

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2023 (Unaudited)
WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT

HYUNDAI MOTOR COMPANY
AND ITS SUBSIDIARIES

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INDEPENDENT AUDITORS' REVIEW REPORT

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Report on review of interim consolidated financial statements

(English Translation of a Report Originally Issued in Korean)

The Stockholders and Board of Directors Hyundai Motor Company

We have reviewed the accompanying interim condensed consolidated financial statements of Hyundai Motor Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the interim condensed consolidated statement of financial position as of June 30, 2023, the related interim condensed consolidated statements of income and interim condensed consolidated statements of comprehensive income for the three-month and the six-month periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of material accounting policy information and other explanatory information.

Management’s responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing (“KSA”) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matter

The interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2022, prepared in accordance with KIFRS 1034 and presented for comparative purposes, have been reviewed by KPMG Samjong Accounting Corp., whose review report dated August 16, 2022 expressed an unqualified review conclusion.

Moreover, the consolidated statement of financial position as of December 31, 2022, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended which have been audited by KPMG Samjong Accounting Corp., in accordance with KSA (not presented herein), whose report dated March 8, 2023, expressed an unqualified opinion. The accompanying consolidated statement of financial position as of December 31, 2022 presented for comparative purposes is not different, in all material respects, from the above audited consolidated statement of financial position.

Ernst & Young Han Young

August 14, 2023

This review report is effective as of August 14, 2023, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim consolidated financial statements and may result in modification to this review report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2023 AND 2022 (Unaudited)**

“The accompanying interim consolidated financial statements, including all footnote disclosures,
were prepared by, and are the responsibility of, the Company.”

Chang, Jae Hoon
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 (Unaudited) AND DECEMBER 31, 2022

ASSETS	NOTES	June 30, 2023	December 31, 2022
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	20	₩ 20,777,704	₩ 20,864,879
Short-term financial instruments	20	7,714,629	5,774,597
Other financial assets	5,20	4,965,977	5,934,745
Trade notes and accounts receivable	3,20	5,203,101	4,279,057
Other receivables	4,20	3,761,443	4,458,689
Inventories	6	17,412,206	14,291,216
Current tax assets		82,247	85,867
Financial services receivables	14,20	38,695,392	38,037,368
Non-current assets classified as held for sale	8	3,042	22,302
Other assets	7,20	2,642,352	2,640,553
Total current assets		101,258,093	96,389,273
Non-current assets:			
Long-term financial instruments	20	542,442	112,557
Other financial assets	5,20	4,001,927	3,889,776
Long-term trade notes and accounts receivable	3,20	208,853	179,781
Other receivables	4,20	879,435	821,050
Property, plant and equipment	9,40	36,508,959	36,153,190
Investment property	10,40	148,399	144,450
Intangible assets	11,40	5,818,366	6,102,377
Investments in joint ventures and associates	13	27,365,364	25,199,437
Net defined benefit assets	35	863,015	837,502
Deferred tax assets	34	3,440,804	3,237,309
Financial services receivables	14,20	58,832,491	52,326,478
Investments in operating leases	15	28,679,934	27,681,534
Right-of-use assets	12	924,909	1,117,293
Other assets	7,20	1,852,056	1,550,455
Total non-current assets		170,066,954	159,353,189
Total assets		₩ 271,325,047	₩ 255,742,462

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 (Unaudited) AND DECEMBER 31, 2022

(Cont'd)

LIABILITIES AND EQUITY	NOTES	June 30, 2023	December 31, 2022
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 11,422,178	₩ 10,797,065
Other payables	20,39	5,716,364	8,277,891
Short-term borrowings	16,20,40	10,420,000	11,366,480
Current portion of long-term debt and debentures	16,20,40	27,876,058	25,574,131
Income tax payable		933,406	1,008,506
Provisions	17	7,989,271	8,102,596
Other financial liabilities	18,20	290,747	99,144
Lease liabilities	12,20	194,497	405,053
Non-current liabilities classified as held for sale	8	-	5,365
Other liabilities	19,20,27	10,842,692	8,600,241
Total current liabilities		75,685,213	74,236,472
Non-current liabilities:			
Long-term other payables	20,39	687,688	726,115
Debentures	16,20,40	67,887,270	62,960,060
Long-term debt	16,20,40	13,560,340	12,285,149
Net defined benefit liabilities	35	66,420	61,861
Provisions	17	4,300,415	4,327,985
Other financial liabilities	18,20	75,726	262,518
Deferred tax liabilities	34	5,904,307	5,027,741
Lease liabilities	12,20	735,337	705,751
Other liabilities	19,20,27	4,990,958	4,252,265
Total non-current liabilities		98,208,461	90,609,445
Total liabilities		173,893,674	164,845,917
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,288,659	4,241,303
Other capital items	23	(1,319,506)	(1,713,928)
Accumulated other comprehensive income (loss)	24	(232,354)	(1,620,682)
Retained earnings	25	84,385,362	79,953,601
Equity attributable to the owners of the Company		88,611,154	82,349,287
Non-controlling interests		8,820,219	8,547,258
Total equity		97,431,373	90,896,545
Total liabilities and equity		₩ 271,325,047	₩ 255,742,462

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

	NOTES	2023		2022	
		Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won, except per share amounts)					
Sales	27,40	₩ 42,249,695	₩ 80,028,388	₩ 35,999,896	₩ 66,298,464
Cost of sales	32	33,356,309	63,412,989	28,599,592	53,124,954
Gross profit		8,893,386	16,615,399	7,400,304	13,173,510
Selling and administrative expenses	28,32	4,655,455	8,784,769	4,420,510	8,264,786
Operating profit		4,237,931	7,830,630	2,979,794	4,908,724
Gain on investments in joint ventures and associates, net	29	1,019,886	1,776,258	706,006	1,066,909
Finance income	30	443,749	873,055	432,155	634,556
Finance expenses	30	307,620	603,966	296,629	465,562
Other income	31	548,204	1,097,583	741,923	1,183,475
Other expenses	31,32	1,107,761	1,548,254	674,491	1,160,718
Profit before income tax		4,834,389	9,425,306	3,888,758	6,167,384
Income tax expense	34	1,487,576	2,659,090	803,932	1,305,182
Profit for the period		₩ 3,346,813	₩ 6,766,216	₩ 3,084,826	₩ 4,862,202
Profit attributable to:					
Owners of the Company		3,235,034	6,546,573	2,803,457	4,388,379
Non-controlling interests		111,779	219,643	281,369	473,823
Earnings per share attributable to the owners of the Company:	33				
Basic earnings per share:					
Common stock		₩ 12,347	₩ 25,011	₩ 10,869	₩ 17,003
1 st preferred stock		₩ 12,359	₩ 25,010	₩ 10,882	₩ 17,028
Diluted earnings per share:					
Common stock		₩ 12,347	₩ 25,011	₩ 10,869	₩ 17,003
1 st preferred stock		₩ 12,359	₩ 25,010	₩ 10,882	₩ 17,028

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Profit for the period	₩ 3,346,813	₩ 6,766,216	₩ 3,084,826	₩ 4,862,202
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	74,978	90,998	(162,414)	(215,578)
Remeasurements of defined benefit plans	(15,508)	(29,145)	(15,761)	(1,708)
Changes in retained earnings of equity-accounted investees, net	(107,298)	(150,355)	41,197	79,353
Changes in share of OCI of equity-accounted investees, net	17,304	28,047	(19,502)	(48,584)
	<u>(30,524)</u>	<u>(60,455)</u>	<u>(156,480)</u>	<u>(186,517)</u>
Items that may be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	(3,556)	1,716	(12,725)	(29,564)
Gain (loss) on valuation of cash flow hedge derivatives, net	9,795	(199,828)	(109,729)	(21,540)
Changes in share of OCI of equity-accounted investees, net	45,139	407,744	572,756	659,078
Gain on foreign operations translation, net	95,005	1,083,486	2,119,260	2,432,443
	<u>146,383</u>	<u>1,293,118</u>	<u>2,569,562</u>	<u>3,040,417</u>
Total other comprehensive income	<u>115,859</u>	<u>1,232,663</u>	<u>2,413,082</u>	<u>2,853,900</u>
Total comprehensive income	<u>₩ 3,462,672</u>	<u>₩ 7,998,879</u>	<u>₩ 5,497,908</u>	<u>₩ 7,716,102</u>
Comprehensive income attributable to:				
Shareholders of the Company	3,347,829	7,717,903	4,858,898	6,812,882
Non-controlling interests	114,843	280,976	639,010	903,220
Total comprehensive income	<u>₩ 3,462,672</u>	<u>₩ 7,998,879</u>	<u>₩ 5,497,908</u>	<u>₩ 7,716,102</u>

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2022	₩ 1,488,993	₩ 4,070,260	₩ (1,968,385)	₩ (1,772,601)	₩ 73,167,855	₩ 74,986,122	₩ 7,629,667	₩ 82,615,789
Comprehensive income:								
Profit for the period	-	-	-	-	4,388,379	4,388,379	473,823	4,862,202
Loss on financial assets measured at FVOCI, net	-	-	-	(239,494)	-	(239,494)	(5,648)	(245,142)
Gain (loss) on valuation of cash flow hedge derivatives, net	-	-	-	(77,248)	-	(77,248)	55,708	(21,540)
Changes in valuation of equity-accounted investees, net	-	-	-	601,543	79,353	680,896	8,951	689,847
Remeasurements of defined benefit plans	-	-	-	-	4,345	4,345	(6,053)	(1,708)
Gain on foreign operations translation, net	-	-	-	2,056,004	-	2,056,004	376,439	2,432,443
Total comprehensive Income	-	-	-	2,340,805	4,472,077	6,812,882	903,220	7,716,102
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(1,040,399)	(1,040,399)	(56,800)	(1,097,199)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	560	560
Disposals of investment of subsidiaries	-	-	-	-	-	-	(83,094)	(83,094)
Purchases of treasury stocks	-	-	(193,451)	-	-	(193,451)	-	(193,451)
Others	-	-	-	-	(4,407)	(4,407)	(7,048)	(11,455)
Total transactions with owners, recorded directly in equity	-	-	(193,451)	-	(1,044,806)	(1,238,257)	(146,382)	(1,384,639)
Balance at June 30, 2022 (Unaudited)	₩ 1,488,993	₩ 4,070,260	₩ (2,161,836)	₩ 568,204	₩ 76,595,126	₩ 80,560,747	₩ 8,386,505	₩ 88,947,252

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

(Cont'd)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2023	₩ 1,488,993	₩ 4,241,303	₩ (1,713,928)	₩ (1,620,682)	₩ 79,953,601	₩ 82,349,287	₩ 8,547,258	₩ 90,896,545
Comprehensive income:								
Profit for the period	-	-	-	-	6,546,573	6,546,573	219,643	6,766,216
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	138,735	(44,678)	94,057	(1,343)	92,714
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(167,486)	-	(167,486)	(32,342)	(199,828)
Changes in valuation of equity-accounted investees, net	-	-	-	420,808	(150,355)	270,453	14,983	285,436
Remeasurements of defined benefit plans	-	-	-	-	(21,965)	(21,965)	(7,180)	(29,145)
Gain on foreign operations translation, net	-	-	-	996,271	-	996,271	87,215	1,083,486
Total comprehensive Income	-	-	-	1,388,328	6,329,575	7,717,903	280,976	7,998,879
Transactions with owners, recorded directly in equity:								
Payment of cash Dividends	-	-	-	-	(1,572,542)	(1,572,542)	(140,764)	(1,713,306)
Increase in paid-in capital of subsidiaries by issuing stock	-	24,643	-	-	-	24,643	118,241	142,884
Disposals of investment of subsidiaries	-	-	-	-	-	-	20,546	20,546
Disposals of Treasury stocks	-	22,797	79,010	-	-	101,807	-	101,807
Retirement of Treasury stocks	-	-	315,412	-	(315,412)	-	-	-
Others	-	(84)	-	-	(9,860)	(9,944)	(6,038)	(15,982)
Total transactions with owners, recorded directly in equity	-	47,356	394,422	-	(1,897,814)	(1,456,036)	(8,015)	(1,464,051)
Balance at June 30, 2023 (Unaudited)	₩ 1,488,993	₩ 4,288,659	₩ (1,319,506)	₩ (232,354)	₩ 84,385,362	₩ 88,611,154	₩ 8,820,219	₩ 97,431,373

(Concluded)

