

Hyundai Development Company

**Separate Financial Statements
December 31, 2024 and 2023**

Hyundai Development Company
Index
December 31, 2024 and 2023

	Page(s)
Independent Auditor’s Report	1 - 5
Separate Financial Statements	6
Separate Statements of Financial Position	7
Separate Statements of Income	8
Separate Statements of Comprehensive Income	9
Separate Statements of Changes in Equity	10
Separate Statements of Cash Flows	11
Notes to the Separate Financial Statements	12 - 151
Independent Auditor’s Report on Internal Control over Financial Reporting	152 - 153
Management’s Report on the Effectiveness of Internal Control over Financial Reporting	154

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
HDC Hyundai Development Company

Opinion

We have audited the accompanying separate financial statements of Hyundai Development Company (the Company), which comprise the separate statement of financial position as at December 31, 2024, the separate statement of income, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year 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 financial position of Hyundai Development Company as at December 31, 2024 and its financial performance and its cash flow for the year 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, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 17, 2025, expressed an unqualified opinion.

Basis for Opinion

We conducted our audit 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.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 4 to the separate financial statements.

As explained in Note 4 to the separate financial statements, as of December 31, 2024, administrative 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 of December 31, 2024, the Company recognized provision for construction losses of ₩ 55,860 million and other provisions of ₩ 5,213 million and is responding to related administrative measure procedures.

In the event of the suspension of a business operation or decline in credit ratings, the Company will have difficulty in maintaining certain borrowings and obtaining new loans. (Note 19). In addition, administrative measures may negatively affect 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.

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 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 until 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 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 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 about any variations in project scope which affected total contract revenue and determined whether contracts have been modified.
- 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 the input method was 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.
- 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.

Other Matters

The accompanying separate financial statements as of and for the years ended December 31, 2024 and 2023, 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.

The accompanying separate financial statements of the Company as of and for the year ended December 31, 2023, presented for comparative purposes, were audited by Samil PwC in accordance with K-IFRS and their report dated March 13, 2024, expressed an unqualified opinion on those statements.

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 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 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 Dong-Chun Yoon.

BDO Sunghyun LLC

BDO Sunghyun LLC
Seoul, Korea
March 17, 2025

This report is effective as of 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 7th period

From January 1st, 2024 to December 31st, 2024

The 6th period

From January 1st, 2023 to December 31st, 2023

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

CEO Ik-Hoon Choi, Hoi-Yen Kim and Tae-Jea Cho of Hyundai Development Company

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Hyundai Development Company
Separate Statements of Financial Position
December 31, 2024 and 2023

<i>(in thousands of Korean won and in thousands of US dollars) (Note 3)</i>	Notes	2024		2023					
Assets									
Current assets									
Cash and cash equivalents	5,7,8	₩	786,224,326	\$	534,846	₩	546,834,819	\$	371,996
Short-term financial instruments	5,7,8,16,37		170,746,280		116,154		119,484,050		81,282
Short-term investment securities	5,7,11		794,805		541		1,144,725		779
Trade receivables	5,7,9,37,39		791,821,409		538,654		661,957,302		450,311
Due from customers	5,26,37,39		760,905,003		517,622		982,293,722		668,227
Other receivables	5,7,9,36,37		493,392,156		335,641		646,013,317		439,465
Advance payments			194,951,872		132,620		216,909,096		147,557
Prepaid expenses	26		262,697,426		178,706		292,918,335		199,264
Inventories	10,16		1,848,849,838		1,257,721		1,500,449,696		1,020,714
Other current assets	5,6,7,36		4,085,665		2,779		3,620,493		2,463
			<u>5,314,468,780</u>		<u>3,615,285</u>		<u>4,971,625,555</u>		<u>3,382,058</u>
Non-current assets									
Long-term financial instruments	5,7,8		29,910,000		20,347		-		-
Long-term investment securities	5,6,7,11,16		118,937,647		80,910		115,090,725		78,293
Investments in subsidiaries and associates	12		305,308,874		207,693		300,558,874		204,462
Other receivables	5,7,8,9,36,37		680,983,559		463,254		674,812,368		459,056
Property, plant and equipment, net	13,16		359,468,689		244,537		384,829,896		261,789
Intangible assets, net	14		11,316,487		7,698		11,055,117		7,520
Right-of-use assets, net	17,37		70,258,376		47,795		81,743,229		55,608
Investment property, net	15,16		58,156,756		39,562		19,324,394		13,146
Deferred tax assets	33		181,257,071		123,304		192,803,095		131,159
Other non-current assets	5,6,7,36		-		-		1,615,492		1,099
Other investments	21		3,350,088		2,279		13,332,287		9,070
			<u>1,818,947,547</u>		<u>1,237,379</u>		<u>1,795,165,477</u>		<u>1,221,201</u>
Total assets		₩	<u>7,133,416,327</u>	\$	<u>4,852,664</u>	₩	<u>6,766,791,032</u>	\$	<u>4,603,259</u>
Liabilities									
Current liabilities									
Trade payables	5,7,37	₩	218,803,664	\$	148,846	₩	234,357,050	\$	159,427
Short-term borrowings	5,7,19		935,359,000		636,299		814,700,000		554,218
Other payables	5,7,18,37		310,412,720		211,165		329,681,185		224,273
Advances from customers			18,083,191		12,301		23,923,521		16,275
Due to customers	26		660,166,967		449,093		437,519,903		297,633
Withholdings			135,179,946		91,959		120,138,780		81,727
Current income tax liabilities			26,030,940		17,708		40,482,671		27,539
Current portion of long-term liabilities	5,7,19		428,808,064		291,706		462,390,161		314,551
Current portion of provisions	20,36,37		352,462,364		239,770		336,592,279		228,974
Other current liabilities	5,6,7,17,18,36,37		23,728,635		16,142		27,379,402		18,625
			<u>3,109,035,491</u>		<u>2,114,990</u>		<u>2,827,164,952</u>		<u>1,923,241</u>
Non-current liabilities									
Debentures	5,7,19		199,529,588		135,734		249,359,062		169,632
Long-term borrowings	5,7,19		332,304,707		226,058		245,826,484		167,229
Provisions	20		215,588,863		146,659		275,726,453		187,569
Other payables	5,7,18,37		31,245,539		21,255		19,133,664		13,016
Other non-current liabilities	5,6,7,17,18,37		55,881,149		38,014		67,807,043		46,127
			<u>834,549,846</u>		<u>567,721</u>		<u>857,852,706</u>		<u>583,573</u>
Total liabilities			<u>3,943,585,337</u>		<u>2,682,711</u>		<u>3,685,017,658</u>		<u>2,506,815</u>
Equity									
Issued capital	1,22		329,536,650		224,175		329,536,650		224,175
Share premium	22		1,601,144,279		1,089,214		1,601,144,279		1,089,214
Retained earnings	23		1,279,395,507		870,337		1,173,312,825		798,172
Accumulated other comprehensive income	24		495,573		337		(1,479,361)		(1,006)
Treasury shares	25		(20,741,019)		(14,110)		(20,741,019)		(14,110)
Total equity			<u>3,189,830,990</u>		<u>2,169,953</u>		<u>3,081,773,374</u>		<u>2,096,444</u>
Total liabilities and equity		₩	<u>7,133,416,327</u>	\$	<u>4,852,664</u>	₩	<u>6,766,791,032</u>	\$	<u>4,603,259</u>

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 Statements of Income
Years Ended December 31, 2024 and 2023

<i>(in thousands of Korean won and in thousands of US dollars, except per share amounts) (Note 3)</i>	Notes	2024		2023	
Revenue	26,37,38				
Construction		₩ 3,675,890,769	\$ 2,500,606	₩ 3,470,276,344	\$ 2,360,732
Housing		400,848,108	272,686	441,220,727	300,150
Others		134,633,995	91,588	251,191,540	170,879
		<u>4,211,372,872</u>	<u>2,864,880</u>	<u>4,162,688,611</u>	<u>2,831,761</u>
Cost of sales	27,37				
Construction		(3,387,950,671)	(2,304,728)	(3,208,036,340)	(2,182,338)
Housing		(303,211,300)	(206,266)	(382,787,788)	(260,400)
Others		(138,269,069)	(94,061)	(216,909,277)	(147,557)
		<u>(3,829,431,040)</u>	<u>(2,605,055)</u>	<u>(3,807,733,405)</u>	<u>(2,590,295)</u>
Gross profit		381,941,832	259,824	354,955,206	241,466
Selling and administrative expenses	27,28,37	(192,436,067)	(130,909)	(166,081,152)	(112,980)
Bad debt (expenses) reversal	7,27	(4,811,105)	(3,273)	454,910	309
Operating income		184,694,660	125,643	189,328,964	128,795
Non-operating income	7,29,36,37	28,726,925	19,542	24,872,952	16,920
Non-operating expenses	7,30,36,37	(32,077,925)	(21,822)	(32,396,858)	(22,039)
Interest income	7,37	81,787,458	55,638	95,273,046	64,812
Interest expenses	7	(55,384,993)	(37,677)	(45,419,613)	(30,898)
Finance income	7,31	2,876,312	1,957	2,227,927	1,516
Finance costs	7,32	(8,336,147)	(5,671)	(1,046,459)	(712)
Net income before income taxes		202,286,290	137,610	232,839,959	158,395
Income tax expense	33	(43,508,375)	(29,598)	(60,833,473)	(41,383)
Net income		<u>₩ 158,777,915</u>	<u>\$ 108,012</u>	<u>₩ 172,006,486</u>	<u>\$ 117,011</u>
Earnings per share attributable to the equity holders of the Company during the year					
Basic earnings per share in won and us dollars	34	₩ 2,474	\$ 1.68	₩ 2,662	\$ 1.81
Diluted earnings per share in won and us dollars	34	₩ 2,474	\$ 1.68	₩ 2,662	\$ 1.81

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, 2024 and 2023

<i>(in thousands of Korean won and in thousands of US dollars) (Note 3)</i>	Note	2024		2023	
Net income for the year		₩ 158,777,915	\$ 108,012	₩ 172,006,485	\$ 117,011
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of net defined benefit liability	21	(10,259,503)	(6,979)	(13,316,767)	(9,059)
Gain on valuation of financial assets at fair value through other comprehensive income		-	-	-	-
Income tax relating to items that will not be reclassified		2,482,800	1,689	3,222,658	2,192
Items that may be subsequently reclassified to profit or loss					
Exchange differences		1,974,935	1,343	4,063,102	2,764
		<u>(5,801,768)</u>	<u>(3,947)</u>	<u>(6,031,007)</u>	<u>(4,103)</u>
Total comprehensive income for the year		<u>₩ 152,976,147</u>	<u>\$ 104,065</u>	<u>₩ 165,975,478</u>	<u>\$ 112,908</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, 2024 and 2023

		<i>(in thousands of Korean won and in thousands of US dollars) (Note 3)</i>							
	Note	Share Capital	Share Premium	Retained Earnings	Accumulated Other Comprehensive Income	Other Components of Equity		Total	
Balance at January 1, 2023		₩ 329,536,650	₩ 1,601,144,279	₩ 1,050,939,167	₩ (5,542,464)	₩ (715,897)	₩ 2,975,361,735	\$	2,024,056
Net income for the year		-	-	172,006,485	-	-	172,006,485		117,011
Exchange differences		-	-	-	4,063,102	-	4,063,102		2,764
Remeasurements of net defined benefit liability		-	-	(10,094,110)	-	-	(10,094,110)		(6,867)
Total comprehensive income for the year		-	-	161,912,375	4,063,102	-	165,975,477		112,908
Transactions with owners									
Dividends paid		-	-	(39,538,716)	-	-	(39,538,716)		(26,897)
Purchase of treasury shares		-	-	-	-	(20,025,122)	(20,025,122)		(13,623)
Balance at December 31, 2023		₩ 329,536,650	₩ 1,601,144,279	₩ 1,173,312,826	₩ (1,479,362)	₩ (20,741,019)	₩ 3,081,773,374	\$	2,096,444
Balance at January 1, 2024		₩ 329,536,650	₩ 1,601,144,279	₩ 1,173,312,826	₩ (1,479,362)	₩ (20,741,019)	₩ 3,081,773,374	\$	2,096,444
Net income for the year		-	-	158,777,915	-	-	158,777,915		108,012
Exchange differences		-	-	-	1,974,935	-	1,974,935		1,343
Remeasurements of net defined benefit liability	23	-	-	(7,776,704)	-	-	(7,776,704)		(5,290)
Total comprehensive income for the year		-	-	151,001,211	1,974,935	-	152,976,146		104,065
Transactions with owners									
Dividends paid	23	-	-	(44,918,531)	-	-	(44,918,531)		(30,557)
Purchase of treasury shares		-	-	-	-	-	-		-
Balance at December 31, 2024		₩ 329,536,650	₩ 1,601,144,279	₩ 1,279,395,506	₩ 495,573	₩ (20,741,019)	₩ 3,189,830,989	\$	2,169,953

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, 2024 and 2023

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

	Notes	2024		2023	
Cash flows from (used in) operating activities					
Cash generated from (used in) operations	35	₩ 391,037,918	\$ 266,012	₩ 657,444,500	\$ 447,241
Interest received		56,121,568	38,178	77,954,293	53,030
Interest paid		(108,221,481)	(73,620)	(74,760,654)	(50,858)
Dividends received		334,819	228	299,298	204
Income taxes paid		(43,931,282)	(29,885)	(74,799,404)	(50,884)
Net cash inflow (outflow) from operating activities		295,341,542	200,913	586,138,033	398,733
Cash flows from (used in) investing activities					
Proceeds from sale of short-term financial instruments		314,396,521	213,875	1,065,371,309	724,742
Collection of short-term loans		30,000,000	20,408	-	-
Proceeds from sale of short-term investment securities	11	1,105,400	752	632,646	430
Proceeds from sale of investments in associates		295,300	201	-	-
Proceeds from sale of long-term investment securities		32,782	22	-	-
Collection of long-term loans		1,114,000	758	-	-
Proceeds from sale of long-term financial instruments		-	-	-	-
Proceeds from sale of property, plant and equipment		61,086	42	46,688	32
Proceeds from sale of investment property		-	-	2,047,342	1,393
Decrease in other assets		-	-	240,000	163
Payments for acquisition of short-term financial instruments		(365,672,412)	(248,757)	(1,064,128,822)	(723,897)
Payments for acquisition of short-term investment securities		(155)	(0)	-	-
Increase in short-term loans		(3,200,000)	(2,177)	(30,000,000)	(20,408)
Increase in long-term loans		(5,230,000)	(3,558)	(5,350,000)	(3,639)
Payments for acquisition of long-term financial instruments		(30,000,000)	(20,408)	-	-
Payments for acquisition of long-term investments securities	11	(2,668,840)	(1,816)	(13,665,194)	(9,296)
Payments for acquisition of investments in associates and subsidiaries		(5,050,000)	(3,435)	(27,124,974)	(18,452)
Payments for acquisition of property, plant and equipment	13	(5,893,960)	(4,009)	(32,424,270)	(22,057)
Payments for acquisition of intangible assets		(2,965,438)	(2,017)	(1,218,875)	(829)
Payments for acquisition of investment property		(4,042,839)	(2,750)	-	-
Payments for acquisition of construction-in-progress		(25,623,960)	(17,431)	-	-
Decrease in other liabilities		-	-	-	-
Net cash inflow (outflow) from investing activities		(103,342,515)	(70,301)	(105,574,150)	(71,819)
Cash flows from (used in) financing activities					
Proceeds from short-term borrowings	35	1,427,659,000	971,197	221,000,000	150,340
Proceeds from long-term borrowings	35	580,000,000	394,558	467,500,000	318,027
Repayments of short-term borrowings	35	(1,307,000,000)	(889,116)	(574,200,000)	(390,612)
Repayments of current portion of long-term borrowings	35	(392,433,659)	(266,962)	(504,711,905)	(343,341)
Repayments of debentures	35	(70,000,000)	(47,619)	-	-
Repayments of long-term borrowings	35	(114,997,325)	(78,229)	-	-
Purchase of treasury shares		-	-	(20,025,122)	(13,623)
Dividends paid	23	(44,918,531)	(30,557)	(39,538,716)	(26,897)
Repayments of lease liabilities	35	(33,228,585)	(22,604)	(30,893,500)	(21,016)
Net cash inflow (outflow) from financing activities		45,080,900	30,667	(480,869,243)	(327,122)
Net increase (decrease) in cash and cash equivalents		237,079,927	161,279	(305,360)	(208)
Cash and cash equivalents at beginning of year		546,834,819	371,996	545,845,783	371,324
Effects of exchange rate changes on cash and cash equivalents		2,309,580	1,571	1,294,396	881
Cash and cash equivalents at end of year		₩ 786,224,326	\$ 534,846	₩ 546,834,819	\$ 371,996

