

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements
For the year ended December 31, 2022
With the Independent Auditor's Report



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

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

Opinion

We have audited the accompanying consolidated financial statements of HYUNDAI MOBIS CO., LTD. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matter

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

(Key audit matter 1) Appropriate cut-off of sales recognition for A/S parts

As described in Note 3-(20) and 4 to the consolidated financial statements, the Group is engaged in A/S parts business of significant scale, and recognizes the related consideration as revenue when control of goods is transferred in a contract with a customer. The Group's sales of A/S parts business are transacted with various customers, and the timing of revenue recognition may differ depending on the contract with the customer, and thus, the inherent risk of cut-off of revenue recognition is high. Therefore, we identified the appropriate cut-off of sales recognition for A/S parts as a key audit matter in consideration of the significance of sales of A/S parts business in the Group's revenue and the significant risk of misstatement in the cut-off of revenue recognition, which may occur depending on the terms of contracts with various customers.

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

- Review the time when control is transferred on the basis of revenue recognition under KIFRS by reviewing the Group's major contract terms and conditions.
- Obtain an understanding of the Group's policies, processes and internal control procedures related to sales of A/S parts.
- Compare the accounting records and original documents for sales transactions in the A/S parts business that occurred before and after the end of the reporting period.

(Key audit matter 2) Measurement of inventory valuation allowance

As described in Note 3-(8) and 9 to the consolidated financial statements, the Group recognized an allowance for inventory valuation of ₩ 227,668 million by measuring inventories at the lower of acquisition cost and net realizable value.

The Group has a variety of inventories, which account for a significant proportion of total assets of the Group. The Group measures the net realizable value of inventories based on various assumptions, such as the non-movement period, forecasted demand, and expected selling price. Therefore, we identified the adequacy of the inventory valuation allowance measurement as a key audit matter in consideration of the significance of inventories in the Group's consolidated financial statements and the significant risk of misstatement that may occur due to the uncertainty of estimates used by management when measuring net realizable value, and the complexity of assumptions.

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

- Obtain an understanding of the accounting policies and internal control procedures related to inventory valuation allowance measurement.
- Compare the basic data of major accounting estimates used by management with internal and external information.
- Review the results of accounting estimates included in the prior year consolidated financial statements.
- Verify by conducting independent recalculation of inventory valuation allowance.

Other Matter

The consolidated statement of financial position as of December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, were audited by KPMG Samjong Accounting Corp. in accordance with KSA, whose report dated March 8, 2022, expressed an unqualified opinion thereon.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should

not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ernst & Young Han Young

March 7, 2023

This audit report is effective as of March 7, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

Cho, Sung-Hwan
Chief Executive Officer
HYUNDAI MOBIS Co., Ltd.

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HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31, 2022 and 2021

(In millions of won)

	<i>Note</i>	2022	2021
Assets			
Cash and cash equivalents	5,41	₩ 4,088,248	₩ 4,155,989
Other financial assets	6,7,41	5,643,199	6,684,549
Trade and other receivables, net	8,22,37,41	10,164,263	8,112,515
Inventories, net	4,9	5,267,166	4,274,966
Other current assets	10,41	496,845	324,343
Total current assets		25,659,721	23,552,362
Property, plant and equipment, net	4,11,22,38	9,370,715	9,130,544
Intangible assets, net	4,12	965,065	915,875
Investment property, net	13	56,390	59,532
Right-of-use assets, net	14	415,369	359,185
Investments in associates and joint ventures	15	17,113,324	16,038,323
Non-current financial assets	16,41	911,583	448,957
Deferred tax assets	35	180,565	257,646
Other non-current assets	6,8,17,23,41	733,966	720,113
Total non-current assets		29,746,977	27,930,175
Total assets		₩ 55,406,698	₩ 51,482,537

(continued)

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position, Continued

As of December 31, 2022 and 2021

(In millions of won)

	<i>Note</i>	2022	2021
Liabilities			
Trade and other payables	18,37,41	₩ 7,621,632	₩ 6,368,543
Current portion of long-term debt and short-term borrowings	22,40,41	1,781,532	1,584,475
Current lease liabilities	40,41	101,982	91,170
Income taxes payable	35	246,708	243,889
Current provisions for warranties	21	878,603	959,936
Other current liabilities	19,24,41	845,713	828,974
Total current liabilities		11,476,170	10,076,987
Bonds and long-term borrowings	22,40,41	1,462,049	1,587,545
Defined benefit obligations	23	11,205	12,476
Non-current lease liabilities	40,41	297,004	247,841
Non-current provision for warranties	21	295,938	258,051
Deferred tax liabilities	35	3,513,616	3,400,090
Other non-current liabilities	20,41	543,084	542,073
Total non-current liabilities		6,122,896	6,048,076
Total liabilities		17,599,066	16,125,063
Equity			
Capital stock	25	491,096	491,096
Capital surplus	25	1,362,200	1,399,030
Treasury stock	26	(568,475)	(866,756)
Other equity	27	(464,875)	(429,811)
Retained earnings	28	36,979,291	34,679,467
Equity attributable to owners of the Company		37,799,237	35,273,026
Non-controlling interests	1	8,395	84,448
Total equity		37,807,632	35,357,474
Total liabilities and equity		₩ 55,406,698	₩ 51,482,537

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 the years ended December 31, 2022 and 2021

(In millions of won, except earnings per share information)

	<i>Note</i>	2022	2021
Revenue	4,30,37	₩ 51,906,293	₩ 41,702,184
Cost of sales	31,37	(45,919,139)	(36,437,646)
Gross profit		5,987,154	5,264,538
Selling, general and administrative expenses	31,32,34	(3,960,623)	(3,224,426)
Operating profit	4	2,026,531	2,040,112
Other income	33,34	481,942	362,499
Other expenses	11,33,34	(483,991)	(237,539)
Finance income	34	784,891	339,372
Finance costs	34	(668,331)	(232,147)
Share of profit of associates and joint ventures	15	1,221,570	922,245
Profit before income taxes		3,362,612	3,194,542
Income tax expense	35	(875,368)	(832,068)
Profit for the year		₩ 2,487,244	₩ 2,362,474
Profit attributable to:			
Owners of the Company	36	₩ 2,485,254	₩ 2,352,288
Non-controlling interests	1	1,990	10,186
Earnings per share			
Basic earnings per share in won	36	₩ 27,163	₩ 25,645

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 the years ended December 31, 2022 and 2021

(In millions of won)

	<i>Note</i>	2022	2021
Profit for the year		₩ 2,487,244	₩ 2,362,474
Other comprehensive income		227,814	548,288
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan, net of tax	23	126,114	7,223
Change in retained earnings of equity method investments	15	123,575	42,721
Loss on a financial assets at FVOCI, net of tax	16,27	(11,447)	(64,735)
Change in equity of equity method investments	15,27	(31,447)	33,471
		<u>206,795</u>	<u>18,680</u>
Items that may be reclassified to profit or loss:			
Foreign currency translation difference for foreign operations	27	95,031	143,331
Unrealized gain (loss) of hedging financial derivatives, net of tax	24,27	55	(289)
Change in equity of equity method investments	15,27	(74,067)	386,566
		<u>21,019</u>	<u>529,608</u>
Total comprehensive income for the year		<u>₩ 2,715,058</u>	<u>₩ 2,910,762</u>
Total comprehensive income attributable to:			
Owners of the Company		₩ 2,711,533	₩ 2,900,021
Non-controlling interests		3,525	10,741

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 the years ended December 31, 2022 and 2021

	Attributable to controlling interests					Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Treasury stock	Other equity	Retained earnings		
<i>(In millions of won)</i>							
Balance at January 1, 2021	₩ 491,096	₩ 1,398,026	₩ (559,886)	₩ (927,849)	₩ 32,851,281	₩ 75,455	₩ 33,328,123
Total comprehensive income (loss):							
Profit for the year	-	-	-	-	2,352,288	10,186	2,362,474
Loss on a financial assets at FVOCI, net of tax	-	-	-	(64,816)	-	81	(64,735)
Foreign currency translation difference for foreign operations, net of tax	-	-	-	143,106	-	225	143,331
Unrealized loss of hedging financial derivatives, net of tax	-	-	-	(289)	-	-	(289)
Net change of equity method accounted investments, net of tax	-	-	-	420,037	42,721	-	462,758
Remeasurements of defined benefit plan, net of tax	-	-	-	-	6,974	249	7,223
Total comprehensive income for the year	-	-	-	498,038	2,401,983	10,741	2,910,762
Transactions with owners of the Company, recognized directly in equity:							
Dividends	-	-	-	-	(461,880)	(1,748)	(463,628)
Change in Treasury stock	-	1,004	(306,870)	-	(111,917)	-	(417,783)
Total transactions with owners of the Company, recognized directly in equity	-	1,004	(306,870)	-	(573,797)	(1,748)	(881,411)
Balance at December 31, 2021	₩ 491,096	₩ 1,399,030	₩ (866,756)	₩ (429,811)	₩ 34,679,467	₩ 84,448	₩ 35,357,474

(continued)

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(In millions of won)	Attributable to controlling interests					Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Treasury stock	Other equity	Retained earnings		
Balance at January 1, 2022	₩ 491,096	₩ 1,399,030	₩ (866,756)	₩ (429,811)	₩ 34,679,467	₩ 84,448	₩ 35,357,474
Total comprehensive income (loss):							
Profit for the year	-	-	-	-	2,485,254	1,990	2,487,244
Loss on a financial assets at FVOCI, net of tax	-	-	-	(11,448)	-	1	(11,447)
Foreign currency translation difference for foreign operations, net of tax	-	-	-	93,610	-	1,421	95,031
Unrealized gain of hedging financial derivatives, net of tax	-	-	-	55	-	-	55
Net change of equity method accounted investments, net of tax	-	-	-	(105,514)	123,575	-	18,061
Remeasurements of defined benefit plan, net of tax	-	-	-	-	126,001	113	126,114
Total comprehensive income (loss) for the year	-	-	-	(23,297)	2,734,830	3,525	2,715,058
Transactions with owners of the Company, recognized directly in equity:							
Dividends	-	-	-	-	(364,205)	(3,895)	(368,100)
Change in Treasury stock	-	(36,830)	298,281	-	(70,801)	-	190,650
Others	-	-	-	(11,767)	-	(75,683)	(87,450)
Total transactions with owners of the Company, recognized directly in equity	-	(36,830)	298,281	(11,767)	(435,006)	(79,578)	(264,900)
Balance at December 31, 2022	₩ 491,096	₩ 1,362,200	₩ (568,475)	₩ (464,875)	₩ 36,979,291	₩ 8,395	₩ 37,807,632

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(In millions of won)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Cash generated from operations	39	₩ 2,422,765	₩ 2,841,971
Interest received		224,984	128,370
Interest paid		(56,594)	(33,748)
Dividends received		312,684	266,418
Income tax paid		(749,777)	(594,202)
Net cash provided by operating activities		<u>2,154,062</u>	<u>2,608,809</u>
Cash flows from investing activities			
Net increase in financial assets at amortized cost		(33,769)	(427,791)
Disposal of financial assets at FVPL		356	2,235
Acquisition of financial assets at FVPL		(2,000)	(3,750)
Disposal of financial assets at FVOCI		-	3,181
Acquisition of financial assets at FVOCI		(167,936)	(8,853)
Net cash outflow from business combination		-	(148,808)
Disposal of investments in associates		3,250	549
Acquisition of investments in associates		(227,340)	(459,534)
Increase in short-term loans		(90,797)	(19)
Decrease in long-term loans		97,992	2,667
Disposal of property, plant and equipment		78,073	58,752
Acquisition of property, plant and equipment		(1,134,395)	(921,842)
Disposal of intangible assets		25	818
Acquisition of intangible assets		(86,415)	(32,513)
Increase in deposits provided		(41,024)	(18,471)
Net cash used in investing activities		<u>(1,603,980)</u>	<u>(1,953,379)</u>
Cash flows from financing activities			
Payment of lease liabilities	40	(133,148)	(103,870)
Proceeds from current portion of long-term debt and short-term borrowings	40	6,374,489	4,364,803
Repayment of current portion of long-term debt and short-term borrowings	40	(6,413,413)	(5,156,043)
Proceeds from long-term borrowings	40	237,619	573,298
Repayment of long-term borrowings	40	(91,745)	(97,256)
Issue of bonds		-	348,931
Dividends paid		(368,100)	(463,628)
Acquisition of treasury stock		(244,166)	(428,640)
Net cash used in financing activities		<u>(638,464)</u>	<u>(962,405)</u>
Effect of currency exchange rates fluctuation on cash and cash equivalents		20,641	260,528
Net decrease in cash and cash equivalents		(67,741)	(46,447)
Cash and cash equivalents at the beginning of year	5	<u>4,155,989</u>	<u>4,202,436</u>
Cash and cash equivalents at the end of year	5	<u>₩ 4,088,248</u>	<u>₩ 4,155,989</u>

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

1. General Description of the Company and 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 5th, 1989.

The main office is located in Yeok-Sam, Gangnam-gu, Seoul, and its module factories are located in Ul-San, Kyung-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, 2022 and 2021 are as follows:

<i>(In shares)</i>	2022		2021	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
KIA CORPORATION	16,427,074	17.42%	16,427,074	17.37%
Mong-Ku Chung	6,778,966	7.19%	6,778,966	7.17%
Hyundai Steel Company	5,504,846	5.84%	5,504,846	5.82%
KT Corporation (*)	1,383,893	1.47%	-	-
Hyundai Glovis Co., Ltd.	656,293	0.70%	656,293	0.69%
Eui-Sun Chung	303,759	0.32%	303,759	0.32%
Treasury stock	2,434,930	2.58%	3,525,735	3.73%
Others	60,795,333	64.48%	61,376,421	64.90%
	<u>94,285,094</u>	<u>100.00%</u>	<u>94,573,094</u>	<u>100.00%</u>

(*) During the year 2022, the Company exchanged treasury stocks with KT Corporation. (Note 26)

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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

1. General Description of the Company and Subsidiaries, Continued

(2) Details of subsidiaries

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

Company	Location	Business	Reporting date	Ownership	
				2022	2021
Hyundai IHL Co., Ltd.	Korea	Manufacturing the auto lighting and electric apparatus	31-Dec	99.38%	99.38%
Global Information Technology Co., Ltd.(*1)	Korea	Manufacturing diagnostic System	31-Dec	80.54%	45.87%
H Green Power Inc.	Korea	Manufacturing of storage battery	31-Dec	100.00%	100.00%
MOTRAS (*10)	Korea	Manufacturing and sales of auto-parts	31-Dec	100.00%	-
UNITUS (*10)	Korea	Manufacturing and sales of auto-parts	31-Dec	100.00%	-
Mobis America, Inc.	USA	Holding company	31-Dec	100.00%	100.00%
Mobis Alabama, LLC(*2)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts America, LLC(*2)	USA	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts Miami, LLC(*2)	USA	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(*3)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis US Alabama, LLC(*3)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
GIT America., Inc.(*4)	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.(*5)	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(*4)	Germany	Sales of diagnostic System	31-Dec	100.00%	100.00%
Mobis Parts CIS, LLC(*6)	Russia	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Module CIS, LLC(*7)	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 Automotive Solutions Spain,S.L.U.(*10)	Spain	Sales of auto-parts	31-Dec	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.(*8)	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.	China	Manufacturing and sales of auto-parts	31-Dec	90.00%	90.00%
ChongQing Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	90.00%	90.00%
GIT Beijing Automotive Technology Inc.(*4)	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(*9)	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%
Mobis Parts Australia PTY., Ltd.	Australia	Sales of auto-parts	31-Dec	100.00%	100.00%
PT Hyundai Energy Indonesia(*10)	Indonesia	Manufacturing and sales of auto-parts	31-Dec	99.99%	-

(*1) The Company's share ratio increased due to GIT's acquisition of treasury stocks during the year 2022.

(*2) Mobis America, Inc. owns 100.00% of shares.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

1. General Description of the Company and Subsidiaries, Continued

(2) Details of subsidiaries, continued

(*3) American Autoparts, Inc. owns 100.00% of shares.

(*4) Global Information Technology Co., Ltd. holds the ownership interests, and the ownership ratio of GIT is presented above.

(*5) The Company and Mobis America, Inc. own 98.37% and 1.63% of shares, respectively.

(*6) Mobis Parts Europe N.V. owns 100.00% of shares.

(*7) The Company and Mobis Parts CIS, LLC own 99.00% and 1.00% of shares, respectively.

(*8) The Company and Shanghai Hyundai Mobis Automotive Parts Co., Ltd. own 33.75% and 66.25% of shares, respectively.

(*9) Mobis Parts Middle East FZE owns 100.00% of shares.