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

	NOTES	Six-month period ended June 30,	
		2023	2022
(In millions of Korean Won)			
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 6,766,216	₩ 4,862,202
Adjustments		9,849,370	8,399,565
Changes in operating assets and liabilities		(14,166,928)	(7,111,983)
		<u>2,448,658</u>	<u>6,149,784</u>
Interest received		829,230	287,066
Interest paid		(1,937,469)	(1,156,658)
Dividend received		645,914	527,408
Income tax paid		(2,133,385)	(1,222,735)
Net cash provided by (used in) operating activities		<u>(147,052)</u>	<u>4,584,865</u>
Cash flows from investing activities:			
Changes in short-term financial instruments, net		(1,889,879)	(664,344)
Changes in other financial assets (current), net		3,106,903	2,197,488
Decrease in other financial assets (non-current)		21,762	12,517
Collection of other receivables		27,290	33,748
Disposals of long-term financial instruments		41,302	39,073
Proceeds from disposals of property, plant and equipment		60,236	85,400
Proceeds from disposals of intangible assets		1,594	5,971
Proceeds from disposals of investment in joint ventures and associates		238	10,805
Increases in other financial assets (non-current)		(125,908)	(167,665)
Increases in other receivables		(29,146)	(29,062)
Purchases of long-term financial instruments		(54,764)	(49,604)
Acquisitions of property, plant and equipment		(2,849,414)	(1,844,236)
Acquisitions of intangible assets		(602,729)	(625,964)
Acquisitions of investments in joint ventures and associates		(788,841)	(628,392)
Cash outflows from changes of consolidation scope		130,055	(197,188)
Others		8,752	481
Net cash used in investing activities		<u>(2,942,549)</u>	<u>(1,820,972)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

(Cont'd)

	NOTES	Six-month period ended June 30,	
		2023	2022
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceeds from short-term borrowings	₩	670,044	₩ 1,695,177
Proceeds from long-term debt and debentures		23,789,962	15,488,631
Proceeds from capital contribution from non-controlling interest		-	560
Repayment of short-term borrowings		(2,917,517)	(3,370,652)
Repayment of long-term debt and debentures		(17,332,009)	(12,751,406)
Repayment of lease liabilities		(133,570)	(99,262)
Purchases of treasury stocks		-	(193,451)
Dividends paid		(1,712,191)	(1,043,123)
Others		131,127	(26,328)
Net cash provided by (used in) financing activities		<u>2,495,846</u>	<u>(299,854)</u>
Effect of exchange rate changes on cash and cash equivalents		506,580	869,788
Net increase (decrease) in cash and cash equivalents		(87,175)	3,333,827
Cash and cash equivalents, beginning of the period		<u>20,864,879</u>	<u>12,795,554</u>
Cash and cash equivalents, end of the period	₩	<u>20,777,704</u>	<u>₩ 16,129,381</u>

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022 (Unaudited)

1. GENERAL:

Hyundai Motor Company (the “Company” or “Parent Company”) was incorporated in December 1967, under the laws of the Republic of Korea. The Company and its subsidiaries (the “Group”) manufacture and distribute motor vehicles and parts, operate vehicle financing and credit card processing, and manufacture trains.

The shares of the Company have been listed on the Korea Exchange since June, 1974, and the Global Depositary Receipts issued by the Company have been listed on the London Stock Exchange and Luxembourg Stock Exchange.

As of June 30, 2023, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.64%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.39%).

(1) The Group’s consolidated subsidiaries as of June 30, 2023 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HYUNDAI CAPITAL SERVICES, INC.	Financing	Korea	59.68%	
HYUNDAI CARD CO., LTD. (*1)	"	"	36.96%	
HYUNDAI ROTEM COMPANY (*2)	Manufacturing	"	33.77%	
HYUNDAI KEFICO CORPORATION	"	"	100.00%	
HYUNDAI PARTECS	"	"	56.00%	
Hyundai NGV	Engineering	"	68.29%	
MAINtrans company	Services	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Rotem SRS Co., Ltd.	"	"	100.00%	"
JEONBUK HYUNDAI MOTORS FC CO., LTD	Football club	"	100.00%	
AirPlug Inc.	R&D and Sales	"	99.32%	
42dot Inc.	"	"	61.92%	
42 Air, Inc	"	USA	100.00%	42dot Inc. 100.00%
Movia Inc.	Transporting	Korea	100.00%	"
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	"	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	"	100.00%	HMA 100.00%
Hyundai Motor Group Metaplant America, LLC (HMGMA)	"	"	60.00%	HMA 60.00%
Hyundai Translead (HT)	"	"	100.00%	
Hyundai America Technical Center, Inc. (HATCI)	R&D	"	100.00%	
Genesis Motor America LLC	Sales	"	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Investment, Inc.	Investment	"	100.00%	
HYUNDAI AUTO CANADA CORP. (HACC)	Sales	Canada	100.00%	HMA 100.00%
HYUNDAI AUTO CANADA CAPTIVE INSURANCE INC. (HACCI)	Insurance	"	100.00%	"
Hyundai Capital Canada Inc. (HCCA)	Financing	"	70.00%	HYUNDAI CAPITAL SERVICES, INC. 20.00%
Hyundai Capital Lease Inc. (HCLI)	"	"	100.00%	HCCA 100.00%
HK Lease Funding LP	"	"	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	"	"	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	"	"	100.00%	HCCA 100.00%
HK Retail Funding LP	"	"	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
HYUNDAI MOTOR INDIA LIMITED (HMI)	Manufacturing	India	100.00%	
HYUNDAI MOTOR INDIA ENGINEERING PRIVATE LIMITED (HMIE)	R&D	"	100.00%	HMI 100.00%
HYUNDAI INDIA INSURANCE BROKING PRIVATE LIMITED (HIIB)	Insurance	"	100.00%	"
HYUNDAI CAPITAL INDIA PRIVATE LIMITED (HCI)	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Mobility Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Mobility Japan R&D Center Co., Ltd. (HMJ R&D)	R&D	"	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Genesis Motor Sales (Shanghai) Co., LTD.	"	"	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
KEFICO Automotive Systems(Beijing) Co., Ltd.	Manufacturing	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	"	"	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV)(*1)	"	Vietnam	50.00%	
HYUNDAI THANH CONG COMMERCIAL VEHICLE JOINT STOCK COMPANY (HTCV)(*1)	Sales	"	50.00%	
HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV)(*1)	"	"	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
HYUNDAI MOTOR COMPANY AUSTRALIA PTY LIMITED (HMCA)	Sales	Australia	100.00%	
HYUNDAI MOTOR PHILIPPINES, INC. (HMPH)	"	Philippines	100.00%	
HYUNDAI MOBILITY (THAILAND) CO., LTD. (HMT)	"	Thailand	100.00%	
PT HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	100.00%	
PT HYUNDAI MOTORS INDONESIA (HMID)	Sales	"	100.00%	HMMI 0.01%
PT Hyundai Solusi Mobilitas (HSM)	"	"	99.99%	HMID 99.99%
PT. HYUNDAI CAPITAL INDONESIA (HCID)	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Capital Australia Pty Limited	"	Australia	100.00%	"
HR MECHANICAL SERVICES LIMITED	Services	New Zealand	100.00%	HYUNDAI ROTEM COMPANY 100.00%
Hyundai Motor Manufacturing Czech s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o. (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motorsport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Europe GmbH.	Financing	Germany	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
HMCIS B.V.	Holding company	Netherlands	100.00%	HMMR 1.65%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor CIS Limited Liability Company (HMCIS)	Sales	"	100.00%	HMCIS B.V. 100.00%
Hyundai Mobility Lab Limited Liability Company. (HML)	R&D	"	100.00%	HMCIS 99.00%, HMMR 1.00%
HYUNDAI CAPITAL SERVICES LIMITED LIABILITY COMPANY	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Limited liability company Hyundai Truck & Bus Rus (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret Anonim Sirketi (HAOSVT)	Manufacturing	Turkiye	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	HYUNDAI ROTEM COMPANY 50.50%
Hyundai Rotem Company – Hyundai EUROTREM Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	"	100.00%	HYUNDAI ROTEM COMPANY 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company - Hyundai EUROTREM Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	HYUNDAI ROTEM COMPANY 85.00%, Hyundai EURotem A.S. 15.00%
Rotem SRS Ukraine LLC.	Services	Ukraine	100.00%	Rotem SRS Co., Ltd. 100.00%
Rotem SRS Egypt LLC.	"	Egypt	98.00%	Rotem SRS Co., Ltd. 98.00%
HYUNDAI MOTOR UK LIMITED (HMUK)	Sales	UK	100.00%	
HYUNDAI MOTOR COMPANY ITALY S.R.L. (HMCI)	"	Italy	100.00%	
HYUNDAI MOTOR ESPANA, S.L.U. (HMES)	"	Spain	100.00%	
HYUNDAI MOTOR FRANCE (HMF)	"	France	100.00%	
Hyundai Motor Poland sp. z o.o. (HMP)	"	Poland	100.00%	
Hyundai Rotem Poland sp. z o.o.	Services	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
GENESIS MOTOR EUROPE GmbH (GME)	Sales	Germany	100.00%	
GENESIS MOTOR UK LIMITED (GMUK)	"	UK	100.00%	GME 100.00%
GENESIS MOTOR SWITZERLAND AG (GMCH)	"	Switzerland	100.00%	"
GENESIS MOTOR DEUTSCHLAND GmbH (GMD)	"	Germany	100.00%	"
Hyundai Hydrogen Mobility AG (HHM)	"	Switzerland	75.00%	
Hyundai Hydrogen Mobility Germany GmbH (HHMG)	"	Germany	100.00%	HHM 100.00%
HYUNDAI MOTOR DE MEXICO S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L. DE C.V.	"	"	100.00%	HYUNDAI KEFICO CORPORATION 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda.	Financing	"	100.00%	HYUNDAI CAPITAL SERVICES, INC. 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	HYUNDAI ROTEM COMPANY 100.00%
HMS SERVICOS DE MOBILIDADE LTDA.	Holding company	"	99.99%	HMB 99.99%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
ZERO1NE Accelerator Investment Fund No.1	"	Korea	99.00%	
Autopia Sixty-fifth ~ Seventy-Sixth Asset Securitization Specialty Company (*1)	Financing	"	0.50%	HYUNDAI CAPITAL SERVICES, INC. 0.50%
Zavurov First Co., Ltd. (*1)	"	"	0.00%	HYUNDAI CAPITAL SERVICES, INC. 0.00%
Super Series Seventh ~ Fifteenth Securitization Specialty Co., Ltd. (*1)	"	"	0.50%	HYUNDAI CARD CO., LTD. 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	HYUNDAI CARD CO., LTD. 100.00%
MOCEAN Co.,Ltd	Mobility Service	"	73.28%	
UB1st Co., Ltd	Manufacturing	"	54.35%	42dot Inc. 54.35%
Hyundai Cha Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

(*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.

(*2) Even though the ownership percentage is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.

- (2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2023 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 39,909,435	₩ 34,112,065	₩ 2,519,885	₩ 188,346
HYUNDAI CARD CO., LTD. (*)	22,942,130	19,030,891	1,605,640	157,205
HYUNDAI ROTEM COMPANY (*)	4,984,712	3,414,433	1,671,253	70,643
HYUNDAI KEFICO CORPORATION (*)	2,139,224	1,141,073	1,258,666	23,287
HCA (*)	74,788,106	66,844,569	6,609,360	285,275
HMA	14,078,299	8,043,754	19,612,908	1,735,944
HMMA	4,724,253	3,542,345	6,441,616	107,413
HMI (*)	5,642,030	2,212,665	5,081,400	434,116
HMMC	4,542,876	1,993,994	5,511,735	270,435
HME (*)	1,575,777	1,453,625	9,303,080	47,396
HACC (*)	2,007,876	1,123,870	2,278,661	139,627
HAOSVT	1,870,063	980,839	2,334,012	76,498
HMB	2,025,890	1,313,207	1,530,980	28,763
HMMR	958,497	415,230	25,180	(227,004)
HMCA	1,035,394	845,976	1,264,039	31,366

- (*) Based on the subsidiary's consolidated financial statements

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2022 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
HYUNDAI CAPITAL SERVICES, INC. (*)	₩ 37,008,646	₩ 31,495,005	₩ 2,222,632	₩ 244,584
HYUNDAI CARD CO., LTD. (*)	23,671,999	19,928,256	1,495,223	155,695
HYUNDAI ROTEM COMPANY (*)	4,400,623	3,089,926	1,463,226	38,682
HYUNDAI KEFICO CORPORATION (*)	2,213,144	1,322,323	1,027,953	23,064
HCA (*)	65,392,888	57,638,476	6,021,769	599,532
HMA	11,464,248	7,413,433	14,899,905	1,383,770
HMMA	4,922,208	2,923,508	5,376,184	53,494
HMMC	4,434,598	1,922,275	4,478,173	360,124
HMI (*)	4,857,993	1,967,006	4,169,961	288,787
HME (*)	2,759,387	2,602,226	6,836,825	93,601
HACC (*)	2,053,677	1,220,937	2,135,203	67,406
HMMR	2,618,954	827,168	767,633	177,826
HAOSVT	1,750,516	966,964	1,910,151	206,755
HMB	1,845,814	1,212,393	1,435,425	76,191
HMCA	1,228,049	1,043,102	1,156,223	22,943

- (*) Based on the subsidiary's consolidated financial statements

- (3) The financial statements of all subsidiaries used in the preparation of the interim consolidated financial statements are prepared for the same reporting periods as the Company's.