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, 2024 and 2023

1. General Information

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 (KOSPI) on June 12, 2018. The Company's registered Korean name is translated literally into English as HDC Hyundai Industrial Development Co., Ltd. However, the Company uses Hyundai Development Company as its English name. 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 amounted to ₩ 219,691 million, and after capital increase, the Company's issued capital amounted to ₩ 329,537 million as at December 31, 2024. The Company is a subsidiary of HDC Holdings Co., Ltd., who owns 42.65% of the voting rights of the Company as of December 31, 2024.

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, 2024 and 2023

2. Material Accounting Policies, Continued

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, 2024.

(a) Korean IFRS 1001, Presentation of Financial Statements (Revised in 2023) - Non-current Liabilities with Commitments

The amendments provide that only certain terms of a borrowing agreement that must be complied with prior to the end of the reporting period (hereinafter referred to as "commitments") affect an entity's right to defer payment of a debt for more than 12 months after the reporting period. Even if compliance with a commitment is assessed only after the reporting period, such a commitment affects whether the right exists at the end of the reporting period.

In addition, it provides that a commitment that must be complied with only after the reporting period does not affect the right to defer payment. However, if an entity's right to defer payment of a debt depends on a commitment that must be complied with within 12 months after the reporting period, information is disclosed so that users of the financial statements can understand the risk that the debt may be repaid within 12 months after the reporting period. This information includes information about the commitment (including the nature of the commitment and the timing by which the entity must comply with the commitment), the carrying amount of the related liability, and facts and circumstances that indicate that compliance with the commitment may be difficult. The amendments to this standard have no significant impact on the financial statements.

(b) Korean IFRS 1007, Statement of Cash Flows and Corporate Accounting Standards No. 1107, Disclosure of Financial Instruments (Amendment) - Supplier Finance Arrangements

The amendments add to the disclosure purpose of Corporate Accounting Standards No. 1007, Statement of Cash Flows, that information on supplier finance arrangements should be disclosed so that financial statement users can evaluate the impact of supplier finance arrangements on the entity's liabilities and cash flows. In addition, the amendments to Corporate Accounting Standards No. 1107, Disclosure of Financial Instruments, add supplier finance arrangements as an example of the requirement to disclose information related to exposure to liquidity risk concentration.

The term 'supply finance arrangement' is not defined. Instead, the amendments provide the characteristics of the arrangements for which information must be provided.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

To achieve the disclosure purpose, the following information on supplier finance arrangements should be disclosed in an integrated manner:

- Terms of the arrangement

- The carrying amount of the financial liability corresponding to the supplier financing arrangement and the items presented in the financial statements related to that financial liability

- The carrying amount corresponding to the portion of the financial liability corresponding to the supplier financing arrangement for which the supplier has already received payment from the financial provider and the items presented in the financial statements related to that financial liability

- The payment period range of the financial liability corresponding to the supplier financing arrangement and the payment period range of the comparable trade payables that are not corresponding to the supplier financing arrangement

- The type and effect of non-cash changes in the carrying amount of the financial liability corresponding to the supplier financing arrangement

- Liquidity risk information

The amendment to the relevant standard has no significant impact on the financial statements.

(c) Korean IFRS 1116, "Leases" (Revised) - Lease Liabilities Arising from Sale and Leaseback

The revisions add subsequent measurement requirements for sale and leasebacks that are accounted for as sales by applying Korean Accounting Standards No. 1115, "Revenue Arising from Contracts with Customers." The revisions require the seller-lessee to calculate "lease payments" or "modified lease payments" in a manner that does not recognize any gain or loss for the right of use that the seller-lessee continues to retain after the lease commencement date. The revisions to the standards do not have a significant impact on the financial statements.

(d) Korean IFRS 1001, 'Presentation of Financial Statements' (Revised in 2023) - Disclosure of Virtual Assets

These amendments, in addition to the disclosure requirements required by other standards for virtual asset transactions, specify the matters to be disclosed in each case: 1) when holding virtual assets, 2) when holding virtual assets on behalf of customers, and 3) when issuing virtual assets.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

When holding virtual assets, information on general information about the virtual assets, accounting policies applied, acquisition path and acquisition cost for each virtual asset, and fair value at the end of the current period must be disclosed. In addition, when issuing virtual assets, the company's obligations and performance status related to the issued virtual assets, the timing and amount of revenue recognition for sold virtual assets, the number of virtual assets held after issuance, and important contract details must be disclosed. The revision of the relevant standards does not have a significant impact on financial statements.

(e) Korean IFRS 1012, 'Corporate Tax' - 'International Tax Reform - Pillar 2 Best Practices'

The revised standards temporarily ease the accounting treatment of deferred corporate taxes resulting from the implementation of laws reflecting Pillar 2 Best Practices for reforming international taxation for multinational corporations and require disclosure of the current corporate tax effects, etc. related to this. The enactment of the relevant standards does not have a significant impact on financial statements.

The global minimum tax is a system in which multinational corporations with consolidated financial statement sales of 750 million euros or more for two or more of the preceding four fiscal years pay an equivalent amount to the tax authority of the country where the parent company that satisfies certain requirements is located if the effective tax rate in the country where the parent company is located falls below 15%. The Republic of Korea, where our company is located, enacted a tax law related to the global minimum tax in 2023, and the global minimum tax must be applied from fiscal years beginning on or after January 1, 2024. We do not recognize deferred tax assets and liabilities related to the global minimum tax and do not disclose information related to deferred tax by applying the temporary exception provisions for the recognition and disclosure of deferred tax assets and liabilities for the global minimum tax. Meanwhile, considering the introduction of the global minimum tax regulation, we conducted a pre-impact analysis of the global minimum tax and determined that constituent companies where multinational companies have advanced into the country are not receiving corporate tax deductions and reductions and that the global minimum tax is not significant when considering the allocation of target taxes for permanent establishments.

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, 2024 reporting periods and have not been early adopted by the Company.

(a) Amendment to Korean IFRS 1021, "Effects of Exchange Rate Fluctuations" and Korean IFRS 1101, "First-time Adoption of Korean International Financial Reporting Standards" - Lack of Exchangeability

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

The exchangeability of currencies is assessed, and if they are not exchangeable with other currencies, the spot exchange rate is estimated and related information is disclosed. The amendments will be applied to fiscal years beginning on or after January 1, 2025, with early application permitted. The company is reviewing the impact of the amendments on its financial statements.

(b) Amendment to Korean IFRS 1109, "Financial Instruments" and 1107, "Financial Instruments: Disclosure"

The amendments will be applied to fiscal years beginning on or after January 1, 2026, with early application permitted. The main amendments are as follows:

- Allow financial liabilities to be considered settled (derecognized) through electronic payment systems prior to the settlement date if certain criteria are met

- Clarify and add additional guidance for assessing whether financial assets meet the criteria for principal and interest payments only
- Disclosure of the impact on the company of contractual terms that change the timing or amount of cash flows under the contract and the extent to which the company is exposed to them for each type of financial instrument
- Additional disclosure for FVOCI-designated equity instruments

The company is reviewing the impact of the amendments on its financial statements.

(c) Annual Improvements to Korean International Financial Reporting Standards Volume 11

Annual Improvements to Korean International Financial Reporting Standards Volume 11 will be effective for accounting periods beginning on or after January 1, 2026, with early adoption permitted. The company does not expect the amendments to have a significant impact on its 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, 2024 and 2023

2. Material Accounting Policies, Continued

(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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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.

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:

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

- 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-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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

(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.

(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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 by 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:

	Useful life
Buildings	40 - 50 years
Structures	40 years
Machinery and equipment	4 - 8 years
Others	4 - 5 years

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 from 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 be reversed 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 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 depends 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 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 the 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, 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 the contract with customers, the Company has the right to receive fixed amount based on the contract payment schedule during the 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

- Payments of penalties for terminating the lease, if the lease term reflects the Company (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 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

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

2. Material Accounting Policies, Continued

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 2024 were approved for issue by the Board of Directors on February 25, 2025 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: ₩ 1,470.00, the exchange rate in effect on December 31, 2024. 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

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.

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 of December 31, 2024, administrative 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 of December 31, 2024, the Company recognized provision for construction losses of ₩ 55,860 million and other provisions of ₩ 5,213 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

4. Critical Accounting Estimates and Assumptions, Continued

(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 ₩ 287,089 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).

(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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

4. Critical Accounting Estimates and Assumptions, Continued

(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 exists at the end of fiscal year of the related construction is completed or no more loss is expected to occur. Any additional warrant cost incurred exceeding the provision will be recognized as expense in the year incurred. 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 the expected total loss that shall occur 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 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).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

4. Critical Accounting Estimates and Assumptions, Continued

- 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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>	2024		2023	
	USD	VND	USD	VND
Financial assets				
Cash and cash equivalents	9,592	-	15,198	-
Guarantee deposits	-	-	-	-
Derivative financial assets				
Buy currency forward (short term trading)	4,086	-	5,073	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

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>	2024		2023	
	Weakened (10%)	Strengthened (10%)	Weakened (10%)	Strengthened (10%)
KRW/USD	1,368	(1,368)	2,027	(2,027)

(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, 2024, 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, 2024, 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>	2024		2023	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Interest expenses	11,292	(11,292)	6,867	(6,867)

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

5. Financial Risk Management, Continued

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 a 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 characteristic of construction services and credit risk of customers. The due from customers relates 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 a reasonable approximation of the loss rates for the due from customers.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2024, 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.

On that basis, the allowance for doubtful accounts as at December 31, 2024 and 2023, was determined as follows for both trade receivables and due from customers:

(in millions of Korean won)

	2024					Total
	Construction	Civil engineering	Construction of houses	Housing contract	Others	
Receivables						
Trade receivables	471,891	36,182	348,345	37,400	1,102	894,920
Due from customers	153,347	80,126	527,798	-	-	761,271
Provision for bad debt expenses	(2,501)	-	(100,964)	-	-	(103,465)

(in millions of Korean won)

	2023					Total
	Construction	Civil engineering	Construction of houses	Housing contract	Others	
Receivables						
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)

Movements in the allowance for doubtful accounts for trade receivables and due from customers for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Beginning	Bad debt expenses (reversal)	Written off	Transfer	Ending
Trade receivables	98,882	4,217	-	-	103,099
Due from customers	461	(95)	-	-	366
	<u>99,343</u>	<u>4,122</u>	<u>-</u>	<u>-</u>	<u>103,465</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

(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>

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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Beginning	Bad debt expenses (reversal)	Written off	Transfer	Ending
Short-term financial instruments	116	14	-	-	130
Other receivables (current)	73,593	475	(33)	-	74,035
Long-term financial instruments	-	90	-	-	90
Other receivables (non-current)	206,394	429	-	-	206,823
	<u>280,103</u>	<u>1,008</u>	<u>(33)</u>	<u>-</u>	<u>281,078</u>

(in millions of Korean won)

	2023				
	Beginning	Bad debt expenses (reversal)	Written off	Transfer	Ending
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>

All 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

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

The maximum exposed amounts of credit risk of the Company as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024	
	Book amount	Exposed amount
Financial assets at amortized cost		
Cash and cash equivalents	786,224	786,224
Short-term financial instruments	170,746	170,746
Short-term investment securities	795	795
Trade receivables	791,821	791,821
Other receivables (current) ¹	493,392	493,392
Long-term financial instruments	29,910	29,910
Long-term investment securities	27,553	27,553
Other receivables (non-current) ¹	680,984	7,063,327
Contract Assets		
Due from customers	760,905	760,905
Financial assets at fair value through profit or loss		
Other current assets	4,086	4,087
Long-term investment securities	91,385	91,385
Financial guarantee		
Other current liabilities ²	4,594	4,113,606
	<u>3,842,395</u>	<u>14,333,751</u>

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

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

(in millions of Korean won)

	2023	
	Book amount	Exposed amount
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) ¹	646,013	646,013
Long-term investment securities	25,692	25,692
Other receivables (non-current) ¹	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 ²	8,395	6,141,739
	3,761,261	18,144,453

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

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

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 the financial market. To manage the liquidity risk preemptively, the Company periodically forecasts cash flow and liquidity plan and establishes countermeasures.

As at December 31, 2024, 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 70% (2023: 52%) of total current borrowings.

Details of the Company's liquidity risk analysis as at December 31, 2024 and 2023, are as follows and the cash flows shown in the table below are the amounts not discounted.

(in millions of Korean won)

	2024				
	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	Total
Trade payables	218,804	-	-	-	218,804
Short-term borrowings	951,540	-	-	-	951,540
Other payables (current)	310,413	-	-	-	310,413
Derivative financial liabilities	26	-	-	-	26
Current portion of long-term liabilities	436,579	-	-	-	436,579
Debentures	7,920	36,425	18,887	171,017	234,249
Long-term borrowings	18,818	215,275	127,466	6,505	368,064
Other payables (non-current)	-	25,302	2,994	2,950	31,246
Lease liabilities (current)	19,563	-	-	-	19,563
Lease liabilities (non-current)	-	11,539	19,987	63,924	95,450
Financial guarantee contracts ¹	4,113,606	-	-	-	4,113,606
Loan agreement for business expenses, etc. ²	6,209,943	-	-	-	6,209,943
	<u>12,287,212</u>	<u>288,541</u>	<u>169,334</u>	<u>244,396</u>	<u>12,989,483</u>

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

² 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
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

(in millions of Korean won)

	2023				Total
	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	Over 5 years	
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 ¹	6,141,739	-	-	-	6,141,739
Loan agreement for business expenses, etc. ²	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>

¹ Financial guarantee contracts are the maximum payment amount of financial guarantee contracts including payment guarantees (Note 36).