(*10) The Company acquired 100% shares in Mobis Automotive Solutions Spain, S.L.U. for ₩5 million, 100% shares in MOTRAS CO., LTD for ₩40,000 million, 100% shares in UNITUS CO., LTD for ₩30,000 million, 99.99% shares in PT Hyundai Energy Indonesia for ₩18,749 million during the year 2022.

(3) Changes in subsidiaries

Subsidiaries included or excluded in consolidated financial statements during 2022 are as follows:

Subsidiaries	Cause
Mobis Automotive Solutions Spain, S.L.U.	Establishment of corporation
MOTRAS CO., LTD	Establishment of corporation
UNITUS CO., LTD	Establishment of corporation
PT Hyundai Energy Indonesia	Establishment of corporation

(4) Financial information of subsidiaries

① Financial information of subsidiaries included in consolidation as of and for the year ended December 31, 2022 are summarized as follows:

	Assets	Liabilities	Revenue	Profit (loss)
Mobis America Inc. (*1)	₩ 3,492,082	₩ 1,702,436	₩ 8,168,774	₩ 122,630
Beijing Hyundai Mobis Automotive Parts Co., Ltd.	1,274,862	439,521	848,985	(42,888)
Jiangsu Mobis Automotive Parts Co., Ltd.	1,076,664	445,086	848,536	(33,137)
Mobis Parts Europe N.V.	1,042,380	321,871	1,601,153	55,995
Hyundai Mobis Mexico, S. De R.L. De C.V.	1,169,224	838,292	1,767,573	75,731
Mobis India, Ltd.	927,548	330,647	2,224,089	176,451
Mobis Slovakia s.r.o.	797,063	374,696	2,457,282	99,566
Mobis Automotive Czech s.r.o.	596,609	453,981	2,539,136	35,410
American Autoparts Inc. (*2)	601,089	340,979	2,034,784	(20,219)

(*1) Consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami, LLC, and Mobis Parts America, LLC.

(*2) Consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC, and Mobis US Alabama, LLC.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

1. General Description of the Company and Subsidiaries, Continued

(4) Financial information of subsidiaries, Continued

- ② Financial information of subsidiaries included in consolidation as of and for the year ended December 31, 2021 are summarized as follows:

(In millions of won)

Company	Assets	Liabilities	Revenue	Profit (loss)
Mobis America Inc. (*1)	₩ 2,884,004	₩ 1,393,375	₩ 5,575,687	₩ 134,639
Beijing Hyundai Mobis Automotive Parts Co., Ltd.	1,387,960	488,729	1,028,337	(16,318)
Jiangsu Mobis Automotive Parts Co., Ltd.	1,102,092	421,518	794,389	(9,130)
Mobis Parts Europe N.V.	1,011,448	310,767	1,262,145	78,123
Hyundai Mobis Mexico, S. De R.L. De C.V.	957,458	717,373	1,208,474	40,766
Mobis India, Ltd.	832,758	253,679	1,720,043	138,719
Mobis Slovakia s.r.o.	782,493	407,665	2,025,502	79,103
Mobis Automotive Czech s.r.o.	501,923	395,247	2,017,695	19,042
American Autoparts Inc. (*2)	529,766	267,893	1,892,831	(2,259)

(*1) Consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami, LLC, and Mobis Parts America, LLC.

(*2) Consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC, and Mobis US Alabama, LLC.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

1. General Description of the Company and Subsidiaries, Continued

(5) Financial information of non-controlling interests as of and for the years ended December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd. (*2)	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	PT Hyundai Energy Indonesia	Total
<i>(In millions of won)</i>						
Accumulated non-controlling interests(*1)	₩ (26)	16,475	1,267	(9,321)	-	8,395
Profit (loss) allocated to non-controlling interests(*1)	30	9,041	(5,201)	(1,880)	-	1,990
Cash flows from operating activities	15,855	18,372	(1,197)	(852)	(18)	32,160
Cash flows from investing activities	(14,394)	77,492	(1,149)	(4,113)	(87)	57,749
Cash flows from financing activities before dividends to non-controlling interests	(10,608)	(87,801)	(68)	2,054	19,547	(76,876)
Dividends paid to non-controlling interests	-	(3,895)	-	-	-	(3,895)
Effect of currency exchange rate fluctuation on cash and cash equivalents	-	663	(576)	(1,507)	(1,216)	(2,636)
Net increase (decrease) in cash and cash equivalents	(9,147)	4,831	(2,990)	(4,418)	18,226	6,502

(*1) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.

(*2) The effects of changes in non-controlling interests resulting from the acquisition of treasury stocks during the current term are included in the cumulative non-controlling interests.

② As of December 31, 2021

	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd.	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	Total
<i>(In millions of won)</i>					
Accumulated non-controlling interests(*)	₩ (90)	85,921	6,358	(7,741)	84,448
Profit allocated to non-controlling interests(*)	194	7,570	1,845	577	10,186
Cash flows from operating activities	63,620	19,019	(13,992)	5,478	74,125
Cash flows from investing activities	(12,844)	(22,261)	(5,290)	(896)	(41,291)
Cash flows from financing activities before dividends to non-controlling interests	(31,867)	(221)	(26,061)	(388)	(58,537)
Dividends paid to non-controlling interests	-	(1,748)	-	-	(1,748)
Effect of currency exchange rate fluctuation on cash and cash equivalents	-	715	5,482	6,406	12,603
Net increase (decrease) in cash and cash equivalents	18,909	(4,496)	(39,861)	10,600	(14,848)

(*) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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 accounts 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-(24).

The management expects that the COVID-19 outbreak from early 2020 will have an impact on most of the regional and operating sectors in which the Group operates. However, as the extent and duration of the impacts of COVID-19 outbreak remain uncertain, the financial impact cannot be reasonably estimated.

3. Significant Accounting Policies

The significant 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 controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 income.

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 investment in associates includes 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 income, 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 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 exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.
- 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.
- 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 leasing or realizing the expected cash flow through the sale of the asset includes executive strategy.

- To evaluate the performance of the financial assets held by the business model and to report 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)
- 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 includes 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:

- Conditions that change the amount or timing of cash flows.
- Provision to adjust contractual nominal interest rate, including variable interest rate characteristics.
- Characteristics of repayment and maturity extension.
- Terms that limit the Group's claim to cash flows arising from a particular asset.

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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
- 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
- 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. Amounts written off

If there is no reasonable expectation of recovery of all or part of the contractual cash flows of a financial asset, the asset is removed. For individual customers, the Group assesses the timing and amount of each individual by assessing whether there is a reasonable expectation of recovery for the enterprise customer, based on historical experience with the recovery of similar assets. The Group has no expectation that the proceeds will be recovered significantly. However, deferred financial assets can be subject to collection activities in accordance with the collection procedure of 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

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 income 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 income.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 consists 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 applies recognition exemptions for the 'short-term lease' and 'lease of low-value assets.' 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 income.

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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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, or
- 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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 right consists of emission allowances that are allocated from the government free of charge or purchased from the market. The cost includes any cost directly attributable to bringing the asset and condition necessary for it to be capable of operating in the manner intended by management.

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

Emission right 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant 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.

(20) Revenue from contracts with customers

The Group is engaged in automobile module and parts manufacturing business and A/S parts business. 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 A/S

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:

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(20) Revenue from contracts with customers, continued

① Provision of modules and parts and parts for A/S, continued

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).

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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(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.

(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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(24) Significant 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 significant 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.

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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(24) Significant accounting estimates and judgments, continued

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).

(25) New standards and interpretations not yet adopted

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

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

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the consolidated financial statements of the Group.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(25) New standards and interpretations not yet adopted, continued

Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments replace a reference to a previous version of the International Accounting Standards Board (IASB)'s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of KIFRS 1103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 Provisions, Contingent Liabilities and Contingent Assets or KIFRS Interpretation 2121 Levies, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS Interpretation 2121, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). These amendments had no material impact on the consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1116 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group.

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

The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to KIFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101. These amendments had no material impact on the consolidated financial statements of the Group.

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

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(25) New standards and interpretations not yet adopted, continued

KIFRS 1041 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. These amendments had no material impact on the consolidated financial statements of the Group.

(26) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

KIFRS 1117 Insurance Contracts

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

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

KIFRS 1117 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies KIFRS 1109 and KIFRS 1115 on or before the date it first applies KIFRS 1117. These amendments are not expected have material impact on the consolidated financial statements of the Group.

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. These amendments are not expected have material impact on the consolidated financial statements of the Group.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

3. Significant Accounting Policies, Continued

(26) Standards issued but not yet effective, continued

Definition of Accounting Estimates - Amendments to KIFRS 1008

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

Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. These amendments are not expected have material impact on the consolidated financial statements of the Group.

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

The amendments narrow the scope of the initial recognition exception under KIFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. These amendments are not expected have material impact on the consolidated financial statements of the Group.

(27) Introduction and Impact of the Global Minimum Tax

The OECD/G20 Comprehensive Implementation Framework Agreement on BEPS (Base Erosion and Profit Shifting) is intended to counter tax avoidance and tax source erosion through income transfer by multinational corporations in the digital economy. The BEPS Pillar 2 global minimum tax applies to multinational companies with consolidated sales exceeding 750 million euros. In Korea, the global minimum tax was passed by the National Assembly at the end of 2022 as part of the revision of the 'Act on International Tax Adjustment'. The domestic effective date of this law is January 1, 2024, and the enforcement ordinance for the global minimum tax has not been amended as of the end of the reporting period. As the global minimum tax in Korea has not been substantially enacted for financial reporting purposes, there is no related tax effect recognized by the Group in its consolidated financial statements as of the end of the reporting period.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

4. Operating Segments

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

Reportable segments	Information of reportable segments
Auto parts	Sale of auto modules and parts for manufacturing vehicle
After-sales services	Sale of after-sales services parts and accessories

(2) Information of reportable segments

① As of and for the year ended December 31, 2022

<i>(In millions of won)</i>		Auto parts	After-sales services	Common segment	Consolidation adjustment	Total
Gross revenues	₩	49,034,000	14,193,353	-	(11,321,060)	51,906,293
Consolidation adjustment		(7,337,468)	(3,983,592)	-	11,321,060	-
Revenues from external customers		41,696,532	10,209,761	-	-	51,906,293
Operating profit		28,142	2,165,297	-	(166,908)	2,026,531
Segment assets :						
Inventories		3,243,050	2,839,252	-	(815,136)	5,267,166
Property, plant and equipment		4,030,266	1,073,252	4,276,468	(9,271)	9,370,715
Intangible assets		757,760	64,566	121,401	21,338	965,065

② As of and for the year ended December 31, 2021

<i>(In millions of won)</i>		Auto parts	After-sales services	Common segment	Consolidation adjustment	Total
Gross revenues	₩	38,892,617	11,437,292	-	(8,627,725)	41,702,184
Consolidation adjustment		(5,627,232)	(3,000,493)	-	8,627,725	-
Revenues from external customers		33,265,385	8,436,799	-	-	41,702,184
Operating profit		77,971	1,968,067	-	(5,926)	2,040,112
Segment assets :						
Inventories		2,524,603	2,390,092	-	(639,729)	4,274,966
Property, plant and equipment		3,888,473	1,003,084	4,249,145	(10,158)	9,130,544
Intangible assets		704,859	62,845	126,157	22,014	915,875

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

4. Operating Segments, Continued

(3) Geographical information

① As of and for the year ended December 31, 2022

<i>(In millions of won)</i>	Korea	China	America	Europe	Other regions	Consolidation adjustment	Total
Gross revenues	₩ 35,884,127	3,005,851	12,927,089	7,774,921	3,635,365	(11,321,060)	51,906,293
Consolidation adjustment	(9,170,706)	(435,324)	(650,410)	(863,154)	(201,466)	11,321,060	-
Revenues from external customers	26,713,421	2,570,527	12,276,679	6,911,767	3,433,899	-	51,906,293
Operating profit (loss)	1,439,642	(40,391)	272,316	260,682	261,190	(166,908)	2,026,531
Assets by geographic areas:							
Inventories	2,510,654	235,031	1,780,862	1,071,095	484,660	(815,136)	5,267,166
Property, plant and equipment	7,411,630	404,684	906,750	446,181	210,741	(9,271)	9,370,715
Intangible assets	864,339	5,948	38,474	19,438	15,528	21,338	965,065

② As of and for the year ended December 31, 2021

<i>(In millions of won)</i>	Korea	China	America	Europe	Other regions	Consolidation adjustment	Total
Gross revenues	₩ 28,370,167	3,337,601	9,294,234	6,614,168	2,713,739	(8,627,725)	41,702,184
Consolidation adjustment	(6,816,152)	(505,301)	(453,803)	(703,311)	(149,158)	8,627,725	-
Revenues from external customers	21,554,015	2,832,300	8,840,431	5,910,857	2,564,581	-	41,702,184
Operating profit (loss)	1,388,992	(29,553)	247,678	228,667	210,254	(5,926)	2,040,112
Assets by geographic areas:							
Inventories	1,956,181	218,964	1,351,463	945,722	442,365	(639,729)	4,274,966
Property, plant and equipment	7,163,087	509,329	773,885	472,520	221,881	(10,158)	9,130,544
Intangible assets	813,864	7,868	36,338	18,819	16,972	22,014	915,875

(4) Information of major customers

Revenues from major customers with 10% more of the revenues from external customers in the auto parts, after-sales service and financial service business segments are ₩39,787,269 million and ₩30,519,305 million for the years ended December 31, 2022 and 2021, respectively.

5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Cash on hand	₩ 28	₩ 28
Bank deposits and others	4,088,220	4,155,961
	₩ 4,088,248	₩ 4,155,989

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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6. Restricted Financial Instruments

Financial instruments which are restricted in use as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)		2022	2021	Description
Other Financial Assets	₩	181,500	₩ 181,500	Mutual cooperation deposits and others
		1,727	355	Escrow account for public contribution
		1,288	1,319	Government subsidies
		1,300	1,300	Payment guarantees security
		-	373	Collateral deposits for import tariffs
Other Non-current Assets				Collateral deposits for import tariffs, value added taxes payment and others
		6,653	6,982	
	₩	192,468	₩ 191,829	

7. Other Financial Assets

Other Financial Assets as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)	2022	2021
Financial assets at amortized cost	₩ 3,295,928	₩ 3,266,767
Financial assets at FVPL	2,347,271	3,417,782
	₩ 5,643,199	₩ 6,684,549

8. Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)	2022		2021	
	Current	Non-current	Current	Non-current
Accounts and notes receivable - trade	9,777,864	₩ -	₩ 7,823,796	₩ 4,490
Allowance for doubtful accounts	(2,975)	-	(460)	(4,489)
	9,774,889	-	7,823,336	1
Accounts and notes receivable - other	306,438	284,494	287,188	377,024
Allowance for doubtful accounts	(1,535)	(572)	(813)	(3,972)
	304,903	283,922	286,375	373,052
Loans	84,471	2,931	2,804	98,559
	₩ 10,164,263	₩ 286,853	₩ 8,112,515	₩ 471,612

Trade and other receivables from related parties and the enterprise group affiliates as of December 31, 2022 and 2021 are ₩8,506,175 million and ₩6,805,802 million, respectively (Note 37).

