

# **Hyundai Development Company**

**Separate Financial Statements  
December 31, 2023 and 2022**

# Hyundai Development Company

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December 31, 2023 and 2022

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
Hyundai Development Company

### Opinion

We have audited the accompanying separate financial statements of Hyundai Development Company (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate income statements, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of Hyundai Development Company as at December 31, 2023 and 2022, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 13, 2024, expressed an unqualified opinion.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Accuracy of revenue recognition based on input method

*Why it is determined to be a key audit matter*

As explained in the Note 2 to the separate financial statements (Material Accounting Policies), the Company recognizes revenue over the construction periods for the construction services, the Company creates or enhances an asset that the customer controls as the asset is created or enhanced, such as construction of a building on the customer's land. The Company measures progress towards completion (percentage-of-completion method) based on input method for construction services.

Meanwhile, for housing contracts satisfying conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, the Company recognizes revenue over the period that controls are transferred. For housing contracts not meeting conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, the Company recognizes revenue when property is delivered to the customer.

As explained in the Note 4 to the separate financial statements (Critical Accounting Estimates and Assumptions), the measurement of contract revenue is affected by the uncertainty of future events relating to project scope changes, claims and incentive payments and penalties, etc. arising from the course of construction. In addition, total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others involving uncertain changes.

The Company recognizes revenue over time by measuring the progress towards completion by applying input method based on total contract revenue, total contract costs and accumulated contract costs. Given the extent of management's significant estimates and judgements required and the impact on the financial statements, we determined the accuracy of revenue recognition based on input method as a key audit matter.

*How our audit addressed the key audit matter*

In respect of the Company's revenue recognition based on input method, we performed the following audit procedures:

- Appropriateness of revenue recognition based on input method
  - We obtained an understanding of the internal control related to revenue recognition of construction contracts and tested the design and operating effectiveness of key controls.
  - We obtained an understanding of the accounting policies of the Company in relation to revenue recognition of major construction contracts.
  - We assessed the appropriateness of applying input method in case that it was used for revenue recognition.
  - We determined whether the revenue recognition for housing contract is in compliance with Korean IFRS.
- Appropriateness of total contract revenue
  - We obtained an understanding of the internal control in relation to engagement or amendment of construction contracts, and tested the design and operating effectiveness of key controls.
  - We tested the contract amount, terms and conditions by inspecting construction contracts.
  - We made inquiries to management if there were any variations in project scope which

- affected total contract revenue, and determined whether the contracts have been modified.
- We performed an external confirm procedure, on a sample basis, on total contract revenue taking into consideration construction sites with changes in total contract costs.
- Uncertainty of estimated total contract costs
  - We obtained an understanding of internal controls in relation to amendment or approval of contract costs, and tested the design and operating effectiveness of key controls.
  - We examined if the total contract cost used for input method were finally approved by the appropriate approvers.
  - We evaluated the appropriateness of estimation by comparing liquidation costs against the estimated total contract costs of construction sites that construction has been completed.
  - We examined whether there were any significant changes in total contract costs after the end of the reporting period.
- Accumulated incurred costs of construction site and accuracy of revenue calculation
  - We obtained an understanding of the internal controls in relation to aggregated and approved cost incurred and calculation of sales of construction sites, and tested the design and operating effectiveness of key controls.
  - We tested completeness and accuracy of the accumulated costs incurred of construction sites by reconciling the costs incurred with the amount recorded in general ledger.
  - We inspected the entries for transfers of incurred expenses between construction sites.
  - We tested the occurrence of constructions costs and accuracy of corresponding construction sites by inspecting external support documents.
  - We performed independent recalculation of revenue based on percentage-of-completion method of construction sites.

(b) Collectability of financial assets and others held by construction sites with credit risk indications

*Why it is determined to be a key audit matter*

As explained in Note 5 to the separate financial statements (Financial Risk Management), as at December 31, 2023, the Company recognized provisions for impairment of trade receivables and due from customers amounting to ₩ 99,343 million. We determined collectability of the gross amount financial assets held by construction sites where credit risk indications exist as a key audit matter given the Company is exposed to risk of unable to collect trade receivables and others in case of increase in unsold housing due to the real estate market situation or the deterioration of the financial condition of customers.

*How our audit addressed the key audit matter*

In respect of collectability of financial assets held by construction sites with credit risk indications, we performed the following audit procedures:

- We obtained an understanding of construction sites with credit risk indications and tested the design and operating effectiveness of key controls.
- We obtained an understanding of reasons for delayed collection of trade receivables or invoicing for due from customers and examined customers' business status including review of financial status, pre-sale rates, etc.

- We assessed the appropriateness of management's analysis on collectability of financial assets held by construction sites with credit risk indications.

**Emphasis of Matters**

Without modifying our opinion, we draw attention to Note 4 to the separate financial statements of the Company.

As explained in Note 4 to the separate financial statements, as at December 31, 2023, administrative measure procedures by the relevant local governments are in progress in relation to accidents that occurred before previous period at the Company's ongoing construction sites. In relation to this, as at December 31, 2023, the Company recognized provision for construction losses of ₩ 68,126 million and other provisions of ₩ 35,932 million, and is responding to related administrative measure procedures.

In the event of the suspension of business operation or decline in credit ratings, the Company may forfeit the benefit of time for certain borrowings (Note 19). In addition, administrative measure may negatively effect on the Company's new orders from public institutions and the private sector and the refinancing of PF loans that provide funding agreements or debt acquisition agreements.

Therefore, accounting estimates and assumptions for the future period used in preparing the separate financial statements may be adjusted according to the changes in the possibility of suspension of business operation and decline in credit ratings. These matters do not affect our opinion.

**Other Matters**

The accompanying separate financial statements as of and for the years ended December 31, 2023 and 2022, have been translated into the U.S. dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 3 to the separate financial statements.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dae-Hyun Jou, Certified Public Accountant.

Seoul, Korea  
March 13, 2024

This report is effective as of March 13, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

## Separate Financial Statements

# Hyundai Development Company

### The 6<sup>th</sup> period

From January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023

### The 5<sup>th</sup> period

From January 1<sup>st</sup>, 2022 to December 31<sup>st</sup>, 2022

"The separate financial statements were completed by the Company."

CEO Ik-Hoon Choi, Hoi-Yen Kim and Ik-Hee Jung of Hyundai Development Company

The seat of                      Road name address    55 Hangang-daero 23 gil, Yongsan-Gu, Seoul, Korea.  
headquarter :                      Phone number            (02) 2008-9114

**Hyundai Development Company**  
**Separate Statements of Financial Position**  
**December 31, 2023 and 2022**

<i>(in thousands of Korean won and in US dollars) (Note 3)</i>	<b>Notes</b>	<b>2023</b>		<b>2022</b>					
<b>Assets</b>									
<b>Current assets</b>									
Cash and cash equivalents	5,7,8	W	546,834,819	\$	424,100	W	545,845,783	\$	423,333
Short-term financial instruments	5,7,8,16,37		119,484,050		92,666		120,048,988		93,105
Short-term investment securities	5,7,11		1,144,725		888		703,210		545
Trade receivables	5,7,9,37,39		661,957,302		513,384		381,171,225		295,619
Due from customers	5,26,37,39		982,293,722		761,822		910,406,326		706,070
Other receivables	5,7,9,36,37		646,013,316		501,019		1,480,657,283		1,148,330
Advance payments			216,909,096		168,225		190,054,228		147,397
Prepaid expenses	26		292,918,335		227,174		203,725,410		158,000
Inventories	10,16		1,500,449,697		1,163,681		1,574,679,454		1,221,250
Other current assets	5,6,7,36		3,620,493		2,808		4,072,520		3,158
			<u>4,971,625,555</u>		<u>3,855,767</u>		<u>5,411,364,427</u>		<u>4,196,808</u>
<b>Non-current assets</b>									
Long-term financial instruments	5,7,8		-		-		700,000		543
Long-term investment securities	5,6,7,11,16		115,090,725		89,259		100,643,079		78,054
Investments in subsidiaries and associates	12		300,558,874		233,100		258,880,000		200,776
Other receivables	5,7,8,9,36,37		674,812,369		523,354		583,114,240		452,237
Property, plant and equipment	13, 16		384,829,897		298,457		384,499,458		298,200
Intangible assets	14		11,055,117		8,574		12,222,847		9,479
Right-of-use assets	17,37		81,743,228		63,396		92,073,381		71,408
Investment property	15, 16		19,324,394		14,987		19,671,656		15,256
Deferred tax assets	33		192,803,094		149,529		192,631,758		149,396
Other non-current assets	5,6,7,36		1,615,492		1,253		5,313,134		4,121
Other investments	21		13,332,287		10,340		12,730,484		9,873
			<u>1,795,165,477</u>		<u>1,392,249</u>		<u>1,662,480,037</u>		<u>1,289,344</u>
<b>Total assets</b>		W	<u>6,766,791,032</u>	\$	<u>5,248,015</u>	W	<u>7,073,844,464</u>	\$	<u>5,486,152</u>
<b>Liabilities</b>									
<b>Current liabilities</b>									
Trade payables	5,7,37	W	234,357,050	\$	181,757	W	187,052,000	\$	145,069
Short-term borrowings	5,7,19		814,700,000		631,844		1,167,900,000		905,770
Other payables	5,7,18,37		329,681,185		255,686		270,839,837		210,051
Advances from customers			23,923,521		18,554		57,921,158		44,921
Due to customers	26		437,519,903		339,321		613,191,705		475,564
Withholdings			120,138,780		93,174		40,210,236		31,185
Current income tax liabilities			40,482,671		31,397		57,499,924		44,594
Current portion of long-term liabilities	5,7,19		462,390,161		358,609		349,492,762		271,051
Current portion of provisions	20,36,37		336,592,279		261,046		338,585,441		262,591
Other current liabilities	5,6,7,17,18,36,37		27,379,402		21,234		43,069,411		33,403
			<u>2,827,164,952</u>		<u>2,192,621</u>		<u>3,125,762,474</u>		<u>2,424,199</u>
<b>Non-current liabilities</b>									
Debentures	5,7,19		249,359,062		193,392		319,086,609		247,469
Long-term borrowings	5,7,19		245,826,484		190,652		325,506,147		252,448
Provisions	20		275,726,453		213,841		230,536,047		178,793
Other payables	5,7,18,37		19,133,664		14,839		30,095,414		23,341
Other non-current liabilities	5,6,7,17,18,37		67,807,043		52,588		67,496,037		52,347
			<u>857,852,706</u>		<u>665,312</u>		<u>972,720,254</u>		<u>754,398</u>
<b>Total liabilities</b>			<u>3,685,017,658</u>		<u>2,857,932</u>		<u>4,098,482,728</u>		<u>3,178,597</u>
<b>Equity</b>									
Issued capital	1,22		329,536,650		255,574		329,536,650		255,574
Share premium	22		1,601,144,279		1,241,775		1,601,144,279		1,241,775
Retained earnings	23		1,173,312,826		909,968		1,050,939,167		815,061
Accumulated other comprehensive income	24		(1,479,362)		(1,147)		(5,542,463)		(4,298)
Elements of other stockholders equity	25		(20,741,019)		(16,086)		(715,897)		(555)
			<u>3,081,773,374</u>		<u>2,390,083</u>		<u>2,975,361,736</u>		<u>2,307,555</u>
<b>Total equity</b>		W	<u>6,766,791,032</u>	\$	<u>5,248,015</u>	W	<u>7,073,844,464</u>	\$	<u>5,486,152</u>
<b>Total liabilities and equity</b>									

The above separate statements of financial position should be read in conjunction with the accompanying notes.  
The U.S. dollar amounts are provided for information use only and do not form part of the audited financial statements. Refer to Note 3.

**Hyundai Development Company**  
**Separate Income Statements**  
**Years Ended December 31, 2023 and 2022**

(in thousands of Korean won and in US dollars,  
except per share amounts) (Note 3)

	Notes	2023		2022	
<b>Revenue</b>	26,37,38				
Construction		₩ 3,470,276,344	\$ 2,691,389	₩ 2,833,251,960	\$ 2,197,341
Housing		441,220,727	342,191	153,348,274	118,930
Others		251,191,540	194,813	296,941,835	230,295
		<u>4,162,688,611</u>	<u>3,228,392</u>	<u>3,283,542,069</u>	<u>2,546,566</u>
<b>Cost of sales</b>	27,37				
Construction		3,208,036,340	2,488,007	2,630,752,271	2,040,292
Housing		382,787,788	296,873	129,705,405	100,594
Others		216,909,277	168,225	229,711,595	178,154
		<u>3,807,733,405</u>	<u>2,953,105</u>	<u>2,990,169,271</u>	<u>2,319,039</u>
<b>Gross profit</b>		354,955,206	275,287	293,372,798	227,527
Selling and administrative expenses	27,28,37	166,081,152	128,805	184,362,394	142,983
Bad debt expenses (reversal)	7,27	(454,910)	(353)	(1,028,611)	(798)
<b>Operating income</b>		189,328,964	146,835	110,039,015	85,341
Non-operating income	7,29,36,37	24,872,952	19,290	49,013,534	38,013
Non-operating expenses	7,30,36,37	32,396,858	25,126	97,291,203	75,455
Interest income	7,37	95,273,046	73,889	102,200,472	79,262
Interest expenses	7	45,419,613	35,225	62,962,368	48,831
Finance income	7,31	2,227,927	1,728	4,573,788	3,547
Finance costs	7,32	1,046,459	812	104,658	81
Profit before income tax		232,839,959	180,580	105,468,580	81,797
Income tax expense	33	60,833,473	47,180	68,880,712	53,421
<b>Profit</b>		<u>₩ 172,006,486</u>	<u>\$ 133,400</u>	<u>₩ 36,587,868</u>	<u>\$ 28,376</u>
<b>Earnings per share attributable to the equity holders of the Company during the year</b>					
Basic earnings per share	34	₩ 2,662	\$ 2.06	₩ 555	\$ 0.43
Diluted earnings per share	34	₩ 2,662	\$ 2.06	₩ 555	\$ 0.43

The above separate income statements should be read in conjunction with the accompanying notes.

The U.S. dollar amounts are provided for information use only and do not form part of the audited financial statements. Refer to Note 3.

**Hyundai Development Company**  
**Separate Statements of Comprehensive Income**  
**Years Ended December 31, 2023 and 2022**

<i>(in thousands of Korean won and in US dollars) (Note 3)</i>	Note	2023		2022	
<b>Profit for the year</b>		₩ 172,006,485	\$ 133,400	₩ 36,587,869	\$ 28,376
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements of net defined benefit liability	21	(13,316,767)	(10,328)	10,133,182	7,859
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	70	-
Income tax relating to items that will not be reclassified		3,222,658	2,499	(2,452,230)	(1,902)
<b>Items that may be subsequently reclassified to profit or loss</b>					
Exchange differences		4,063,102	3,151	(3,266,702)	(2,534)
		<u>(6,031,007)</u>	<u>(4,677)</u>	<u>4,414,320</u>	<u>3,423</u>
<b>Total comprehensive income for the year</b>		<u>₩ 165,975,478</u>	<u>\$ 128,723</u>	<u>₩ 41,002,189</u>	<u>\$ 31,799</u>

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.  
The U.S. dollar amounts are provided for information use only and do not form part of the audited financial statements. Refer to Note 3.

**Hyundai Development Company**  
**Separate Statements of Changes in Equity**  
**Years Ended December 31, 2023 and 2022**

		(in thousands of Korean won and in US dollars) (Note 3)						
	Note	Share Capital	Share Premium	Retained Earnings	Accumulated Other Comprehensive Income	Other Components of Equity	Total	
<b>Balance at January 1, 2022</b>		₩ 329,536,650	₩ 1,601,144,279	₩ 1,046,245,557	₩ (2,312,328)	₩ (715,897)	₩ 2,973,898,261	\$ 2,306,420
Profit for the year		-	-	36,587,869	-	-	36,587,869	28,376
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	70	-	70	-
Exchange differences		-	-	-	(3,266,702)	-	(3,266,702)	(2,534)
Remeasurements of net defined benefit liability		-	-	7,680,952	-	-	7,680,952	5,957
<b>Total comprehensive income for the year</b>		-	-	44,268,821	(3,266,632)	-	41,002,189	31,799
Transfer of disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	(36,495)	36,495	-	-	-
<b>Transactions with owners</b>								
Dividends paid		-	-	(39,538,716)	-	-	(39,538,716)	(30,664)
<b>Balance at December 31, 2022</b>		<u>₩ 329,536,650</u>	<u>₩ 1,601,144,279</u>	<u>₩ 1,050,939,167</u>	<u>₩ (5,542,465)</u>	<u>₩ (715,897)</u>	<u>₩ 2,975,361,734</u>	<u>\$ 2,307,555</u>
<b>Balance at January 1, 2023</b>		<u>₩ 329,536,650</u>	<u>₩ 1,601,144,279</u>	<u>₩ 1,050,939,167</u>	<u>₩ (5,542,465)</u>	<u>₩ (715,897)</u>	<u>₩ 2,975,361,734</u>	<u>\$ 2,307,555</u>
Profit for the year		-	-	172,006,485	-	-	172,006,485	133,400
Exchange differences		-	-	-	4,063,102	-	4,063,102	3,151
Remeasurements of net defined benefit liability	23	-	-	(10,094,110)	-	-	(10,094,110)	(7,829)
<b>Total comprehensive income for the year</b>		-	-	161,912,375	4,063,102	-	165,975,477	128,723
<b>Transactions with owners</b>								
Dividends paid	23	-	-	(39,538,716)	-	-	(39,538,716)	(30,664)
Purchase of treasury shares		-	-	-	-	(20,025,122)	(20,025,122)	(15,531)
<b>Balance at December 31, 2023</b>		<u>₩ 329,536,650</u>	<u>₩ 1,601,144,279</u>	<u>₩ 1,173,312,826</u>	<u>₩ (1,479,363)</u>	<u>₩ (20,741,019)</u>	<u>₩ 3,081,773,373</u>	<u>\$ 2,390,083</u>

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.  
The U.S. dollar amounts are provided for information use only and do not form part of the audited financial statements. Refer to Note 3.

**Hyundai Development Company**  
**Separate Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

(in thousands of Korean won and in US dollars) (Note 3)

	Notes	2023		2022	
<b>cash flows from (used in) operating activities</b>					
Cash generated from (used in) operations	35	₩ 657,444,501	\$ 509,884	₩ (1,581,052,390)	\$ (1,226,192)
Interest received		77,954,293	60,458	78,465,477	60,854
Interest paid		(74,760,654)	(57,981)	(74,418,625)	(57,716)
Dividends received		299,298	232	350,768	272
Income taxes paid		(74,799,404)	(58,011)	(116,507,349)	(90,358)
<b>Net cash inflow (outflow) from operating activities</b>		<b>586,138,034</b>	<b>454,582</b>	<b>(1,693,162,119)</b>	<b>(1,313,140)</b>
<b>cash flows from (used in) investing activities</b>					
Proceeds from sale of short-term financial instruments		1,065,371,310	826,254	5,893,955,958	4,571,084
Proceeds from sale of short-term investment securities	11	632,646	491	7,238,014	5,613
Proceeds from sale of long-term financial instruments		-	-	20,000,070	15,511
Proceeds from sale of property, plant and equipment		46,688	36	3,450	3
Proceeds from sale of investment property		2,047,342	1,588	417,345	324
Decrease in other assets		240,000	186	368,253	286
Payments for acquisition of short-term financial instruments		(1,064,128,822)	(825,290)	(4,519,025,372)	(3,504,751)
Increase in short-term loans		(30,000,000)	(23,267)	-	-
Increase in long-term loans		(5,350,000)	(4,149)	(1,896,000)	(1,470)
Payments for acquisition of long-term financial instruments		-	-	(700,000)	(543)
Payments for acquisition of long-term investments securities	11	(13,665,194)	(10,598)	(30,757,910)	(23,854)
Payments for acquisition of investments in associates and subsidiaries		(27,124,974)	(21,037)	(300,000)	(233)
Payments for acquisition of property, plant and equipment	13	(32,424,270)	(25,147)	(60,148,973)	(46,649)
Payments for acquisition of intangible assets		(1,218,875)	(945)	(2,260,882)	(1,753)
Decrease in other liabilities		-	-	(6,904)	(5)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(105,574,149)</b>	<b>(81,879)</b>	<b>1,306,887,049</b>	<b>1,013,562</b>
<b>cash flows from (used in) financing activities</b>					
Proceeds from short-term borrowings	35	221,000,000	171,398	970,200,000	752,443
Proceeds from long-term borrowings	35	467,500,000	362,572	585,431,000	454,034
Repayments of short-term borrowings	35	(574,200,000)	(445,323)	(392,300,000)	(304,250)
Repayments of current portion of long-term borrowings	35	(504,711,905)	(391,432)	(484,958,088)	(376,111)
Purchase of treasury shares		(20,025,122)	(15,531)	-	-
Dividends paid	23	(39,538,716)	(30,664)	(39,538,716)	(30,664)
Repayments of lease liabilities	35	(30,893,500)	(23,960)	(26,853,345)	(20,826)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(480,869,243)</b>	<b>(372,940)</b>	<b>611,980,851</b>	<b>474,625</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(305,358)</b>	<b>(237)</b>	<b>225,705,781</b>	<b>175,047</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>545,845,781</b>	<b>423,333</b>	<b>319,667,405</b>	<b>247,920</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>1,294,396</b>	<b>1,004</b>	<b>472,595</b>	<b>367</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 546,834,819</b>	<b>\$ 424,100</b>	<b>₩ 545,845,781</b>	<b>\$ 423,333</b>

The above separate statements of cash flows should be read in conjunction with the accompanying notes.  
The U.S. dollar amounts are provided for information use only and do not form part of the audited financial statements. Refer to Note 3.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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#### 1. General Information

Hyundai Development Company (the Company) was incorporated through a spin-off of HDC HOLDINGS Co., Ltd (formerly, Hyundai Development Company) on May 1, 2018, the spin-off date, to engage in construction and related businesses. The Company listed its shares on the Korea Exchange on June 12, 2018. The Company's headquarters are located in 55 Hangang-daero 23 gil, Yongsan-gu, Seoul, Korea.

The issued capital of the Company at the time of establishment amount to ₩ 219,691 million, and after capital increase, the Company's issued capital amounts to ₩ 329,537 million as at December 31, 2023. The Company is a subsidiary of HDC HOLDINGS Co., Ltd., who owns 42.65% of the voting rights of the Company as at December 31, 2023.

#### 2. Material Accounting Policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying separate financial statements.

The separate financial statements of the Company have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Assets held for sale – measured at fair value less costs to sell, and
- Defined benefit pension plans – plan assets measured at fair value.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

#### **2.2 Changes in Accounting Policies and Disclosures**

##### *2.2.1 New and amended standards adopted by the Company*

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

##### *(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements). The amendments do not have a significant impact on the financial statements.

##### *(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price*

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the financial statements.

##### *(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the financial statements.

##### *(d) Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the financial statements.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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#### *(e) New Standard: Korean IFRS 1117 Insurance Contract*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. The Company is in review for the impact of these amendments on the financial statements.

#### *(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules*

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The amendments do not have a significant impact on the financial statements.

#### *2.2.2 New standards and interpretations not yet adopted by the Company*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Company.

#### *(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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#### *(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements*

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

#### *(c) Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback*

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

#### *(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets*

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements.

#### *(e) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability*

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Company is in review for the impact of these amendments on the financial statements.

## **2.3 Subsidiaries, Associates, and Joint Arrangements**

#### *(a) Subsidiaries and associates*

The financial statements of the Company are the separate financial statements in accordance Korean IFRS 1027, 'Separate Financial Statements'. Investments in subsidiaries, associates and joint ventures are recognized at cost under the direct equity method. The Company recognizes dividend income from subsidiaries, associates and joint ventures in profit or loss when its right to receive dividend is established.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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#### *(b) Joint arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. The investments in joint ventures are measured at cost based on its direct equity investment. Dividends on the investments in joint ventures are recognized in profit or loss when the Company's right to receive the dividend is established.

## **2.4 Foreign Currency Translation**

#### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The separate financial statements are presented in Korean won, which is the Company's functional and presentation currency.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of hedge of net investments or are attributable to monetary part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

## **2.5 Financial Assets**

#### *(a) Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

#### *(b) Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *A. Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of bad debt expenses (reversal of bad debt expenses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'interest income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income and costs' and bad debt expenses are presented in 'non-

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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operating expenses’.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the income statement within ‘non-operating income and expenses’ in the year in which it arises.