² 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
Notes to the Separate Financial Statements
December 31, 2024 and 2023

5. Financial Risk Management, Continued

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, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Total liabilities (A)	3,943,585	3,685,018
Total equity (B)	3,189,831	3,081,773
Cash and cash equivalents, short-term financial instruments and short-term investment securities (C)	957,765	667,464
Borrowings and debentures (D)	1,896,001	1,772,276
Debt- to- equity ratio (A/B)	123.63%	119.57%
Gearing ratio (D-C)/B	29.41%	35.85%

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

6. Fair Value of Financial Instruments

6.1 Fair Value of Financial Instruments by Category

The book value 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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity instruments	-	-	37,956	37,956
Debt instruments	-	35,173	18,257	53,430
Derivative financial assets	-	4,086	-	4,086
Derivative financial liabilities	-	26	-	26

(in millions of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

6. Fair Value of Financial Instruments, Continued

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 ₩ 35,173 million (2023: ₩ 35,171 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 ₩ 4,086 million (2023: ₩ 5,236 million) and ₩ 26 million (2023: ₩ 590 million), respectively, and forward delivery interest rate and forward exchange rate are used as input variables.

Equity securities and beneficiary certificates amounting to ₩ 37,956 million (2023: ₩ 37,046 million) and ₩ 18,257 million (2023: ₩ 17,182 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)

	Fair value	Valuation techniques	Inputs
Financial assets at fair value through profit or loss			
Dong du chon Dream Power Co. Ltd.	15,053	Dividend discount model	Discount rate 8.93%
Mirae Asset Seoul-Chuncheon Highway Private Special Asset Investment Trust 1	18,257	Adjusted net asset method	Discount rate 8.72% ~ 11.69%
Incheon Port Hinterland Complex Co., Ltd.	6,893	Dividend discount model	Discount rate 11.86%

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

6. Fair Value of Financial Instruments, Continued

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, 2024, are as follows:

<i>(in millions of Korean won)</i>	2024	
	Favorable changes	Unfavorable changes
Financial assets		
Unlisted equity securities ¹	66	(66)
Beneficiary certificates ¹	3,086	(2,840)

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

7. Financial Instruments by Category

7.1 Carrying Amounts of Financial Instrument by Category

Categorizations of financial assets as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		
	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Total
Cash and cash equivalents	-	786,224	786,224
Short-term financial instruments	-	170,746	170,746
Short-term investment securities	-	795	795
Trade receivables	-	791,821	791,821
Other receivables (current)	-	493,392	493,392
Derivative financial assets (current)	4,086	-	4,086
Long-term financial instruments	-	29,910	29,910
Long-term investment securities	91,384	27,554	118,938
Other receivables (non-current)	-	680,984	680,984
	<u>95,470</u>	<u>2,981,426</u>	<u>3,076,896</u>

(in millions of Korean won)

	2023		
	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Total
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

7. Financial Instruments by Category, Continued

Categorizations of financial liabilities as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Financial guarantee contracts	Lease liabilities	Total
Trade payables	218,803	-	-	-	218,803
Short-term borrowings	935,359	-	-	-	935,359
Other payables (current)	310,413	-	-	-	310,413
Other current liabilities	-	26	4,594	19,109	23,729
Current portion of long-term liabilities	428,808	-	-	-	428,808
Debentures	199,530	-	-	-	199,530
Long-term borrowings	332,305	-	-	-	332,305
Other payables (non-current)	31,245	-	-	-	31,245
Other non-current liabilities	-	-	-	55,494	55,494
	<u>2,456,463</u>	<u>26</u>	<u>4,594</u>	<u>74,603</u>	<u>2,535,686</u>

(in millions of Korean won)

	2023				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Financial guarantee contracts	Lease liabilities	Total
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 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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

7. Financial Instruments by Category, Continued

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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				Total
	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized costs	
Interest income	9,681	72,106	-	-	81,787
Interest expenses	-	-	-	(50,199)	(50,199)
Dividend income	335	-	-	-	335
Gain (loss) on transactions	-	-	-	-	-
Gain on valuation	1,380	-	-	-	1,380
Bad debt expenses	-	(4,915)	-	-	(4,915)
Loss on foreign exchange differences	-	(5,460)	-	-	(5,460)
	<u>11,396</u>	<u>61,731</u>	<u>-</u>	<u>(50,199)</u>	<u>22,928</u>

(in millions of Korean won)

	2023				Total
	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized costs	
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024	2023
Cash and cash equivalents		
Financial assets at amortized cost		
Cash on hand and demand deposits	76,224	41,637
Time deposits and other instruments	710,000	505,198
	<u>786,224</u>	<u>546,835</u>
Short-term financial instruments		
Financial assets at amortized cost		
Short-term bank deposits	73,700	41,700
Short-term operating funds (ABCP and others)	97,046	77,784
	<u>170,746</u>	<u>119,484</u>
Long-term financial instruments		
Financial assets at amortized cost		
Long-term operating funds (ABCP and others)	29,910	-
	<u>29,910</u>	<u>-</u>

Restricted financial instruments as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	Type	2024	2023	Restrictions
Cash and cash equivalents	Time deposits	-	34	Vietnam electricity charge guarantee
	Deposits	870	1,735	Ethiopia construction machinery guarantee
Short-term financial instruments	Time deposits	700	700	Establishment of the right to pledge
Other receivables (non-current)	Special deposits	16	17	Bank overdraft deposit
		<u>1,586</u>	<u>2,486</u>	

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

9. Trade and Other Receivables

Trade and other receivables and provisions for impairment of trade and other receivables as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		
	Gross amount	Provisions for impairment	Book amount
Trade receivables			
Trade receivables	1,102	-	1,102
Construction receivables	856,418	(103,099)	753,319
Receivables from sale of houses	37,400	-	37,400
	<u>894,920</u>	<u>(103,099)</u>	<u>791,821</u>
Other receivables (current)			
Non-trade receivables	98,324	(9,786)	88,538
Accrued income	29,722	-	29,722
Other current assets	73,616	(2,537)	71,079
Business loans and others ¹	365,765	(61,713)	304,052
	<u>567,427</u>	<u>(74,036)</u>	<u>493,391</u>
Other receivables (non-current)			
Guarantee deposits	92,354	(429)	91,925
Business loans and others ²	583,318	(5,382)	577,936
Long-term non-trade receivables	201,012	(201,012)	-
Long-term loans	11,122	-	11,122
	<u>887,806</u>	<u>(206,823)</u>	<u>680,983</u>

¹ Short-term loans, etc., including ₩ 47,924 million that were included in other current assets from the current period, were classified as business loans.

² Other loans, etc., including ₩ 162,294 million that were included in guarantee deposits from the current period, were classified as business loans.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

9. Trade and Other Receivables, Continued

(in millions of Korean won)

	2023		
	Gross amount	Provisions for impairment	Book amount
Trade receivables			
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>
Other receivables (current)			
Non-trade receivables	112,691	(9,912)	102,779
Accrued income	32,418	-	32,418
Other current assets	149,352	(1,968)	147,384
Business loans and others ¹	425,145	(61,713)	363,432
	<u>719,606</u>	<u>(73,593)</u>	<u>646,013</u>
Other receivables (non-current)			
Guarantee deposits	106,160	(1)	106,159
Business loans and others ²	567,029	(5,382)	561,647
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>

¹ Short-term loans, etc., including ₩ 47,924 million that were included in other current assets from the current period, were classified as business loans.

² Other loans, etc., including ₩ 162,294 million that were included in guarantee deposits from the current period, were classified as business loans.

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.

Bad debt expenses from trade receivables is ₩ 4,217 million (2023: the reversal of bad debt expenses ₩ 347 million), and bad debt expenses from other receivables is ₩ 871 million (2023: the reversal of bad debt expenses of ₩ 193 million) for the year ended December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

9. Trade and Other Receivables, Continued

As at December 31, 2024, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for construction receivables and the details of the credit risk information of construction receivables are as follows.

(in millions of Korean won)

	2024				Total
	Less than 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Over 3 years	
Total book amount	524,890	217,776	5,927	107,825	856,418
Expected loss rates	0.06%	0.05%	-	95.22%	-
Expected lifetime credit losses	329	104	-	102,666	103,099
Net book amount	524,561	217,672	5,927	5,159	753,319

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

10. Inventories

Inventories as at December 31, 2024 and 2023, are as follows

(in millions of Korean won)

	2024		
	Acquisition cost	Allowance for valuation	Book amount
Land	673,524	-	673,524
Finished housing units	129,360	(6,107)	123,253
Housing construction-in-process	1,049,816	-	1,049,816
Raw materials	1,105	-	1,105
Supplies	1,152	-	1,152
	<u>1,854,957</u>	<u>(6,107)</u>	<u>1,848,850</u>

(in millions of Korean won)

	2023		
	Acquisition cost	Allowance for valuation	Book amount
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>

The Company recognized losses on valuation of inventories of ₩ 862 million in 2024 (2023: the reversal of losses on valuation of inventories of ₩ 2,819 million) and added it to 'cost of sales'.

Related to construction of house, the Company has capitalized borrowing costs for unfinished house which is qualifying asset is ₩ 4,490 million (2023: ₩ 886 million) in 2024. The weighted average interest rate to calculate eligible for capitalization borrowing costs in 2024 is 5.26% (2023: 5.31%).

Inventories that were reclassified as investment property for rental purpose amount to ₩ 39,268 million (2023: ₩ 825 million) as at December 31, 2024 (Note 15).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

11. Short-term and Long-term Investment Securities

Short-term and long-term investment securities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Short-term investment securities		
Financial assets at amortized cost		
Government and municipal bonds	795	1,145
<i>(in millions of Korean won)</i>	2024	2023
Long-term investment securities		
Financial assets at amortized cost		
Government and municipal bonds	27,161	25,267
Corporate bonds	392	425
	<u>27,553</u>	<u>25,692</u>
Financial assets at fair value through profit or loss		
Non-marketable equity securities ¹	37,956	37,046
Beneficiary certificates	18,257	17,182
Investments ²	35,172	35,171
	<u>91,385</u>	<u>89,399</u>
	<u>118,938</u>	<u>115,091</u>

¹ As at December 31, 2024, equity security from Siheung Seoul Access Road Co., Ltd. amounting to ₩ 4,000 million is provided as collateral to financial institutions in relation to the borrowings (Note 16).

² As at December 31, 2024, investments in Construction Guarantee Cooperative amounting to ₩ 24,679 million, Korea Specialty Contractor Financial Cooperative amounting to ₩ 10,073 million and Mechanical Equipment Construction Mutual Aid Association amounting to ₩ 300 million are provided as collateral in relation to construction performance guarantees and others (Note 16).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

11. Short-term and Long-term Investment Securities, Continued

Changes in short-term and long-term investment securities for the years ended December 31, 2024 and 2023, are as follows:

*(in millions of
Korean won)*

	2024				
	Short-term investment securities	Long-term investment securities			Total
	At amortized cost	At amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	
At January 1	1,145	25,692	-	89,399	
Additions	-	2,648	-	20	2,668
Disposal	(1,105)	(33)	-	-	(33)
Valuation	-	-	-	1,967	1,967
Reclassification of non-current portion	755	(755)	-	-	(755)
At December 31	795	27,552	-	91,386	118,938

*(in millions of
Korean won)*

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

12. Investments in Subsidiaries and Associates

Investments in subsidiaries and associates as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	Investee	Location	2024		2023	
			Number of shares	Ownership (%)	Book amount	Book amount
Investments in subsidiaries	Hotel HDC Co., Ltd.	Korea	2,200,000	100.00	-	-
	HDC Hyundai PCE	Korea	310,583	100.00	34,054	34,054
	Uripeoseutieo 1st Co., Ltd. ¹	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	45,325
	HDC NEXT REIT Co., Ltd. ²	Korea	-	-	-	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. ³	Korea	347,000	18.49	34,700	34,700
	Gwangmyeong Culture Complex PFV Co., Ltd. ³	Korea	149,000	14.90	745	745
	Gwangmyeong Culture Complex AMC Co., Ltd. ⁴	Korea	12,000	60.00	60	60
	Chungju Dream Park Development Co., Ltd.	Korea	135,000	27.00	675	675
	Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust ³	Korea	1,340,000	12.07	6,700	6,700
	Songpa Biz Cluster PFV Co., Ltd. ^{3,5}	Korea	1,000,000	10.00	5,000	-
	Paju Medical Cluster Co., Ltd. ^{3,5}	Korea	10,000	10.00	50	-
					<u>305,309</u>	<u>300,559</u>

¹ As a special purpose entity, the Company had 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 was included in the subsidiaries. However, the Company lost control over the entity due to early repayment of principal during the current period, so it was excluded from the subsidiaries.

² It was liquidated and excluded from subsidiaries during the year ended December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

12. Investments in Subsidiaries and Associates, Continued

³ 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.

⁴ 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.

⁵ During the year ended December 31, 2024, the Company acquired 10% of the equity shares of the entity and it was included in associates.

