 2024 |
|---|---|---|---|---|---|
| **Profit for the year** | | ₩ | 3,664,736 | ₩ | 4,060,161 |
| **Other comprehensive income** | | | 363,712 | | 1,857,773 |
| **Items that will not be reclassified subsequently to profit or loss:** | | | | | |
| Remeasurements of defined benefit plan, net of tax | 23 | | 21,997 | | (73,687) |
| Change in retained earnings of equity method investments | 15 | | (178,840) | | (141,150) |
| Gain on financial assets at FVOCI, net of tax | 16,26 | | 52,516 | | 67,256 |
| Change in equity of equity method investments | 15,26 | | (62,518) | | 140,706 |
| | | | (166,845) | | (6,875) |
| **Items that may be reclassified to profit or loss:** | | | | | |
| Translation of foreign operations | 26 | | 184,867 | | 619,548 |
| Change in equity of equity method investments | 15,26 | | 345,690 | | 1,245,100 |
| | | | 530,557 | | 1,864,648 |
| **Total comprehensive income for the year** | | ₩ | 4,028,448 | ₩ | 5,917,934 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | ₩ | 4,020,005 | ₩ | 5,912,894 |
| Non-controlling interests | | | 8,443 | | 5,040 |

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

**For each of the two years in the period ended December 31, 2025**

| | Attributable to controlling interests | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In millions of won)* | **Capital Stock** | **Capital surplus** | **Treasury stock** | **Other equity** | **Retained earnings** | **Non-controlling interests** | **Total equity** |
| **Balance as of January 1, 2024** | ₩ 491,096 | 1,363,146 | (681,939) | (177,414) | 39,639,529 | 20,881 | 40,655,299 |
| **Total comprehensive income (loss):** | | | | | | | |
| Profit for the year | - | - | - | - | 4,055,642 | 4,519 | 4,060,161 |
| Gain (Loss) on financial assets at FVOCI, net of tax | - | - | - | 67,343 | (87) | - | 67,256 |
| Translation of foreign operations, net of tax | - | - | - | 618,873 | - | 675 | 619,548 |
| Net change in equity method accounted investments, net of tax | - | - | - | 1,385,806 | (141,150) | - | 1,244,656 |
| Remeasurements of defined benefit plan, net of tax | - | - | - | - | (73,533) | (154) | (73,687) |
| **Total comprehensive income for the year** | - | - | - | 2,072,022 | 3,840,872 | 5,040 | 5,917,934 |
| **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) |
| Change in equity in subsidiaries | - | - | - | (11,389) | - | 11,389 | - |
| **Total transactions with owners of the Company, recognized directly in equity** | - | 4,147 | 110,061 | (11,389) | (569,209) | 11,389 | (455,001) |
| **Balance as of December 31, 2024** | ₩ 491,096 | 1,367,293 | (571,878) | 1,883,219 | 42,911,192 | 37,310 | 46,118,232 |

*(continued)*

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity, Continued

**For each of the two years in the period ended December 31, 2025**

| | Attributable to controlling interests | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In millions of won)* | Capital Stock | Capital surplus | Treasury stock | Other equity | Retained earnings | Non-controlling interests | Total equity |
| **Balance as of January 1, 2025** | ₩ 491,096 | 1,367,293 | (571,878) | 1,883,219 | 42,911,192 | 37,310 | 46,118,232 |
| **Total comprehensive income (loss):** | | | | | | | |
| Profit for the year | - | - | - | - | 3,655,790 | 8,946 | 3,664,736 |
| Gain (Loss) on financial assets at FVOCI, net of tax | - | - | - | 52,492 | 24 | - | 52,516 |
| Translation of foreign operations, net of tax | - | - | - | 185,429 | - | (562) | 184,867 |
| Net change in equity method accounted investments, net of tax | - | - | - | 283,172 | (178,840) | - | 104,332 |
| Remeasurements of defined benefit plan, net of tax | - | - | - | - | 21,938 | 59 | 21,997 |
| **Total comprehensive income for the year** | - | - | - | 521,093 | 3,498,912 | 8,443 | 4,028,448 |
| **Transactions with owners of the Company, recognized directly in equity:** | | | | | | | |
| Dividends | - | - | - | - | (583,383) | - | (583,383) |
| Change in Treasury stock | - | 11,564 | 216,620 | - | (574,370) | - | (346,186) |
| **Total transactions with owners of the Company, recognized directly in equity** | - | 11,564 | 216,620 | - | (1,157,753) | - | (929,569) |
| Changes in Associates | - | - | - | 27,794 | (27,794) | - | - |
| Change in Consolidated group | - | (1,697) | - | (2,096) | - | (523) | (4,316) |
| **Balance as of December 31, 2025** | ₩ 491,096 | 1,377,160 | (355,258) | 2,430,010 | 45,224,557 | 45,230 | 49,212,795 |

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

**For each of the two years in the period ended December 31, 2025**

| *(In millions of won)* | **Note** | | **2025** | | **2024** |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash flows generated from operations | 38 | ₩ | 4,798,569 | ₩ | 3,863,053 |
| Interest received | | | 404,092 | | 416,356 |
| Interest paid | | | (206,189) | | (114,390) |
| Dividends received | | | 685,195 | | 759,648 |
| Income tax paid | | | (1,209,152) | | (671,973) |
| **Net cash flows provided by operating activities** | | | 4,472,515 | | 4,252,694 |
| **Cash flows from investing activities** | | | | | |
| Disposal of financial assets at amortized cost | | | 4,833,093 | | 119,375 |
| Acquisition of financial assets at amortized cost | | | (6,128,615) | | (2,001,840) |
| Net increase (decrease) in short-term loans | | | 1,464 | | 124,174 |
| Net increase (decrease) in long-term loans | | | 52 | | 1,417 |
| Disposal of financial assets at FVPL | | | 188 | | 711 |
| Acquisition of financial assets at FVPL | | | (750) | | (11,493) |
| Disposal of financial assets at FVOCI | | | 1,213 | | 3,938 |
| Acquisition of financial assets at FVOCI | | | - | | (10,493) |
| Disposal of investments in associates | | | 62,059 | | 19,300 |
| Acquisition of investments in associates | | | (538,400) | | (858,550) |
| Disposal of property, plant and equipment | | | 66,288 | | 116,453 |
| Acquisition of property, plant and equipment | | | (1,347,770) | | (2,204,080) |
| Disposal of intangible assets | | | 4,954 | | 3,662 |
| Acquisition of intangible assets | | | (167,887) | | (160,979) |
| Net Decrease (Increase) in deposits provided | | | (19,578) | | 6,233 |
| Business transfer | | | - | | 244,315 |
| Receipt of government grants | | | - | | 18,765 |
| **Net cash flows used in investing activities** | | | (3,233,689) | | (4,589,092) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from current portion of long-term debt and short-term borrowings | | | 473,085 | | 821,099 |
| Repayment of current portion of long-term debt and short-term borrowings | | | (664,404) | | (1,575,691) |
| Proceeds from long-term borrowings | | | 437,672 | | 1,362,920 |
| Repayment of long-term borrowings | | | (273,299) | | (109,118) |
| Acquisition of treasury stock | | | (414,529) | | (162,990) |
| Dividends paid | | | (583,383) | | (406,219) |
| Payment of lease liabilities | | | (179,830) | | (184,985) |
| **Net cash flows used in financing activities** | | | (1,204,688) | | (254,984) |
| **Effect of changes in foreign exchange rates on cash and cash equivalents** | | | 99,748 | | 300,460 |
| **Net increase (decrease) in cash and cash equivalents** | | | 133,886 | | (290,922) |
| **Cash and cash equivalents at the beginning of year** | | | 4,788,492 | | 5,079,414 |
| **Cash and cash equivalents at the end of year** | | ₩ | 4,922,378 | ₩ | 4,788,492 |

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

**1. General Description of the Company and its Subsidiaries**

(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, 2025 and 2024 are as follows:

| *(In shares)* | **December 31, 2025** | | **December 31, 2024** | |
|---|---|---|---|---|
| **Stockholders** | **Number of shares** | **Percentage of ownership** | **Number of shares** | **Percentage of ownership** |
| KIA CORPORATION | 16,427,074 | 18.10% | 16,427,074 | 17.66% |
| Mong-Ku Chung | 6,778,966 | 7.47% | 6,778,966 | 7.29% |
| Hyundai Steel Company | 5,504,846 | 6.07% | 5,504,846 | 5.92% |
| KT Corporation | 1,383,893 | 1.53% | 1,383,893 | 1.49% |
| Hyundai Glovis Co., Ltd. | 656,293 | 0.72% | 656,293 | 0.71% |
| Eui-Sun Chung | 303,759 | 0.33% | 303,759 | 0.33% |
| Treasury stock | 1,555,800 | 1.71% | 2,504,454 | 2.69% |
| Others | 58,121,952 | 64.07% | 59,435,809 | 63.91% |
| Total | 90,732,583 | 100.00% | 92,995,094 | 100.00% |

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

## 1. General Description of the Company and its Subsidiaries, Continued

### (2) Details of subsidiaries

Details of subsidiaries included in consolidation as of December 31, 2025 and 2024 are as follows:

| Company | Location | Business | Reporting date | Ownership 2025 | Ownership 2024 |
|---|---|---|---|---|---|
| Hyundai IHL Co., Ltd. | Korea | Manufacturing the auto lighting and electric apparatus | 31-Dec | 99.38% | 99.38% |
| Global Information Technology Co., Ltd. | Korea | Manufacturing diagnostic System | 31-Dec | 80.54% | 80.54% |
| H Green Power Inc. | Korea | Manufacturing of storage battery | 31-Dec | 100.00% | 100.00% |
| MOTRAS | Korea | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| UNITUS | Korea | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| MOREBIT(*12) | Korea | Automobile car wash, translation services | 31-Dec | 100.00% | - |
| Mobis America, Inc. | USA | Holding company | 31-Dec | 100.00% | 100.00% |
| Mobis Alabama, LLC(*1) | USA | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Parts America, LLC(*1) | USA | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Parts Miami, LLC(*1) | USA | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis North America electrified Powertrain, LLC(*1) | USA | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| American Autoparts, Inc. | USA | Holding company | 31-Dec | 100.00% | 100.00% |
| Mobis North America, LLC(*2) | USA | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis US Alabama, LLC(*2) | USA | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis US Electrified Powertrain, LLC(*2) | USA | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| GIT America., Inc.(*3) | USA | Sales of diagnostic System | 31-Dec | 100.00% | 100.00% |
| Mobis Parts Canada Corporation | Canada | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Hyundai Mobis Mexico, S. De R.L. De C.V.(*4) | Mexico | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Brasil Fabricacao De Auto Pecas Ltda. | Brazil | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Parts Europe N.V. | Belgium | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| GIT Europe GmbH(*3) | Germany | Sales of diagnostic System | 31-Dec | 100.00% | 100.00% |
| Mobis Parts CIS, LLC(*5) | Russia | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Module CIS, LLC(*6) | Russia | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Automotive Czech s.r.o. | Czech | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Automotive System Czech s.r.o. | Czech | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Slovakia s.r.o. | Slovakia | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Automotive and Module Industry Trade Co. - Joint Stock Company | Turkey | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Spain Electrified Powertrain S.L | Spain | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Hyundai Motor (Shanghai) Co., Ltd. | China | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Shanghai Hyundai Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Wuxi Mobis Automotive Parts Co., Ltd.(*7) | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Jiangsu Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Beijing Hyundai Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Tianjin Mobis Automotive Parts Co., Ltd. | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.(*13) | China | Manufacturing and sales of auto-parts | 31-Dec | - | 90.00% |
| ChongQing Hyundai Mobis Automotive Parts Co., Ltd. (*9) | China | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| GIT Beijing Automotive Technology Inc.(*3) | China | Sales of diagnostic system | 31-Dec | 100.00% | 100.00% |
| Mobis Parts Middle East FZE | UAE | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Auto Parts Middle East Egypt(*8) | Egypt | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis India, Ltd. | India | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis India Module Private Limited | India | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| GIT India Corporation Private Limited(*3,*10) | India | Sales of diagnostic system | 31-Dec | 99.99% | 99.99% |
| Mobis Parts Australia PTY., Ltd. | Australia | Sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| PT Hyundai Energy Indonesia | Indonesia | Manufacturing and sales of auto-parts | 31-Dec | 60.00% | 60.00% |
| Mobis Hungary Kft. | Hungary | Manufacturing and sales of auto-parts | 31-Dec | 100.00% | 100.00% |
| Mobis Parts (Thailand) Co., Ltd.(*11) | Thailand | Sales of auto-parts | 31-Dec | 100.00% | - |

**1. General Description of the Company and its Subsidiaries, Continued**

(2) Details of subsidiaries, Continued

(*1) Mobis America, Inc. owns 100.00% of its shares.
(*2) American Autoparts, Inc. owns 100.00% of its shares.
(*3) Global Information Technology Co., Ltd. holds the ownership interests, and the ownership ratio of GIT is presented above.
(*4) The Group and Mobis America, Inc. own 98.37% and 1.63% of its shares, respectively.
(*5) Mobis Parts Europe N.V. owns 100.00% of its shares.
(*6) The Group and Mobis Parts CIS, LLC own 99.00% and 1.00% of its shares, respectively.
(*7) The Group and Shanghai Hyundai Mobis Automotive Parts Co., Ltd. own 33.75% and 66.25% of its shares, respectively.
(*8) Mobis Parts Middle East FZE owns 100.00% of its shares.
(*9) For the year ended December 31, 2024, the Group acquired 10% of its shares from Hyundai Motor Group (China)Ltd.
(*10) For the year ended December 31, 2024, GIT India Corporation Private Limited was established as a subsidiary of Global Information Technology Co., Ltd.
(*11) For the year ended December 31, 2025, Mobis Parts (Thailand) Co., Ltd was established as a subsidiary of Hyundai Mobis.
(*12) For the year ended December 31, 2025, MOREBIT was established as a subsidiary of Hyundai Mobis.
(*13) For the year ended December 31, 2025, Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. was disposed of.

(3) Changes in subsidiaries

Subsidiaries included in or excluded from the consolidated financial statements for the year ended December 31, 2025 are as follows:

| **Subsidiaries** | **Details** |
|---|---|
| Mobis Parts (Thailand) Co., Ltd. | Newly established |
| MOREBIT | Newly established |
| Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. | Disposed of |

**1. General Description of the Company and its Subsidiaries, Continued**

(4) Financial information on subsidiaries

① The financial information on subsidiaries as of and for the year ended December 31, 2025 is summarized as follows:

*(In millions of won)*

| Company | | Assets | Liabilities | Revenue | Profit (loss) |
|---|---|---|---|---|---|
| Mobis America Inc.(*1) | ₩ | 7,739,691 | 4,776,433 | 12,879,367 | 204,351 |
| Beijing Hyundai Mobis Automotive Parts Co., Ltd. | | 1,351,957 | 576,215 | 1,189,938 | (143,987) |
| Jiangsu Mobis Automotive Parts Co., Ltd. | | 1,361,217 | 592,446 | 1,392,023 | (2,791) |
| Mobis Parts Europe N.V. | | 2,022,583 | 499,948 | 2,437,986 | 189,664 |
| Hyundai Mobis Mexico, S. De R.L. De C.V. | | 1,839,399 | 1,179,434 | 3,241,601 | 174,275 |
| Mobis India, Ltd. | | 1,616,910 | 387,677 | 2,880,047 | 305,257 |
| Mobis Slovakia s.r.o. | | 1,228,382 | 481,582 | 2,991,122 | 115,275 |
| Mobis Automotive Czech s.r.o. | | 983,580 | 573,853 | 2,923,832 | 104,197 |
| American Autoparts Inc.(*2) | | 785,670 | 423,921 | 2,104,380 | 44,814 |

(*1) The consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami LLC, Mobis Parts America, LLC and Mobis North America electrified Powertrain.
(*2) The consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC, Mobis US Alabama, LLC and Mobis US Electrified Powertrain, LLC.

② The financial information on subsidiaries as of and for the year ended December 31, 2024 is summarized as follows:

*(In millions of won)*

| Company | | Assets | Liabilities | Revenue | Profit (loss) |
|---|---|---|---|---|---|
| Mobis America Inc.(*1) | ₩ | 6,886,336 | 4,061,865 | 10,103,183 | 191,700 |
| Beijing Hyundai Mobis Automotive Parts Co., Ltd. | | 1,335,270 | 426,221 | 997,034 | (9,728) |
| Jiangsu Mobis Automotive Parts Co., Ltd. | | 1,451,588 | 693,081 | 1,328,429 | 47,742 |
| Mobis Parts Europe N.V. | | 1,621,587 | 420,960 | 2,084,257 | 227,670 |
| Hyundai Mobis Mexico, S. De R.L. De C.V. | | 1,842,341 | 1,345,962 | 2,538,753 | (2,944) |
| Mobis India, Ltd. | | 1,447,483 | 447,748 | 2,733,175 | 256,414 |
| Mobis Slovakia s.r.o. | | 1,069,783 | 502,162 | 2,953,104 | 113,800 |
| Mobis Automotive Czech s.r.o. | | 784,308 | 511,833 | 2,859,684 | 65,120 |
| American Autoparts Inc.(*2) | | 666,250 | 341,972 | 1,716,982 | 31,461 |

(*1) The consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami LLC, Mobis Parts America, LLC and Mobis North America electrified Powertrain.
(*2) The consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC, Mobis US Alabama, LLC and Mobis US Electrified Powertrain, LLC.

## 1. General Description of the Company and its Subsidiaries, Continued

(5) The financial information on non-controlling interests (before intercompany transaction eliminations) as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is summarized as follows:

① As of and for the year ended December 31, 2025

| *(In millions of won)* | | Hyundai IHL Co., Ltd. | Global Information Technology Co., Ltd. | PT Hyundai Energy Indonesia | Total |
|---|---|---|---|---|---|
| Accumulated non-controlling interests(*1) | ₩ | 65 | 35,495 | 9,670 | 45,230 |
| Profit (loss) allocated to non-controlling interests(*1)(*2) | | 48 | 7,387 | (2,340) | 5,095 |
| Cash flows from operating activities | | 20,807 | 35,560 | (5,570) | 50,797 |
| Cash flows from investing activities | | (9,828) | (22,325) | (363) | (32,516) |
| Cash flows from financing activities before dividends to non-controlling interests | | (7,962) | (669) | (237) | (8,868) |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | - | 290 | (884) | (594) |
| Net increase (decrease) in cash and cash equivalents | | 3,017 | 12,856 | (7,054) | 8,819 |

(*1) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.
(*2) For the year ended December 31, 2025, Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. was disposed of; therefore, the relevant amount is not included.

② As of December 31, 2024

| *(In millions of won)* | | Hyundai IHL Co., Ltd. | Global Information Technology Co., Ltd. | Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. | ChongQing Hyundai MOBIS Automotive Parts Co. Ltd. | PT Hyundai Energy Indonesia(*2) | Total |
|---|---|---|---|---|---|---|---|
| Accumulated non-controlling interests(*1) | ₩ | 21 | 27,944 | (3,405) | - | 12,750 | 37,310 |
| Profit (loss) allocated to non-controlling interests(*1) | | 52 | 7,451 | (2,641) | (505) | 162 | 4,519 |
| Cash flows from operating activities | | 9,970 | 35,577 | 5,572 | (8,604) | 16,836 | 59,351 |
| Cash flows from investing activities | | (12,107) | (34,902) | (85) | (23) | (28,220) | (75,337) |
| Cash flows from financing activities before dividends to non-controlling interests | | (5,897) | (509) | (30) | - | - | (6,436) |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | - | 2,429 | 2,677 | 1,887 | 1,733 | 8,726 |
| Net increase (decrease) in cash and cash equivalents | | (8,034) | 2,595 | 8,134 | (6,740) | (9,651) | (13,696) |

(*1) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.
(*2) For the year ended December 31, 2024, The Group acquired a 10% stake in ChongQing Hyundai Mobis Automotive Parts Co., Ltd. from Hyundai Motor Group (China) Ltd.