#### *B. Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as ‘non-operating income’ when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in ‘non-operating income and expenses’ in the income statement as applicable. Bad debt expenses (reversal of bad debt expenses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

#### *(c) Impairment*

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

#### *(d) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as ‘borrowings’ in the statement of financial position.

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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#### *(e) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **2.6 Derivative Instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Derivatives that do not qualify for hedge accounting are classified as held for trading and changes in the fair value of the derivatives are recognized immediately in profit or loss within 'non-operating income (expenses)' or 'finance income (costs)' based on the nature of transactions.

#### **2.7 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 5.1.2 for a description of the Company's impairment policies.

#### **2.8 Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the first-in, first-out (FIFO) method except for land, finished housing units, housing construction-in-process, which use the specific identification method.

#### **2.9 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated bad debt expenses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<b>Useful life</b>
Buildings	40 - 50 years
Structures	40 years
Machinery and equipment	4 - 8 years
Ships	9 years
Others	4 - 5 years

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### **2.10 Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### **2.11 Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### **2.12 Intangible Assets**

Intangible assets are initially recognized at its historical cost, and carried at its cost less accumulated amortization and accumulated bad debt expenses.

Development costs that are directly attributable to internally generated by the Company are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights (condominium and golf membership) that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Company amortizes intangible assets with a limited useful life using the straight-line method over their estimated useful lives of five years.

#### **2.13 Investment Property**

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated bad debt expenses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and bad debt expenses. The Company depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 years.

#### **2.14 Impairment of Non-financial Assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. A bad debt expenses is recognized for the amount by which the asset's

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **2.15 Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

#### **2.16 Financial Liabilities**

##### *(a) Classification and measurement*

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'borrowings' and 'other payables' in the statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### *(b) Derecognition*

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

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the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 2.17 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments*, and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

The fair value of a financial guarantee contract is determined based on the market price of similar financial instruments, comparing the interest rates of borrowings with and without financial guarantees, or based on the amount to be paid for financial guarantees.

The related liability is recognized as 'other current liabilities' in the statement of financial position.

#### 2.18 Provisions

Provisions for construction warranties, construction losses and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

#### 2.19 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# Hyundai Development Company

## Notes to the Separate Financial Statements

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Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Company recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Company recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

#### **2.20 Employee Benefits**

The Company operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Company pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Company has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the separate statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

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

#### 2.21 Revenue Recognition

##### *(a) Construction services - Civil engineering, housing and etc.*

The Company provides construction services including housing construction, social overhead capital facilities such as roads, ports and etc., business facilities and commercial facilities in accordance with long-term contracts. The Company recognizes revenue over the construction periods for the construction services, which the Company creates or enhances an asset that the customer controls as the asset is created or enhanced, such as construction of a building on the customer's land. The Company measures progress towards completion (percentage-of-completion method) based on input method for construction services.

In accordance with contract with customers, the Company has the right to receive fixed amount based on the extent of progress forwards completion or the fulfillment of specific milestones. If the services which controls are transferred exceed the Company's right to receive, a contract asset is recognized. If the Company's right to receive exceed the services which controls are transferred, a contract liability is recognized.

If housing construction contracts contain non-construction works such as sales agency services and others, non-construction works are identified as separate performance obligations. The timing of revenue recognition and the amount of revenue depend on whether performance obligation is satisfied at a point in time or over time by allocating the transaction price.

##### *(b) Housing construction*

Meanwhile, for housing contracts satisfying conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, the Company recognizes revenue over time during the period of controls are transferred. For housing contracts not meeting conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, the Company recognizes revenue when property is delivered to the customer. This accounting is allowed under Korean IFRS. The Company recognizes revenue over time by measuring the progress towards completion (percentage-of-completion method) by applying input method.

In accordance with contract with customers, the Company has the right to receive fixed amount based on contract payment schedule during housing contract period. If the goods and services which controls are transferred exceed the Company's right to receive, a contract asset is recognized. If the Company's right to receive exceed the goods and services which controls are transferred, a contract liability is recognized.

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#### 2.22 Leases

##### *(a) Lessor*

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

##### *(b) Lessee*

The Company leases various offices, warehouses, construction machinery, vehicles and others. Lease contracts are typically made for fixed periods of 1 to 10 years, but may have extension options. Contracts may contain both lease and non-lease components. However, for leases of real estate for which the Company is lessee, the Company applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company

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(the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, a subsidiary of the Company, which does not have recent third-party financing, and
- makes specific adjustment to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- estimates of restoration costs

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The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of office equipment.

#### *(c) Extension and termination options*

Extension and termination options are included in Company's lease contracts. These terms are used to maximize operational flexibility in terms of managing contracts. Information on critical accounting estimates and assumptions related to the determination of the lease term is presented in Note 4.

### **2.23 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (Note 38). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

### **2.24 Approval of Issuance of the Financial Statements**

The separate financial statements 2023 were approved for issue by the Board of Directors on February 26, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

## **3. Presentation of the U.S. Dollars Conversion**

The Company operates primarily in Korean won and its accounting records are maintained in Korean won. The U.S. dollars amounts, provided herein, represent supplementary information, solely for the convenience of the reader. All won amounts are expressed in the U.S. dollars at US\$ 1: ₩ 1,289.40, the exchange rate in effect on December 31, 2023. Such presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States and should not be construed as a representation that the won amounts shown could be readily converted, realized or settled in the U.S. dollars at this or any other rate.

## **4. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

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The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

Meanwhile, as at December 31, 2023, administrative measure procedures by the relevant local governments are in progress in relation to accidents that occurred before previous period at the Company's ongoing construction sites. In relation to this, as at December 31, 2023, the Company recognized provision for construction losses of ₩ 68,126 million and other provisions of ₩ 35,932 million, and is responding to related administrative measure procedures.

In the event of the suspension of business operation or decline in credit ratings, the Company may forfeit the benefit of time for certain borrowings (Note 19). In addition, administrative measure may negatively affect on the Company's new orders from public institutions and the private sector and the refinancing of PF loans that provide funding agreements or debt acquisition agreements.

Therefore, accounting estimates and assumptions for the future period used in preparing the separate financial statements may be adjusted according to the changes in the possibility of suspension of business operation and decline in credit ratings.

#### *(a) Uncertainty of the estimated total contract revenue*

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Company's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, or when it is probable that the Company will be able to satisfy the performance requirements, and the amount can be estimated reliably.

#### *(b) Estimated total contract costs*

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total contract costs are estimated based on future estimates of material costs, labour costs, construction period and others. When the estimated total contract costs increase by 5%, profit before income tax and net assets before income tax effects decrease by ₩ 321,757 million.

#### *(c) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 6).

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#### *(d) Impairment of financial assets*

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 5.1.2).

#### *(e) Provisions for construction warranties*

The Company records a provision for estimated warranty costs relating to construction defects. The estimated warranty cost is computed by multiplying a certain percentage of defects to related constructions. The estimated warranties cost is recognized as cost of construction based on the percentage-of-completion of construction, and are presented in the statement of financial position as provisions for construction warranty. The recognized provisions offset when the actual warranty cost incurs, and reversed if any residual balance exist at the end of the warranty period. If there is any additional warranty cost incurred exceeding the provision, it will be recognized as expense in incurred year. The provision is estimated based on historical data.

#### *(f) Provisions for loss on construction contracts*

When a loss on construction is expected based on cost estimates, the expected loss is charged to current operations when first identified, and is included in the statement of financial position as a provision for foreseeable losses from construction contracts. The recognized provision offset when the actual loss occurs, and reverse if any residual balance exist at the end of fiscal year of the related construction is completed or no more loss is expected to be occur. Any additional warrant cost incurred exceeding the provision will be recognized as expense in incurred year. The provision is estimated based on historical data. The provision is presented as a deduction of billed construction and reversal on provision is presented as a deduction of cost of construction. The provision is estimated based on total expected loss that shall be occurred in future.

#### *(g) Net defined benefit liabilities*

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 21).

#### *(h) Income taxes*

The Company's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 33).

If certain portion of the taxable income is not used for investments or increase in wages or dividends, the Company is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects. As

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the Company's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### *(i) Leases*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of construction machinery, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in construction machinery leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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## 5. Financial Risk Management

### 5.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by a central treasury department ("Company treasury"). The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

#### 5.1.1 Market Risk

##### (a) Foreign currency risk

The operation of the Company mainly focuses on domestic market, but assets or liabilities in foreign currency are exposed to foreign currency risk. Foreign currency risk arises from future commercial transactions, recognized assets and liabilities in foreign operations.

The objective of the Company's foreign currency risk management is to maximize company value through minimizing uncertainty and impact on profit and loss from change in foreign exchange rate.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Korean won, was as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	USD	VND	USD	VND
<b>Financial assets</b>				
Cash and cash equivalents	15,198	-	9,653	-
Guarantee deposits	-	-	12	2
<b>Derivative financial assets</b>				
Buy currency forward (short term trading)	5,073	-	8,529	-

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The table below summarizes the impact of weakened/strengthened Korean won on the Company's before income tax profit. The analysis is based on the assumption that Korean won has weakened/strengthened by 10% with all other variables held constant.

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
	<b>Weakened (10%)</b>	<b>Strengthened (10%)</b>	<b>Weakened (10%)</b>	<b>Strengthened (10%)</b>
KRW/USD	2,027	(2,027)	1,819	(1,819)

*(b) Interest rate risk*

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

As at December 31, 2023, net interest expenses increase when interest rates increase because the Company has less floating rate deposits than floating rate borrowings. Therefore, the Company adequately minimizes risks from interest rate fluctuations through various policies, such as sharing excess cash within the Company (internal cash sharing) to minimize external borrowings, avoiding high rate borrowings, reforming capital structure, managing an appropriate ratio of fixed rate borrowings and floating rate borrowings, monitoring a fluctuation of domestic and foreign interest rates weekly and monthly, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

As at December 31, 2023, the Company is partially exposed to the risk of an increase in interest expense from borrowings and debentures; the Company minimizes the risk of interest rate by operating internal borrowings and bank deposit at floating rate appropriately.

The table below summarizes the impact of increases/decreases of interest rate on the Company's before income tax profit. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
Interest expenses	6,867	(6,867)	9,784	(9,784)

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#### 5.1.2 Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments, favorable derivative financial instruments, and deposits with bank and financial institutions, as well as credit exposures to major customers, including outstanding receivables and committed transactions.

##### *(a) Risk management*

Credit risk arises when customer or counterparty cannot fulfill obligations of contract condition in the Company's ordinary course of trade and investment. The credit quality of the customer is evaluated taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The Company manages the credit risk for purpose of loss minimization through efficient credit risk management, support of rapid decision-making, and preparation of receivable safety devices based on the Company's credit policy.

##### *(b) Impairment of financial assets*

The Company has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of provision of services,
- contract assets relating to provision of services, and
- other financial assets carried at amortized cost

While cash equivalents are also subject to the impairment requirement, the identified bad debt expenses was immaterial.

##### *A. Trade receivables and due from customers*

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and due from customers. To measure the expected credit losses, trade receivables and due from customers have been grouped based on the characteristic of construction services and credit risk of customers. The due from customers relate to unbilled work in progress has substantially the same risk characteristics as the trade receivables arising from same types of contracts. The Company, therefore, concludes that the expected loss rates for trade receivables are reasonable approximation of the loss rates for the due from customers.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before December 31, 2023, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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On that basis, the allowance for doubtful accounts as at December 31, 2023 and 2022, was determined as follows for both trade receivables and due from customers:

(in millions of Korean won)

	2023					Total
	Construction	Civil engineering	Construction of houses	Housing contract	Others	
<b>Receivables</b>						
Trade receivables	53,417	59,587	600,151	38,085	9,599	760,839
Due from customers	52,390	75,421	846,946	7,998	-	982,755
Provision for bad debt expenses	(2,501)	(782)	(96,060)	-	-	(99,343)

(in millions of Korean won)

	2022					Total
	Construction	Civil engineering	Construction of houses	Housing contract	Others	
<b>Receivables</b>						
Trade receivables	22,025	24,056	391,402	20,111	22,807	480,401
Due from customers	107,488	81,670	720,560	1,215	-	910,933
Provision for bad debt expenses	(2,501)	(607)	(96,648)	-	-	(99,756)

Movements in the allowance for doubtful accounts for trade receivables and due from customers for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Beginning	Bad debt expenses (reversal)	Written off	Transfer	Ending
Trade receivables	99,229	(347)	-	-	98,882
Due from customers	527	(66)	-	-	461
	<u>99,756</u>	<u>(413)</u>	<u>-</u>	<u>-</u>	<u>99,343</u>

(in millions of Korean won)

	2022				
	Beginning	Bad debt expenses (reversal)	Written off	Transfer	Ending
Trade receivables	138,330	(1,622)	(37,479)	-	99,229
Due from customers	954	(427)	-	-	527
	<u>139,284</u>	<u>(2,049)</u>	<u>(37,479)</u>	<u>-</u>	<u>99,756</u>

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*B. Other financial assets amortized cost*

Other financial assets at amortized cost include cash and cash equivalents, long-term and short-term financial instruments, other receivables such as loans, borrowing and others. Movements in allowance for doubtful accounts for other financial assets at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>				
	<b>Beginning</b>	<b>Bad debt expenses (reversal)</b>	<b>Written off</b>	<b>Transfer</b>	<b>Ending</b>
Short-term financial instruments	94	22	-	-	116
Other receivables (current)	74,270	(669)	(8)	-	73,593
Long-term financial instruments	-	-	-	-	-
Other receivables (non-current)	205,928	539	(73)	-	206,394
	<u>280,292</u>	<u>(108)</u>	<u>(81)</u>	<u>-</u>	<u>280,103</u>

*(in millions of Korean won)*

	<b>2022</b>				
	<b>Beginning</b>	<b>Bad debt expenses (reversal)</b>	<b>Written off</b>	<b>Transfer</b>	<b>Ending</b>
Short-term financial instruments	1,351	(1,257)	-	-	94
Other receivables (current)	72,904	1,366	-	-	74,270
Long-term financial instruments	166	(166)	-	-	-
Other receivables (non-current)	206,176	(248)	-	-	205,928
	<u>280,597</u>	<u>(305)</u>	<u>-</u>	<u>-</u>	<u>280,292</u>

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses. Management considers the credit risk to be low when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

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(c) *The maximum exposed amounts of credit risk*

The maximum exposed amounts of credit risk of the Company as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	<b>2023</b>	
	<b>Book amount</b>	<b>Exposed amount</b>
Financial assets at amortized cost		
Cash and cash equivalents	546,835	546,835
Short-term financial instruments	119,484	119,484
Short-term investment securities	1,145	1,145
Trade receivables	661,957	661,957
Other receivables (current) <sup>1</sup>	646,013	646,013
Long-term investment securities	25,692	25,692
Other receivables (non-current) <sup>1</sup>	674,812	8,924,660
Contract Assets		
Due from customers	982,294	982,294
Financial assets at fair value through profit or loss		
Other current assets	3,620	3,620
Long-term investment securities	89,399	89,399
Other non-current assets	1,615	1,615
Financial guarantee		
Other current liabilities <sup>2</sup>	8,395	6,141,739
	<u>3,761,261</u>	<u>18,144,453</u>

<sup>1</sup> Loan agreements including business expenses with urban renewal association and developers are the maximum amounts of contracts that can be paid (Note 36).

<sup>2</sup> Financial guarantee contracts are the maximum payment amount of financial guarantee contracts including payment guarantees (Note 36).

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	<b>2022</b>	
	<b>Book amount</b>	<b>Exposed amount</b>
Financial assets at amortized cost		
Cash and cash equivalents	545,846	545,846
Short-term financial instruments	120,049	120,049
Short-term investment securities	703	703
Trade receivables	381,171	381,171
Other receivables (current) <sup>1</sup>	1,480,657	1,480,657
Long-term financial instruments	700	700
Long-term investment securities	26,362	26,362
Other receivables (non-current) <sup>1</sup>	583,114	8,685,560
Contract Assets		
Due from customers	910,406	910,406
Financial assets at fair value through profit or loss		
Other current assets	4,073	4,073
Long-term investment securities	74,281	74,281
Other non-current assets	5,313	5,313
Financial guarantee		
Other current liabilities <sup>2</sup>	12,861	6,246,398
	<u>4,145,536</u>	<u>18,481,519</u>

<sup>1</sup> Loan agreements including business expenses with urban renewal association and developers are the maximum amounts of contracts that can be paid (Note 36).

<sup>2</sup> Financial guarantee contracts are the maximum payment amount of financial guarantee contracts including payment guarantees (Note 36).

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**5.1.3 Liquidity Risk**

The liquidity risk is a risk when the Company cannot pay off a short-term debt in a timely manner due to the Company's business environment or the deterioration in financial market. To manage the liquidity risk preemptively, the Company periodically forecasts cash flow and liquidity plan, and establishes countermeasures.

As at December 31, 2023, the Company held cash and cash equivalents and short-term financial instrument in current assets that are expected to readily generate cash inflows for managing liquidity risk for 52% (2022: 44%) of total current borrowings.

Details of the Company's liquidity risk analysis as at December 31, 2023 and 2022, are as follows and the cash flows shown in the table below are the amounts not discounted.

*(in millions of Korean won)*

	<b>2023</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>Between 1 year and 2 years</b>	<b>Between 2 years and 5 years</b>	<b>Over 5 years</b>	
Trade payables	234,357	-	-	-	234,357
Short-term borrowings	830,072	-	-	-	830,072
Other payables (current)	329,681	-	-	-	329,681
Derivative financial liabilities	210	380	-	-	590
Current portion of long-term liabilities	477,636	-	-	-	477,636
Debentures	8,770	57,920	49,022	177,307	293,019
Long-term borrowings	13,398	244,251	14,703	8,673	281,025
Other payables (non-current)	-	11,843	4,041	3,250	19,134
Lease liabilities (current)	19,246	-	-	-	19,246
Lease liabilities (non-current)	-	9,247	19,975	65,667	94,889
Financial guarantee contracts <sup>1</sup>	6,141,739	-	-	-	6,141,739
Loan agreement for business expenses, etc. <sup>2</sup>	8,249,848	-	-	-	8,249,848
	<u>16,304,957</u>	<u>323,641</u>	<u>87,741</u>	<u>254,897</u>	<u>16,971,236</u>

<sup>1</sup> Financial guarantee contracts are the maximum payment amount of financial guarantee contracts included payment guarantees (Note 36).

<sup>2</sup> Loan agreements including business expenses with urban renewal association and developers are the maximum amounts of contracts that can be paid (Note 36).

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(in millions of Korean won)

	<b>2022</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>Between 1 year and 2 years</b>	<b>Between 2 years and 5 years</b>	<b>Over 5 years</b>	
Trade payables	187,052	-	-	-	187,052
Short-term borrowings	1,188,492	-	-	-	1,188,492
Other payables (current)	270,840	-	-	-	270,840
Derivative financial liabilities	1,013	-	-	-	1,013
Current portion of long-term liabilities	361,001	-	-	-	361,001
Debentures	10,026	78,998	100,659	183,614	373,297
Long-term borrowings	18,414	254,388	75,901	9,107	357,810
Other payables (non-current)	-	22,759	3,986	3,350	30,095
Lease liabilities (current)	29,836	-	-	-	29,836
Lease liabilities (non-current)	-	16,003	21,533	72,326	109,862
Financial guarantee contracts <sup>1</sup>	6,246,398	-	-	-	6,246,398
Loan agreement for business expenses, etc. <sup>2</sup>	8,102,446	-	-	-	8,102,446
	<u>16,415,518</u>	<u>372,148</u>	<u>202,079</u>	<u>268,397</u>	<u>17,258,142</u>

<sup>1</sup> Financial guarantee contracts are the maximum payment amount of financial guarantee contracts included payment guarantees (Note 36).

<sup>2</sup> Loan agreements including business expenses with urban renewal association and developers are the maximum amounts of contracts that can be paid (Note 36).

# Hyundai Development Company

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#### 5.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company uses debt-ratio as an indicator of major capital management. The debt-ratio is calculated as total debt divided by total capital as shown in the separate statement of financial position.

The debt- to- equity ratio and gearing ratio as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Total liabilities (A)	3,685,018	4,098,483
Total equity (B)	3,081,773	2,975,362
Cash and cash equivalents, short-term financial instruments and short-term investment securities (C)	667,464	666,598
Borrowings and debentures (D)	1,772,276	2,161,986
Debt- to- equity ratio (A/B)	119.57%	137.75%
Gearing ratio (D-C)/B	35.85%	50.26%

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**6. Fair Value of Financial Instruments**

**6.1 Fair Value of Financial Instruments by Category**

Carrying amount of financial instruments approximates to their fair value.

**6.2 Fair Value Hierarchy**

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment (Level 3).

Fair value hierarchy classifications of the financial assets that are measured at fair value as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss				
Equity instruments	-	-	37,046	37,046
Debt instruments	-	35,171	17,182	52,353
Derivative financial assets	-	5,236	-	5,236
Derivative financial liabilities	-	590	-	590

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss				
Equity instruments	-	-	21,840	21,840
Debt instruments	-	34,579	17,862	52,441
Derivative financial assets	-	9,386	-	9,386
Derivative financial liabilities	-	-	1,013	1,013

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**6.3 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements**

There were no transfers among levels for recurring fair value measurements during the year.

**6.4 Valuation Techniques and the Inputs**

The fair value of contribution and debt instruments such as beneficiary certificates categorized within Level 2 of the fair value hierarchy amounting to ₩ 35,171 million (2022: ₩ 34,579 million) is determined at fair value using redemption price of issuing institution. In addition, the present value technique is used for derivative financial assets and derivative financial liabilities categorized within Level 2 amounting to ₩ 5,236 million (2022: ₩ 9,386 million) and ₩ 590 million (2022: ₩ - million), respectively, and forward delivery interest rate and forward exchange rate are used as input variables.

Equity securities and beneficiary certificates amounting to ₩ 37,046 million (2022: ₩ 21,840 million) and ₩ 17,182 million (2022: ₩ 17,862 million), respectively, categorized within Level 3, are measured at fair value calculated based on a suitable valuation method considering the subjects' characteristics, among profit approach and market approach.

Quantitative information on fair value measurements (Level 3) using significant but unobservable inputs and details of the association between major unobservable inputs and fair value measurements are as follows:

*(in millions of Korean won)*

	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Inputs</b>
Financial assets at fair value through profit or loss			
DONGDUCHEON DREAM POWER Co. Ltd.	9,872	Dividend discount model	Discount rate 10.98%
Mirae Asset Seoul-Chuncheon Highway Private Special Asset Investment Trust 1	17,182	Adjusted net asset method	Discount rate 8.94% ~ 11.75%

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**6.5 Sensitivity Analysis for Recurring Fair Value Measurements Categorized as Level 3**

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the most favorable or most unfavorable amounts are presented. Financial instruments categorized within Level 3 for sensitivity analysis are equity securities, beneficiary certificates and derivatives whose fair value changes are recognized as profit or loss.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	
	<b>Favorable changes</b>	<b>Unfavorable changes</b>
Financial assets		
Unlisted equity securities <sup>1</sup>	945	(858)
Beneficiary certificates <sup>1</sup>	3,597	(3,304)

<sup>1</sup> Changes in the fair value are calculated by increasing or decreasing the discount rate, which is the significant input, by 1%.