Changes in investments in subsidiaries and associates for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Beginning	Acquisition	Disposals	Ending
Investments in subsidiaries				
Hotel HDC Co., Ltd.	-	-	-	-
HDC Hyundai PCE	34,054	-	-	34,054
Uripeoseutieo 1st Co.,Ltd.	-	-	-	-
HDC I PARK 1st REIT Co., Ltd	120,000	-	-	120,000
HDC I PARK 2nd REIT Co., Ltd	45,325	-	-	45,325
HDC NEXT REIT Co., Ltd	300	-	(300)	-
Investments in associates				
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 Dream Park Development Co., Ltd	675	-	-	675
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	6,700	-	-	6,700
Songpa Biz Cluster PFV Co., Ltd.	-	5,000	-	5,000
Paju Medical Cluster Co., Ltd.	-	50	-	50
	<u>300,559</u>	<u>5,050</u>	<u>(300)</u>	<u>305,309</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

12. Investments in Subsidiaries and Associates, Continued

(in millions of Korean won)

	2023		
	Beginning	Acquisition	Ending
Investments in subsidiaries			
Hotel HDC Co., Ltd.	-	-	-
HDC Hyundai PCE	500	33,554	34,054
Big Apple Dream 1ST Co., Ltd.	-	-	-
Ipark Package 1st Co., Ltd.	-	-	-
Ipark Package 2nd Co., Ltd.	-	-	-
PeachEcho Co., Ltd	-	-	-
Uripeoseutieo 1st Co.,Ltd. ¹	-	-	-
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
Investments in associates			
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 Dream Park 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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

12. Investments in Subsidiaries and Associates, Continued

Summary of major financial information of subsidiaries and associates as at and for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024			
	Total assets	Total liabilities	Total equity	Profit (loss) for the year
Hotel HDC Co., Ltd.	26,650	13,849	12,801	1,928
HDC Hyundai PCE	56,295	3,578	52,717	(533)
HDC I PARK 1st REIT Co., Ltd	440,009	325,697	114,312	(1,712)
HDC I PARK 2nd REIT Co., Ltd	122,626	81,453	41,173	(720)
HDC Resort Co., Ltd.	1,191,493	853,919	337,574	1,383
Gocheok IPARK New Stay REIT Co., Ltd.	713,888	572,308	141,580	(10,985)
Gwangmyeong Culture Complex PFV Co., Ltd.	6,361	9,807	(3,446)	(1,311)
Gwangmyeong Culture Complex AMC Co., Ltd.	193	80	113	(11)
Chungju Dream Park Development Co., Ltd	115,534	143,203	(27,669)	(18,812)
Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	182,950	132,615	50,335	(1,897)
Songpa Biz Cluster PFV Co., Ltd.	50,000	-	50,000	-
Paju Medical Cluster Co., Ltd.	500	-	500	-

(in millions of Korean won)

	2023			
	Total assets	Total liabilities	Total equity	Profit (loss) for the year
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 Dream Park 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)

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

13. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		
	Cost	Accumulated depreciation¹	Book amount
Land	82,252	-	82,252
Buildings	329,692	(115,119)	214,573
Structures	-	-	-
Machinery	12,421	(9,210)	3,211
Vehicle	4,831	(4,301)	530
Others	148,266	(114,988)	33,278
Construction-in-progress	25,624	-	25,624
	603,086	(243,618)	359,468

(in millions of Korean won)

	2023		
	Cost	Accumulated depreciation¹	Book amount
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
	606,139	(221,309)	384,830

¹ Accumulated bad debt expenses are included.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

13. Property, Plant and Equipment, Continued

Changes in net book value of property, plant and equipment for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					At December 31
	At January 1	Acquisition	Disposals	Depreciation	Reclassification ¹	
Land	82,252	-	-	-	-	82,252
Buildings	222,714	-	-	(8,141)	-	214,573
Structures	-	-	-	-	-	-
Machinery	3,985	112	-	(1,107)	221	3,211
Vehicles	939	74	(19)	(464)	-	530
Others	40,319	5,709	(8)	(12,742)	-	33,278
Construction-in-progress	34,621	25,624	-	-	(34,621)	25,624
	<u>384,830</u>	<u>31,519</u>	<u>(27)</u>	<u>(22,454)</u>	<u>(34,400)</u>	<u>359,468</u>

¹ As the construction of the Magok R&D Center (Knowledge Industry Center) was completed during the year ended December 31, 2024, the Company transferred ₩ 34,621 million from construction-in-progress to inventory and incurred other foreign exchange differences.

(in millions of Korean won)

	2023					At December 31
	At January 1	Acquisition	Disposals	Depreciation	Reclassification ¹	
Land	84,943	-	-	-	(2,691)	82,252
Buildings	235,835	-	-	(8,263)	(4,858)	222,714
Structures	53	-	-	(1)	(52)	-
Machinery	5,108	1,682	-	(1,883)	(922)	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>32,414</u>	<u>(40)</u>	<u>(23,221)</u>	<u>(8,823)</u>	<u>384,830</u>

¹ During the year ended December 31, 2023, the use of certain land was changed, and therefore, land value amounting to ₩ 6,011 million was transferred from inventories to property, plant and equipment and ₩ 300 million was transferred from construction in progress to intangible assets. In addition, land, buildings, structures, and machinery whose book value amounted to ₩14,554 million were transferred to HDC Hyundai PCE as investment in kind and the Company became a subsidiary (Notes 12 and 37).

Additionally, a foreign exchange difference of ₩ 20 million occurred in the machinery.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

13. Property, Plant and Equipment, Continued

Line items including depreciation in the income statements for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Cost of sales	21,356	22,316
Selling and administrative expenses	1,098	905
	<u>22,454</u>	<u>23,221</u>

A foreign exchange difference of ₩ 10 million was included in the cost of sales during the year ended December 31, 2023.

As at December 31, 2024, 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, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		
	Cost	Accumulated amortization	Book amount
Development costs	2,599	(2,490)	109
Industrial property rights	280	(163)	117
Membership rights	6,918	-	6,918
Others	13,940	(9,768)	4,172
	<u>23,737</u>	<u>(12,421)</u>	<u>11,316</u>

<i>(in millions of Korean won)</i>	2023		
	Cost	Accumulated amortization	Book amount
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

14. Intangible Assets, Continued

Changes in net book value of intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					At December 31
	At January 1	Acquisition	Disposal	Amortization	Reclassification	
Development costs	304	42	-	(237)	-	109
Industrial property rights	56	87	-	(26)	-	117
Membership rights	5,238	1,680	-	-	-	6,918
Others	5,457	1,156	-	(2,441)	-	4,172
	<u>11,055</u>	<u>2,965</u>	<u>-</u>	<u>(2,704)</u>	<u>-</u>	<u>11,316</u>

(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>

Line items including amortization in the income statements for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024	2023
Cost of sales	202	196
Selling and administrative expenses	<u>2,502</u>	<u>2,491</u>
	<u>2,704</u>	<u>2,687</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

15. Investment Properties

Details of investment properties as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		
	Cost	Accumulated depreciation	Book amount
Land	23,234	-	23,234
Buildings	35,621	(698)	34,923
	<u>58,855</u>	<u>(698)</u>	<u>58,157</u>

(in millions of Korean won)

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

Changes in net book value of investment properties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	At January 1	Disposal	Depreciation	Reclassification	At December 31
Land	15,158	-	-	8,076	23,234
Buildings	4,166	-	(435)	31,192	34,923
	<u>19,324</u>	<u>-</u>	<u>(435)</u>	<u>39,268</u>	<u>58,157</u>

(in millions of Korean won)

	2023				
	At January 1	Acquisition	Depreciation	Reclassification	At December 31
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

15. Investment Properties, Continued

Following amounts are recognized in the statements of income in relation to investment properties for the years ended December 31, 2024 and 2023.

<i>(in millions of Korean won)</i>	2024	2023
Rental income (other revenue)	2,086	1,986
Operating expenses	2,093	2,055

The Company entered into an operating lease agreement for a part of the investment properties held by the Company. Details of the operating lease assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Cost	58,855	19,587
Accumulated depreciation	<u>(698)</u>	<u>(263)</u>
Book amount	<u>58,157</u>	<u>19,324</u>

The future minimum payments paid to the Company under operating lease agreements for investment property as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Within one year	2,283	1,878
Later than one year but not later than five years	<u>1,999</u>	<u>3,299</u>
	<u>4,282</u>	<u>5,177</u>

Contingent rental income of ₩ 1,940 million (2023: ₩ 1,986 million) under the above operating lease is recognized in profit or loss.

Fair value of investment property is determined by the value under public announcement, as fair value of land is ₩ 105,436 million (2023: ₩ 60,143 million) and buildings are ₩ 16,636 million (2023: ₩ 5,131 million) as at December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

16.Assets Provided as Collaterals

Details of assets provided as collateral for borrowings as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024				
	Carrying amount	Secured amount ¹	Borrowing amount	Borrowing type	Secured party
Property, plant and equipment					
Land	6,001	36,000	30,000	General loans	Kookmin Bank
Buildings	52,792				
Land	30,763	240,000	200,000	General loans	Kookmin Bank
Land	36,086				
Buildings	161,389	343,200	286,000	General loans	Hana Bank
Investment property					
Land	14,229	90,000	75,000	General loans	Kookmin Bank
Buildings	2,209				
Inventories					
Land	148,395	111,240	92,700	General loans	SC Bank
Land		48,000	40,000	General loans	Kookmin Bank
Land	39,381	32,400	27,000	Limit loans	Kookmin Bank
Land	51,764	62,400	52,000	General loans	Kookmin Bank
Long-term investment securities					
Debt instruments ²	-	-	-	Repurchase agreement	NongHyup Bank and others
	<u>543,009</u>	<u>963,240</u>	<u>802,700</u>		

¹ The amount of beneficiary limit in accordance with the real estate security trust contract as at December 31, 2024 (Notes 36 and 37).

² 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 a 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. However, the Company exercised the purchase option for the beneficiary certificates during the year ended December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

16. Assets Provided as Collaterals, Continued

<i>(in millions of Korean won)</i>	2023				
	Carrying amount	Secured amount¹	Borrowing amount	Borrowing type	Secured party
Property, plant and equipment					
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
Buildings	167,717				
Investment property					
Land	14,229	180,000	150,000	General loans	Kookmin Bank
Buildings	2,269				
Inventories					
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
Long-term investment securities					
Debt instruments ²	17,182	49,997	49,997	Repurchase agreement	NongHyup Bank and others
	<u>544,866</u>	<u>899,237</u>	<u>757,697</u>		

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

² 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

16. Assets Provided as Collaterals, Continued

Details of assets provided as collaterals for a guarantee related to the construction contracts of the Company as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		Assets provided as collaterals	2024	2023	Secured party
Long-term investment securities					
		Equity investments to Construction Guarantee Cooperative	24,680	24,700	Construction Guarantee Cooperative
Debt instruments		Equity investments to Korea Specialty Contractor Financial Cooperative	10,073	10,051	Korea Specialty Contractor Financial Cooperative
		Equity investments to Mechanical Equipment Construction Mutual Aid Association	300	300	Mechanical Equipment Construction Mutual Aid Association
			35,053	35,051	

Details of assets provided as collateral for others as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		Beneficiary	2024	2023	Secured party	Related borrowings
Long-term investment securities						
Equity instruments		Incheon Port Hinterland complex Co., Ltd. ¹	-	7,185	Korea Development Bank and others	PF borrowings of SOC operating companies
		SiheungSeoul Access Road co., Ltd. ²	-	4,000	KDB Life Insurance Co., Ltd. and others	PF borrowings of SOC operating companies
			-	11,185		

¹ The Company provided shares of Incheon Port Hinterland Complex Co., Ltd. (acquisition cost of ₩ 7,185 million) to a relevant financial institution as collateral for the borrowings of Incheon Port Hinterland Complex Co., Ltd. (total borrowing limit of ₩ 113,000 million) as of December 31, 2023. However, the borrowings were repaid and the collateral was released during the year ended December 31, 2024.

² The Company is providing shares of Siheung Seoul Access Road Co., Ltd. (acquisition cost of ₩ 4,000 million, book value of ₩ 0) to a relevant financial institution as collateral for the borrowings of Siheung Seoul Access Road Co., Ltd. (total borrowing limit of ₩ 240,300 million) as at December 31, 2024 and in relation to this, it is providing a funding supplement agreement of up to ₩ 5,000 million.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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>	2024	2023
Right-of-use assets		
Construction machinery	16,962	24,572
Properties	54,088	58,467
Provision for impairment of right-of-use assets		
Properties ¹	(791)	(1,296)
	<u>70,259</u>	<u>81,743</u>

¹ As at December 31, 2024, the Company, as a lessee of investment property, has the properties as right-of-use assets amounting to ₩ 53,297 million (2023: ₩ 57,171 million), and their carrying amounts are similar with their fair values.

<i>(in millions of Korean won)</i>	2024	2023
Lease liabilities		
Current	19,109	18,775
Non-current	55,494	66,574
	<u>74,603</u>	<u>85,349</u>

Additions to the right-of-use assets during the 2024 financial year were ₩ 19,547 million (2023: ₩ 20,791 million).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

17. Leases, Continued

(b) Amounts recognized in the separate statements of income

The separate statements of income show the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2024	2023
Depreciation of right-of-use assets		
Construction machinery	26,651	28,204
Properties	4,380	4,380
	31,031	32,584
Interest expense relating to lease liabilities (included in finance cost)	5,186	5,360
Expense relating to short-term leases (included in cost of sales and administrative expenses)	7,757	10,252
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	837	1,206
Bad debt expenses of right-of-use assets (reversal)	(505)	(1,463)
Income from sub-lease of right-of-use assets	(10,038)	(10,032)

The total cash outflow for leases in 2024 was ₩ 43,567 million (2023: ₩ 47,712 million).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

18. Other Payables and Liabilities

Details of other payables and other liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Other payables (current)		
Non-trade payables	289,145	284,208
Accrued expenses	5,163	18,710
Leasehold deposits received	16,105	26,763
	<u>310,413</u>	<u>329,681</u>
Other payables (non-current)		
Leasehold deposits received	<u>31,246</u>	<u>19,134</u>
Other liabilities (current)		
Financial guarantees ¹	4,594	8,395
Lease liabilities	19,109	18,775
Derivative financial liabilities	26	210
	<u>23,729</u>	<u>27,380</u>
Other liabilities (non-current)		
Long-term unearned revenues	388	853
Lease liabilities	55,494	66,574
Derivative financial liabilities	-	380
	<u>55,882</u>	<u>67,807</u>

¹ Financial guarantees are fair value of financial guarantee contracts such as payment guarantee and others as at December 31, 2024 and 2023 (Note 36).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

19. Borrowings

Details of short-term borrowings as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Creditor	Category	Annual interest rate	2024	2023
		(%) December 31, 2024		
Kookmin Bank and others	Operating loans	4.72 ~ 5.60	935,359	814,700

Among the short-term borrowings, GMG Development Co., Ltd., a joint venture company in relation to the 'Seoul Magok I-Park Deerban Construction Project', booked ₩ 65,659 million, which corresponds to the Company's participation share in the PF loan amount, as a short-term borrowing.

Details of long-term borrowings as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Creditor	Category	Annual interest rate	2024	2023
		(%) December 31, 2024		
Kookmin Bank and others	Long-term loans	5.17 ~ 6.17	681,000	557,000
Construction Guarantee Cooperative	Operating loans	1.10	20,416	20,416
Korea Specialty Contractor Financial Cooperative	Operating loans	1.01	5,000	6,000
Korea Housing & Urban Guarantee Co., Ltd.	Long-term loans	-	8,673	9,107
NongHyup Bank and others ¹	Repurchase agreement	-	-	49,997
	Less: current portion		(378,833)	(392,417)
	Less: present value discounts		(3,951)	(4,277)
			<u>332,305</u>	<u>245,826</u>

¹ 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 a 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. However, the Company exercised the purchase option for the beneficiary certificates during the year ended December 31, 2024 (Note 16).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

19. Borrowings, Continued

Details of debentures as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Category	Maturity date	Annual interest rate	2024	2023
		(%) December 31, 2024		
2 nd unsecured debenture	2030-02-28	3.70	170,000	170,000
3-3 rd unsecured debenture	2025-07-13	3.53	50,000	50,000
4-1 st unsecured debenture	2024-03-12	-	-	70,000
4-2 nd unsecured debenture	2026-03-12	2.31	30,000	30,000
	Less current portion		(49,975)	(69,973)
	Less discount on debentures		(495)	(668)
			<u>199,530</u>	<u>249,359</u>

The Company has an agreement which requires the Company to pay the outstanding balance immediately or the creditor can request 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, 2024, is as follows.