(4) Summarized cash flows of non-wholly owned subsidiaries in which the Group has material non-controlling interests for the six-month period ended June 30, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)			
Provided by (used in) operating activities	₩ (1,362,102)	₩ 1,104,179	₩ 677,597
Used in investing activities	(75,174)	(258,266)	(99,927)
Provided by (used in) financing activities	996,361	(1,416,874)	(484,540)
Effect of exchange rate changes on cash and cash equivalents	-	-	398
Net increase (decrease) in cash and cash equivalents	₩ (440,915)	₩ (570,961)	₩ 93,528

Summarized cash flows of non-wholly owned subsidiaries in which the Group has material non-controlling interests for the six-month period ended June 30, 2022 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)			
Provided by (used in) operating activities	₩ (574,186)	₩ (1,000,971)	₩ 184,175
Used in investing activities	(147,371)	(33,675)	(16,009)
Provided by financing activities	1,010,138	1,652,033	106,027
Effect of exchange rate changes on cash and cash equivalents	-	-	2,937
Net increase in cash and cash equivalents	₩ 288,581	₩ 617,387	₩ 277,130

(5) Details of material non-controlling interests in non-wholly owned subsidiaries as of and for the six-month period ended June 30, 2023 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,327,092	₩ 2,550,397	₩ 896,476
Profit attributable to non-controlling interests	74,066	99,108	46,019
Dividends paid to non-controlling interests	-	38,442	-

Details of material non-controlling interests in non-wholly owned subsidiaries as of and for the year ended December 31, 2022 are as follows.

Description	HYUNDAI CAPITAL SERVICES, INC.	HYUNDAI CARD CO., LTD.	HYUNDAI ROTEM COMPANY
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,263,283	₩ 2,511,596	₩ 845,085
Profit attributable to non-controlling interests	171,675	160,104	127,747
Dividends paid to non-controlling interests	-	56,753	-

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the six-month period ended June 30, 2023 are as follows.

Changes	Name of subsidiaries	Description
Included	Hyundai Rotem Poland sp. z o.o.	Establishment
"	Autopia Seventy-Sixth Asset Securitization Specialty Company	"
"	Super Series Fifteenth Securitization Specialty Co., Ltd.	"
"	UB1st Co., Ltd	Acquisition
Excluded	Super Series Sixth Securitization Specialty Co., Ltd.	Liquidation
"	KEFICO Automotive Systems(Chongqing) Co., Ltd.	"
"	SMART Alabama, LLC	"
"	Stamped Metal American Research Technology, Inc.	"

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group's interim condensed consolidated financial statements as of June 30, 2023 and for the three-month and the six-month periods ended June 30, 2023 and 2022 are prepared in accordance with KIFRS 1034, *Interim Financial Reporting*. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2022, which have been prepared in accordance with KIFRS.

There are new or amended accounting standards effective from January 1, 2023, but those standards did not have a material impact on the Group's consolidated financial statements. Except for these standards, the significant accounting policies used for the preparation of the interim condensed consolidated financial statements are consistent with those applied to the annual consolidated financial statements as of and for the year ended December 31, 2022.

(2) Significant accounting estimates and key sources of estimation uncertainties

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations.

Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements are the same as those for the annual consolidated financial statements as of and for the year ended December 31, 2022.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 5,222,749	₩ 233,858	₩ 4,298,915	₩ 200,400
Loss allowance	(19,648)	(5,028)	(19,858)	(5,028)
Present value discount accounts	-	(19,977)	-	(15,591)
	₩ 5,203,101	₩ 208,853	₩ 4,279,057	₩ 179,781

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2023, aging analysis of total trade notes and accounts receivable that are past due, but not impaired is as follows.

Description	Not due	Overdue	Overdue	Overdue	Total amounts	Amount of impaired receivables
		Within 90days	Within 180days More than 91days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 4,999,077	₩ 245,766	₩ 39,845	₩ 171,919	₩ 5,456,607	₩ 24,676

As of December 31, 2022, aging analysis of total trade notes and accounts receivable that are past due, but not impaired is as follows.

Description	Not due	Overdue	Overdue	Overdue	Total amounts	Amount of impaired receivables
		Within 90days	Within 180days More than 91days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 4,225,436	₩ 192,913	₩ 7,766	₩ 73,200	₩ 4,499,315	₩ 24,886

(3) The changes in loss allowance for the six-month periods ended June 30, 2023 and 2022 are as follows

Description	Six-month period ended June 30,	
	2023	2022
(In millions of Korean Won)		
Beginning of the period	₩ 24,886	₩ 43,507
Impairment loss(reversal)	(788)	379
Write-off	(8)	(143)
Effect of foreign exchange differences and others	586	357
End of the period	₩ 24,676	₩ 44,100

4. OTHER RECEIVABLES:

(1) Other receivables as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivable – others (*)	₩ 2,647,405	₩ 510,419	₩ 3,143,232	₩ 418,541
Due from customers for contract work	1,204,028	-	1,413,886	-
Lease and rental deposits	15,649	316,182	17,471	323,362
Deposits	10,006	52,834	12,854	40,740
Others	5,613	-	5,631	38,407
Loss allowance	(121,258)	-	(134,385)	-
	₩ 3,761,443	₩ 879,435	₩ 4,458,689	₩ 821,050

(*) As of June 30, 2023 and December 31, 2022, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of ₩1,021,787 million and ₩1,045,159 million, respectively.

(2) The changes in other allowance for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,			
	2023		2022	
	(In millions of Korean Won)			
Beginning of the period	₩	134,385	₩	20,877
Impairment loss		1,516		40
Write-off		(2,810)		(2,072)
Effect of foreign exchange differences and others		(11,833)		216
End of the period	₩	121,258	₩	19,061

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2023 are as follows.

Description	June 30, 2023			
	Current		Non-current	
	(In millions of Korean Won)			
Financial assets measured at FVPL	₩	4,442,508	₩	406,402
Financial assets measured at FVOCI		82,121		2,954,738
Financial assets measured at amortized cost		73,958		14,010
Derivative assets that are effective hedging instruments		367,390		626,777
	₩	4,965,977	₩	4,001,927

Other financial assets as of December 31, 2022 are as follows.

Description	December 31, 2022			
	Current		Non-current	
	(In millions of Korean Won)			
Financial assets measured at FVPL	₩	5,366,752	₩	343,594
Financial assets measured at FVOCI		66,044		2,773,537
Financial assets measured at amortized cost		25,404		12,494
Derivative assets that are effective hedging instruments		476,545		760,151
	₩	5,934,745	₩	3,889,776

(2) Financial assets measured at FVOCI as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Acquisition cost	Book value	Book value	Book value
	(In millions of Korean Won)			
Debt instruments	₩	594,158	₩	561,838
Equity instruments (*)		2,716,260		2,475,021
	₩	3,310,418	₩	3,036,859
			₩	2,839,581

(*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial recognition.

- (3) Equity instruments classified into financial assets measured at FVOCI as of June 30, 2023 and December 31, 2022 are as follows.

Name of the company	Ownership percentage (%)	June 30, 2023		December 31, 2022
		Acquisition cost	Book value	Book value
(In millions of Korean Won)				
KT Corporation (*1)	4.69	₩ 458,793	₩ 365,087	₩ 414,412
Hyundai Glovis Co., Ltd.	4.88	210,688	361,977	299,359
Hyundai Steel Company (*2)	6.87	727,028	309,609	322,546
ANI Technologies Private Limited (OLA)	3.38	278,955	278,825	278,825
Hyundai Oilbank Co., Ltd.	4.35	53,734	270,911	270,911
Grab Holdings Limited	1.10	442,922	193,116	175,010
HD Hyundai (*3)	2.20	9,018	103,913	99,055
Hyundai M Partners Co., Ltd.	9.29	9,888	14,673	17,151
NICE Information Service Co., Ltd.	2.25	3,312	13,960	16,664
Hyundai Green Food Co., Ltd. (*4)	2.36	5,203	10,211	-
NICE Holdings Co., Ltd.	1.30	3,491	5,762	6,342
Hyundai G.F. Holdings Co., Ltd. (*4)	2.36	9,801	5,487	15,531
Hyundai Asan Corporation	1.40	22,500	2,117	2,117
Others		480,927	539,373	422,465
		₩ 2,716,260	₩ 2,475,021	₩ 2,340,388

(*1) During the year ended December 31, 2022, the Group acquired 12,011,143 shares in KT Corporation by the exchange of treasury stocks for the purpose of strengthening its business partnership with KT Corporation, and the shares acquired by the Group are restricted from disposal for a certain period of time.

(*2) The Group entered into a total return swap agreement to transfer 1,367,114 shares out of total 10,540,709 shares with a third party. The Group has disposed of all of its shares during the six-month period ended June 30, 2023.

(*3) During the year ended December 31, 2022, the name of the company has been changed from Hyundai Heavy Industries Holdings Co., Ltd. to HD Hyundai.

(*4) During the six-month period ended June 30, 2023, Hyundai Green Food Co., Ltd. was spun off into Hyundai G.F. Holdings Co., Ltd., the surviving entity, and Hyundai Green Food Co., Ltd., the new entity.

6. INVENTORIES:

Inventories as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023	December 31, 2022
(In millions of Korean Won)		
Finished goods	₩ 10,229,763	₩ 7,824,079
Merchandise	140,496	100,075
Semifinished goods	664,776	666,083
Work in progress	549,059	578,404
Raw materials	3,835,167	3,460,781
Supplies	376,046	351,994
Materials in transit	607,940	576,321
Others (*1)	1,008,959	733,479
Total (*2)	₩ 17,412,206	₩ 14,291,216

(*1) As of June 30, 2023 and December 31, 2022, others include inventories provided by operating lease with repurchase agreement in the amount of ₩283,127 million and ₩163,268 million, respectively.

(*2) As of June 30, 2023 and December 31, 2022, the Group recognized a valuation allowance in the amount of ₩251,353 million and ₩177,907 million, respectively.

7. OTHER ASSETS:

Other assets as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 516,256	₩ 495	₩ 460,921	₩ 531
Advanced payments	841,759	157,851	882,136	130,743
Prepaid expenses	691,959	1,561,441	782,749	1,332,807
Prepaid value-added tax and others	592,378	132,269	514,747	86,374
	₩ 2,642,352	₩ 1,852,056	₩ 2,640,553	₩ 1,550,455

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE:

Non-current assets classified as held for sale and non-current liabilities classified as held for sale as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Land	₩	-	₩	6,676
Building and others		3,042		15,626
Total	₩	3,042	₩	22,302
Non-current liabilities classified as held for sale		-		5,365

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment (“PP&E”) for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Beginning of the period	₩ 36,153,190	₩ 35,543,083
Acquisitions	2,289,681	1,449,936
Disposals	(187,713)	(193,777)
Depreciation	(1,623,306)	(1,552,527)
Others (*)	(122,893)	640,300
End of the period	₩ 36,508,959	₩ 35,887,015

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Beginning of the period	₩ 144,450	₩ 156,656
Depreciation	(2,701)	(2,701)
Effect of foreign exchange differences	(27)	441
Others (*)	6,677	201
End of the period	₩ 148,399	₩ 154,597

(*) Others include transfers from or to other accounts and others.

(2) Income and expenses related to investment property for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Rental income	₩ 10,419	₩ 20,815	₩ 10,968	₩ 21,167
Operating and maintenance expenses	3,202	6,417	3,218	6,447

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Beginning of the period	₩ 6,102,377	₩ 5,846,986
Internal developments and external acquisitions	588,600	631,070
Disposals	(11,622)	(30,503)
Amortization	(863,538)	(883,978)
Impairment loss	(154,064)	(19,303)
Others (*)	156,613	143,442
End of the period	₩ 5,818,366	₩ 5,687,714

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

(2) Research and development expenditures for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Development costs (intangible assets)	₩ 237,029	₩ 456,070	₩ 280,025	₩ 509,182
Research and development (*1)	648,475	1,205,912	475,396	895,045
Total (*2)	₩ 885,504	₩ 1,661,982	₩ 755,421	₩ 1,404,227

(*1) Presented in manufacturing costs, administrative expenses.

(*2) Amortization of development costs is not included.

12. LEASES (AS A LESSEE):

(1) The changes in right-of-use assets for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Beginning of the period	₩ 1,117,293	₩ 940,826
Acquisitions	184,178	135,240
Disposals	(225,988)	(56,927)
Depreciation	(129,896)	(100,027)
Others (*)	(20,678)	(19,975)
End of the period	₩ 924,909	₩ 899,137

(*) Others include the effect of foreign exchange differences, changes in the scope of consolidation and others.