## 2. Basis of Preparation

### (1) Statement of compliance

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

### (2) Basis of measurement

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

### (3) Functional and presentation currency

The Group presents each account in functional currency (currency of economic environment) with which the Group carries out its operating activities. These consolidated 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 Group operates.

### (4) Use of estimates and judgments

The preparation of the consolidated 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-(25).

## 3. Material Accounting Policies

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

### (1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Group. The Group exercises control over the investee when it has exposure to variable interests due to its involvement in the investee or has a right to a variable interest and the ability of the investee to influence those interests on its own initiative. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the parent obtains control of the subsidiary until the parent ceases to have control.

The Group uses acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, liabilities incurred and equity interests issued by the Company, together with the cost which is imputed to acquisition cost. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values of the acquisition date, regardless of non-controlling interests. Goodwill is the excess of the consideration transferred over the net assets recognized, imputed to the Group's interest.

**3. Material Accounting Policies, Continued**

**(1) Basis of consolidation, continued**

① Subsidiaries, continued

In case that the fair value of the net assets exceeds the acquisition cost, the difference is recognized in the consolidated statement of profit or loss.

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

② Non-controlling interests

Non-controlling interests in a subsidiary are accounted for separately from the parent’s ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero. In addition, changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners.

③ Associates

Associates are all entities over which the Group has significant influence but does not control or joint control. If the Group holds, directly or indirectly, 20% or more of the voting power of the investee, it is presumed that the Group has significant influence. Although the Group holds less than 20% of the voting power of the investee, it is classified as associates if significant influence can be clearly demonstrated. Investments in associates are accounted for by using the equity method of accounting and are initially recognized at acquisition cost. The Group’s investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group’s share of its associates’ post-acquisition profits or losses is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements in reserves is recognized in reserves. Changes in shareholders’ equity of associates attributable to changes in other equity are recognized as the changes in other equity of the Group. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed when necessary to ensure consistency with policies adopted by the Group.

④ Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. As with associates, investments in joint ventures are accounted for by using the equity method of accounting and are initially recognized at cost. The Group’s investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

**3. Material Accounting Policies, Continued**

**(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 Group divides segment according to the internal report that are periodically reviewed by chief operating decision maker.

**(3) Foreign currencies**

① Foreign currency transactions and balances

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 re-measured. 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 consolidated statement of profit or loss.

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

② Translations of financial statements of consolidated companies

The results and financial position of all the consolidated entities that have a functional currency different from the presentation currency are translated as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

**(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 Group in management of its short-term commitments.

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

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 Group 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.

## 3. Material Accounting Policies, Continued

### (5) Non-derivative financial instruments, continued

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 Group 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 Group 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 instruments, continued**

② Classification and subsequent measurements, continued

**Financial assets - Business model**

The Group 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 and 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 Group 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 Group 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-recourse 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 prepayment characteristics are consistent with the conditions under which principal and interest that paid on a particular day.

**3. Material Accounting Policies, Continued**

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

② Classification and subsequent measurements, continued

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.

**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 Group 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 Group does not control or control the financial assets without retaining or transferring substantially all the risks and rewards of ownership.

If the Group 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 Group 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.

**3. Material Accounting Policies, Continued**

**(6) Impairment of financial assets**

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

- financial assets measured 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 Group 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.

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 Group measures recoverable amount of trade receivables individually when evidence of impairment has been found and an impairment loss is the difference between the recoverable amount and its carrying amount. Collateral and guaranteed values are taken into consideration when estimating the recoverable amount.

The recognition of collective impairment losses on trade receivables is calculated by applying the collective loss experience rate over the past fixed period to collectively classified bonds 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 derecognized. For individual customers, on the basis of their past experience with the recovery of similar assets, the Group 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 Group has no expectation that the proceeds will be recovered significantly. However, any financial assets that are derecognized may be subject to recovery activities in accordance with the Group'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 measured at FVOCI, changes in credit risk are included in profit or loss and changes in non-credit risk are recognized in other comprehensive income.

**3. Material Accounting Policies, Continued**

**(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 Group 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 Group 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

- 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 consolidated statement of comprehensive income. The Group 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 separate 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. Material Accounting Policies, Continued**

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

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 Group 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 consolidated 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.

**(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 the 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 Group 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 consolidated 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 Group's property, plant and equipment are as follows:

| | Useful lives (years) |
|---|---|
| Buildings and structures | 20 ~ 40 |
| Machinery | 5 ~ 15 |
| Tools | 3 ~ 5 |
| Furniture and fixtures | 5 |
| Others | 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 consolidated statement of profit or loss.

## 3. Material Accounting Policies, Continued

### (10) Borrowing costs

The Group 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 Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group 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 Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group 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 Group 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 Group capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

### (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 Group 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 |
| Other intangible assets | 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.

## 3. Material Accounting Policies, Continued

### (12) Intangible assets, continued

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 or sale;
- 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 cannot be recognized as an asset in a subsequent period.

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 industrial property and business rights, 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 20 ~30 years.

Useful lives 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.

**3. Material Accounting Policies, Continued**

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

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

- As a lessee

At commencement or on modification of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

The Group 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, in 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

**3. Material Accounting Policies, Continued**

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

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 Group elected to use 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 Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit (“CGU”). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Value in use estimates the future cash flows expected to be generated by the asset or cash-generating unit at an appropriate discount rate that reflects the current market assessment of the specific risk of unadjusted assets when estimating the time value of money and future cash flows.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses on the cash-generating unit first reduce the carrying amount of goodwill allocated to the cash-generating unit, and then reduce the carrying amount of the asset relative to the carrying amount of each other's assets belonging to the cash-generating unit. Impairment losses recognized for goodwill cannot be reversed in a subsequent period.

Non-financial assets other than goodwill for which impairment is recognized are reviewed for possible reversal of the impairment at each reporting date. The carrying amount increased by the reversal of the impairment loss shall not exceed the balance after depreciation or amortization of the carrying amount before the impairment loss was recognized in the past.

**(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 Group during an accounting period, the Group recognizes the benefits in the consolidated statement of profit or loss.

② Retirement benefits: defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group 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. Material Accounting Policies, Continued**

**(16) Employee benefits, continued**

③ Retirement benefits: defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group'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 Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group 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. Changes resulting from the re-measurement are recognized in profit or loss in the period.

**(17) Provisions and contingent liabilities**

Provisions are recognized when the Group 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 Group 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 emission 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 Group 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 Group 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 Group 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 Group 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 Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint ventures, 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 Group 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. An additional income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

③ Pillar 2 Model Rules

The comprehensive implementation framework of the Organization 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 consolidated 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.

**3. Material Accounting Policies, Continued**

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

The Group is engaged in automobile module and parts manufacturing business and parts business for after sales service. The Group's main revenue is sales of goods. In a contract with a customer, the Group 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 Group, and the Group 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 Group 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 Group for contracts with customers are as follows:

① Provision of modules and parts 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 Group considers the following:

A. Variable consideration
If the contract contains a variable consideration, the Group 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 financing component
The Group 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 Group does not reflect the impact of significant financing components in calculating the transaction price.

C. Provision of assurance type warranties
The Group 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 Group 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 Group provides different additional warranties depending on the type of goods. The Group 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 Group calculates the transaction price allocated to the obligation to provide the service type warranty, the Group considers the following:

A. Estimating individual selling price

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

B. Significant financing component

The Group 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 Group receives the consideration for the provision of the service type warranty and the time at which the obligation is actually fulfilled, the Group reviews whether significant financing components exist. The Group determines that the difference arises due to a reason other than providing financial services to the customer or the Group, and therefore, there is no significant financing component in the transaction price.

**(21) Financial revenue and other revenue**

The Group recognizes revenue when the amount of revenue can be reliably measured, the future economic benefits are likely to flow into the Group, 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 Group 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 payment is established.

③ Rental income

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

**3. Material Accounting Policies, Continued**

**(22) Dividend**

Dividend liability is recognized in the consolidated statements of financial position when the dividends are approved by the Group’s shareholders.

**(23) Earnings per share**

The Group 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 Group 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 consolidated entity 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 consolidated financial statements. The consolidated entity 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 consolidated entity does not change the amounts recognized in the consolidated 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.

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

The Group 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 Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

② Recoverable amount of non-current assets

The carrying amounts of the Group’s non-current assets (CGU) 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 Group 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 Group 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.

**3. Material Accounting Policies, Continued**

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

④ Impairment of goodwill

The Group 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 Group 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 Group 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 Group evaluates the inventories, it applies the estimate of future required inventory quantities, selling price and selling expenses.

⑦ Income taxes

The Group 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 Group 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 Group's tax may change arising from changes in investment, wage growth, etc., there exists uncertainty in calculating the final tax effect.

The Group 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 Group 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 Group 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 Group '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 Group 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).

**3. Material Accounting Policies, Continued**

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

The Group applied the amendments related to the lack of exchangeability (K-IFRS 1021, *The Effects of Changes in Foreign Exchange Rates*) for the first time effective January 1, 2025. The application of these amendments and other standards effective on or after January 1, 2025 did not have a material impact on the Group's consolidated financial statements.

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

The major new and amended standards and interpretations that have been issued or published but whose effective dates have not yet commenced for reporting periods beginning on or after January 1, 2025 are as follows. The Group has not early adopted these new and amended standards and interpretations in preparing the consolidated financial statements, and management expects that they will not have a material impact on the Group's consolidated financial statements.

- **Classification and Measurement Requirements for Financial Instruments**
  (K-IFRS 1107 *Financial Instruments: Disclosures*, K-IFRS 1109 *Financial Instruments*)
- **Nature-dependent Electricity Contracts**
  (K-IFRS 1107 *Financial Instruments: Disclosures*, K-IFRS 1109 *Financial Instruments*)
- **Annual Improvements**
  (K-IFRS 1007 *Statement of Cash Flows*,
  K-IFRS 1101 *First-time Adoption of Korean IFRSs*,
  K-IFRS 1107 *Financial Instruments: Disclosures*,
  K-IFRS 1109 *Financial Instruments*,
  K-IFRS 1110 *Consolidated Financial Statements*)
- **Standards Issued on Presentation and Disclosure of Financial Statements**
  (K-IFRS 1118 Presentation and Disclosure in Financial Statements)

## 4. Operating Segments

(1) The Group has two reportable segments as described below.

| Reportable segments | Nature of reportable segments |
|---|---|
| Auto modules and parts | Sale of auto modules and parts for manufactured vehicles |
| Parts for after sales services | Sale of parts for after sales services and accessories |

(2) Information on reportable segments

① As of and for the year ended December 31, 2025

| *(In millions of won)* | | Auto modules and parts | Parts for after sales services | Common segment | Consolidation adjustment | Total |
|---|---|---|---|---|---|---|
| Gross revenues | ₩ | 58,702,105 | 17,842,842 | - | (15,426,820) | 61,118,127 |
| Consolidation adjustment | | (10,901,986) | (4,524,834) | - | 15,426,820 | - |
| Revenues from external customers | | 47,800,119 | 13,318,008 | - | - | 61,118,127 |
| Operating profit | | 76,027 | 3,503,512 | - | (222,083) | 3,357,456 |
| Segment assets: | | | | | | |
| Inventories | | 4,595,047 | 3,854,921 | - | (1,588,134) | 6,861,834 |
| Property, plant and equipment | | 7,004,400 | 1,268,448 | 4,050,600 | 23,144 | 12,346,592 |
| Intangible assets | | 875,967 | 90,478 | 277,559 | 21,624 | 1,265,628 |

② As of and for the year ended December 31, 2024

| *(In millions of won)* | | Auto modules and parts | Parts for after sales services | Common segment | Consolidation adjustment | Total |
|---|---|---|---|---|---|---|
| Gross revenues | ₩ | 54,719,044 | 16,333,532 | - | (13,815,581) | 57,236,995 |
| Consolidation adjustment | | (9,567,153) | (4,248,428) | - | 13,815,581 | - |
| Revenues from external customers | | 45,151,891 | 12,085,104 | - | - | 57,236,995 |
| Operating profit | | (60,207) | 3,390,112 | - | (256,449) | 3,073,456 |
| Segment assets: | | | | | | |
| Inventories | | 4,542,223 | 3,550,122 | - | (1,329,404) | 6,762,941 |
| Property, plant and equipment | | 6,849,551 | 1,249,570 | 3,891,973 | 12,358 | 12,003,452 |
| Intangible assets | | 843,089 | 93,332 | 209,278 | 21,491 | 1,167,190 |

Transactions between segments are carried out at arm's length. Revenues from external customers which are reported to the Group's chief operating decision maker are measured in a manner consistent with that in the consolidated statements of profit or loss.

**4. Operating Segments, Continued**

(3) Geographical information

① As of and for the year ended December 31, 2025

| *(In millions of won)* | | Korea | China | America | Europe | Other regions | Consolidation adjustment | Total |
|---|---|---|---|---|---|---|---|---|
| Gross revenues | ₩ | 38,991,251 | 3,832,416 | 19,363,947 | 9,797,371 | 4,559,962 | (15,426,820) | 61,118,127 |
| Consolidation adjustment | | (12,227,651) | (620,305) | (1,044,844) | (1,246,332) | (287,688) | 15,426,820 | - |
| Revenues from external customers | | 26,763,600 | 3,212,111 | 18,319,103 | 8,551,039 | 4,272,274 | - | 61,118,127 |
| Operating profit (loss) | | 1,829,898 | 107,076 | 627,553 | 546,095 | 468,917 | (222,083) | 3,357,456 |
| Assets by geographic areas: | | | | | | | | |
| Inventories | | 3,076,307 | 314,742 | 2,820,830 | 1,633,182 | 604,907 | (1,588,134) | 6,861,834 |
| Property, plant and equipment | | 7,835,826 | 261,794 | 2,835,400 | 1,063,995 | 326,433 | 23,144 | 12,346,592 |
| Intangible assets | | 1,131,312 | 7,335 | 50,070 | 36,585 | 18,702 | 21,624 | 1,265,628 |

② As of and for the year ended December 31, 2024

| *(In millions of won)* | | Korea | China | America | Europe | Other regions | Consolidation adjustment | Total |
|---|---|---|---|---|---|---|---|---|
| Gross revenues | ₩ | 39,011,489 | 3,312,061 | 15,348,651 | 9,217,424 | 4,162,951 | (13,815,581) | 57,236,995 |
| Consolidation adjustment | | (11,218,817) | (504,179) | (785,352) | (1,065,272) | (241,961) | 13,815,581 | - |
| Revenues from external customers | | 27,792,672 | 2,807,882 | 14,563,299 | 8,152,152 | 3,920,990 | - | 57,236,995 |
| Operating profit (loss) | | 1,876,391 | 50,913 | 467,622 | 531,890 | 403,089 | (256,449) | 3,073,456 |
| Assets by geographic areas: | | | | | | | | |
| Inventories | | 3,134,954 | 291,004 | 2,696,896 | 1,350,048 | 619,443 | (1,329,404) | 6,762,941 |
| Property, plant and equipment | | 7,854,938 | 344,432 | 2,810,208 | 672,865 | 308,651 | 12,358 | 12,003,452 |
| Intangible assets | | 1,044,478 | 6,869 | 50,268 | 25,396 | 18,688 | 21,491 | 1,167,190 |

(4) Information on major customers

Revenues from major customers accounting for more than 10% of the revenues from external customers in the auto modules and parts, parts for after sales service as of December 31, 2025 and 2024 are as follows.

| ***(In millions of won)*** | | 2025 | | 2024 |
|---|---|---|---|---|
| Customer A | ₩ | 24,062,300 | ₩ | 23,586,218 |
| Customer B | | 21,851,453 | | 19,978,451 |

### 5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Cash on hand | ₩ | 805 | ₩ | 18 |
| Bank deposits and others | | 4,921,573 | | 4,788,474 |
| Total | ₩ | 4,922,378 | ₩ | 4,788,492 |

### 6. Restricted Financial Instruments

Restricted financial instruments in use as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | Dec. 31, 2025 | | Dec. 31, 2024 | | Description |
|---|---|---|---|---|---|
| Other financial assets | ₩ | 149,500 | ₩ | 149,500 | Mutual cooperation deposits and others |
| | | 3 | | 1,920 | Escrow account for public contribution |
| | | - | | 1,433 | Government subsidies |
| | | 2,500 | | 1,300 | Payment guarantees security |
| Other non-current assets | | 8,150 | | 7,562 | Collateral deposits for import tariffs, value added taxes payment and others |
| Total | ₩ | 160,153 | ₩ | 161,715 | |

### 7. Other Financial Assets

Other financial assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Financial assets at amortized cost | ₩ | 6,741,601 | ₩ | 5,452,489 |
| Financial assets at FVPL | | 149,735 | | 399,249 |
| Total | ₩ | 6,891,336 | ₩ | 5,851,738 |

## 8. Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Current | Non-current (Note 17) | Current | Non-current (Note 17) |
| Accounts and notes receivable - trade | ₩ 10,221,916 | 262 | ₩ 9,916,129 | 246 |
| Allowance for doubtful accounts | (853) | (262) | (1,850) | (246) |
| Sub-total | 10,221,063 | - | 9,914,279 | - |
| Accounts and notes receivable - other | 604,511 | 286,563 | 368,501 | 509,249 |
| Allowance for doubtful accounts | (176) | (97) | (194) | (138) |
| Sub-total | 604,335 | 286,466 | 368,307 | 509,111 |
| Loans | 1,753 | 327 | 1,776 | 1,819 |
| Total | ₩ 10,827,151 | 286,793 | ₩ 10,284,362 | 510,930 |

Trade and other receivables from the Group's related parties and the conglomerate affiliates as of December 31, 2025 and 2024 are ₩8,251,796 million and ₩8,174,753 million, respectively (Note 36).

## 8. Trade and Other Receivables, Continued

(2) The Group transferred certain accounts and notes receivable (including trade receivables between consolidated entities) amounting to ₩ 4,200 million and ₩ 4,325 million to several financial institutions with recourse and treated them as borrowings as of December 31, 2025 and 2024, respectively (Note 22).

(3) The Group recognized an allowance for doubtful accounts amounting to ₩1,168 million based on individual analysis for receivables impaired as of December 31, 2025. In addition, the Group recognized an allowance for doubtful accounts amounting to ₩220 million based on collective assessment of impairment based on past experience for group of assets with similar credit risk.