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**7. Financial Instruments by Category**

**7.1 Carrying Amounts of Financial Instrument by Category**

Categorizations of financial assets as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortized costs</b>	<b>Total</b>
Cash and cash equivalents	-	546,835	546,835
Short-term financial instruments	-	119,484	119,484
Short-term investment securities	-	1,145	1,145
Trade receivables	-	661,957	661,957
Other receivables (current)	-	646,013	646,013
Derivative financial assets (current)	3,620	-	3,620
Long-term investment securities	89,399	25,692	115,091
Other receivables (non-current)	-	674,812	674,812
Derivative financial assets (non-current)	1,615	-	1,615
	<u>94,634</u>	<u>2,675,938</u>	<u>2,770,572</u>

*(in millions of Korean won)*

	<b>2022</b>		
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortized costs</b>	<b>Total</b>
Cash and cash equivalents	-	545,846	545,846
Short-term financial instruments	-	120,049	120,049
Short-term investment securities	-	703	703
Trade receivables	-	381,171	381,171
Other receivables (current)	-	1,480,657	1,480,657
Other current assets	4,073	-	4,073
Long-term financial instruments	-	700	700
Long-term investment securities	74,281	26,362	100,643
Other receivables (non-current)	-	583,114	583,114
Other non-current assets	5,313	-	5,313
	<u>83,667</u>	<u>3,138,602</u>	<u>3,222,269</u>

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Categorizations of financial liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				Total
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Financial guarantee contracts	Lease liabilities	
Trade payables	234,357	-	-	-	234,357
Short-term borrowings	814,700	-	-	-	814,700
Other payables (current)	329,681	-	-	-	329,681
Other current liabilities	-	210	8,395	18,775	27,380
Current portion of long-term current liabilities	462,390	-	-	-	462,390
Debentures	249,359	-	-	-	249,359
Long-term borrowings	245,826	-	-	-	245,826
Other payables (non-current)	19,134	-	-	-	19,134
Other non-current liabilities	-	380	-	66,574	66,954
	<u>2,355,447</u>	<u>590</u>	<u>8,395</u>	<u>85,349</u>	<u>2,449,781</u>

(in millions of Korean won)

	2022				Total
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Financial guarantee contracts	Lease liabilities	
Trade payables	187,052	-	-	-	187,052
Short-term borrowings	1,167,900	-	-	-	1,167,900
Other payables (current)	270,840	-	-	-	270,840
Other current liabilities	-	1,013	12,861	29,196	43,070
Current portion of long-term current liabilities	349,493	-	-	-	349,493
Debentures	319,087	-	-	-	319,087
Long-term borrowings	325,506	-	-	-	325,506
Other payables (non-current)	30,095	-	-	-	30,095
Other non-current liabilities	-	-	-	66,256	66,256
	<u>2,649,973</u>	<u>1,013</u>	<u>12,861</u>	<u>95,452</u>	<u>2,759,299</u>

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**7.2 Net Gains or Losses by Category of Financial Instruments**

Net gains or losses on each category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>				<b>Total</b>
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortized costs</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortized costs</b>	
Interest income	7,138	88,135	-	-	95,273
Interest expenses	-	-	-	(40,060)	(40,060)
Dividend income	299	-	-	-	299
Gain (loss) on transactions	-	-	-	-	-
Loss on valuation	(2,883)	-	-	-	(2,883)
Reversal of bad debt expenses	-	433	-	-	433
Gain on foreign exchange differences	-	1,182	-	-	1,182
	<u>4,554</u>	<u>89,750</u>	<u>-</u>	<u>(40,060)</u>	<u>54,244</u>

*(in millions of Korean won)*

	<b>2022</b>				<b>Total</b>
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortized costs</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortized costs</b>	
Interest income	10,046	92,154	-	-	102,200
Interest expenses	-	-	-	(60,786)	(60,786)
Dividend income	351	-	-	-	351
Gain (loss) on transactions	361	(1)	-	-	360
Loss on valuation	(3,352)	-	(1,013)	-	(4,365)
Reversal of bad debt expenses	-	2,453	-	-	2,453
Gain on foreign exchange differences	-	4,468	-	-	4,468
	<u>7,406</u>	<u>99,074</u>	<u>(1,013)</u>	<u>(60,786)</u>	<u>44,681</u>

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**8. Cash and Cash Equivalents, Short-term and Long-term Financial Instruments**

Cash and cash equivalents and short-term and long-term financial instruments as at December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Cash and cash equivalents</b>		
Financial assets at amortized cost		
Cash on hand and demand deposits	41,637	91,193
Time deposits and other instruments	505,198	454,653
	<u>546,835</u>	<u>545,846</u>
<b>Short-term financial instruments</b>		
Financial assets at amortized cost		
Short-term bank deposits	41,700	55,000
Short-term operating funds (ABCP and others)	77,784	65,049
	<u>119,484</u>	<u>120,049</u>
<b>Long-term financial instruments</b>		
Financial assets at amortized cost		
Long-term bank deposits	-	700

Restricted financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>Type</b>	<b>2023</b>	<b>2022</b>	<b>Restrictions</b>
Cash and cash equivalents	Time deposits	34	33	Vietnam electricity charge guarantee
	Deposits	1,735	369	Ethiopia construction machinery guarantee
Short-term financial instruments	Time deposits	700	14,000	Establishment of the right to pledge
Long-term financial instruments	Time deposits	-	700	Establishment of the right to pledge
Other receivables (non-current)	Special deposits	17	17	Bank overdraft deposit
		<u>2,486</u>	<u>15,119</u>	

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**9. Trade and Other Receivables**

Trade and other receivables and provisions for impairment of trade and other receivables as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Gross amount</b>	<b>Provisions for impairment</b>	<b>Book amount</b>
<b>Trade receivables</b>			
Trade receivables	1,101	-	1,101
Construction receivables	721,653	(98,882)	622,771
Receivables from sale of houses	38,085	-	38,085
	<u>760,839</u>	<u>(98,882)</u>	<u>661,957</u>
<b>Other receivables (current)</b>			
Non-trade receivables	112,691	(9,912)	102,779
Accrued income	32,418	-	32,418
Other current assets	224,076	(42,692)	181,384
Business loans and others	350,421	(20,989)	329,432
	<u>719,606</u>	<u>(73,593)</u>	<u>646,013</u>
<b>Other receivables (non-current)</b>			
Guarantee deposits	268,454	(1)	268,453
Business loans and others	404,735	(5,382)	399,353
Long-term non-trade receivables	201,012	(201,012)	-
Long-term loans	7,006	-	7,006
	<u>881,207</u>	<u>(206,395)</u>	<u>674,812</u>

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(in millions of Korean won)

	<b>2022</b>		
	<b>Gross amount</b>	<b>Provisions for impairment</b>	<b>Book amount</b>
<b>Trade receivables</b>			
Trade receivables	761	-	761
Construction receivables	459,529	(99,229)	360,300
Receivables from sale of houses	20,111	-	20,111
	<u>480,401</u>	<u>(99,229)</u>	<u>381,172</u>
<b>Other receivables (current)</b>			
Non-trade receivables	94,376	(9,892)	84,484
Accrued income	32,288	-	32,288
Other current assets	78,579	(42,596)	35,983
Business loans and others	1,349,684	(21,782)	1,327,902
	<u>1,554,927</u>	<u>(74,270)</u>	<u>1,480,657</u>
<b>Other receivables (non-current)</b>			
Guarantee deposits	139,760	(84)	139,676
Business loans and others	446,374	(4,832)	441,542
Long-term non-trade receivables	201,012	(201,012)	-
Long-term loans	1,896	-	1,896
	<u>789,042</u>	<u>(205,928)</u>	<u>583,114</u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 1 year, and therefore, are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 5.1.2.

The reversal of bad debt expenses from trade receivables is ₩ 347 million (2022: ₩ 1,622 million), and the reversal of bad debt expenses from other receivables is ₩ 193 million (2022: bad debt expenses of ₩ 689 million won) for the year ended December 31, 2023.

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**10. Inventories**

Inventories as at December 31, 2023 and 2022, are as follows

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Book amount</b>
Land	1,037,352	-	1,037,352
Finished housing units	36,054	(1,737)	34,317
Housing construction-in-process	429,279	(3,508)	425,771
Raw materials	983	-	983
Supplies	2,027	-	2,027
	<u>1,505,695</u>	<u>(5,245)</u>	<u>1,500,450</u>

*(in millions of Korean won)*

	<b>2022</b>		
	<b>Acquisition cost</b>	<b>Allowance for valuation</b>	<b>Book amount</b>
Land	1,099,756	-	1,099,756
Finished housing units	15,247	(1,737)	13,510
Housing construction-in-process	463,559	(6,327)	457,232
Raw materials	3,132	-	3,132
Supplies	1,049	-	1,049
	<u>1,582,743</u>	<u>(8,064)</u>	<u>1,574,679</u>

The Company recognized in the reversal of losses on valuation of inventories, the amount ₩ 2,819 million (2022: losses on valuation of inventories of ₩ 4,245 million) and added to 'cost of sales' for the year ended December 31, 2023.

Related to construction of house, the Company has capitalized borrowing costs for unfinished house which is qualifying asset is ₩ 886 million (2022: ₩ 1,813 million) in 2023. The weighted average interest rate to calculate eligible for capitalization borrowing costs in 2023 is 5.31% (2022: 3.98%).

Inventories that were reclassified as investment property for rental purpose amount to ₩ 825 million (2022: ₩ 307 million) for the year ended December 31, 2023 (Note 15).

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**11. Short-term and Long-term Investment Securities**

Short-term and long-term investment securities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Short-term investment securities</b>		
Financial assets at amortized cost		
Government and municipal bonds	1,145	703
<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Long-term investment securities</b>		
Financial assets at amortized cost		
Government and municipal bonds	25,267	25,937
Corporate bonds	425	425
	<u>25,692</u>	<u>26,362</u>
Financial assets at fair value through other comprehensive income		
Non-marketable equity securities	-	-
Financial assets at fair value through profit or loss		
Non-marketable equity securities <sup>1</sup>	37,046	21,840
Beneficiary certificates	17,182	17,862
Investments <sup>2</sup>	35,171	34,579
	<u>89,399</u>	<u>74,281</u>
	<u>115,091</u>	<u>100,643</u>

<sup>1</sup> As at December 31, 2023, equity securities from SiheungSeoul Access Road Co., Ltd. amounting to ₩ 4,000 million and Incheon Port hinterland complex Co., Ltd. amounting to ₩ 7,185 million are provided as collateral to financial institutions in relation to the borrowings (Note 16).

<sup>2</sup> As at December 31, 2023, investments in Construction Guarantee Cooperative amounting to ₩ 24,700 million, Korea Specialty Contractor Financial Cooperative amounting to ₩ 10,051 million and Mechanical Equipment Construction Mutual Aid Association amounting to ₩ 300 million are provided as collateral in relation with construction performance guarantees and others (Note 16).

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Changes in short-term and long-term investment securities for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of  
Korean won)*

	<b>2023</b>				
	<b>Short-term investment securities</b>	<b>Long-term investment securities</b>			<b>Total</b>
	<b>At amortized cost</b>	<b>At amortized cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through profit or loss</b>	
<b>At January 1</b>	703	26,362	-	74,281	100,643
Additions	-	405	-	13,261	13,666
Disposal	(633)	-	-	-	-
Valuation	-	-	-	1,857	1,857
Reclassification of non-current portion	1,075	(1,075)	-	-	(1,075)
<b>At December 31</b>	<b>1,145</b>	<b>25,692</b>	<b>-</b>	<b>89,399</b>	<b>115,091</b>

*(in millions of  
Korean won)*

	<b>2022</b>				
	<b>Short-term investment securities</b>	<b>Long-term investment securities</b>			<b>Total</b>
	<b>At amortized cost</b>	<b>At amortized cost</b>	<b>Fair value through other comprehensive income</b>	<b>Fair value through profit or loss</b>	
<b>At January 1</b>	7,239	6,308	-	66,690	72,998
Additions	-	20,757	-	10,000	30,757
Disposal	(7,239)	-	-	-	-
Valuation	-	-	-	(2,409)	(2,409)
Reclassification of non-current portion	703	(703)	-	-	(703)
<b>At December 31</b>	<b>703</b>	<b>26,362</b>	<b>-</b>	<b>74,281</b>	<b>100,643</b>

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**12. Investments in Subsidiaries and Associates**

Investments in subsidiaries and associates as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Investee	Location	2023		2022	
			Number of shares	Ownership (%)	Book amount	Book amount
Investments in subsidiaries	Hotel HDC Co., Ltd.	Korea	2,200,000	100.00	-	-
	HDC HYUNDAI PCE <sup>5</sup>	Korea	310,583	100.00	34,054	500
	BIGAPPLE DREAM 1ST CO., LTD. <sup>1,2</sup>	Korea	-	-	-	-
	Ipark Package 1st Co., Ltd. <sup>1,2</sup>	Korea	-	-	-	-
	Ipark Package 2nd Co., Ltd. <sup>1,2</sup>	Korea	-	-	-	-
	PeachEcho Co., Ltd. <sup>1,2</sup>	Korea	-	-	-	-
	Uripeoseutieo 1st Co.,Ltd. <sup>1</sup>	Korea	-	-	-	-
	HDC I PARK 1st REIT Co., Ltd	Korea	60,000,000	100.00	120,000	120,000
	HDC I PARK 2nd REIT Co., Ltd	Korea	56,625,000	100.00	45,325	37,200
	HDC NEXT REIT Co., Ltd	Korea	3,000,000	100.00	300	300
Investments in associates	HDC RESORT Co., Ltd.	Korea	11,600,000	49.95	58,000	58,000
	Gocheok IPARK New Stay REIT Co., Ltd. <sup>3</sup>	Korea	347,000	18.49	34,700	34,700
	Gwangmyeong Culture Complex PFV Co., Ltd. <sup>3</sup>	Korea	149,000	14.90	745	745
	Gwangmyeong Culture Complex AMC Co., Ltd. <sup>4</sup>	Korea	12,000	60.00	60	60
	Chungju Dreampark Development Co., Ltd	Korea	135,000	27.00	675	675
	Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust <sup>3</sup>	Korea	1,340,000	12.07	6,700	6,700
					300,559	258,880

<sup>1</sup> As a special purpose entity, the Company has substantial power and rights to variable returns by providing a joint and several surety for the fulfillment of principal and interest repayments of the asset-backed securities, and therefore, the entity is included in the subsidiaries.

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<sup>2</sup> It was excluded through liquidation during the year ended December 31, 2023.

<sup>3</sup> Although the Company holds less than 20% of the equity shares of the entity, the Company exercises significant influence as it has the right to nominate directors of the investee.

<sup>4</sup> Although the Company holds more than 50% of the equity shares of the entity, the Company exercises significant influence as there is a limit on exercising the voting rights on appointment of the Board members and others due to an agreement with shareholders.

<sup>5</sup> During the year ended December 31, 2023, the Company acquired shares of HDC HYUNDAI PCE at ₩ 33,554 million through contribution in cash and in kind (Notes 13 and 37).

Changes in investments in subsidiaries and associates for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	<b>2023</b>		
	<b>Beginning</b>	<b>Acquisition</b>	<b>Ending</b>
<b>Investments in subsidiaries</b>			
Hotel HDC Co., Ltd.	-	-	-
HDC HYUNDAI PCE	500	33,554	34,054
BIGAPPLE DREAM 1ST CO., LTD.	-	-	-
Ipark Package 1st Co., Ltd.	-	-	-
Ipark Package 2nd Co., Ltd.	-	-	-
PeachEcho Co., Ltd	-	-	-
Uripeoseutieo 1st Co.,Ltd. <sup>1</sup>	-	-	-
HDC I PARK 1st REIT Co., Ltd	120,000	-	120,000
HDC I PARK 2nd REIT Co., Ltd	37,200	8,125	45,325
HDC NEXT REIT Co., Ltd	300	-	300
<b>Investments in associates</b>			
HDC RESORT Co., Ltd.	58,000	-	58,000
Gocheok IPARK New Stay REIT Co., Ltd.	34,700	-	34,700
Gwangmyeong Culture Complex PFV Co., Ltd.	745	-	745
Gwangmyeong Culture Complex AMC Co., Ltd.	60	-	60
Chungju Dreampark Development Co., Ltd	675	-	675
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	6,700	-	6,700
	<u>258,880</u>	<u>41,679</u>	<u>300,559</u>

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	<b>2022</b>		
	<b>Beginning</b>	<b>Acquisition</b>	<b>Ending</b>
<b>Investments in subsidiaries</b>			
Hotel HDC Co., Ltd.	-	-	-
HDC HYUNDAI PCE	500	-	500
BIGAPPLE DREAM 1ST CO., LTD.	-	-	-
Ipark Package 1st Co., Ltd.	-	-	-
Ipark Package 2nd Co., Ltd.	-	-	-
PeachEcho Co., Ltd	-	-	-
HDC I PARK 1st REIT Co., Ltd	120,000	-	120,000
HDC I PARK 2nd REIT Co., Ltd	37,200	-	37,200
HDC NEXT REIT Co., Ltd	-	300	300
<b>Investments in associates</b>			
HDC RESORT Co., Ltd.	58,000	-	58,000
Gocheok IPARK New Stay REIT Co., Ltd.	34,700	-	34,700
Gwangmyeong Culture Complex PFV Co., Ltd.	745	-	745
Gwangmyeong Culture Complex AMC Co., Ltd.	60	-	60
Chungju Dreampark Development Co., Ltd	675	-	675
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	6,700	-	6,700
	<u>258,580</u>	<u>300</u>	<u>258,880</u>

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Summary of major financial information of subsidiaries and associates as at and for the years ended December 31, 2023 and 2022, is as follows:

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total equity</b>	<b>Profit (loss) for the year</b>
Hotel HDC Co., Ltd.	23,493	11,644	11,848	5,083
HDC HYUNDAI PCE	58,563	7,861	50,702	1,961
HDC I PARK 1st REIT Co., Ltd	406,632	290,607	116,025	(2,408)
HDC I PARK 2nd REIT Co., Ltd	113,960	72,065	41,894	(1,118)
HDC NEXT REIT Co., Ltd	300	-	300	-
HDC RESORT Co., Ltd.	1,203,842	867,632	336,210	1,461
Gocheok IPARK New Stay REIT Co., Ltd.	730,707	577,941	152,766	(10,904)
Gwangmyeong Culture Complex PFV Co., Ltd.	5,677	7,812	(2,135)	(1,538)
Gwangmyeong Culture Complex AMC Co., Ltd.	273	149	124	8
Chungju Dreampark Development Co., Ltd	70,741	79,583	(8,842)	(6,770)
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	124,952	71,342	53,610	(291)

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total equity</b>	<b>Profit (loss) for the year</b>
Hotel HDC Co., Ltd.	16,848	10,094	6,754	2,228
HDC HYUNDAI PCE	20,981	5,669	15,312	3,645
HDC I PARK 1st REIT Co., Ltd	389,199	270,766	118,433	(1,195)
HDC I PARK 2nd REIT Co., Ltd	110,094	67,081	43,013	(822)
HDC NEXT REIT Co., Ltd	300	-	300	-
HDC RESORT Co., Ltd.	951,567	811,895	139,672	18,519
Gocheok IPARK New Stay REIT Co., Ltd.	1,044,083	877,540	166,543	(16,510)
Gwangmyeong Culture Complex PFV Co., Ltd.	5,141	5,738	(597)	(1,713)
Gwangmyeong Culture Complex AMC Co., Ltd.	265	149	116	(26)
Chungju Dreampark Development Co., Ltd	54,998	57,070	(2,072)	(4,311)
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	54,253	119	54,134	(650)

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**13. Property, Plant and Equipment**

Details of property, plant and equipment as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Book amount</b>
Land	82,252	-	82,252
Buildings	329,692	(106,978)	222,714
Structures	-	-	-
Machinery	11,706	(7,721)	3,985
Vehicle	5,295	(4,355)	940
Others	142,573	(102,255)	40,318
Construction-in-progress	34,621	-	34,621
	<b>606,139</b>	<b>(221,309)</b>	<b>384,830</b>

*(in millions of Korean won)*

	<b>2022</b>		
	<b>Cost</b>	<b>Accumulated depreciation<sup>1</sup></b>	<b>Book amount</b>
Land	84,943	-	84,943
Buildings	340,312	(104,477)	235,835
Structures	125	(72)	53
Machinery	15,990	(10,882)	5,108
Vehicle	5,192	(3,934)	1,258
Others	135,731	(90,213)	45,518
Construction-in-progress	11,785	-	11,785
	<b>594,078</b>	<b>(209,578)</b>	<b>384,500</b>

<sup>1</sup> Accumulated bad debt expenses are included.

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Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	2023					At December 31
	At January 1	Acquisition	Disposals	Depreciation	Reclassification <sup>1</sup>	
Land	84,943	-	-	-	(2,691)	82,252
Buildings	235,835	-	-	(8,263)	(4,858)	222,714
Structures	53	-	-	(1)	(52)	-
Machinery	5,108	1,692	-	(1,873)	(942)	3,985
Vehicles	1,258	189	-	(508)	-	939
Others	45,518	6,987	(40)	(12,566)	420	40,319
Construction-in-progress	11,785	23,556	-	-	(720)	34,621
	<u>384,500</u>	<u>32,424</u>	<u>(40)</u>	<u>(23,211)</u>	<u>(8,843)</u>	<u>384,830</u>

<sup>1</sup> During the year ended December 31, 2023, the use of certain land was changed its purpose for use, and therefore, amounting to ₩ 6,011 million was transferred from inventories to property, plant and equipment and amounting to ₩ 300 million was transferred from construction in progress to intangible assets. In addition, ₩ 14,554 million of land, buildings, structures, and machinery were contribution in kind to HDC HYUNDAI PCE (Notes 12 and 37).

*(in millions of Korean won)*

	2022					At December 31
	At January 1	Acquisition	Disposals	Depreciation	Reclassification	
Land	84,893	50	-	-	-	84,943
Buildings	244,241	-	-	(8,406)	-	235,835
Structures	57	-	-	(4)	-	53
Machinery	3,582	2,665	-	(1,139)	-	5,108
Vehicles	1,363	419	-	(524)	-	1,258
Others	5,235	19,319	-	(5,047)	26,011	45,518
Construction-in-progress	100	37,696	-	-	(26,011)	11,785
	<u>339,471</u>	<u>60,149</u>	<u>-</u>	<u>(15,120)</u>	<u>-</u>	<u>384,500</u>

As at December 31, 2023 and 2022, there is no other payables in relation to the acquisition of property, plant and equipment.

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Line items including depreciation in the income statements for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Cost of sales	22,306	14,345
Selling and administrative expenses	905	775
	<u>23,211</u>	<u>15,120</u>

As at December 31, 2023, some of the Company's property, plant and equipment, including land and buildings, are provided as collateral in relation with the real estate security trust contract (Note 16).

**14. Intangible Assets**

Details of intangible assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Book amount</b>
Development costs	2,557	(2,253)	304
Industrial property rights	192	(136)	56
Membership rights	5,238	-	5,238
Others	12,784	(7,327)	5,457
	<u>20,771</u>	<u>(9,716)</u>	<u>11,055</u>

<i>(in millions of Korean won)</i>	<b>2022</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Book amount</b>
Development costs	2,557	(1,918)	639
Industrial property rights	162	(113)	49
Membership rights	4,522	-	4,522
Others	12,010	(4,998)	7,012
	<u>19,251</u>	<u>(7,029)</u>	<u>12,222</u>

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Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	2023					At December 31
	At January 1	Acquisition	Disposal	Amortization	Reclassification	
Development costs	639	-	-	(335)	-	304
Industrial property rights	49	30	-	(23)	-	56
Membership rights	4,522	716	-	-	-	5,238
Others	7,012	474	-	(2,329)	300	5,457
	<u>12,222</u>	<u>1,220</u>	<u>-</u>	<u>(2,687)</u>	<u>300</u>	<u>11,055</u>

*(in millions of Korean won)*

	2022					At December 31
	At January 1	Acquisition	Disposal	Amortization	Reclassification	
Development costs	1,143	-	-	(504)	-	639
Industrial property rights	78	3	-	(32)	-	49
Membership rights	4,522	-	-	-	-	4,522
Others	4,780	4,287	-	(2,055)	-	7,012
	<u>10,523</u>	<u>4,290</u>	<u>-</u>	<u>(2,591)</u>	<u>-</u>	<u>12,222</u>

Line items including amortization in the income statements for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	2023	2022
Cost of sales	196	93
Selling and administrative expenses	<u>2,491</u>	<u>2,498</u>
	<u>2,687</u>	<u>2,591</u>

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**15. Investment Properties**

Details of investment properties as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Book amount</b>
Land	15,158	-	15,158
Buildings	4,429	(263)	4,166
	<u>19,587</u>	<u>(263)</u>	<u>19,324</u>

*(in millions of Korean won)*

	<b>2022</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Book amount</b>
Land	15,276	-	15,276
Buildings	4,606	(210)	4,396
	<u>19,882</u>	<u>(210)</u>	<u>19,672</u>

Changes in investment property for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>				
	<b>At January 1</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Reclassification</b>	<b>At December 31</b>
Land	15,276	(430)	-	312	15,158
Buildings	4,396	(626)	(116)	512	4,166
	<u>19,672</u>	<u>(1,056)</u>	<u>(116)</u>	<u>824</u>	<u>19,324</u>

*(in millions of Korean won)*

	<b>2022</b>				
	<b>At January 1</b>	<b>Acquisition</b>	<b>Depreciation</b>	<b>Reclassification</b>	<b>At December 31</b>
Land	15,235	(60)	-	101	15,276
Buildings	4,383	(81)	(112)	206	4,396
	<u>19,618</u>	<u>(141)</u>	<u>(112)</u>	<u>307</u>	<u>19,672</u>

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Following amounts are recognized in the income statements in relation to investment property for the years ended December 31, 2023 and 2022.