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

8. Trade and Other Receivables, Continued

- (2) The Group transferred certain accounts and notes receivable (including trade receivables between consolidated entities) amounting to ₩1,052,232 million and ₩1,130,908 million to several financial institutions with recourse and treated them as borrowings as of December 31, 2022 and 2021, respectively (Note 22).
- (3) The Group recognized an allowance for doubtful accounts amounting to ₩3,943 million based on individual analysis for receivables impaired as of December 31, 2022. In addition, the Group recognized an allowance for doubtful accounts amounting to ₩1,139 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 the years ended December 31, 2022 and 2021 are as follows:

<i>(In millions of won)</i>	2022		2021	
Beginning balance	₩	9,734	₩	8,359
Bad debts expense(profit)		(279)		1,434
Write-off		(4,231)		(66)
Others (effect of changes in exchange rate and others)		(142)		7
Ending balance	₩	5,082	₩	9,734

9. Inventories

Inventories as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022			2021		
	Acquisition cost	Provision for loss on valuation	Carrying amount	Acquisition cost	Provision for loss on valuation	Carrying amount
Merchandises	₩ 2,329,035	₩ (115,288)	₩ 2,213,747	₩ 1,942,924	₩ (112,405)	₩ 1,830,519
Finished goods	292,636	(26,947)	265,689	216,636	(21,630)	195,006
Work-in-process	345,693	(44,973)	300,720	317,083	(39,271)	277,812
Raw materials	1,540,933	(40,460)	1,500,473	1,019,321	(45,473)	973,848
Supplies	85,073	-	85,073	77,663	-	77,663
Goods-in-transit	849,699	-	849,699	846,319	-	846,319
Outsourcing	51,765	-	51,765	73,799	-	73,799
	₩ 5,494,834	₩ (227,668)	₩ 5,267,166	₩ 4,493,745	₩ (218,779)	₩ 4,274,966

The amounts of losses on valuation of inventories charged to cost of sales for the years ended December 31, 2022 and 2021 are ₩8,889 million and ₩8,017 million, respectively.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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10. Other Current Assets

Other current assets as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Accrued income	₩ 72,011	₩ 23,928
Advance payments	330,606	236,009
Prepaid expenses	94,199	63,947
Hedging derivative financial assets	29	459
	<u>₩ 496,845</u>	<u>₩ 324,343</u>

11. Property, Plant and Equipment

(1) Property, plant and equipment as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

(In millions of won)	Land	Buildings	Structures	Machinery	Tools	Furniture and fixture	Others	Construction-in-progress	Total
Acquisition costs	₩ 3,920,995	3,330,948	303,580	4,443,629	1,748,722	776,246	111,640	1,058,535	15,694,295
Accumulated depreciation	-	(1,241,986)	(114,319)	(2,886,589)	(1,338,240)	(608,671)	(82,263)	-	(6,272,068)
Government grant	(10,646)	(35,418)	(313)	(4,742)	(180)	(158)	(55)	-	(51,512)
Carrying amount	<u>₩ 3,910,349</u>	<u>2,053,544</u>	<u>188,948</u>	<u>1,552,298</u>	<u>410,302</u>	<u>167,417</u>	<u>29,322</u>	<u>1,058,535</u>	<u>9,370,715</u>

② As of December 31, 2021

(In millions of won)	Land	Buildings	Structures	Machinery	Tools	Furniture and fixture	Others	Construction-in-progress	Total
Acquisition costs	₩ 3,918,151	3,224,664	288,289	4,286,597	1,604,446	710,298	101,118	856,698	14,990,261
Accumulated depreciation	-	(1,098,010)	(99,013)	(2,780,943)	(1,194,335)	(558,929)	(74,820)	-	(5,806,050)
Government grant	(10,380)	(37,324)	(347)	(5,121)	(197)	(262)	(36)	-	(53,667)
Carrying amount	<u>₩ 3,907,771</u>	<u>2,089,330</u>	<u>188,929</u>	<u>1,500,533</u>	<u>409,914</u>	<u>151,107</u>	<u>26,262</u>	<u>856,698</u>	<u>9,130,544</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

(In millions of won)		Beginning balance	Acquisition	Disposal	Depreciation	Impairment losses(*1)	Others(*2)	Ending balance
Land	₩	3,907,771	441	(802)	-	-	2,939	3,910,349
Buildings		2,089,330	8,666	(822)	(116,446)	(25,557)	98,373	2,053,544
Structures		188,929	3,047	(242)	(14,442)	(1,439)	13,095	188,948
Machinery		1,500,533	92,204	(64,102)	(331,406)	(27,761)	382,830	1,552,298
Tools		409,914	112,279	(13,079)	(171,519)	(2,640)	75,347	410,302
Furniture and fixture		151,107	34,442	(2,298)	(62,177)	(163)	46,506	167,417
Others		26,262	5,393	(216)	(9,130)	(5)	7,018	29,322
Construction-in- progress		856,698	795,591	-	-	-	(593,754)	1,058,535
	₩	<u>9,130,544</u>	<u>1,052,063</u>	<u>(81,561)</u>	<u>(705,120)</u>	<u>(57,565)</u>	<u>32,354</u>	<u>9,370,715</u>

(*1) Impairment losses include the distribution of impairment losses to CGUs of the Mobis Module CIS, LLC, Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. for the year ended December 31, 2022

(*2) Others include reclassification from construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

② For the year ended December 31, 2021

(In millions of won)		Beginning balance	Acquisition	Disposal	Depreciation	Impairment losses(*1)	Acquisition of business operations and changes in the scope of consolidation(*2)	Others(*3)	Ending balance
Land	₩	3,774,694	106,078	(18)	-	-	12,055	14,962	3,907,771
Buildings		2,016,270	9,500	(1,738)	(107,905)	(876)	47,507	126,572	2,089,330
Structures		190,921	2,614	(369)	(13,790)	-	-	9,553	188,929
Machinery		1,359,034	41,084	(47,281)	(311,022)	(304)	74,877	384,145	1,500,533
Tools		382,875	114,036	(7,139)	(159,215)	(229)	91	79,495	409,914
Furniture and fixture		154,376	25,324	(899)	(61,170)	(79)	2,539	31,016	151,107
Others		27,229	3,009	(1,995)	(8,696)	(12)	2,512	4,215	26,262
Construction-in- progress		815,709	612,168	-	-	-	637	(571,816)	856,698
	₩	<u>8,721,108</u>	<u>913,813</u>	<u>(59,439)</u>	<u>(661,798)</u>	<u>(1,500)</u>	<u>140,218</u>	<u>78,142</u>	<u>9,130,544</u>

(*1) Impairment losses include the distribution of impairment losses to CGUs of the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. for the year ended December 31, 2021

(*2) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc.

(*3) Others include reclassification from construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

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11. Property, Plant and Equipment, Continued

(3) The capitalized borrowing costs and capitalization interest rate for the years ended December 31, 2022 and 2021, are summarized as follows:

<i>(In millions of won)</i>	2022		2021	
Capitalized borrowing costs	₩	6,645	₩	495
Capitalization interest rates (%)		0.72 ~ 1.89		0.31

(4) Impairment of the cash-generating unit

The cash-generating unit of the consolidated company consists of the corporate unit that makes up the consolidated company. As significant signs of impairment were found in major assets belonging to the following cash-generating units due to worsening performance of the automobile industry in China, the consolidated company conducted an impairment test on the cash-generating unit.

The cash-generating unit subject to the impairment test was valued at its value in use, and the following are the main assumptions applied by the consolidated company to conduct impairment test:

	Operating segment	Discount rate(*1)	Permanent growth rate after estimated period(*2)
Mobis Module CIS, LLC cash-generating unit	Auto parts	18.6%	3.0%
Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. cash-generating unit	Auto parts	13.5%	0%

(*1) The estimated weighted average capital cost of the cash-generating unit was applied at the discount rate.

(*2) The cash flows were estimated using business plans for the next five years based on past experience, actual business results and growth performance trends, and the cash flows after the estimated period of five years were assumed to continue their respective permanent growth rates.

Impairment losses of the assessed cash-generating unit were distributed to property, plant and equipment and intangible assets of ₩57,491 million and ₩271 million respectively.

12. Intangible Assets

(1) Intangible assets as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

<i>(In millions of won)</i>		Goodwill	Industrial property rights	Development costs	Software	Membership	Others	Total
Acquisition costs	₩	652,282	43,689	211,512	625,916	78,740	239,938	1,852,077
Accumulated amortization		-	(16,279)	(162,542)	(506,639)	(2,032)	(199,506)	(886,998)
Government grant		-	-	-	(14)	-	-	(14)
Carrying amount	₩	652,282	27,410	48,970	119,263	76,708	40,432	965,065

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

12. Intangible Assets, Continued

(1) Intangible assets as of December 31, 2022 and 2021 are summarized as follows, continued:

② As of December 31, 2021

<i>(In millions of won)</i>		Goodwill	Industrial property rights	Development costs	Software	Membership	Others	Total
Acquisition costs	₩	652,262	37,945	162,010	579,338	79,484	239,224	1,750,263
Accumulated amortization		-	(12,317)	(160,606)	(458,668)	(2,845)	(199,934)	(834,370)
Government grant		-	-	-	(18)	-	-	(18)
Carrying amount	₩	<u>652,262</u>	<u>25,628</u>	<u>1,404</u>	<u>120,652</u>	<u>76,639</u>	<u>39,290</u>	<u>915,875</u>

(2) Changes in intangible assets for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

<i>(In millions of won)</i>		Beginning balance	Acquisition (*1)	Disposals	Amortization	Impairment losses(*2)	Others (*3)	Ending balance
Goodwill	₩	652,262	-	-	-	-	20	652,282
Industrial property rights		25,628	5,716	-	(3,962)	28	-	27,410
Development costs		1,404	49,502	-	(1,874)	(62)	-	48,970
Software		120,652	29,712	(71)	(52,770)	(272)	22,012	119,263
Membership		76,639	261	(31)	-	-	(161)	76,708
Other		39,290	1,421	-	(3,217)	-	2,938	40,432
	₩	<u>915,875</u>	<u>86,612</u>	<u>(102)</u>	<u>(61,823)</u>	<u>(306)</u>	<u>24,809</u>	<u>965,065</u>

(*1) Acquisition costs of internal development regarding the development costs, are included.

(*2) Impairment losses include the distribution of impairment losses to the Cangzhou Hyundai Mobis Automotive Parts Co., Ltd. cash-generating units for the year ended December 31, 2022 (Note 11).

(*3) Others include reclassification of construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

② For the year ended December 31, 2021

<i>(In millions of won)</i>		Beginning balance	Acquisition	Disposals	Amortization	Impairment losses(*1)	Acquisition of business operations and changes in the scope of consolidation(*2)	Others (*3)	Ending balance
Goodwill	₩	640,277	-	-	-	-	10,563	1,422	652,262
Industrial property rights		19,303	8,191	-	(3,128)	(188)	1,450	-	25,628
Development costs		2,266	-	-	(1,070)	(4,564)	4,772	-	1,404
Software		117,228	21,935	(31,172)	(52,695)	(16)	3,747	61,625	120,652
Membership		75,368	1,135	-	-	-	-	136	76,639
Other		26,845	1,602	(813)	(2,525)	-	13,258	923	39,290
	₩	<u>881,287</u>	<u>32,863</u>	<u>(31,985)</u>	<u>(59,418)</u>	<u>(4,768)</u>	<u>33,790</u>	<u>64,106</u>	<u>915,875</u>

(*1) Impairment losses include the distribution of impairment losses to the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. cash-generating units for the year ended December 31, 2021 (Note 11).

(*2) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc.

(*3) Others include reclassification of construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

(3) Research and development costs recorded in profit or loss for the years ended December 31, 2022 and 2021 are ₩1,370,854 million and ₩1,167,418 million, respectively (Note 32).

(4) Details of development costs as of December 31, 2022 are summarized as follows:

<i>(In millions of won)</i>	December 31, 2022	Residual amortization period
Development costs (Electrical / electronic parts)	₩ 39,200	5 years
Development costs (Electrification parts)	9,017	5 years
Development costs (Semiconductor parts)	711	4 years
Others	42	1~5 years
	<u>₩ 48,970</u>	

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For the years ended December 31, 2022 and 2021

12. Intangible Assets, Continued

(5) Impairment of goodwill

Individually significant goodwill allocated to the cash generation units identified by operating segments as of December 31, 2022 is as follows.

<i>(In millions of won)</i>	<u>Auto parts</u>		<u>After-sales services</u>		<u>Total</u>	
Hyundai Autonet Co., Ltd.	₩	588,395	₩	-	₩	588,395
Others		39,693		24,194		63,887
	₩	628,088	₩	24,194	₩	652,282

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

Value in use is greatly influenced by major assumptions such as the long-term growth rate and pre-tax discount rate used in the cash flow discount model. The permanent growth rate and pre-tax discount rate used in estimating value in use are 0% and 11.0% 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 1% each within the possible range, the book value is not expected to exceed the recoverable amount.

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13. Investment Property

(1) Investment property as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022		2021	
	Land	Buildings	Land	Buildings
Acquisition costs	₩ 23,485	₩ 52,209	₩ 23,485	₩ 53,211
Accumulated depreciation	-	(19,304)	-	(17,164)
Carrying amount	<u>₩ 23,485</u>	<u>₩ 32,905</u>	<u>₩ 23,485</u>	<u>₩ 36,047</u>

(2) Changes in investment property for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

(In millions of won)

	Beginning balance	Depreciation	Others(*)	Ending balance
Land	₩ 23,485	₩ -	₩ -	₩ 23,485
Buildings	₩ 36,047	₩ (2,480)	₩ (662)	₩ 32,905
	<u>₩ 59,532</u>	<u>₩ (2,480)</u>	<u>₩ (662)</u>	<u>₩ 56,390</u>

(*) Others include reclassification of net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

② For the year ended December 31, 2021

(In millions of won)

	Beginning balance	Depreciation	Others(*)	Ending balance
Land	₩ 23,485	₩ -	₩ -	₩ 23,485
Buildings	₩ 34,925	₩ (2,333)	₩ 3,455	₩ 36,047
	<u>₩ 58,410</u>	<u>₩ (2,333)</u>	<u>₩ 3,455</u>	<u>₩ 59,532</u>

(*) Others include reclassification of construction-in-progress, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2022 and 2021

13. Investment Property, Continued

(3) The fair value of investment property as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Land	₩ 48,747	₩ 48,747
Buildings	37,615	37,615
	<u>₩ 86,362</u>	<u>₩ 86,362</u>

The fair value evaluation of investment property was conducted as of December 31, 2019. 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 amount recognized in profit or loss from investment property for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Rental income	₩ 5,499	₩ 6,334
Operating/Maintaining expense	(2,592)	(2,018)
	<u>₩ 2,907</u>	<u>₩ 4,316</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

14. Right-of-use asset

(1) Changes in right-of-use assets for the year ended December 31, 2022 and 2021 are as follows:

B. For the year ended December 31, 2022

<i>(In millions of won)</i>		Beginning balance	Additions	Depreciation	Others(*2)	Ending balance
Land	₩	51,506	4,450	(7,167)	5,251	54,040
Buildings(*1)		291,299	148,640	(101,807)	6,324	344,456
Machinery		1,567	1,204	(986)	81	1,866
Tools		481	251	(318)	37	451
Furniture and fixture		771	79	(322)	15	543
Vehicles		13,432	12,347	(12,766)	728	13,741
Others		129	5,260	(5,276)	159	272
	₩	<u>359,185</u>	<u>172,231</u>	<u>(128,642)</u>	<u>12,595</u>	<u>415,369</u>

(*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 effect of changing lease and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

② For the year ended December 31, 2021

<i>(In millions of won)</i>		Beginning balance	Additions	Depreciation	Acquisition of business operations and changes in the scope of consolidation(*2)	Others(*3)	Ending balance
Land	₩	50,929	3,751	(6,145)	-	2,971	51,506
Buildings(*1)		251,308	118,351	(88,161)	1,401	8,400	291,299
Machinery		2,326	289	(978)	-	(70)	1,567
Tools		431	333	(318)	-	35	481
Furniture and fixture		1,262	486	(1,062)	-	85	771
Vehicles		13,476	10,216	(11,093)	389	444	13,432
Others		232	10,776	(5,552)	-	(5,327)	129
	₩	<u>319,964</u>	<u>144,202</u>	<u>(113,309)</u>	<u>1,790</u>	<u>6,538</u>	<u>359,185</u>

(*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) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc.

(*3) Others include effect of changing lease and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

14. Right-of-use asset, Continued

(2) The amount recognized in profit or loss from leases for the year ended December 31, 2022 and 2021 is summarized as follows:

(In millions of won)

		2022	2021
Interest expense on lease liabilities	₩	10,816	10,487
The expense on variable lease payments not included in the measurement of lease liabilities		79,747	51,554
Expenses on short-term leases		2,753	1,061
Expenses on leases of low-value assets, excluding short-term leases of low-value assets		1,304	1,438

15. Investment in Associates and Joint Ventures

(1) Investment in associates and joint ventures as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

Company	Owner-ship	2022			Owner-ship	2021		
		Acquisition cost	Net assets	Carrying amount		Acquisition cost	Net assets	Carrying amount
Hyundai Motor Company	21.43% ₩	2,139,997	13,600,948	13,963,979	21.43% ₩	2,139,997	12,474,267	12,837,405
Hyundai Engineering & Construction Co., Ltd.(*1)	8.73%	1,243,724	495,127	1,263,464	8.73%	1,243,724	454,872	1,223,209
Hyundai Engineering Co., Ltd.(*1)	9.35%	214,869	308,560	350,818	9.35%	214,869	303,278	345,536
Hyundai Autoever Corporation	20.13%	100,740	263,099	245,948	20.13%	100,740	240,804	221,019
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	27.34%	2,668	5,551	5,400	27.34%	2,668	4,891	4,749
Hyundai Motor Securities Co., Ltd.(*1)	15.71%	54,029	155,198	155,198	15.71%	54,029	147,323	147,323
Fubon Hyundai Life Insurance Co.,Ltd.(*1)	10.18%	137,040	22,917	32,780	10.18%	137,040	148,691	158,554
MOTIONAL AD LLC(*1)	10.00%	497,834	359,280	363,733	10.00%	497,834	403,430	407,894
Hyundai Motor Group (China) Ltd.	20.00%	45,786	42,725	42,725	20.00%	45,786	57,797	57,797
Beijing Hyundai Mobis Parts Co., Ltd.(*2)	50.00%	4,089	63,762	59,221	50.00%	4,089	75,897	70,549
Mobis Parts Jiangsu Yueda Trading Co., Ltd.(*2)	50.00%	2,632	44,713	43,391	50.00%	2,632	52,350	51,642
Jiangsu Yueda New Energy Battery Co., Ltd.(*2)	50.00%	10,404	7,415	7,188	50.00%	10,404	9,026	8,847
ACVC Partners Fund I, LP(*3)	44.35%	8,453	4,905	4,905	44.35%	9,015	8,155	8,155
SMART WORLD INNOVATION FUND L.P.(*3)	30.94%	4,931	4,931	4,931	28.03%	2,811	2,811	2,811
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.(*3)	20.00%	52,933	50,851	50,851	20.00%	38,287	37,731	37,731
HTWO guangzhou Co.,Ltd(*1)	15.00%	15,215	10,947	10,947	15.00%	15,215	16,183	16,183
SUPERNAL, LLC(*3)	33.33%	229,697	133,951	144,420	33.33%	83,718	49,856	60,325
Boston Dynamics, Inc.(*4)	-	-	-	-	20.00%	287,920	57,003	276,737
PT. HLI GREEN POWER	25.00%	105,644	110,191	111,305	25.00%	105,644	100,743	101,857
HMG Global, LLC(*4)	20.00%	286,188	245,746	252,120	-	-	-	-
	₩	5,156,873	15,930,817	17,113,324	₩	4,996,422	14,645,108	16,038,323

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15. Investment in Associates and Joint Ventures, Continued

- (1) Investment in associates and joint ventures as of December 31, 2022 and 2021 are summarized as follows, continued:

The Group used the provisional settlement financial statements of some investment in associates and joint ventures, and performed the reliability verification procedure on the provisional settlement financial statements.