As at December 31, 2024, the following amount is undiscounted, and borrowings are 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)

	2024	2023
Decline in corporate bonds credit rating (A- and below)	170,000	187,500
Decline in corporate bonds credit rating (BBB+ and below)	-	-
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)

	2024	2023
Forfeiture of benefit of time for significant business	250,000	320,000

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

19. Borrowings, Continued

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

<i>(in millions of Korean won)</i>	2024	2023
Forfeiture of benefit of time according to the standard clauses of corporate credit	1,550,700	1,262,200

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

Some of the Company's investment properties 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).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

20.Provisions

Details and changes in provisions for other liabilities and charges for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Construction warranties¹	Construction loss	Litigation	Others¹	Total
Beginning balance	383,904	115,790	15,678	96,946	612,318
Additional provisions and reversal	23,359	(33,378)	2,224	125,044	117,249
Used during year	(31,045)	-	(489)	(130,053)	(161,587)
Exchange difference	71	-	-	-	71
Ending balance	<u>376,289</u>	<u>82,412</u>	<u>17,413</u>	<u>91,937</u>	<u>568,051</u>
Current	160,700	82,412	17,413	91,937	352,462
Non-current	215,589	-	-	-	215,589

¹ The expected costs incurred after completion that were included in the existing construction warranties from the current period were recorded as others, and the balance of the others is ₩ 82,197 million as at December 31, 2024.

(in millions of Korean won)

	2023				
	Construction warranties¹	Construction loss	Litigation	Others¹	Total
Beginning balance	348,103	98,377	4,130	118,511	569,121
Additional provisions and reversal	75,241	17,413	13,145	80,182	185,981
Used during year	(39,427)	-	(1,597)	(101,747)	(142,771)
Exchange difference	(13)	-	-	-	(13)
Ending balance	<u>383,904</u>	<u>115,790</u>	<u>15,678</u>	<u>96,946</u>	<u>612,318</u>
Current	108,178	115,790	15,678	96,946	336,592
Non-current	275,726	-	-	-	275,726

¹ The expected costs incurred after completion that were included in the existing construction warranties from the current period were recorded as others, and the balance of the others is ₩ 61,014 million as at December 31, 2023.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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 the employees' length of service and their salary in the final years leading up to retirement. Most 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, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Present value of funded defined benefit obligations	84,956	85,237
Fair value of plan assets ¹	<u>(88,306)</u>	<u>(98,569)</u>
Liability (asset) in the statements of financial position	<u>(3,350)</u>	<u>(13,332)</u>

¹ The contributions to the National Pension Fund of ₩ 277 million (2023: ₩ 298 million) are included in the fair value of plan assets as at December 31, 2024.

The amounts recognized in the statements of income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Current service cost	10,246	9,133
Interest expenses, net	<u>(527)</u>	<u>(636)</u>
Total expenses	<u>9,719</u>	<u>8,497</u>

The ₩ 5,904 million (2023: ₩ 5,202 million) and ₩ 3,815 million (2023: ₩ 3,295 million) were included in 'cost of sales' and 'selling and administrative expenses', respectively.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

21. Post-employment Benefits, Continued

Changes in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	85,237	75,727
Current service cost	10,246	9,133
Interest expenses	3,265	3,705
Benefit payment	(23,399)	(16,254)
Remeasurements:		
- Actuarial gains arising from changes in demographic assumptions	-	235
- Actuarial gains and losses arising from changes in financial assumptions	4,824	2,619
- Actuarial gains arising from experience adjustments	4,783	10,072
Increase due to transfer	-	-
Ending balance	<u>84,956</u>	<u>85,237</u>

Changes in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	98,569	88,457
Interest income	3,793	4,341
Contributions of employers	9,877	22,177
Benefit payment	(23,280)	(16,015)
Remeasurements:		
- Return on plan assets (excluding amounts included in interest income)	(653)	(391)
Increase due to transfer	-	-
Ending balance	<u>88,306</u>	<u>98,569</u>

Plan assets as at December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024		2023	
	Price	In %	Price	In %
Deposits	23,597	26.7	28,034	28.4
Beneficiary certificates	12,200	13.8	12,265	12.4
Others	52,509	59.5	58,270	59.1
	<u>88,306</u>	<u>100</u>	<u>98,569</u>	<u>100</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

21. Post-employment Benefits, Continued

The principal actuarial assumptions as at December 31, 2024 and 2023, are as follows:

<i>(in %)</i>	2024	2023
Discount rate	3.48	4.05
Salary growth rate	2.00	2.00

The sensitivity of the defined benefit obligations as at December 31, 2024, to changes in the weighted principal assumptions is as follows:

<i>(in millions of Korean won)</i>	<u>Changes in discount rate</u>		<u>Changes in salary growth rate</u>	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Defined benefit obligations	(4,096)	4,528	4,555	(4,194)
Current service cost	(454)	504	568	(516)

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, 2024, the weighted average duration of the defined benefit obligations is 5.51 years.

Expected maturity analysis of undiscounted pension benefits as at December 31, 2024, is as follows:

<i>(in millions of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Pension benefits	9,104	10,268	45,298	113,417	178,087

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

22. Issued capital and Share Premium

Issued capital and share premium as at December 31, 2024, 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, 2024, the restricted voting ordinary shares under the Commercial Law is 1,738,000 shares of treasury share (2023: 1,738,000 shares).

Share premium as at December 31, 2024, consist of the additional paid in capital in excess of par value of ₩ 1,601,144 million (2023: ₩ 1,601,144 million).

23. Retained Earnings

Retained earnings as of December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024	2023
Legal reserve	20,754	16,262
Unappropriated retained earnings	<u>1,258,642</u>	<u>1,157,051</u>
	<u>1,279,396</u>	<u>1,173,313</u>

¹ Legal reserve

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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

23. Retained Earnings, Continued

The appropriation of unappropriated retained earnings for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Retained earnings available for appropriation		
Unappropriated retained earnings carried over from prior year	1,107,640	995,138
Remeasurements of net defined benefit liabilities	(7,777)	(10,094)
Net income	158,778	172,007
Balance at end of year	1,258,642	1,157,051
Appropriation:		
Transfer to legal reserve	4,492	4,492
Dividends	44,919	44,919
Cash dividend (%): Ordinary share:		
₩ 700 (14%) in 2024		
₩ 700 (14%) in 2023		
Sub total	49,411	49,411
Unappropriated retained earnings to be carried forward	1,209,231	1,107,640

A dividend in respect of the year ended December 31, 2024, of ₩ 700 per share, amounting to ₩ 44,919 million and a transfer to legal reserve of ₩ 4,492 million will be proposed at the annual general shareholders' meeting on March 26, 2025. Upon approval of the appropriations, they will be reflected in 2025 financial statements.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

24. Accumulated Other Comprehensive Income

Accumulated other comprehensive income as at December 31, 2024 and 2023, consists of:

<i>(in millions of Korean won)</i>	2024		
	Before tax	Tax effect	After tax
Loss on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
Foreign operation translation gains	1,181	-	1,181
	<u>277</u>	<u>219</u>	<u>496</u>
<i>(in millions of Korean won)</i>	2023		
	Before tax	Tax effect	After tax
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>

25. Treasury shares

When the Company was established, it had to purchase fractional lots of Company shares during the spinoff and bought 9,470 treasury shares for ₩ 716 million.

In 2023, the Company purchased 1,728,530 treasury shares for ₩ 20,025 million to stabilise and increase the market price of the shares. Thus, the Company has 1,738,000 treasury shares as of December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					
	Housing contract	Construction of houses	General construction	Civil engineering	Others	Total
When revenue is recognition						
Over a period	213,387	2,455,815	836,016	384,060	-	3,889,278
At a point in time	187,461	-	-	-	118,944	306,405
Revenue from other sources						
Income from operating lease	-	-	-	-	15,690	15,690
	<u>400,848</u>	<u>2,455,815</u>	<u>836,016</u>	<u>384,060</u>	<u>134,634</u>	<u>4,211,373</u>

(in millions of Korean won)

	2023					
	Housing contract	Construction of houses	General construction	Civil engineering	Others	Total
When revenue is recognition						
Over a period	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						
Income from 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>

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

(in millions of Korean won)

	2024	2023
Due from customers		
Construction services ¹	760,905	974,296
Housing and option construction	-	7,998
	<u>760,905</u>	<u>982,294</u>
Due to customers		
Construction services	392,569	298,418
Housing and option construction	267,598	139,102
	<u>660,167</u>	<u>437,520</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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

¹ Provision for impairment of ₩ 366 million (2023: ₩ 461 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>	2024	2023
Beginning balance of contract liabilities recognized as revenue during the period		
Construction services	218,685	234,960
Housing and option construction	128,421	24,363
	347,106	259,323

The following table shows performance obligations resulting from fixed construction contracts, as at December 31, 2024 and 2023.

<i>(in millions of Korean won)</i>	2024	2023
Construction services	19,942,970	21,480,523
Housing and option construction	3,798,096	1,240,830
	23,741,066	22,721,353

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

Contract costs recognized as an asset as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Costs to fulfill contract and setup costs ¹	132,042	125,288

¹ Costs to fulfill contract and setup costs are presented as prepaid expenses in the statements of financial position.

Among contract costs, recognized as an asset, depreciation and bad debt expenses amounting to ₩ 237,337 million are recognized as expenses for the year ended December 31, 2024 (2023: ₩ 58,309 million).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

27. Expenses by Nature

Expenses by nature for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Changes in inventories	(348,400)	74,230
Acquisition of land, raw materials and supplies	954,397	1,224,053
Employee benefit expenses	178,347	168,146
Depreciation and amortization	25,592	26,013
Depreciation of right-of-use assets	31,031	32,584
Service costs	584,547	508,450
Advertising expenses	19,292	10,814
Outsourcing expenses	1,820,512	1,650,561
Taxes and dues	97,718	93,511
Bad debt expenses (reversal)	4,811	(455)
Rental expenses	32,963	33,741
Insurance payments	41,410	39,311
Others	584,458	112,401
	<u>4,026,678</u>	<u>3,973,360</u>

Compensations to employees for the years ended December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024	2023
Salaries	168,628	159,649
Retirement and severance benefits	9,719	8,497
	<u>178,347</u>	<u>168,146</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

28. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Salaries	53,407	53,096
Retirement and severance benefits	3,816	3,295
Employee benefits	2,882	3,340
Taxes and dues	18,434	16,575
Service costs	88,630	65,342
Rental expenses	7,284	6,872
Depreciation	1,098	904
Insurance payments	3,505	3,519
Advertising expenses	3,999	3,929
Others	9,381	9,209
	192,436	166,081

29. Non-operating Income

Details of non-operating income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Dividend income	335	299
Rental income	120	360
Gain on valuation of financial assets at fair value through profit or loss	6,279	2,536
Gain on disposal of property, plant and equipment	40	7
Gain on disposal of investment property	-	991
Gain on valuation of derivative instruments	1,606	-
Reversal of bad debt expenses on right-of-use assets	505	1,463
Reversal of bad debt expenses on financial assets at amortized cost	-	3
Others	19,842	19,214
	28,727	24,873

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

30. Non-operating Expenses

Details of non-operating expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Donations	5,788	4,843
Loss on valuation of financial assets at fair value through profit or loss	4,312	680
Loss on disposal of property, plant and equipment	6	1
Loss on valuation of derivative instruments	2,191	4,740
Bad debt expenses on financial assets at amortized cost	104	25
Others	19,677	22,108
	<u>32,078</u>	<u>32,397</u>

31. Finance Income

Details of finance income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Gain on foreign currency transactions	551	274
Gain on foreign currency translation	2,325	1,954
	<u>2,876</u>	<u>2,228</u>

32. Finance Costs

Details of finance costs for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Loss on foreign currency transactions	8,214	387
Loss on foreign currency translation	122	659
	<u>8,336</u>	<u>1,046</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

33. Income Tax Expense and Deferred Tax

The components of income tax expense for the years ended December 31, 2024 and 2023 are as follows. :

<i>(in millions of Korean won)</i>	2024	2023
Current tax		
Current tax	52,458	67,915
Prior period adjustments	(22,979)	(10,133)
Total current tax	<u>29,479</u>	<u>57,782</u>
Deferred tax		
	<u>14,029</u>	<u>3,051</u>
Income tax expense	<u>43,508</u>	<u>60,833</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>	2024	2023
Net income before income taxes	202,286	232,840
Tax calculated at domestic tax rates	46,266	53,324
Tax effects of:		
Non-taxable income	(574)	(9)
Expenses not deductible for tax purposes	14,416	12,210
Additional tax for taxable income not used for investments or increase in wages or dividends	6,379	5,441
Re-measurement of deferred tax – change in the Korean tax rate	-	-
Prior period adjustments	(22,979)	(10,133)
Income tax expense	<u>43,508</u>	<u>60,833</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

33. Income Tax Expense and Deferred Tax, Continued

The analysis of deferred tax assets and liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	160,892	242,578
Deferred tax assets to be recovered within 12 months	99,929	50,304
	<u>260,821</u>	<u>292,882</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(61,061)	(79,849)
Deferred tax liability to be recovered within 12 months	(18,503)	(20,230)
	<u>(79,564)</u>	<u>(100,079)</u>
Deferred tax assets, net	<u>181,257</u>	<u>192,803</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

33. Income Tax Expense and Deferred Tax, Continued

The movements in deferred tax assets and liabilities during the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in millions of Korean won)

	2024			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Deferred tax liabilities				
Contribution to post-employment pension	(19,122)	1,159	158	(17,805)
Guarantee deposits – prepaid expenses	(33,309)	8,039	-	(25,270)
Accrued interest income	(6,700)	1,843	-	(4,857)
Present value discount account	(988)	75	-	(913)
Lease assets	(18,883)	2,653	-	(16,230)
Others	(21,077)	6,588	-	(14,489)
	<u>(100,079)</u>	<u>20,357</u>	<u>158</u>	<u>(79,564)</u>
Deferred tax assets				
Provision for construction warranty	102,774	3,135	-	105,909
Excess of provision for impairment	59,387	1,959	-	61,346
Excess of provision for post-employment benefits	18,247	(2,357)	2,325	18,215
Guarantee deposits – present value based valuation	29,504	(10,554)	-	18,950
Lease liabilities	19,715	(2,483)	-	17,232
Bad debt expenses on fixed assets	3,609	(157)	-	3,452
Provisions for litigation	3,622	400	-	4,022
Provisions related to business	9,156	(7,648)	-	1,508
Borrowings	11,550	(11,550)	-	-
Provisions for loss on construction contracts	26,747	(7,710)	-	19,037
Others	8,571	2,579	-	11,150
	<u>292,882</u>	<u>(34,386)</u>	<u>2,325</u>	<u>260,821</u>
	<u>192,803</u>	<u>(14,029)</u>	<u>2,483</u>	<u>181,257</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

33. Income Tax Expense and Deferred Tax, Continued

<i>(in millions of Korean won)</i>	2023			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Deferred tax liabilities				
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>
Deferred tax assets				
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>

As at December 31, 2024, deferred tax expected to reverse has been measured using the effective rate that will apply for future periods.