(2) Lease liabilities as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩	1,123,395	₩	1,303,067
Discounted lease liabilities		929,834		1,110,804
Current		194,497		405,053
Non-current		735,337		705,751

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of June 30, 2023 and December 31, 2022 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	June 30, 2023	December 31, 2022
				Book value (In millions of Korean Won)	Book value
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩ 771,744	₩ 759,766
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	407,628	525,250
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	31.40	211,105	215,786
Motional AD LLC (*1)	R&D	USA	26.00	810,126	907,061
HMG Global LLC (*4)	New business Investment & Management	USA	49.50	760,543	608,223
supernal, LLC (*1)	R&D	USA	44.44	325,078	178,564
Boston Dynamics AI Institute, LLC	R&D	USA	47.50	268,091	266,357
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	499,254	508,110
Hyundai Capital France (HCF)(*1)	Financing	France	50.00	119,494	75,323
HYUNDAI MOTOR GROUP INNOVATION CENTER IN SINGAPORE PTE. LTD. (HMGICS)	Manufacturing	Singapore	40.00	130,145	104,556
Kia Corporation	Manufacturing	Korea	34.16	14,717,302	13,251,475
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,102,225	3,033,945
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,212,182	1,157,462
Hyundai WIA Corporation	Manufacturing	Korea	25.35	771,728	759,270
Hyundai Autoever Corp.	IT service	Korea	31.59	465,686	449,994
Hyundai Commercial Inc.	Financing	Korea	37.50	433,825	374,970
Hyundai Motor Securities Co., Ltd.	Securities Brokerage	Korea	25.43	342,619	332,624
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	284,460	269,261
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	95,396	96,303
Others				1,636,733	1,325,137
				<u>₩ 27,365,364</u>	<u>₩ 25,199,437</u>

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

(*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(*4) During the year ended December 31, 2022, the Group completed the establishment of HMG Global LLC by contributing cash and all of the Group's interests in Boston Dynamics, Inc. to HMG Global LLC.

(2) The changes in investments in joint ventures and associates for the six-month period ended June 30, 2023 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
(In millions of Korean Won)						
BHAF	₩ 759,766	₩ -	₩ 14,044	₩ -	₩ (2,066)	₩ 771,744
BHMC	525,250	-	(120,376)	-	2,754	407,628
WAE	215,786	-	(4,368)	-	(313)	211,105
Motional AD LLC	907,061	-	(103,914)	-	6,979	810,126
HMG Global LLC	608,223	180,540	(41,545)	-	13,325	760,543
supernal, LLC	178,564	215,887	(71,422)	-	2,049	325,078
Boston Dynamics AI Institute, LLC	266,357	-	(7,723)	-	9,457	268,091
HCBE	508,110	-	(32,149)	-	23,293	499,254
HCF	75,323	38,990	834	-	4,347	119,494
HMGICS	104,556	29,300	(6,540)	-	2,829	130,145
Kia Corporation	13,251,475	-	1,770,568	(480,614)	175,873	14,717,302
Hyundai Engineering & Construction Co., Ltd.	3,033,945	-	59,000	(13,996)	23,276	3,102,225
Hyundai Transys Inc.	1,157,462	-	43,536	-	11,184	1,212,182
Hyundai WIA Corporation	759,270	-	5,234	(4,826)	12,050	771,728
Hyundai Autoever Corp.	449,994	-	23,928	(9,877)	1,641	465,686
Hyundai Commercial Inc.	374,970	-	62,691	-	(3,836)	433,825
Hyundai Motor Securities Co., Ltd.	332,624	-	11,113	(4,436)	3,318	342,619
Eukor Car Carriers Inc.	269,261	-	40,408	(38,646)	13,437	284,460
Haevichi Hotels & Resorts Co., Ltd.	96,303	-	(918)	-	11	95,396
Others	1,325,137	305,149	51,259	(63,259)	18,447	1,636,733
	<u>₩ 25,199,437</u>	<u>₩ 769,866</u>	<u>₩ 1,693,660</u>	<u>₩ (615,654)</u>	<u>₩ 318,055</u>	<u>₩ 27,365,364</u>

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

The changes in investments in joint ventures and associates for the six-month period ended June 30, 2022 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
	(In millions of Korean Won)					
BHAF	₩ 736,704	₩ -	₩ 21,951	₩ -	₩ 25,983	₩ 784,638
BHMC	345,950	287,695	(164,515)	-	11,621	480,751
WAE	245,868	-	(12,712)	-	7,980	241,136
Motional AD LLC	1,025,263	-	(87,124)	-	88,248	1,026,387
supernal, LLC	-	194,596	(26,014)	-	74,320	242,902
Boston Dynamics, Inc.	414,634	-	(37,483)	-	(377,151)	-
HCBE	498,050	-	6,174	-	(8,797)	495,427
HCF	-	75,680	163	-	(1,561)	74,282
HMGICS	78,316	-	(4,235)	-	4,255	78,337
Kia Corporation	11,620,132	-	1,013,904	(411,955)	438,487	12,660,568
Hyundai Engineering & Construction Co., Ltd.	2,935,786	-	73,551	(13,996)	22,193	3,017,534
Hyundai Transys Inc.	1,085,858	-	35,687	-	15,629	1,137,174
Hyundai WIA Corporation	729,053	-	65,247	(4,826)	34,184	823,658
Hyundai Autoever Corp.	410,935	-	14,205	(6,065)	1,565	420,640
Hyundai Commercial Inc.	339,300	-	44,934	(20,000)	(37,762)	326,472
Hyundai Motor Securities Co., Ltd.	314,532	-	17,069	(6,453)	4,907	330,055
Eukor Car Carriers Inc.	186,489	-	28,291	(7,392)	22,395	229,783
Haevichi Hotels & Resorts Co., Ltd.	98,894	-	(1,484)	-	19	97,429
Others	1,363,353	12,564	37,983	(15,544)	71,172	1,469,527
	₩ 22,429,117	₩ 570,535	₩ 1,025,592	₩ (486,231)	₩ 397,687	₩ 23,936,700

(*) Others consist of changes in accumulated other comprehensive income (loss) and others.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2023 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHAF (*)	₩ 3,027,230	₩ -	₩ 1,571,108	₩ -
BHMC	2,541,313	3,203,118	4,547,342	322,923
WAE	404,056	420,413	182,093	5,125
Motional AD LLC	449,040	3,110,866	118,810	278,166
HMG Global LLC	411,279	2,116,625	97,065	323,165
supernal, LLC	552,446	333,822	43,489	111,301
Boston Dynamics AI Institute, LLC	560,890	56,907	21,232	32,693
HCBE (*)	11,949,297	-	10,920,933	-
HCF (*)	2,813,763	-	2,575,940	-
HMGICS	97,575	550,302	106,939	222,712
Kia Corporation	37,413,825	40,983,185	26,781,581	8,677,932
Hyundai Engineering & Construction Co., Ltd.	17,241,546	5,447,286	9,744,106	2,633,781
Hyundai Transys Inc.	4,300,965	3,449,224	3,272,421	1,463,293
Hyundai WIA Corporation	3,881,324	3,189,840	2,160,820	1,157,820
Hyundai Autoever Corp.	1,586,357	887,782	704,841	235,679
Hyundai Commercial Inc. (*)	11,404,115	-	9,812,462	-
Hyundai Motor Securities Co., Ltd. (*)	12,317,879	-	11,050,991	-
Eukor Car Carriers Inc.	1,252,619	3,358,817	755,752	1,485,029
Haevichi Hotels & Resorts Co., Ltd.	35,675	413,515	249,071	35,278

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHAF (*)	₩ 128,550	₩ 26,498	₩ -	₩ 26,498
BHMC	2,417,493	(177,660)	-	(177,660)
WAE	164,209	(13,094)	-	(13,094)
Motional AD LLC	385	(414,142)	9,255	(404,887)
HMG Global LLC	38,365	(166,580)	-	(166,580)
supernal, LLC	-	(160,722)	-	(160,722)
Boston Dynamics AI Institute, LLC	-	(15,822)	-	(15,822)
HCBE (*)	604,442	19,501	46,374	65,875
HCF (*)	42,443	1,621	7,039	8,660
HMGICS	12,029	(16,351)	-	(16,351)
Kia Corporation	49,934,874	4,936,759	500,524	5,437,283
Hyundai Engineering & Construction Co., Ltd.	13,194,440	362,911	119,240	482,151
Hyundai Transys Inc.	5,828,502	109,738	30,532	140,270
Hyundai WIA Corporation	4,380,091	14,671	22,854	37,525
Hyundai Autoever Corp.	1,419,847	70,752	5,774	76,526
Hyundai Commercial Inc. (*)	354,468	94,079	15,689	109,768
Hyundai Motor Securities Co., Ltd. (*)	808,469	43,696	18,935	62,631
Eukor Car Carriers Inc.	1,497,758	360,426	105,767	466,193
Haevichi Hotels & Resorts Co., Ltd.	79,641	(3,384)	3	(3,381)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2022 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHAF (*)	₩ 5,247,224	₩ -	₩ 3,766,775	₩ -
BHMC	1,885,748	3,844,673	3,844,111	874,737
WAE	563,577	515,947	158,406	189,864
Motional AD LLC	700,021	3,558,543	129,193	99,565
supernal, LLC	561,874	140,041	45,998	109,325
HCBE (*)	8,142,944	-	7,126,433	-
HCF (*)	1,428,494	-	1,282,988	-
HMGICS	29,887	289,972	1,235	129,916
Kia Corporation	34,096,074	38,639,829	24,884,224	9,916,901
Hyundai Engineering & Construction Co., Ltd.	15,175,228	5,350,605	8,156,103	2,515,189
Hyundai Transys Inc.	4,237,098	3,181,794	2,899,165	1,700,035
Hyundai WIA Corporation	4,317,937	3,635,592	1,993,230	1,922,545
Hyundai Autoever Corp.	1,415,291	871,918	662,624	221,337
Hyundai Commercial Inc. (*)	11,208,518	-	9,942,134	-
Hyundai Motor Securities Co., Ltd. (*)	9,311,617	-	8,094,130	-
Eukor Car Carriers Inc.	849,130	3,336,832	725,114	1,548,171
Haevichi Hotels & Resorts Co., Ltd.	46,856	410,867	245,979	41,422

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHAF (*)	₩ 200,216	₩ 41,418	₩ -	₩ 41,418
BHMC	1,876,032	(306,194)	-	(306,194)
WAE	167,732	(31,837)	-	(31,837)
Motional AD LLC	157	(345,499)	(16,563)	(362,062)
supernal, LLC	-	(58,534)	-	(58,534)
HCBE (*)	448,467	13,097	9,136	22,233
HCF (*)	9,873	325	(3,087)	(2,762)
HMGICS	-	(10,587)	-	(10,587)
Kia Corporation	40,233,220	2,913,549	1,308,026	4,221,575
Hyundai Engineering & Construction Co., Ltd.	9,724,751	408,053	132,201	540,254
Hyundai Transys Inc.	4,790,208	86,833	46,842	133,675
Hyundai WIA Corporation	3,878,590	212,930	148,153	361,083
Hyundai Autoever Corp.	1,189,788	40,026	6,597	46,623
Hyundai Commercial Inc. (*)	289,565	118,365	(93,469)	24,896
Hyundai Motor Securities Co., Ltd. (*)	588,133	67,114	17,978	85,092
Eukor Car Carriers Inc.	1,250,450	236,568	156,730	393,298
Haevichi Hotels & Resorts Co., Ltd.	66,942	(3,411)	36	(3,375)

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

(4) Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2023 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF (*)	₩ 488,837	₩ 1,332,013	₩ -	₩ 4,541	₩ 127,209	₩ 35,631	₩ 12,176
BHMC	1,159,502	614,719	76,222	230,166	13,059	23,547	1,403
HCF (*)	20,169	2,575,940	-	-	33,307	21,430	1,442
Motional AD LLC	23,829	29,059	46,343	51,354	2,512	1,361	3,235
supernal, LLC	543,385	-	-	4,321	312	1,878	-

(*) The total amount of assets (liabilities) are included in current financial liabilities as BHAF and HCF, as a financial service business, do not distinguish current and non-current portion in their separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2022 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF (*)	₩ 1,071,803	₩ 3,595,935	₩ -	₩ 7,541	₩ 198,835	₩ 76,052	₩ 15,607
BHMC	917,693	389,456	616,912	307,219	5,204	21,342	1,428
HCF (*)	11,741	1,282,988	-	-	9,873	(187)	108
Motional AD LLC	80,358	15,901	70,350	37,180	2,403	-	5,092
supernal, LLC	559,831	-	-	3,901	261	1,765	-

(*) The total amount of assets (liabilities) are included in current financial liabilities as BHAF and HCF, as a financial service business, do not distinguish current and non-current portion in their separate financial statements.

(5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of June 30, 2023 is as follows.