- (*1) Though the Group has less than 20% of the ownership, the Group has significant influence through its ability to appoint members of board of directors according to agreement among the stockholders.
- (*2) The Group has classified H Green Power Inc., Beijing Hyundai Mobis Parts Co., Ltd., Mobis Parts Jiangsu Yueda Trading Co., Ltd. and Jiangsu Yueda Mobis New Energy Battery Co., Ltd. which were established under joint venture agreement as joint ventures since the Group has rights only to the net assets, and the joint arrangement is structured through a separate vehicle.
- (*3) The Group invested additional ₩2,120 million in Smart World Innovation Fund LP, ₩145,979 million in SUPERNAL, LLC and ₩14,646 million in Hyundai Motor Group Innovation Center In Singapore PTE, Ltd, and disposed of shares of ACVC PARTNERS FUND I, LP amounting to ₩563 million during the year 2022.
- (*4) The Group made in-kind investment of its shares of Boston Dynamics, Inc in HMG Global, LLC to acquire 20% of shares of HMG Global, LLC amounting to ₩286,188 million, and recognized ₩81,974 million as related gains on disposal and ₩21 million as other losses on disposal during the year 2022.

- (2) Fair value of marketable securities of associates as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Hyundai Motor Company	₩ 6,913,085	₩ 9,568,443
Hyundai Engineering & Construction Co., Ltd.	339,219	432,043
Hyundai Motor Securities Co., Ltd.	45,297	61,543
Hyundai Autoever Corporation	527,186	761,798

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15. Investment in Associates and Joint Ventures, Continued

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

<i>(In millions of won)</i>							
Company		Beginning balance	Acquisition	Equity Profit (loss) on investment	Dividends received	Others(*)	Ending balance
Hyundai Motor Company	₩	12,837,405	-	1,200,490	(228,910)	154,994	13,963,979
Hyundai Engineering & Construction Co., Ltd.		1,223,209	-	35,733	(5,832)	10,354	1,263,464
Hyundai Engineering Co., Ltd.		345,536	-	10,475	(7,810)	2,617	350,818
Hyundai Autoever Corporation		221,019	-	25,503	(3,864)	3,290	245,948
ZF Lemforder Chassis Technology Korea Co., Ltd.		4,749	-	1,264	(664)	51	5,400
Hyundai Motor Securities Co., Ltd.		147,323	-	11,200	(3,987)	662	155,198
Fubon Hyundai Life Insurance Co., Ltd.		158,554	-	3,084	-	(128,858)	32,780
MOTIONAL AD LLC		407,894	-	(77,553)	-	33,392	363,733
Hyundai Motor Group(China) Ltd.		57,797	-	(6,095)	-	(8,977)	42,725
Beijing Hyundai Mobis Parts Co., Ltd.		70,549	-	31,830	(42,839)	(319)	59,221
Mobis Parts Jiangsu Yueda Trading Co., Ltd.		51,642	-	9,881	(17,234)	(898)	43,391
Jiangsu Yueda New Energy Battery Co., Ltd.		8,847	-	(1,525)	-	(134)	7,188
ACVC Partners Fund I, LP		8,155	-	-	(2,687)	(563)	4,905
SMART WORLD INNOVATION FUND L.P.		2,811	2,120	-	-	-	4,931
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.		37,731	14,646	(4,034)	-	2,508	50,851
HTWO guangzhou Co., Ltd		16,183	-	(5,086)	-	(150)	10,947
SUPERNAL, LLC		60,325	145,979	(65,981)	-	4,097	144,420
Boston Dynamics, Inc.		276,737	-	(24,968)	-	(251,769)	-
PT. HLI GREEN POWER		101,857	-	1,948	-	7,500	111,305
HMG Global, LLC		-	286,188	(6,549)	-	(27,519)	252,120
	₩	16,038,323	448,933	1,139,617	(313,827)	(199,722)	17,113,324

(*) Others consist of changes of equity, foreign currency differences, reclassification between accounts due to loss of significant influence and others.

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15. Investment in Associates and Joint Ventures, Continued

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

:

② For the year ended December 31, 2021

(In millions of won)

Company	Beginning balance	Acquisition	Equity Profit (loss) on investment	Dividends received	Others(*)	Ending balance
Hyundai Motor Company	₩ 11,817,213	-	875,455	(183,128)	327,865	12,837,405
Hyundai Engineering & Construction Co., Ltd.	1,181,419	-	34,347	(5,832)	13,275	1,223,209
Hyundai Engeneering Co., Ltd.	332,097	-	24,884	(10,650)	(795)	345,536
Hyundai Autoever Corporation	105,734	-	15,841	(3,000)	102,444	221,019
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,936	-	436	(635)	12	4,749
Hyundai MNSoft, Inc.	54,776	-	2,351	(1,490)	(55,637)	-
Hyundai Motor Securities Co., Ltd.	139,038	-	11,531	(3,364)	118	147,323
Hyundai Auto Electronics Company Ltd.	30,089	-	2,455	-	(32,544)	-
H Green Power Inc.	22,829	-	708	-	(23,537)	-
Fubon Hyundai Life Insurance Co.,Ltd.	205,797	-	27,930	-	(75,173)	158,554
MOTIONAL AD LLC	419,786	-	(48,794)	-	36,902	407,894
Hyundai Motor Group (China) Ltd.	39,241	10,143	153	-	8,260	57,797
Beijing Hyundai Mobis Parts Co., Ltd.	68,424	-	38,296	(46,039)	9,868	70,549
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	39,581	-	17,743	(10,212)	4,530	51,642
Jiangsu Yueda New Energy Battery Co., Ltd.	8,733	-	(852)	-	966	8,847
Hyundai Transys Georgia Powertrain, Inc	19,455	-	830	-	(20,285)	-
ACVC Partners Fund I, LP	2,701	6,863	-	(861)	(548)	8,155
SMART WORLD INNOVATION FUND L.P.	1,681	1,130	-	-	-	2,811
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	24,456	13,101	(1,650)	-	1,824	37,731
HTWO guangzhou Co.,Ltd	-	15,215	(242)	-	1,210	16,183
SUPERNAL, LLC	-	83,718	(25,880)	-	2,487	60,325
Boston Dynamics, Inc.	-	287,920	(23,759)	-	12,576	276,737
PT. HLI GREEN POWER	-	105,644	(4,600)	-	813	101,857
	₩ 14,517,986	523,734	947,183	(265,211)	314,631	16,038,323

(*) Others consist of changes of equity, foreign currency differences, reclassification between accounts due to loss of significant influence and others.

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15. Investment in Associates and Joint Ventures, Continued

(4) Financial information of associates and joint ventures as of and for the years ended December 31, 2022 and 2021 are summarized as follows:

① As of and for the year ended December 31, 2022

<i>(In millions of won)</i>		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Operating profit (loss)	Profit (loss)	Total comprehensive income (loss)
Hyundai Motor Company	₩	96,389,273	159,353,189	74,236,472	90,609,445	142,527,535	9,819,769	7,983,614	9,034,476
Hyundai Engineering & Construction Co., Ltd.		15,794,935	5,269,939	8,895,730	2,230,272	21,239,082	581,966	485,029	629,624
Hyundai Engineering Co., Ltd.		5,262,501	1,558,298	2,882,519	198,141	8,812,466	116,473	103,367	129,652
Hyundai Autoever Corporation		1,699,531	923,580	887,404	245,358	2,754,508	142,320	116,138	133,724
ZF Lemfoerder Chassis Technology Korea Co., Ltd.		37,243	10,840	26,081	1,695	81,245	4,549	3,762	3,762
Hyundai Motor Securities Co., Ltd.		10,149,302	83,753	8,830,018	178,394	1,186,028	114,573	87,101	92,248
Fubon Hyundai Life Insurance Co., Ltd.		1,994,750	16,956,381	6,073,808	12,644,131	3,625,718	19,872	30,081	(1,225,745)
MOTIONAL AD LLC		519,247	3,314,324	143,779	88,389	1,207	(740,506)	(751,549)	(757,865)
Hyundai Motor Group (China) Ltd.		329,460	510,146	535,881	77,327	425,979	(1,292)	(30,470)	(71,663)
Beijing Hyundai Mobis Parts Co., Ltd.		174,451	43,233	87,839	2,321	327,990	80,936	63,154	63,154
Mobis Parts Jiangsu Yueda Trading Co., Ltd.		74,289	16,410	1,275	-	129,836	25,666	21,198	21,198
Jiangsu Yueda New Energy Battery Co., Ltd.		18,158	13,306	13,256	3,377	7,560	(3,142)	(2,909)	(2,909)
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.		118,876	364,825	12,529	216,915	12,190	(20,147)	(20,168)	(20,168)
HTWO guangzhou Co., Ltd.		65,543	288,511	74,845	206,225	75	(28,538)	(33,905)	(33,905)
SUPERNAL, LLC		338,831	216,123	44,569	108,565	-	(197,891)	(197,891)	(197,891)
PT. HLI GREEN POWER		204,729	463,344	49,882	177,422	-	(8,833)	(10,708)	(10,708)
HMG Global, LLC		799,047	1,384,220	88,391	320,996	21,388	(70,769)	(63,993)	(63,993)
	₩	<u>133,970,166</u>	<u>190,770,422</u>	<u>102,884,278</u>	<u>107,308,973</u>	<u>181,152,807</u>	<u>9,835,006</u>	<u>7,781,851</u>	<u>7,722,991</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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15. Investment in Associates and Joint Ventures, Continued

(4) Financial information of associates and joint ventures as of and for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

② As of and for the year ended December 31, 2021

		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Operating profit (loss)	Profit (loss)	Total comprehensive income (loss)
<i>(In millions of won)</i>									
Hyundai Motor Company	₩	88,565,366	145,381,049	64,236,787	87,093,839	117,610,626	6,678,949	5,693,077	7,861,139
Hyundai Engineering & Construction Co., Ltd.		14,526,404	5,110,860	7,613,217	2,594,756	18,065,534	753,504	554,377	710,987
Hyundai Engineering Co., Ltd.		4,646,725	1,536,835	2,282,762	210,593	7,355,145	364,649	248,081	240,973
Hyundai Autoever Corporation		1,471,052	875,070	721,374	248,927	2,070,382	96,106	71,368	85,016
ZF Lemfoerder Chassis Technology Korea Co., Ltd.		35,084	10,594	24,993	1,634	74,429	3,341	2,670	2,670
Hyundai Motor Securities Co., Ltd.		8,736,077	70,051	7,458,361	187,058	853,770	156,521	117,749	118,662
Fubon Hyundai Life Insurance Co., Ltd.		1,987,939	18,658,971	10,161,908	9,018,984	3,442,987	243,867	185,905	(30,841)
MOTIONAL AD LLC		638,672	3,603,632	95,188	112,803	949	(501,539)	(487,940)	(487,940)
Hyundai Motor Group(China) Ltd.		338,820	599,272	488,875	147,129	530,500	11,844	765	14,425
Beijing Hyundai Mobis Parts Co., Ltd.		246,797	53,408	141,808	6,845	439,646	97,728	76,032	76,032
Mobis Parts Jiangsu Yueda Trading Co., Ltd.		102,623	17,764	15,689	-	180,845	45,054	35,823	35,823
Jiangsu Yueda New Energy Battery Co., Ltd.		24,784	15,615	18,356	3,991	8,219	(1,610)	(1,365)	(1,365)
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.		23,970	166,297	1,612	-	-	(8,694)	(8,250)	(8,250)
HTWO guangzhou Co., Ltd.		113,273	78,593	24,113	59,864	88	(12,404)	(1,622)	(1,622)
SUPERNAL, LLC		197,670	107,274	61,414	93,962	-	(77,639)	(77,639)	(77,639)
Boston Dynamics, Inc.		117,854	250,999	55,255	79,823	43,549	(105,375)	(107,640)	(107,640)
PT. HLI GREEN POWER		219,770	184,361	1,156	-	-	(19,437)	(18,399)	(18,399)
	₩	<u>121,992,880</u>	<u>176,720,645</u>	<u>93,402,868</u>	<u>99,860,208</u>	<u>150,676,669</u>	<u>7,724,865</u>	<u>6,282,992</u>	<u>8,412,031</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

15. Investment in Associates and Joint Ventures, Continued

(5) Reconciliation from financial information of associates and joint ventures to the carrying amount of the Group's interests in associates and joint ventures as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

(In millions of won)

Company	Interest in net assets	Goodwill	Net asset fair value differences	Unrealized gains	Carrying amount
Hyundai Motor Company	₩ 13,600,948	372,286	-	(9,255)	13,963,979
Hyundai Engineering & Construction Co., Ltd.	495,127	473,900	294,437	-	1,263,464
Hyundai Engineering Co., Ltd.	308,560	39,511	2,747	-	350,818
Hyundai Autoever Corporation	263,099	1,762	(18,445)	(468)	245,948
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	5,551	-	-	(151)	5,400
Hyundai Motor Securities Co., Ltd.	155,198	-	-	-	155,198
Fubon Hyundai Life Insurance Co., Ltd.	22,917	9,863	-	-	32,780
MOTIONAL AD LLC	359,280	4,453	-	-	363,733
Hyundai Motor Group (China) Ltd.	42,725	-	-	-	42,725
Beijing Hyundai Mobis Parts Co., Ltd.	63,762	-	-	(4,541)	59,221
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	44,713	-	-	(1,322)	43,391
Jiangsu Yueda New Energy Battery Co., Ltd.	7,415	-	-	(227)	7,188
ACVC Partners Fund I, LP	4,905	-	-	-	4,905
SMART WORLD INNOVATION FUND L.P.	4,931	-	-	-	4,931
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	50,851	-	-	-	50,851
HTWO guangzhou Co., Ltd	10,947	-	-	-	10,947
SUPERNAL, LLC	133,951	10,469	-	-	144,420
PT. HLI GREEN POWER	110,191	1,114	-	-	111,305
HMG Global, LLC	245,746	6,374	-	-	252,120
	₩ 15,930,817	919,732	278,739	(15,964)	17,113,324

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

15. Investment in Associates and Joint Ventures, Continued

(5) Reconciliation from financial information of associates and joint ventures to the carrying amount of the Group's interests in associates and joint ventures as of December 31, 2022 and 2021 are summarized as follows, continued:

② As of December 31, 2021

(In millions of won)