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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

33. Income Tax Expense and Deferred Tax, Continued

Details of deductible temporary differences that are not recognized as deferred tax assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023	Reason
Provisions	97,345	97,750	Subrogation bonds and others
Investments in subsidiaries	11,000	11,000	No plan for disposal
Other provisions	19,169	22,534	Punitive damages and others
	<u>127,514</u>	<u>131,284</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, 2024.

Tax effect on line items of equity as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		
	Before tax	Tax effect	After tax
Remeasurements of net defined benefit liabilities (loss)	(16,625)	4,023	(12,602)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(904)	219	(685)
	<u>(17,529)</u>	<u>4,242</u>	<u>(13,287)</u>

<i>(in millions of Korean won)</i>	2023		
	Before tax	Tax effect	After tax
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

34. Earnings Per Share

Basic earnings per share are calculated by dividing the net income 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, 2024 and 2023, are as follows:

<i>(in Korean won and in shares)</i>	2024	2023
Profit attributable to the ordinary equity holders of the Company	158,777,914,790	172,006,484,713
Weighted average number of ordinary shares outstanding	64,169,330	64,621,821
Basic earnings per share	2,474	2,662

The Company has not issued any convertible bonds or participates in compensating employees with Company shares. Therefore, basic earnings per share are identical to diluted earnings per share.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

35. Cash Generated from Operations

Details of cash generated from operating activities for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Profit before income tax	202,286	232,840
Adjustments for:		
Interest expenses	55,385	45,420
Borrowing costs	50,708	50,256
Loss on foreign currency translation	122	659
Post-employment benefits	9,719	8,497
Depreciation	53,919	55,910
Bad debt expenses on right-of-use assets	-	-
Amortization	2,704	2,687
Loss on transactions of derivative instruments	-	-
Loss on valuation of derivative instruments	2,191	4,740
Loss on disposal of property, plant and equipment	6	1
Bad debt expenses (reversal)	4,811	(455)
Contribution to provisions	117,249	185,981
Loss on valuation of financial assets at fair value through profit or loss	4,312	680
Interest income	(81,787)	(95,273)
Gain on foreign currency translation	(2,325)	(1,954)
Gain on valuation of financial assets at fair value through profit or loss	(6,279)	(2,536)
Loss on valuation of inventories (reversal)	862	(2,820)
Reversal of bad debt expenses of right-of-use assets	(505)	(1,463)
Bad debt expenses of (reversal of) financial assets at amortized at cost	104	22
Gain on transactions of derivative instruments	-	-
Gain on valuation of derivative instruments	(1,606)	-
Gain on disposal of property, plant and equipment	(40)	(7)
Gain on disposal of investments	-	-
Dividend income	(335)	(299)
Loss on disposal of investments	-	-
Gain on disposal of investment property	-	(991)
Others	5	-
Changes in working capital		
Increase in trade receivables	(134,081)	(291,638)
Decrease (increase) in due from customers	221,484	(71,823)
Decrease in other receivables (current)	38,630	747,460
Increase in advance payments	(116,868)	(41,257)
Decrease in prepaid expenses	10,338	23,883
Decrease (increase) in inventories	(210,826)	84,530

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

35. Cash Generated from Operations, Continued

<i>(in millions of Korean won)</i>	2024	2023
Decrease (increase) in inventories	(210,826)	84,530
Decrease (increase) in other receivables (non-current)	127,841	(65,689)
Increase (decrease) in trade payables	(15,553)	47,305
Increase (decrease) in other payables (current)	(4,510)	34,022
Decrease in advances from customers	(4,087)	(29,870)
Increase (decrease) in due to customers	222,647	(175,672)
Increase in withholdings	15,041	79,929
Decrease in current portion of provisions	(161,516)	(142,771)
Decrease in other current liabilities	-	(1,012)
Decrease in net defined benefit liabilities	(9,996)	(22,415)
Increase in other payables (non-current)	1,453	1,034
Decrease in other non-current liabilities	(465)	(466)
Cash generated from (used in) operations	391,038	657,445

Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024					
	Liabilities from financing activities					
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Debentures	Lease liabilities	Total
At January 1, 2024	814,700	462,390	245,826	249,360	85,349	1,857,625
Loans	1,427,659	-	580,000	-	-	2,007,659
Repayments	(1,307,000)	(392,434)	(114,997)	(70,000)	(33,229)	(1,917,660)
Acquisition of lease	-	-	-	-	19,041	19,041
Amortization	-	27	326	145	3,441	3,939
Reclassification of current portion	-	378,850	(378,850)	-	-	-
Others	-	(20,025)	-	20,025	-	-
At December 31, 2024	935,359	428,808	332,305	199,530	74,602	1,970,604

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

35. Cash Generated from Operations, Continued

<i>(in millions of Korean won)</i>	2023					Total
	Liabilities from financing activities					
	Short-term borrowings	Current portion of long-term liabilities	Long-term borrowings	Debentures	Lease liabilities	
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	<u>814,700</u>	<u>462,390</u>	<u>245,826</u>	<u>249,360</u>	<u>85,349</u>	<u>1,857,625</u>

Significant non-cash transactions for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Transfer of long-term borrowings to current portion	378,850	547,484
Transfer of debentures to current portion of long-term liabilities	-	69,868
Transfer of guarantee deposits to current portion of security deposit	7,107	135,928

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

36. Commitments and Contingencies

(a) As at December 31, 2024, 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, 2024, the Company's loan balance related to PF is ₩ 2,204,044 million (2023: ₩ 2,530,205 million) and the Company provides credit enhancement related to PF with a guarantee amount of ₩ 2,449,583 million (2023: ₩ 2,804,628 million).

The loan balance for independent projects is ₩ 2,101,563 million (2023: ₩ 2,267,079 million) and the guarantee amount for independent projects is ₩ 2,326,605 million (2023: ₩ 2,471,059 million) and the loan balance for consortium participation projects is ₩ 102,482 million (2023: ₩ 263,126 million) and the guarantee amount for consortium participation projects is ₩ 122,978 million (2023: ₩ 333,569 million).

Among these, there is no security provided to related parties (2023: ₩ - million).

As at December 31, 2023, 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 ₩ 4,594 million (2023: ₩ 8,395 million) as other current liabilities as at December 31, 2024 (Note 18).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

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							2023
			Maturity classification							
			2024	Less than 3 months	Between 3-6 months	Between			Over 3 years	
						6-12 months	1-2 years	2-3 years		
Improvement project										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	906,848	772,285	639,643	253,193	16,269	310,135	60,046	-	-	698,804
	906,848	772,285	639,643	253,193	16,269	310,135	60,046	-	-	698,804
Other project										
Bridge loan	296,700	296,700	296,700	49,500	190,200	57,000	-	-	-	396,500
Main PF	1,379,720	1,257,620	1,165,220	149,400	769,900	28,420	217,500	-	-	1,171,775
	1,676,420	1,554,320	1,461,920	198,900	960,100	85,420	217,500	-	-	1,568,275
	2,583,268	2,326,605	2,101,563	452,093	976,369	395,555	277,546	-	-	2,267,079

Consortium participation projects (total)

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance (total)							2023
			Maturity classification							
			2024	Less than 3 months	Between 3-6 months	Between			Over 3 years	
						6-12 months	1-2 years	2-3 years		
Improvement project										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126
	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126
Other project										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

Consortium participation projects (Company)¹

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance (total)							2023
			2024	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		
Improvement project										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126
	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126
Other project										
Bridge loan	-	-	-	-	-	-	-	-	-	-
Main PF	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	128,712	122,978	102,482	-	-	96,774	-	-	5,708	263,126

¹ 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

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

As at December 31, 2024, the details PF guarantee related to 9 improvement projects are as follows. Some agreements related to PF guarantees have early trigger clauses of ₩ 742,124 million (2023: ₩ 961,930).

Improvement projects

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Seoul	Multi-unit housing	Main PF	Joint guarantee	204,360	100%	194,952	Hongseon District 13 complex Housing Redevelopment	X	Bank	162,460	155,159	2025-01-31	Loan	204,360
		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	72,000	100%	71,838	BoMun 5 Sector Housing Redevelopment Maintenance Business Combination	X	Bank	59,865	57,499	2025-03-10	Loan	72,000
		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											
Daegu	Multi-unit housing	Main PF	Joint guarantee	117,000	100%	40,130	BeomEo Woobang 2nd Apartment Housing Reconstruction and Maintenance Corp.	X	Bank	30,869	22,211	2025-03-31	Loan	117,000
		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											

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Daegu	Multi-unit housing	Main PF	Joint guarantee	22,230	100%	21,148	BeomEo Woobang 1st Apartment Housing Reconstruction and Maintenance Corp.	X	Bank	16,268	97,083	2025-04-18	Loan	22,230
	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											
Gwang- myeong	Multi-unit housing	Main PF	Joint guarantee	252,218	100%	246,810	Gwangmyeong District 4R complex Housing Redevelopment	X	Bank, insurance company	205,675	213,787	2025-07-28	Loan	252,218
	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%	125,352	BANGHWA6JAEJEON GBICHOKJINGUYEOK HOUSING JAE ARCHITECTURE JEONGBISAEOP ASSOCIATION CO.	X	Bank	104,460	101,327	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											
Seoul	Multi-unit housing	Main PF	Joint guarantee	95,040	100%	72,055	GAJAEUL8JAEJEONG BICHOKJINGUYEOKJA E DEVELOPMENT JEONGBISAEOP ASSOCIATION CHAMBER OF COMMERCE	X	Bank, card company	60,046	51,738	2026-05-29	Loan	95,040
	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											

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
				906,848		772,285				639,643	698,804	-		906,848
Busan	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	GeoJe Second Section Housing Reconstruction maintenance business Combination	X	Bank, insurance company	-	138,578	2024-03-31	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										
Gumi	Multi-unit housing	Main PF	Joint guarantee	-	100%	-	Wonpyeong District 1 complex Housing Redevelopment	X	Bank	-	39,600	2024-05-25	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	116,354	100%	116,129	JAMSILJINUAPATEU HOUSING JAE ARCHITECTURE JEONGBISAEOP ASSOCIATION CO.	X	Bank	96,774	81,276	2025-12-31	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	12,358	100%	6,849	Gaya1 Section Housing Redevelopment Maintenance Business Combina	X	Capital	5,708	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	128,712		122,978				102,482	263,126	-		-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

As at December 31, 2024, the details PF guarantee related to 12 other projects are as follows. Some agreements related to PF guarantees have early trigger clauses of ₩ 1,461,920 million (2023: ₩ 1,568,275).

Other projects

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Iksan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	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	-	100%	-	River First 1ST Co.,Ltd.	X	Securitization company	-	82,600	2024-01-30	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%	-	River First 1ST Co.,Ltd.	X	Securitization company	-	15,000	2024-01-30	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%	-	River First 1ST Co.,Ltd.	X	Securitization company	-	24,600	2024-01-30	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%	-	River First 1ST Co.,Ltd.	X	Securitization company	-	32,900	2024-01-30	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%	-	River First 1ST Co.,Ltd.	X	Securitization company	-	11,000	2024-02-22	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											

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Chuncheon	Multi-unit housing	Main PF	Fund supplement	-	100%	-	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	-	100%	-	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	-	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	-	100%	-	EUNSEONG SYNTHESIS DEVELOPMENT CO., LTD.	X	Bank, securitization company	-	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										
Seoul	Office facilities	Main PF	Fund supplement	-	100%	-	JK MIRAE GANGDONG PFV CO.,LTD.	X	Bank, securitization company	-	152,700	2024-04-13	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										
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	-	100%	-	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										
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	-	100%	-	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										

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Uiwang	Knowledge Industry Center	Main PF	Fund supplement	-	100%	-	UIWANG SMART CITY CO., LTD.	X	Securitization company	-	50,255	2024-07-11	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	-	30,000	2024-07-16	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	Insurance company	-	14,000	2024-07-16	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	-	100%	-	JS URBAN DEVELOPMENT CO., LTD.	X	Bank, 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										
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	-	100%	-	JS URBAN DEVELOPMENT CO., LTD.	X	Securitization company	-	-	2024-07-30	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	-	100%	-	KIMO DEVELOPMENT CO.,LTD.	X	Securitization company	-	-	2024-08-28	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										
Cheonan	Multi-unit housing	Bridge loan	Fund supplement	-	100%	-	KIMO DEVELOPMENT CO.,LTD.	X	Bank	-	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										

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Seoul	Knowledge Industry Center	Main PF	Fund supplement	-	100%	-	GMG Development Co., Ltd.	X	Securitization company	-	-	2024-09-12	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										
Iksan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	Sungwon Construction Co. Ltd.	X	Securitization company	-	-	2024-09-26	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										
Pohang	Multi-unit housing	Main PF	Fund supplement	-	100%	-	MIR CITY DEVELOPMENT CO.,LTD.	X	Bank	-	22,000	2024-10-10	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	-	100%	-	CWJ CO.,LTD.	X	Capital, securitization company	-	15,000	2024-12-23	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	-	100%	-	CWJ CO.,LTD.	X	Securitization company	-	32,000	2024-12-23	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										
Seoul	Multi-unit housing	Main PF	Fund supplement	-	100%	-	SEOULSOOP BELADYU2 AREA HOUSING ASSOCIATION CO.	X	Bank, insurance company	-	127,300	2025-10-31	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										

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Gunsan	Multi-unit housing	Main PF	Fund supplement	-	100%	-	EUNSEONG SYNTHESIS DEVELOPMENT CO., LTD.	X	Bank	-	50,000	2026-06-02	Loan	-
	Early repayment clause													
Seoul	Office facilities	Main PF	Fund supplement	-	100%	-	JK MIRAE GANGDONG PFV CO.,LTD.	X	Securitization company	-	140,000	2025-02-28	Loan	-
	Early repayment clause													
Seoul	Office facilities	Main PF	Fund supplement	45,000	100%	45,000	River First 1ST Co.,Ltd.	X	Securitization company	45,000	-	2025-01-24	ABSTB	-
	Early repayment clause													
Seoul	Office facilities	Main PF	Fund supplement	76,900	100%	76,900	JK MIRAE GANGDONG PFV CO.,LTD.	X	Securitization company	76,900	-	2025-02-13	ABSTB	-
	Early repayment clause													
Iksan	Multi-unit housing	Main PF	Fund supplement	27,500	100%	27,500	Sungwon Construction Co. Ltd.	X	Securitization company	27,500	-	2025-02-26	ABSTB	-
	Early repayment clause													
Paju	Multi-unit housing	Bridge loan	Fund supplement	49,500	100%	49,500	Paju Medical Cluster Co., Ltd.	X	Securitization company	49,500	-	2025-03-12	ABSTB	-
	Early repayment clause													
Gunsan	Multi-unit housing	Main PF	Fund supplement	48,000	100%	48,000	EUNSEONG SYNTHESIS DEVELOPMENT CO., LTD.	X	Bank	48,000	-	2025-04-11	ABCP	-
	Early repayment clause													