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Rental income (other revenue)	1,986	1,927
Operating expenses	2,055	1,301

The Company entered into an operating lease agreement for a part of the investment property held by the Company. Details of the operating lease asset as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Cost	19,587	19,882
Accumulated depreciation	<u>(263)</u>	<u>(210)</u>
Book amount	<u>19,324</u>	<u>19,672</u>

The future minimum payments paid to the Company under operating lease agreements for investment property as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Within one year	1,878	1,889
Later than one year but not later than five years	<u>3,299</u>	<u>4,964</u>
	<u>5,177</u>	<u>6,853</u>

Contingent rental income of ₩ 1,986 million (2022: ₩ 1,927 million) under the above operating lease are recognized in profit or loss.

Fair value of investment property is determined by the value under public announcement, as fair value of land is ₩ 60,143 million (2022: ₩ 65,053 million) and buildings are ₩ 5,131 million (2022: ₩ 5,529 million) as at December 31, 2023.

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**16.Assets Provided as Collaterals**

Details of assets provided as collateral for borrowings as at December 31, 2023, are as follows:

(in millions of Korean won)	2023				
	Carrying amount	Secured amount <sup>1</sup>	Borrowing amount	Borrowing type	Secured party
<b>Property, plant and equipment</b>					
Land	6,001	36,000	30,000	General loans	Kookmin Bank
Buildings	54,579				
Land	39,820	343,200	286,000	General loans	Hana Bank Co., Ltd.
Buildings	167,717				
<b>Investment property</b>					
Land	14,229	180,000	150,000	General loans	Kookmin Bank
Buildings	2,269				
<b>Inventories</b>					
Land	131,914	111,240	92,700	General loans	SC Bank
Land	39,381	96,000	80,000	General loans	Kookmin Bank
Land	46,070	62,400	52,000	General loans	Kookmin Bank
Land	25,704	20,400	17,000	General loans	Kookmin Bank
<b>Long-term investment securities</b>					
Debt instruments <sup>2</sup>	17,182	49,997	49,997	Repurchase agreement	NongHyup Bank and others
	<u>544,866</u>	<u>899,237</u>	<u>757,697</u>		

<sup>1</sup> The amount of beneficiary limit in accordance with the real estate security trust contract as at December 31, 2023 (Notes 36 and 37).

<sup>2</sup> During the year ended December 31, 2022, the Company sold the beneficiary certificates of Mirae Asset Seoul-Chuncheon Highway Private Special Asset Investment Trust 1 to NongHyup Bank and others (trading amount: ₩ 57,300 million). The purchase option for the beneficiary certificates was granted until December 15, 2025 under the sales contract. The Company recognized such transaction as a borrowing transaction with beneficiary certificates as collateral in accordance with accounting standards, and accounted for the entire amount as long-term borrowings.

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(in millions of Korean won)	2022				
	Carrying amount	Secured amount <sup>1</sup>	Borrowing amount	Borrowing type	Secured party
<b>Property, plant and equipment</b>					
Land	4,203				
Buildings	56,368	36,000	30,000	General loans	Kookmin Bank
Land	30,763	208,000	160,000	General loans	Shinhan Capital Co., Ltd. and others
Land	36,086				
Buildings	174,044				
<b>Short-term financial instruments</b>		363,600	300,000	General loans	Hana Bank Co., Ltd.
Debt instruments	14,000				
<b>Investment property</b>					
Land	14,229				
Buildings	2,329	123,500	95,000	General loans	Korea Investment Savings Bank and others
<b>Inventories</b>					
Land	180,032	172,560	143,800	General loans	SC Bank
Land	31,569	63,960	49,200	General loans	SWIPC Co., Ltd. and others
Land	30,591	75,400	58,000	General loans	Shinhan Capital Co., Ltd. and others
Land	528,015	182,000	140,000	General loans	KWD 1ST CO.,LTD. and others
<b>Long-term investment securities</b>					
Debt instruments <sup>2</sup>	17,862	53,826	53,826	Repurchase agreement	NongHyup Bank and others
	<u>1,120,091</u>	<u>1,278,846</u>	<u>1,029,826</u>		

<sup>1</sup> The amount of beneficiary limit in accordance with the real estate security trust contract as at December 31, 2022 (Notes 36 and 37).

<sup>2</sup> During the year ended December 31, 2022, the Company sold the beneficiary certificates of Mirae Asset Seoul-Chuncheon Highway Private Special Asset Investment Trust 1 to NongHyup Bank and others (trading amount: ₩ 57,300 million). The purchase option for the beneficiary certificates was granted until December 15, 2025 under the sales contract. The Company recognized such transaction as a borrowing transaction with beneficiary certificates as collateral in accordance with accounting standards, and accounted for the entire amount as long-term borrowings.

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Details of assets provided as collaterals for a guarantee related with construction contracts of the Company as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<b>Assets provided as collaterals</b>	<b>2023</b>	<b>2022</b>	<b>Secured party</b>
<b>Long-term investment securities</b>					
		Equity investments to Construction Guarantee Cooperative	24,700	24,455	Construction Guarantee Cooperative
Debt instruments		Equity investments to Korea Specialty Contractor Financial Cooperative	10,051	10,005	Korea Specialty Contractor Financial Cooperative
		Equity investments to Mechanical Equipment Construction Mutual Aid Association	300	-	Mechanical Equipment Construction Mutual Aid Association
		Government and municipal bonds	-	366	Korea Housing & Urban Guarantee Co., Ltd.
			<u>35,051</u>	<u>34,826</u>	

Details of assets provided as collateral for others as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<b>Beneficiary</b>	<b>2023</b>	<b>2022</b>	<b>Secured party</b>	<b>Related borrowings</b>
<b>Long-term investment securities</b>						
Equity instruments		SiheungSeoul Access Road co., Ltd	4,000	4,000	KDB Life Insurance Co., Ltd. and others	PF borrowings of SOC operating companies
		Incheon Port hinterland complex Co., Ltd.	7,185	7,185	Korea Development Bank and others	PF borrowings of SOC operating companies
			<u>11,185</u>	<u>11,185</u>		

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**17. Leases**

Set out below is information for leases when the Company is a lessee. Details of leases when the Company is a lessor are disclosed in Note 15.

*(a) Amounts recognized in the separate statements of financial position*

The separate statements of financial position shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Right-of-use assets</b>		
Construction machinery	24,572	31,985
Properties	58,467	62,847
<b>Provision for impairment of right-of-use assets</b>		
Properties <sup>1</sup>	<u>(1,296)</u>	<u>(2,759)</u>
	<u>81,743</u>	<u>92,073</u>

<sup>1</sup> As at December 31, 2023, the Company, as a lessee of investment property, has the properties as right-of-use assets amounting to ₩ 57,171 million (2022: ₩ 60,088 million), and their carrying amounts are similar with their fair values.

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Lease liabilities</b>		
Current	18,775	29,196
Non-current	<u>66,574</u>	<u>66,256</u>
	<u>85,349</u>	<u>95,452</u>

Additions to the right-of-use assets during the 2023 financial year were ₩ 20,791 million (2022: ₩ 83,995 million).

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*(b) Amounts recognized in the separate income statements*

The separate income statements shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Depreciation of right-of-use assets</b>		
Construction machinery	28,204	25,113
Properties	4,380	2,468
	<u>32,584</u>	<u>27,581</u>
Interest expense relating to lease liabilities (included in finance cost)	5,360	2,176
Expense relating to short-term leases (included in cost of sales and administrative expenses)	10,252	9,102
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	1,206	1,019
Bad debt expenses of right-of-use assets (reversal)	(1,463)	2,600
Income from sub-lease of right-of-use assets	(10,032)	(3,150)

The total cash outflow for leases in 2023 was ₩ 47,712 million (2022: ₩ 39,150 million).

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**18. Other Payables and Liabilities**

Details of other payables and other liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Other payables (current)</b>		
Non-trade payables	284,208	249,905
Accrued expenses	18,710	5,885
Leasehold deposits received	26,763	15,050
	<u>329,681</u>	<u>270,840</u>
<b>Other payables (non-current)</b>		
Leasehold deposits received	<u>19,134</u>	<u>30,095</u>
<b>Other liabilities (current)</b>		
Financial guarantees <sup>1</sup>	8,395	12,861
Lease liabilities	18,775	29,196
Derivative financial liabilities	210	1,013
	<u>27,380</u>	<u>43,070</u>
<b>Other liabilities (non-current)</b>		
Long-term unearned revenues	853	1,240
Lease liabilities	66,574	66,256
Derivative financial liabilities	380	-
	<u>67,807</u>	<u>67,496</u>

<sup>1</sup> Financial guarantees are fair value of financial guarantee contracts such as payment guarantee and others as at December 31, 2023 and 2022 (Note 36).

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**19. Borrowings**

Details of short-term borrowings as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

<b>Creditor</b>	<b>Category</b>	<b>Annual interest rate (%) December 31, 2023</b>	<b>2023</b>	<b>2022</b>
Kookmin Bank and others	Operating loans	5.21 ~ 6.75	814,700	1,167,900

Details of long-term borrowings as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

<b>Creditor</b>	<b>Category</b>	<b>Annual interest rate (%) December 31, 2023</b>	<b>2023</b>	<b>2022</b>
Kookmin Bank and others	Long-term loans	3.39 ~ 6.02	557,000	425,950
Construction Guarantee Cooperative and others	Operating loans	1.01 ~ 1.10	26,416	20,416
Korea Housing & Urban Guarantee Co., Ltd.	Long-term loans	-	9,107	9,540
NongHyup Bank and others <sup>1</sup>	Repurchase agreement	6.50	49,997	53,826
	Less: Current portion		(392,417)	(179,617)
	Less: Present value discounts		(4,277)	(4,609)
			<u>245,826</u>	<u>325,506</u>

<sup>1</sup> During the year ended December 31, 2022, the Company sold the beneficiary certificates of Mirae Asset Seoul-Chuncheon Highway Private Special Asset Investment Trust 1 to NongHyup Bank and others (trading amount: ₩ 57,300 million). The purchase option for the beneficiary certificates was granted until December 15, 2025 under the sales contract. The Company recognized such transaction as a borrowing transaction with beneficiary certificates as collateral in accordance with accounting standards, and accounted for the entire amount as long-term borrowings (Note 16).

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Details of debentures as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

Category	Maturity date	Annual interest rate (%) December 31,		
		2023	2023	2022
1-2 <sup>nd</sup> unsecured debenture	2023-10-16	-	-	70,000
2 <sup>nd</sup> unsecured debenture	2030-02-28	3.70	170,000	170,000
3-2 <sup>nd</sup> unsecured debenture	2023-07-13	-	-	100,000
3-3 <sup>rd</sup> unsecured debenture	2025-07-13	3.53	50,000	50,000
4-1 <sup>st</sup> unsecured debenture	2024-03-12	1.83	70,000	70,000
4-2 <sup>nd</sup> unsecured debenture	2026-03-12	2.31	30,000	30,000
Less: Short-term borrowings				
Current portion			(69,973)	(169,876)
Less: Discount on debentures			(668)	(1,037)
			<u>249,359</u>	<u>319,087</u>

The Company settled an agreement which it is required to pay the outstanding balance immediately or the creditor can request an early redemption right when a certain reason occurs in relation to borrowings and unsecured debentures above such as maintaining financial ratios, limitation on settlement of security rights and limit on disposal of assets, degrading of credit level under a certain level and others. The subject amount for each agreement as at December 31, 2023, is as follows.

As at December 31, 2023, the following amount is undiscounted and borrowings is duplicated as it is aggregated by agreement.

*Forfeiture of benefit of time due to the decline in corporate bonds credit rating*

*(in millions of Korean won)*

	2023	2022
Decline in corporate bonds credit rating (A- and below)	187,500	213,750
Decline in corporate bonds credit rating (BBB+ and below)	-	290,000
Forfeiture of benefit of time for debenture other than these debentures	170,000	170,000

*Suspension or cancellation by the supervisory authority for significant business*

*(in millions of Korean won)*

	2023	2022
Forfeiture of benefit of time for significant business	320,000	490,000

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*Forfeiture of benefit of time according to the standard clauses of corporate credit*

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Forfeiture of benefit of time according to the standard clauses of corporate credit	1,262,200	1,509,750

And, if the Company's credit level is upgraded over a certain level, the Company has a right to request for early redemption.

Some of the Company's investment property and land and buildings of property, plant and equipment, land of inventories and instruments of long-term investment securities are provided as collateral for borrowings (Note 16).

**20.Provisions**

Details and changes in provisions for other liabilities and charges for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>				
	<b>Construction warranties</b>	<b>Construction loss</b>	<b>Litigation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	377,886	98,377	4,130	88,728	569,121
Additional provisions and reversal	144,355	17,413	13,145	11,068	185,981
Used during year	(77,310)	-	(1,597)	(63,864)	(142,771)
Exchange difference	(13)	-	-	-	(13)
Ending balance	<u>444,918</u>	<u>115,790</u>	<u>15,678</u>	<u>35,932</u>	<u>612,318</u>
Current	169,192	115,790	15,678	35,932	336,592
Non-current	275,726	-	-	-	275,726

<i>(in millions of Korean won)</i>	<b>2022</b>				
	<b>Construction warranties</b>	<b>Construction loss</b>	<b>Litigation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	359,199	24,773	22,254	56,881	463,107
Additional provisions and reversal	78,548	73,604	4,246	69,987	226,385
Used during year	(59,873)	-	(22,370)	(38,140)	(120,383)
Exchange difference	12	-	-	-	12
Ending balance	<u>377,886</u>	<u>98,377</u>	<u>4,130</u>	<u>88,728</u>	<u>569,121</u>
Current	147,350	98,377	4,130	88,728	338,585
Non-current	230,536	-	-	-	230,536

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**21. Post-employment Benefits**

The Company operates defined benefit plans. Present value of a defined benefit obligation and plan assets are measured by independent actuary qualified. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds.

Details of net defined benefit liabilities (assets) recognized in the statements of financial position as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Present value of funded defined benefit obligations	85,237	75,727
Fair value of plan assets <sup>1</sup>	<u>(98,569)</u>	<u>(88,457)</u>
<b>Liability (asset) in the statements of financial position</b>	<b><u>(13,332)</u></b>	<b><u>(12,730)</u></b>

<sup>1</sup> The contributions to the National Pension Fund of ₩ 298 million (2022: ₩ 314 million) are included in the fair value of plan assets as at December 31, 2023.

The amounts recognized in the income statements for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current service cost	9,133	10,005
Interest expenses, net	<u>(636)</u>	<u>140</u>
<b>Total expenses</b>	<b><u>8,497</u></b>	<b><u>10,145</u></b>

The ₩ 5,202 million (2022: ₩ 6,235 million) and ₩ 3,295 million (2022: ₩ 3,910 million) were included in 'cost of sales' and 'selling and administrative expenses', respectively.

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Changes in the defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Beginning balance</b>	75,727	88,881
Current service cost	9,133	10,005
Interest expenses	3,705	2,181
Benefit payment	(16,254)	(14,785)
Remeasurements:		
- Actuarial gains arising from changes in demographic assumptions	235	108
- Actuarial gains and losses arising from changes in financial assumptions	2,619	(13,574)
- Actuarial gains arising from experience adjustments	10,072	2,911
Increase due to transfer	-	-
<b>Ending balance</b>	<u>85,237</u>	<u>75,727</u>

Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Beginning balance</b>	88,457	83,751
Interest income	4,341	2,041
Contributions of employers	22,177	16,701
Benefit payment	(16,015)	(13,614)
Remeasurements:		
- Return on plan assets (excluding amounts included in interest income)	(391)	(422)
Increase due to transfer	-	-
<b>Ending balance</b>	<u>98,569</u>	<u>88,457</u>

Plan assets as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
	<b>Price</b>	<b>In %</b>	<b>Price</b>	<b>In %</b>
Deposits	28,034	28.4	30,076	34.0
Beneficiary certificates	12,265	12.4	15,053	17.0
Others	58,270	59.1	43,328	49.0
	<u>98,569</u>	<u>100.0</u>	<u>88,457</u>	<u>100.0</u>

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The principal actuarial assumptions as at December 31, 2023 and 2022, are as follows:

<i>(in %)</i>	<b>2023</b>	<b>2022</b>
Discount rate	4.05	5.13
Salary growth rate	2.00	2.00

The sensitivity of the defined benefit obligations as at December 31, 2023, to changes in the weighted principal assumptions is as follows:

<i>(in millions of Korean won)</i>	<b>Changes in discount rate</b>		<b>Changes in salary growth rate</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>	<b>1% Increase</b>	<b>1% Decrease</b>
Defined benefit obligations	(3,990)	4,375	4,426	(4,107)
Current service cost	(399)	442	536	(492)

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

As at December 31, 2023, the weighted average duration of the defined benefit obligations is 5.19 years.

Expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Pension benefits	9,276	10,478	48,978	113,204	181,936

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**22. Issued capital and Share Premium**

Issued capital and share premium as at December 31, 2023, consist of:

Number of authorized shares (in shares)	Number of issued shares (in shares)	Par value (in Korean won)	Issued capital (in millions of Korean won)	Share premium (in millions of Korean won)
200,000,000	65,907,330	5,000	329,537	1,601,144

As at December 31, 2023, the restricted voting ordinary shares under the Commercial Law is 1,738,000 shares of treasury share (2022: 9,470 shares).

Share premium as at December 31, 2023, consist of the additional paid in capital in excess of par value of ₩ 1,601,144 million (2022: ₩ 1,601,144 million).

**23. Retained Earnings**

Retained earnings as at December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Legal reserves: Earned surplus reserves <sup>1</sup>	16,262	12,308
Retained earnings before appropriation	<u>1,157,051</u>	<u>1,038,631</u>
	<u>1,173,313</u>	<u>1,050,939</u>

<sup>1</sup> Earned surplus reserves: The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting).

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The retained earnings for the year ended December 31, 2023, is expected at the shareholders' meeting on March 28, 2024. The appropriation date for the year ended December 31, 2022, was March 24, 2023.

The appropriation of retained earnings for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Retained earnings available for appropriation</b>		
Unappropriated retained earnings carried over from prior year	995,138	994,399
Transfer of disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(37)
Remeasurements of net defined benefit liabilities	(10,094)	7,681
Profit	172,007	36,588
<b>Appropriation of retained earnings</b>		
Legal appropriation of retained earnings	4,492	3,954
Dividends	44,919	39,539
Cash dividend (%): Ordinary share:		
₩ 700 (14%) in 2023		
₩ 600 (12%) in 2022		
<b>Unappropriated retained earnings to be carried forward</b>	<b>1,107,640</b>	<b>995,138</b>

A dividend in respect of the year ended December 31, 2023, of ₩ 700 per share, amounting to total dividends of ₩ 44,919 million, is to be proposed at the annual general shareholders' meeting on March 28, 2024. These separate financial statements do not reflect this dividend payable.

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**24. Accumulated Other Comprehensive Income**

Accumulated other comprehensive income as at December 31, 2023 and 2022, consists of:

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Loss on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
Foreign operation translation losses	(794)	-	(794)
	<u>(1,698)</u>	<u>219</u>	<u>(1,479)</u>

*(in millions of Korean won)*

	<b>2022</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Loss on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
Foreign operation translation losses	(4,857)	-	(4,857)
	<u>(5,761)</u>	<u>219</u>	<u>(5,542)</u>

**25. Elements of Other Stockholders' equity**

Details of elements of other stockholders' equity as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>	<b>2022</b>
Treasury shares	(20,741)	(716)

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**26.Revenue from Contracts with Customers and Relevant Contract Assets and Liabilities**

Revenues by category by considering economic factors that affect nature, amount, timing and uncertainty of revenue and cash flows for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

	<b>2023</b>					
	<b>Housing contract</b>	<b>Construction of houses</b>	<b>General construction</b>	<b>Civil engineering</b>	<b>Others</b>	<b>Total</b>
Timing of revenue recognition						
Over time	36,308	2,530,991	600,798	338,487	-	3,506,584
At a point in time	404,913	-	-	-	235,364	640,277
Revenue from other sources						
Gain on operating lease	-	-	-	-	15,828	15,828
	<u>441,221</u>	<u>2,530,991</u>	<u>600,798</u>	<u>338,487</u>	<u>251,192</u>	<u>4,162,689</u>

*(in millions of Korean won)*

	<b>2022</b>					
	<b>Housing contract</b>	<b>Construction of houses</b>	<b>General construction</b>	<b>Civil engineering</b>	<b>Others</b>	<b>Total</b>
Timing of revenue recognition						
Over time	14,852	1,994,557	375,979	462,716	68,926	2,917,030
At a point in time	138,496	-	-	-	220,851	359,347
Revenue from other sources						
Gain on operating lease	-	-	-	-	7,165	7,165
	<u>153,348</u>	<u>1,994,557</u>	<u>375,979</u>	<u>462,716</u>	<u>296,942</u>	<u>3,283,542</u>

The Company has recognized the following assets and liabilities related to contracts with customers:

*(in millions of Korean won)*

	<b>2023</b>	<b>2022</b>
Due from customers		
Construction services <sup>1</sup>	974,296	909,191
Housing and option construction	7,998	1,215
	<u>982,294</u>	<u>910,406</u>
Due to customers		
Construction services	298,418	340,364
Housing and option construction	139,102	272,828
	<u>437,520</u>	<u>613,192</u>

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<sup>1</sup> Provision for impairment of ₩ 461 million (2022: ₩ 526 million) is deducted.

The following table shows the revenue recognized in the current reporting period which relates to the contract liabilities carried forward from the previous year.

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Revenue from beginning outstanding balance of contract liabilities recognized during the period		
Construction services	234,960	470,350
Housing and option construction	24,363	14,852
	<u>259,323</u>	<u>485,202</u>

The following table shows unsatisfied performance obligations resulting from fixed construction contracts, as at December 31, 2023 and 2022.

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Construction services	21,480,523	20,922,614
Housing and option construction	1,240,830	1,008,942
	<u>22,721,353</u>	<u>21,931,556</u>

The above amounts are to be recognized over the residual construction period.

Contract costs recognized as an asset as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Costs to fulfill contract and setup costs <sup>1</sup>	125,288	108,846

<sup>1</sup> Costs to fulfill contract and setup costs is presented as prepaid expenses in the statements of financial position.

Among contract costs, recognized as an asset, depreciation and bad debt expenses amounting to ₩ 58,309 million are recognized as expenses for the year ended December 31, 2023 (2022: ₩ 67,599 million).

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**27. Expenses by Nature**

Expenses by nature for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Changes in inventories	74,230	(726,521)
Acquisition of land, raw materials and supplies	1,224,053	1,556,872
Employee benefit expenses	168,146	154,259
Depreciation and amortization	26,013	17,823
Depreciation of right-of-use assets	32,584	27,581
Service costs	508,450	574,984
Advertising expenses	10,814	13,567
Outsourcing expenses	1,650,561	1,261,010
Taxes and dues	93,511	81,995
Bad debt expenses (reversal)	(455)	(1,029)
Rental expenses	33,741	42,560
Insurance payments	39,311	31,564
Others	112,401	138,838
Total <sup>1</sup>	<u>3,973,360</u>	<u>3,173,503</u>

<sup>1</sup> It is a sum of cost of sales, selling and administrative expenses, and bad debt expenses (reversal) in the separate income statements.