Company		Interest in net assets	Goodwill	Net asset fair value differences	Unrealized gains	Carrying amount
Hyundai Motor Company	₩	12,474,267	372,286	-	(9,148)	12,837,405
Hyundai Engineering & Construction Co., Ltd.		454,872	473,900	294,437	-	1,223,209
Hyundai Engineering Co., Ltd.		303,278	39,511	2,747	-	345,536
Hyundai Autoever Corporation		240,804	1,762	(21,309)	(238)	221,019
ZF Lemfoerder Chassis Technology Korea Co., Ltd.		4,891	-	-	(142)	4,749
Hyundai Motor Securities Co., Ltd.		147,323	-	-	-	147,323
Fubon Hyundai Life Insurance Co., Ltd.		148,691	9,863	-	-	158,554
MOTIONAL AD LLC		403,430	4,464	-	-	407,894
Hyundai Motor Group (China) Ltd.		57,797	-	-	-	57,797
Beijing Hyundai Mobis Parts Co., Ltd.		75,897	-	-	(5,348)	70,549
Mobis Parts Jiangsu Yueda Trading Co., Ltd.		52,350	-	-	(708)	51,642
Jiangsu Yueda New Energy Battery Co., Ltd.		9,026	-	-	(179)	8,847
ACVC Partners Fund I, LP		8,155	-	-	-	8,155
SMART WORLD INNOVATION FUND L.P.		2,811	-	-	-	2,811
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.		37,731	-	-	-	37,731
HTWO guangzhou Co., Ltd.		16,183	-	-	-	16,183
SUPERNAL, LLC		49,856	10,469	-	-	60,325
Boston Dynamics, Inc.		57,003	137,261	82,473	-	276,737
PT. HLI GREEN POWER		100,743	1,114	-	-	101,857
	₩	<u>14,645,108</u>	<u>1,050,630</u>	<u>358,348</u>	<u>(15,763)</u>	<u>16,038,323</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

16. Non-Current Financial Assets

Non-Current Financial Assets as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

(In millions of won)			2022		2021	
	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%	₩ 342,989	₩ 282,044	₩ 342,989	₩ 267,385
China Millennium Corporations	-	10.10%	9,061	9,061	9,061	9,061
Envisics, Inc.(*2)	26,076,884	13.88%	72,209	101,624	29,558	29,558
LightlC(*3)	1,955,671	4.80%	11,723	11,723	-	-
Boston Dynamics AI Institute LLC(*4)	-	19.00%	113,346	113,346	-	-
Ssangyong Motor Company(*5)	131,393	0.08%	1,151	1,151		
Other securities	-	-	53,186	78,111	82,278	96,799
			603,665	597,060	463,886	402,803
Marketable securities						
HDC Holding Co., Ltd.	182,499	0.31%	3,660	1,002	3,660	1,907
HDC Hyundai Development Company Co., Ltd.	255,000	0.39%	5,114	2,550	5,115	5,839
Hwaseung R&A CO., LTD.	467,654	2.63%	1,090	1,681	1,090	2,404
Deeplint(*6)	1,284,590	0.69%	5,938	5,361	-	-
Velodyne Lidar, Inc	4,878,048	2.71%	58,685	4,567	58,685	26,833
KT Corporation(*7)	8,094,466	3.10%	300,520	273,593	-	-
Other securities	-	-	143	2,774	141	3,679
			375,150	291,528	68,691	40,662
			978,815	888,588	532,577	443,465
2. Financial assets at FVPL						
Debt instruments(*8)	-	-	18,934	22,995	5,499	5,492
			18,934	22,995	5,499	5,492
			₩ 997,749	₩ 911,583	₩ 538,076	₩ 448,957

(*1) The fair value evaluation was conducted for the year ended December 31, 2022, and the recognized gain on financial assets at FVOCI was ₩14,659 million.

(*2) The Company newly acquired 3.92% shares in Envisics, Inc. for ₩42,651 million, and the fair value evaluation was conducted as of December 31, 2022, and the recognized gain on financial assets at FVOCI was ₩29,415 million.

(*3) The Company newly acquired 4.80% shares in LightlC for ₩11,723 million.

(*4) The Company newly acquired 19% shares in Boston Dynamics AI Institute LLC for ₩113,346 million.

(*5) As a result of the equity conversion following the decision to rehabilitate Ssangyong Motor Company, 0.08% shares of Ssangyong Motor Company was newly acquired for ₩1,151 million.

(*6) Deeplint was listed on the Shanghai Star Market and reclassified from non-marketable equity securities to marketable equity securities.

(*7) The Company acquired a new 3.1% shares in KT Corporation for ₩300,520 million through stock exchange.

(*8) The Company acquired an additional 20 units of the KDB HMG Zero-one New Technology Business Investment Association for ₩2,000 million.

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

17. Other Non-current Assets

Other non-current assets as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Long-term loans	₩ 2,931	₩ 98,559
Long-term financial instruments	1,208	7,035
Long-term accounts receivable - other	283,922	373,052
Deposits provided	137,521	97,868
Long-term accounts receivable - trade	-	1
Long-term advance payments	46,863	47,305
Long-term prepaid expenses	144	197
Net defined benefit asset (Note 23)	261,377	96,096
	<u>₩ 733,966</u>	<u>₩ 720,113</u>

18. Trade and Other Payables

Trade and other payables as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Accounts and notes payable - trade	₩ 6,606,432	₩ 5,378,198
Accounts and notes payable - other	1,015,200	990,345
	<u>₩ 7,621,632</u>	<u>₩ 6,368,543</u>

Trade and other payables to related parties and the enterprise group affiliates as of December 31, 2022 and 2021 are ₩1,319,714 million and ₩1,143,873 million, respectively (Note 37).

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2022 and 2021

19. Other Current Liabilities

Other current liabilities as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Accrued expenses	₩ 338,606	₩ 306,637
Advance from customers	310,244	356,400
Unearned revenue	12,846	22,547
Withholdings	54,784	45,326
Withholding tax	106,640	79,374
Withholding deposits	22,017	18,360
Derivative financial liabilities	-	330
Financial guarantee liabilities	57	-
Emissions liabilities	519	-
	<u>₩ 845,713</u>	<u>₩ 828,974</u>

20. Other Non-current Liabilities

Other non-current liabilities as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Provision for public contribution and other	₩ 378,947	₩ 373,740
Other long-term employee benefits	82,249	91,206
Derivative financial liabilities	-	35,438
Long-term unearned revenue	51,296	36,105
Provision for restoration	5,681	5,584
Long-term accrued expenses	24,911	-
	<u>₩ 543,084</u>	<u>₩ 542,073</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

21. Provision for Warranties

Changes in provision for warranties for the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 1,217,987	₩ 1,238,315
Increase	287,982	267,855
Utilization	(343,342)	(318,965)
Others (effect of changes in exchange rate and others)(*)	11,914	30,782
Ending balance	<u>1,174,541</u>	<u>1,217,987</u>
Less: current provision for warranties	<u>(878,603)</u>	<u>(959,936)</u>
Non-current provision for warranties	<u>₩ 295,938</u>	<u>₩ 258,051</u>

(*) Others include acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc. during the year 2021

Third-party reimbursements treated as separate assets as of December 31, 2022 and 2021 are ₩436,714 million and ₩536,076 million, respectively.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

22. Borrowings and Bonds

(1) Short-term borrowings as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	Annual interest rate (%)	2022	2021
Borrowings in foreign currencies	3M LIBOR + 1.15 and other	₩ 333,268	₩ 24,917
Borrowings in Korean currency	3.16 and other	105,000	50,000
Borrowings collateralized by trade receivables	3M LIBOR+0.3 and other	1,052,232	1,130,908
		₩ 1,490,500	₩ 1,205,825

(2) Long-term borrowings as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	Annual interest rate (%)	2022	2021
Borrowings in foreign currencies	3M LIBOR + 0.61 and other	₩ 1,348,156	₩ 1,531,386
Borrowings in Korean currency	3.66 and other	55,577	85,754
		1,403,733	1,617,140
Less: current portion of long-term borrowings		(291,032)	(378,650)
		₩ 1,112,701	₩ 1,238,490

(3) Certain property, plant and equipment (carrying amount : ₩101,450 million) have been pledged as collaterals for certain bank (Hana Bank and others) loans (collateralized amount : ₩135,000 million).

(4) Bonds as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	Issue date	Expiry date	Annual interest rate (%)	2022	2021
Nonguaranteed public offering bond	2021-07-09	2024-07-09	1.587	₩ 150,000	₩ 150,000
Nonguaranteed public offering bond	2021-07-09	2026-07-09	1.957	140,000	140,000
Nonguaranteed public offering bond	2021-07-09	2028-07-09	2.081	60,000	60,000
				350,000	350,000
Discount on bonds premium on bonds				(652)	(945)
Reclassification from non-current to current				-	-
				₩ 349,348	₩ 349,055

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

23. Defined Benefit Obligations

(1) Defined benefit obligations as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligations	₩ 741,878	₩ 857,394
Transfer to National Pension Fund	(151)	(164)
Fair value of plan assets	<u>(991,899)</u>	<u>(940,850)</u>
Amount recognized in financial statements(*)	<u>₩ (250,172)</u>	<u>₩ (83,620)</u>

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

(2) Changes in present value of defined benefit obligations for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 857,394	₩ 820,255
Current service costs	94,439	90,543
Interest costs	25,269	20,291
Remeasurements:	(181,182)	(16,669)
Loss (gain) from changes in demographic assumptions	(4,992)	27
Gain from changes in financial assumptions	(192,986)	(48,989)
Loss from experience adjustments	16,796	32,293
Relocation of affiliates	-	4,552
Benefit paid	(53,924)	(65,680)
Changes in the scope of consolidation	-	3,437
Others (effect of changes in exchange rate and others)	<u>(118)</u>	<u>665</u>
Ending balance	<u>₩ 741,878</u>	<u>₩ 857,394</u>

(3) Changes in fair value of plan assets for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 940,850	₩ 819,355
Interest income	28,251	20,307
Remeasurements of plan assets	(8,769)	(6,117)
Contribution paid into the plan	103,897	132,125
Relocation of affiliates	-	3,432
Benefit paid by the plan	(72,245)	(31,663)
Changes in the scope of consolidation	-	3,290
Others (effect of changes in exchange rate and others)	<u>(85)</u>	<u>121</u>
Ending balance	<u>₩ 991,899</u>	<u>₩ 940,850</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

23. Defined Benefit Obligations, Continued

(4) The components of plan assets as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Time deposits	₩ 15,351	₩ 14,186
Insurance contract of guaranteed interest	976,460	926,663
Cash assets	88	1
	₩ 991,899	₩ 940,850

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 the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Current service costs	₩ 94,439	₩ 90,543
Interest income	(2,982)	(16)
	₩ 91,457	₩ 90,527

Of the total expenses, ₩16,792 million is included in cost of sales, ₩39,840 million is included in selling, general, and administrative expenses, and ₩34,825 million is included in research and development costs as of December 31, 2022. Actual revenue from plan assets is ₩19,482 million as of December 31, 2022.

(6) Principal actuarial assumptions used as of December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	5.19% ~ 9.30%	2.57% ~ 8.30%
Expected future salary growth	2.94% ~ 10.00%	3.05% ~ 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, 2022 is as follows:

<i>(In millions of won)</i>	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	₩ (70,698)	₩ 83,099
Expected future salary growth	84,604	(73,441)

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

23. Defined Benefit Obligations, Continued

(8) The information about the maturity profile of the defined benefit obligations as of December 31, 2022 is as follows:

<i>(In millions of won)</i>	Weighted average duration	Less than 1 year	1~5 years	5~10 years	More than 10 years	Total
Benefit payments	7.8 ~ 23.0 years	₩ 32,373	166,887	193,159	349,458	741,877

(9) The Group recognized ₩30,082 million and ₩10,549 million as expenses for defined contribution plan for the years ended December 31, 2022 and 2021, respectively.

24. Hedging Derivatives Financial Instruments

The Group entered into financial derivative contracts to manage the exposure to changes in currency exchange rates for foreign currency receivables. The Group transfers contracted amounts of foreign currency to a counter party (financial institutions) at the maturity date and receives the amounts translated in Korean won using the contracted exchange rate.

There is no outstanding amount of cash flow hedge as of December 31, 2022 and the outstanding amounts and other details as of December, 2021 are summarized as follows:

<i>(In millions of foreign currency)</i>	Currency	Amount	Strike price in won	Maturity
	USD	2	1,049	January 28, 2022 ~ December 29, 2022
	EUR	3	1,528	January 28, 2022 ~ December 29, 2022

The Group recognized unrealized gains on valuation of the financial derivatives in profit amounting to ₩11 million for the year ended December 31, 2021 and recorded unrealized gains and losses on valuation of the financial derivatives (before income tax effect) amounting to ₩240 million and ₩317 million, respectively, as other equity as of December 31, 2021.

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25. Stockholders' Equity

(1) The Group's capital stock as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won and in shares)

	2022		2021	
	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
	94,285,09		94,573,09	
Issued number of shares	4	3,974	4	3,974
Capital stock in millions of won	₩ 490,969	₩ 127	₩ 490,969	₩ 127

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

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

(2) Capital surplus as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Additional paid-in capital	₩ 1,283,312	₩ 1,283,312
Revaluation reserve	26,844	26,844
Other capital surplus	52,044	88,874
	₩ 1,362,200	₩ 1,399,030

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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26. Treasury Stock

The Group 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 Group plans to retire or dispose the treasury stocks depending on the market conditions.

Changes in treasury stock for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won, except share information)

	2022		2021	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Beginning balance	3,525,735	₩ 866,756	2,532,600	₩ 559,886
Acquisition of treasury stock(*1)	760,000	156,715	1,515,000	428,640
Disposal of treasury stock(*2,3)	(1,562,805)	(384,195)	(40,265)	(9,853)
Retirement of treasury stock(*4)	(288,000)	(70,801)	(481,600)	(111,917)
Ending balance	<u>2,434,930</u>	<u>₩ 568,475</u>	<u>3,525,735</u>	<u>₩ 866,756</u>

(*1) As approved by the Board of Directors on December 8, 2022, the Company acquired 760,000 shares of common stock of which the carrying amount is ₩156,715 million in total.

(*2) As approved by the Board of Directors on September 7, 2022, the Company disposed 1,383,893 treasury shares of common stock of which the carrying amount is ₩340,212 million in total by exchanging treasury stocks with KT Corporation.

(*3) As approved by the Board of Directors on October 5, 2022, the Company disposed 81,984 treasury shares of common stock of which the carrying amount is ₩20,155 million in total by donating to employee's stock ownership association and disposed 96,928 treasury shares of common stock of which the carrying amount is ₩23,828 million in total by warehousing stocks in employee's individual securities accounts on October 31, 2022.

(*4) As approved by the Board of Directors on September 7, 2022, the Company retired 288,000 treasury shares of common stock of which the carrying amount is ₩70,801 million in total on September 15, 2022.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

27. Other Equity

Other equity as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Gain on valuation of financial assets at FVOCI	₩ 50,639	₩ 22,299
Loss on valuation of financial assets at FVOCI	(148,013)	(108,224)
Unrealized gain on cumulative foreign currency translation	337,503	227,554
Unrealized loss on cumulative foreign currency translation	(228,731)	(212,392)
Unrealized gain on valuation of hedging derivative financial assets	-	174
Unrealized loss on valuation of hedging derivative financial assets	-	(229)
Change in capital adjustments - increase in gain of equity method accounted investments	117,061	115,583
Change in capital adjustments - increase in loss of equity method accounted investments	(560,389)	(453,399)
Other capital adjustments	(32,945)	(21,177)
	<u>₩ (464,875)</u>	<u>₩ (429,811)</u>

28. Retained Earnings

(1) Retained earnings as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Legal reserve	₩ 245,548	₩ 245,548
Voluntary reserve	23,188,376	22,233,375
Unappropriated retained earnings	13,545,367	12,200,544
	<u>₩ 36,979,291</u>	<u>₩ 34,679,467</u>

(2) Legal reserve

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

(3) Voluntary reserve

The Group 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.