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²	
										2024	2023				
Pyeongtaek	Office facilities	Main PF	Fund supplement	214,100	100%	200,000	Best Premium Co., Ltd.	X	Securitization company	200,000	-	2025-04-25	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												
Seoul	Office facilities	Main PF	Fund supplement	62,000	100%	62,000	JK MIRAE GANGDONG PFV CO.,LTD.	X	Securitization company	62,000	-	2025-04-25	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												
Seoul	Office facilities	Main PF	Fund supplement	60,000	100%	60,000	River First 1ST Co.,Ltd.	X	Securitization company	60,000	-	2025-04-25	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												
Seoul	Office facilities	Main PF	Fund supplement	100,000	100%	100,000	River First 1ST Co.,Ltd.	X	Securitization company	100,000	-	2025-04-25	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	-	2025-04-29	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												
Seoul	Multi-unit housing	Main PF	Fund supplement	324,000	100%	324,000	SEOUL FOREST BAE LRADYU AREA HOUSING ASSOCIATION	X	Bank, capital, securitization company	270,000	187,200	2025-05-20	Loan	324,000	
	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												
Iksan	Multi-unit housing	Main PF	Fund supplement	21,900	100%	21,900	Sungwon Construction Co. Ltd.	X	Securitization company	21,900	-	2025-05-27	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	62,700	100%	62,700	KIMO DEVELOPMENT CO.,LTD.	X	Securitization company	62,700	-	2025-05-28	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												

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Maturity	Type	Completion guarantee agreement amount ²
										2024	2023			
Nonsan	Multi-unit housing	Main PF	Joint guarantee	10,400	100%	10,400	Kosan Industry Management Co.,Ltd.	X	Capital	8,000	13,500	2025-05-30	Loan	10,400
	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	22,500	100%	22,500	CWJ CO.,LTD.	X	Securitization company	22,500	-	2025-06-24	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											
Incheon	Multi-unit housing	Main PF	Fund supplement	28,420	100%	28,420	HOM ACE DEVELOPMENT CO., LTD.	X	Bank, card company	28,420	38,720	2025-10-05	Loan	28,420
	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	57,000	100%	57,000	CWJ CO.,LTD.	X	Securitization company	57,000	-	2025-12-23	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											
Eumseong	Multi-unit housing	Main PF	Fund supplement	37,500	100%	37,500	DOSI P & D CO., LTD.	X	Bank	37,500	41,000	2026-01-05	Loan	37,500
	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	324,000	100%	216,000	SEOULSOOP BELADYU2 AREA HOUSING ASSOCIATION CO.	X	Bank, Capital, insurance company	180,000	-	2026-03-28	Loan	324,000
	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			1,676,420		1,554,320				1,461,920	1,568,275			724,320
	Total of consortium			-		-				-	-	-	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

C. Real Estate PF completion guarantee agreement

As at December 31, 2024, 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.

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

(in millions of Korean won)

	2024			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects	19	5,759,355	2,650,968	1,368,050
Other projects	-	-	-	-
	<u>19</u>	<u>5,759,355</u>	<u>2,650,968</u>	<u>1,368,050</u>

(in millions of Korean won)

	2023			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

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

(in millions of Korean won)

	2024			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects (Company's portion)	12	3,849,939	1,875,518	1,021,542
Other projects (Company's portion)	-	-	-	-
	<u>12</u>	<u>3,849,939</u>	<u>1,875,518</u>	<u>1,021,542</u>
Improvement projects (total)	12	8,237,568	3,867,322	2,128,509
Other projects (total)	-	-	-	-
	<u>12</u>	<u>8,237,568</u>	<u>3,867,322</u>	<u>2,128,509</u>

(in millions of Korean won)

	2023			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects (Company's portion)	11	4,230,766	1,446,934	776,662
Other projects (Company's portion)	-	-	-	-
	<u>11</u>	<u>4,230,766</u>	<u>1,446,934</u>	<u>776,662</u>
Improvement projects (total)	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>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

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

(in millions of Korean won)

	2024			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects	-	-	-	-
Other projects	9	1,491,437	1,158,328	1,028,828
	<u>9</u>	<u>1,491,437</u>	<u>1,158,328</u>	<u>1,028,828</u>

(in millions of Korean won)

	2023			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
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 addition, in relation to improvement projects and other projects for which joint and several guarantee and fund supplemental are provided as at December 31, 2024, 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)

	2024			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects	1	219,795	144,000	104,460
Other projects	4	720,330	686,820	486,420
	<u>5</u>	<u>940,125</u>	<u>830,820</u>	<u>590,880</u>

(in millions of Korean won)

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

Completion guarantee

(in millions of Korean won)

	2024			
	Number of constructions	Construction amount	Guarantee limit	Loan balance
Improvement projects	6	1,242,241	762,848	535,183
Other projects	1	182,117	37,500	37,500
	7	1,424,358	800,348	572,683

(in millions of Korean won)

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

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 ₩ 36,373 million (2023: ₩ 81,686 million), and is obligated to supplement funds when the SOC corporation lacks essential project expenses.

(in millions of Korean won)

	2024				
	Number of constructions	Company (total)	Consortium project site		
			Number of cases	Company's portion	Total
Guarantee limit	3	36,373	1	26,667	40,000

(in millions of Korean won)

	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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

E. Intermediate payment loan of main PF

At the end of the reporting period, the Company's loan balance for the consumer's intermediate payment loan in relation to the improvement project is ₩ 245,778 million (2023: ₩ 230,806 million) and has entered into an agreement guaranteeing ₩ 262,521 million (2023: ₩ 427,949 million), for the consumer's intermediate payment loan in relation to the improvement projects. The Company's loan balance for the consumer's intermediate payment loan in relation to the other projects is ₩ 588,423 million (2023: ₩ 1,372,591 million) and has entered into an agreement guaranteeing ₩ 607,390 million (2023: ₩ 1,575,586 million), for the consumer's intermediate payment loan in relation to the other projects.

Intermediate payment loan payment guarantee

(in millions of Korean won)

	2024¹			
	Number of projects	Guarantee limit	Agreement amount	Loan balance
Improvement project	4	307,397	262,521	245,778
Other projects	10	734,239	607,390	588,423
	<u>14</u>	<u>1,041,636</u>	<u>869,911</u>	<u>834,201</u>

(in millions of Korean won)

	2023¹			
	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
	<u>20</u>	<u>2,400,323</u>	<u>2,003,535</u>	<u>1,603,397</u>

¹ 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

As at December 31, 2024, 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 ₩ 6,634,393 million (2023: ₩ 4,015,397 million) (loan balance: ₩ 4,100,813 million (2023: ₩ 2,410,560 million))

Intermediate payment loan completion guarantee

(in millions of Korean won)

	2024¹			
	Number of projects	Guarantee limit	Agreement amount	Loan balance
Improvement project	14	4,611,352	4,611,352	2,798,532
Other projects	15	2,023,041	2,023,041	1,302,281
	<u>29</u>	<u>6,634,393</u>	<u>6,634,393</u>	<u>4,100,813</u>

(in millions of Korean won)

	2023¹			
	Number of projects	Guarantee limit	Agreement amount	Loan balance
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>

¹ 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.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

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 ₩ 320,284 million (2023: ₩ 277,090 million won), and a loan balance of ₩ 320,284 million (2023: ₩ 277,090 million) in overlap with the completion guarantee.

As at December 31, 2024, the Company entered in a real estate purchase commitment in relation to borrowings of HDC I PARK 1st REIT Co., Ltd., subsidiary (2024: ₩ 200,000 million, 2023: ₩ 250,000 million). The Company has terminated the real estate purchase commitment in relation to borrowings of HDC I PARK 2nd REIT Co., Ltd., subsidiary (2024: ₩ - million, 2023: ₩ 72,000 million).

As at December 31, 2024, the Company has entered into an option contract that gives the principal and interest of the loan to the company for the purpose of the construction company, related parties, etc., a right to request the company to purchase the loan principal and interest bonds worth ₩ 933,400 million (2023: ₩ - million).

As at December 31, 2024, the Company has entered into an agreement with the related party, HDC I & Cons Co., Ltd., to jointly compensate for the actual damages that are confirmed to have a significant causal relationship with the construction company's failure to complete the construction project in Banggu-dong, Jung-gu, Ulsan, where the company is participating as the construction company.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(c) Non-contingent liabilities

The Company provided distribution guarantees included performing construction contracts amounting to ₩ 3,816,978 million (2023: ₩ 4,396,554 million) to Hana Asset Trust Co., Ltd. and others.

The Company obtained guarantees of performing construction contracts from Korea Housing Guarantee Co., Ltd. and others amounting to ₩ 12,834,269 million (2023: ₩ 11,489,625 million). Meanwhile, the Company provides its investment securities of Construction Guarantee, Korea Specialty Contractor Financial Cooperative and Mechanical Equipment Construction Mutual Aid Association as collateral as at December 31, 2024 (Note 16).

A. Comprehensive summary table

<i>(in millions of Korean won)</i>	Guaranteed by	Guarantee limit	Guarantee amount	Remark
Payment guarantee provided	Construction Guarantee Cooperative	5,805	5,805	When the guarantor is a related party - Guarantee limit: ₩ 47,160 million - Guarantee amount: ₩ 47,160 million
	Seoul Guarantee Insurance Co., Ltd	151,772	151,772	
	Korea Housing & Urban Guarantee Co., Ltd.	3,659,401	3,659,401	
		<u>3,816,978</u>	<u>3,816,978</u>	
Payment guarantee received	Construction Guarantee Cooperative	3,344,546	3,344,546	When the guaranteed creditor is a related party - Guarantee limit: ₩ 47,304 million - Guarantee amount: ₩ 47,304 million
	Seoul Guarantee Insurance Co., Ltd	323,332	323,332	
	Korea Housing & Urban Guarantee Co., Ltd.	8,486,847	8,486,847	
	Korea Specialty Contractor Financial Cooperative	663,858	663,858	
	Mechanical Equipment Construction Mutual Aid Association	15,686	15,686	
		<u>12,834,269</u>	<u>12,834,269</u>	

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

B. Payment guarantee received

As at December 31, 2024, the Company receives payment guarantees as follows:

(in millions of Korean won)

Guarantor	Guaranteed by	Guarantor	Guarantee limit	Guarantee amount	Related party status	Remark
Housing distribution guarantee	Korea Housing & Urban Guarantee Co., Ltd.	HDC I & Cons Co., Ltd.	47,160	47,160	○	-
	Korea Housing & Urban Guarantee Co., Ltd.	Korea Real Estate Investment & Trust Co., Ltd. and others	3,584,575	3,584,575	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	-
ABS guarantee insurance	Seoul guarantee insurance company	Planupbizvalley Co., Ltd.	40,000	40,000	X	-
Payment guarantee insurance	Seoul guarantee insurance company	JK MIRAE GANGDONG PFV CO.,LTD. And others	76,800	76,800	X	-
Contract guarantee insurance	Seoul guarantee insurance company	JK MIRAE CO.,LTD.	34,972	34,972	X	-
			<u>3,816,978</u>	<u>3,816,978</u>		

Meanwhile, the Company established Uripeoseutieo 1st Co.,Ltd. during 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 Company provided a fund supplemental commitments for the repayment of the principal of the asset-backed securities issued by Uripeoseutieo 1st Co.,Ltd. However, the loan balance as of the end of the period is ₩ - million (2023: ₩ 57,000 million).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

C. Payment guarantee provided

As at December 31, 2024, 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	7,307,610	7,307,610	X	-
Contract guarantee	Construction Guarantee Cooperative	SEOUL CITY BASED FACILITIES CENTRAL and others	37,346	37,346	X	-
		Seoul Guarantee Insurance Co., Ltd	Changwon-si and others	25,584	25,584	X
	Korea Specialty Contractor Financial Cooperative	BCTC	13,071	13,071	O	-
		Login Gimhae Lespo Town Ltd. and others	5,981	5,981	X	-
Construction defects warranty	Construction Guarantee Cooperative	Asan Medical Center and others	146,049	146,049	X	-
		HDC 1ST REIT CO., LTD.	116	116	O	-
		Dongtan 92BL Co.,Ltd.	2,028	2,028	O	-
	Seoul Guarantee Insurance Co., Ltd	Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust1	3,250	3,250	O	-
		Geoje-si, Gyeongsangnam-do and others	6,649	6,649	X	-
	Korea Housing & Urban Guarantee Co., Ltd.	BCTC	1,702	1,702	O	-
		Residents of Onsen 2nd District and others.	245,465	245,465	X	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
Advance payments	Korea Specialty Contractor Financial Cooperative	Beomeo-ubang 1st Apartment Housing Reconstruction Project Association and others.	127,170	127,170	X	-
		Seoul-Chuncheon Highway Co., Ltd.	474	474	O	-
		Gochuk New Stay REIT Co.,Ltd.	12,709	12,709	O	-
	Mechanical Equipment Construction Mutual Aid Association	Supplier of SuwonCentral IPark Xi and others	10,414	10,414	X	-
		Construction Guarantee Cooperative	Login Gimhae Lespo Town Ltd. and others	124,515	124,515	X
Payments	Seoul Guarantee Insurance Co., Ltd	Korea Electric Power Corporation	235,896	235,896	X	-
Subcontract fee	Construction Guarantee Cooperative	Subcontractor under the subcontract for each site	2,282,160	2,282,160	X	-
		HDC Labs Co., Ltd.	1,358	1,358	O	-
	Korea Specialty Contractor Financial Cooperative	Subcontractor under the subcontract for each site	434,961	434,961	X	-
		Mechanical Equipment Construction Mutual Aid Association	Subcontractor under the subcontract for each site	5,214	5,214	X
Construction warranty	Construction Guarantee Cooperative	BoMun 5 Sector Housing Redevelopment Maintenance Business Combination and others	208,705	208,705	X	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(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	914,328	914,328	X	-
	Korea Specialty Contractor Financial Cooperative	Korea Real Estate Investment & Trust Co., Ltd.	26,438	26,438	X	-
Temporary power	Construction Guarantee Cooperative	Korea Electric Power Corporation Gimhae Branch and others.	668	668	X	-
	Korea Specialty Contractor Financial Cooperative	Korea Electric Power Corporation Nowon Dobong Branch and others.	338	338	X	-
	Mechanical Equipment Construction Mutual Aid Association	Korea Electric Power Corporation Busan Headquarters and others.	58	58	X	-
Performing construction	Construction Guarantee Cooperative	Public Procurement Service and others	458,895	458,895	X	-
Bidding	Construction Guarantee Cooperative	Gayang-dong 1st District Redevelopment Project Association and others	35,000	35,000	X	-
	Korea Specialty Contractor Financial Cooperative	Mia 9-2 District Housing Reconstruction Project Association and others	13,550	13,550	X	-
License	Construction Guarantee Cooperative	Hwaseong City Hall and others.	11,511	11,511	X	-
	Seoul Guarantee Insurance Co., Ltd	Seosan City Hall and others.	10,369	10,369	X	-
Deposit	Seoul Guarantee Insurance Co., Ltd	AEKSENTEURI CO.,LTD. and others	29,998	29,998	X	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(in millions of Korean won)