Changes in allowance for doubtful accounts for each of the two years in the period ended December 31, 2025 are as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Beginning | ₩ | 2,428 | ₩ | 5,246 |
| Impairment (reversal) | | (478) | | 532 |
| Write-off | | (495) | | (3,556) |
| Others (effect of foreign exchange fluctuation and others) | | (67) | | 206 |
| Ending | ₩ | 1,388 | ₩ | 2,428 |

## 9. Inventories

Inventories as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | | | December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Acquisition cost | Provision for loss on valuation | Carrying amount | | Acquisition cost | Provision for loss on valuation | Carrying amount |
| Merchandises | ₩ | 2,875,548 | (132,698) | 2,742,850 | ₩ | 2,753,590 | (115,778) | 2,637,812 |
| Finished goods | | 254,253 | (18,039) | 236,214 | | 288,653 | (18,424) | 270,229 |
| Work-in-process | | 372,401 | (14,844) | 357,557 | | 353,754 | (13,366) | 340,388 |
| Raw materials | | 2,512,070 | (65,681) | 2,446,389 | | 2,372,720 | (82,197) | 2,290,523 |
| Supplies | | 123,076 | - | 123,076 | | 105,503 | - | 105,503 |
| Goods-in-transit | | 914,203 | - | 914,203 | | 1,071,989 | - | 1,071,989 |
| Outsourcing | | 41,545 | - | 41,545 | | 46,497 | - | 46,497 |
| Total | ₩ | 7,093,096 | (231,262) | 6,861,834 | ₩ | 6,992,706 | (229,765) | 6,762,941 |

The amounts of losses (reversal) on valuation of inventories charged to cost of sales for each of the two years in the period ended December 31, 2025 are ₩1,497 million and ₩10,953 million, respectively.

## 10. Other Current Assets

Other current assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Accrued income | ₩ | 105,736 | ₩ | 113,502 |
| Advance payments | | 60,721 | | 77,530 |
| Prepaid expenses | | 137,945 | | 118,411 |
| Prepaid taxes | | 332,344 | | 412,994 |
| Other current assets | | 176,619 | | 7,662 |
| Total | ₩ | 813,365 | ₩ | 730,099 |

## 11. Property, Plant and Equipment

(1) Property, plant and equipment as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(In millions of won)* | | Land | Buildings | Structures | Machinery | Tools | Furniture and fixture | Others | Construction -in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 4,045,319 | 5,085,811 | 571,789 | 5,333,620 | 2,152,048 | 1,019,208 | 178,787 | 1,602,308 | 19,988,890 |
| Accumulated depreciation and impairment | | - | (1,607,081) | (173,851) | (3,207,086) | (1,729,243) | (713,388) | (108,335) | (506) | (7,539,490) |
| Government grant | | (41,696) | (35,292) | (8,964) | (13,402) | (3,282) | (103) | (69) | - | (102,808) |
| Net carrying amount | ₩ | 4,003,623 | 3,443,438 | 388,974 | 2,113,132 | 419,523 | 305,717 | 70,383 | 1,601,802 | 12,346,592 |

② As of December 31, 2024

| *(In millions of won)* | | Land | Buildings | Structures | Machinery | Tools | Furniture and fixture | Others | Construction -in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 4,045,292 | 4,858,794 | 517,716 | 4,900,249 | 2,038,337 | 932,073 | 162,088 | 1,679,497 | 19,134,046 |
| Accumulated depreciation and impairment | | - | (1,587,495) | (149,218) | (2,952,197) | (1,571,390) | (669,420) | (98,948) | (372) | (7,029,040) |
| Government grant | | (43,494) | (40,063) | (9,603) | (7,958) | (199) | (145) | (92) | - | (101,554) |
| Net carrying amount | ₩ | 4,001,798 | 3,231,236 | 358,895 | 1,940,094 | 466,748 | 262,508 | 63,048 | 1,679,125 | 12,003,452 |

## 11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | | Beginning | Acquisition | Disposal | Depreciation | Impairment losses(*1) | Others(*2) | Ending |
|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 4,001,798 | 12,562 | (13,322) | - | - | 2,585 | 4,003,623 |
| Buildings | | 3,231,236 | 27,179 | (25,834) | (162,948) | - | 373,805 | 3,443,438 |
| Structures | | 358,895 | 8,539 | (398) | (26,180) | - | 48,118 | 388,974 |
| Machinery | | 1,940,094 | 108,655 | (16,650) | (396,347) | (22,042) | 499,422 | 2,113,132 |
| Tools | | 466,748 | 79,395 | (5,547) | (177,460) | (18,016) | 74,403 | 419,523 |
| Furniture and fixture | | 262,508 | 70,097 | (2,234) | (91,214) | (684) | 67,244 | 305,717 |
| Others | | 63,048 | 13,715 | (305) | (17,155) | - | 11,080 | 70,383 |
| Construction-in-progress | | 1,679,125 | 1,077,605 | (1,782) | - | - | (1,153,146) | 1,601,802 |
| Total | ₩ | 12,003,452 | 1,397,747 | (66,072) | (871,304) | (40,742) | 76,489 | 12,346,592 |

(*1) The amount of impairment losses on the property, plant, and equipment of the Group's subsidiaries located overseas is included.

(*2) Others include the reclassification from construction-in-progress, reclassification between accounts, reclassification from fixed assets to assets scheduled to be sold (Note 41) and effects of foreign exchange fluctuations, government grants received and capitalized borrowing costs for property, plant and equipment belonging to the Group's subsidiaries located overseas.

## 11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are summarized as follows, Continued:

② For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | Acquisition | Disposal(*1) | Depreciation | Impairment losses(*2) | Others(*3) | Ending |
|---|---|---|---|---|---|---|---|---|
| Land | ₩ | 3,968,295 | 19,785 | (86) | - | - | 13,804 | 4,001,798 |
| Buildings | | 2,215,547 | 50,550 | (29,447) | (135,379) | (12,286) | 1,142,251 | 3,231,236 |
| Structures | | 183,999 | 15,245 | (4,068) | (16,553) | (1,715) | 181,987 | 358,895 |
| Machinery | | 1,582,353 | 98,240 | (158,074) | (323,696) | (8,732) | 750,003 | 1,940,094 |
| Tools | | 431,241 | 94,734 | (17,832) | (169,014) | (4,625) | 132,244 | 466,748 |
| Furniture and fixture | | 204,736 | 52,923 | (4,946) | (74,431) | (12) | 84,238 | 262,508 |
| Others | | 76,494 | 3,521 | (617) | (13,632) | (294) | (2,424) | 63,048 |
| Construction-in-progress | | 1,818,255 | 1,854,296 | (964) | - | (39) | (1,992,423) | 1,679,125 |
| Total | ₩ | 10,480,920 | 2,189,294 | (216,034) | (732,705) | (27,703) | 309,680 | 12,003,452 |

(*1) The Group 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 amount of impairment losses on the property, plant, and equipment of the Group's subsidiaries located overseas is included.

(*3) The Group made a capital contribution in-kind of property, plant and equipment amounting to ₩4,599 million to HMGS LLC for the year ended December 31, 2024. Others include the reclassification from construction-in-progress, reclassification between accounts, reclassification from fixed assets to assets scheduled to be sold and effects of foreign exchange fluctuations, government grants received and capitalized borrowing costs for property, plant and equipment belonging to the Group's subsidiaries located overseas.

(3) The capitalized borrowing costs and capitalization interest rate for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Capitalized borrowing costs | ₩ | 7,722 | ₩ | 22,478 |
| Capitalization interest rates (%) | | 2.04 ~ 5.30 | | 1.95 ~ 7.41 |

## 12. Intangible Assets

(1) Intangible assets as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(In millions of won)* | | Goodwill | Industrial property rights | Development costs | Software | Others | Membership | Total |
|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 681,611 | 70,215 | 409,143 | 870,665 | 201,052 | 107,489 | 2,340,175 |
| Accumulated depreciation and impairment | | (1,581) | (40,944) | (176,927) | (668,221) | (186,172) | (640) | (1,074,485) |
| Government grant | | - | - | - | (62) | - | - | (62) |
| Net carrying amount | ₩ | 680,030 | 29,271 | 232,216 | 202,382 | 14,880 | 106,849 | 1,265,628 |

② As of December 31, 2024

| *(In millions of won)* | | Goodwill | Industrial property rights | Development costs | Software | Others | Membership | Total |
|---|---|---|---|---|---|---|---|---|
| Acquisition costs | ₩ | 656,607 | 60,354 | 315,222 | 786,227 | 217,430 | 101,210 | 2,137,050 |
| Accumulated depreciation and impairment | | (1,581) | (33,375) | (155,551) | (597,241) | (181,431) | (640) | (969,819) |
| Government grant | | - | - | - | (41) | - | - | (41) |
| Net carrying amount | ₩ | 655,026 | 26,979 | 159,671 | 188,945 | 35,999 | 100,570 | 1,167,190 |

**12. Intangible Assets, Continued**

(2) Changes in intangible assets for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | | Beginning | Acquisition (*1) | Disposals | Amortization | Impairment losses(*2) | Others (*3) | Ending |
|---|---|---|---|---|---|---|---|---|
| Goodwill | ₩ | 655,026 | - | - | - | - | 25,004 | 680,030 |
| Industrial property rights | | 26,979 | 9,929 | (70) | (5,992) | (1,577) | 2 | 29,271 |
| Development costs | | 159,671 | 93,921 | - | (21,376) | - | - | 232,216 |
| Software | | 188,945 | 52,973 | (229) | (70,338) | (642) | 31,673 | 202,382 |
| Others | | 35,999 | 5,766 | (66) | (4,741) | - | (22,078) | 14,880 |
| Membership | | 100,570 | 6,240 | - | - | - | 39 | 106,849 |
| Total | ₩ | 1,167,190 | 168,829 | (365) | (102,447) | (2,219) | 34,640 | 1,265,628 |

(*1) Acquisition costs of internal development are included.
(*2) Impairment losses were recognized for goodwill, industrial property rights, development costs and other intangible assets due to evaluation of goodwill, trademarks and project discontinuation.
(*3) Others include the reclassification of construction-in-progress, reclassification between accounts, reclassification from intangible assets to assets scheduled to be sold (Note 41) and effect of foreign exchange rate fluctuations on intangible assets belonging to the Group's subsidiaries located overseas.

② For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | Acquisition (*1) | Disposals (*2) | Amortization | Impairment losses(*3) | Others (*4) | Ending |
|---|---|---|---|---|---|---|---|---|
| Goodwill | ₩ | 653,330 | - | - | - | (1,581) | 3,277 | 655,026 |
| Industrial property rights | | 26,517 | 9,999 | (629) | (5,222) | (3,686) | - | 26,979 |
| Development costs | | 83,249 | 91,510 | - | (14,059) | (1,029) | - | 159,671 |
| Software | | 136,463 | 41,791 | (1,027) | (58,634) | (34) | 70,386 | 188,945 |
| Other | | 43,135 | 6,663 | (73) | (3,793) | (8,422) | (1,511) | 35,999 |
| Membership | | 91,656 | 10,816 | (2,038) | - | - | 136 | 100,570 |
| Total | ₩ | 1,034,350 | 160,779 | (3,767) | (81,708) | (14,752) | 72,288 | 1,167,190 |

(*1) Acquisition costs of internal development are included.
(*2) The Group transferred intangible assets related to the hydrogen fuel cell business amounting to ₩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 include the reclassification of construction-in-progress, reclassification between accounts, reclassification from intangible assets to assets scheduled to be sold (Note 41) and effect of foreign exchange rate fluctuations on intangible assets belonging to the Group's subsidiaries located overseas.

(3) Research and development costs recorded in profit or loss for each of the two years in the period ended December 31, 2025 are ₩1,876,461 million and ₩1,748,567 million, respectively (Note 31).

**12. Intangible Assets, Continued**

(4) Details of development costs as of December 31, 2025 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | **Residual amortization period** |
|---|---|---|---|
| Development costs (Electrical / electronic parts) | ₩ | 180,611 | 1~5 years |
| Development costs (Electrification parts) | | 14,781 | 2~5 years |
| Development costs (Safety parts) | | 36,212 | 4~5 years |
| Development costs (Semiconductor parts) | | 37 | 2 months |
| Development costs (Module parts) | | 575 | 3~5 years |
| Total | ₩ | 232,216 | |

(5) Impairment of goodwill

Individually significant goodwill allocated to the cash generation units identified by operating segments as of December 31, 2025 is as follows.

| *(In millions of won)* | | **Auto parts** | **After-sales services** | **Total** |
|---|---|---|---|---|
| Hyundai Autonet Co., Ltd. | ₩ | 588,395 | - | 588,395 |
| Others | | 63,289 | 28,346 | 91,635 |
| Total | ₩ | 651,684 | 28,346 | 680,030 |

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 after-tax discount rate used in estimating value in use are 0~1% (prior year: 0%) and 6.8~13.6% (prior year: 6.7~13.5%) 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.

## 13. Investment Property

(1) Investment property as of December 31, 2025 and 2024 is summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Land | Buildings | Land | Buildings |
| Acquisition costs | ₩ 23,005 | 34,041 | ₩ 23,005 | 33,698 |
| Accumulated depreciation | - | (18,779) | - | (17,164) |
| Carrying amount | ₩ 23,005 | 15,262 | ₩ 23,005 | 16,534 |

(2) Changes in investment property for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | Beginning | Depreciation | Others(*) | Ending |
|---|---|---|---|---|
| Land | ₩ 23,005 | - | - | 23,005 |
| Buildings | 16,534 | (1,445) | 173 | 15,262 |
| Total | ₩ 39,539 | (1,445) | 173 | 38,267 |

(*) Others include the reclassification of land and buildings following the termination of the lease of some investment properties and effects of foreign exchange fluctuations on investment properties belonging to the Group's subsidiaries located overseas.

② For the year ended December 31, 2024

| *(In millions of won)* | Beginning | Depreciation | Others(*) | Ending |
|---|---|---|---|---|
| Land | ₩ 23,005 | - | - | 23,005 |
| Buildings | 30,089 | (1,403) | (12,152) | 16,534 |
| Total | ₩ 53,094 | (1,403) | (12,152) | 39,539 |

(*) Others include the reclassification of land and buildings following the termination of the lease of some investment properties and effects of foreign exchange fluctuations on investment properties belonging to the Group's subsidiaries located overseas.

**13. Investment Property, Continued**

(3) The fair values of investment property as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Land | ₩ | 63,612 | ₩ | 48,128 |
| Buildings | | 18,531 | | 18,086 |
| Total | ₩ | 82,143 | ₩ | 66,214 |

The fair value evaluation of investment property was conducted as of December 31, 2025. The calculation was performed by an independent appraiser. The Group 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 Group.

(4) The amounts recognized in profit or loss from investment property for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | **2025** | | **2024** |
|---|---|---|---|---|
| Rental income | ₩ | 5,345 | ₩ | 5,287 |
| Operating/Maintaining expense | | (2,283) | | (2,219) |
| Total | ₩ | 3,062 | ₩ | 3,068 |

## 14. Right-of-use asset

(1) Changes in right-of-use assets for each of the two years in the period ended December 31, 2025 are as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | | Beginning | Additions | Depreciation | Others(*2) | Ending |
|---|---|---|---|---|---|---|
| Land | ₩ | 55,280 | 12,737 | (2,651) | (1,265) | 64,101 |
| Buildings(*1) | | 471,614 | 290,085 | (161,217) | 7,094 | 607,576 |
| Machinery | | 10,857 | 7,460 | (4,877) | (169) | 13,271 |
| Tools | | 718 | 502 | (477) | (39) | 704 |
| Furniture and fixture | | 553 | 697 | (296) | 34 | 988 |
| Vehicles | | 21,831 | 37,932 | (19,982) | 179 | 39,960 |
| Others | | 98 | 2,746 | (3,168) | 508 | 184 |
| Total | ₩ | 560,951 | 352,159 | (192,668) | 6,342 | 726,784 |

(*1) The lease contract of headquarter contains an option to extend the lease, which only the Group can exercise. The Group 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) Others include the amounts arising from the revised lease term and effect of changes in foreign exchange rates for the right-of-use assets belonging to the Group's subsidiaries located overseas.

② For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | Additions | Depreciation | Others(*2) | Ending |
|---|---|---|---|---|---|---|
| Land | ₩ | 56,279 | 946 | (7,624) | 5,679 | 55,280 |
| Buildings(*1) | | 450,948 | 100,302 | (139,337) | 59,701 | 471,614 |
| Machinery | | 3,036 | 9,240 | (2,239) | 820 | 10,857 |
| Tools | | 496 | 428 | (295) | 89 | 718 |
| Furniture and fixture | | 367 | 360 | (221) | 47 | 553 |
| Vehicles | | 18,586 | 18,639 | (16,484) | 1,090 | 21,831 |
| Others | | 93 | 2,611 | (2,630) | 24 | 98 |
| Total | ₩ | 529,805 | 132,526 | (168,830) | 67,450 | 560,951 |

(*1) The lease contract of headquarter contains an option to extend the lease, which only the Group can exercise. The Group 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) Others include the amounts arising from the revised lease term and effect of foreign exchange fluctuations on the right-of-use assets belonging to the Group's subsidiaries located overseas.

**14. Right-of-use asset, Continued**

(2) The amounts recognized in profit or loss from leases for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | **2025** | | **2024** |
|---|---|---|---|---|
| Interest expense on lease liabilities | ₩ | 28,205 | ₩ | 21,497 |
| The expense on variable lease payments not included in the measurement of lease liabilities | | 69,595 | | 69,236 |
| Expenses on short-term leases | | 8,963 | | 2,796 |
| Expenses on leases of low-value assets, excluding short-term leases of low-value assets | | 3,302 | | 1,882 |

(3) Total cash outflows for leases amounted to ₩289,895 million and ₩280,396 million for the current year and the prior year, respectively.