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29. Dividends

(1) Dividends for the years ended December 31, 2022 and 2021 are as follows:

	2022(Quarter)			2022(Prospective)			2021		
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total
Number of shares	91,047,359	3,974	91,051,333	92,010,164	3,974	92,014,138	91,047,359	3,974	91,051,333
Par value per share in won	₩ 5,000	5,000	-	5,000	5,000	-	5,000	5,000	-
Dividends as a percentage of par value	20.00%	20.00%	-	60.00%	61.00%	-	80.00%	81.00%	-
Dividends	₩ 91,047	4	91,051	276,030	13	276,043	364,913	16	364,929

(2) Dividends as a percentage of net income for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021	
Dividends	₩	367,094	₩	364,929
Profit attributable to owners of the Company		2,485,254		2,352,288
Dividend as a percentage of net income		14.77%		15.51%

(3) Dividend yield ratio for the years ended December 31, 2022 and 2021 are as follows:

	2022(Quarter)		2022(Prospective)		2021	
	Common stock	Preferred stock	Common stock	Preferred stock	Common stock	Preferred stock
Dividend per share	₩ 1,000	1,000	3,000	3,050	4,000	4,050
Market price at the end of year	199,000	-	200,500	-	254,500	-
Dividend yield ratio	0.50%	-	1.50%	-	1.57%	-

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30. Revenues from Contracts with Customers

(1) Source of revenue

Main revenue acquired from the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services for the years ended December 31, 2022 and 2021 are as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	₩ 51,906,619	₩ 41,702,193
Hedging revenue (loss)	(326)	(9)
	<u>₩ 51,906,293</u>	<u>₩ 41,702,184</u>

(2) Disaggregation of revenue

Adjustment of revenue from contracts with customers which was disaggregated according to the timing of their implementation for the years ended December 31, 2022 and 2021 are as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Recognized at a point in time	₩ 50,953,989	₩ 41,237,104
Recognized over time	952,630	465,089
	<u>₩ 51,906,619</u>	<u>₩ 41,702,193</u>

(3) Contract balance

The contract balances as of December 31, 2022 and 2021 are as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Account receivables	₩ 9,777,864	₩ 7,828,286
Contract Liabilities	55,855	57,330

(4) The allocated amount in performance obligations which among the transaction price of major contracts that were not implemented (nor partially implemented) as of December 31, 2022 and 2021 are as follows:

<i>(In millions of won)</i>	<u>2022</u>	<u>2021</u>
Rendering of transportation services	₩ 1,053	₩ 18,431
Rendering of warranty in addition to assurance	54,802	38,899

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

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31. Nature of Expenses

Details of expenses by nature for the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Changes in finished goods, work-in-process and merchandises	₩ (483,777)	₩ (309,970)
Raw material consumed and purchase of merchandise	40,470,238	30,506,607
Employee benefits expense	2,771,152	2,219,929
Depreciation and amortization	898,065	836,090
Freight	1,809,922	1,042,206
Advertising	71,871	64,735
Fees and commission paid	2,011,705	1,471,061
Others	2,330,586	3,831,414
	<u>₩ 49,879,762</u>	<u>₩ 39,662,072</u>

Total amount is the sum of cost of sales and selling, general, and administrative expenses in consolidated statements of income.

32. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Salaries	₩ 839,620	₩ 697,177
Retirement benefits	75,756	45,834
Other employee benefits	186,129	157,326
Transportation	501,955	346,593
Service fees	345,367	265,197
Advertising	71,871	64,702
Research and development costs	1,370,854	1,167,418
Others	569,071	480,179
	<u>₩ 3,960,623</u>	<u>₩ 3,224,426</u>

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For the years ended December 31, 2022 and 2021

33. Other Income and Expense

Other income and expense for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Other income:		
Foreign exchange transaction gain	₩ 336,950	₩ 181,875
Foreign exchange translation gain	35,634	14,299
Gain on disposal of property, plant and equipment	17,465	20,976
Reversal of allowance for doubtful accounts - other	1,254	677
Realized gain of hedging financial derivatives	39	18
Unrealized gain of hedging financial derivatives	-	11
Reversal of impairment loss on intangible assets	118	
Others	90,482	144,643
	<u>481,942</u>	<u>362,499</u>
Other expense:		
Foreign exchange transaction loss	221,403	133,306
Foreign exchange translation loss	83,403	19,116
Donation	18,727	16,620
Loss on disposal of property, plant and equipment	28,704	17,898
Impairment loss on property, plant and equipment	57,565	1,500
Loss on disposal of intangible assets	77	31,167
Impairment loss on intangible assets	423	4,768
Loss on disposal of accounts and notes receivable - trade	169	10
Realized loss of hedging financial derivatives	38	12
Unrealized loss of financial derivatives	-	421
Others	73,482	12,721
	<u>483,991</u>	<u>237,539</u>
	<u>₩ (2,049)</u>	<u>₩ 124,960</u>



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34. Financial Instruments Related Income and Expense

- (1) Financial instruments related income and expense classified as selling, general and administrative expenses for the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Selling, general and administrative expenses:		
Allowance for other doubtful accounts	₩ 2,751	₩ 1,965
Reversal of allowance for doubtful accounts	(3,579)	(26)
	₩ 828	₩ (1,939)

- (2) Financial instruments related income and expense classified as other income and expense for the years ended December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
Other income:		
Foreign exchange transaction gain	₩ 336,950	₩ 181,875
Foreign exchange translation gain	35,634	14,299
Reversal of allowance for doubtful accounts - other	1,254	677
Realized gain of hedging financial derivatives	39	18
Unrealized gain of hedging financial derivatives	-	11
	373,877	196,880
Other expense:		
Foreign exchange transaction loss	221,403	133,306
Foreign exchange translation loss	83,403	19,116
Bad debts expense - other	1,803	171
Loss on disposal of accounts and notes receivable - trade	169	10
Realized loss of hedging financial derivatives	38	12
Unrealized loss of financial derivatives	-	421
	306,816	153,036
	₩ 67,061	₩ 43,844

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For the years ended December 31, 2022 and 2021

34. Financial Instruments Related Income and Expense, Continued

(3) Financial instruments related income and expense classified as finance income and costs for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Finance income:		
Interest income	₩ 252,739	₩ 131,815
Dividend income	1,544	1,207
Foreign exchange transaction gain	377,504	139,212
Foreign exchange translation gain	128,677	56,494
Gain on disposal of financial assets at FVPL	19,093	10,005
Gain on valuation of financial assets at FVPL	5,280	639
Gain on valuation of Derivatives	54	-
	<u>784,891</u>	<u>339,372</u>
Finance costs:		
Interest expense	75,646	38,621
Foreign exchange transaction loss	457,555	155,231
Foreign exchange translation loss	84,295	19,684
Loss on disposal of financial assets at FVPL	24,424	4,634
Loss on valuation of financial assets at FVPL	26,411	13,977
	<u>668,331</u>	<u>232,147</u>
	<u>₩ 116,560</u>	<u>₩ 107,225</u>

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34. Financial Instruments Related Income and Expense, Continued

(4) Categories of financial instruments related income and expense for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

(In millions of won)		Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Financial liabilities at amortized cost	Derivatives financial instruments	Total
Recognized in profit or loss:							
Interest income	₩	4	235,410	132	17,193	-	252,739
Dividends income		-	-	1,544	-	-	1,544
Foreign exchange transaction gain		-	539,573	-	174,882	-	714,455
Foreign exchange translation gain		-	29,466	3,791	131,054	-	164,311
Realized gain of hedging financial derivatives		-	-	-	-	39	39
Unrealized gain of hedging financial derivatives		-	-	-	-	54	54
Reversal of allowance for doubtful accounts		-	3,579	-	-	-	3,579
Reversal of allowance for doubtful accounts - other		-	1,254	-	-	-	1,254
Gain on disposal of financial assets at FVPL		19,093	-	-	-	-	19,093
Gain on valuation of financial assets at FVPL		5,280	-	-	-	-	5,280
Interest expense		-	(21,329)	-	(54,316)	-	(75,645)
Foreign exchange transaction loss		-	(404,587)	-	(274,370)	(2)	(678,959)
Foreign exchange translation loss		-	(118,266)	-	(49,432)	-	(167,698)
Realized loss of hedging financial derivatives		-	-	-	-	(38)	(38)
Unrealized loss of financial derivatives		-	-	-	-	-	-
Loss on disposal of financial assets at FVPL		(24,424)	-	-	-	-	(24,424)
Loss on valuation of financial assets at FVPL		(26,411)	-	-	-	-	(26,411)
Loss on disposal of accounts receivable - other		-	-	-	(169)	-	(169)
Bad debt expense - other		-	(1,803)	-	-	-	(1,803)
Bad debt expense		-	(2,751)	-	-	-	(2,751)
	₩	<u>(26,458)</u>	<u>260,546</u>	<u>5,467</u>	<u>(55,158)</u>	<u>53</u>	<u>184,450</u>
Finance income	₩	24,377	809,282	5,467	323,128	93	1,162,347
Finance costs		(50,835)	(548,736)	-	(378,286)	(40)	(977,897)
Recognized in other comprehensive income (loss):							
Unrealized gain (loss) on valuation		-	-	(11,447)	-	55	(11,392)
	₩	<u>(26,458)</u>	<u>260,546</u>	<u>(5,980)</u>	<u>(55,158)</u>	<u>108</u>	<u>173,058</u>

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34. Financial Instruments Related Income and Expense, Continued

(4) Categories of financial instruments related income and expense for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

② For the year ended December 31, 2021

(In millions of won)		Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Financial liabilities at amortized cost	Derivatives financial instruments	Total
Recognized in profit or loss:							
Interest income	₩	1	131,814	-	-	-	131,815
Dividends income		-	-	1,207	-	-	1,207
Foreign exchange transaction gain		-	275,752	-	45,335	-	321,087
Foreign exchange translation gain		-	21,571	-	49,222	-	70,793
Realized gain of hedging financial derivatives		-	-	-	-	18	18
Unrealized gain of hedging financial derivatives		-	-	-	-	11	11
Reversal of allowance for doubtful accounts		-	26	-	-	-	26
Reversal of allowance for doubtful accounts - other		-	677	-	-	-	677
Gain on disposal of financial assets at FVPL		10,005	-	-	-	-	10,005
Gain on valuation of financial assets at FVPL		639	-	-	-	-	639
Interest expense		-	-	-	(38,621)	-	(38,621)
Foreign exchange transaction loss		-	(172,265)	-	(116,272)	-	(288,537)
Foreign exchange translation loss		-	(22,744)	-	(16,056)	-	(38,800)
Realized loss of hedging financial derivatives		-	-	-	-	(12)	(12)
Unrealized loss of financial derivatives		-	-	-	-	(421)	(421)
Loss on disposal of financial assets at FVPL		(4,634)	-	-	-	-	(4,634)
Loss on valuation of financial assets at FVPL		(13,977)	-	-	-	-	(13,977)
Loss on disposal of accounts receivable - other		-	(10)	-	-	-	(10)
Bad debt expense - other		-	(171)	-	-	-	(171)
Bad debt expense		-	(1,965)	-	-	-	(1,965)
	₩	<u>(7,966)</u>	<u>232,685</u>	<u>1,207</u>	<u>(76,392)</u>	<u>(404)</u>	<u>149,130</u>
Finance income	₩	10,645	429,840	1,207	94,557	29	536,278
Finance costs		(18,611)	(197,155)	-	(170,949)	(433)	(387,148)
Recognized in other comprehensive loss:							
Unrealized loss on valuation		-	-	(64,735)	-	(289)	(65,024)
	₩	<u>(7,966)</u>	<u>232,685</u>	<u>(63,528)</u>	<u>(76,392)</u>	<u>(693)</u>	<u>84,106</u>

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34. Financial Instruments Related Income and Expense, Continued

(5) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

(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 set off in the consolidated statement of financial position		Net amount
					Financial instruments	Cash collateral received	
Financial instruments	₩	863,564	663,875	199,689	5,577	864	193,248

② As of December 31, 2021

(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 set off in the consolidated statement of financial position		Net amount
					Financial instruments	Cash collateral received	
Hedging derivatives financial instruments(*)	₩	459	-	459	-	-	459
Other financial instruments		773,471	371,646	401,825	3,343	933	397,549
	₩	773,930	371,646	402,284	3,343	933	398,008

(*) Derivative financial instruments trading follows master netting arrangement of the contract for over the counter derivative financial instruments. According to the arrangement, all transactions of derivative financial instruments are cancelled if an event related to credit such as bankruptcy of a counterparty occurs and the relevant party should pay the net amount of receivables and payables at that point to the counterparty of the transaction.

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34. Financial Instruments Related Income and Expense, Continued

(6) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

		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 set off in the consolidated statement of financial position		
					Financial instruments	Cash collateral provided	Net amount
(In millions of won)							
Financial instruments	₩	1,378,114	663,875	714,239	5,590	851	707,798

② As of December 31, 2021

		Gross amounts of recognized financial assets set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position			
		Gross amounts of recognized financial liabilities		Financial instruments	Cash collateral provided	Net amount	
(In millions of won)							
Hedging derivatives financial instruments	₩	317	-	317	-	317	
Other financial instruments		1,482,707	371,646	1,111,061	3,437	840	1,106,784
	₩	1,483,024	371,646	1,111,378	3,437	840	1,107,101

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35. Income Taxes

(1) The component of income tax expense for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Current tax expense	₩ 638,894	₩ 580,313
Adjustment for prior periods	85,986	(14,277)
Origination and reversal of temporary differences	190,607	400,593
Income tax recognized in other comprehensive income	(85,906)	(156,636)
Others (effect of changes in exchange rate and others)	45,787	22,075
	<u>₩ 875,368</u>	<u>₩ 832,068</u>

(2) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Gain on valuation of financial assets at FVOCI	₩ 4,081	₩ 24,686
Unrealized gain (loss) of hedging financial derivatives	(21)	110
Remeasurements of defined benefit plan	(46,363)	(2,655)
Investment in associates and subsidiaries	(51,392)	(178,401)
Gain (loss) on disposal of treasury stock payments	7,789	(376)
	<u>₩ (85,906)</u>	<u>₩ (156,636)</u>

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.

(3) The relationship between income tax expense and accounting profit for the years ended December 31, 2022 and 2021 is summarized as follows:

(In millions of won)

	2022	2021
Profit before income taxes	₩ 3,362,612	₩ 3,194,542
Income tax using the Group's statutory tax rate(*)	769,919	715,823
Adjustment for:		
Non-taxable income and non-tax deductible expense	2,076	(73,447)
Tax credits	(193,656)	(104,209)
Adjustments for prior periods	85,986	(14,277)
Tax effect for investment in subsidiaries, associates and joint ventures	79,524	181,973
Losses carried forward for which deferred taxes not recognized	38,987	1,911
Others	92,532	124,294
Income tax expenses	<u>₩ 875,368</u>	<u>₩ 832,068</u>
Average effective tax rate	26.0%	26.0%

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

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For the years ended December 31, 2022 and 2021

35. Income Taxes, Continued

(4) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Deferred tax assets at the end of the period	₩ 180,565	₩ 257,646
Deferred tax liabilities at the end of the period	3,513,616	3,400,090
Deferred tax assets at the beginning of the period	257,646	258,796
Deferred tax liabilities at the beginning of the period	3,400,090	3,005,777
Changes in the scope of consolidation (*)	-	5,130
	<u>₩ 190,607</u>	<u>₩ 400,593</u>

(*) Changes due to the acquisition of control of H Green Power Inc in 2021.

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

(In millions of won)	Beginning balance	Profit(loss)	Other comprehensive income (loss)	Ending balance
Gain on revaluation of property, plant and equipment	₩ (108,169)	₩ 3,956	₩ -	₩ (104,213)
Investment in subsidiaries, associates and joint ventures	(3,450,954)	(76,491)	(51,392)	(3,578,837)
Defined benefit plan	(24,401)	5,981	(46,363)	(64,783)
Depreciation	(46,896)	16,427	-	(30,469)
Valuation of hedging derivative financial instruments	(35)	60	(21)	4
Valuation of financial assets at FVOCI	32,157	(2,301)	4,081	33,937
Valuation of financial assets at FVPL	(7,600)	(483)	-	(8,083)
Allowance for valuation of inventories	44,524	2,364	-	46,888
Provision for warranties	197,001	4,563	-	201,564
Others	221,929	(50,988)	-	170,941
	<u>₩ (3,142,444)</u>	<u>₩ (96,912)</u>	<u>₩ (93,695)</u>	<u>₩ (3,333,051)</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

35. Income Taxes, Continued

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

② For the year ended December 31, 2021

<i>(In millions of won)</i>	Beginning balance	Profit (loss)	Changes in the scope of consolidation(*)	Other comprehensive income (loss)	Ending balance
Gain on revaluation of property, plant and equipment	₩ (108,172)	₩ 3	₩ -	₩ -	₩ (108,169)
Investment in subsidiaries, associates and joint ventures	(3,060,495)	(212,058)	(178,401)	-	(3,450,954)
Defined benefit plan	(3,211)	(18,559)	(2,655)	24	(24,401)
Depreciation	(47,492)	(44)	-	640	(46,896)
Valuation of hedging derivative financial instruments	(213)	68	110	-	(35)
Valuation of financial assets at FVOCI	7,471	-	24,686	-	32,157
Valuation of financial assets at FVPL	(7,545)	(55)	-	-	(7,600)
Allowance for valuation of inventories	43,230	1,294	-	-	44,524
Provision for warranties	182,207	11,896	-	2,898	197,001
Others	247,239	(26,502)	(376)	1,568	221,929
	<u>₩ (2,746,981)</u>	<u>₩ (243,957)</u>	<u>₩ (156,636)</u>	<u>₩ 5,130</u>	<u>₩ (3,142,444)</u>

(*) Changes due to the acquisition of control of H Green Power Inc.

(6) As of December 31, 2022 the amount of total temporary differences related to investments in subsidiaries, associates and joint ventures for which deferred tax assets were not recognized is ₩1,011,383 million.

(7) Temporary differences which is not recognized as deferred tax assets as of December 31, 2022 is ₩312,319 million.