Employee benefit expenses for the years ended December 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Salaries	159,649	144,114
Post-employment benefits	8,497	10,145
	<u>168,146</u>	<u>154,259</u>

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**28. Selling and Administrative Expenses**

Selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Salaries	53,096	47,656
Post-employment benefits	3,295	3,910
Employee benefits	3,340	4,031
Taxes and dues	16,575	20,195
Service costs	65,342	74,480
Rental expenses	6,872	6,600
Depreciation	904	775
Insurance payments	3,519	3,484
Advertising expenses	3,929	12,930
Others	9,209	10,301
	<u>166,081</u>	<u>184,362</u>

**29. Non-operating Income**

Details of non-operating income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Dividend income	299	351
Rental income	360	240
Gain on valuation of financial assets at fair value through profit or loss	2,536	4,390
Gain on disposal of property, plant and equipment	7	3
Gain on disposal of investment property	991	276
Gain on transactions of derivative instruments	-	368
Reversal of bad debt expenses on right-of-use assets	1,463	20
Reversal of bad debt expenses on financial assets at amortized cost	3	1,424
Others	19,214	41,942
	<u>24,873</u>	<u>49,014</u>

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**30. Non-operating Expenses**

Details of non-operating expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Donations	4,843	3,943
Loss on valuation of financial assets at fair value through profit or loss	680	6,801
Loss on disposal of property, plant and equipment	1	-
Loss on valuation of derivative instruments	4,740	1,954
Loss on transactions of derivative instruments	-	7
Bad debt expenses on right-of-use assets	-	2,620
Bad debt expenses on financial assets at amortized cost	25	-
Others	22,108	81,966
	<u>32,397</u>	<u>97,291</u>

**31. Finance Income**

Details of finance income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Gain on foreign currency transactions	274	4,099
Gain on foreign currency translation	1,954	474
	<u>2,228</u>	<u>4,573</u>

**32. Finance Costs**

Details of finance costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Loss on foreign currency transactions	387	100
Loss on foreign currency translation	659	5
	<u>1,046</u>	<u>105</u>

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**33. Income Tax Expense and Deferred Tax**

Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current tax		
Current tax on profits for the year	67,915	80,008
Prior period adjustments	(10,133)	(4,304)
Total current tax	<u>57,782</u>	<u>75,704</u>
Deferred tax		
Origination and reversal of temporary differences	3,051	(6,823)
<b>Income tax expense</b>	<u><b>60,833</b></u>	<u><b>68,881</b></u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the Company as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Profit before tax	232,840	105,469
Tax calculated at domestic tax rates applicable to profits in the respective countries	53,324	25,061
Tax effects of:		
Non-taxable income	(9)	(17)
Expenses not deductible for tax purposes	12,210	18,084
Additional tax for the taxable income not used for investments or increase in wages or dividends	5,441	19,975
Re-measurement of deferred tax – change in the Korean tax rate	-	10,082
Prior period adjustments	(10,133)	(4,304)
<b>Income tax expense</b>	<u><b>60,833</b></u>	<u><b>68,881</b></u>

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The analysis of deferred tax assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	242,578	144,094
Deferred tax asset to be recovered within 12 months	50,304	113,499
	<u>292,882</u>	<u>257,593</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(79,849)	(47,032)
Deferred tax liability to be recovered within 12 months	(20,230)	(17,929)
	<u>(100,079)</u>	<u>(64,961)</u>
<b>Deferred tax assets, net</b>	<u>192,803</u>	<u>192,632</u>

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The movements in deferred tax assets and liabilities during the years ended December 31, 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in millions of Korean won)

	<b>2023</b>			
	<b>Beginning balance</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Ending balance</b>
<b>Deferred tax liabilities</b>				
Contribution to post-employment pension	(18,662)	(555)	95	(19,122)
Guarantee deposits – prepaid expenses	(6,261)	(27,048)	-	(33,309)
Accrued interest income	(7,196)	496	-	(6,700)
Present value discount account	(1,065)	77	-	(988)
Lease assets	(21,269)	2,386	-	(18,883)
Others	(10,508)	(10,569)	-	(21,077)
	<u>(64,961)</u>	<u>(35,213)</u>	<u>95</u>	<u>(100,079)</u>
<b>Deferred tax assets</b>				
Provision for construction warranty	87,290	15,484	-	102,774
Excess of provision for impairment	58,420	967	-	59,387
Excess of provision for post-employment benefits	15,991	(872)	3,128	18,247
Guarantee deposits – present value based valuation	4,615	24,889	-	29,504
Lease liabilities	22,049	(2,334)	-	19,715
Bad debt expenses on fixed assets	3,766	(157)	-	3,609
Provisions for litigation	954	2,668	-	3,622
Provisions related to business	19,153	(9,997)	-	9,156
Borrowings	12,434	(884)	-	11,550
Provisions for loss on construction contracts	22,725	4,022	-	26,747
Others	10,196	(1,625)	-	8,571
	<u>257,593</u>	<u>32,161</u>	<u>3,128</u>	<u>292,882</u>
	<u>192,632</u>	<u>(3,052)</u>	<u>3,223</u>	<u>192,803</u>

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	<b>2022</b>			
	<b>Beginning balance</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Ending balance</b>
<b>Deferred tax liabilities</b>				
Contribution to post-employment pension	(20,189)	1,425	102	(18,662)
Guarantee deposits – prepaid expenses	(3,863)	(2,398)	-	(6,261)
Accrued interest income	(2,122)	(5,074)	-	(7,196)
Present value discount account	(1,197)	132	-	(1,065)
Lease assets	(9,595)	(11,674)	-	(21,269)
Others	(5,527)	(4,981)	-	(10,508)
	<u>(42,493)</u>	<u>(22,570)</u>	<u>102</u>	<u>(64,961)</u>
<b>Deferred tax assets</b>				
Provision for construction warranty	86,925	365	-	87,290
Excess of provision for impairment	71,031	(12,611)	-	58,420
Excess of provision for post-employment benefits	19,784	(1,239)	(2,554)	15,991
Guarantee deposits – present value based valuation	1,590	3,025	-	4,615
Lease liabilities	9,681	12,368	-	22,049
Bad debt expenses on fixed assets	4,110	(344)	-	3,766
Compensation for construction delay and others	3,837	(3,837)	-	-
Provisions for litigation	5,386	(4,432)	-	954
Provisions related to business	9,297	9,856	-	19,153
Borrowings	-	12,434	-	12,434
Provisions for loss on construction contracts	5,995	16,730	-	22,725
Others	13,118	(2,922)	-	10,196
	<u>230,754</u>	<u>29,393</u>	<u>(2,554)</u>	<u>257,593</u>
	<u>188,261</u>	<u>6,823</u>	<u>(2,452)</u>	<u>192,632</u>

As at December 31, 2023, deferred tax expected to reverse has been measured using the effective rate that will apply for future periods. The 23.1% tax rate was used for temporary difference expected to reverse in 2024 and thereafter.

The Company did not recognize deferred tax assets (liabilities) if it is not probable that the temporary difference will reverse in the foreseeable future, and also the Company did not recognize deferred tax assets (liabilities) for taxable temporary differences associated with investments in subsidiaries, which deferred tax assets (liabilities) are unrealizable due to disposal of investments and low potential dividend payment in the foreseeable future.

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Details of deductible temporary differences that is not recognized as deferred tax assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>	<b>Reason</b>
Provisions	97,750	97,071	Subrogation bonds and others
Investments in subsidiaries	11,000	11,000	No plan for disposal
Other provisions	22,534	23,837	Punitive damages and others
	<u>131,284</u>	<u>131,908</u>	

*Deferred tax assets recognized in the judgment of feasibility and basis of the judgment*

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable profit within the period during which the temporary differences and tax loss carry forwards reverse, the outlook of the economic environment and the overall future industry outlook. Management periodically considers these factors and recognized deferred tax assets for all deductible temporary differences excluding unrecognized deductible temporary differences as deferred tax assets since they are determined to be realizable as at December 31, 2023.

Tax effect on line items of equity as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Remeasurements of net defined benefit liabilities (loss)	(6,366)	1,541	(4,825)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
	<u>(7,270)</u>	<u>1,760</u>	<u>(5,510)</u>

<i>(in millions of Korean won)</i>	<b>2022</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Remeasurements of net defined benefit liabilities (loss)	6,951	(1,682)	5,269
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
	<u>6,047</u>	<u>(1,463)</u>	<u>4,584</u>

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**34. Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year excluding ordinary shares purchased by the Company and held as treasury shares (Note 25).

Basic earnings per ordinary share for the years ended December 31, 2023 and 2022, are as follows:

<i>(in Korean won and in shares)</i>	<b>2023</b>	<b>2022</b>
Profit attributable to the ordinary equity holders of the Company	172,006,484,713	36,587,869,439
Weighted average number of ordinary shares outstanding	64,621,821	65,897,860
Basic earnings per share	2,662	555

The Company did not issue potential ordinary shares. Therefore, basic earnings per share are identical to diluted earnings per share.

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**35. Cash Generated from Operations**

Details of cash generated from operating activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Profit before income tax</b>	232,840	105,469
<b>Adjustments for:</b>		
Interest expenses	45,420	62,962
Borrowing costs	50,256	14,208
Loss on foreign currency translation	659	5
Post-employment benefits	8,497	10,145
Depreciation	55,910	42,813
Bad debt expenses on right-of-use assets	-	2,620
Amortization	2,687	2,591
Loss on transactions of derivative instruments	-	7
Loss on valuation of derivative instruments	4,740	1,954
Loss on disposal of property, plant and equipment	1	-
Bad debt expenses (reversal)	(455)	(1,029)
Contribution to provisions	185,981	226,385
Loss on valuation of financial assets at fair value through profit or loss	680	6,801
Interest income	(95,273)	(102,200)
Gain on foreign currency translation	(1,954)	(474)
Gain on valuation of financial assets at fair value through profit or loss	(2,536)	(4,390)
Loss on valuation of inventories (reversal)	(2,820)	4,245
Reversal of bad debt expenses of right-of-use assets	(1,463)	(20)
Bad debt expenses of (reversal of) financial assets at amortized at cost	22	(1,424)
Gain on transactions of derivative instruments	-	(368)
Gain on disposal of property, plant and equipment	(7)	(3)
Gain on disposal of investments	-	(276)
Dividend income	(299)	(351)
Loss on disposal of investments	-	1
Gain on disposal of investment property	(991)	-
Others	-	(264)
<b>Changes in working capital</b>		
Increase in trade receivables	(291,638)	(9,019)
Increase in due from customers	(71,823)	(274,343)
Decrease (increase) in other receivables (current)	747,460	(885,472)
Increase in advance payments	(41,257)	(69,239)
Decrease (increase) in prepaid expenses	23,883	(3,543)
Decrease (increase) in inventories	84,530	(328,755)
Increase in other receivables (non-current)	(65,689)	(153,978)

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Increase in trade payables	47,305	62,319
Increase (decrease) in other payables (current)	34,022	(14,486)
Increase (decrease) in advances from customers	(29,870)	23,140
Decrease in due to customers	(175,672)	(105,655)
Increase (decrease) in withholdings	79,929	(58,384)
Decrease in current portion of provisions	(142,771)	(120,383)
Decrease in other current liabilities	(1,012)	-
Decrease in net defined benefit liabilities	(22,415)	(17,872)
Increase in other payables (non-current)	1,034	5,676
Decrease in other non-current liabilities	(466)	(465)
<b>Cash generated from (used in) operations</b>	<b>657,445</b>	<b>(1,581,052)</b>

Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Liabilities from financing activities					
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Debentures	Lease liabilities	Total
At January 1, 2023	1,167,900	349,493	325,506	319,087	95,452	2,257,438
Loans	221,000	-	467,500	-	-	688,500
Repayments	(574,200)	(504,712)	-	-	(30,894)	(1,109,806)
Acquisition of lease	-	-	-	-	20,791	20,791
Amortization	-	257	304	141	-	702
Reclassification of current portion	-	617,352	(547,484)	(69,868)	-	-
At December 31, 2023	814,700	462,390	245,826	249,360	85,349	1,857,625

(in millions of Korean won)

	2022					
	Liabilities from financing activities					
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Debentures	Lease liabilities	Total
At January 1, 2022	607,285	290,421	96,360	488,543	39,994	1,522,603
Loans	970,200	-	585,431	-	-	1,555,631
Repayments	(392,300)	(484,958)	-	-	(26,853)	(904,111)
Acquisition of lease	-	-	-	-	82,311	82,311
Amortization	-	454	311	239	-	1,004
Reclassification of current portion	(17,285)	543,576	(356,596)	(169,695)	-	-
At December 31, 2022	1,167,900	349,493	325,506	319,087	95,452	2,257,438

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Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Transfer of long-term borrowings to current portion	547,484	356,595
Transfer of debentures to current portion of long-term liabilities	69,868	169,695
Transfer of guarantee deposits to current portion of security deposit	135,928	103,046

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#### 36. Commitments and Contingencies

(a) As at December 31, 2022, no notes were pledged or provided as collaterals in relation to the Company's agreements.

(b) PF contingent liability

*A. Real estate PF comprehensive summary table (excluding completion guarantee, intermediate payment loan, SOC)*

As at December 31, 2023, the Company provides credit enhancement related to PF with a guarantee amount of ₩ 2,804,628 million (2022: ₩ 2,764,844 million), of which the amount for independent projects is ₩ 2,471,059 million (2022: ₩ 2,285,901 million), and the amount for consortium participation projects is ₩ 333,569 million (2022: ₩ 508,643 million).

Among these, there is no security provided to related parties (2022: ₩ 29,700 million).

As at December 31, 2022, it was accounted for as a contingent liability, but no amount was converted to a provision.

The Company recognized the PF contingent liabilities above, that is, the fair value of the financial guarantee contract amounting to ₩ 8,395 million (2022: ₩ 12,861 million) as other current liabilities as at December 31, 2023 (Note 18).

Details of PF contingent liabilities related to improvement and other projects are as follows:

*Independent projects*

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance							2022
			Maturity classification							
			2023	Less than 3 months	Between 3-6 months	Between			Over 3 years	
						6-12 months	Between 1-2 years	Between 2-3 years		
<b>Improvement project</b>										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	1,087,308	850,494	698,804	51,738	97,083	22,211	527,772	-	-	813,749
	1,087,308	850,494	698,804	51,738	97,083	22,211	527,772	-	-	813,749
<b>Other project</b>										
Bridge loan	400,700	400,700	396,500	92,500	168,000	136,000	-	-	-	38,000
Main PF	1,449,125	1,219,865	1,171,775	305,100	-	116,255	659,420	91,000	-	1,253,435
	1,849,825	1,620,565	1,568,275	397,600	168,000	252,255	659,420	91,000	-	1,291,435
	2,937,133	2,471,059	2,267,079	449,338	265,083	274,466	1,187,192	91,000	-	2,105,184

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*Consortium participation projects (total)*

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Types	Guarantee limit	Guarantee amount	Loan balance (total)							2022
			2023	Maturity classification					Over 3 years	
				Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years		
<b>Improvement project</b>										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645
	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645
<b>Other project</b>										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645

*Consortium participation projects (Company)<sup>1</sup>*

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance (total)							2022
			2023	Maturity classification					Over 3 years	
				Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years		
<b>Improvement project</b>										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645
	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645
<b>Other project</b>										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	375,249	333,569	263,126	138,578	39,600	-	81,276	-	3,672	396,645

<sup>1</sup> As the PF of the consortium project sites in which the Company participates is loaned to each participating company, the Company is not responsible for guaranteeing the PF of other companies for each consortium project site.

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*B. Details of real estate PF (loan) guarantee (excluding intermediate payment loan and SOC-related matters)*

\* Since completion guarantee is an overlapping agreement with joint and several guarantee, debt take-over, and fund supplemental and others, they are indicated together, and matters related to intermediate payment loans and SOC are excluded.

As at December 31, 2023, the details PF guarantee related to 11 improvement projects are as follows. Some agreements related to PF guarantees have trigger clauses of ₩ 961,930 million (2022: ₩ 1,210,394) if the borrower fails to pay the amount due in accordance with the financial contract, if a reason for bankruptcy occurs to the constructor or the borrower, or if the constructor's credit rating falls.

*Improvement projects*

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity <sup>1</sup>	Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022			
Chenan	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	SEONGHWANG WONSEONG AREA HOUSING REDEVELOPMENT MAINTENANCE UNION	X	Securitization company	-	85,000	2023-01-05	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gwangju	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	Hakdong4 Section Housing Redevelopment Maintenance Business Combination Corp.	X	Bank	-	101,075	2023-01-29	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	HWAGOK1 HOUSING JAE ARCHITECTURE	X	Bank, capital	-	43,091	2023-05-24	Loan	-

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity <sup>1</sup>	Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022			
Seoul	Multi-unit housing	Main PF	Joint guarantee	95,040	100%	62,086	JEONGBISAEOP ASSOCIATION CO.	X	Bank, insurance company	51,738	45,734	2024-02-29	Loan	95,040
							GAJAEUL8JAEJEONG BICHOKJINGUYEOKJAE DEVELOPMENT JEONGBISAEOP ASSOCIATION CHANBER OF COMMERCE			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower			
Daegu	Multi-unit housing	Main PF	Joint guarantee	179,140	100%	126,208	BeomEo Woobang 1st Apartment Housing Reconstruction and Maintenance Corp.	X	Bank	97,083	16,368	2024-05-17	Loan	179,140
							BeomEo Woobang 2nd Apartment Housing Reconstruction and Maintenance Corp.			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower			
Daegu	Multi-unit housing	Main PF	Joint guarantee	117,000	100%	28,874	BeomEo Woobang 2nd Apartment Housing Reconstruction and Maintenance Corp.	X	Bank	22,211	16,306	2024-12-30	Loan	117,000
							Hongseon District 13 complex Housing Redevelopment			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower			
Seoul	Multi-unit housing	Main PF	Joint guarantee	204,360	100%	186,191	Hongseon District 13 complex Housing Redevelopment	X	Bank	155,159	147,947	2025-01-30	Loan	204,360
							BoMun 5 Sector			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower			
Seoul	Multi-unit	Main PF	Joint	72,000	100%	68,999	BoMun 5 Sector	X	Bank	57,499	53,630	2025-03-08	Loan	72,000

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance			Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022	Maturity <sup>1</sup>		
	housing		guarantee				Housing Redevelopment Maintenance Business Combination							
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower										
Gwangmyeong	Multi-unit housing	Main PF	Joint guarantee	275,768	100%	256,544	Gwangmyeong District 4R complex Housing Redevelopment	X	Bank, insurance company	213,787	209,523	2025-07-28	Loan	275,768
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower										
Seoul	Multi-unit housing	Main PF	Joint guarantee	144,000	100%	121,592	BANGHWA6JAEJEON GBICHOKJINGUYEOK HOUSING JAE ARCHITECTURE JEONGBISAEOP ASSOCIATION CO.	X	Bank	101,327	95,075	2025-12-28	Loan	144,000
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower										
	Total of independent project			<u>1,087,308</u>		<u>850,494</u>				<u>698,804</u>	<u>813,749</u>	-		<u>1,087,308</u>
Seoul	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	Dunchon Jugong Apartment Housing Redevelopment	X	Securitization company	-	180,800	2023-01-09	ABSTB	-
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower										
Seoul	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	Gaepo1dongjugong Apt. Housing Rebuilding Organize Business Association	X	Bank	-	-	2023-01-15	Loan	-
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower										

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										2023	2022			
Busan	Multi-unit housing	Main PF	Joint guarantee	180,310	100%	180,151	GeoJe Second Section Housing Reconstruction maintenance business Combination	X	Bank, insurance company	138,578	123,886	2024-03-31	Loan	180,310
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gumi	Multi-unit housing	Main PF	Joint guarantee	63,700	100%	51,480	Wonpyeong District 1 complex Housing Redevelopment	X	Bank	39,600	22,000	2024-05-25	Loan	63,700
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Multi-unit housing	Main PF	Joint guarantee	118,039	100%	97,531	JAMSILJINJUAPATEU HOUSING JAE ARCHITECTURE JEONGBISAEOP ASSOCIATION CO.	X	Bank	81,276	69,959	2025-03-31	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Busan	Multi-unit housing	Main PF	Joint guarantee	13,200	100%	4,406	Gaya1 Section Housing Redevelopment Maintenance Business Combina	X	Capital	3,672	-	2028-12-08	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
	Total of consortium			<u>375,249</u>		<u>333,568</u>				<u>263,126</u>	<u>396,645</u>	-		<u>244,010</u>

# Hyundai Development Company

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At the end of the reporting period, the details PF loan guarantee related to 17 other projects are as follows. Some agreements related to PF guarantees have trigger clauses of ₩ 1,568,275 million (2022: ₩ 1,291,435 million) if the borrower fails to pay the amount due in accordance with the financial contract, if a reason for bankruptcy occurs to the constructor or the borrower, or if the constructor's credit rating falls (corresponding to the early repayment clause).