## 15. Investment in Associates and Joint Ventures

(1) Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are summarized as follows:

*(In millions of won)*

| Company | December 31, 2025 | | | | December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Owner-ship | Acquisition cost | Net assets | Carrying amount | Owner-ship | Acquisition cost | Net assets | Carrying amount |
| Hyundai Motor Company | 22.36% | ₩ 2,139,997 | 19,089,146 | 19,418,418 | 21.86% | ₩ 2,139,997 | 17,926,322 | 18,271,509 |
| Hyundai Engineering & Construction Co., Ltd.(*1) | 8.73% | 1,243,724 | 544,246 | 1,312,583 | 8.73% | 1,243,724 | 525,238 | 1,293,575 |
| Hyundai Engineering Co., Ltd.(*1,3) | 9.35% | 214,869 | 245,907 | 288,165 | 9.35% | 214,869 | 214,084 | 256,342 |
| Hyundai Autoever Corporation | 20.13% | 100,740 | 339,370 | 328,900 | 20.13% | 100,740 | 308,880 | 296,935 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | 27.34% | 2,668 | 6,345 | 6,083 | 27.34% | 2,668 | 5,556 | 5,362 |
| Hyundai Motor Securities Co., Ltd.(*1) | 13.70% | 72,782 | 197,682 | 197,682 | 15.71% | 54,029 | 175,643 | 175,643 |
| Fubon Hyundai Life Insurance Co.,Ltd.(*5) | - | - | - | - | 7.56% | 137,040 | 32,428 | 39,753 |
| HMGS, LLC | 20.40% | 18,363 | 18,534 | 18,564 | 20.40% | 18,363 | 18,311 | 18,341 |
| MOTIONAL AD LLC(*1,3) | 17.32% | 873,528 | 353,919 | 530,172 | 17.00% | 751,965 | 350,189 | 538,861 |
| SUPERNAL, LLC(*3) | 33.33% | 774,925 | 160,071 | 170,540 | 33.33% | 629,367 | 166,285 | 176,754 |
| HMG Global, LLC(*3) | 20.00% | 1,167,667 | 1,070,478 | 1,076,852 | 20.00% | 923,551 | 983,677 | 990,051 |
| ACVC Partners Fund I, LP(*3) | 44.33% | 14,546 | 10,685 | 19,971 | 44.33% | 13,505 | 9,644 | 9,644 |
| Smart World Innovation Fund LP | 30.94% | 3,779 | 3,778 | 3,778 | 30.94% | 3,779 | 3,778 | 3,778 |
| Hyundai Motor Group (China) Ltd. (*4) | - | - | - | - | 20.00% | 46,944 | 43,653 | 43,653 |
| Beijing Hyundai Mobis Parts Co., Ltd.(*2) | 50.00% | 4,089 | 43,602 | 40,784 | 50.00% | 4,089 | 52,594 | 48,846 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd.(*2) | 50.00% | 2,632 | 36,106 | 34,976 | 50.00% | 2,632 | 39,990 | 38,675 |
| Jiangsu Yueda New Energy Battery Co., Ltd.(*2) | 50.00% | 10,404 | 3,586 | 3,586 | 50.00% | 10,404 | 4,974 | 4,974 |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | 20.00% | 84,149 | 64,414 | 64,414 | 20.00% | 84,149 | 71,779 | 71,779 |
| PT. HLI GREEN POWER | 25.00% | 105,644 | 144,284 | 145,398 | 25.00% | 105,644 | 123,465 | 124,579 |
| SPb Audio Lab LLC. | 25.04% | 1,302 | 195 | 1,139 | 25.04% | 1,302 | 346 | 1,290 |
| AM Co., Ltd.(*1,3) | 5.00% | 7,368 | 5,755 | 7,726 | - | - | - | - |
| Elevation Microsystems, Inc. (*1,6) | 10.88% | 10,493 | (225) | 9,318 | - | - | - | - |
| Total | | ₩ 6,853,669 | 22,337,878 | 23,679,049 | | ₩ 6,488,761 | 21,056,836 | 22,410,344 |

**15. Investment in Associates and Joint Ventures, Continued**

(1) Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are summarized as follows, Continued:

(*1) In spite of ownership of less than 20%, the Group 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 entities were established as pursuant to the joint venture agreements in which the Group participates, and structured through a separate vehicle, and thus the Group owns the right to their net assets and classified them as joint ventures.
(*3) For the year ended December 31, 2025, the Group made additional capital contributions of ₩18,753 million to Hyundai Motor Securities Co., Ltd., ₩121,563 million to MOTIONAL AD LLC, ₩145,558 million to SUPERNAL, LLC, ₩1,041 million to ACVC PARTNERS FUND I, LP, and ₩244,116 million to HMG Global, LLC. In addition, the Group made a new investment of ₩7,368 million in AM Co., Ltd. and newly acquired a 5% ownership interest.
(*4) For the year ended December 31, 2025, the Group disposed of its entire equity interest in Hyundai Motor Group (China) Ltd. (ownership interest of 20%, carrying amount of ₩42,749 million) to Hyundai Motor Company and Kia Corporation for total consideration of ₩62,059 million, and recognized a related gain on disposal of ₩19,310 million.
(*5) For the year ended December 31, 2025, Fubon Hyundai Life Insurance Co., Ltd. was reclassified from an associate to a financial asset measured at fair value through other comprehensive income, and a related loss on disposal of ₩53,430 million was recognized.
(*6) For the year ended December 31, 2025, Elevation Microsystems was reclassified from a financial asset measured at fair value through other comprehensive income to an associate.

(2) The fair values of marketable equity securities included in investments in associates and joint ventures as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 13,574,370 | ₩ | 9,705,789 |
| Hyundai Engineering & Construction Co., Ltd. | | 681,354 | | 246,882 |
| Hyundai Motor Securities Co., Ltd. | | 67,073 | | 37,075 |
| Hyundai Autoever Corporation | | 1,832,732 | | 696,107 |

## 15. Investment in Associates and Joint Ventures, Continued

(3) Changes in investments in the associates and joint ventures for each of the two years in the period ended December 31, 2025 and 2024 are summarized as follows:

① For the year ended December 31, 2025

*(In millions of won)*

| Company | | Beginning | Acquisitions / Disposals | Share of profit(loss) of associates and joint ventures | Dividends received | Others (*) | Ending |
|---|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 18,271,509 | - | 1,621,198 | (618,057) | 143,768 | 19,418,418 |
| Hyundai Engineering & Construction Co., Ltd. | | 1,293,575 | - | 30,295 | (5,832) | (5,455) | 1,312,583 |
| Hyundai Engineering Co., Ltd. | | 256,342 | - | 26,780 | - | 5,043 | 288,165 |
| Hyundai Autoever Corporation | | 296,935 | - | 40,134 | (9,826) | 1,657 | 328,900 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | | 5,362 | - | 1,616 | (910) | 15 | 6,083 |
| Hyundai Motor Securities Co., Ltd. | | 175,643 | 18,753 | 7,908 | (1,524) | (3,098) | 197,682 |
| Fubon Hyundai Life Insurance Co.,Ltd. | | 39,753 | - | (7,095) | - | (32,658) | - |
| HMGS, LLC | | 18,341 | - | 223 | - | - | 18,564 |
| MOTIONAL AD LLC | | 538,861 | 121,563 | (107,802) | - | (22,450) | 530,172 |
| SUPERNAL, LLC | | 176,754 | 145,558 | (150,134) | - | (1,638) | 170,540 |
| HMG Global, LLC | | 990,051 | 244,116 | (55,333) | - | (101,982) | 1,076,852 |
| ACVC Partners Fund I, LP | | 9,644 | 1,041 | - | - | 9,286 | 19,971 |
| Smart World Innovation Fund LP | | 3,778 | - | - | - | - | 3,778 |
| Hyundai Motor Group (China) Ltd. | | 43,653 | (35,361) | 736 | - | (9,028) | - |
| Beijing Hyundai Mobis Parts Co., Ltd. | | 48,846 | - | 14,220 | (22,139) | (143) | 40,784 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | | 38,675 | - | 3,547 | (7,954) | 708 | 34,976 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | | 4,974 | - | (1,424) | - | 36 | 3,586 |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 71,779 | - | (9,529) | - | 2,164 | 64,414 |
| PT. HLI GREEN POWER | | 124,579 | - | 23,557 | - | (2,738) | 145,398 |
| SPb Audio Lab LLC. | | 1,290 | - | (178) | - | 27 | 1,139 |
| AM Co., Ltd. | | - | 7,368 | 358 | - | - | 7,726 |
| Elevation Microsystems, Inc. | | - | - | (1,477) | - | 10,795 | 9,318 |
| Total | ₩ | 22,410,344 | 503,038 | 1,437,600 | (666,242) | (5,691) | 23,679,049 |

(*) Others consist of changes in equity of associates and joint ventures of equity, effects of foreign exchanges fluctuation and others.

## 15. Investment in Associates and Joint Ventures, Continued

(3) Changes in investments in the associates and joint ventures for each of the two years in the period ended December 31, 2025 and 2024 are summarized as follows, continued:

② For the year ended December 31, 2024

*(In millions of won)*

| Company | | Beginning | Acquisitions / Disposals | Share of profit(loss) of associates and joint ventures | Dividends received | Others (*) | Ending |
|---|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 15,549,290 | - | 2,137,163 | (659,261) | 1,244,317 | 18,271,509 |
| Hyundai Engineering & Construction Co., Ltd. | | 1,301,575 | - | (12,779) | (5,832) | 10,611 | 1,293,575 |
| Hyundai Engineering Co., Ltd. | | 365,204 | - | (94,767) | (4,260) | (9,835) | 256,342 |
| Hyundai Autoever Corporation | | 269,130 | - | 36,926 | (7,894) | (1,227) | 296,935 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | | 5,723 | - | 621 | (912) | (70) | 5,362 |
| Hyundai Motor Securities Co., Ltd. | | 162,033 | - | 15,258 | (1,993) | 345 | 175,643 |
| Fubon Hyundai Life Insurance Co.,Ltd. | | 65,292 | - | (2,793) | - | (22,746) | 39,753 |
| HMGS, LLC | | - | 18,363 | (7) | - | (15) | 18,341 |
| MOTIONAL AD LLC | | 277,198 | 254,131 | (51,932) | - | 59,464 | 538,861 |
| SUPERNAL, LLC | | 133,449 | 237,755 | (218,531) | - | 24,081 | 176,754 |
| HMG Global, LLC | | 521,607 | 332,403 | (50,789) | - | 186,830 | 990,051 |
| ACVC Partners Fund I, LP | | 7,025 | 3,085 | - | - | (466) | 9,644 |
| Smart World Innovation Fund LP | | 4,931 | 686 | - | - | (1,839) | 3,778 |
| Hyundai Motor Group (China) Ltd. | | 42,223 | - | (788) | - | 2,218 | 43,653 |
| HTWO guangzhou Co.,Ltd | | 7,457 | (2,566) | (3,870) | - | (1,021) | - |
| Beijing Hyundai Mobis Parts Co., Ltd. | | 56,762 | - | 22,444 | (35,909) | 5,549 | 48,846 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | | 42,601 | - | 6,914 | (15,247) | 4,407 | 38,675 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | | 5,889 | - | (1,486) | - | 571 | 4,974 |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 57,320 | 16,567 | (8,870) | - | 6,762 | 71,779 |
| PT. HLI GREEN POWER | | 108,903 | - | 541 | - | 15,135 | 124,579 |
| SPb Audio Lab LLC. | | 1,229 | - | 37 | - | 24 | 1,290 |
| Total | ₩ | 18,984,841 | 860,424 | 1,773,292 | (731,308) | 1,523,095 | 22,410,344 |

(*) Others consist of changes in equity of associates and joint ventures of equity, effects of foreign exchanges fluctuation and others.

## 15. Investment in Associates and Joint Ventures, Continued

(4) The summarized financial information on the associates and joint ventures as of and for each of the two years in the period ended December 31, 2025 is summarized as follows:

① As of and for the year ended December 31, 2025

| *(In millions of won)* | | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenue | Operating profit (loss) | Net profit (loss) | Total comprehensive income (loss) |
|---|---|---|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 120,777,363 | 248,067,486 | 88,579,290 | 152,617,322 | 186,254,472 | 11,467,851 | 10,364,775 | 11,081,985 |
| Hyundai Engineering & Construction Co., Ltd. | | 21,958,006 | 5,833,701 | 14,842,910 | 2,835,932 | 31,062,912 | 653,007 | 559,067 | 512,305 |
| Hyundai Engineering Co., Ltd. | | 7,915,520 | 1,967,080 | 6,240,061 | 551,231 | 13,896,504 | 277,859 | 295,052 | 328,364 |
| Hyundai Autoever Corporation | | 2,334,889 | 1,269,642 | 1,342,239 | 387,343 | 4,252,067 | 256,747 | 186,832 | 194,176 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | | 47,112 | 10,222 | 31,801 | 2,321 | 95,149 | 6,727 | 5,362 | 5,362 |
| Hyundai Motor Securities Co., Ltd.(*) | | 12,396,387 | - | 10,953,062 | - | 1,820,013 | 72,252 | 57,735 | 72,695 |
| HMGS, LLC | | 48,953 | 41,931 | - | 31 | - | (183) | 1,092 | 1,092 |
| MOTIONAL AD LLC | | 554,384 | 3,203,580 | 61,734 | 308,302 | 2,137 | (518,984) | (501,461) | (456,020) |
| SUPERNAL, LLC | | 281,096 | 350,271 | 50,921 | 100,265 | - | (456,020) | (450,403) | (450,403) |
| HMG Global, LLC | | 710,618 | 5,600,525 | 314,339 | 276,222 | 151,068 | (571,126) | (515,841) | (867,291) |
| Beijing Hyundai Mobis Parts Co., Ltd. | | 126,451 | 31,977 | 71,456 | (232) | 208,128 | 35,888 | 26,871 | 26,871 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | | 62,445 | 17,963 | 8,198 | - | 84,658 | 8,798 | 6,792 | 6,792 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | | 11,207 | 8,167 | 11,082 | 1,119 | 1,936 | (2,940) | (2,847) | (2,847) |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 87,734 | 659,145 | 139,726 | 285,080 | 165,952 | (37,901) | (47,645) | (47,645) |
| PT. HLI GREEN POWER | | 544,495 | 1,097,441 | 1,022,979 | 41,819 | 1,283,122 | 148,375 | 94,227 | 94,227 |
| SPb Audio Lab LLC. | | 305 | 847 | 351 | - | 1,993 | (727) | (706) | (706) |
| AM Co., Ltd. | | 37,578 | 200,465 | 116,852 | 22,442 | 59,318 | (3,602) | (2,335) | (1,687) |
| Elevation Microsystems, Inc. | | 7,468 | 5,454 | 3,374 | 11,620 | 2,893 | (12,512) | (12,107) | (12,107) |
| Total | ₩ | 167,902,011 | 268,365,897 | 123,790,375 | 157,440,817 | 239,342,322 | 11,323,509 | 10,064,460 | 10,485,163 |

(*) As the associates and joint ventures operate in the financial services industry and therefore do not classify assets and liabilities by liquidity in their financial statements, all assets and liabilities have been included as current assets and liabilities.

**15. Investment in Associates and Joint Ventures, Continued**

(4) The summarized financial information on the associates and joint ventures as of and for each of the two years in the period ended December 31, 2025 is summarized as follows, continued :

② As of and for the year ended December 31, 2024

| *(In millions of won)* | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenue | Operating profit (loss) | Net profit (loss) | Total comprehensive income (loss) |
|---|---|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ 115,764,287 | 224,034,142 | 79,509,643 | 140,012,853 | 175,231,153 | 14,239,592 | 13,229,908 | 18,254,753 |
| Hyundai Engineering & Construction Co., Ltd. | 21,080,901 | 5,911,899 | 14,569,060 | 2,743,379 | 32,694,385 | (1,220,885) | (736,381) | (674,154) |
| Hyundai Engineering Co., Ltd. | 7,371,374 | 2,067,901 | 6,393,626 | 300,172 | 14,760,411 | (1,240,068) | (990,640) | (1,091,015) |
| Hyundai Autoever Corporation | 2,215,497 | 1,134,020 | 1,241,256 | 376,975 | 3,713,617 | 224,702 | 175,942 | 173,131 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | 40,121 | 8,866 | 26,491 | 2,173 | 79,497 | 4,733 | 3,371 | 3,371 |
| Hyundai Motor Securities Co., Ltd. (*) | 11,991,999 | - | 10,689,904 | - | 1,795,634 | 54,691 | 36,150 | 39,923 |
| Fubon Hyundai Life Insurance Co.,Ltd. (*) | 18,068,875 | - | 17,634,762 | - | 1,525,465 | (49,065) | (35,543) | (330,328) |
| HMGS, LLC | 55,362 | 34,405 | 7 | - | - | (121) | (35) | (35) |
| MOTIONAL AD LLC | 306,092 | 3,254,437 | 27,565 | 155,883 | 2,264 | (374,502) | (376,042) | (376,042) |
| SUPERNAL, LLC | 279,388 | 414,394 | 81,994 | 112,965 | - | (651,558) | (651,780) | (651,780) |
| HMG Global, LLC | 51,010 | 748,448 | 19,548 | 67,719 | 16,106 | (66,103) | (64,872) | (22,614) |
| Hyundai Motor Group (China) Ltd. | 323,606 | 452,093 | 516,050 | 27,916 | 518,692 | 22,693 | (3,123) | (5,408) |
| Beijing Hyundai Mobis Parts Co., Ltd. | 147,740 | 39,182 | 78,591 | 3,145 | 258,376 | 57,754 | 44,658 | 44,658 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | 72,332 | 18,496 | 10,848 | - | 101,475 | 18,714 | 14,957 | 14,957 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | 12,432 | 10,696 | 10,793 | 2,387 | 814 | (3,040) | (2,972) | (2,972) |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | 88,489 | 707,735 | 309,281 | 128,046 | 162,612 | (28,034) | (44,351) | (44,351) |
| PT. HLI GREEN POWER | 63,550 | 171,711 | 42,392 | 125,250 | 108,675 | 6,314 | 350 | 350 |
| SPb Audio Lab LLC. | 279 | 2,551 | 1,453 | - | 3 | (89) | (87) | (87) |
| Total | ₩ 177,933,334 | 239,010,976 | 131,163,264 | 144,058,863 | 230,969,179 | 10,995,728 | 10,599,510 | 15,332,357 |

(*) As the associates and joint ventures operate in the financial services industry and do not classify assets and liabilities by liquidity in their financial statements, all assets and liabilities have been included as current assets and liabilities.

## 15. Investment in Associates and Joint Ventures, Continued

(5) The reconciliation of the summarized financial information of associates and joint ventures to the carrying amounts of the investments in associates and joint ventures as of December 31, 2025 and 2024 is set out below:

① As of and for the year ended December 31, 2025

*(In millions of won)*

| Company | | Share of net assets | Goodwill | Net fair value adjustment on acquisition | Unrealized profit | Carrying amount |
|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 19,089,146 | 372,286 | - | (43,014) | 19,418,418 |
| Hyundai Engineering & Construction Co., Ltd. | | 544,246 | 473,900 | 294,437 | - | 1,312,583 |
| Hyundai Engineering Co., Ltd. | | 245,907 | 39,511 | 2,747 | - | 288,165 |
| Hyundai Autoever Corporation | | 339,370 | 1,762 | (12,023) | (209) | 328,900 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | | 6,345 | - | - | (262) | 6,083 |
| Hyundai Motor Securities Co., Ltd. | | 197,682 | - | - | - | 197,682 |
| HMGS, LLC | | 18,534 | 30 | - | - | 18,564 |
| MOTIONAL AD LLC | | 353,919 | 200,423 | (24,170) | - | 530,172 |
| SUPERNAL, LLC | | 160,071 | 10,469 | - | - | 170,540 |
| HMG Global, LLC | | 1,070,478 | 6,374 | - | - | 1,076,852 |
| ACVC Partners Fund I, LP | | 10,685 | - | 9,286 | - | 19,971 |
| Smart World Innovation Fund LP | | 3,778 | - | - | - | 3,778 |
| Beijing Hyundai Mobis Parts Co., Ltd. | | 43,602 | - | - | (2,818) | 40,784 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | | 36,106 | - | - | (1,130) | 34,976 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | | 3,586 | - | - | - | 3,586 |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 64,414 | - | - | - | 64,414 |
| PT. HLI GREEN POWER | | 144,284 | 1,114 | - | - | 145,398 |
| SPb Audio Lab LLC. | | 195 | 944 | - | - | 1,139 |
| AM Co., Ltd. | | 5,755 | 1,971 | - | - | 7,726 |
| Elevation Microsystems, Inc. | | (225) | 9,543 | - | - | 9,318 |
| Total | ₩ | 22,337,878 | 1,118,327 | 270,277 | (47,433) | 23,679,049 |

## 15. Investment in Associates and Joint Ventures, Continued

(5) The reconciliation of the summarized financial information of associates and joint ventures to the carrying amounts of the investments in associates and joint ventures as of December 31, 2025 and 2024 is set out below, continued:

② As of and for the year ended December 31, 2024

*(In millions of won)*

| Company | | Share of net assets | Goodwill | Net fair value adjustment on acquisition | Unrealized profit | Carrying amount |
|---|---|---|---|---|---|---|
| Hyundai Motor Company | ₩ | 17,926,322 | 372,286 | - | (27,099) | 18,271,509 |
| Hyundai Engineering & Construction Co., Ltd. | | 525,238 | 473,900 | 294,437 | - | 1,293,575 |
| Hyundai Engineering Co., Ltd. | | 214,084 | 39,511 | 2,747 | - | 256,342 |
| Hyundai Autoever Corporation | | 308,880 | 1,762 | (12,713) | (994) | 296,935 |
| ZF Lemforder Chassis Technology Korea Co.,Ltd. | | 5,556 | - | - | (194) | 5,362 |
| Hyundai Motor Securities Co., Ltd. | | 175,643 | - | - | - | 175,643 |
| Fubon Hyundai Life Insurance Co.,Ltd. | | 32,428 | 7,325 | - | - | 39,753 |
| HMGS, LLC | | 18,311 | 30 | - | - | 18,341 |
| MOTIONAL AD LLC | | 350,189 | 220,402 | (31,730) | - | 538,861 |
| SUPERNAL, LLC | | 166,285 | 10,469 | - | - | 176,754 |
| HMG Global, LLC | | 983,677 | 6,374 | - | - | 990,051 |
| ACVC Partners Fund I, LP | | 9,644 | - | - | - | 9,644 |
| Smart World Innovation Fund LP | | 3,778 | - | - | - | 3,778 |
| Hyundai Motor Group (China) Ltd. | | 43,653 | - | - | - | 43,653 |
| Beijing Hyundai Mobis Parts Co., Ltd. | | 52,594 | - | - | (3,748) | 48,846 |
| Mobis Parts Jiangsu Yueda Trading Co., Ltd. | | 39,990 | - | - | (1,315) | 38,675 |
| Jiangsu Yueda New Energy Battery Co., Ltd. | | 4,974 | - | - | - | 4,974 |
| Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 71,779 | - | - | - | 71,779 |
| PT. HLI GREEN POWER | | 123,465 | 1,114 | - | - | 124,579 |
| SPb Audio Lab LLC. | | 346 | 944 | - | - | 1,290 |
| Total | ₩ | 21,056,836 | 1,134,117 | 252,741 | (33,350) | 22,410,344 |

## 16. Non-Current Financial Assets

Non-current financial assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | | December 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|---|---|
| | **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 | 285,678 | ₩ | 342,861 | 283,585 |
| China Millennium Corporations | - | 10.10% | | 9,061 | 9,061 | | 9,061 | 9,061 |
| Envisics, Inc.(*2) | 24,560,688 | 14.62% | | 72,209 | 96,870 | | 72,209 | 105,367 |
| 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 |
| Fubon Hyundai Life Insurance Co., Ltd.. (*3) | 23,051,301 | 5.17% | | 268,064 | 23,098 | | - | - |
| Other securities(*4) | | | | 61,822 | 84,476 | | 72,642 | 96,167 |
| Subtotal | | | | 867,998 | 621,817 | | 610,754 | 616,814 |
| **Marketable securities** | | | | | | | | |
| HDC Hyundai Development Company | 255,000 | 0.39% | | 9,830 | 5,585 | | 5,115 | 4,603 |
| HWASEUNG R&A CO., LTD | 467,654 | 2.46% | | 1,090 | 1,529 | | 1,090 | 1,403 |
| Deepglint | 492,145 | 0.19% | | 1,767 | 1,532 | | 2,700 | 2,343 |
| Ouster, Inc | 400,195 | 0.74% | | 7,734 | 12,427 | | 7,734 | 7,189 |
| KT Corporation | 8,094,466 | 3.21% | | 300,520 | 425,769 | | 300,520 | 354,942 |
| Other securities | | | | 7,035 | 3,415 | | 3,660 | 2,174 |
| Subtotal | | | | 327,976 | 450,257 | | 320,819 | 372,654 |
| Total | | | | 1,195,974 | 1,072,074 | | 931,573 | 989,468 |
| **2. Financial assets at FVPL** | | | | | | | | |
| Debt instruments(*5) | - | - | | 31,779 | 35,840 | | 31,070 | 35,131 |
| Total non-current financial assets | | | ₩ | 1,227,753 | 1,107,914 | ₩ | 962,643 | 1,024,599 |

(*1) The fair value evaluation was conducted for the year ended December 31, 2025, and the recognized gain on financial assets at FVOCI was ₩2,093 million.

(*2) The fair value evaluation was conducted for the year ended December 31, 2025, and the recognized loss on financial assets at FVOCI was ₩8,497 million.

(*3) During the year ended December 31, 2025, the investment in Fubon Hyundai Life Insurance Co., Ltd. was reclassified from an investment in an associate to a financial asset measured at FVOCI.

(*4) During the year ended December 31, 2025, Elevation Microsystems was reclassified from a financial asset measured at FVOCI to an investment in an associate.

(*5) During the year ended December 31, 2025, the Group made a capital contribution of ₩750 million to HMG Zero One No. 3 New Technology Investment Partnership.

## 17. Other Non-current Assets

Other non-current assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Long-term loans | ₩ | 327 | ₩ | 1,819 |
| Long-term financial instruments | | 1,569 | | 1,082 |
| Long-term accounts receivable - other | | 286,466 | | 509,111 |
| Deposits provided | | 149,571 | | 135,180 |
| Long-term advance payments | | 12,252 | | 26,935 |
| Long-term prepaid expenses | | - | | 2 |
| Net defined benefit asset (Note 23) | | 146,349 | | 59,218 |
| Total | ₩ | 596,534 | ₩ | 733,347 |

## 18. Trade and Other Payables

(1) Trade and other payables as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Accounts and notes payable - trade | ₩ | 6,691,432 | ₩ | 6,747,586 |
| Accounts and notes payable - other | | 1,436,691 | | 1,341,657 |
| Total | ₩ | 8,128,123 | ₩ | 8,089,243 |

Trade and other payables to the related parties and the conglomerate affiliates as of December 31, 2025 and 2024 are ₩1,763,802 million and ₩1,505,846 million, respectively (Note 36).

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

Trade and other payables are non-interest bearing, and the typical payment terms for those subject to the supplier finance arrangements range from 60 to 90 days. The payment terms for trade and other payables that are not subject to the supplier finance arrangements typically range from 30 to 120 days. The payment term ranges are based on the major contractual terms as of the end of the reporting period, and actual payment terms may differ depending on the nature of individual transactions.

## 18. Trade and Other Payables, Continued

As of the end of the current period and the prior period, the carrying amounts of trade and other payables that are part of the Group's supplier finance arrangements were ₩1,463,909 million and ₩1,592,645 million, respectively. Of these amounts, the balances for which suppliers had received payment as of the end of the current period and the prior period were ₩136,410 million and ₩123,362 million, respectively.

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

## 19. Other Current Liabilities

Other current liabilities as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Accrued expenses | ₩ | 796,577 | ₩ | 584,511 |
| Advance from customers | | 802,196 | | 743,265 |
| Unearned revenue | | 13,964 | | 11,667 |
| Deposits received | | 247,718 | | 214,313 |
| Financial guarantee liabilities | | 171 | | 115 |
| Others | | 22,476 | | 15,583 |
| Total | ₩ | 1,883,102 | ₩ | 1,569,454 |

## 20. Other Non-current Liabilities

Other non-current liabilities as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Long-term payables | ₩ | 7,973 | ₩ | 199,999 |
| Employee benefit obligations | | 170,235 | | 142,503 |
| Long-term accrued expenses (Note 37) | | 63,833 | | 52,719 |
| Provision for restoration | | 8,412 | | 7,522 |
| Long-term unearned revenue | | 145,651 | | 73,499 |
| Others | | 3,522 | | 1,220 |
| Total | ₩ | 399,626 | ₩ | 477,462 |

## 21. Provision for Warranties

Changes in provision for warranties for each of the two years in the period ended December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **2025** | | **2024** |
|---|---|---|---|---|
| Beginning | ₩ | 1,725,427 | ₩ | 1,578,207 |
| Increase(*) | | 531,603 | | 445,407 |
| Utilization | | (530,033) | | (348,723) |
| Others (effect of foreign exchange fluctuation and others) | | (2,685) | | 50,536 |
| Ending | | 1,724,312 | | 1,725,427 |
| Less: current provision for warranties | | (1,327,739) | | (1,344,842) |
| Non-current provision for warranties | ₩ | 396,573 | ₩ | 380,585 |

(*) During the year ended December 31, 2025, due to a change in the battery cell transaction structure, the guarantee obligation of the consolidated subsidiaries was extinguished. Accordingly, the Group reversed warranty provisions of ₩273,452 million and the related third-party reimbursement assets of ₩273,452 million.

Third-party reimbursements treated as separate assets as of December 31, 2025 and 2024 are ₩511,291 million and ₩739,072 million, respectively. (Note 8, 17)

## 22. Borrowings and Bonds

(1) Short-term borrowings as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | Annual interest rate (%) | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|---|
| Borrowings in foreign currencies | 3M SOFR + 0.75 and other | ₩ | 692,439 | ₩ | 513,308 |
| Borrowings in Korean won | CD91 + 0.71 and other | | 99,454 | | 130,180 |
| Borrowings collateralized by trade receivables | 1M SOFR + 0.4 and other | | 4,200 | | 4,325 |
| Total | | ₩ | 796,093 | ₩ | 647,813 |

(2) Long-term borrowings as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | Annual interest rate (%) | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|---|
| Borrowings in foreign currencies | 3M SOFR + 0.85 and other | ₩ | 1,949,574 | ₩ | 2,144,811 |
| Borrowings in Korean won | - | | - | | 6,250 |
| | | | 1,949,574 | | 2,151,061 |
| Less: current portion of long-term borrowings | | | (191,003) | | (423,371) |
| Total | | ₩ | 1,758,571 | ₩ | 1,727,690 |

(3) Certain property, plant and equipment (carrying amount: ₩102,906 million) have been pledged as collaterals for loans (collateralized amount: ₩120,000 million) at certain banks (Hana Bank and others).

(4) Bonds as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | Issue date | Expiry date | Annual interest rate (%) | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|---|---|---|
| Non-guaranteed public offering bond | 2021-07-09 | 2026-07-09 | 1.957 | ₩ | 140,000 | ₩ | 140,000 |
| Non-guaranteed public offering bond | 2021-07-09 | 2028-07-09 | 2.081 | | 60,000 | | 60,000 |
| | | | | | 200,000 | | 200,000 |
| Discount on bonds premium | | | | | (93) | | (205) |
| Reclassification from non-current to current | | | | | (139,968) | | - |
| Total | | | | ₩ | 59,939 | ₩ | 199,795 |

## 23. Defined Benefit Obligations

(1) Defined benefit obligations as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Present value of defined benefit obligations | ₩ | 1,217,433 | ₩ | 1,120,604 |
| Transfer to National Pension Fund | | (122) | | (132) |
| Fair value of plan assets | | (1,344,453) | | (1,163,019) |
| Amount recognized in financial statements(*) | ₩ | (127,142) | ₩ | (42,547) |

(*) Net defined benefit assets are included. (Note 17)

(2) Changes in present value of defined benefit obligations for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Beginning | ₩ | 1,120,604 | ₩ | 936,719 |
| Current service costs | | 158,731 | | 134,539 |
| Interest costs | | 41,946 | | 40,068 |
| Remeasurements: | | (29,998) | | 87,102 |
| Gain from changes in demographic assumptions | | 1,051 | | 297 |
| Gain (loss) from changes in financial assumptions | | (53,525) | | 58,819 |
| Gain from experience adjustments | | 22,476 | | 27,986 |
| Past service costs | | 8,653 | | - |
| Benefit paid | | (81,365) | | (79,818) |
| Others (effect of foreign exchange rates fluctuation and others) | | (1,138) | | 1,994 |
| Ending | ₩ | 1,217,433 | ₩ | 1,120,604 |

(3) Changes in fair values of plan assets for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Beginning | ₩ | 1,163,019 | ₩ | 1,071,920 |
| Interest income | | 47,420 | | 48,711 |
| Remeasurements of plan assets | | (5,094) | | (10,174) |
| Contribution paid into the plan assets | | 213,779 | | 99,785 |
| Benefit paid by the plan assets | | (74,403) | | (47,524) |
| Others (effect of foreign exchange fluctuation and others) | | (268) | | 301 |
| Ending | ₩ | 1,344,453 | ₩ | 1,163,019 |

**23. Defined Benefit Obligations, Continued**

(4) The components of plan assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Time deposits | ₩ | 41,887 | ₩ | 119,034 |
| Insurance contract of guaranteed interest | | 1,302,566 | | 1,043,981 |
| Cash and cash equivalents | | - | | 4 |
| Total | ₩ | 1,344,453 | ₩ | 1,163,019 |

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

(5) The components of defined benefit costs for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | 2025 | | 2024 | |
|---|---|---|---|---|
| Current service costs | ₩ | 158,731 | ₩ | 134,539 |
| Interest income | | (5,474) | | (8,643) |
| Past service costs | | 8,653 | | - |
| Total expense included in employee benefits | ₩ | 161,910 | ₩ | 125,896 |

Of the total expenses, ₩63,956 million is included in cost of sales, ₩53,507 million is included in selling, general, and administrative expenses, and ₩44,447 million is included in research and development costs as of December 31, 2025. Actual revenue from plan assets is ₩42,326 million as of December 31, 2025.

(6) Principal actuarial assumptions used as of December 31, 2025 and 2024 are summarized as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Discount rate | 3.98% ~ 7.39% | 3.76% ~ 6.90% |
| Expected future salary growth rate | 2.58% ~ 10.00% | 2.58% ~ 10.00% |

The discount rate is the market yield at the end of the reporting period on high-quality corporate bonds that have maturity approximating the terms of the Group’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, 2025 is as follows:

| *(In millions of won)* | 1% increase | | 1% decrease | |
|---|---|---|---|---|
| Discount rate | ₩ | (166,173) | ₩ | 208,425 |
| Expected future salary growth rate | | 206,830 | | (168,090) |

**23. Defined Benefit Obligations, Continued**

(8) The information on the maturity profile of defined benefit obligations as of December 31, 2025 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 | 7.7 ~ 19.2 years | ₩ | 33,943 | 305,444 | 295,223 | 582,823 | 1,217,433 |

(9) The Group recognized ₩44,826 million and ₩44,165 million as expenses for defined contribution plan for each of the two years in the period ended December 31, 2025 and 2024, respectively.

**24. Stockholders' Equity**

(1) The Group's capital stocks as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won, except share information)* | December 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | 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 | | 90,732,583 | 3,974 | | 92,995,094 | 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.

Meanwhile, the Company has retired, through profit-based cancellation, 7,461,280 shares of common stock and 21,484 shares of preferred stock on several occasions since 2003. As a result, the aggregate par value of the shares issued does not correspond to the amount of share capital.

(2) Details of capital surplus as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| Additional paid-in capital | ₩ | 1,283,312 | ₩ | 1,283,312 |
| Revaluation reserve | | 26,844 | | 26,844 |
| Other capital surplus | | 67,004 | | 57,137 |
| Total | ₩ | 1,377,160 | ₩ | 1,367,293 |

## 25. Treasury Stock

The Company holds treasury stocks through the acquisition for stabilization of stock price, stock dividends at the time of merge, and exercise of appraisal rights of dissenting shareholders, and other. The Company plans to retire or dispose the treasury stocks depending on the market conditions.

Changes in treasury stock for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won, except share information)* | 2025 | | 2024 | |
|---|---|---|---|---|
| | Number of shares | Carrying amount | Number of shares | Carrying amount |
| Beginning | 2,504,454 | ₩ 571,878 | 2,986,451 | ₩ 681,939 |
| Acquisition of treasury stock(*1) | 1,562,511 | 414,529 | 660,000 | 162,990 |
| Disposal of treasury stock(*2) | (248,654) | (56,779) | (481,997) | (110,061) |
| Retirement of treasury stock(*1) | (2,262,511) | (574,370) | (660,000) | (162,990) |
| Ending | 1,555,800 | ₩ 355,258 | 2,504,454 | ₩ 571,878 |

(*1) During the prior period, the Company acquired 660,000 shares of its common stock for a total amount of ₩ 162,990 million as treasury shares, all of which were retired through profit appropriation on June 3, 2024. In addition, during the current period, the Company acquired 1,200,000 shares of its common stock for a total amount of ₩304,522 million as treasury shares and retired all such shares through profit appropriation on June 2, 2025. The Company also acquired 362,511 shares of its common stock for a total amount of ₩110,007 million as treasury shares, all of which were retired through profit appropriation on November 3, 2025. Furthermore, during the current period, the Company retired all of its previously held treasury shares totaling 700,000 shares of common stock, with an aggregate carrying amount of ₩269,848 million, on November 3, 2025.

(*2) During the current period, on November 28, 2025, the Company disposed of 85,901 shares of its common stock for a total amount of ₩19,615 million to the Employee Stock Ownership Association, and disposed of 115,855 shares of its common stock for a total amount of ₩26,455 million by distributing such shares to employees. In addition, on December 24, 2025, the Company disposed of 46,898 shares of its common stock for a total amount of ₩10,709 million to the Employee Stock Ownership Association.

## 26. Other Equity

Other equities as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Gain on valuation of financial assets at FVOCI | ₩ | 144,012 | ₩ | 92,961 |
| Loss on valuation of financial assets at FVOCI | | (120,907) | | (122,348) |
| Unrealized gain on cumulative foreign currency translation | | 1,187,470 | | 990,280 |
| Unrealized loss on cumulative foreign currency translation | | (188,549) | | (174,692) |
| Change in capital adjustments - increase in gain of equity method accounted investments | | 1,464,214 | | 1,229,273 |
| Change in capital adjustments - increase in loss of equity method accounted investments | | (11,896) | | (87,921) |
| Other capital adjustments | | (44,334) | | (44,334) |
| Total | ₩ | 2,430,010 | ₩ | 1,883,219 |

## 27. Retained Earnings

(1) Retained earnings as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | **December 31, 2025** | | **December 31, 2024** |
|---|---|---|---|---|
| Legal reserve | ₩ | 245,548 | ₩ | 245,548 |
| Voluntary reserve | | 27,471,375 | | 25,639,975 |
| Unappropriated retained earnings | | 17,507,634 | | 17,025,669 |
| Total | ₩ | 45,224,557 | ₩ | 42,911,192 |

(2) Legal reserve

The *Commercial Act* of the Republic of Korea requires the Company 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

The Company appropriates a certain portion of retained earnings as the technology development reserve and the business expansion reserve according to the purpose of use. Among the reserves, the amount used for each purpose and the balance after use can be transferred to the voluntary reserve and used for dividends.

## 28. Dividends

(1) Dividends for each of the two years in the period ended December 31, 2025 are as follows:

| *(In millions of won, except for share information and ratio)* | | 2025 (Quarter) | | | | 2025 (Prospective) | | | | 2024 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Common stock | Preferred stock | Total | | Common stock | Preferred stock | Total | | Common stock | Preferred stock | Total |
| Number of shares | | 89,229,640 | 3,974 | 89,233,614 | | 89,176,783 | 3,974 | 89,180,757 | | 89,902,507 | 3,974 | 89,906,481 |
| 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 | | 30.00% | 30.00% | | | 100.00% | 101.00% | | | 120.00% | 121.00% | |
| Dividends | ₩ | 133,844 | 6 | 133,850 | ₩ | 445,884 | 20 | 445,904 | ₩ | 539,521 | 24 | 539,545 |

(2) Dividends as a percentage of net income for each of the two years in the period ended December 31, 2025 are as follows:

| *(In millions of won, except for ratio)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Dividends | ₩ | 579,754 | ₩ | 539,546 |
| Profit attributable to owners of the Group | | 3,655,790 | | 4,055,642 |
| Dividend as a percentage of net income | | 15.86% | | 13.30% |

(3) Dividend yield ratio for each of the two years in the period ended December 31, 2025 are as follows:

| *(In won)* | | 2025 (Quarter) | | | 2025 (Prospective) | | | 2024 | |
|---|---|---|---|---|---|---|---|---|---|
| | | Common stock | Preferred stock | | Common stock | Preferred stock | | Common stock | Preferred stock |
| Dividend per share | ₩ | 1,500 | 1,500 | ₩ | 5,000 | 5,050 | ₩ | 6,000 | 6,050 |
| Market price at the end of year | | 287,000 | - | | 373,000 | - | | 236,500 | - |
| Dividend yield ratio | | 0.52% | - | | 1.34% | - | | 2.54% | - |

## 29. Revenues 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 for each of the two years in the period ended December 31, 2025 are as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Revenue from contracts with customers | ₩ | 61,118,127 | ₩ | 57,236,995 |

(2) Disaggregation of revenue

Adjustments 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, 2025 are as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Recognized at a point in time | ₩ | 60,692,151 | ₩ | 56,826,887 |
| Recognized over time | | 425,976 | | 410,108 |
| Total | ₩ | 61,118,127 | ₩ | 57,236,995 |

(3) Contract balance

The contract balances as of December 31, 2025 and 2024 are as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Account receivables | ₩ | 10,222,178 | ₩ | 9,916,375 |
| Contract Liabilities | | 153,435 | | 79,633 |

(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, 2025 and 2024 are as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Rendering of transportation services | ₩ | 836 | ₩ | 1,775 |
| Rendering of warranty in addition to assurance | | 152,599 | | 77,858 |

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.