(8) The expected expiration date of tax loss carried forward and tax credits carried forward that are not recognized as deferred tax assets as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022	2021
1 year or less	₩ 142,830	₩ -
1-2 years	46,365	-
2-3 years	131,213	15,617
More than 3 years	137,221	84,821
	<u>₩ 457,629</u>	<u>₩ 100,438</u>

(9) 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2022 and 2021

36. Earnings per Share

(1) Basic earnings per share for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won, except share information)

	<u>2022</u>	<u>2021</u>
Profit attributable to owners of the Company	₩ 2,485,254	₩ 2,352,288
Dividends on preferred stock	(16)	(16)
Additional income available for dividends allocated to preferred stock	(92)	(86)
Net income attributable to common stocks	2,485,146	2,352,186
Weighted average number of common shares outstanding (*)	91,490,921	91,722,319
Earnings per share in won	<u>₩ 27,163</u>	<u>₩ 25,645</u>

(*) Weighted average number of common shares outstanding:

(In shares)

	<u>2022</u>	<u>2021</u>
Weighted average number of common shares issued	94,487,878	94,778,545
Weighted average number of treasury stock	(2,996,957)	(3,056,226)
	<u>91,490,921</u>	<u>91,722,319</u>

(2) Diluted earnings per share

Diluted earnings per share are not calculated for the years ended December 31, 2022 and 2021, because there are no dilutive shares as of December 31, 2022 and 2021.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

37. 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 enterprise group affiliates for the years ended December 31, 2022 and 2021 are summarized as follows:

Although the enterprise group affiliates are not the related party 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, 2022

<i>(In millions of won)</i>	Company	Sales	Other	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 8,816,025	₩ 4,963	₩ 8,820,988
	Kia Georgia, Inc.	3,011,153	1,274	3,012,427
	Kia Slovakia s.r.o.	2,076,415	965	2,077,380
	Kia America, Inc.	1,260,640	-	1,260,640
	Others	2,879,610	9,156	2,888,766
Associates and joint ventures	Hyundai Motor Company	12,043,187	46,306	12,089,493
	Hyundai Motor Manufacturing Czech, s.r.o	2,482,084	348	2,482,432
	Hyundai Motor Manufacturing Alabama, LLC	2,013,200	-	2,013,200
	Hyundai Motor America	1,547,918	3,786	1,551,704
	Others	3,736,051	17,863	3,753,914
Other related parties		717,984	-	717,984
The enterprise group affiliates		2,881,322	15,573	2,896,895
		<u>₩ 43,465,589</u>	<u>₩ 100,234</u>	<u>₩ 43,565,823</u>

② For the year ended December 31, 2021

<i>(In millions of won)</i>	Company	Sales	Other	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 7,247,776	₩ 16,057	₩ 7,263,833
	Kia Georgia, Inc.	1,939,892	469	1,940,361
	Kia Slovakia s.r.o.	1,696,973	1,023	1,697,996
	Kia America, Inc.	912,272	-	912,272
	Others	2,012,080	2,643	2,014,723
Associates and joint ventures	Hyundai Motor Company	8,993,195	26,758	9,019,953
	Hyundai Motor Manufacturing Czech, s.r.o	2,002,578	1,606	2,004,184
	Hyundai Motor Manufacturing Alabama, LLC	1,370,303	13	1,370,316
	Hyundai Motor America	1,086,495	-	1,086,495
	Others	3,353,694	64,525	3,418,219
Other related parties		646,938	-	646,938
The enterprise group affiliates		2,835,751	16,797	2,852,548
		<u>₩ 34,097,947</u>	<u>₩ 129,891</u>	<u>₩ 34,227,838</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

37. Transactions and Balances with Related Parties and others, Continued

(2) Expense transactions which occurred in the normal course of business of the Group with related parties and the enterprise group affiliates for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

<i>(In millions of won)</i>	Company	Purchases	Other	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 163,097	₩ 47,348	₩ 210,445
	Others	27,023	32,999	60,022
Associates and joint ventures	Hyundai Motor Company	377,013	275,254	652,267
	Hyundai Motor Manufacturing Alabama, LLC	175,522	8,454	183,976
	HYUNDAI KEFICO	248,526	44	248,570
	Hyundai Engineering Co., Ltd.	25	144,815	144,840
	Hyundai Autoever Corporation	205,361	181,351	386,712
	Hyundai-Rotem Co.	33	14,670	14,703
	Others	325,169	85,125	410,294
Other related parties		439	4,086	4,525
The enterprise group affiliates		2,542,974	1,372,177	3,915,151
		<u>₩ 4,065,182</u>	<u>₩ 2,166,323</u>	<u>₩ 6,231,505</u>

② For the year ended December 31, 2021

<i>(In millions of won)</i>	Company	Purchases	Other	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 105,316	₩ 34,916	₩ 140,232
	Others	26,016	21,865	47,881
Associates and joint ventures	H Green Power Inc. (*1)	615,000	832	615,832
	Hyundai Motor Company	301,303	230,900	532,203
	Hyundai Motor Manufacturing Alabama, LLC	199,858	9,891	209,749
	HYUNDAI KEFICO	213,209	478	213,687
	Hyundai Engineering Co., Ltd.	-	124,878	124,878
	Hyundai Autoever Corporation (*2)	121,033	290,060	411,093
	Hyundai-Rotem Co.	82	3,512	3,594
	Others	246,968	84,440	331,408
Other related parties		184	7,120	7,304
The enterprise group affiliates		2,164,973	846,536	3,011,509
		<u>₩ 3,993,942</u>	<u>₩ 1,655,428</u>	<u>₩ 5,649,370</u>

(*1) It was reclassified from a joint venture to a subsidiary during the year 2021.

(*2) Hyundai Auto Electronics Company Ltd, which is a related party, is merged into Hyundai Autoever Corporation, and Hyundai Auto Electronics Company Ltd's semiconductor business acquisition of ₩130,029 million is included.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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37. Transactions and Balances with Related Parties and others, Continued

(3) Trade and other receivables of the Group with related parties and the enterprise group affiliates as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

<i>(In millions of won)</i>	Company	Accounts and notes receivable - trade	Other receivables(*)	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 1,941,113	₩ 126	₩ 1,941,239
	Kia Georgia, Inc.	473,312	29	473,341
	Kia Slovakia s.r.o.	196,630	172	196,802
	Kia Mexico, S.A. de C.V.	226,075	-	226,075
	Others	323,472	4,314	327,786
Associates and joint ventures	Hyundai Motor Company	3,049,658	17,121	3,066,779
	Hyundai Motor Manufacturing Czech, s.r.o.	244,551	135	244,686
	Others	634,313	85,923	720,236
Other related parties		265,077	-	265,077
The enterprise group affiliates		1,043,421	7,304	1,050,725
		<u>₩ 8,397,622</u>	<u>₩ 115,124</u>	<u>₩ 8,512,746</u>

(*) It includes ₩81,648 million in loans to associates and joint ventures, and ₩95,479 million in collateral is provided for the bonds.

② As of December 31, 2021

<i>(In millions of won)</i>	Company	Accounts and notes receivable - trade	Other receivables(*)	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 1,561,003	₩ 4,363	₩ 1,565,366
	Kia Georgia, Inc.	312,723	-	312,723
	Kia Slovakia s.r.o.	132,152	44,925	177,077
	Kia Mexico, S.A. de C.V.	171,019	-	171,019
	Others	203,630	4,032	207,662
Associates and joint ventures	Hyundai Motor Company	2,178,925	13,923	2,192,848
	Hyundai Motor Manufacturing Czech, s.r.o.	197,991	212	198,203
	Others	591,224	97,414	688,638
Other related parties		245,969	-	245,969
The enterprise group affiliates		1,043,857	11,451	1,055,308
		<u>₩ 6,638,493</u>	<u>₩ 176,320</u>	<u>₩ 6,814,813</u>

(*) It includes ₩93,130 million in loans to associates and joint ventures, and ₩98,016 million in collateral is provided for the bonds.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

37. Transactions and Balances with Related Parties and others, Continued

(4) Trade and other payables of the Group with related parties and the enterprise group affiliates as of December 31, 2022 and 2021 are summarized as follows:

① As of December 31, 2022

<i>(In millions of won)</i>	Company	Accounts and notes payable - trade	Other payables	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 127,740	₩ 240,741	₩ 368,481
	Others	4,404	683	5,087
Associates and joint ventures	Hyundai Motor Company	137,239	334,818	472,057
	Hyundai Autoever Corporation	45,971	75,168	121,139
	HYUNDAI KEFICO	45,449	4	45,453
	Hyundai Engineering Co., Ltd.	-	37,074	37,074
	Others	52,750	52,272	105,022
The enterprise group affiliates		586,655	121,863	708,518
		<u>₩ 1,000,208</u>	<u>₩ 862,623</u>	<u>₩ 1,862,831</u>

② As of December 31, 2021

<i>(In millions of won)</i>	Company	Accounts and notes payable - trade	Other payables	Total
Significant influence and its subsidiaries	KIA CORPORATION	₩ 117,513	₩ 222,169	₩ 339,682
	Others	2,616	894	3,510
Associates and joint ventures	Hyundai Motor Company	66,314	477,358	543,672
	Hyundai Autoever Corporation(*)	47,304	34,742	82,046
	HYUNDAI KEFICO	44,945	233	45,178
	Hyundai Engineering Co., Ltd.	-	58,760	58,760
	Others	55,694	52,069	107,763
Other related parties		-	77	77
The enterprise group affiliates		495,130	121,131	616,261
		<u>₩ 829,516</u>	<u>₩ 967,433</u>	<u>₩ 1,796,949</u>

(*) Hyundai-autron Company Ltd. and Hyundai M&soft were merged into Hyundai Autoever Corporation during the year 2021.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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37. Transactions and Balances with Related Parties and others, Continued

(5) Financing transactions which occurred in the normal course of business of the Group with related parties and the enterprise group affiliates for the years ended December 31, 2022 and 2021 are summarized as follows:

① For the years ended December 31, 2022

<i>(In millions of won)</i>	Company	Investments	Others
Associates and joint ventures	SUPERNAL, LLC	₩ 145,979	₩ -
	Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	14,646	-
	ACVC PARTNERS FUND I, LP	-	562
	SMART WORLD INNOVATION FUND L.P.	2,120	-
		<u>₩ 162,745</u>	<u>₩ 562</u>

② For the years ended December 31, 2021

<i>(In millions of won)</i>	Company	Investments	Others(*1)
Associates and joint ventures	Hyundai Motor Group (China) Ltd.	₩ 10,143	₩ -
	HTWO guangzhou Co.,Ltd	15,214	-
	ACVC Partners Fund I, LP	6,863	1,410
	SMART WORLD INNOVATION FUND L.P.	1,130	-
	SUPERNAL, LLC	83,718	-
	Boston Dynamics, Inc.	42,427	-
	Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.(*2)	13,101	-
	PT. HLI GREEN POWER	104,531	-
		<u>₩ 277,127</u>	<u>₩ 1,410</u>

(*1) Dividend income from associates is included.

(*2) The company name of Hyundai Motor Singapore PTE. Ltd. was changed to Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. during the year 2021.

(6) The Group has money market trust of ₩100,000 million in Hyundai Motor Securities Co., Ltd. as of December 31, 2022 (2021: ₩140,000 million). The Group additionally contributed ₩100,000 million to the trust during the year ended December 31, 2022 (2021: ₩1,040,000 million) and withdrew ₩140,000 million from the trust during the year ended December 31, 2022 (2021 : ₩1,200,000 million). The Group deposits plan assets relating to retirement benefits amounting to ₩403,477 million at Fubon Hyundai Life Insurance Co., Ltd. as of December 31, 2022 (2021 : ₩291,318 million). The Group additionally contributed ₩115,171 million to the plan assets benefits during the year ended December 31, 2022 (2021: ₩5,097 million) and withdrew ₩ 9,380 million from the plan assets benefits during year ended December 31, 2022 (2021: ₩8,921 million).

(7) The Group received dividends from related parties amounting to ₩311,140 million and ₩265,211 million as of December 31, 2022 and 2021, respectively. The Group paid dividends to related parties and the enterprise group affiliates amounting to ₩118,756 million and ₩148,452 million as of December 31, 2022 and 2021, respectively.

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

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- (9) The Group provides or is provided with payment guarantees to or from related parties and the enterprise group affiliates as of December 31, 2022 and 2021 (Note 38).

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For the years ended December 31, 2022 and 2021

37. Transactions and Balances with Related Parties and others, Continued

(10) Executive compensation of the Group for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022		2021	
Short-term employee benefits	₩	55,938	₩	47,830
Retirement benefits		12,869		10,189
Long-term employee benefits		16		34
	₩	68,823	₩	58,053

38. Commitments and Contingencies

(1) Guarantees which the Group was provided as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won and thousands of foreign currency)

Guarantor	Guarantee contents	2022		2021	
		USD	14,000	USD	20,000
Hana Bank	Guaranteed payment	₩	1,000	₩	1,000
Seoul guarantee insurance company	Guaranteed payment	₩	24,254	₩	19,985
Unicredit Bank	Guaranteed payment for tariff	EUR	1,660	EUR	1,660
		USD	14,000	USD	20,000
		EUR	1,660	EUR	1,660
		₩	25,254	₩	20,985

(2) Guarantees which the Group has provided as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won and thousands of foreign currency)

Guarantee	Guarantee contents	2022		2021	
PT. HLI Green Power	Oversea Financing	USD	177,750	USD	-
SUNG JIN Precision & Technology and 1 other companies	Borrowing Guarantee	₩	603	₩	5,417
		USD	177,750	USD	-
		₩	603	₩	5,417

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

38. Commitments and Contingencies, Continued

- (3) As of December 31, 2022, the Group has been named as a defendant in 19 pending litigations and arbitrations. The aggregate amount of claims is approximately ~~₩~~116,975 million. The ultimate effect of these cases cannot be reliably determined. Therefore, the consolidated financial statement do not reflect any adjustments that may arise due to this uncertainty.
- (4) As of December 31, 2022, the Group has entered into contracts for the development of new technology related to airbags, audio and others with Thompson Ramo Wooldridge Inc., Microsoft and 44 other companies. In connection with these contracts, the Group recognized royalty expense amounting to ~~₩~~50,471 million and ~~₩~~31,459 million for the years ended December 31, 2022 and 2021, respectively.
- (5) As of December 31, 2022, the Group entered into Korean won loan agreements, such as general term loan agreements, up to ~~₩~~852,577 million with Hana Bank and others. The Group has foreign currency loan agreements to open letters of usance credit up to USD 4,090,062 thousand, EUR 695,754 thousand, AUD 28,000 thousand, CNY 670,000 thousand, CAD 88,000 thousand, INR 700,000 thousand and JPY 2,147,640 thousand with Citibank Korea Inc. and others. In addition, the Group has agreements with Kookmin Bank and others for the accounts receivable-collateralized borrowings without recourse for up to ~~₩~~675,500 million.
- (6) As of December 31, 2022, the Group entered into a shareholders' agreement with other investors regarding the shares of Fubon Hyundai Life Insurance Co., Ltd., the Group's associates. This agreement includes call option that allows non-attributable companies to purchase shares of the attributable company and a put option that allows non-attributable companies to dispose of shares held by the attributable company.
- (7) The Group entered into an agreement to invest ~~₩~~640,100 million in the construction of the Global Business Centre (GBC). As of December 31, 2022, the Group has recognized relevant liabilities in the amount of ~~₩~~418,763 million in accordance with the agreement with the Seoul government to implement public contributions relating to the construction project in December, 2019.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2022 and 2021

39. Cash Generated from Operations

(1) Cash generated from operation for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
	₩	₩
Profit for the year	2,487,244	2,362,474
Adjustments for:		
Retirement benefits	91,457	90,527
Accrual for warranties	165,600	173,732
Depreciation of right-of-use assets	128,642	113,309
Depreciation	705,120	661,798
Depreciation of investment property	2,480	2,333
Amortization	61,823	59,418
Bad debts expense	2,751	1,966
Bad debts expense - other	1,803	171
Emission cost	519	-
Interest expense	75,646	38,621
Foreign currency transaction loss	34	-
Foreign currency translation loss	167,699	38,800
Equity loss on investments	190,837	105,776
Loss on disposal of investment in associates and joint ventures	974	59,488
Loss on valuation of financial assets at FVPL	26,411	13,977
Impairment loss on property, plant and equipment	57,565	1,500
Loss on disposal of property, plant and equipment	28,704	17,898
Impairment loss on intangible assets	423	4,768
Loss on disposal of intangible assets	77	31,167
Unrealized loss of financial derivatives	-	421
Loss(gain) on lease modification	(117)	5
Income tax expense	875,368	832,068
Interest income	(252,739)	(131,815)
Dividends income	(1,544)	(1,207)
Gain on disposal of investment in associates and joint ventures	(81,974)	(34,550)
Gain on valuation of financial assets at FVPL	(5,280)	(639)
Gain on disposal of financial assets at FVPL	(356)	(616)
Reversal of allowance for doubtful accounts - other	(1,254)	(677)
Foreign currency transaction gain	(24,150)	-
Foreign currency translation gain	(164,310)	(70,793)
Equity profit on investments	(1,331,407)	(1,052,959)
Gain on disposal of property, plant and equipment	(17,465)	(20,976)
Reversal of impairment loss on intangible assets	(118)	-
Unrealized gain of hedging financial derivatives	(54)	(11)
Reversal of allowance for doubtful accounts	(3,579)	(26)
	₩ 699,586	₩ 933,474