#### Other projects

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity <sup>1</sup>	Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022			
Seoul	Office facilities	Main PF	Fund supplement	-	100%	-	JK MIRAE GANGDONG PFV CO., LTD.	X	Securitization company	-	70,000	2023-01-05	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Office facilities	Main PF	Fund supplement	-	100%	-	JK MIRAE GANGDONG PFV CO., LTD.	X	Securitization company	-	200,000	2023-01-13	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Sokcho	Serviced residence	Main PF	Fund supplement	-	100%	-	QH & C CO., LTD.	X	Securitization company	-	75,600	2023-02-20	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Suwon	Multi-unit housing	Main PF	Fund supplement	-	100%	-	The City Co., Ltd.	X	Bank, insurance company	-	84,000	2023-03-28	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Sokcho	Serviced residence	Main PF	Fund supplement	-	100%	-	QH & C CO., LTD.	X	Securitization company	-	4,900	2023-05-02	Private bonds	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Chuncheon	Multi-unit housing	Bridge loan	Fund supplement	-	100%	-	ID&CONSTRUCTION CO., LTD.	X	Bank	-	24,000	2023-05-13	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance			Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022	Maturity <sup>1</sup>		
Gyeongsan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	JP INTERNATIONAL DNC CO., LTD.	X	Insurance company	-	11,900	2023-06-05	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gyeongsan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	JP INTERNATIONAL DNC CO., LTD.	X	Securitization company	-	15,000	2023-09-06	Private bonds	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gyeongsan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	JP INTERNATIONAL DNC CO., LTD.	X	Securitization company	-	15,000	2023-12-06	Private bonds	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Goyang	Multi-unit housing	Main PF	Fund supplement	-	100%	-	HDC 1ST REIT CO., LTD.	O	Securitization company	-	29,700	2023-03-09	ABCP	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Iksan	Multi-unit housing	Bridge loan	Fund supplement	48,000	100%	48,000	Sungwon Construction Co. Ltd.	X	Securitization company	48,000	-	2024-01-25	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Office facilities	Main PF	Fund supplement	82,600	100%	82,600	River First 1ST Co.,Ltd.	X	Securitization company	82,600	-	2024-01-30	ABSTB	82,600
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Office facilities	Main PF	Fund supplement	53,100	100%	15,000	River First 1ST Co.,Ltd.	X	Securitization company	15,000	-	2024-01-30	ABSTB	53,100
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Office facilities	Main PF	Fund supplement	53,100	100%	24,600	River First 1ST Co.,Ltd.	X	Securitization company	24,600	-	2024-01-30	ABSTB	53,100
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Office facilities	Main PF	Fund supplement	53,100	100%	32,900	River First 1ST Co.,Ltd.	X	Securitization company	32,900	-	2024-01-30	ABSTB	53,100
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity <sup>1</sup>	Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022			
Seoul	Office facilities	Main PF	Fund supplement	53,100	100%	11,000	River First 1ST Co.,Ltd.	X	Securitization company	11,000	-	2024-01-30	ABSTB	53,100
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Chuncheon	Multi-unit housing	Main PF	Fund supplement	57,000	100%	57,000	ID&CONSTRUCTION CO., LTD.	X	Securitization company	57,000	-	2024-02-23	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	44,500	100%	44,500	KIMO DEVELOPMENT CO., LTD.	X	Securitization company	44,500	-	2024-02-28	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gangneung	Multi-unit housing	Main PF	Fund supplement	54,100	100%	54,100	DOSI DESIGN DEVELOPMENT CO., LTD.	X	Securitization company	54,100	-	2024-03-08	ABSTB	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gunsan	Multi-unit housing	Main PF	Fund supplement	27,900	100%	27,900	EUNSEONG SYNTHESIS DEVELOPMENT CO., LTD.	X	Securitization company	27,900	27,900	2024-03-17	ABS	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	63,000	100%	63,000	JS URBAN DEVELOPMENT CO., LTD.	X	Securitization company	63,000	-	2024-04-29	ABCP	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	105,000	100%	105,000	CWJ CO., LTD.	X	Securitization company	105,000	-	2024-04-29	ABCP	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Uiwang	Knowledge Industry	Main PF	Fund supplement	50,255	100%	50,255	UIWANG SMART CITY CO., LTD.	X	Securitization company	50,255	79,135	2024-07-11	Private bonds	-

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance			Type	Completion guarantee agreement amount <sup>2</sup>
										2023	2022	Maturity <sup>1</sup>		
	Center													
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gyeongsan	Multi-unit housing	Main PF	Fund supplement	30,000	100%	30,000	JP INTERNATIONAL DNC CO., LTD.	X	Securitization company	30,000	30,000	2024-07-16	Private bonds	30,000
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gyeongsan	Multi-unit housing	Main PF	Fund supplement	14,000	100%	14,000	JP INTERNATIONAL DNC CO., LTD.	X	Insurance company	14,000	14,000	2024-07-16	Loan	14,000
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	75,000	100%	75,000	JS URBAN DEVELOPMENT CO., LTD.	X	Securitization company	75,000	-	2024-07-28	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gwangju	Multi-unit housing	Main PF	Fund supplement	-	100%	-	Hana World Co.,Ltd., Daewon Holdings Co.,Ltd.	X	Card company	-	23,521	2024-08-08	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Gwangju	Multi-unit housing	Main PF	Fund supplement	-	100%	-	SONGJEONG HOUSING CO.,LTD., , Daewon Holdings Co., Ltd.	X	Bank	-	40,479	2024-08-08	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	18,200	100%	18,200	KIMO DEVELOPMENT CO.,LTD.	X	Bank	14,000	14,000	2024-08-30	Loan	-
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Pohang	Multi-unit housing	Main PF	Fund supplement	28,600	100%	28,600	MIR CITY DEVELOPMENT CO.,LTD.	X	Bank	22,000	35,000	2024-10-10	Loan	28,600
	Early repayment clause		If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	15,000	100%	15,000	CWJ CO.,LTD.	X	Securitization	15,000	-	2024-12-23	Loan	-

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										2023	2022	Maturity <sup>1</sup>		
Cheonan	housing		supplement						company					
	Multi-unit housing	Bridge loan	Fund supplement	32,000	100%	32,000	CWJ CO.,LTD.	X	Securitization company	32,000	-	2024-12-23	ABS	-
Seoul	Multi-unit housing	Main PF	Fund supplement	-	100%	-	SEOUL FOREST BAELRADYU AREA HOUSING ASSOCIATION	X	Bank, insurance company	-	149,400	2025-01-20	Loan	-
	Office facilities	Main PF	Fund supplement	140,000	100%	140,000	JK MIRAE GANGDONG PFV CO.,LTD.	X	Securitization company	140,000	-	2025-02-28	Loan	140,000
Seoul	Office facilities	Main PF	Fund supplement	152,700	100%	152,700	JK MIRAE GANGDONG PFV CO.,LTD.	X	Bank, securitization company	152,700	-	2025-04-13	Loan	152,700
Seoul	Multi-unit housing	Main PF	Fund supplement	324,000	100%	224,640	SEOUL FOREST BAELRADYU AREA HOUSING ASSOCIATION	X	Bank, capital, securitization company	187,200	-	2025-05-20	Loan	324,000
Nonsan	Multi-unit housing	Main PF	Fund supplement	17,550	100%	17,550	Kosan Industry Management Co.,Ltd.	X	Capital	13,500	-	2025-05-30	Loan	17,550
Incheon	Multi-unit housing	Main PF	Fund supplement	38,720	100%	38,720	HOM ACE DEVELOPMENT CO.,	X	Bank, card company	38,720	52,500	2025-10-05	Loan	38,720

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Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%) (consolidation)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity <sup>1</sup>	Type	Completion guarantee agreement amount <sup>2</sup>	
										2023	2022				
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
Seoul	Multi-unit housing	Main PF	Fund supplement	127,300	100%	127,300	LTD. SEOULSOOP BELADYU2 AREA HOUSING ASSOCIATION CO.	X	Bank, insurance company	127,300	206,400	2025-10-31	Loan	127,300	
Eumseong	Multi-unit housing	Main PF	Fund supplement	42,000	100%	41,000	DOSI P & D CO., LTD.	X	Bank	41,000	39,000	2026-01-05	Loan	42,000	
Gunsan	Multi-unit housing	Main PF	Fund supplement	50,000	100%	50,000	EUNSEONG SYNTHESIS DEVELOPMENT CO., LTD.	X	Bank	50,000	50,000	2026-06-02	Loan	50,000	
			Early repayment clause	If the borrower fails to pay the amount due in accordance with the financial contract, or if a reason for bankruptcy occurs to the constructor or the borrower											
	Total of independent project			1,849,825		1,620,565				1,568,275	1,291,435	-	-	1,259,870	
	Total of consortium			-		-				-	-	-	-	-	

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*C. Real Estate PF completion guarantee agreement*

As at December 31, 2023, the Company provides a completion guarantee agreement and agreements for compensation for damages if an obligation is not performed or completion guarantee agreement and conditional debt take-over commitment if an obligation is not performed in relation to improvement project and other project as follows.

Meanwhile, for the year ended December 31, 2023, a debt take-over of ₩ 99,500 million was incurred due to the construction company's failure to fulfill its completion guarantee of the PF principal and interest debt for the Gayu District Logistics Center Development Project.

*Completion guarantee agreement and agreements for compensation for damages if an obligation is not performed (Company's portion)*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	16	5,907,531	1,990,384	1,016,872
Other projects	-	-	-	-
	<u>16</u>	<u>5,907,531</u>	<u>1,990,384</u>	<u>1,016,872</u>

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	10	2,567,120	1,200,905	745,629
Other projects	-	-	-	-
	<u>10</u>	<u>2,567,120</u>	<u>1,200,905</u>	<u>745,629</u>

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*Completion guarantee agreement and agreements for compensation for damages if an obligation is not performed (Consortium project site)*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects (Group's portion)	11	4,230,766	1,446,934	776,662
Other projects (total)	-	-	-	-
	<u>11</u>	<u>4,230,766</u>	<u>1,446,934</u>	<u>776,662</u>
Improvement projects (Group's portion)	11	11,944,748	3,554,022	1,844,877
Other projects (total)	-	-	-	-
	<u>11</u>	<u>11,944,748</u>	<u>3,554,022</u>	<u>1,844,877</u>

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects (Group's portion)	10	2,567,120	1,200,905	745,629
Other projects (total)	-	-	-	-
	<u>10</u>	<u>2,567,120</u>	<u>1,200,905</u>	<u>745,629</u>
Improvement projects (Group's portion)	10	5,500,825	2,373,467	1,469,633
Other projects (total)	-	-	-	-
	<u>10</u>	<u>5,500,825</u>	<u>2,373,467</u>	<u>1,469,633</u>

*Completion guarantee and conditional debt take-over commitment if an obligation is not performed*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	-	-	-	-
Other projects	5	575,974	934,728	600,728
	<u>5</u>	<u>575,974</u>	<u>934,728</u>	<u>600,728</u>

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	-	-	-	-
Other projects	5	1,088,165	1,271,328	910,228
	<u>5</u>	<u>1,088,165</u>	<u>1,271,328</u>	<u>910,228</u>

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In addition, in relation to improvement project and other projects for which joint and several guarantee and fund supplemental are provided as at December 31, 2023, the Company overlappingly provides conditional debt take-over commitment or completion guarantee agreement as follows.

*Completion guarantee and conditional debt take-over commitment if an obligation is not performed*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	2	407,510	207,700	140,927
Other projects	7	1,568,799	1,167,870	891,520
	<b>9</b>	<b>1,976,309</b>	<b>1,375,570</b>	<b>1,032,447</b>

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	2	323,385	172,600	117,075
Other projects	7	1,566,648	687,700	677,200
	<b>9</b>	<b>1,890,033</b>	<b>860,300</b>	<b>794,275</b>

*Completion guarantee*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	7	1,506,819	1,123,618	736,055
Other projects	2	374,391	92,000	91,000
	<b>9</b>	<b>1,881,210</b>	<b>1,215,618</b>	<b>827,055</b>

*(in millions of Korean won)*

	<b>2022</b>			
	<b>Number of constructions</b>	<b>Construction amount</b>	<b>Guarantee limit</b>	<b>Loan balance</b>
Improvement projects	8	1,549,313	1,237,560	656,485
Other projects	2	374,391	92,000	89,000
	<b>10</b>	<b>1,923,704</b>	<b>1,329,560</b>	<b>745,485</b>

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*D. Real Estate PF SOC guarantee*

In relation to the borrowings of the Company's SOC corporation and developer, the Company provides credit enhancement such as fund supplement and provision of funds up to a total limit of ₩ 81,686 million (2022: ₩ 81,686 million), and is obligated to supplement funds when the SOC corporation lacks essential project expenses.

<i>(in millions of Korean won)</i>	2023				
	Number of constructions	Company (total)	Consortium project site		
Number of cases			Company's portion	Total	
Guarantee limit	4	81,686	2	71,980	143,000

<i>(in millions of Korean won)</i>	2022				
	Number of constructions	Company (total)	Consortium project site		
Number of cases			Company's portion	Total	
Guarantee limit	4	81,686	2	71,980	143,000

*E. Intermediate payment loan of main PF*

At the end of the reporting period, the Company has entered into an agreement guaranteeing ₩ 427,949 million (2022: ₩ 174,351 million), for the consumer's intermediate payment loan in relation to the improvement project, and ₩ 1,575,586 million (2022: ₩ 1,881,845 million), for the consumer's intermediate payment loan in relation to other project.

*Intermediate payment loan payment guarantee*

<i>(in millions of Korean won)</i>	2023			
	Number of projects	Guarantee limit	Agreement amount	Loan balance
Improvement project	5	500,491	427,949	230,806
Other projects	15	1,899,832	1,575,586	1,372,591
	20	2,400,323	2,003,535	1,603,397

<i>(in millions of Korean won)</i>	2022 <sup>1</sup>			
	Number of projects	Guarantee limit	Agreement amount	Loan balance
Improvement project	5	203,874	174,351	150,077
Other projects	18	2,232,959	1,881,845	1,012,174
	23	2,436,833	2,056,196	1,162,251

<sup>1</sup> In the case of businesses in which the Company is participating as a consortium, the above guarantee limit, loan limit, and loan balance are the total of the consortium participants.

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As at December 31, 2023, the Company has provided an agreement to Korea Housing & Urban Guarantee Co., Ltd. for completion guarantee agreement and agreements for compensation for damages if an obligation is not performed, related to the home purchase funds of allottees and others, with a limit of ₩ 4,015,397 million (2022: ₩ 3,024,841 million) (loan balance: ₩ 2,410,560 million (2022: ₩ 2,352,988 million))

*Intermediate payment loan completion guarantee*

*(in millions of Korean won)*

	<b>2023</b>			
	<b>Number of projects</b>	<b>Guarantee limit</b>	<b>Agreement amount</b>	<b>Loan balance</b>
Improvement project	10	2,461,620	2,461,620	1,146,076
Other projects	11	1,553,777	1,553,777	1,264,484
	<u>21</u>	<u>4,015,397</u>	<u>4,015,397</u>	<u>2,410,560</u>

*(in millions of Korean won)*

	<b>2022<sup>1</sup></b>			
	<b>Number of projects</b>	<b>Guarantee limit</b>	<b>Agreement amount</b>	<b>Loan balance</b>
Improvement project	7	1,109,748	1,109,748	975,891
Other projects	13	1,915,093	1,915,093	1,377,097
	<u>20</u>	<u>3,024,841</u>	<u>3,024,841</u>	<u>2,352,988</u>

<sup>1</sup> In the case of businesses in which the Company is participating as a consortium, the above guarantee limit, loan limit, and loan balance are the total of the consortium participants.

*F. Others*

The Company is providing a temporary joint guarantee, which is relieved of its guarantee obligation at the start of construction, related to the business cos business expenses t loan through the guarantee of Korea Housing & Urban Guarantee Co., Ltd. of the urban renewal association with a limit of ₩ 277,090 million (2022: ₩ 16,864 million won), and a loan balance of ₩ 277,090 million (2022: ₩ 15,821 million) in overlap with the completion guarantee.

As at December 31, 2023, the Company entered in a real estate purchase commitment in relation to borrowings of HDC I PARK 1st REIT Co., Ltd. and HDC I PARK 2nd REIT Co., Ltd., subsidiaries (2023: ₩322,000, 2022: ₩ 336,000 million).

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(c) Non-contingent liabilities

The Company provided distribution guarantees included performing construction contracts amounting to ₩ 4,396,554 million (2022: ₩ 5,282,930 million) to Hana Asset Trust Co., Ltd. and others. Meanwhile, in relation to construction performance guarantees, the Company provided guarantees of up to ₩ - million (2022: ₩ 2,832 million) for the joint projects with Lotte Construction Co., Ltd. and others as at December 31, 2022.

The Company obtained guarantees of performing construction contracts from Korea Housing Guarantee Co., Ltd. and others amounting to ₩ 11,489,625 million (2022: ₩ 10,069,277 million). Meanwhile, the Company provides its investment securities of Construction Guarantee, Korea Specialty Contractor Financial Cooperative and government and municipal bonds as collateral as at December 31, 2023 (Note 16).

A. Comprehensive summary table

<i>(in millions of Korean won)</i>	<b>Guaranteed by</b>	<b>Guarantee limit</b>	<b>Guarantee amount</b>	<b>Remark</b>
Payment guarantee provided	Construction Guarantee Cooperative	16,405	16,405	When the guarantor is a related party - Guarantee limit: ₩ 47,160 million - Guarantee amount: ₩ 47,160 million
	Seoul Guarantee Insurance Co., Ltd	88,778	88,778	
	Korea Housing & Urban Guarantee Co., Ltd.	4,291,371	4,291,371	
		4,396,554	4,396,554	
Payment guarantee received	Construction Guarantee Cooperative	4,226,086	4,226,086	When the guaranteed creditor is a related party - Guarantee limit: ₩ 108,182 million - Guarantee amount: ₩ 108,182 million
	Seoul Guarantee Insurance Co., Ltd	91,383	91,383	
	Korea Housing & Urban Guarantee Co., Ltd.	6,698,543	6,698,543	
	Korea Specialty Contractor Financial Cooperative	461,375	461,375	
	Mechanical Equipment Construction Mutual Aid Association	12,238	12,238	
		11,489,625	11,489,625	

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*B. Payment guarantee received*

As at December 31, 2023, the Company receives payment guarantees as follows:

(in millions of Korean won)

Guarantor	Guaranteed by	Guarantor	Guarantee limit	Guarantee amount	Related party status	Remark
Association business expense loan guarantee	Korea Housing & Urban Guarantee Co., Ltd.	GWANGMYEONG 11TH ALGUYEOK HOUSING REDEVELOPMENT MAINTENANCE BUSINESS COMBINATION CO. and others	463,112	463,112	X	-
Housing distribution guarantee	Korea Housing & Urban Guarantee Co., Ltd.	HDC I & Cons Co., Ltd.	47,160	47,160	○	-
	Korea Housing & Urban Guarantee Co., Ltd.	Kyobo Asset Trust Co.,Ltd. and others	3,753,433	3,753,433	X	-
Performing construction guarantee	Construction Guarantee Cooperative	JigaeNamsan Expressway co Ltd	10,600	10,600	X	-
Leasehold deposits guarantee	Korea Housing & Urban Guarantee Co., Ltd.	Hana Asset Trust Co., Ltd	27,666	27,666	X	-
Construction warranty guarantee	Construction Guarantee Cooperative	Kye-ryong Construction Industrial Co.,Ltd.	4,797	4,797	X	-
Construction equipment rental payment guarantee	Construction Guarantee Cooperative	Hyundai Engineering & Construction Co.,Ltd. and others	1,008	1,008	X	-
Performance guarantee	Seoul guarantee insurance company	JK MIRAE CO.,LTD. and others	88,778	88,778	X	-
			4,396,554	4,396,554		

Meanwhile, the Company established Uripeoseutieo 1st Co.,Ltd. for the year ended December 31, 2023 and issued asset-backed securities based on the expected cash flow of construction payment trade receivables currently or potentially held in the future. The total issuance amount is ₩ 57,000 million and the loan balance is ₩ 57,000 million as at December 31, 2023. Short-term borrowings was recognized in the statement of financial position as at December 31, 2023. The Company provides a fund supplemental commitments for the repayment of the principal of the asset-backed securities issued by Uripeoseutieo 1st Co.,Ltd.. (Note 37).

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*C. Payment guarantee provided*

As at December 31, 2023, the Company provides payment guarantees as follows:

*(in millions of Korean won)*

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
Housing guarantee	Korea Housing & Urban Guarantee Co., Ltd.	Supplier of houses, residential-commercial complexes, and officetels	5,319,825	5,319,825	X	-
Contract guarantee	Construction Guarantee Cooperative	SEOUL CITY BASED FACILITIES CENTRAL and others	29,592	29,592	X	-
		Incheon Port hinterland complex Co., Ltd.	10,008	10,008	O	-
	Seoul Guarantee Insurance Co., Ltd	Changwon-si and others	25,584	25,584	X	-
		BCTC	13,071	13,071	O	-
	Korea Specialty Contractor Financial Cooperative	Login Gimhae Lespo Town Ltd. and others	14,245	14,245	X	-
Construction defects warranty	Construction Guarantee Cooperative	Asan Medical Center and others	157,612	157,612	X	-
		HDC 1ST REIT CO., LTD.	116	116	O	-
		HDC I & Cons Co., Ltd.	371	371	O	-
		Bukhang I'Bridge Co., Ltd	5,002	5,002	O	-
		Dongtan 92BL Co.,Ltd.	2,704	2,704	O	-
		Seoul-Chuncheon Highway Co., Ltd.	303	303	O	-
	Seoul Guarantee Insurance Co., Ltd	Geoje-si, Gyeongsangnam-do and others	7,065	7,065	X	-
		BCTC	3,600	3,600	O	-
	Korea Housing & Urban Guarantee Co., Ltd.	Residents of Gajaeul New Town Je4 Section	320,829	320,829	X	-
	Korea Specialty Contractor	Login Gimhae Lespo Town Ltd. and	60,682	60,682	X	-

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(in millions of Korean won)

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
	Financial Cooperative	others				
		Gochuk New Stay REIT Co.,Ltd.	16,038	16,038	O	-
	Mechanical Equipment Construction Mutual Aid Association	Supplier of SuwonCentral IPark Xi and others	10,430	10,430	X	-
Advance payments	Construction Guarantee Cooperative	Login Gimhae Lespo Town Ltd. and others	62,193	62,193	X	-
	Korea Specialty Contractor Financial Cooperative	Korea Expressway Corporation Pohang Yeongdeok Construction Division Co.and others	76,535	76,535	X	-
		Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust1	5,480	5,480	○	-
Payments	Seoul Guarantee Insurance Co., Ltd	TNO D&C CO., LTD	13,144	13,144	X	-
Subcontract fee	Construction Guarantee Cooperative	Subcontractor under the subcontract for each site	3,025,268	3,025,268	X	-
	Korea Specialty Contractor Financial Cooperative	Subcontractor under the subcontract for each site	254,657	254,657	X	-
	Mechanical Equipment Construction Mutual Aid Association	Subcontractor under the subcontract for each site	1,777	1,777	X	-
Htsxywzhyts%   fwfsy~	Construction Guarantee Cooperative	BoMun 5 Sector Housing Redevelopment Maintenance Business Combination and others	208,705	208,705	X	-

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(in millions of Korean won)

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
	Korea Housing & Urban Guarantee Co., Ltd.	Dunchon Jugong Apartment Housing Redevelopment and others	1,026,875	1,026,875	X	-
Temporary power	Construction Guarantee Cooperative	Korea Electric Power Corporation Jemulpo Branch and others	1,334	1,334	X	-
	Korea Specialty Contractor Financial Cooperative	Korea Electric Power Corporation Chungbuk Headquarters and others	99	99	X	-
	Mechanical Equipment Construction Mutual Aid Association	Korea Electric Power Corporation Busan Headquarters	31	31	X	-
Performing construction	Construction Guarantee Cooperative	Public Procurement Service and others	579,296	579,296	X	-
		Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust1	44,809	44,809	○	-
License	Construction Guarantee Cooperative	Korea Rural Community Corporation Yeongdeok, Ulsan Branch and others	4,379	4,379	X	-
	Seoul Guarantee Insurance Co., Ltd	Seosan City Hall	6,389	6,389	X	-
Deposit	Seoul Guarantee Insurance Co., Ltd	AEKSENTEURI CO.,LTD. and others	22,467	22,467	X	-
Construction machinery rental	Construction Guarantee Cooperative	Construction machinery lessor for each site	28,648	28,648	X	-
	Korea Specialty Contractor Financial Cooperative	Construction machinery lessor for Gimhae City Planning Facility Site	569	569	X	-
Payment of contributions/fulfi	Construction Guarantee	Eastern Waterworks Office of Seoul city	870	870	X	-

**Hyundai Development Company**  
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(in millions of Korean won)

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
Ilment of debt Agreement conclusion/implementation of agreement	Cooperative Construction Guarantee Cooperative	and others Gwangmyeong City Corporation Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust1	58,931	58,931	X	-
	Korea Specialty Contractor Financial Cooperative	Seoul Housing and Communities Corporation	33,070	33,070	X	-
Franchise business	Seoul Guarantee Insurance Co., Ltd	GS25 franchise agreement	50	50	X	-
Product sales proceeds	Seoul Guarantee Insurance Co., Ltd	GS Caltex Corporation Yuseongoncheon Gas Station	13	13	X	-
Lease management leasehold deposits received	Korea Housing & Urban Guarantee Co., Ltd.	Tenants by household in Ilsan 2 <sup>nd</sup> IPARK	30,279	30,279	X	-
Lease management rent	Korea Housing & Urban Guarantee Co., Ltd.	HDC 1ST REIT CO., LTD.	735	735	○	-
			<u>11,489,625</u>	<u>11,489,625</u>		

**Hyundai Development Company**  
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(d) Pending lawsuit

Details of lawsuit filed against and by the Company as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<b>2023</b>	
	<b>Details</b>	<b>Share of the Company</b>	<b>Counterparty</b>
Plaintiff	Claims for receivables from construction contracts	115,219	33 legal cases including Incheon International Airport Corporation
Defendant	Claims for damages	358,133	101 legal cases including K-water

<i>(in millions of Korean won)</i>		<b>2022</b>	
	<b>Details</b>	<b>Share of the Company</b>	<b>Counterparty</b>
Plaintiff	Claims for receivables from construction contracts	103,402	37 legal cases including Incheon International Airport Corporation
Defendant	Claims for damages	373,246	102 legal cases including K-water

The final outcome of these cases cannot yet be determined as at the reporting date. Accordingly, no provision for potential losses arising from the claims against the Company is reflected in the accompanying financial statements.

Meanwhile, the Company and HDC Holdings Co., Ltd. have been sued as a co-defendant in a lawsuit for four legal cases (2022: two legal cases) from the above (amount: ₩ 2,048 million (2022: ₩ 5,372 million)), and they are in the process of litigation.

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(e) Commitments contracted with financial institutions as at December 31, 2023 and 2022, are as follows:

*(in millions of Korean won, thousands of USD)*

	Financial institutions	Currency	2023		2022	
			Credit limits	Outstanding balances	Credit limits	Outstanding balances
General loans <sup>1</sup>	Korea Development Bank, etc.	KRW	1,036,200	952,000	1,114,550	1,007,550
B2B notes payable	Hana Bank Co., Ltd., etc.	KRW	49,000	7,924	60,000	10,942
Foreign guarantee of Korean won <sup>1,2</sup>	The Export Import Bank Of Korea, etc.	KRW	75,860	57,303	83,493	66,739
Foreign guarantee of foreign currency <sup>1,2,3</sup>	SC Bank, etc.	KRW	26,464	22,372	21,744	19,300

<sup>1</sup> The Company entered into a comprehensive loan agreement with a limit of ₩ 50,000 million with Hana Bank (2022: ₩ 50,000 million). A general loan limit of ₩ 50,000 million (2022: ₩ 50,000 million) are included in the limit of the comprehensive loan agreement.