## 30. Nature of Expenses

Details of expenses by nature for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | **2025** | | **2024** |
|---|---|---|---|---|
| Changes in finished goods, work-in-process and merchandises | ₩ | (2,220,326) | ₩ | (2,278,511) |
| Raw material consumed and purchase of merchandise | | 47,358,592 | | 43,619,031 |
| Employee benefits | | 5,145,679 | | 4,664,010 |
| Depreciation and amortization | | 1,167,864 | | 984,646 |
| Freight | | 1,450,887 | | 1,393,384 |
| Advertisement | | 80,967 | | 77,604 |
| Fees and commissions paid | | 1,667,823 | | 1,523,822 |
| Others | | 3,109,185 | | 4,179,553 |
| Total | ₩ | 57,760,671 | ₩ | 54,163,539 |

The total amount is the sum of cost of sales and selling, general, and administrative expenses in consolidated statements of profit or loss.

## 31. Selling, General and Administrative Expenses

Selling, general and administrative expenses for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | **2025** | | **2024** |
|---|---|---|---|---|
| Salaries | ₩ | 1,260,869 | ₩ | 1,199,361 |
| Retirement benefits | | 69,827 | | 50,739 |
| Employee welfare | | 286,399 | | 254,142 |
| Transportation and storage | | 522,790 | | 507,535 |
| Payment commission | | 445,330 | | 373,777 |
| Advertisement | | 80,270 | | 77,028 |
| Research and development | | 1,876,461 | | 1,748,567 |
| Others | | 930,519 | | 778,023 |
| Total | ₩ | 5,472,465 | ₩ | 4,989,172 |

## 32. Other Income and Expense

Details of other income and expense for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| **Other income (A):** | | | | |
| Gain on foreign exchange transaction | ₩ | 305,585 | ₩ | 315,427 |
| Gain on foreign exchange translation | | 43,531 | | 81,888 |
| Gain on disposal of property, plant and equipment | | 20,584 | | 21,555 |
| Reversal of allowance for doubtful accounts - others | | 126 | | 287 |
| Profits from business transfer | | - | | 4,976 |
| Rental income | | 12,340 | | 10,348 |
| Others | | 158,339 | | 83,663 |
| Subtotal | | 540,505 | | 518,144 |
| **Other expense (B):** | | | | |
| Loss on foreign exchange transaction | | 266,534 | | 254,860 |
| Loss on foreign exchange translation | | 49,386 | | 31,114 |
| Donation | | 30,107 | | 33,305 |
| Loss on disposal of property, plant and equipment | | 21,209 | | 21,866 |
| Impairment loss on property, plant and equipment | | 40,742 | | 33,126 |
| Loss on disposal of intangible assets | | 1,327 | | 189 |
| Impairment loss on intangible assets | | 2,219 | | 14,752 |
| Others | | 22,233 | | 51,339 |
| Subtotal | | 433,757 | | 440,551 |
| Net other income (A-B) | ₩ | 106,748 | ₩ | 77,593 |

**33. 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, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| **Selling, general and administrative expenses:** | | | | |
| Allowance for other doubtful accounts | ₩ | 80 | ₩ | 786 |
| Reversal of allowance for doubtful accounts | | (618) | | (110) |
| Net finance income (loss) | ₩ | 538 | ₩ | (676) |

(2) Financial instruments related income and expense classified as other income and expense for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| **Other income (A):** | | | | |
| Gain on foreign exchange transaction | ₩ | 305,585 | ₩ | 315,427 |
| Gain on foreign exchange translation | | 43,531 | | 81,888 |
| Reversal of allowance for doubtful accounts - others | | 126 | | 287 |
| Subtotal | | 349,242 | | 397,602 |
| **Other expense (B):** | | | | |
| Loss on foreign exchange transaction | | 266,534 | | 254,860 |
| Loss on foreign exchange translation | | 49,386 | | 31,114 |
| Bad debts expense - others | | 186 | | 144 |
| Subtotal | | 316,106 | | 286,118 |
| Net finance income (A-B) | ₩ | 33,136 | ₩ | 111,484 |

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

(3) Financial instruments related income and expense classified as finance income and costs for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| **Finance income (A):** | | | | |
| Interest income | ₩ | 401,483 | ₩ | 425,470 |
| Dividend income | | 18,952 | | 28,339 |
| Gain on foreign exchange transaction | | 117,645 | | 291,076 |
| Gain on foreign exchange translation | | 67,600 | | 63,663 |
| Gain on disposal of financial assets at FVPL | | 148 | | 366 |
| Gain on valuation of financial assets at FVPL | | - | | 3,139 |
| Gain on disposal of financial assets at FVOCI | | 275 | | - |
| Subtotal | | 606,103 | | 812,053 |
| **Finance costs (B):** | | | | |
| Interest expense | | 176,539 | | 129,284 |
| Loss on foreign exchange transaction | | 134,801 | | 225,254 |
| Loss on foreign exchange translation | | 42,743 | | 129,229 |
| Loss on disposal of financial assets at FVPL | | 2 | | 12 |
| Loss on valuation of financial assets at FVPL | | 766 | | 2,569 |
| Loss on disposal of financial assets at FVOCI | | 321 | | - |
| Subtotal | | 355,172 | | 486,348 |
| Net finance income (A-B) | ₩ | 250,931 | ₩ | 325,705 |

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

(4) Details of financial instruments related income and expense by category for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(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 | ₩ | 4,041 | 396,740 | 702 | - | 401,483 |
| Dividends income | | - | - | 18,952 | - | 18,952 |
| Gain on foreign exchange transaction | | - | 331,119 | - | 92,111 | 423,230 |
| Gain on foreign exchange translation | | - | 53,454 | - | 57,677 | 111,131 |
| Reversal of allowance for doubtful accounts | | - | 618 | - | - | 618 |
| Reversal of allowance for doubtful accounts – others | | - | 126 | - | - | 126 |
| Gain on disposal of financial assets at FVPL | | 148 | - | - | - | 148 |
| Gain on valuation of financial assets at FVPL | | - | - | - | - | - |
| Gain on disposal of financial assets at FVOCI | | - | - | 275 | - | 275 |
| Interest expense | | - | - | - | (176,539) | (176,539) |
| Loss on foreign exchange transaction | | - | (315,173) | - | (86,162) | (401,335) |
| Loss on foreign exchange translation | | - | (66,623) | - | (25,506) | (92,129) |
| Loss on disposal of financial assets at FVPL | | (2) | - | - | - | (2) |
| Loss on valuation of financial assets at FVPL | | (766) | - | - | - | (766) |
| Loss on disposal of financial assets at FVOCI | | - - | - | (321) | - | (321) |
| Bad debt expense | | - | (80) | - | - | (80) |
| Bad debt expense - others | | - | (186) | - | - | (186) |
| Sub-total | | 3,421 | 399,995 | 19,608 | (138,419) | 284,605 |
| Finance income | | 4,189 | 782,057 | 19,929 | 149,788 | 955,963 |
| Finance costs | | (768) | (382,062) | (321) | (288,207) | (671,358) |
| **Recognized in other comprehensive income:** | | | | | | |
| Unrealized gain on valuation | | - | - | 52,492 | - | 52,492 |
| Total | ₩ | 3,421 | 399,995 | 72,100 | (138,419) | 337,097 |

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

(4) Details of financial instruments related income and expense by category for each of the two years in the period ended December 31, 2025 are summarized as follows, continued:

② 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 | 364,583 | 863 | 59,956 | 425,470 |
| Dividends income | | - | - | 28,339 | - | 28,339 |
| Gain on foreign exchange transaction | | - | 561,579 | 8 | 44,916 | 606,503 |
| Gain on foreign exchange translation | | - | 126,861 | 367 | 18,323 | 145,551 |
| Reversal of allowance for doubtful accounts | | - | 110 | - | - | 110 |
| Reversal of allowance for doubtful accounts - others | | - | 287 | - | - | 287 |
| Gain on disposal of financial assets at FVPL | | 366 | - | - | - | 366 |
| Gain on valuation of financial assets at FVPL | | 3,139 | - | - | - | 3,139 |
| Interest expense | | - | (48,876) | (934) | (79,474) | (129,284) |
| Loss on foreign exchange transaction | | - | (363,961) | - | (116,153) | (480,114) |
| Loss on foreign exchange translation loss | | - | (93,453) | - | (66,890) | (160,343) |
| Loss on disposal of financial assets at FVPL | | (12) | - | - | - | (12) |
| Loss on valuation of financial assets at FVPL | | (2,569) | - | - | - | (2,569) |
| Bad debt expense | | - | (781) | - | (5) | (786) |
| Bad debt expense – others | | - | (144) | - | - | (144) |
| Subtotal | | 992 | 546,205 | 28,643 | (139,327) | 436,513 |
| Finance income | | 3,573 | 1,053,420 | 29,577 | 123,195 | 1,209,765 |
| Finance costs | | (2,581) | (507,215) | (934) | (262,522) | (773,252) |
| **Recognized in other comprehensive income (loss):** | | | | | | |
| Unrealized gain on valuation | | - | - | 67,343 | - | 67,343 |
| Total | ₩ | 992 | 546,205 | 95,986 | (139,327) | 503,856 |

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

(5) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(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 consolidated statement of financial position | Related amounts not offset in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral received | |
| Financial instruments | ₩ | 1,587,449 | 1,481,544 | 105,905 | - | 11 | 105,894 |

② 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 consolidated statement of financial position | Related amounts not offset in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral received | |
| Financial instruments | ₩ | 1,208,962 | 1,041,627 | 167,335 | 5,328 | 462 | 161,545 |

(6) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(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 consolidated statement of financial position | Related amounts not offset in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral provided | |
| Financial instruments | ₩ | 1,968,461 | 1,481,544 | 486,917 | 11 | - | 486,906 |

② 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 consolidated statement of financial position | Related amounts not offset in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments | Cash collateral provided | |
| Financial instruments | ₩ | 1,884,594 | 1,041,627 | 842,967 | 5,341 | 449 | 837,177 |

## 34. Income Taxes

(1) The components of income tax expense for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Current tax expense | ₩ | 998,132 | ₩ | 991,192 |
| Adjustment for prior periods | | 4,908 | | (6,311) |
| Origination and reversal of temporary differences | | 391,631 | | 675,983 |
| Income tax recognized in other comprehensive income | | (1,584) | | (495,320) |
| Global Minimum Tax (Pillar 2) (*) | | 139 | | 1,220 |
| Others (effect of changes in foreign exchange rate and others) | | 57,196 | | 37,551 |
| Income tax expense | ₩ | 1,450,422 | ₩ | 1,204,315 |

(*) In accordance with the temporary exception provided in KIFRS 1012, Income Taxes, the Group 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. The Group's 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 Group 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) Income taxes recognized directly in other comprehensive income for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Gain on valuation of financial assets at FVOCI | ₩ | (19,088) | ₩ | (24,004) |
| Gain (loss) on disposal of treasury stock payments | | (3,518) | | (266) |
| Remeasurements of defined benefit plan | | (3,371) | | 22,468 |
| Investment in associates and subsidiaries | | 24,400 | | (493,490) |
| Others | | (7) | | (28) |
| Income tax benefit relating to items recognized outside profit or loss | ₩ | (1,584) | ₩ | (495,320) |

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

**34. 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, 2025 is summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Profit before income taxes | ₩ | 5,115,158 | ₩ | 5,264,476 |
| Income tax using the Group's statutory tax rate(*) | | 1,126,320 | | 1,188,069 |
| Adjustment for: | | | | |
| Non-taxable income and non-tax deductible expense | | (79,662) | | (39,638) |
| Tax credits | | (186,061) | | (153,104) |
| Adjustments for prior periods | | 4,485 | | (6,311) |
| Tax effect for investment in subsidiaries, associates and joint ventures | | 573,518 | | 210,116 |
| Others | | 11,822 | | 5,183 |
| Income tax expenses | ₩ | 1,450,422 | ₩ | 1,204,315 |
| Average effective tax rate | | 28.4% | | 22.9% |

(*) Calculated by multiplying each jurisdiction's statutory tax rate and profit before income taxes of the Group's subsidiaries.

(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, 2025 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Deferred tax assets at the end of the year | ₩ | 273,366 | ₩ | 233,410 |
| Deferred tax liabilities at the end of the year | | 4,952,963 | | 4,521,376 |
| Deferred tax assets at the beginning of the year | | 233,410 | | 237,519 |
| Deferred tax liabilities at the beginning of the year | | 4,521,376 | | 3,849,502 |
| Income tax expense arising from temporary difference | ₩ | 391,631 | ₩ | 675,983 |

## 34. Income Taxes, Continued

(5) Changes in deferred tax assets (liabilities) for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | | **Beginning** | **Profit (loss)** | **Other comprehensive income (loss)** | **Ending** |
|---|---|---|---|---|---|
| Gain on revaluation of property, plant and equipment | ₩ | (103,811) | (3,994) | - | (107,805) |
| Investments in subsidiaries, associates and joint ventures | | (4,680,696) | (573,648) | 24,400 | (5,229,944) |
| Related payments of retirement allowance | | (9,577) | (21,171) | (3,371) | (34,119) |
| Depreciation | | (109,819) | 16,986 | - | (92,833) |
| Valuation of financial assets at FVOCI | | 9,806 | 351 | (19,088) | (8,931) |
| Valuation of financial assets at FVPL | | (8,648) | 1,003 | - | (7,645) |
| Allowance for valuation of inventories | | 46,182 | 1,267 | - | 47,449 |
| Provision for warranties | | 286,602 | 76,811 | - | 363,413 |
| Others | | 281,995 | 108,830 | (7) | 390,818 |
| Total | ₩ | (4,287,966) | (393,565) | 1,934 | (4,679,597) |

② For the year ended December 31, 2024

| *(In millions of won)* | | **Beginning** | **Profit(loss)** | **Other comprehensive income (loss)** | **Ending** |
|---|---|---|---|---|---|
| Gain on revaluation of property, plant and equipment | ₩ | (103,821) | 10 | - | (103,811) |
| Investments in subsidiaries, associates and joint ventures | | (3,979,593) | (207,613) | (493,490) | (4,680,696) |
| Related payments of retirement allowance | | (34,389) | 2,344 | 22,468 | (9,577) |
| Depreciation | | (19,281) | (90,538) | - | (109,819) |
| Valuation of financial assets at FVOCI | | 32,887 | 923 | (24,004) | 9,806 |
| Valuation of financial assets at FVPL | | (7,604) | (1,044) | - | (8,648) |
| Allowance for valuation of inventories | | 44,848 | 1,334 | - | 46,182 |
| Provision for warranties | | 250,094 | 36,508 | - | 286,602 |
| Others | | 204,876 | 77,147 | (28) | 281,995 |
| Total | ₩ | (3,611,983) | (180,929) | (495,054) | (4,287,966) |

(6) As of the end of the current period and the prior period, the total amount of deductible temporary differences for which deferred tax assets have not been recognized amounted to ₩1,875,946 million and ₩1,891,236 million, respectively.

**34. Income Taxes, Continued**

(7) The expected expiration dates of tax losses carried forward and tax credits carried forward that are not recognized as deferred tax assets as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| 1 year or less | ₩ | 44,919 | ₩ | 130,918 |
| 1-2 years | | 105,038 | | 171,109 |
| 2-3 years | | 32,027 | | 73,227 |
| More than 3 years | | 101,362 | | 238,315 |
| Total | ₩ | 283,346 | ₩ | 613,569 |

(8) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity, if they are related to income taxes levied by the same taxation authority and the entity has a legally enforceable right and intends to offset current tax assets against current tax liabilities.

**35. Earnings per Share**

(1) Basic earnings per share for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won, except share information)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Profit attributable to owners of the Company | ₩ | 3,655,790 | ₩ | 4,055,642 |
| (-) Dividends on preferred stock | | (26) | | (24) |
| (-) Additional income available for dividends allocated to preferred stock | | (137) | | (155) |
| Net income attributable to common stocks | | 3,655,627 | | 4,055,463 |
| Weighted average number of common shares outstanding (*) | | 89,465,517 | | 90,244,691 |
| Earnings per share in Korean won | ₩ | 40,861 | ₩ | 44,939 |

(*) Weighted average number of common shares outstanding:

| *(In shares)* | 2025 | 2024 |
|---|---|---|
| Weighted average number of common shares issued | 92,123,072 | 93,272,799 |
| Weighted average number of treasury stock | (2,657,555) | (3,028,108) |
| Total | 89,465,517 | 90,244,691 |

(2) Diluted earnings per share

Diluted earnings per share are not calculated for each of the two years in the period ended December 31, 2025, because there are no dilutive shares as of December 31, 2025 and 2024.

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

(1) Revenue transactions which occurred in the normal course of business of the Group with related parties and the conglomerate affiliates for each of the two years in the period ended December 31, 2025 are summarized as follows:

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

① For the year ended December 31, 2025

| *(In millions of won)* | Company | | Sales | Others | Total |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries(*) | KIA Corporation | ₩ | 8,975,192 | 25,018 | 9,000,210 |
| | Kia Georgia, Inc. | | 4,312,014 | 8,705 | 4,320,719 |
| | Kia Slovakia s.r.o. | | 2,701,733 | 2,131 | 2,703,864 |
| | Kia America, Inc. | | 1,516,896 | 4,405 | 1,521,301 |
| | Others | | 4,345,619 | 5,034 | 4,350,653 |
| Associates and joint ventures(*) | Hyundai Motor Company | | 10,861,594 | 57,063 | 10,918,657 |
| | Hyundai Motor Manufacturing Czech, s.r.o | | 2,676,340 | 285 | 2,676,625 |
| | Hyundai Motor Manufacturing Alabama, LLC | | 3,075,126 | - | 3,075,126 |
| | Hyundai Motor America | | 1,996,332 | 9,057 | 2,005,389 |
| | Hyundai Motor Group Metaplant America, LLC | | 1,439,191 | 40 | 1,439,231 |
| | Others | | 4,053,791 | 27,979 | 4,081,770 |
| Other related parties | | | 1,150,407 | - | 1,150,407 |
| The conglomerate affiliates | | | 2,850,791 | 19,992 | 2,870,783 |
| Total | | ₩ | 49,955,026 | 159,709 | 50,114,735 |

(*) During the current year, the Group disposed of its equity interest in Hyundai Motor Group (China) Ltd. to Hyundai Motor Company and Kia Corporation for a total consideration of ₩62,059 million.