Name of the company	Group's share of net assets		Unrealized profit (loss) and others		Carrying amounts
		Goodwill			
	(In millions of Korean Won)				
BHAF	₩ 771,744	₩ -	₩ -	₩ -	₩ 771,744
BHMC	437,083	-	(29,455)		407,628
WAE (*)	203,258	7,809	38		211,105
Motional AD LLC	822,363	-	(12,237)		810,126
HMG Global LLC	760,543	-	-		760,543
supernal, LLC	325,084	-	(6)		325,078
Boston Dynamics AI Institute, LLC	267,961	-	130		268,091
HCBE	488,481	22,341	(11,568)		499,254
HCF	118,909	585	-		119,494
HMGICS	127,291	-	2,854		130,145
Kia Corporation	14,575,393	197,089	(55,180)		14,717,302
Hyundai Engineering & Construction Co., Ltd. (*)	2,370,588	731,362	275		3,102,225
Hyundai Transys Inc.	1,197,267	-	14,915		1,212,182
Hyundai WIA Corporation	866,304	-	(94,576)		771,728
Hyundai Autoever Corp. (*)	406,765	58,822	99		465,686
Hyundai Commercial Inc.	433,825	-	-		433,825
Hyundai Motor Securities Co., Ltd.	302,567	40,052	-		342,619
Eukor Car Carriers Inc.	284,479	-	(19)		284,460
Haevichi Hotels & Resorts Co., Ltd. (*)	91,820	3,576	-		95,396

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2022 is as follows.

Name of the company	Group's share of net assets		Goodwill	Unrealized profit (loss) and others	Carrying amounts	
(In millions of Korean Won)						
BHAF	₩	759,766	₩	-	₩	759,766
BHMC		551,378		(26,128)		525,250
WAE (*)		207,938	7,809	39		215,786
Motional AD LLC		922,942	-	(15,881)		907,061
HMG Global LLC		608,223	-	-		608,223
Boston Dynamics AI Institute, LLC		266,227	-	130		266,357
supernal, LLC		178,571	-	(7)		178,564
HCBE		497,892	22,341	(12,123)		508,110
HCF		77,621	-	(2,298)		75,323
HMGICS		101,702	-	2,854		104,556
Kia Corporation		13,124,472	197,089	(70,086)		13,251,475
Hyundai Engineering & Construction Co., Ltd. (*)		2,302,451	731,362	132		3,033,945
Hyundai Transys Inc.		1,142,960	-	14,502		1,157,462
Hyundai WIA Corporation		854,377	-	(95,107)		759,270
Hyundai Autoever Corp. (*)		391,073	58,822	99		449,994
Hyundai Commercial Inc.		374,970	-	-		374,970
Hyundai Motor Securities Co., Ltd.		291,823	40,052	749		332,624
Eukor Car Carriers Inc.		268,999	-	262		269,261
Haevichi Hotels & Resorts Co., Ltd. (*)		92,727	3,576	-		96,303

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

(6) The market price of major listed equity securities as of June 30, 2023 is as follows.

Name of the company	Price per share	Total number of shares		Market value	
(In millions of Korean Won, except price per share)					
Kia Corporation	₩	88,500	137,318,251	₩	12,152,665
Hyundai Autoever Corp.		140,200	8,664,334		1,214,740
Hyundai Engineering & Construction Co., Ltd.		38,100	23,327,400		888,774
Hyundai WIA Corporation		67,000	6,893,596		461,871
Hyundai Motor Securities Co., Ltd.		8,740	8,065,595		70,493

14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30,		December 31,	
	2023		2022	
(In millions of Korean Won)				
Loans	₩	78,278,153	₩	69,298,391
Card receivables		19,170,554		21,018,287
Financial lease receivables		2,038,054		2,060,971
Others		6,798		20,761
		99,493,559		92,398,410
Loss allowance		(1,650,534)		(1,726,916)
Loan origination fee		(301,434)		(261,084)
Present value discount accounts		(13,708)		(46,564)
	₩	97,527,883	₩	90,363,846

(2) The changes in loss allowance of financial services receivables for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Beginning of the period	₩ 1,726,916	₩ 1,551,987
Impairment loss	448,501	299,694
Write-off	(499,789)	(286,811)
Disposals and others	(43,707)	(16,985)
Effect of foreign exchange differences	18,613	37,206
End of the period	₩ 1,650,534	₩ 1,585,091

(3) Gross investments in financial leases and their present value of minimum lease payment receivables as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 831,251	₩ 709,279	₩ 868,890	₩ 758,724
Later than one year and not later than five years	1,477,182	1,318,141	1,423,828	1,293,495
Later than five years	10,167	9,892	5,215	4,988
	₩ 2,318,600	₩ 2,037,312	₩ 2,297,933	₩ 2,057,207

(4) Unearned interest income of financial leases as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Gross investments in financial lease	₩ 2,318,600	₩ 2,297,933		
Net lease investments:				
Present value of minimum lease payment receivable	2,037,312	2,057,207		
Present value of unguaranteed residual value	742	3,764		
	2,038,054	2,060,971		
Unearned interest income	₩ 280,546	₩ 236,962		

15. INVESTMENTS IN OPERATING LEASES (AS A LESSOR):

(1) Investments in operating leases as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Acquisition cost	₩ 33,462,834	₩ 32,090,728		
Accumulated depreciation	(4,643,340)	(4,262,026)		
Accumulated impairment loss	(139,560)	(147,168)		
	₩ 28,679,934	₩ 27,681,534		

(2) Future minimum lease payment receivable related to investments in operating leases as of June 30, 2023 and December 31, 2022 is as follows.

Description	June 30, 2023	December 31, 2022
	(In millions of Korean Won)	
Not later than one year	₩ 5,242,800	₩ 5,001,104
Later than one year and not later than five years	6,220,993	5,906,720
Later than five years	184	111
	₩ 11,463,977	₩ 10,907,935

16. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of June 30, 2023 and December 31, 2022 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2023	December 31, 2022
			(In millions of Korean Won)	
Overdrafts	Citi Bank and others	1.75~4.98	₩ 106,610	₩ 62,101
General borrowings	Korea Development Bank and others	0.58~11.92	4,631,088	5,277,609
Borrowings collateralized by trade receivables	Hana Bank and others	0.32~12.46	1,837,070	2,123,379
Banker's Usance	Hana Bank and others	0.27~9.20	530,410	705,155
Commercial paper	Shinhan Bank and others	4.14~6.05	3,214,822	2,898,236
Credit facilities	Korea Development Bank	3.94	100,000	300,000
			₩ 10,420,000	₩ 11,366,480

(2) Long-term borrowings as of June 30, 2023 and December 31, 2022 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2023	December 31, 2022
			(In millions of Korean Won)	
General borrowings	Hana Bank and others	0.37~7.42	₩ 8,823,677	₩ 8,909,156
Credit facilities	Shinhan Bank and others	4.57~9.13	40,200	40,200
Commercial paper	KIWOOM Securities and others	1.27~4.74	2,790,000	2,900,000
Asset-backed securities	HSBC and others	1.65~5.87	11,045,948	6,377,616
Others (*)	NH Investment & Securities and others		-	68,903
			22,699,825	18,295,875
Less: present value discounts			(193,592)	(77,686)
Less: current maturities			(8,945,893)	(5,933,040)
			₩ 13,560,340	₩ 12,285,149

(*) The Group transferred a portion of its voting shares to a third party in accordance with the total revenue swap agreement as of December 31, 2022. However, the Group still recognizes it as the financial asset because the Group still owns the majority of the risks and rewards of ownership of the transferred shares. Also, the Group recognized the amount received from disposal as borrowings.

(3) Debentures as of June 30, 2023 and December 31, 2022 are as follows.

Description	Latest maturity date	Annual interest rate (%)	June 30, 2023	December 31, 2022
(In millions of Korean Won)				
Non-guaranteed public debentures	March 29, 2032	0.96~6.63	₩ 33,405,978	₩ 33,979,495
Non-guaranteed private debentures	June 26, 2030	0.80~6.38	30,339,966	25,971,468
Asset-backed securities	October 16, 2028	0.33~5.85	23,262,570	22,801,451
			87,008,514	82,752,414
Less: discount on debentures			(191,079)	(151,263)
Less: current maturities			(18,930,165)	(19,641,091)
			₩ 67,887,270	₩ 62,960,060

17. PROVISIONS:

The changes in provisions for the six-month period ended June 30, 2023 are as follows.

Description	Warranty	Other long-term employee benefits	Others
(In millions of Korean Won)			
Beginning of the period	₩ 10,392,529	₩ 598,637	₩ 1,439,415
Charged	1,199,213	37,918	612,815
Utilized	(1,715,709)	(44,488)	(440,376)
Effect of foreign exchange differences and others	151,555	446	57,731
End of the period	₩ 10,027,588	₩ 592,513	₩ 1,669,585

The changes in provisions for the six-month period ended June 30, 2022 are as follows.

Description	Warranty	Other long-term employee benefits	Others
(In millions of Korean Won)			
Beginning of the period	₩ 9,048,185	₩ 676,432	₩ 1,154,167
Charged	1,951,704	37,142	342,115
Utilized	(1,482,489)	(45,410)	(352,963)
Effect of foreign exchange differences and others	212,943	43	29,369
End of the period	₩ 9,730,343	₩ 668,207	₩ 1,172,688

18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of June 30, 2023 are as follows.

Description	June 30, 2023	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 181,779	₩ 872
Derivative liabilities that are effective hedging instruments	108,780	73,617
Financial Liabilities measured at amortized cost	188	1,237
	₩ 290,747	₩ 75,726

(2) Other financial liabilities as of December 31, 2022 are as follows.

Description	December 31, 2022	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 10,053	₩ 174,386
Derivative liabilities that are effective hedging instruments	88,832	86,464
Financial Liabilities measured at amortized cost	259	1,668
	₩ 99,144	₩ 262,518

19. OTHER LIABILITIES:

Other liabilities as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,533,464	₩ 85,614	₩ 1,464,339	₩ 67,776
Withholdings	1,207,356	245,292	1,056,483	223,568
Accrued expenses	4,640,520	-	3,351,822	-
Unearned income	1,232,433	3,707,146	1,090,242	3,150,126
Due to customers for contract work	1,630,815	-	1,217,052	-
Others	598,104	952,906	420,303	810,795
	₩ 10,842,692	₩ 4,990,958	₩ 8,600,241	₩ 4,252,265

20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of June 30, 2023 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 20,777,704	₩ -	₩ -	₩ 20,777,704	₩ 20,777,704
Short-term and long-term financial instruments	-	8,257,071	-	-	8,257,071	8,257,071
Trade notes and accounts receivable	-	5,411,954	-	-	5,411,954	5,411,954
Other receivables	-	1,779,275	-	-	1,779,275	1,779,275
Other financial assets	4,848,910	87,968	3,036,859	994,167	8,967,904	8,967,904
Other assets	6,815	512,793	-	-	519,608	519,608
Financial services receivables	-	97,527,883	-	-	97,527,883	95,240,174
	<u>₩ 4,855,725</u>	<u>₩ 134,354,648</u>	<u>₩ 3,036,859</u>	<u>₩ 994,167</u>	<u>₩ 143,241,399</u>	<u>₩ 140,953,690</u>

Financial assets by categories as of December 31, 2022 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 20,864,879	₩ -	₩ -	₩ 20,864,879	₩ 20,864,879
Short-term and long-term financial instruments	-	5,887,154	-	-	5,887,154	5,887,154
Trade notes and accounts receivable	-	4,458,838	-	-	4,458,838	4,458,838
Other receivables	-	2,378,968	-	-	2,378,968	2,378,968
Other financial assets	5,710,346	37,898	2,839,581	1,236,696	9,824,521	9,824,521
Other assets	27,960	434,829	-	-	462,789	462,789
Financial services receivables	-	90,363,846	-	-	90,363,846	86,705,579
	<u>₩ 5,738,306</u>	<u>₩ 124,426,412</u>	<u>₩ 2,839,581</u>	<u>₩ 1,236,696</u>	<u>₩ 134,240,995</u>	<u>₩ 130,582,728</u>

(2) Financial liabilities by categories as of June 30, 2023 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 11,422,178	₩ -	₩ 11,422,178	₩ 11,422,178
Other payables	-	4,967,763	-	4,967,763	4,967,763
Borrowings and debentures	27,624	119,716,044	-	119,743,668	117,375,987
Other financial liabilities	182,651	1,425	182,397	366,473	366,473
Lease liabilities	-	929,834	-	929,834	929,834
Other liabilities	-	3,531,914	-	3,531,914	3,531,914
	₩ 210,275	₩ 140,569,158	₩ 182,397	₩ 140,961,830	₩ 138,594,149

Financial liabilities by categories as of December 31, 2022 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 10,797,065	₩ -	₩ 10,797,065	₩ 10,797,065
Other payables	-	7,292,508	-	7,292,508	7,292,508
Borrowings and debentures	27,239	112,158,581	-	112,185,820	108,603,134
Other financial liabilities	184,439	1,927	175,296	361,662	361,662
Lease liabilities	-	1,110,804	-	1,110,804	1,110,804
Other liabilities	-	2,960,053	-	2,960,053	2,960,053
	₩ 211,678	₩ 134,320,938	₩ 175,296	₩ 134,707,912	₩ 131,125,226

(3) Fair value estimation

The Group categorizes the assets and liabilities measured at fair value into the following three-level fair value hierarchy in accordance with the inputs used for fair value measurement.