<sup>2</sup> The Company entered into a comprehensive loan agreement with a limit of ₩ 35,000 million with Woori Bank (2022: ₩ 35,000 million). Foreign guarantee of Korean won limit of ₩ 25,652 million (2022: ₩ 31,017 million) and foreign guarantee of foreign currency limit of ₩ 9,348 million (2022: ₩ 3,929 million) are included in the limit of comprehensive loan agreement.

<sup>3</sup> As at December 31, 2022, the Company entered into a comprehensive loan agreement with a limit of ₩ 950 million with Kookmin Bank. Foreign guarantee of foreign currency limit of ₩ 950 million is included in the limit of comprehensive loan agreement. This agreement was terminated for the year ended December 31, 2023

Meanwhile, the Company entered into an interest swap derivative instrument agreement with a contract amount of ₩ 166,500 million with Kookmin Bank and a currency forward derivative instrument agreement with a contract amount of \$ 34,416 thousand with SC Bank. As at December 31, 2023, the Company recognized ₩ 5,236 million of derivative financial assets (2022: ₩ 9,386 million) and ₩ 590 million of derivative financial liabilities (2022: ₩ - million) in relation to the agreements, and a gain on valuation of derivative instruments of ₩ - million (2022: gain on valuation of derivative instruments of ₩ - million) and a gain on transactions of derivative instruments of ₩ -million (2022: gain on transactions of derivative instruments of ₩ 368 million) and a loss on valuation of derivative instruments of ₩ 4,740 million (2022: loss on valuation of derivative instruments of ₩ 618 million) and a loss on transactions of derivative instruments of ₩ - million (2022: a loss on transactions of derivative instruments of ₩ 7 million) were recognized as non-operating income and expenses for the year ended December 31, 2023.

(f) As at December 31, 2023, the Company has a rental agreement for the head office and others with HDC IPARKMALL Co., Ltd., its other related party.

(g) As at December 31, 2023 and 2022, the Company is jointly and severally liable for the remaining payables of HDC Holdings Co., Ltd. as at the spin-off date in accordance with Paragraph 1 of Article 530-9 of the Commercial Code of Korea (Note 37).

# Hyundai Development Company

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(h) The Company entered into a shareholders' agreement with the existing largest shareholder which holds 44.85% of shares of HDC RESORT Co., Ltd. This agreement includes a tag-along right of the existing largest shareholder and a drag-along right of the Company, and the Company has a right of first refusal upon the disposal of the shares held by the existing largest shareholder.

Meanwhile, the Company shall obtain prior consent from the existing largest shareholder for the matters specified in the shareholders' agreement such as issuance of new shares, payment of dividends, dissolution, liquidation, merger and others of HDC RESORT Co., Ltd. In the event of breaches of this obligation, the largest shareholder has a right to sell its holding shares at fair value to the Company.

(h) On December 27, 2019, the Board of Directors of the Company made a resolution to acquire the existing shares of Asiana Airlines and to participate in capital increase with third party allotment. On the same day, the Company and Mirae Asset Daewoo, a consortium partner of the Company, entered into a share purchase agreement with KUMHO Industrial Co., Ltd. related to the acquisition of the existing shares amounting to ₩ 258,267 million (for Mirae Asset Daewoo: ₩ 64,567 million) and a new share subscription agreement to acquire new shares of Asiana Airlines amounting to ₩ 1,751,853 million (for Mirae Asset Daewoo: ₩ 425,313 million) (collectively referred to as the "Agreements"). The contract amount of ₩ 201,012 million (for Mirae Asset Daewoo: ₩ 48,988 million) was paid by the Company. Also, the Company and Mirae Asset Daewoo entered into a shareholders' agreement which includes liability for damages and others on the same day. On September 11, 2020, KUMHO Industrial Co., Ltd. and Asiana Airlines notified the cancellation of the Agreement by insisting that the Company has not fulfilled its obligation to close the transaction even though they have requested the Company to close the transaction as all the prerequisites for closing the transaction in this agreement were satisfied. Regarding the notification, the Company delivered a memorandum on October 7, 2020, stating that "After signing the agreement, KUMHO Industrial Co., Ltd. and Asiana Airlines have breached the agreement by not executing their obligations such as statements, guarantees, and commitments under the agreement on material aspects, and this resulted the Company a significant negative impact. Accordingly, the prerequisites for closing the transaction in this agreement have not been satisfied due to the responsibility of Kumho Industrial Co., Ltd. and Asiana Airlines Co., Ltd. Since KUMHO Industrial Co., Ltd. and Asiana Airlines' declaration of intention to cancel the contract does not cause any legal effect, the Company still retains the status and all rights of the buyer or takeover position of this agreement, and KUMHO Industrial Co., Ltd. and Asiana Airlines continue to bear the obligations of statements, guarantees and commitments under this agreement."

As at December 31, 2023, the Company recognized ₩ 201,012 million paid for the acquisition as other non-current assets, and recognized allowance for doubtful accounts for all of the amount. As at December 31, 2023, KUMHO Industrial Co., Ltd. and Asiana Airline filed a lawsuit against the Company and Mirae Asset Daewoo claiming for non-existence of the liability for down payment refund, notice of extinction of pledge and damages. The plaintiff won the lawsuit at the first trial and the Company recognized allowance for doubtful accounts amounting to ₩ 1,205 million, which is the Company's portion of the amount of judgment for claims for damages. The lawsuit is pending at the second trial and the final outcome of the case cannot be predicted.

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(i) As at December 31, 2023, the Company entered into a loan agreement with a limit of ₩ 9,059,005 million (2022: ₩ 9,847,798 million) (the Company's share: ₩ 4,804,824 million (2022: ₩ 5,546,577 million)) with the urban renewal association and developer in relation to the outsourced house business such as Yonghyun Hakik sharing house construction business and others, and there are five loan agreements (2022: six loan agreements) without limitation. In relation to this, ₩ 883,050 million of loans is recognized as other receivables (2022: ₩ 1,815,244 million).

(j) As at December 31, 2023, the Company is providing a put option agreement on the shares of the financial investors of SiheungSeoul Access Road Co., Ltd. Meanwhile, for the year ended December 31, 2023, the put option agreements on the shares of each financial investor were disposed to the financial investors of HDC IPARK 2nd REIT Co., Ltd. As at December 31, 2023, the Company is recognized as the derivative liabilities of ₩ - million (2022: ₩ 1,013 million) in relation to disposal of put option agreements.

(k) As at December 31, 2023, the Company entrusts land and buildings held by the Company to Hana Bank Co., Ltd. and others for the borrowings of ₩ 707,700 million and, entered into a real estate security trust contract to issue a certificate of beneficiary rights amounting to ₩ 849,240 million (equivalent to from 120% to 130% of loan commitment) with the Hana Bank Co., Ltd. and others, creditors, as beneficiaries (Note 16).

(l) As at December 31, 2023, the Company has a purchase agreement for unsold sharing house related to the Incheon Yonghyun Hakik urban development project. According to this agreement, if there are unsold sharing house until the time of approval for use, the Company is obligated to purchase the unsold sharing house at an amount equivalent to 85% of the initial sales price within the range of 10% of the sales units, upon the request of the contractor.

Also, there is a purchase agreement for unsold commercial facilities among the knowledge industry centers related to the Seongnam Industrial Complex regeneration REIT project. If there are unsold commercial facilities based on the end of the period ("commercial facility sales consignment period") from the point of use approval to the day that becomes 2 years, the Company is committed to purchasing the unsold commercial facilities within 6 months from the end of the commercial facility sales consignment period. At this time, the Company must purchase at the total amount of the appraisal price per room for the unsold commercial facilities based on the end of the commercial facility sales consignment period.

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**37.Related Party Transactions**

As at December 31, 2023, the Parent Company is HDC Holdings Co., Ltd.<sup>1</sup> (42.65%).

Details of subsidiaries, associates and other related parties as at December 31, 2023, are as follows:

<b>Type of related parties</b>	<b>Name of entity</b>	
Parent Company	HDC Holdings Co., Ltd.	
Subsidiaries	Hotel HDC Co., Ltd., HDC HYUNDAI PCE, HDC I PARK 1st REIT Co., Ltd., HDC I PARK 2nd REIT Co., Ltd., HDC NEXT REIT Co., Ltd, Uripeoseutieo 1st Co.,Ltd. <sup>2</sup>	
Associates	HDC RESORT Co., Ltd., Gocheok IPARK New Stay REIT Co., Ltd., Gwangmyeong Culture Complex AMC Co., Ltd., Gwangmyeong Culture Complex PFV Co., Ltd., Chungju Dreampark Development Co., Ltd, Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd., HDC I & Cons Co., Ltd., HDC IPARKMALL Co., Ltd., HDC Sports Co., Ltd., HDC Youngchang Co.,Ltd., Youngchang music China, Youngchang Ganggeum Jugun Tianjin Inc., Hyundai(Sanhe) Engineering Plastics Co., Ltd., Hyundai Engineering Plastics India Private Ltd., Hyundai (Yancheng) Engineering Plastics Co., Ltd., Hyundai (Chongqing) Engineering Plastics Co., Ltd., HYUNDAI-BYUKSAN JV, HDC INDIA PRIVATE Ltd., HDC 1ST REIT CO., LTD., Real Estate 114 Inc., MIRAE B I, HDC Value Add REF 2nd Co., Ltd., Tong-Yeong ECO Power Co., Ltd., HDC Shilla Duty Free Co., Ltd., HDC Labs Co., Ltd. Icontrols Vietnam Co., Ltd., Dongtan92BL, HDC Shilla (Shanghai) Co., Ltd., Mastern No.113 Logis Point Seoun PFV Coporation, HDC Polyall Co., Ltd., CJ HDC BIOSOL Co., Ltd., SI SECURITIES CORPORATION, I PARK MALL 1ST CO.,LTD., ₩ongsanparkumol 1st Co.,Ltd., Money Market Trust, ₩ibialeepakemol₩st Co.,Ltd., HORIZON ENERGY SINGAPORE PTE.,Ltd	Subsidiaries, associates and related parties of HDC holdings Co., Ltd.
Others <sup>3</sup>	HDC Asset Management Co., Ltd., MNQ Investment Partners Co., Ltd., Bukhang l'Bridge Co., Ltd, BCTC, Haeundae l'Park Marina., Seoul-Chuncheon Highway Co., Ltd., SiheungSeoul Access Road co., Ltd, Incheon Port hinterland complex Co., Ltd., Seochang Gimpo Highway Co., Ltd., WNC Investment Ltd., JNC Investment Ltd., SBD Investment Ltd.	

**Hyundai Development Company**  
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<sup>1</sup> Although the Parent Company owns less than 50% of voting rights of the Company, the Company has concluded that the Parent Company controls the Company. This is because the remaining shareholders are widely dispersed, and the Company is able to exercise the majority voting rights in its decision-making process only with the Parent Company's equity shares in the light of comparing the average attendance rate in the general meeting of shareholders with the Company's equity shares.

<sup>2</sup> As a special purpose entity, the Company has substantial power and rights to variable returns by providing a joint and several surety for the fulfilment of principal and interest repayments of the asset-backed securities.

<sup>3</sup> Although the entity is not the related party of the Company in accordance with Korean IFRS 1024, the entity belongs to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

Sales and purchases with related parties for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of Korean won)*

		<b>2023</b>			
		<b>Sales</b>		<b>Purchase</b>	
		<b>Sales</b>	<b>Others<sup>2</sup></b>	<b>Purchase<sup>1</sup></b>	<b>Others</b>
Parent Company	HDC Holdings Co., Ltd.	-	119	-	8,134
Subsidiaries	Hotel HDC Co., Ltd.	1,123	-	67,067	-
	HDC HYUNDAI PCE	3	14,554	22,289	-
	HDC I PARK 1st REIT Co., Ltd	-	2,395	-	-
	HDC I PARK 2nd REIT Co., Ltd	-	184	-	-
	Uripeoseutieo 1st Co.,Ltd.	-	-	-	699
	Associates	HDC RESORT Co., Ltd.	528	-	16,940
	Gocheok New Stay REIT Co., Ltd.	-	-	7,115	3,319
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	237	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	187	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	43,728	-	-	-
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	17	-	-	-
	HDC Polyall Co., Ltd.	2	-	-	-
	HDC I & Cons Co., Ltd.	(3,455)	277	-	-
	HDC IPARKMALL Co.,	284	1,651	660	6,217

**Hyundai Development Company**  
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(in millions of Korean won)

		2023			
		Sales		Purchase	
		Sales	Others <sup>2</sup>	Purchase <sup>1</sup>	Others
	Ltd.				
	HDC Sports Co., Ltd.	-	-	6,537	94
	HDC Youngchang Co., Ltd.	266	376	20,652	-
	HDC 1 <sup>ST</sup> REIT CO., LTD.	356	6	2,104	-
	Real Estate 114 Inc.	-	-	776	342
	Ton-Yeong ECO Power Co., Ltd.	-	1,434	-	-
	HDC Shilla Duty Free Co., Ltd.	678	-	1	1
	HDC Labs Co., Ltd.	655	189	152,849	17,340
Others	BCTC	13,042	143	7	2
	Incheon Port hinterland complex Co., Ltd.	33,001	227	-	-
	Haeundae l'Park Marina.	-	121	-	-
	Seoul-Chuncheon Highway Co., Ltd.	21,274	2	-	-
	HDC Asset Management Co., Ltd.	-	-	-	16
		<u>111,502</u>	<u>22,102</u>	<u>296,997</u>	<u>36,629</u>

<sup>1</sup> During 2023, purchases from HDC IPARKMALL Co., Ltd., other related parties, are the amounts, recognized as revenues on a net basis by HDC IPARKMALL Co., Ltd., in relation to purchases amounting to ₩ 9,966 million.

<sup>2</sup> During 2023, the amounts of other sales to HDC HYUNDAI PCE, a subsidiary, are the amounts of contribution in kind of property, plant and equipment.

Other than the above transactions, the Company invests in funds using borrowings of Seoul-Chuncheon Highway Co., Ltd., its other related party, as underlying assets, and in relation to this, the Company recognized loss on valuation of ₩ 680 million (2022: ₩ 6,801 million) and interest income of ₩ 7,138 million (2022: ₩ 10,046 million) during the year ended December 31, 2023.

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(in millions of Korean won)

		2022			
		Sales		Purchase <sup>1</sup>	
		Sales	Others	Purchase	Others
Parent					
Company	HDC Holdings Co., Ltd.	-	202	-	5,915
Subsidiaries	Hotel HDC Co., Ltd.	989	1	59,264	-
	HDC HYUNDAI PCE	5	1	60,519	-
	HDC I PARK 1st REIT Co., Ltd	-	864	-	-
	HDC I PARK 2nd REIT Co., Ltd	-	354	-	-
Associates	HDC RESORT Co., Ltd.	819	1	30,071	524
	Gocheok New Stay REIT Co., Ltd.	132,427	-	1,142	-
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	230	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	164	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	15,896	-	-	-
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	20	9	-	1
	HDC Polyall Co., Ltd.	1	-	-	-
	HDC I & Cons Co., Ltd.	(35,829)	269	-	90
	HDC IPARKMALL Co., Ltd.	129	64	112	6,398
	HDC Sports Co., Ltd.	-	-	23	7,458
	HDC Youngchang Co., Ltd.	-	185	17,276	-
	HDC 1 <sup>ST</sup> REIT CO., LTD.	356	-	2,092	-
	Real Estate 114 Inc.	-	-	1,280	210
	HYUNDAI-BYUCKSAN JV	-	-	29	-
	Ton-Yeong ECO Power Co., Ltd.	-	938	-	-
	HDC Shilla Duty Free Co., Ltd.	666	-	-	2
	HDC Labs Co., Ltd.	394	253	181,930	17,005
Others	BCTC	173,005	157	177	-
	Incheon Port hinterland complex Co., Ltd.	24,293	213	-	-
	Haeundae I'Park Marina.	-	116	-	-
	Seoul-Chuncheon Highway Co., Ltd.	4,890	-	-	-
	HDC Asset Management Co., Ltd.	-	-	-	18

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		2022	
		Purchase <sup>1</sup>	
		Sales	Others
		Purchase	Others
		318,061	4,021
		353,915	37,621

<sup>1</sup> During 2022, purchases from HDC IPARKMALL Co., Ltd., other related parties, are the amounts, recognized as revenues on a net basis by HDC IPARKMALL Co., Ltd., in relation to purchases amounting to ₩ 9,031 million.

Outstanding balances of receivables and payables arising from sales and purchases of goods and services as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023			
		Receivables		Payables	
		Trade receivables	Other receivables (guarantee deposits and others)	Trade payables	Other payables (withholding and others)
Parent					
Company	HDC Holdings Co., Ltd.	-	82	-	2,341
Subsidiaries	Hotel HDC Co., Ltd.	-	2,271	-	2,122
	HDC HYUNDAI PCE HDC I PARK 1st REIT Co., Ltd	-	-	321	-
	HDC I PARK 2nd REIT Co., Ltd	-	42,271	-	-
	Uripeoseutieo 1st Co.,Ltd.	-	39	-	-
		-	50	-	57,053
Associates	HDC RESORT Co., Ltd.	256	-	267	213
	Gocheok New Stay REIT Co., Ltd.	-	47,787	31,141	80,568
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	68	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	4,667	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	9,186	-	4,982	-
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	-	5	-	-
	HDC Polyall Co., Ltd.	1	-	-	-
	HDC I & Cons Co., Ltd.	2,100	47,491	-	73,129
	HDC IPARKMALL Co., Ltd.	-	33,199	424	1,183

**Hyundai Development Company**  
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(in millions of Korean won)

		<b>2023</b>			
		<b>Receivables</b>		<b>Payables</b>	
		<b>Trade receivables</b>	<b>Other receivables (guarantee deposits and others)</b>	<b>Trade payables</b>	<b>Other payables (withholding and others)</b>
	HDC Sports Co., Ltd.	-	-	-	19
	HDC Youngchang Co., Ltd.	-	4,188	-	38
	HDC 1 <sup>ST</sup> REIT CO., LTD.	-	41,684	-	-
	Real Estate 114 Inc.	-	-	-	1
	Ton-Yeong ECO Power Co., Ltd.	-	466	-	-
	HDC Shilla Duty Free Co., Ltd.	-	58	-	-
	HDC Labs Co., Ltd.	-	50	36,899	13,446
Others	BCTC	826	41	-	24,623
	Incheon Port hinterland complex Co., Ltd.	6,161	73	-	-
	Haeundae I'Park Marina. Seoul-Chuncheon Highway Co., Ltd.	-	2,532	-	-
		20,940	-	-	-
		<u>39,470</u>	<u>227,022</u>	<u>74,034</u>	<u>254,736</u>

**Hyundai Development Company**  
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(in millions of Korean won)

		2022			
		Receivables		Payables	
		Trade receivables	Other receivables (guarantee deposits and others)	Trade payables	Other payables (withholding and others)
Parent					
Company	HDC Holdings Co., Ltd.	-	125	-	1,683
Subsidiaries	Hotel HDC Co., Ltd.	-	1,255	-	4,400
	HDC HYUNDAI PCE	-	-	-	5,083
	HDC I PARK 1st REIT Co., Ltd	56	174	-	17,234
	HDC I PARK 2nd REIT Co., Ltd	-	53	-	-
Associates	HDC RESORT Co., Ltd.	-	41	266	436
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	63	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	3,442	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	6,114	-	-	-
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	-	2	-	-
	HDC I & Cons Co., Ltd.	2,100	50,801	-	60,672
	HDC IPARKMALL Co., Ltd.	-	3,164	206	1,611
	HDC Youngchang Co., Ltd.	-	4,051	320	1,333
	HDC 1 <sup>ST</sup> REIT CO., LTD.	-	40,092	-	-
	Real Estate 114 Inc. HYUNDAI-BYUCKSAN JV	-	1,517	-	317
	Ton-Yeong ECO Power Co., Ltd.	-	220	-	-
	HDC Shilla Duty Free Co., Ltd.	-	61	-	-
	HDC Labs Co., Ltd.	-	29	33,544	11,102
Others	BCTC	458	79	-	23,084
	Incheon Port hinterland complex Co., Ltd.	1,472	-	-	6,484
	Haeundae I'Park Marina. Seoul-Chuncheon Highway Co., Ltd.	-	2,526	-	-
		2,804	-	-	-
		<u>13,004</u>	<u>107,695</u>	<u>34,336</u>	<u>133,439</u>

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As at December 31, 2023 and 2022, there were no outstanding balances of bad debt expenses and provision for impairment which the Company recognized in relation to receivables from related parties.

Compensation for key management for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Short-term salaries	1,335	1,205
Post-employment benefits	179	38
	<u>1,514</u>	<u>1,243</u>

Key management refers to the directors who have significant control and responsibilities on the Company's operations and business.

As at December 31, 2023 and 2022, the Company is jointly and severally liable for the remaining payables of HDC Holdings Co., Ltd. as at the spin-off date in accordance with Paragraph 1 of Article 530-9 of the Commercial Code of Korea.

Details of payment guarantees, fund supplemental commitments and conditional debt take-over commitments, which HDC Holdings Co., Ltd. and the Company have joint and several liabilities, for PF loans of association and developer of reconstruction and redevelopment as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<b>2023</b>		<b>2022</b>	
Type		<b>Total guarantee limit</b>	<b>Outstanding balances</b>	<b>Total guarantee limit</b>	<b>Outstanding balances</b>
Securitized bonds and others of developer, other related parties, SOC company and others <sup>1</sup>	Fund supplemental commitment and conditional debt take-over commitments	24,706	2,710	24,706	2,501
		<u>24,706</u>	<u>2,710</u>	<u>24,706</u>	<u>2,501</u>

<sup>1</sup> As at December 31, 2023, the Company's share of ₩ 20,000 million (outstanding balance: ₩ - million) is included in relation to the fund supplemental commitment and conditional debt take-over commitments for SOC company jointly and severally provided by the Company and other construction entities, and the total limit of the joint and several guarantee is ₩ 30,000 million (outstanding balance: ₩ - million).

# Hyundai Development Company

## Notes to the Separate Financial Statements

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Details of fund supplemental commitments and conditional debt take-over commitments that HDC Holdings Co., Ltd., an existing company, and the Company have jointly and severally provided to finance related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023		2022		Financing periods	
Financing sources		Limit	Outstanding balance	Limit	Outstanding balance		
Others	BCTC	Korea Development Bank, etc.	20,000	-	20,000	-	Commencement of operation~ Completion date of performance of obligation
	Bukhang I'Bridge Co., Ltd <sup>1</sup>	Korea Development Bank, etc.	-	-	-	-	Commencement of operation~ Completion date of performance of obligation
			<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	

<sup>1</sup> The Company is jointly and severally liable with HDC Holdings Co., Ltd. for a fund supplemental commitment to provide a loan for any shortage if Bukhang I'Bridge Co., Ltd. is not able to pay for its financial expenses, principal and interests and others that are due with its total capital available (including reserve for repayments of preliminary liabilities and reserve for repayments in case of not resolved the obligations on reserve for repayments of preliminary liabilities and reserve for repayments) and short-term loans from the date after 10 years from the commencement date of operation in accordance with the PF agreement to the final repayment date of short-term loan. As at December 31, 2023, the obligation for the fund supplemental commitment has not been commenced.

Meanwhile, the Company and HDC Holdings Co., Ltd. have been sued as a co-defendant in a lawsuit for four legal cases (2022: two legal cases) (Amount: ₩ 2,048 million (2022: ₩ 5,372 million)), and they are in the process of litigation as at December 31, 2023 (Note 36).