② For the year ended December 31, 2024

| *(In millions of won)* | Company | | Sales | Other | Total |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA Corporation | ₩ | 8,916,853 | 16,791 | 8,933,644 |
| | Kia Georgia, Inc. | | 3,526,213 | 4,685 | 3,530,898 |
| | Kia Slovakia s.r.o. | | 2,593,582 | 1,124 | 2,594,706 |
| | Kia America, Inc. | | 1,411,871 | 6,177 | 1,418,048 |
| | Others | | 3,529,933 | 9,315 | 3,539,248 |
| Associates and joint ventures(*1, 2) | Hyundai Motor Company | | 12,117,341 | 300,857 | 12,418,198 |
| | Hyundai Motor Manufacturing Czech, s.r.o. | | 2,815,650 | 273 | 2,815,923 |
| | Hyundai Motor Manufacturing Alabama, LLC | | 2,773,047 | - | 2,773,047 |
| | Hyundai Motor America | | 1,803,133 | 6,284 | 1,809,417 |
| | Others | | 4,131,338 | 60,269 | 4,191,607 |
| Other related parties | | | 1,165,781 | - | 1,165,781 |
| The conglomerate affiliates | | | 2,502,196 | 17,819 | 2,520,015 |
| Total | | ₩ | 47,286,938 | 423,594 | 47,710,532 |

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

(*1) Pursuant to a resolution of the Board of Directors dated February 16, 2024, the Group transferred property, plant and equipment, intangible assets and inventories related to its hydrogen fuel cell business to Hyundai Motor Company on May 31, 2024. In connection with this transaction, the Group recognized a gain on business transfer of ₩4,976 million. Meanwhile, as the transferred business does not constitute a major line of business of the Group, it has not been presented as discontinued operations.

(*2) During the prior year, the Group disposed of its equity interest in HTWO Guangzhou Co., Ltd. to Hyundai Motor Company for ₩16,995 million, with a carrying amount of ₩2,566 million, and recognized a related gain on disposal of ₩14,429 million.

(2) Expense transactions which occurred in the normal course of business of the Group with the related parties and the conglomerate affiliates for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

| *(In millions of won)* | Company | | Purchases | Others | Total |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA Corporation | ₩ | 491,478 | 171,490 | 662,968 |
| | Others | | 130,756 | 90,524 | 221,280 |
| Associates and joint ventures | Hyundai Motor Company | | 169,237 | 323,959 | 493,196 |
| | Hyundai Motor Manufacturing Alabama, LLC | | 152,222 | 32,447 | 184,669 |
| | HYUNDAI KEFICO | | 199,604 | 2,270 | 201,874 |
| | Hyundai Engineering Co., Ltd. | | 20 | 89,274 | 89,294 |
| | HYUNDAI ENG AMERICA INC | | - | 85,376 | 85,376 |
| | Hyundai Autoever Corporation | | 70,591 | 400,458 | 471,049 |
| | Hyundai-Rotem Co. | | 16,893 | 16,051 | 32,944 |
| | Hyundai Translead | | 196,807 | 12 | 196,819 |
| | Hyundai Motor Group Metaplant America, LLC | | 60,018 | 3,980 | 63,998 |
| | Others | | 268,803 | 241,163 | 509,966 |
| Other related parties | | | 397 | 4,780 | 5,177 |
| The conglomerate affiliates | | | 2,558,972 | 865,220 | 3,424,192 |
| Total | | ₩ | 4,315,798 | 2,327,004 | 6,642,802 |

② For the year ended December 31, 2024

| *(In millions of won)* | Company | | Purchases | Others | Total |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA Corporation | ₩ | 464,509 | 73,603 | 538,112 |
| | Others | | 34,857 | 69,170 | 104,027 |
| Associates and joint ventures | Hyundai Motor Company | | 173,212 | 304,352 | 477,564 |
| | Hyundai Motor Manufacturing Alabama, LLC | | 170,611 | 19,032 | 189,643 |
| | HYUNDAI KEFICO | | 206,495 | (634) | 205,861 |
| | Hyundai Engineering Co., Ltd. | | - | 235,103 | 235,103 |
| | HYUNDAI ENG AMERICA INC | | - | 436,930 | 436,930 |
| | Hyundai Autoever Corporation | | 340,508 | 329,682 | 670,190 |
| | Hyundai-Rotem Co. | | 148 | 63,941 | 64,089 |
| | Others | | 458,924 | 162,017 | 620,941 |
| Other related parties | | | 1,775 | 3,422 | 5,197 |
| The conglomerate affiliates | | | 2,447,143 | 836,137 | 3,283,280 |
| Total | | ₩ | 4,298,182 | 2,532,755 | 6,830,937 |

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

(3) Trade and other receivables of the Group with the related parties and the conglomerate affiliates as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(In millions of won)* | Company | | Accounts and notes receivable - trade | Other receivables | Total |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA Corporation | ₩ | 2,074,482 | 560 | 2,075,042 |
| | Kia Georgia, Inc. | | 354,639 | - | 354,639 |
| | Kia Slovakia s.r.o. | | 193,436 | 453 | 193,889 |
| | Kia Mexico, S.A. de C.V. | | 77 | - | 77 |
| | Others | | 638,249 | 11,438 | 649,687 |
| Associates and joint ventures | Hyundai Motor Company | | 2,380,665 | 18,992 | 2,399,657 |
| | Hyundai Motor Manufacturing Czech, s.r.o. | | 187,461 | 48 | 187,509 |
| | Hyundai Motor Manufacturing Alabama, LLC | | 219,659 | - | 219,659 |
| | Hyundai Motor America | | 163,461 | 334 | 163,795 |
| | Others | | 468,616 | 5,879 | 474,495 |
| Other related parties | | | 577,889 | 307 | 578,196 |
| The conglomerate affiliates | | | 952,164 | 17,368 | 969,532 |
| Total | | ₩ | 8,210,798 | 55,379 | 8,266,177 |

② 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 | ₩ | 1,883,632 | 3,702 | 1,887,334 |
| | Kia Georgia, Inc. | | 236,445 | - | 236,445 |
| | Kia Slovakia s.r.o. | | 162,684 | 405 | 163,089 |
| | Kia Mexico, S.A. de C.V. | | 418,559 | - | 418,559 |
| | Others | | 386,143 | 4,410 | 390,553 |
| Associates and joint ventures | Hyundai Motor Company | | 2,723,047 | 3,876 | 2,726,923 |
| | Hyundai Motor Manufacturing Czech, s.r.o. | | 222,688 | 51 | 222,739 |
| | Others | | 869,582 | 13,434 | 883,016 |
| Other related parties | | | 612,642 | - | 612,642 |
| The conglomerate affiliates | | | 625,458 | 17,806 | 643,264 |
| Total | | ₩ | 8,140,880 | 43,684 | 8,184,564 |

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

(4) Trade and other payables of the Group with the related parties and the enterprise group affiliates as of December 31, 2025 and 2024 are summarized as follows:

① As of December 31, 2025

| *(In millions of won)* | **Company** | | **Accounts and notes payable - trade** | **Other payables** | **Total** |
|---|---|---|---|---|---|
| Significant influence and its subsidiaries | KIA Corporation | ₩ | 672,430 | 229,787 | 902,217 |
| | Others | | 28,413 | 3,033 | 31,446 |
| Associates and joint ventures | Hyundai Motor Company | | 262,593 | 555,747 | 818,340 |
| | Hyundai Autoever Corporation | | 5,153 | 75,127 | 80,280 |
| | HYUNDAI KEFICO | | 28,891 | 2,379 | 31,270 |
| | Hyundai Engineering Co., Ltd. | | - | 17,392 | 17,392 |
| | Others | | 118,933 | 81,512 | 200,445 |
| Other related parties | | | 886 | 36 | 922 |
| The conglomerate affiliates | | | 314,887 | 89,895 | 404,782 |
| Total | | ₩ | 1,432,186 | 1,054,908 | 2,487,094 |

② 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 | ₩ | 428,427 | 390,539 | 818,966 |
| | Others | | 2,734 | 16,259 | 18,993 |
| Associates and joint ventures | Hyundai Motor Company | | 144,257 | 534,850 | 679,107 |
| | Hyundai Autoever Corporation | | 25,909 | 112,915 | 138,824 |
| | HYUNDAI KEFICO | | 32,978 | 33 | 33,011 |
| | Hyundai Engineering Co., Ltd. | | - | 58,087 | 58,087 |
| | Others | | 79,053 | 47,453 | 126,506 |
| Other related parties | | | 202 | 42 | 244 |
| The conglomerate affiliates | | | 461,670 | 75,687 | 537,357 |
| Total | | ₩ | 1,175,230 | 1,235,865 | 2,411,095 |

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

(5) Financing transactions which occurred in the normal course of business of the Group with the related parties and the enterprise group affiliates for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the years ended December 31, 2025

| *(In millions of won)* | **Company** | | **Investments** |
|---|---|---|---|
| Associates and joint ventures | Hyundai Motor Securities | ₩ | 18,753 |
| | HMG Global, LLC | | 244,116 |
| | Supernal, LLC | | 145,558 |
| | ACVC PARTNERS FUND I, LP | | 1,041 |
| | Motional AD LLC | | 121,563 |
| | AM Telecom | | 7,368 |
| | Total | ₩ | 538,399 |

② For the years ended December 31, 2024

| *(In millions of won)* | **Company** | | **Investments** | **Contribution in-kind** | **Collection of investments** |
|---|---|---|---|---|---|
| Associates and joint ventures | HMG Global, LLC | ₩ | 332,403 | - | - |
| | SUPERNAL, LLC | | 237,755 | - | - |
| | Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. | | 16,567 | - | - |
| | ACVC PARTNERS FUND I, LP | | 3,085 | - | 399 |
| | Motional AD LLC | | 254,131 | - | - |
| | HMGS | | 13,923 | 4,440 | - |
| | Smart World Innovation Fund LP | | 686 | - | 217 |
| | Total | ₩ | 858,550 | 4,440 | 616 |

(6) The Group has money market trust of ₩147,713 million in Hyundai Motor Securities Co., Ltd. as of December 31, 2025 (2024: ₩100,000 million). The Group additionally contributed ₩421,000 million to the trust for the year ended December 31, 2025 (2024: ₩100,000 million) and withdrew ₩402,632 million from the trust for the year ended December 31, 2025 (2024: ₩100,000 million). Additionally, the Group contributed in ₩411 million as of December 31, 2025 (2024: ₩7,600 million) to Fubon Hyundai Life Insurance Co., Ltd., which was reclassified from an associate to financial assets measured at fair value through other comprehensive income (FVOCI), and withdrew ₩82,464 million as of December 31, 2025 (2024: ₩139,616 million).

(7) The Group received dividends from related parties amounting to ₩666,243 million and ₩731,308 million as of December 31, 2025 and 2024, respectively. The Group paid dividends to related parties and the enterprise group affiliates amounting to ₩192,955 million and ₩133,585 million as of December 31, 2025 and 2024, respectively.

(8) Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

(9) As of December 31, 2025, the Group has provided payment guarantees amounting to USD 177,750 thousand to associates (Note 37).

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

(10) Executive compensations of the Group for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | 2025 | | 2024 | |
|---|---|---|---|---|
| Short-term employee benefits | ₩ | 61,688 | ₩ | 55,254 |
| Retirement benefits | | 10,829 | | 10,021 |
| Long-term employee benefits | | 552 | | 465 |
| Total | ₩ | 73,069 | ₩ | 65,740 |

**37. Commitments and Contingencies**

(1) Guarantees which the Group was provided as of December 31, 2025 and 2024 are summarized as follows:

*(In millions of won and thousands of foreign currency)*

| Guarantor | Guarantee contents | 2025 | | 2024 | |
|---|---|---|---|---|---|
| Hana Bank | Guaranteed payment | USD(*) | 1,500 | USD | 920 |
| Seoul guarantee insurance company | Guaranteed payment, etc | KRW | 93,671 | KRW | 84,652 |
| Unicredit Bank, etc | Guaranteed payment, etc | EUR | 3,132 | EUR | 2,083 |

(*) The short-term financial instrument amounting to ₩2,500 million has been pledged as collateral related to the payment guarantee for Hana Bank and the collateralized amount is ₩2,750 million as of December 31, 2025 (Note 6).

(2) Guarantees which the Group has provided as of December 31, 2025 and 2024 are summarized as follows:

*(In millions of won and thousands of foreign currency)*

| Guarantee | Guarantee contents | 2025 | | 2024 | |
|---|---|---|---|---|---|
| PT. HLI Green Power | Oversea financing | USD | 177,750 | USD | 177,750 |
| HSAGP Energy LLC | Oversea financing | USD | 99,800 | USD | - |
| SUNG JIN Precision & Technology | Borrowing guarantee | KRW | - | KRW | 350 |
| Chungnam store and 683 other distributors | Joint guarantee | KRW | - | KRW | 1,500 |
| | Total | USD | 277,550 | USD | 177,750 |
| | | KRW | - | KRW | 1,850 |

**37. Commitments and Contingencies, Continued**

(3) As of December 31, 2025, the Group is a defendant in certain domestic and international litigation cases that are pending. The Group has estimated the amounts that are reasonably expected to be paid in connection with such pending litigation cases and has recognized ₩63,833 million as other non-current liabilities (Note 20).
Meanwhile, there are 97 litigation cases and similar matters for which it is not possible to reasonably predict the outcomes and for which the timing and amount of resource outflows are uncertain. As of the end of the current year, the aggregate amounts of claims related to the unresolved litigation and arbitration cases amount to ₩220,916 million. The outcomes of such litigation and arbitration cases cannot be reasonably predicted as of the end of the current year, and accordingly, the consolidated financial statements do not reflect any adjustments that may arise from this uncertainty.

(4) As of December 31, 2025, the Group has entered into technology licensing agreements with 51 companies, including Qualcomm and Microsoft, related to in-vehicle electronics, audio and other areas. In connection with these agreements, the royalties paid during the current year and the prior year amounted to ₩219,500 million and ₩174,290 million, respectively.

(5) As of December 31, 2025, the Group has entered into credit line agreements, including loan facilities, with Hana Bank and other financial institutions for an aggregate amount of ₩7,859,732 million. In addition, the Group has entered into non-recourse accounts receivable-collateralized borrowing facility agreements with Kookmin Bank and other financial institutions for an aggregate amount of ₩685,500 million.

(6) As of December 31, 2025, the Group has entered into a shareholders' agreement with other investors in connection with its shares in Fubon Hyundai Life Insurance Co., Ltd. The agreement includes provisions under which a call option, allowing the non-defaulting party to purchase the shares of the defaulting party, and a put option, allowing the defaulting party to sell its shares to the non-defaulting party, may arise.

(7) The Group has committed to invest ₩640,100 million in connection with the construction of the Global Business Center (GBC). In accordance with the construction performance agreement with the Seoul Metropolitan Government entered into in December 2019, the Group has recognized liabilities related to public contributions and congestion charges amounting to ₩226,226 million as of the end of the current year.

## 38. Cash Generated from Operations

(1) Details of cash generated from operation for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | **2025** | **2024** |
|---|---|---|
| **Profit for the year (A)** | ₩ 3,664,736 | ₩ 4,060,161 |
| **Adjustments for (B):** | | |
| Salaries | 71,861 | 109,474 |
| Retirement benefits | 161,910 | 125,896 |
| Accrual for warranties | 613,532 | 255,491 |
| Depreciation of right-of-use assets | 192,668 | 168,830 |
| Depreciation | 871,304 | 732,705 |
| Depreciation of investment property | 1,445 | 1,403 |
| Amortization | 102,447 | 81,708 |
| Bad debts expense | 80 | 786 |
| Bad debts expense - others | 186 | 144 |
| Emission cost | 34 | 148 |
| Interest expense | 176,539 | 129,284 |
| Loss on foreign currency transaction | - | 5,026 |
| Loss on foreign currency translation | 92,129 | 160,341 |
| Share of loss of associates and joint ventures | 332,971 | 446,611 |
| Loss on disposal of investment in associates and joint ventures | 67,713 | - |
| Loss on transaction of financial assets at FVPL | 2 | - |
| Loss on valuation of financial assets at FVPL | 766 | 2,569 |
| Loss on transaction of financial assets at FVOCI | 321 | - |
| Impairment loss on property, plant and equipment | 21,209 | 28,506 |
| Loss on disposal of property, plant and equipment | 40,742 | 21,866 |
| Loss on disposal of intangible assets | 1,327 | 189 |
| Impairment loss on intangible assets | 2,219 | 14,752 |
| Miscellaneous Income | - | 2 |
| Income tax expense | 1,450,422 | 1,204,315 |
| Interest income | (401,482) | (425,470) |
| Dividends income | (18,953) | (28,339) |
| Gain on disposal of investment in associates and joint ventures | (30,136) | (14,429) |
| Gain on valuation of financial assets at FVPL | - | (3,139) |
| Gain on disposal of financial assets at FVPL | (148) | (366) |
| Gain on disposal of financial assets at FVOCI | (275) | - |
| Reversal of allowance for doubtful accounts | (618) | (110) |
| Reversal of allowance for doubtful accounts - others | (126) | (287) |
| Gain on foreign currency transaction | - | (17) |
| Gain on foreign currency translation | (111,131) | (145,551) |
| Share of profit of associates and joint ventures | (1,770,571) | (2,219,903) |
| Gain on disposal of property, plant and equipment | (20,584) | (21,555) |
| Gain on disposal of intangible assets | (5,916) | (889) |
| Gain (loss) on lease modification | 199 | (293) |
| Unrealized gain of hedging financial derivatives | - | (4,976) |
| Financial guarantee income | (697) | - |
| Sub-total | 1,841,389 | 624,722 |

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

(1) Details of cash generated from operation for each of the two years in the period ended December 31, 2025 are summarized as follows, continued:

| *(In millions of won)* | 2025 | 2024 |
|---|---|---|
| **Changes in assets and liabilities (C):** | | |
| Decrease (increase) in accounts and notes receivable - trade | ₩ (281,027) | ₩ 334,580 |
| Increase in other receivables | (528,359) | (34,815) |
| Decrease in other current assets | 213,002 | 15,776 |
| Decrease in financial assets at FVPL | 248,747 | 242,039 |
| Decrease in other non-current assets | 269,145 | 212,292 |
| Decrease (increase) in inventories | 39,015 | (1,056,550) |
| Decrease in accounts and notes payable – trade | (110,576) | (254,489) |
| Increase (decrease) in other payables | (142,856) | 79,347 |
| Increase in other current liabilities | 299,219 | 263,122 |
| Decrease in provision for warranties | (530,033) | (392,824) |
| Increase (decrease) in other non-current liabilities | 36,917 | (98,229) |
| Payment of retirement benefit | (81,365) | (79,818) |
| Increase in plan assets | (139,385) | (52,261) |
| Sub-total | (707,556) | (821,830) |
| **Cash flows generated from operating activities (A+B+C)** | ₩ 4,798,569 | ₩ 3,863,053 |

(2) Significant non-cash transactions for each of the two years in the period ended December 31, 2025 are summarized as follows:

| *(In millions of won)* | 2025 | 2024 |
|---|---|---|
| Transfer of construction-in-progress | ₩ 1,148,831 | ₩ 2,168,498 |
| Payables related to acquisition of property, plant and equipment and intangible assets | 41,011 | (37,465) |
| Transfer of current portion of bonds from long-term to current | 262,123 | - |
| Retirement of common stock profit | 574,370 | 162,990 |

## 39. Changes of liabilities from financing activities

Changes of liabilities from financing activities for each of the two years in the period ended December 31, 2025 are summarized as follows:

① For the year ended December 31, 2025

*(In millions of won)*

| | | | | Non-cash activities | | |
|---|---|---|---|---|---|---|
| | | Beginning | Cash flows | Others(*) | Exchange rate fluctuations | Ending |
| Current portion of long-term debt and short-term borrowings | ₩ | 1,071,184 | (191,319) | 259,935 | (12,736) | 1,127,064 |
| Bonds and long-term borrowings | | 1,927,485 | 164,373 | (259,935) | (13,413) | 1,818,510 |
| Lease liabilities | | 555,777 | (179,830) | 387,880 | (41,318) | 722,509 |

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

② For the year ended December 31, 2024

*(In millions of won)*

| | | | | Non-cash activities | | |
|---|---|---|---|---|---|---|
| | | Beginning | Cash flow | Others(*) | Exchange rate fluctuations | Ending |
| Current portion of long-term debt and short-term borrowings | ₩ | 1,540,144 | (754,592) | 153,051 | 132,581 | 1,071,184 |
| Bonds and long-term borrowings | | 692,062 | 1,253,802 | (153,051) | 134,672 | 1,927,485 |
| Lease liabilities | | 518,408 | (184,985) | 176,016 | 46,338 | 555,777 |

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

## 40. Risk Management

(1) Financial risk management

The Group'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 Group monitors and manages the financial risk arising from the Group's underlying operations in accordance with the risk management policies and programs.