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39. Cash Generated from Operations, Continued

(1) Cash generated from operation for the years ended December 31, 2022 and 2021 are summarized as follows, continued:

(In millions of won)

	2022	2021
Changes in assets and liabilities:		
Decrease (increase) in accounts and notes receivable - trade	₩ (1,985,045)	₩ 367,949
Decrease (increase) in other receivables	(887)	109,396
Increase in other current assets	(145,620)	(51,014)
Decrease in financial assets at FVPL	1,045,275	1,067,859
Decrease (increase) in other non-current assets	223,789	(22,254)
Increase in inventories	(869,869)	(1,087,333)
Increase (decrease) in accounts and notes payable - trade	1,189,259	(517,107)
Increase in other payables	201,386	103,662
Increase in other current liabilities	56,399	51,237
Changes in provision for warranties	(372,643)	(311,583)
Increase (decrease) in other non-current liabilities	(18,316)	1,335
Payment of retirement benefit	(53,924)	(65,680)
Changes in plan assets	(33,869)	(100,444)
	(764,065)	(453,977)
Cash generated from operation	₩ 2,422,765	₩ 2,841,971

(2) Significant non-cash investing and financing activities for the years ended December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022	2021
Transfer of construction-in-progress	₩ 600,627	₩ 520,752
Payables related to acquisition of property, plant and equipment and Intangible assets	82,135	27,249
Payables related to acquisition of investment in associates and joint ventures, etc.	-	64,200
Retirement of common stock profit	70,801	111,917
Acquisition of financial assets at FVOCI through the exchange of treasury stock	340,212	

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

40. Changes of liabilities from financing activities

Changes of liabilities from financing activities for the year ended December 31, 2022 and 2021 are summarized as follows:

① For the year ended December 31, 2022

(In millions of won)

	Beginning balance	Cash flow	Non-cash activities		Ending balance
			Exchange rate fluctuations	Others(*)	
Current portion of long-term debt and short-term borrowings	₩ 1,584,475	₩ (38,924)	₩ 302,535	₩ (66,554)	₩ 1,781,532
Bonds and long-term borrowings	1,587,545	145,874	(302,535)	31,165	1,462,049
Lease liabilities	339,011	(133,148)	186,130	6,993	398,986

(*) Others include non-cash activities from acquisition, change in contract, reclassification from long-term borrowings to current portion of long-term debt and changes in the scope of consolidation.

② For the year ended December 31, 2021

(In millions of won)

	Beginning balance	Cash flow	Non-cash activities		Ending balance
			Exchange rate fluctuations	Others(*)	
Current portion of long-term debt and short-term borrowings	₩ 1,859,454	₩ (791,240)	₩ 402,858	₩ 113,403	₩ 1,584,475
Bonds and long-term borrowings	1,135,522	824,973	(339,941)	(33,009)	1,587,545
Lease liabilities	294,570	(103,870)	133,796	14,515	339,011

(*) Others include non-cash activities from acquisition, change in contract, reclassification from long-term borrowings to current portion of long-term debt.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. 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, liquidity risk and insurance 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, 2022 and 2021, 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)

	2022		2021	
	10% Up	10% Down	10% Up	10% Down
Profit before income taxes	₩ 516	₩ (516)	₩ (165,493)	₩ 165,493

- Price risk

The Group's activities are exposed to price risk related to equity instruments among non-current financial assets by changes in market price. Marketable equity instruments as of December 31, 2022 and 2021 are as follows:

(In millions of won)

	2022	2021
Financial assets at FVOCI	₩ 291,528	₩ 40,662

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. 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 finance 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, 2022 and 2021 are summarized as follows:

<i>(In millions of won)</i>	2022		2021	
Financial assets:				
Financial assets at FVPL	₩	318,286	₩	894,507
		318,286		894,507
Financial liabilities:				
Short-term borrowings		429,513		51,876
Current portion of long-term debt		252,762		358,073
Long-term borrowings		1,058,898		1,070,918
		1,741,173		1,480,867
	₩	(1,422,887)	₩	(586,360)

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 the years ended December 31, 2022 and 2021 are as summarized as follows:

<i>(In millions of won)</i>	2022				2021			
	1% Up		1% Down		1% Up		1% Down	
Gain (loss) on valuation of financial assets at FVPL	₩	(2,915)	₩	2,938	₩	(11,359)	₩	10,408
Interest expense		(17,412)		17,412		(14,809)		14,809

③ 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

41. 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 exposure as of December 31, 2022 and 2021 are summarized as follows:

(In millions of won)

	2022		2021	
Cash and cash equivalent(*)	₩	4,088,219	₩	4,155,961
Financial assets at amortized cost		3,295,928		3,266,767
Financial assets at FVPL		2,370,267		3,423,274
Trade and other receivables		10,393,426		8,048,051
Other current assets		72,040		24,387
Other non-current assets		138,729		104,903
	₩	20,358,609	₩	19,023,343

(*) Cash on hand is excluded.

The maximum exposure of credit risk on guarantee which the Group has provided for associates as of December 31, 2022 is ₩225,263 million, and for other suppliers as of December 31, 2022 and 2021 are ₩603 million and ₩5,417 million, respectively.

The analysis of the aging of trade and other receivables as of December 31, 2022 and 2021 are summarized as follows:

- As of December 31, 2022

(In millions of won)

	Carrying amount	Not past due	Past due but not impaired			Impaired
			Within 30 days	30~180 days	Over 180 days	
Accounts and notes receivable - trade	₩ 9,774,889	9,586,060	133,026	36,919	16,103	2,781
Accounts and notes receivable - other	231,078	213,784	5,249	4,613	6,270	1,162
Loans	87,402	87,402	-	-	-	-
	₩ 10,093,369	9,887,246	138,275	41,532	22,373	3,943

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(1) Financial risk management, continued

② Credit risk, continued

- As of December 31, 2021

(In millions of won)

	Carrying amount	Not past due	Past due but not impaired			Impaired
			Within 30 days	30~180 days	Over 180 days	
Accounts and notes receivable - trade	₩ 7,828,286	7,744,205	52,332	16,757	10,224	4,768
Accounts and notes receivable - other	128,135	109,121	6,346	4,146	3,932	4,590
Loans	101,363	8,233	-	-	93,130	-
	₩ 8,057,784	7,861,559	58,678	20,903	107,286	9,358

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, 2022 and 2021 are summarized as follows:

- As of December 31, 2022

(In millions of won)	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Long-term borrowings	₩ 1,462,049	1,549,953	44,853	1,444,164	60,936
Current portion of long-term debt and short-term borrowings	1,781,532	1,797,546	1,797,546	-	-
Trade and other payables	7,554,255	7,554,255	7,538,667	15,588	-
Other current liabilities	225,115	225,115	225,115	-	-
Other non-current liabilities	380,545	380,545	-	380,545	-
Financial guarantee liabilities	57	1,405,900	379,477	1,026,423	-
Financial lease liabilities	398,986	440,281	112,491	226,656	101,134
	₩ 11,802,539	13,353,595	10,098,149	3,093,376	162,070

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For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(1) Financial risk management, continued

③ Liquidity risk, continued

- As of December 31, 2021

<i>(In millions of won)</i>		Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities						
Bonds and long-term borrowings	₩	1,587,545	1,635,938	12,641	1,561,112	62,185
Current portion of long-term debt and short-term borrowings		1,584,475	1,590,716	1,590,716	-	-
Trade and other payables		6,314,314	6,314,314	6,314,314	-	-
Other current liabilities		218,657	219,353	219,353	-	-
Lease liabilities		339,011	400,739	117,642	219,955	63,142
Derivative financial liabilities						
Derivative financial liabilities		35,768	35,768	330	35,438	-
	₩	10,079,770	10,196,828	8,254,996	1,816,505	125,327

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.

(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.

Debt to equity percentage as of December 31, 2022 and 2021 are summarized as follows:

<i>(In millions of won, except for ratio)</i>		2022		2021
Total liabilities	₩	17,599,066	₩	16,125,063
Total equity		35,807,632		35,357,474
Debt to equity ratio		46.55%		45.61%

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(3) Fair value of financial instruments

- ① Categories of financial assets and liabilities as of December 31, 2022 and 2021 are summarized as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

- As of December 31, 2022

		Book Value				Fair Value				
		Hedging Derivatives Financial Instruments	FVPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(In millions of won)										
Financial assets measured at fair value										
Financial assets at FVPL	₩	-	2,370,267	-	-	2,370,267	-	2,347,272	15,503	2,362,775
Financial assets at FVOCI		-	-	888,588	-	888,588	291,528	-	384,819	676,347
Hedging derivative financial assets		29	-	-	-	29	-	29	-	29
		29	2,370,267	888,588	-	3,258,884	291,528	2,347,301	400,322	3,039,151
Financial assets not measured at fair value										
Cash and cash equivalent		-	-	-	4,088,248	4,088,248	-	-	-	-
Financial assets at amortized cost		-	-	-	3,295,928	3,295,928	-	-	-	-
Trade and other receivables		-	-	-	10,393,426	10,393,426	-	-	-	-
Other current assets		-	-	-	72,011	72,011	-	-	-	-
Other non-current assets		-	-	-	138,729	138,729	-	-	-	-
		-	-	-	17,988,342	17,988,342	-	-	-	-
Financial Assets Total	₩	29	2,370,267	888,588	17,988,342	21,247,226	291,528	2,347,301	400,322	3,039,151
Financial liabilities not measured at fair value										
Bonds and long-term borrowings		-	-	-	1,462,049	1,462,049	-	321,559	-	321,559
Current portion of long-term debt and short-term borrowings		-	-	-	1,781,532	1,781,532	-	-	-	-
Trade and other payables		-	-	-	7,554,255	7,554,255	-	-	-	-
Other current liabilities		-	-	-	225,172	225,172	-	-	-	-
Other non-current liabilities		-	-	-	378,947	378,947	-	-	-	-
		-	-	-	11,401,955	11,401,955	-	321,559	-	321,559
Financial Liabilities Total	₩	-	-	-	11,401,955	11,401,955	-	321,559	-	321,559

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(3) Fair value of financial instruments, continued

① Categories of financial assets and liabilities as of December 31, 2022 and 2021 are summarized as follows, continued:

- As of December 31, 2021

		Book Value					Fair Value			
		Hedging Derivatives Financial Instruments	FVPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(In millions of won)										
Financial assets measured at fair value										
Financial assets at FVPL	₩	-	3,423,274	-	-	3,423,274	-	3,417,782	-	3,417,782
Financial assets at FVOCI		-	-	443,465	-	443,465	40,662	-	282,165	322,827
Hedging derivative financial assets		459	-	-	-	459	-	459	-	459
		459	3,423,274	443,465	-	3,867,198	40,662	3,418,241	282,165	3,741,068
Financial assets not measured at fair value										
Cash and cash equivalent		-	-	-	4,155,989	4,155,989	-	-	-	-
Financial assets at amortized cost		-	-	-	3,266,767	3,266,767	-	-	-	-
Trade and other receivables		-	-	-	8,048,051	8,048,051	-	-	-	-
Other current assets		-	-	-	23,928	23,928	-	-	-	-
Other non-current assets		-	-	-	104,903	104,903	-	-	-	-
		-	-	-	15,599,638	15,599,638	-	-	-	-
Financial Assets Total	₩	459	3,423,274	443,465	15,599,638	19,466,836	40,662	3,418,241	282,165	3,741,068
Financial liabilities measured at fair value										
Derivative financial liabilities	₩	317	35,451	-	-	35,768	-	342	35,426	35,768
Financial liabilities not measured at fair value										
Bonds and long-term borrowings		-	-	-	1,587,545	1,587,545	-	346,408	-	346,408
Current portion of long-term debt and short-term borrowings		-	-	-	1,584,475	1,584,475	-	-	-	-
Trade and other payables		-	-	-	6,314,314	6,314,314	-	-	-	-
Other current liabilities		-	-	-	218,657	218,657	-	-	-	-
		-	-	-	9,704,991	9,704,991	-	346,408	-	346,408
Financial Liabilities Total	₩	317	35,451	-	9,704,991	9,740,759	-	346,750	35,426	382,176

Significant transfers between Level 1, Level 2, and Level 3 have not occurred for the years ended December 31, 2022 and 2021.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(3) Fair value of financial instruments, continued

① Changes in level 3 for the years ended December 31, 2022 and 2021 are summarized as follows:

- For the year ended December 31, 2022

(In millions of won)	Beginning balance	Acquisition	Valuation		Other increase	Ending balance
			Loss	Comprehensive income		
Financial assets at FVPL	₩ -	-	4,068	-	11,435	15,503
Financial assets at FVOCI	282,165	42,651	-	44,074	15,929	384,819
Derivative financial liabilities (Option)	(35,426)	-	-	-	35,426	-
	₩ 246,739	42,651	4,068	44,074	62,790	400,322

- For the year ended December 31, 2021

(In millions of won)	Beginning balance	Acquisition	Valuation		Other increase	Ending balance
			Loss	Comprehensive income		
Financial assets at FVOCI	₩ 268,211	-	-	2,519	11,435	282,165
Derivative financial liabilities (Option)	-	(34,882)	(544)	-	-	(35,426)
	₩ 268,211	(34,882)	(544)	2,519	11,435	246,739

② Financial assets and liabilities carried at fair value by each valuation method are defined as follows:

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

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

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

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

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

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2022 and 2021

41. Risk Management, Continued

(3) Fair value of financial instruments, continued

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

Specific valuation techniques used to value financial instruments include:

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

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

Other than those listed in Note 2 (4), there are no significant changes in the business environment and economic environment, affected the fair value of the Group's financial assets and financial liabilities for the year ended December 31, 2022.

The valuation methods and the unobservable inputs used in measuring Level 2 fair values as of December 31, 2022 are summarized as follows:

<i>(In millions of won)</i>	Fair value	Valuation methods	Inputs
Financial assets at FVPL	₩ 2,347,272	DCF model	Discount rate
Hedging derivative financial assets	29	DCF model	Discount rate, exchange rate, swap point
Bonds	(321,559)	DCF model	Discount rate
	<u>₩ 2,025,742</u>		

④ The valuation methods and the significant unobservable inputs used in measuring Level 3 fair values as of December 31, 2022 are summarized as follows:

<i>(In millions of won)</i>	Fair value	Valuation methods	Significant unobservable input	Estimation range of unobservable input	The effect of changes in the unobservable inputs on the fair value
Financial assets at FVPL	₩ 15,503	Tsiveriotis-Fernandes model	Forward Rate Stock price volatility	13.84%~28.31% 49.56%	Value increases as rate increases Value increases as volatility increases
	₩ 282,044	Comparable company method, DCF model	Discount rate Growth Rate	11.60% 1.00%	Value decreases as discount rate increases Value increases as growth rate increases
Financial assets at FVOCI	₩ 101,624	Comparable company method, DCF model	Discount rate Growth Rate	24.98% 1.00%	Value decreases as discount rate increases Value increases as growth rate increases

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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41. Risk Management, Continued

(3) Fair value of financial instruments, continued

- ⑤ The sensitivity to changes in unobservable inputs used in measuring Level 3 fair values as of December 31, 2022 are summarized as follows:

(In millions of won)		Other Comprehensive			
		Income (loss)		Profit (loss)	
	Fair value	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets at FVPL	₩ 15,503	-	-	1,768	(4,257)
Financial assets at FVOCI	282,044	88,897	(59,847)	-	-
	101,624	14,578	(12,171)	-	-

Favorable or unfavorable changes of financial assets at FVOCI are calculated by increasing or decreasing 1%P in discount rate and growth rate and adjusting the exercise price at the time of repayment which is primary unobservable inputs.

42. Date of Authorization for Issue

The consolidated financial statements were authorized for issue by the Board of Directors on January 26, 2023.

43. Events after the reporting period

The resolution of the board of directors of the parent company has been made on January 25, 2023 to invest in kind in MOTRAS, UNITUS, H-Green Power Inc. and invest ₩ 50 billion in cash in UNITUS as of April 1, 2023.