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of June 30, 2023 are as follows.

Description	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 65,389	₩ 4,492,744	₩ 297,592	₩ 4,855,725
Derivative assets that are effective hedging instruments	-	994,167	-	994,167
Financial assets measured at FVOCI	1,631,245	526,953	878,661	3,036,859
	<u>₩ 1,696,634</u>	<u>₩ 6,013,864</u>	<u>₩ 1,176,253</u>	<u>₩ 8,886,751</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 9,663	₩ 200,612	₩ 210,275
Derivative liabilities that are effective hedging instruments	-	180,497	1,900	182,397
	<u>₩ -</u>	<u>₩ 190,160</u>	<u>₩ 202,512</u>	<u>₩ 392,672</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2022 are as follows.

Description	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 57,556	₩ 5,412,130	₩ 268,620	₩ 5,738,306
Derivative assets that are effective hedging instruments	-	1,236,696	-	1,236,696
Financial assets measured at FVOCI	1,493,627	451,990	893,964	2,839,581
	<u>₩ 1,551,183</u>	<u>₩ 7,100,816</u>	<u>₩ 1,162,584</u>	<u>₩ 9,814,583</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 11,451	₩ 200,227	₩ 211,678
Derivative liabilities that are effective hedging instruments	-	173,361	1,935	175,296
	<u>₩ -</u>	<u>₩ 184,812</u>	<u>₩ 202,162</u>	<u>₩ 386,974</u>

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2023 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
		(In millions of Korean Won)				
Financial assets measured at FVPL	₩ 268,620	₩ 25,502	₩ (2,920)	₩ 6,374	₩ 16	₩ 297,592
Financial assets measured at FVOCI	893,964	177	(14,654)	(1,874)	1,048	878,661
Financial liabilities measured at FVPL	200,227	385	-	-	-	200,612
Derivative liabilities that are effective hedging instruments	1,935	-	-	(35)	-	1,900

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2022 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
	(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 162,330	₩ 37,679	₩ (5,150)	₩ 168	₩ -	₩ 195,027
Financial assets measured at FVOCI	913,767	4,428	-	17,178	(108,469)	826,904
Financial liabilities measured at FVPL	53,139	28,861	-	-	(53,139)	28,861
Derivative liabilities that are effective hedging instruments	-	1,732	-	-	-	1,732

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2023 are as follows.

Description	Six-month period ended June 30, 2023		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 417,639	₩ -	₩ -
Financial assets measured at FVPL	50,420	-	-
Financial assets measured at FVOCI	-	71,798	-
Financial liabilities measured at amortized cost	-	-	298,054
	₩ 468,059	₩ 71,798	₩ 298,054
Financial services:			
Financial assets measured at amortized cost	₩ 2,171,166	₩ -	₩ -
Financial assets measured at FVPL	2,479	707	-
Financial assets measured at FVOCI	430	-	-
Financial liabilities measured at amortized cost	-	-	1,703,543
	₩ 2,174,075	₩ 707	₩ 1,703,543

Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2022 are as follows.

Description	Six-month period ended June 30, 2022		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 185,663	₩ -	₩ -
Financial assets measured at FVPL	59,161	-	-
Financial assets measured at FVOCI	-	38,186	-
Financial liabilities measured at amortized cost	-	-	173,230
	<u>₩ 244,824</u>	<u>₩ 38,186</u>	<u>₩ 173,230</u>
Financial services:			
Financial assets measured at amortized cost	₩ 1,631,633	₩ -	₩ -
Financial assets measured at FVPL	3,357	1,239	-
Financial assets measured at FVOCI	211	-	-
Financial liabilities measured at amortized cost	-	-	960,221
	<u>₩ 1,635,201</u>	<u>₩ 1,239</u>	<u>₩ 960,221</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2023 and 2022 are ₩576,627 million and ₩496,621 million, respectively. In addition, the commission expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2023 and 2022 are ₩238,985 million and ₩201,782 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the six-month period ended June 30, 2023.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

Fair value of currency forwards, options and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards, options and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates.

As the inputs used to measure fair value of currency forwards, options and swap are supported by observable market data, such as forward exchange rates, the Group classifies the estimates of fair value measurements of the currency forwards, options and swap as Level 2 of the fair value hierarchy.

- Interest rate swap

The discount rate and forward interest rate used to measure the fair value of interest rate swap are determined based on an applicable yield curve derived from interest quoted in the current market at the end of the reporting period. The fair value of interest rate swap was measured as a discount on the estimated future cash flows of interest rate swap based on forward interest rates derived from the above method at an appropriate discount rate.

As the inputs used to measure fair value of interest rate swap are supported by observable market data, such as yield curves, the Group classifies the estimates of fair value measurements of the interest rate swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

Fair value of debt instruments including corporate bonds is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on swap rate and credit spreads of debt instruments, which have the similar credit rating and period quoted in the current market with those of debt instruments including corporate bonds that should be measured. The Group classifies fair value measurements of debt instruments including corporate bonds as Level 2 of the fair-value hierarchy since the rate, which has significant effects on fair value of debt instruments including corporate bonds, is based on observable market data.

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and market approach, and as for discounted cash flow projections, certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate based on business plan and circumstance of industry, are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- Redeemable convertible preference share

Fair value of redeemable convertible preference share is measured based on the fair value, exercise price, maturity, and the stock price volatility up to the maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is applied by converting the rate of return on corporate bonds with equivalent credit rating corresponding to the remaining maturity into a continuously compounding discount rate, and the stock price volatility up to maturity uses historical volatility of proxy companies in similar industries in response to the remaining maturity. The fair value of the underlying asset is assumed to be maintained until the end of the current period after estimating the underlying asset value on the contracted date by inverting the underlying asset value inherent in the terms of the transaction on the premise that the acquisition of related shares is an orderly transaction and traded at fair value. The Group classifies the fair value measurement of redeemable convertible preference share as Level 3 in the fair value hierarchy based on the conclusion that the effect of the above assumptions and estimates on the fair value of redeemable convertible preference share is significant.

- (8) The quantitative information about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy and the description of relationships of significant unobservable inputs to the fair value are as follows.

Description	Fair value at June 30, 2023		Valuation techniques	Unobservable inputs	Description of relationship
	Financial assets	Financial liabilities			
	(In millions of Korean Won)				
Unlisted equity securities, redeemable convertible preference share and others	₩ 1,176,253	₩ 202,512	Discounted cash flow and others	Sales growth rate Pre-tax operating profit margin ratio Discount rate Stock price volatility	If the sales growth rate, the pre-tax operating profit margin ratio and stock price volatility increase or the discount rate declines, the fair value increases

The Group does not expect changes in significant unobservable inputs that are made to reflect possibly reasonable alternative assumptions would have significant impact on the fair value.

21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2023 and December 31, 2022 are as follows.

(1) Common stock

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won, except par value)			
Issued	211,531,506 shares		213,668,187 shares	
Par value	₩	5,000	₩	5,000
Capital stock	1,157,982		1,157,982	

The Company completed stock retirement of 10,000,000, 1,320,000, 6,608,292 and 2,136,681 common shares as of March 5, 2001, May 4, 2004, July 27, 2018 and February 3, 2023, respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount as of June 30, 2023 and December 31, 2022.

(2) Preferred stock

Description	Par value	Issued	Korean Won	Dividend rate
			(In millions of Korean Won)	
1 st preferred stock	₩ 5,000	24,113,119 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	36,120,597 shares	193,069	The lowest stimulated dividend rate: 2%
3 rd preferred stock	"	2,404,448 shares	12,392	The lowest stimulated dividend rate: 1%
		62,638,164 shares	₩ 331,011	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares and as of February 3, 2023, the Company retired 243,566 first preferred shares, 364,854 second preferred shares and 24,287 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

22. CAPITAL SURPLUS:

Capital surplus as of June 30, 2023 and December 31, 2022 is as follows.

Description	June 30, 2023	December 31, 2022
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	967,325	919,969
	₩ 4,288,659	₩ 4,241,303

23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. The numbers of treasury stocks as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023	December 31, 2022
	(Number of shares)	
Common stock	8,655,660	11,408,711
1 st preferred stock	2,186,993	2,430,559
2 nd preferred stock	1,353,570	1,718,424
3 rd preferred stock	48,574	72,861

24. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):

(1) Accumulated other comprehensive income as of June 30, 2023 is as follows.

Description	June 30, 2023
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 535,697
Loss on valuation of financial assets measured at FVOCI	(746,093)
Gain on valuation of cash flow hedge derivatives	173,130
Loss on valuation of cash flow hedge derivatives	(156,840)
Gain on share of the other comprehensive income of equity-accounted investees	267,302
Loss on share of the other comprehensive income of equity-accounted investees	(366,140)
Gain on foreign operations translation, net	60,590
	₩ (232,354)

(2) Accumulated other comprehensive loss as of December 31, 2022 is as follows.

Description	December 31, 2022
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 418,986
Loss on valuation of financial assets measured at FVOCI	(768,117)
Gain on valuation of cash flow hedge derivatives	276,938
Loss on valuation of cash flow hedge derivatives	(93,162)
Gain on share of the other comprehensive income of equity-accounted investees	195,912
Loss on share of the other comprehensive income of equity-accounted investees	(715,558)
Loss on foreign operations translation, net	(935,681)
	₩ (1,620,682)

25. **RETAINED EARNINGS:**

Retained earnings as of June 30, 2023 and December 31, 2022 are as follows

Description	June 30, 2023	December 31, 2022
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	49,710,496	47,307,996
Unappropriated	33,930,030	31,900,769
	₩ 84,385,362	₩ 79,953,601

(*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, a minimum of 10% of annual cash dividends declared, until such reserve equals 50% of its capital stock issued. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Appraisal gains, amounting to ₩1,852,871 million, derived from asset revaluation pursuant to the Asset Revaluation Law of Korea, are included in retained earnings. It may be only transferred to capital stock or used to reduce accumulated deficit, if any.

26. **HYBRID BOND:**

(1) HYUNDAI CARD CO., LTD., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of June 30, 2023, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	June 30, 2023
			(%)	(In millions of Korean Won)
The 731st Hybrid Tier 1 (Private)	July 5, 2018	July 5, 2048	4.70	₩ 300,000
Issue cost				(760)
				₩ 299,240

(2) As of June 30, 2023, the conditions of hybrid bond that HYUNDAI CARD CO., LTD., a subsidiary of the Company, issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ July 5, 2023: An annual fixed interest rate of 4.7% Increase of 2%p after five years which is limited to one time only in accordance with Step-up clause
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is permitted after five years from issue date

27. SALES:

(1) Sales for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Sales of goods	₩ 36,090,578	₩ 68,219,240	₩ 30,439,487	₩ 56,071,613
Rendering of services	1,075,024	2,052,047	902,057	1,623,561
Royalties	57,526	121,479	60,893	98,064
Financial services revenue	3,877,951	7,605,203	3,657,573	6,741,485
Revenue related to construction contracts	971,702	1,642,039	772,278	1,434,787
Others	176,914	388,380	167,608	328,954
	₩ 42,249,695	₩ 80,028,388	₩ 35,999,896	₩ 66,298,464

(2) As of June 30, 2023, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year	After a year
(In millions of Korean Won)		
Deferred revenue and others	₩ 2,355,874	₩ 3,634,642

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Selling expenses:				
Export expenses	₩ 21,348	₩ 39,835	₩ 16,819	₩ 28,854
Overseas market expenses	101,987	200,131	113,118	240,816
Advertisements and sales promotion	845,854	1,614,624	684,988	1,310,682
Sales commissions	279,569	528,490	236,027	433,743
Expenses for warranties	716,793	1,227,557	1,105,245	1,889,396
Transportation expenses	22,507	53,335	27,044	52,152
	1,988,058	3,663,972	2,183,241	3,955,643
Administrative expenses:				
Payroll	914,334	1,776,261	804,595	1,606,169
Post-employment benefits	35,405	70,751	43,724	85,551
Welfare expenses	157,306	305,785	132,539	259,538
Service charges	461,815	889,451	395,048	760,026
Research	522,930	979,020	390,600	738,276
Others	575,607	1,099,529	470,763	859,583
	2,667,397	5,120,797	2,237,269	4,309,143
	₩ 4,655,455	₩ 8,784,769	₩ 4,420,510	₩ 8,264,786

29. GAIN (LOSS) ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain (loss) on investments in joint ventures and associates for the three-month and six-month periods ended June 30, 2023 and 2022 is as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Gain on share of earnings of equity-accounted investees, net	₩ 974,521	₩ 1,693,660	₩ 674,907	₩ 1,025,592
Gain on disposals of investments in associates	45,365	89,982	46,918	57,136
Impairment loss on investments in associates	-	(7,384)	(15,819)	(15,819)
	₩ 1,019,886	₩ 1,776,258	₩ 706,006	₩ 1,066,909

30. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three-month and six-month periods ended June 30, 2023 and 2022 is as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Interest income	₩ 243,924	₩ 468,059	₩ 138,397	₩ 244,824
Gain on foreign exchange transactions	76,113	96,577	55,794	86,391
Gain on foreign currency translation	112,815	221,027	208,431	239,001
Dividend income	188	71,798	202	38,186
Gain on derivatives and others	10,709	15,594	29,331	26,154
	₩ 443,749	₩ 873,055	₩ 432,155	₩ 634,556

(2) Finance expenses for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Interest expenses	₩ 152,650	₩ 316,470	₩ 120,142	₩ 211,392
Loss on foreign exchange transactions	45,386	71,694	16,787	31,409
Loss on foreign currency translation	94,048	195,395	149,721	194,219
Loss on derivatives and others	15,536	20,407	9,979	28,542
	₩ 307,620	₩ 603,966	₩ 296,629	₩ 465,562

31. OTHER INCOME AND EXPENSES:

(1) Other income for the three-month and six-month periods ended June 30, 2023 and 2022 is as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Gain on foreign exchange transactions	₩ 255,380	₩ 461,582	₩ 310,531	₩ 478,914
Gain on foreign currency translation	170,183	382,629	286,862	426,785
Gain on disposals of PP&E	8,308	14,180	11,978	18,457
Commission income	3,344	6,656	5,702	8,491
Rental income	26,121	50,192	24,232	46,085
Others	84,868	182,344	102,618	204,743
	₩ 548,204	₩ 1,097,583	₩ 741,923	₩ 1,183,475

(2) Other expenses for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Loss on foreign exchange transactions	₩ 212,530	₩ 406,836	₩ 321,653	₩ 501,714
Loss on foreign currency translation	238,473	306,240	183,111	277,191
Loss on disposals of PP&E	95,542	141,656	47,822	126,834
Donations	81,181	102,471	8,509	24,022
Others	480,035	591,051	113,396	230,957
	₩ 1,107,761	₩ 1,548,254	₩ 674,491	₩ 1,160,718

32. EXPENSES BY NATURE:

Expenses by nature for the three-month and six-month periods ended June 30, 2023 and 2022 are as follows.

Description	2023		2022	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Changes in inventories	₩ (477,278)	₩ (2,375,032)	₩ (347,928)	₩ (805,077)
Raw materials and merchandise used	24,276,042	47,163,666	19,780,847	37,095,376
Employee benefits	2,982,140	5,838,304	2,648,575	5,295,995
Depreciation	823,244	1,626,007	791,616	1,555,227
Amortization	415,853	863,538	451,024	883,978
Others	11,182,275	20,629,529	10,370,459	18,524,959
Total (*)	₩ 39,202,276	₩ 73,746,012	₩ 33,694,593	₩ 62,550,458

(*) Sum of cost of sales, selling and administrative expenses and other expenses in the consolidated statements of income.

33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit attributable to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period.

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2023 are computed as follows.

Description	Three-month period ended June 30, 2023			Six-month period ended June 30, 2023		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 2,504,812	202,874,143	₩ 12,347	₩ 5,068,880	202,669,839	₩ 25,011
1 st Preferred stock (*2)	270,985	21,926,126	12,359	548,375	21,926,126	25,010
2 nd Preferred stock	430,121	34,767,027	12,372	870,397	34,767,027	25,035
3 rd Preferred stock	29,116	2,355,874	12,359	58,921	2,355,874	25,010

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 *Earnings per Share*.

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2022 are computed as follows.

Description	Three-month period ended June 30, 2022			Six-month period ended June 30, 2022		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 2,160,457	198,765,273	₩ 10,869	₩ 3,381,469	198,875,239	₩ 17,003
1 st Preferred stock (*2)	238,598	21,926,126	10,882	373,564	21,938,256	17,028
2 nd Preferred stock	378,766	34,767,027	10,894	593,208	34,784,951	17,054
3 rd Preferred stock	25,636	2,355,874	10,882	40,138	2,357,117	17,028

(*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in KIFRS 1033 *Earnings per Share*.

34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting income tax currently payable by adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by profit before income tax) for the six-month periods ended June 30, 2023 and 2022 are 28.2% and 21.2%, respectively.

35. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Paid-in cash	₩ 7,197	₩ 5,039
Recognized liability	2,822	4,373
	₩ 10,019	₩ 9,412

- (2) The significant actuarial assumptions used by the Group as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023	December 31, 2022
Discount rate (*)	5.29%	5.29%
Rate of expected future salary increase	4.11%	4.05%

- (*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate as of June 30, 2023 to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

Employee turnover and mortality assumptions used for actuarial valuation are based on the economic conditions and statistical data of each country where entities within the Group are located.

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	6,017,415	₩	6,033,698
Fair value of plan assets		(6,814,010)		(6,809,339)
	₩	(796,595)	₩	(775,641)
Net defined benefit liabilities		66,420		61,861
Net defined benefit assets		(863,015)		(837,502)

(4) Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2023 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,033,698	₩	(6,809,339)	₩	(775,641)
Current service cost		259,290		-		259,290
Interest expenses (income)		137,333		(166,361)		(29,028)
		<u>6,430,321</u>		<u>(6,975,700)</u>		<u>(545,379)</u>
Remeasurements:						
Return on plan assets		-		(9,961)		(9,961)
Actuarial gains and losses arising from changes in financial assumptions		26,414		-		26,414
Actuarial gains and losses arising from experience adjustments and others		11,756		-		11,756
		<u>38,170</u>		<u>(9,961)</u>		<u>28,209</u>
Contributions		-		(158,048)		(158,048)
Benefits paid		(495,028)		418,399		(76,629)
Transfers in (out)		1,319		(1,203)		116
Effect of foreign exchange differences and others		42,633		(87,497)		(44,864)
End of the period	₩	<u>6,017,415</u>	₩	<u>(6,814,010)</u>	₩	<u>(796,595)</u>

Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2022 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,580,593	₩	(6,721,149)	₩	(140,556)
Current service cost		292,890		-		292,890
Interest expenses (income)		85,767		(91,706)		(5,939)
		<u>6,959,250</u>		<u>(6,812,855)</u>		<u>146,395</u>
Remeasurements:						
Return on plan assets		-		77,534		77,534
Actuarial gains and losses arising from changes in financial assumptions		(100,172)		-		(100,172)
Actuarial gains and losses arising from experience adjustments and others		23,544		-		23,544
		<u>(76,628)</u>		<u>77,534</u>		<u>906</u>
Contributions		-		(106,621)		(106,621)
Benefits paid		(412,045)		336,212		(75,833)
Transfers in (out)		217		(179)		38
Effect of foreign exchange differences and others		14,981		(32,272)		(17,291)
End of the period	₩	<u>6,485,775</u>	₩	<u>(6,538,181)</u>	₩	<u>(52,406)</u>

(5) The fair value of the plan assets as of June 30, 2023 and December 31, 2022 is as follows.

Description	June 30, 2023		December 31, 2022	
	(In millions of Korean Won)			
Insurance instruments	₩	6,811,990	₩	6,806,690
Others		2,020		2,649
	₩	6,814,010	₩	6,809,339

36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six-month periods ended June 30, 2023 and 2022 are as follows.

Description	Six-month period ended June 30,			
	2023		2022	
(In millions of Korean Won)				
Profit for the period	₩	6,766,216	₩	4,862,202
Adjustments:				
Retirement benefit costs		233,084		291,324
Depreciation		1,626,007		1,555,227
Amortization of intangible assets		863,538		883,978
Provision for warranties		1,068,269		1,733,787
Income tax expense		2,659,090		1,305,183
Gain on foreign currency translation, net		(116,724)		(194,375)
Loss on disposals of PP&E, net		127,476		108,377
Interest income, net		(151,589)		(33,432)
Gain on share of earnings of equity-accounted investees, net		(1,693,660)		(1,025,592)
Cost of sales from financial services, net		4,225,455		3,499,208
Others		1,008,424		275,880
		9,849,370		8,399,565
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable		(491,583)		(639,514)
Decrease in other receivables		299,911		704,563
Increase in other financial assets		(1,612,565)		(192,636)
Increase in inventories		(2,555,332)		(1,559,471)
Decrease (increase) in other assets		(326,413)		366,567
Increase in trade notes and accounts payable		192,119		348,171
Decrease in other payables		(1,002,744)		(213,369)
Increase in other liabilities		2,534,617		2,177,121
Decrease in other financial liabilities		(11,888)		(1,498)
Decrease in net defined benefit liabilities		(155,794)		(101,271)
Payment of severance benefits		(76,629)		(75,833)
Decrease in provisions		(2,181,802)		(1,874,269)
Changes in financial services receivables		(5,826,753)		(4,028,577)
Investment in operating leases		(2,514,455)		(2,676,365)
Others		(437,617)		654,398
		(14,166,928)		(7,111,983)
Cash generated from operations	₩	2,448,658	₩	6,149,784

37. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023		December 31, 2022	
		(In millions of Korean Won)		
Total liabilities	₩	173,893,674	₩	164,845,917
Total equity		97,431,373		90,896,545
Debt-to-equity ratio		178.5%		181.4%

(2) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and avoid those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and manage its interest rate risk and foreign currency risk.

a) Foreign exchange risk management

The Group is exposed to various foreign exchange risks by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR, JPY and others.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its exchange rate forecast. The Group uses foreign exchange derivatives, such as currency forward, currency swap, and currency option, as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is prohibited.

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of June 30, 2023 is as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ 43,273	₩ (43,273)
EUR	6,748	(6,748)
JPY	(1,191)	1,191

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of June 30, 2023 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 34,239	₩ (34,239)
Financial assets measured at FVPL	383	(383)
Short-term and long-term financial instruments	19,283	(19,283)
Borrowings and debentures	(141,208)	141,208

The Company's subsidiaries, HYUNDAI CARD CO., LTD. and HYUNDAI CAPITAL SERVICES, INC. that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of June 30, 2023 and December 31, 2022, the amounts of interest rate risk measured at VaR are ₩169,701 million and ₩135,241 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2023, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩65,389 million and ₩2,475,021 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 39, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

3) Liquidity risk

The Group manages liquidity risk based on maturity profile of its funding. The Group analyses and reviews actual cash outflow and its budget to match the maturity of its financial liabilities to that of its financial assets.

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly.

In addition, the Group has agreements with financial institutions related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before maturity as of June 30, 2023 is as follows.

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
	(In millions of Korean Won)			
Non-interest-bearing liabilities	₩ 19,580,287	₩ 53,365	₩ -	₩ 19,633,652
Interest-bearing liabilities	42,370,770	81,749,280	6,586,443	130,706,493
Financial guarantee	304,571	66,185	84,550	455,306

The maturity analysis is based on the non-discounted cash flows and the earliest maturity date at which payments, i.e. both principal and interest, should be made.

(3) Derivative instruments

The Group enters into derivative instrument contracts such as currency forwards, currency options, currency swaps and interest swaps to hedge its exposure to changes in foreign exchange rate.

As of June 30, 2023 and December 31, 2022, the Group recognized an accumulative net profit of ₩16,290 million and ₩183,776 million, respectively, in accumulated other comprehensive income or loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 105 months as of June 30, 2023.

For the six-month periods ended June 30, 2023 and 2022, the Group recognized a net profit of ₩258,504 million and ₩695,034 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments and others.

38. RELATED-PARTY AND OTHER TRANSACTIONS:

The transactions and balances of receivables and payables within the Group are wholly eliminated in the preparation of consolidated financial statements of the Group.

- (1) For the six-month period ended June 30, 2023, significant transactions arising from operations between the Group and related parties or affiliates as designated by the Monopoly Regulation and Fair Trade Act of the Republic of Korea (“the Act”) are as follows.

Description	Sales/proceeds		Purchases/expenses		
	Sales	Others	Purchases	Others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 286,612	₩ 5,707	₩ 7,992,235	₩ 13,461
	Mobis Alabama, LLC	126,667	1	1,182,753	20
	Mobis Automotive Czech s.r.o.	7	966	1,631,020	10
	Mobis India, Ltd.	8,925	1,325	655,328	22,990
	Mobis Parts America, LLC	90,266	2,123	786,159	477
	Mobis Module CIS, LLC	40	161	1,233	-
	Mobis Parts Europe N.V.	10,851	879	317,784	1,843
	Others	32,274	809	779,349	3,206
Joint ventures and associates	Kia Corporation	859,588	307,830	308,299	378,764
	Kia Russia & CIS, LLC	119	24	-	-
	Kia Slovakia s.r.o.	48,825	9	400,196	-
	Kia Georgia, Inc.	435,982	480	-	-
	BHMC	97,946	-	15,472	-
	HMGC	7,963	440	44,299	16,313
	Hyundai WIA Corporation	128,894	283	452,600	7,535
	Others	438,511	49,588	2,849,171	1,324,140
Other related parties		29,173	1,986	1,001	5
Affiliates by the Act		466,292	50,750	5,737,482	645,565

For the six-month period ended June 30, 2022, significant transactions arising from operations between the Group and related parties or affiliates as designated by the Act are as follows.