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

The Group is exposed to foreign exchange risk arising from various currency exposures. As of December 31, 2025 and 2024, if the Group'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, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | **10% Up** | **10% Down** | **10% Up** | **10% Down** |
| Profit before income taxes | ₩ 133,032 | (133,032) | ₩ 132,355 | (132,355) |

- Price risk

The Group's activities are exposed to price risk related to marketable equity instruments among non-current financial assets by changes in market price. Marketable equity instruments as of December 31, 2025 and 2024 are as follows:

| *(In millions of won)* | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Financial assets at FVOCI | ₩ 450,257 | ₩ 372,654 |

**40. Risk Management, Continued**

(1) Financial risk management, continued

① Market risk, continued

- Interest rate risk

The Group is exposed to interest rate. The risk is composed of the changes in amount of accounts including financial assets and liabilities, and changes in interest income (expense) from investment and borrowings. The interest rate risk is borne by the interest-bearing liabilities and assets, such as bonds or loan. The purpose of the Group's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense further to optimize the enterprise value.

Financial instruments exposed to interest rate risk as of December 31, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| **Financial assets:** | | |
| Financial assets at FVPL | ₩ - | ₩ - |
| **Financial liabilities:** | | |
| Short-term borrowings | 781,893 | 621,481 |
| Current portion of long-term debt | 191,004 | 417,121 |
| Long-term borrowings | 1,755,605 | 1,727,690 |
| Sub-total | 2,728,502 | 2,766,292 |
| Net financial assets | ₩ (2,728,502) | ₩ (2,766,292) |

The sensitivity analysis of unrealized gain (loss) and interest income (expenses) for the year from a change of interest rate with all other variables held constant for each of the two years in the period ended December 31, 2025 is summarized as follows:

| *(In millions of won)* | **2025** | | **2024** | |
|---|---|---|---|---|
| | **1% Up** | **1% Down** | **1% Up** | **1% Down** |
| Gain (loss) on valuation of financial assets at FVPL | ₩ - | - | ₩ - | - |
| Interest expense | (27,285) | 27,285 | (27,663) | 27,663 |

② Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investment securities. To manage credit risks relating to trade receivables, the Group 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.

**40. Risk Management, Continued**

(1) Financial risk management, continued

② Credit risk, continued

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 Group 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, 2025 and 2024 are summarized as follows:

| *(In millions of won)* | | 2025 | | 2024 |
|---|---|---|---|---|
| Cash and cash equivalent(*) | ₩ | 4,921,573 | ₩ | 4,788,474 |
| Financial assets at amortized cost | | 6,741,601 | | 5,452,489 |
| Financial assets at FVPL | | 185,575 | | 434,380 |
| Trade and other receivables | | 10,602,653 | | 10,056,220 |
| Other current assets | | 91,507 | | 103,700 |
| Other non-current assets | | 151,140 | | 136,262 |
| Total | ₩ | 22,694,049 | ₩ | 20,971,525 |

(*) Cash on hand is excluded.

The maximum exposure of credit risk on guarantee which the Group has provided as of December 31, 2025 and 2024 are ₩ 398,256 million and ₩ 263,143 million.

The aging analysis of trade and other receivables as of December 31, 2025 and 2024 is summarized as follows:

- As of December 31, 2025

| *(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 | ₩ | 10,222,178 | 9,543,819 | 454,842 | 193,457 | 28,990 | 1,070 |
| Accounts and notes receivable - other | | 562,213 | 493,387 | 9,367 | 13,743 | 45,618 | 98 |
| Loans | | 2,080 | 2,080 | - | - | - | - |
| Total | ₩ | 10,786,471 | 10,039,286 | 464,209 | 207,200 | 74,608 | 1,168 |

## 40. Risk Management, Continued

(1) Financial risk management, continued

② Credit risk, continued

- 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 | ₩ | 9,914,500 | 9,406,520 | 390,080 | 87,034 | 29,399 | 1,467 |
| Accounts and notes receivable - other | | 278,039 | 237,086 | 15,926 | 14,803 | 10,084 | 140 |
| Loans | | 3,595 | 3,595 | - | - | - | - |
| Total | ₩ | 10,196,134 | 9,647,201 | 406,006 | 101,837 | 39,483 | 1,607 |

③ Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group 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, 2025 and 2024 are summarized as follows:

- As of December 31, 2025

| *(In millions of won)* | | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Bonds and Long-term borrowings | ₩ | 1,818,510 | 2,331,086 | 70,417 | 885,146 | 1,375,523 |
| Current portion of long-term debt and short-term borrowings | | 1,127,064 | 1,149,817 | 1,149,817 | - | - |
| Trade and other payables | | 8,025,697 | 8,025,697 | 8,024,380 | 1317 | - |
| Other current liabilities | | 569,001 | 569,001 | 569,001 | - | - |
| Other non-current liabilities | | 10,823 | 10,823 | - | 10,823 | - |
| Financial guarantee liabilities | | 171 | 398,256 | 398,256 | - | - |
| Financial lease liabilities | | 722,509 | 932,964 | 254,806 | 489,817 | 188,341 |
| Total | ₩ | 12,273,775 | 13,417,644 | 10,466,677 | 1,387,103 | 1,563,864 |

**40. Risk Management, Continued**

(1) Financial risk management, continued

③ Liquidity risk, continued

- As of December 31, 2024

| *(In millions of won)* | | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Bonds and Long-term borrowings | ₩ | 1,927,485 | 2,456,928 | 845,237 | 1,176,635 | 435,056 |
| Current portion of long-term debt and short-term borrowings | | 1,071,184 | 1,130,261 | 1,130,261 | - | - |
| Trade and other payables | | 8,008,513 | 8,008,513 | 8,008,505 | 8 | - |
| Other current liabilities | | 381,605 | 381,605 | 381,605 | - | - |
| Other non-current liabilities | | 203,066 | 203,066 | - | 203,066 | - |
| Financial guarantee liabilities | | 115 | 571,223 | 19 | 571,204 | - |
| Financial lease liabilities | | 598,485 | 690,719 | 173,913 | 429,658 | 87,148 |
| Total | ₩ | 12,190,453 | 13,442,315 | 10,539,540 | 2,380,571 | 522,204 |

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

(2) Management of capital risk

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group uses debt to equity ratio 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 consolidated financial statements.

The debt-to-equity ratio as of December 31, 2025 and 2024 is summarized as follows:

| *(In millions of won, except for ratio)* | | December 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| Total liabilities | ₩ | 21,187,737 | ₩ | 20,478,673 |
| Total equity | | 49,212,795 | | 46,118,232 |
| Debt-to-equity ratio | | 43.05% | | 44.40% |

## 40. Risk Management, Continued

(3) Fair value of financial instruments

① The carrying amounts and fair values of financial assets and financial liabilities, including the fair value hierarchy, as of December 31, 2025 and 2024 are as follows. Fair value information for financial assets and financial liabilities that are not measured at fair value is not included where the carrying amounts are reasonable approximations of fair value.

- As of December 31, 2025

| | | Book value | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(In millions of won)* | | FVPL | FVOCI | Amortized cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** | | | | | | | | | |
| Financial assets at FVPL | ₩ | 185,575 | - | - | 185,575 | - | 149,735 | - | 149,735 |
| Financial assets at FVOCI | | - | 1,072,074 | - | 1,072,074 | 450,257 | - | 405,645 | 855,902 |
| Subtotal | | 185,575 | 1,072,074 | - | 1,257,649 | 450,257 | 149,735 | 405,645 | 1,005,637 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalent | | - | - | 4,922,378 | 4,922,378 | - | - | - | - |
| Financial assets at amortized cost | | - | - | 6,741,601 | 6,741,601 | - | - | - | - |
| Trade and other receivables | | - | - | 10,602,653 | 10,602,653 | - | - | - | - |
| Other current assets | | - | - | 91,507 | 91,507 | - | - | - | - |
| Other non-current assets | | - | - | 151,141 | 151,141 | - | - | - | - |
| Subtotal | | - | - | 22,509,280 | 22,509,280 | - | - | - | - |
| **Financial Assets Total** | ₩ | 185,575 | 1,072,074 | 22,509,280 | 23,766,929 | 450,257 | 149,735 | 405,645 | 1,005,637 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables | ₩ | - | - | 8,025,697 | 8,025,697 | - | - | - | - |
| Current portion of long-term debt and short-term borrowings | | - | - | 1,127,064 | 1,127,064 | - | - | - | - |
| Bonds and long-term borrowings | | - | - | 1,818,510 | 1,818,510 | - | - | - | - |
| Other current liabilities | | - | - | 517,059 | 517,059 | - | - | - | - |
| Other non-current liabilities | | - | - | 10,823 | 10,823 | - | - | - | - |
| **Financial Liabilities Total** | ₩ | - | - | 11,499,153 | 11,499,153 | - | - | - | - |

## 40. Risk Management, Continued

(3) Fair value of financial instruments, continued

- 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 measured at fair value** | | | | | | | | | |
| Financial assets at FVPL | ₩ | 434,380 | - | - | 434,380 | - | 399,249 | 15,503 | 414,752 |
| Financial assets at FVOCI | | - | 989,468 | - | 989,468 | 372,654 | - | 388,952 | 761,606 |
| Subtotal | | 434,380 | 989,468 | - | 1,423,848 | 372,654 | 399,249 | 404,455 | 1,176,358 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalent | | - | - | 4,788,492 | 4,788,492 | - | - | - | - |
| Financial assets at amortized cost | | - | - | 5,452,489 | 5,452,489 | - | - | - | - |
| Trade and other receivables | | - | - | 10,056,220 | 10,056,220 | - | - | - | - |
| Other current assets | | - | - | 103,700 | 103,700 | - | - | - | - |
| Other non-current assets | | - | - | 136,262 | 136,262 | - | - | - | - |
| Subtotal | | - | - | 20,537,163 | 20,537,163 | - | - | - | - |
| **Financial Assets Total** | ₩ | 434,380 | 989,468 | 20,537,163 | 21,961,011 | 372,654 | 399,249 | 404,455 | 1,176,358 |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Trade and other payables | ₩ | - | - | 8,008,513 | 8,008,513 | - | - | - | - |
| Current portion of long-term debt and short-term borrowings | | - | - | 1,071,184 | 1,071,184 | - | - | - | - |
| Bonds and long-term borrowings | | - | - | 1,927,485 | 1,927,485 | - | - | - | - |
| Other current liabilities | | - | - | 381,720 | 381,720 | | - | - | - |
| Other non-current liabilities | | - | - | 199,999 | 199,999 | - | - | - | - |
| **Financial Liabilities Total** | ₩ | - | - | 11,588,901 | 11,588,901 | - | - | - | - |

**40. 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, 2025 are summarized as follows:

- For the year ended December 31, 2025

| *(In millions of won)* | | Beginning | Reclassification | Valuation Other comprehensive income | Ending |
|---|---|---|---|---|---|
| Financial assets at FVOCI (Unlisted stock) | ₩ | 388,952 | 23,097 | (6,404) | 405,645 |

- For the year ended December 31, 2024

| *(In millions of won)* | | Beginning | Reclassification | Valuation Other 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 |

③ The fair value hierarchy is determined based on the significance of the inputs used in measuring fair value.

- 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 indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair values of the Group are determined based on the methods described below.

The fair value of financial instruments traded in active markets is determined based on the quoted market prices as of the end of the current and prior reporting periods. The Group uses closing prices as the market prices. These instruments are classified as Level 1. Instruments included in Level 1 mainly consist of listed equity securities classified as financial assets at FVOCI.

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. These valuation techniques maximize the use of observable market data and minimize the use of entity-specific inputs. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

**40. Risk Management, Continued**

(3) Fair value of financial instruments, continued

③ The fair value hierarchy is determined based on the significance of the inputs used in measuring fair value, continued:

The valuation techniques used to measure the fair value of financial instruments include the following:
- Quoted market prices or dealer prices for similar instruments
- The fair value of derivative instruments is measured by discounting the relevant amounts to their present value using forward exchange rates as of the end of the current and prior reporting periods

For other financial instruments, fair value is measured using other techniques, such as discounted cash flow methods.
For trade and other receivables classified as current assets, the carrying amounts are considered to be reasonable approximations of their fair values.

Except for the matters described in Note 2-(4), there were no significant changes in the business or economic environment during the current period that affected the fair value of the Group's financial assets and financial liabilities.

As of the end of the current period, the valuation techniques used and the inputs applied in measuring the fair value of financial instruments classified as Level 2 are as follows.

| *(In millions of won)* | | Fair value | Valuation methods | Inputs |
|---|---|---|---|---|
| Financial assets at FVPL | ₩ | 149,735 | DCF model | Discount rate |

**40. Risk Management, Continued**

(3) Fair value of financial instruments, continued

③ The fair value hierarchy is determined based on the significance of the inputs used in measuring fair value, continued:

As of the end of the current period, the valuation techniques used and the significant unobservable inputs applied in measuring the fair value of financial instruments classified as Level 3 are as follows.

| *(In millions of won)* | Fair value | Valuation technique | Unobservable inputs | Range of estimates for unobservable inputs | Relationship between unobservable inputs and fair value measurement |
|---|---|---|---|---|---|
| **Financial assets at FVOCI (Unlisted equity securities)** | ₩ 285,678 | DCF model / Comparable company analysis | .Discount rate | 8.80% | An increase in the discount rate would result in a decrease in fair values |
| | | | Growth rate | 1.00% | An increase in the perpetual growth rate would result in an increase in fair value |
| | ₩ 96,870 | Market approach / Investment transaction valuation method | - | - | - |
| | | | - | - | - |
| | ₩ 23,097 | Actuarial valuation method | Discount rate | 2.78~4.30%- | An increase in the discount rate would result in a decrease in fair value |
| | | | Inflation rate | 2.00% | An increase in the inflation rate would result in a decrease in fair value |
| | | | Mortality rate | - | An increase in the mortality rate would result in a decrease in fair value |

As of the end of the reporting period, the results of the sensitivity analysis on changes in unobservable inputs used in measuring the fair value of financial instruments classified as Level 3 are as follows.

| *(In millions of won)* | | Fair value | Unobservable inputs (Change) | | Other comprehensive income | |
|---|---|---|---|---|---|---|
| | | | | | **Favorable changes** | **Unfavorable changes** |
| Financial assets at FVOCI (Unlisted equity securities) | ₩ | 285,678 | Growth rate | : (–)1% ~ 1% | 157,929 | (95,323) |
| | | | Discount rate | : (–)1% ~ 1% | | |
| | | 23,097 | Mortality rate | : (–)10% ~ 10% | 115 | (184) |

### 41. Disposal Group Held for Sale

The details of the disposal group classified as held for sale as of December 31, 2025 are as follows:

| *(In millions of won)* | | December 31, 2025 |
|---|---|---|
| Trade and other receivables | ₩ | 2,415 |
| Property, plant and equipment, etc. | | 47,919 |
| Assets classified as held for sale | | 50,334 |
| | | |
| Trade and other payables | | 492 |
| Borrowings and other liabilities | | 46,325 |
| Liabilities included in a disposal group classified as held for sale | ₩ | 46,817 |

As of the end of the current period, the Group classified property, plant and equipment amounting to ₩9,855 million related to the Gyeongju Logistics Center as non-current assets held for sale, and plans to sell such assets to Daeho Logis Co., Ltd. in March 2026. In addition, the consolidated group plans to dispose of the asset group of Mobis US Electrified Powertrain, LLC, a subsidiary of the consolidated group, to Stellantis N.V., and the disposal is expected to be completed during 2026.

### 42. Date of Authorization for Issue

The consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2026.

### 43. Subsequent events

The Group selected OP mobility SE of France as the preferred bidder in connection with the proposed sale of the Lamp Business Unit and entered into a non-binding memorandum of understanding on January 27, 2026 to negotiate the terms of the transaction.

**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. and its subsidiaries (collectively referred to as the “Group”) and the consolidated financial statements of the Group for the year ended December 31, 2025 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 Consolidated Internal Control over Financial Reporting

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

(English translation of a report originally issued in Korean)

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

### *Opinion on Internal Control over Financial Reporting for Consolidation Purposes*

We have audited *HYUNDAI MOBIS CO., LTD.* and its subsidiaries ("the Group")' internal control over financial reporting ("ICFR") for consolidation purposes as of December 31, 2025 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee").

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting for consolidation purposes as of December 31, 2025, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policies, and our report dated March 5, 2026 expressed an unmodified opinion on those consolidated financial statements.

### *Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes*

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in 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.

### *Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting for Consolidation Purposes*

The Group's management is responsible for designing, operating and maintaining effective internal control over financial reporting for consolidation purposes and for its assessment of the effectiveness of internal control over financial reporting for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Consolidated Internal Control over Financial Reporting

Those charged with governance are responsible for overseeing the Group's internal control over financial reporting for consolidation purposes.

### *Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting for Consolidation Purposes*

Our responsibility is to express an opinion on the Group's internal control over financial reporting for consolidation purposes based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting for consolidation purposes was maintained in all material respects.

An audit of internal control over financial reporting for consolidation purposes includes performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. The audit involves obtaining an understanding of internal control over financial reporting for consolidation purposes, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks.

*Definition and Limitations of Internal Control over Financial Reporting for Consolidation Purposes*

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sung-Chae, Kang.

Seoul, Korea
March 5, 2026

KPMG Samjong Accounting Corp.

This report is effective as of March 5, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# Management's Report on the Effectiveness of Consolidated 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 Consolidated 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 Consolidated Internal Control over Financial Reporting ("ICFR") for the year ended December 31, 2025.

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 Consolidated 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 "Criteria for the Evaluation and Reporting of Internal Accounting Control Systems" set forth in Appendix 6 to the *Enforcement Rules of the Regulations on External Audit and Accounting, etc.*..

Based on the assessment results, we believe that the Company's ICFR, as of December 31, 2025, 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 27, 2027 | Date: | January 27, 2026 |
| Name: | Gyusuk Lee | Name: | Dohyung Kim |
| Title: | Chief Executive Officer | Title: | Internal Control over Financial Reporting Officer |