# Hyundai Development Company

## Notes to the Separate Financial Statements

### December 31, 2023 and 2022

Details of fund supplemental commitments and conditional debt take-over commitments that the Company has solely provided to finance related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		Type	Financing sources	2023		2022		Financing periods
				Limit	Outstanding balance	Limit	Outstanding balance	
Other related parties	HDC 1 <sup>ST</sup> REIT CO., LTD.	Fund supplemental commitments	KBH housing 1 <sup>st</sup> Co., Ltd.	-	-	29,700	29,700	2020.06.18~2023.03.09
Others	SiheungSeou I Access Road Co., Ltd	Fund supplemental commitments	KDB Life Insurance, etc.	5,000	-	5,000	-	Commencement of operation~ 5 years after commencement of operation
	Incheon Port hinterland complex Co., Ltd.	Fund supplemental commitments	Korea Development Bank, etc.	51,980	-	51,980	-	Commencement of operation~ 1 year after completion of construction
				56,980	-	86,680	29,700	

As at December 31, 2023, the Company entered in a real estate purchase commitment in relation to borrowings of HDC I PARK 1st REIT Co., Ltd. and HDC I PARK 2nd REIT Co., Ltd., subsidiaries (2023: ₩ 322,000 million, 2022: ₩ 336,000 million).

Meanwhile, the Company has provided a housing guarantee amounting to ₩ 47,160 million (2022: ₩ 322,977 million). Also, the Company has provided a joint guarantee for the completion of work and conditional debt take-over commitment with a PF loan limit of ₩ 169,900 million (loan balance: ₩ - million) for HDC I & Cons Co., Ltd.

In addition, the Company has provided a guarantee for leasehold deposits amounting to ₩ - million (2022: ₩ 50,697 million) and a conditional debt take-over commitment for the completion of work amounting to ₩ - million (2022: ₩ 380,600 million) (outstanding balance: ₩ - million (2022: ₩ 372,000 million)) for Gocheok IPARK New Stay REIT Co., Ltd.

As at December 31, 2023 and 2022, the Company has a rental agreement for the head office and others with HDC IPARKMALL Co., Ltd., its other related party.

**Hyundai Development Company**  
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Details of trademarks license contracts with related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023		
	Name of entity	Contracts	Periods	Royalty
Parent company	HDC Holdings Co., Ltd.	Purchase a right to use CI	2023.01.01~ 2023.12.31	0.19% of quarterly sales excluding internal transactions
Other related parties	HDC I & Cons Co., Ltd.	Provide a right to use BI	2023.01.01~ 2023.12.31	0.2% of annual sales

(in millions of Korean won)

		2022		
	Name of entity	Contracts	Periods	Royalty
Parent company	HDC Holdings Co., Ltd.	Purchase a right to use CI	2022.01.01~ 2022.12.31	0.19% of quarterly sales excluding internal transactions
Other related parties	HDC I & Cons Co., Ltd.	Provide a right to use BI	2022.01.01~ 2022.12.31	0.2% of annual sales

Fund transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023					
		Loan transactions		Borrowing transactions		Investment in cash	Dividends paid
		Loans	Collections	Borrowings	Repayments		
Parent Company	HDC Holdings Co., Ltd.	-	-	-	-	-	16,420
Subsidiaries	HDC HYUNDAI PCE	-	-	-	-	19,000	-
	HDC I PARK 1st REIT Co., Ltd	40,000	-	-	-	-	-
Associate	Uripeoseutieo 1st Co.,Ltd.	-	-	57,000	-	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	1,038	-	-	-	-	-
Other related parties	HDC I & Cons Co., Ltd.	25,000	-	-	-	-	-
	HDC IPARKMALL Co., Ltd.	30,000	-	-	-	-	-
		<b>96,038</b>	<b>-</b>	<b>57,000</b>	<b>-</b>	<b>19,000</b>	<b>16,420</b>

**Hyundai Development Company**  
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(in millions of Korean won)

		<b>2022</b>			
		<b>Loan transactions</b>		<b>Investment</b>	<b>Dividends</b>
		<b>Loans</b>	<b>Collections</b>	<b>in cash</b>	<b>paid</b>
Parent					
Company	HDC Holdings Co., Ltd.	-	-	-	15,818
Subsidiary	HDC NEXT REIT Co., Ltd	-	-	300	-
Other related					
parties	HDC I & Cons Co., Ltd	15,000	-	-	-
		<u>15,000</u>	<u>-</u>	<u>300</u>	<u>15,818</u>

Before 2022, the Company established BIGAPPLE DREAM 1ST CO., LTD. and issued asset-backed securities based on the expected cash flows of its financial assets. The total amount to be issued is ₩ 160,000 million and there is no outstanding balance to be paid as at December 31, 2023. Meanwhile, the Company was excluded through liquidation during the year ended December 31, 2023. As at December 31, 2022, the Company has provided a joint surety for the fulfillment of principal and interest repayments of the asset-backed securities issued by BIGAPPLE DREAM 1ST CO., LTD.

Before 2022, the Company established Ipark Package 1st Co., Ltd., Ipark Package 2nd Co., Ltd. and PeachEcho Co. and issued asset-backed securities based on the expected cash flows of its construction receivables that the Company is currently holding or to hold in the future. Meanwhile, the Company was excluded through liquidation during the year ended December 31, 2023. There are no total amount to be issued and outstanding balance as at December 31, 2022.

As at December 31, 2023, the Company has provided its interests in SiheungSeoul Access Road Co., Ltd. (acquisition cost: ₩ 4,000 million) as collateral for borrowings for SiheungSeoul Access Road Co., Ltd. (total limit: ₩ 240,300 million) to related financial institutions, and also provided a fund supplemental commitment with a limit of ₩ 5,000 million in relation to this (Note 16).

As at December 31, 2023, the Company has provided its interests in Incheon Port hinterland complex Co., Ltd. (acquisition cost: ₩ 7,185 million) as collateral for borrowings for Incheon Port hinterland complex Co., Ltd. (total limit: ₩ 113,000 million) to related financial institutions. In connection with this, if the settlement amount due to cancellation of the concession agreement is insufficient to pay loan principal, interests and financial fees, the investors are obliged to provide the shortfall amount to the borrower jointly in proportion to its equity shareholdings between the investors (46% of the Company) (Note 16).

For the year ended December 31, 2022, the Company purchased asset-backed securities, with underlying assets of trade receivables and others of HDC IPARKMALL Co., Ltd., issued by Plantriosyria Co.,Ltd., and the Company sold ₩ 37,642 million of asset-backed securities for the year ended December 31, 2023.

## Hyundai Development Company

### Notes to the Separate Financial Statements

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Meanwhile, the Company established Uripeoseutieo 1st Co.,Ltd. for the year ended December 31, 2023 and issued asset-backed securities based on the expected cash flow of construction payment trade receivables currently or potentially held in the future. The total issuance amount is ₩ 57,000 million and the loan balance is ₩ 57,000 million as at December 31, 2023. Short-term borrowings was recognized in the statement of financial position as at December 31, 2023. The Company provides a fund supplemental commitments for the repayment of the principal of the asset-backed securities issued by Uripeoseutieo 1st Co.,Ltd. (Note 36).

As at December 31, 2023, the Company has entered into a rental housing management agreement for rental houses owned by HDC 1<sup>st</sup> REIT Co., Ltd. by October 31, 2029. In relation to this, the Company recognized right-of-use assets of ₩ 11,138 million (2022: ₩ 12,511 million) and lease liabilities of ₩ 12,745 million (2022: ₩ 12,749 million) for HDC 1<sup>st</sup> REIT Co., Ltd. For the year ended December 31, 2023, the amount of repayment of lease liabilities is ₩ 1,569 million (2022: ₩ 2,092 million) and the amount of interest expenses is ₩ 404 million (2022: ₩ 461 million). The amount of reversal of bad debt expenses on right-of-use assets is ₩ 15 million (2022: ₩ 20 million) and the carrying amount of provision for bad debt expenses is ₩ 124 million (2022: ₩ 139 million).

Meanwhile, as at December 31, 2023, the Company is provided from HDC 1<sup>st</sup> REIT Co., Ltd. with rental houses as collateral (pledged amount: ₩ 57,759 million (2022: ₩ 57,759 million)) to be insured with a guarantee insurance for refund of leasehold deposits from Korea Housing & Urban Guarantee Co., Ltd.

In addition, as at December 31, 2023, the Company has entered into a reliability lease agreement for sales and commercial facilities owned by Gocheok IPARK New Stay REIT Co., Ltd. by September 30, 2042. In relation to this, the Company recognized right-of-use assets of ₩ 47,787 million (2022: ₩ 50,336 million) and lease liabilities of ₩ 49,426 million (2022: ₩ 50,674 million) for Gocheok IPARK New Stay REIT Co., Ltd. For the year ended December 31, 2023, the amount of repayment of lease liabilities is ₩ - million (2022: ₩ 299 million) and the amount of interest expenses is ₩ 827 million (2022: ₩ 842 million). The amount of reversal of bad debt expenses on right-of-use assets is ₩ 1,443 million (2022: bad debt expenses of ₩ 2,620 million) and the carrying amount of provision for bad debt expenses is ₩ 1,177 million (2022: ₩ 2,620 million).

As at December 31, 2023, the Company entrusts properties jointly owned by the Company and HDC Labs Co., Ltd., to SHINYOUNG REAL ESTATE CO., LTD. for the borrowings of ₩ 150,000 million and, entered into a real estate security trust contract to issue a certificate of beneficiary rights amounting to ₩ 180,000 million (equivalent to 130% of loan commitment) with the Korea Investment Savings Bank and others, creditors, as beneficiaries (Note 16).

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Details of trust assets in relation to real estate security trust contract as at December 31, 2023, are as follows:

(in millions of Korean won)

		<b>2023</b>			
		<b>Ownership interest held by the trust company</b>			
		<b>Hyundai Development Company</b>	<b>HDC Labs Co., Ltd.</b>	<b>Beneficiary</b>	<b>Limited amount of revenue</b>
Buildings	160-12,15,16, Samseong-dong, Gangnam-gu, Seoul, Republic of Korea	100.00%	0.00%		
Land	160-12, Samseong-dong, Gangnam-gu, Seoul, Republic of Korea	100.00%	0.00%	Korea Investment Savings Bank and others	180,000
Land	160-15, Samseong-dong, Gangnam-gu, Seoul, Republic of Korea	89.05%	10.95%		
Land	160-16, Samseong-dong, Gangnam-gu, Seoul, Republic of Korea	89.05%	10.95%		

The Company entered into a management contract with Hotel HDC Co., Ltd. for Park Hyatt Seoul and Park Hyatt Busan, and according to the contract, it pays 104% of the operating costs incurred in hotel operation and 4% of the purchase agency amount of food and beverage costs and property equipment to Hotel HDC Co., Ltd. In addition, depending on the operating income rate based on the previous year's business location, it pays an incentive of up to 10% of operating income (loss). In case of operating loss, it receives a penalty equivalent to up to 10% of the operating loss from Hotel HDC Co., Ltd.

**Hyundai Development Company**  
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**38. Segment Information**

Management has determined the operating segments based on the internal reporting provided to and reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance. Management has determined the reporting segment by combining the operating segment that has similar economic nature.

Segment information for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Revenue	Operating income (loss)	Revenue	Operating income (loss)
General construction	600,798	(974)	375,979	(16,897)
Civil engineering	338,487	2,478	462,716	48,077
Construction of houses	2,530,991	135,288	1,994,557	21,323
Housing contract	441,221	24,682	153,348	993
	<u>3,911,497</u>	<u>161,474</u>	<u>2,986,600</u>	<u>53,496</u>
Others <sup>1</sup>	<u>251,192</u>	<u>27,855</u>	<u>296,942</u>	<u>56,543</u>
	<u>4,162,689</u>	<u>189,329</u>	<u>3,283,542</u>	<u>110,039</u>

<sup>1</sup> Others include operating segments that do not satisfy the criteria of reporting segment and developments that support the operating segments.

Details of the Company's revenue and non-current assets from external customers by geographical segments for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Revenue from external customers	Non-current assets	Revenue from external customers	Non-current assets
Korea	4,093,690	1,792,134	3,189,760	1,659,368
Vietnam	14,624	-	25,035	-
Bangladesh	1,882	-	17,867	4
India	48,691	2,446	33,919	2,140
Ethiopia	3,802	586	16,961	968
	<u>4,162,689</u>	<u>1,795,166</u>	<u>3,283,542</u>	<u>1,662,480</u>

Revenues of approximately ₩ 551,823 million, over 10% of the Company's revenue for the year ended December 31, 2023, are derived from a single external customer. These revenues are attributed to construction of houses segment, and there is no external customer who contributes more than 10% of the Company's revenue for the years ended December 31, 2023 and 2022.

**Hyundai Development Company**  
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**39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date**

Contracts that include performance obligations using input method for construction services for measuring the progress towards completion (percentage-of-completion method) and whose transaction price is more than 5% of previous revenue for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023						
	Contract date	Contractual completion date	Percentage of completion	Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Suwon Paldal District 10 Redevelopment	2016-12-01	2023-07-28	100.00%	-	-	-	-
Susaek District 13 Redevelopment Promotion Redevelopment	2018-02-02	2023-07-28	100.00%	-	-	5,608	(1)
Anyang Imgok 3 District	2016-12-28	2023-09-05	100.00%	-	-	-	-
Gaepo District 1 Redevelopment	2017-08-31	2023-11-29	100.00%	41,196	(2)	336,838	(12)
Wonpyeong District 1 complex Housing Redevelopment	2018-09-17	2023-11-28	100.00%	-	-	-	-
Busan Geoje District 2 Redevelopment	2016-02-18	2023-11-29	100.00%	-	-	-	-
Asan~ Cheonan 32 <sup>nd</sup> Expressway (Section 5)	2015-12-30	2023-12-15	100.00%	-	-	-	-
Masan Maritime New city	2010-06-14	2024-10-13	89.74%	12,716	(74)	-	-
Gwangju Hwajeong-dong Apartent&Stores	2019-04-29	2027-10-31	20.92%	-	-	-	-
Dunchon Jugong Apartment Housing Redevelopment	2016-10-01	2024-12-31	62.10%	292,674	(11)	-	-
Seoul Forest 1st IPARK Riverfore	2019-10-11	2024-05-31	60.11%	16,178	-	-	-
Gunsan Jigok IPARK new construction	2020-10-28	2024-01-31	93.50%	55,994	-	-	-
Goduk Gangil Complex new construction	2019-11-05	2024-09-30	67.77%	4,209	-	-	-
Gyeongsan Amnyang-eup multi-unit housing new	2020-12-10	2024-04-15	74.42%	44,345	-	-	-

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	Contract date	Contractual completion date	Percentage of completion	2023			
				Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
construction							
Uiwang Chopyeong Knowledge Industry Center new construction	2021-06-24	2024-05-30	56.02%	-	-	-	-
Hongseon District 13 complex Housing Redevelopment	2020-04-23	2024-09-30	46.08%	82,054	(3)	-	-
Pyeongtaek Goduk 2nd IPARK new construction	2020-11-24	2025-01-30	32.59%	13,477	-	-	-
Cheongna District Officetel new construction	2021-06-15	2025-07-31	37.84%	-	-	11,958	-
Pohang IPARK new construction	2021-02-22	2024-06-30	61.45%	-	-	18,737	-
Imun District 3 Redevelopment Promotion Redevelopment	2018-05-15	2025-07-25	30.84%	72,951	(2)	-	-
Jamsil Jinju Apartment Redevelopment	2018-08-31	2025-06-30	37.13%	121,875	(4)	-	-
Daejeon Tanbang District 1 (Sungeorisaem) Housing Redevelopment	2019-01-31	2025-06-20	36.74%	8,880	-	-	-
Gwangmyeong District 4R complex Housing Redevelopment	2019-09-25	2025-10-31	30.22%	-	-	-	-
Gyeongsan 2nd IPARK	2021-07-02	2025-12-30	8.24%	14,566	-	-	-
Eumseong Bonseong District apartment new construction	2021-09-15	2025-10-31	26.96%	28,942	-	-	-
Busan Daeyeon District 3 complex Housing Redevelopment	2018-09-28	2027-02-26	5.19%	-	-	-	-
Chuncheon Samcheon-dong IPARK	2021-04-29	2026-07-31	4.89%	-	-	-	-
Gangneung Gyeonso-dong IPARK	2023-06-16	2026-08-03	3.05%	-	-	-	-

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	Contract date	Contractual completion date	Percentage of completion	2023			
				Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
2nd Gunsan Lake Park	2022-07-21	2026-11-30	2.06%	3,882	-	-	-
Indeogwon~ Dongtan double track railway Section 12	2023-12-22	2028-11-24	0.00%	-	-	14,720	(85)
Sinwol2 Housing Re-architecture Association corp.	2022-05-04	2026-09-05	3.97%	18,870	(1)	-	-
Citi O Ciel 3 Complex new construction	2021-02-01	2024-12-31	57.41%	-	-	22,331	-
India Mumbai beach road Section 2 construction	2018-11-26	2024-05-31	73.19%	25,398	(147)	5,197	(30)
				<b>858,207</b>	<b>(244)</b>	<b>415,389</b>	<b>(128)</b>

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(in millions of  
Korean won)

	2022						
	Contract date	Contractual completion date	Percentage of completion	Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Suwon Yeongtong 2nd IPARK CASTLE (District 5)	2017-10-01	2022-12-29	100.00%	-	-	67,599	(75)
Masan Maritime New city	2010-06-14	2024-10-13	88.00%	10,719	(62)	-	-
Anyang Imgok 3 District	2016-12-28	2023-08-31	95.99%	2,906	-	-	-
Gwangju Hwajeong-dong Apartment&Stores	2019-04-29	2027-10-31	22.61%	-	-	-	-
Dunchon Jugong Apartment Housing Redevelopment	2016-10-01	2025-01-14	36.29%	396,265	-	-	-
Gaepo District 1 Redevelopment	2017-08-31	2023-11-02	52.46%	11,412	-	-	-
Suwon Paldal District 10 Redevelopment	2016-12-01	2023-07-18	74.68%	-	-	-	-
Susaek District 13 Redevelopment Promotion Redevelopment	2018-02-02	2023-09-30	68.32%	36,973	-	-	-
Wonpyeong District 1 complex Housing Redevelopment	2018-09-17	2023-11-30	59.02%	35,739	-	-	-
Busan Geoje District 2 Redevelopment	2016-02-18	2023-11-30	59.49%	-	-	43	-
Seoul Forest 2nd IPARK	2019-10-11	2024-04-30	28.25%	-	-	34,189	(38)
Gunsan Jigok IPARK new construction	2020-10-28	2023-12-31	45.69%	996	(1)	-	-
Goduk Gangil Complex new construction	2019-11-05	2024-09-17	32.16%	67,467	-	-	-
Gyeongsan Amnyang-eup multi-unit housing new construction	2020-12-10	2024-04-30	29.09%	6,900	(8)	-	-
Uiwang Chopyeong Knowledge Industry Center new construction	2021-06-24	2024-02-28	16.83%	-	-	-	-
Hongseun District 13 complex Housing Redevelopment	2020-04-23	2024-09-30	24.34%	48,966	-	-	-

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(in millions of  
Korean won)

	Contract date	Contractual completion date	Percentage of completion	2022			
				Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Pyeongtaek Goduk 2nd IPARK new construction	2020-11-24	2024-12-31	12.84%	7,684	-	-	-
Cheongna District Officetel new construction	2021-06-15	2025-06-26	17.32%	3,205	-	-	-
Pohang IPARK new construction	2021-02-22	2024-06-30	23.78%	4,332	(5)	-	-
Imun District 3 Redevelopment Promotion	2018-05-15	2025-07-25	10.82%	35,340	-	-	-
Jamsil Jinju Apartment Redevelopment	2018-08-31	2025-06-30	11.69%	38,371	-	-	-
Daejeon Tanbang District 1 (Sungeorisaem) Housing Redevelopment	2019-01-31	2024-12-09	11.74%	28,814	-	-	-
Gwangmyeong District 4R complex Housing Redevelopment	2019-09-25	2025-01-31	9.89%	-	-	-	-
Gyeongsan 2nd IPARK new construction	2021-07-02	2024-12-31	4.70%	8,308	(9)	-	-
Eumseong Bonseong District apartment new construction	2021-09-15	2025-02-28	2.02%	3,527	(4)	-	-
Citi O Ciel 3 Complex new construction	2021-02-01	2024-12-31	29.53%	-	-	21,000	(23)
				<u>747,924</u>	<u>(89)</u>	<u>122,831</u>	<u>(136)</u>

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Details of contract in progress that uses percentage-of-completion measured by reference to input method for construction services for each operating segment as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023						
	Provisions for expected losses	Changes in construction profit or loss		Changes in estimated total contract costs		Due from customers	
		Changes in accounting estimate	Error correction	Changes in accounting estimate	Error correction	Gross amount	Provision for impairment
Construction of houses	77,576	(15,887)	-	131,669	-	846,946	(24)
General construction	7,713	(23,343)	-	91,774	-	52,390	-
Civil engineering	30,501	(16,061)	-	158,511	-	75,421	(437)
Housing contract	-	(3,455)	-	5,626	-	7,998	-
	<b>115,790</b>	<b>(58,746)</b>	<b>-</b>	<b>387,580</b>	<b>-</b>	<b>982,755</b>	<b>(461)</b>

<i>(in millions of Korean won)</i>	2022						
	Provisions for expected losses	Changes in construction profit or loss		Changes in estimated total contract costs		Due from customers	
		Changes in accounting estimate	Error correction	Changes in accounting estimate	Error correction	Gross amount	Provision for impairment
Construction of houses	70,535	(41,901)	-	360,855	-	720,561	(57)
General construction	11,391	2,493	-	179,544	-	107,039	-
Civil engineering	16,451	(19,735)	-	125,605	-	82,118	(469)
Housing contract	-	(1,827)	-	4,828	-	1,200	-
	<b>98,377</b>	<b>(60,970)</b>	<b>-</b>	<b>670,832</b>	<b>-</b>	<b>910,918</b>	<b>(526)</b>

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Due to the factors causing the rise in costs in 2023 and 2022, the estimated total revenue and estimated total costs for contracts in progress have changed. Details of changes in estimated total contract costs, profits or loss for the year and the succeeding year, and the impact on due from customers for contract work are as follows:

*(in millions of  
Korean won)*

	<b>2023</b>				
	<b>Changes in estimated total contract revenue</b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit (loss) for the year</b>	<b>Impact on profit (loss) for the succeeding year</b>	<b>Changes in unbilled amount</b>
Construction of houses	102,094	131,669	(15,887)	(13,688)	(15,887)
General construction	89,402	91,774	(23,343)	20,971	(23,343)
Civil engineering	158,256	158,511	(16,061)	15,806	(16,061)
Housing contract	-	5,626	(3,455)	(2,171)	(3,455)
	<u>349,752</u>	<u>387,580</u>	<u>(58,746)</u>	<u>20,918</u>	<u>(58,746)</u>

*(in millions of  
Korean won)*

	<b>2022</b>				
	<b>Changes in estimated total contract revenue</b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit (loss) for the year</b>	<b>Impact on profit (loss) for the succeeding year</b>	<b>Changes in unbilled amount</b>
Construction of houses	337,574	360,855	(41,901)	18,620	(41,901)
General construction	75,638	179,544	2,493	(106,399)	2,493
Civil engineering	120,853	125,605	(19,735)	14,983	(19,735)
Housing contract	-	4,828	(1,827)	(3,001)	(1,827)
	<u>534,065</u>	<u>670,832</u>	<u>(60,970)</u>	<u>(75,797)</u>	<u>(60,970)</u>



## Independent Auditor's Report on Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
Hyundai Development Company

### **Opinion on Internal Control over Financial Reporting**

We have audited Hyundai Development Company's (the Company) Internal Control over Financial Reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2023, and the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements including a summary of significant accounting policies, and our report dated March 13, 2024 expressed an unqualified opinion.

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

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of internal control over financial reporting and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing internal control over financial reporting.

### **Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting**

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

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

### **Definition and Inherent Limitations of Internal Control over Financial Reporting**

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Dae-Hyun Jou, Certified Public Accountant.

Seoul, Korea  
March 13, 2024

<p>This report is effective as at March 13, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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## **Management's Report on the Effectiveness of Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of  
Hyundai Development Company

We, as the President and the Internal Control over Financial Reporting Officer of Hyundai Development Company (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for the year ended December 31, 2023.

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

Based on the assessment results, we believe that the Company's ICFR, as at December 31, 2023, is designed and operated effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

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

February 26, 2024

Hoi-Yen Kim, Internal Control over Financial Reporting Officer

Ik-Hoon Choi, Chief Executive Officer