Description	Sales/proceeds		Purchases/expenses		
	Sales	Others	Purchases	Others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 305,748	₩ 5,136	₩ 5,173,000	₩ 16,543
	Mobis Alabama, LLC	87,796	111	871,057	1
	Mobis Automotive Czech s.r.o.	87	263	1,187,716	11
	Mobis India, Ltd.	7,747	1,554	588,778	986
	Mobis Parts America, LLC	89,529	1,967	678,119	1,134
	Mobis Module CIS, LLC	13	166	73,184	236
	Mobis Parts Europe N.V.	8,545	643	318,928	245
	Others	30,327	527	691,827	4,019
Joint ventures and associates	Kia Corporation	606,937	224,177	256,943	401,808
	Kia Russia & CIS, LLC	194,083	6	-	-
	Kia Slovakia s.r.o.	63,549	13	354,928	67
	Kia Georgia, Inc.	398,456	241	40	-
	BHMC	60,575	-	10,150	-
	HMGC	7,533	752	29,847	6,510
	Hyundai WIA Corporation	54,573	210	492,726	5,192
	Others	386,251	30,982	2,676,076	801,832
Other related parties		11,896	2,910	1,595	3
Affiliates by the Act		375,445	57,487	5,073,407	423,493

(2) As of June 30, 2023, significant balances related to the transactions between the Group and related parties or affiliates as designated by the Act are as follows.

Description	Receivables (*1,2)		Payables		
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 109,364	₩ 140,528	₩ 2,703,387	₩ 265,951
	Mobis Alabama, LLC	22,806	-	176,709	7,090
	Mobis Automotive Czech s.r.o.	11,087	10,170	348,107	-
	Mobis India, Ltd.	-	-	169,856	5,240
	Mobis Parts America, LLC	31,481	-	142,039	-
	Mobis Module CIS, LLC	6	97	55	-
	Mobis Parts Europe N.V.	150	599	44,963	-
	Others	20,168	2,369	116,075	23,370
Joint ventures and associates	Kia Corporation	528,645	211,722	111,302	128,252
	Kia Russia & CIS, LLC	-	25	-	188
	Kia Slovakia s.r.o.	7,935	102	76,037	474
	Kia Georgia, Inc.	63,101	24,800	-	26,973
	Kia America, Inc.	-	113,143	90	18,606
	BHMC	302,364	15,154	-	61
	HMGC	3,548	23,623	10,349	9,116
	Hyundai WIA Corporation	92,221	9,435	138,728	29,412
	Others	162,360	252,150	673,231	792,707
Other related parties		187	2	20	300
Affiliates by the Act		171,672	86,738	1,061,556	411,388

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩511 million as of June 30, 2023 and the impairment loss is recognized in the amount of ₩446 million for the six-month period ended June 30, 2023.

(*2) As of June 30, 2023, outstanding payment of ₩10,597 million pursuant to corporate purchase card agreement provided by HYUNDAI CARD CO., LTD. is included. For the six-month period ended June 30, 2023, the amounts spent and repaid are ₩210,717 million and ₩223,712 million, respectively.

As of December 31, 2022, significant balances related to the transactions between the Group and related parties or affiliates as designated by the Act are as follows.

Description	Receivables (*1,2)		Payables		
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 112,072	₩ 186,427	₩ 2,631,460	₩ 453,605
	Mobis Alabama, LLC	22,829	-	148,988	411
	Mobis Automotive Czech s.r.o.	-	9,924	240,666	-
	Mobis India, Ltd.	-	1,462	176,609	22
	Mobis Parts America, LLC	19,635	95	113,577	-
	Mobis Module CIS, LLC	-	71	804	-
	Mobis Parts Europe N.V.	359	1,328	49,254	-
	Others	21,772	949	115,791	6,847
Joint ventures and associates	Kia Corporation	483,663	383,401	103,109	111,663
	Kia Russia & CIS, LLC	4	24	-	-
	Kia Slovakia s.r.o.	6,018	163	55,100	319
	Kia Georgia, Inc.	59,925	33,682	-	30,404
	Kia America, Inc.	-	10,568	-	19,943
	BHMC	272,134	14,411	-	57
	HMGC	7,738	23,734	5,133	23,306
	Hyundai WIA Corporation	33,157	7,449	171,098	28,850
	Others	169,169	125,220	699,974	1,058,827
Other related parties		1,742	44	13	344
Affiliates by the Act		181,415	68,799	1,242,171	423,944

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩958 million as of December 31, 2022 and the reversal of impairment loss is recognized in the amount of ₩749 million for the year ended December 31, 2022.

(*2) As of December 31, 2022, outstanding payment of ₩23,592 million pursuant to corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2022, amount spent and repaid are ₩426,510 million and ₩425,013 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2023, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of USD dollar and Euro, in millions of Korean won)					
Joint ventures and associates	€ 49,000	-	\$ 557,000	\$ 565,000	₩ 767,068
			- ₩	533	

Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2022, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In millions of Korean won)					
Joint ventures and associates	-	-	- ₩	2,200	₩ 576,876

For the six-month period ended June 30, 2023, the Group traded in other financial assets and others of ₩1,660,000 million with Hyundai Motor Securities Co., Ltd., an associate of the Group. The Group has other financial assets of ₩470,000 million in the consolidated statement of financial position as of June 30, 2023.

For the six-month period ended June 30, 2023, Hyundai Motor Securities Co., Ltd., an associate of the Group, acquired bonds issued by HYUNDAI KEFICO CORPORATION, a subsidiary of the Group, in the amount of ₩15,000 million while there are no acquired bonds for the six-month period ended June 30, 2022.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the six-month periods ended June 30, 2023 and 2022 is as follows.

Description	Six-month period ended June 30,	
	2023	2022
	(In millions of Korean Won)	
Short-term employee salaries	₩ 150,522	₩ 140,634
Retirement benefit costs	23,379	22,203
Other long-term benefits	951	929
Share-based payment	360	-
	₩ 175,212	₩ 163,766

- (5) As of June 30, 2023, the Group offers payment guarantee to related parties.

39. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2023, the payment guarantees provided to related parties by the Group, excluding the ones provided to the Company's subsidiaries, are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩ 28,910	₩ 219,617		
To others	3,936	234,325		
	₩ 32,846	₩ 453,942		

- (*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2023.
- (2) As of June 30, 2023, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of June 30, 2023, the Group is under investigation by related authorities in relation to the Theta 2 engine recall, and its results and impacts are unpredictable. The Group is unable to estimate the outcome of the lawsuits and the amount and timing of outflows of resources are uncertain. The Group expects that the impact on the consolidated financial statements will not be material.
- (3) As of June 30, 2023, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩611,125 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables, are pledged as collateral for their borrowings.
- (4) As of June 30, 2023, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of June 30, 2023, HYUNDAI CAPITAL SERVICES, INC. and HYUNDAI CARD CO., LTD., subsidiaries of the Company, have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of HYUNDAI CAPITAL SERVICES, INC. and HYUNDAI CARD CO., LTD. falls below a certain level, this may result in early repayment of the borrowings or termination of the agreements.
- (6) As of June 30, 2023, the Company has a shareholder agreement with the third party investors regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (7) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of June 30, 2023, the Company has recognized relevant liability in the amount of ₩915,080 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.

40. SEGMENT INFORMATION:

- (1) The Group has vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segments for the six-month periods ended June 30, 2023 and 2022 are as follows.

For the six-month period ended June 30, 2023				
	Vehicle (*1)	Finance	Others	Total
	(In millions of Korean Won)			
Net sales (*2)	₩ 64,412,676	₩ 10,837,608	₩ 4,778,104	₩ 80,028,388
Operating profit	6,526,670	793,278	510,682	7,830,630
Inter-company sales	(40,626,004)	(146,204)	(969,215)	(41,741,423)

(*1) Operating profit of the vehicle segment includes internal transaction adjustments.

(*2) Net sales represent sales from external customers.

For the six-month period ended June 30, 2022				
	Vehicle (*1)	Finance	Others	Total
	(In millions of Korean Won)			
Net sales (*2)	₩ 52,578,972	₩ 9,820,223	₩ 3,899,269	₩ 66,298,464
Operating profit	3,519,135	1,158,791	230,798	4,908,724
Inter-company sales	(30,863,015)	(125,917)	(748,046)	(31,736,978)

(*1) Operating profit of the vehicle segment includes internal transaction adjustments.

(*2) Net sales represent sales from external customers.

- (3) Assets and liabilities by operating segments as of June 30, 2023 are as follows.

June 30, 2023					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 137,148,031	₩ 145,191,153	₩ 10,765,893	₩ (21,780,030)	₩ 271,325,047
Total liabilities	56,756,549	126,874,341	6,068,640	(15,805,856)	173,893,674
Borrowings and debentures	8,684,550	116,446,065	1,542,772	(6,929,719)	119,743,668

Assets and liabilities by operating segments as of December 31, 2022 are as follows.

	December 31, 2022				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 133,885,205	₩ 135,124,336	₩ 9,793,550	₩ (23,060,629)	₩ 255,742,462
Total liabilities	58,838,578	117,649,362	5,910,506	(17,552,529)	164,845,917
Borrowings and debentures	9,983,190	107,328,133	2,225,394	(7,350,897)	112,185,820

(4) Sales by region based on where the Group's entities are located for the six-month periods ended June 30, 2023 and 2022 are as follows.

	For the six-month period ended June 30, 2023					
	Korea	North America	Asia	Europe	Others	Total
	(In millions of Korean Won)					
Net sales	₩ 25,993,208	₩ 31,678,856	₩ 8,334,575	₩ 11,998,856	₩ 2,022,893	₩ 80,028,388

	For the six-month period ended June 30, 2022					
	Korea	North America	Asia	Europe	Others	Total
	(In millions of Korean Won)					
Net sales	₩ 21,231,540	₩ 25,575,863	₩ 6,827,261	₩ 10,844,084	₩ 1,819,716	₩ 66,298,464

(5) Non-current assets by region where the Group's entities are located as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30,	December 31
	2023	2022
	(In millions of Korean Won)	
Korea	₩ 33,662,191	₩ 33,935,698
North America	3,502,071	3,211,607
Asia	2,995,957	2,835,528
Europe	1,912,159	2,012,856
Others	664,480	623,992
	42,736,858	42,619,681
Consolidation adjustments	(261,134)	(219,664)
Total (*)	₩ 42,475,724	₩ 42,400,017

(*) Total amount is the same as summation of PP&E, intangible assets and investment properties.

(6) There is no single external customer who represents 10% or more of the Group's sales for the six-month periods ended June 30, 2023 and 2022.

41. **CONSTRUCTION CONTRACTS:**

- (1) Cost, income and loss and claimed construction from construction in progress as of June 30, 2023 and December 31, 2022 are as follows.

Description	June 30, 2023	December 31, 2022
	(In millions of Korean Won)	
Accumulated cost	₩ 13,703,200	₩ 14,866,771
Accumulated income	180,583	336,083
Accumulated construction in process	13,883,783	15,202,854
Progress billing	14,310,570	15,006,020
Due from customers	1,204,028	1,413,886
Due to customers	1,630,815	1,217,052
Reserve (*)	81,289	77,915

(*) Reserve is recognized as long-term trade notes and accounts receivable in the consolidated financial statements.

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of HYUNDAI ROTEM COMPANY, a subsidiary of the Company, as of June 30, 2023 are as follows.

Description	June 30, 2023
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 240,009
Changes in accounting estimates of total contract costs	254,309
Effects on profit or loss of current period	(11,939)
Effects on profit or loss of future periods	(2,361)
Changes in due from customers	(5,155)
Provision for construction loss	42,200

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to June 30, 2023. Total contract revenue and costs may change in future periods.

- (3) There is no contract as of June 30, 2023, in which contract revenue is recognized by the proportion of contract costs incurred, that accounted for more than 5% of the Group's revenue in the prior period.

42. **BUSINESS COMBINATIONS:**

The Group acquired 54.35% of shares in UB1st Co., Ltd. for the six-month period ended June 30, 2023.

The accounting for the business combination at the acquisition date is as follows.

Description	Amount
	(In millions of Korean Won)
Total considerations transferred	₩ 3,000
Non-controlling interests	521
Assets acquired and liabilities acquired	
Current assets	5,513
Non-current assets	1,559
Current liabilities	4,565
Non-current liabilities	1,365
Fair value of identifiable net assets	1,142
Goodwill	2,379

(*) The amounts are tentative, pending completion of an external appraiser's valuation of the fair value of acquired assets and assumed liabilities.

43. SUBSEQUENT EVENTS:

The Company declared interim dividend by the resolution of the Board of Directors on July 26, 2023. The details are as follows:

Description	Contents
Interim dividend amounts	Dividend per share : ₩1,500 (Gross amounts of dividend : ₩392,887 million)
Dividend yield ratio	0.7% (Common stock criteria)
Base date of dividend	June 30, 2023