Guarantor	Guaranteed by	Guaranteed creditor	Guarantee limit	Guarantee amount	Related party status	Remark
Construction machinery rental	Construction Guarantee Cooperative	Construction machinery lessor for each site	21,032	21,032	X	-
	Korea Specialty Contractor Financial Cooperative	Construction machinery lessor for Gimhae City Planning Facility Site	3,282	3,282	X	-
Payment of contributions/fulfillment of debt	Construction Guarantee Cooperative	Eastern Waterworks Office of Seoul city and others	1,654	1,654	X	-
Agreement conclusion/implementation of agreement	Construction Guarantee Cooperative	Gwangmyeong City Corporation	3,930	3,930	X	-
		Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust1	5,946	5,946	O	-
	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 guarantee	Construction Guarantee Cooperative	T&O D&C Co., Ltd.	383	383	X	-
Lease management leasehold deposits received	Korea Housing & Urban Guarantee Co., Ltd.	Tenants by household in Ilsan 2 nd IPARK	18,679	18,679	X	-
Lease management rent	Korea Housing & Urban Guarantee Co., Ltd.	HDC 1ST REIT CO., LTD.	765	765	O	-
			12,834,269	12,834,269		

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(d) Pending lawsuit

Details of lawsuits filed against and by the Company as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024	
	Details	Share of the Company	Counterparty
Plaintiff	Claims for receivables from construction contracts	156,077	36 legal cases including Incheon International Airport Corporation
Defendant	Claims for damages	353,033	92 legal cases including Asiana Airlines
<i>(in millions of Korean won)</i>		2023	
	Details	Share of the Company	Counterparty
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

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. were sued as co-defendants in a lawsuit for three legal cases (2023: four legal cases) from the above (amount: ₩ 830 million (2023: ₩ 2,048 million)), and they are in the process of litigation.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(e) Commitments contracted with financial institutions as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won, thousands of USD)

	Financial institutions	Currency	2024		2023	
			Credit limits	Outstanding balances	Credit limits	Outstanding balances
General loans ¹	Korea Development Bank, etc.	KRW	1,431,700	1,320,700	1,036,200	952,000
B2B notes payable	Hana Bank, etc.	KRW	47,000	6,110	49,000	7,924
Foreign guarantee of Korean won ^{1,2}	The Export Import Bank Of Korea, etc.	KRW	50,506	50,506	75,860	57,303
Foreign guarantee of foreign currency ^{1,2}	SC Bank, etc.	KRW	32,126	14,176	26,464	22,372

¹ The Company entered into a comprehensive loan agreement with a limit of ₩ 50,000 million with Hana Bank (2023: ₩ 50,000 million). A general loan limit of ₩ 50,000 million (2023: ₩ 50,000 million) are included in the limit of the comprehensive loan agreement.

² The Company entered into a comprehensive loan agreement with a limit of ₩ 15,000 million with Woori Bank (2023: ₩ 35,000 million). Foreign guarantee of Korean won limit of ₩ 1,831 million (2023: ₩ 25,652 million) and foreign guarantee of foreign currency limit of ₩ 13,169 million (2023: ₩ 9,348 million) are included in the limit of comprehensive loan agreement.

Meanwhile, the Company entered into an interest swap derivative instrument agreement with a contract amount of ₩ 40,000 million with Kookmin Bank and a currency forward derivative instrument agreement with a contract amount of \$ 12,012 thousand with SC Bank. As at December 31, 2024, the Company recognized ₩ 4,086 million of derivative financial assets (2023: ₩ 5,236 million) and ₩ 26 million of derivative financial liabilities (2023: ₩ 590 million) in relation to the agreements, and a gain on valuation of derivative instruments of ₩ 1,605 million (2023: gain on valuation of derivative instruments of ₩ – million) and a loss on valuation of derivative instruments of ₩ 2,191 million (2023: loss on valuation of derivative instruments of ₩ 4,740 million) were recognized as non-operating income and expenses for the year ended December 31, 2024.

(f) As at December 31, 2024, the Company has a rental agreement for the head office and other offices with HDC IPARKMALL Co., Ltd., its other related party.

(g) As at December 31, 2024 and 2023, 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

Notes to the Separate Financial Statements

December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(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 other matters concerning 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.

(i) 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, 2024, 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, 2024, 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 Company recognized allowance for doubtful accounts amounting to ₩ 1,205 million. The lawsuit was concluded in the third trial in March 2025 with a final victory for the plaintiff.

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(j) As at December 31, 2024, the Company entered into a loan agreement with a limit of ₩ 8,212,508 million (2023: ₩ 9,059,005 million) (the Company's share: ₩ 4,706,137 million (2023: ₩ 4,804,824 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 three loan agreements (2023: six loan agreements) prior to the conclusion of the limit agreement. In relation to this, ₩ 850,413 million of loans is recognized as other receivables (2023: ₩ 883,050 million).

(k) As at December 31, 2024, the Company is providing a put option agreement on the shares of the financial investors of SiheungSeoul Access Road Co., Ltd. In addition, the implementation agreement between SiheungSeoul Access Road Co., Ltd. and the competent authority was terminated during the current period. If there is a reason attributable to SiheungSeoul Access Road Co., Ltd. for the termination of the implementation agreement, the Company may assume the obligation to repay SiheungSeoul Access Road Co., Ltd.'s capital and borrowings, and it is impossible to predict whether the Company will assume such obligation as of the end of the current period.

(l) As at December 31, 2024, the Company entrusts land and buildings held by the Company to Hana Bank and others for the borrowings of ₩ 802,700 million and, entered into a real estate security trust contract to issue a certificate of beneficiary rights amounting to ₩ 963,240 million (equivalent to 120% of loan commitment) with the Hana Bank and others, creditors, as beneficiaries (Note 16). In addition, as at December 31, 2024, the Company has a portion of future cash flows arising from the Company's business provided as collateral in connection with borrowings of ₩ 286,000 million.

(m) As at December 31, 2024, 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

36. Commitments and Contingencies, Continued

(n) In relation to the 'Dunchon Jugong Apartment Housing Redevelopment', the Company entered into a transfer agreement for construction receivables with Plan Up DJ Third Co., Ltd. on October 31, 2024, and with Plan Up DJ First Co., Ltd. on December 24, 2024, and entered into an agreement to repurchase all target assets at fair value on the repurchase agreement date.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37.Related Party Transactions

As at December 31, 2024, the Parent Company is HDC Holdings Co., Ltd.¹ (42.65%).

Details of subsidiaries, associates and other related parties as at December 31, 2024, are as follows:

Type of related parties	Name of entity	
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.	
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 Dream Park Development Co., Ltd, Sandan Jaesaeng2ho Seungnam Jisik Sanup Center Real Estate Investment Trust., Songpa Biz Cluster PFV Co., Ltd., Paju Medical Cluster Co., Ltd.	
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., HYUNDAI-BYUKSAN JV, HDC INDIA PRIVATE Ltd., HDC 1ST REIT CO., LTD., Real Estate 114 Inc., Tong-Yeong ECO Power Co., Ltd., HDC Shilla Duty Free Co., Ltd., HDC Labs Co., Ltd., Dongtan92BL,, I PARK MALL 1ST CO.,LTD., Yongsanparkumol 1st Co.,Ltd., Dibialeepakemol 1st Co.,Ltd., HORIZON ENERGY SINGAPORE PTE.,Ltd., HDC Polyall Co., Ltd., Hyundai(Sanhe) Engineering Plastics Co., Ltd., Hyundai Engineering Plastics India Private Ltd., Hyundai (Yancheng) Engineering Plastics Co., Ltd., Hyundai (Chongqing) Engineering Plastics Co., Ltd., CJ HDC BIOSOL Co., Ltd., Icontrols Vietnam Co., Ltd., HDC Value Add REF 2nd Co., Ltd., Money Market Trust., Youngchang music China, Youngchang Ganggeum Jugun Tianjin Inc., Mastern No.113 Logis Point Seoun PFV Coporation, MIRAE B I.	Subsidiaries, associates and related parties of HDC holdings Co., Ltd.
Others ²	HDC Asset Management Co., Ltd., MNQ Investment Partners Co., Ltd., JNC Investment Ltd., WNC Investment Ltd., SBD Investment Ltd., Seoul-Chuncheon Highway Co., Ltd., Bukhang I'Bridge Co., Ltd., BCTC, Haeundae I'Park Marina, SiheungSeoul Access Road co., Ltd., Incheon Port Hinterland Complex Co., Ltd., Seochang Gimpo Highway Co., Ltd.	

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

¹ 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 can 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.

² 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 FairTrade Act.

Sales and purchases with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024			
		Sales		Purchase	
		Sales	Others	Purchase ¹	Others
Parent					
Company	HDC Holdings Co., Ltd.	-	171	-	7,909
Subsidiaries	Hotel HDC Co., Ltd.	2,017	-	70,458	-
	HDC Hyundai PCE	1	-	14,793	340
	HDC I PARK 1st REIT Co., Ltd	-	2,449	-	-
	HDC I PARK 2nd REIT Co., Ltd	-	199	-	-
	Uripeoseutieo 1st Co.,Ltd. ²	-	-	-	674
	Associates	HDC Resort Co., Ltd.	3,002	-	14,145
	Gocheok New Stay REIT Co., Ltd.	-	-	7,115	3,234
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	134	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	221	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	30,922	-	-	-
	Songpa Biz Cluster PFV Co., Ltd.	-	3,979	-	-
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	6	-	3,665	-
	HDC I & Cons Co., Ltd.	6,291	1,105	-	-
	HDC IPARKMALL Co., Ltd.	285	2,027	2,746	7,096
	HDC Sports Co., Ltd.	-	-	7,292	207

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(in millions of Korean won)

		2024			
		Sales		Purchase	
		Sales	Others	Purchase ¹	Others
	HDC Youngchang Co., Ltd.	-	407	7,644	-
	HDC 1 ST REIT CO., LTD.	356	-	2,162	-
	Real Estate 114 Inc.	-	-	197	313
	Ton-Yeong ECO Power Co., Ltd.	-	1,560	-	-
	HDC Shilla Duty Free Co., Ltd.	65	-	3,600	-
	HDC Labs Co., Ltd.	606	-	176,479	18,243
Others	BCTC	57,952	214	7	-
	Incheon Port Hinterland Complex Co., Ltd.	20,411	236	-	-
	Haeundae I'Park Marina.	-	204	-	-
	Seoul-Chuncheon Highway Co., Ltd.	-	2	-	-
	HDC Asset Management Co., Ltd.	-	-	-	16
		<u>121,914</u>	<u>12,908</u>	<u>310,303</u>	<u>38,591</u>

¹ During 2024, 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 ₩ 12,483 million.

² During 2024, the amounts of other purchases from Uripeoseutieo 1st Co.,Ltd., are the amounts incurred up to the point prior to the loss of control.

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 gain on valuation of ₩ 1,075 million (2023: loss on valuation of ₩ 680 million) and interest income of ₩ 9,681 million (2023: ₩ 7,138 million) during the year ended December 31, 2024.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(in millions of Korean won)

		2023			
		Sales		Purchase	
		Sales	Others	Purchase ¹	Others
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	465
	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., Ltd.	284	1,651	660	6,217
	HDC Sports Co., Ltd.	-	-	6,537	94
	HDC Youngchang Co., Ltd.	266	376	20,652	-
	HDC 1 ST 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
Others	HDC Labs Co., Ltd.	655	189	152,849	17,340
	BCTC	13,042	143	7	2
	Incheon Port Hinterland Complex Co., Ltd.	33,001	227	-	-
	Haeundae I'Park Marina.	-	121	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(in millions of Korean won)

	2023			
	Sales		Purchase	
	Sales	Others	Purchase ¹	Others
Seoul-Chuncheon Highway Co., Ltd.	21,274	2	-	-
HDC Asset Management Co., Ltd.	-	-	-	16
	111,502	22,102	296,997	36,629

¹ 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.

Outstanding balances of receivables and payables arising from sales and purchases of goods and services as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Receivables		Payables		
	Trade receivables	Other receivables (guarantee deposits and others)	Trade payables	Other payables (withholding and others)	
Parent Company	HDC Holdings Co., Ltd.	-	113	-	2,194
Subsidiaries	Hotel HDC Co., Ltd.	-	3,056	-	1,257
	HDC Hyundai PCE	-	-	-	1,387
	HDC I PARK 1st REIT Co., Ltd	-	191	-	-
	HDC I PARK 2nd REIT Co., Ltd	-	29	-	-
	Associates	HDC Resort Co., Ltd.	-	185	88
	Gocheok New Stay REIT Co., Ltd.	-	48,663	-	48,094
	Gwangmyeong Culture Complex AMC Co., Ltd.	-	6	-	-
	Gwangmyeong Culture Complex PFV Co., Ltd.	-	5,884	-	-
	Sandan Jaesaeng 2ho Seungnam Jisik Sanup Center Real Estate Investment Trust	594	-	-	-
	Songpa Biz Cluster PFV Co., Ltd.	-	48,514	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(in millions of Korean won)

		2024			
		Receivables		Payables	
		Trade receivables	Other receivables (guarantee deposits and others)	Trade payables	Other payables (withholding and others)
Other related parties	HDC Hyundai Engineering Plastics Co., Ltd.	-	-	-	60
	HDC Polyall Co., Ltd.	-	-	-	-
	HDC I & Cons Co., Ltd.	2,100	70,710	-	57,913
	HDC IPARKMALL Co., Ltd.	-	3,235	403	1,115
	HDC Sports Co., Ltd.	-	-	-	39
	HDC Youngchang Co., Ltd.	-	7,512	-	696
	HDC 1 ST REIT CO., LTD.	-	41,684	-	-
	Real Estate 114 Inc.	-	-	-	-
	Hyundai-Byucksan JV Ton-Yeong ECO Power Co., Ltd.	-	1,517	-	-
	HDC Shilla Duty Free Co., Ltd.	-	6	-	330
	HDC Labs Co., Ltd.	-	359	40,460	13,457
Others	BCTC	6,465	43	-	-
	Incheon Port Hinterland Complex Co., Ltd.	-	4,810	-	-
	Haeundae l'Park Marina. Seoul-Chuncheon Highway Co., Ltd.	-	2,532	-	-
		-	-	-	-
		<u>9,159</u>	<u>239,451</u>	<u>40,951</u>	<u>127,238</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(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	-	-
	Uripeoseutieo 1st Co.,Ltd.	-	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
	HDC Sports Co., Ltd.	-	-	-	19
	HDC Youngchang Co., Ltd.	-	4,188	-	38
	HDC 1 ST 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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(in millions of Korean won)

		2023			
		Receivables		Payables	
		Trade receivables	Other receivables (guarantee deposits and others)	Trade payables	Other payables (withholding and others)
Others	BCTC	826	41	-	24,623
	Incheon Port Hinterland Complex Co., Ltd.	6,161	73	-	-
	Haeundae l'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>

As of the end of the current period, the allowance for bad debts established for related party receivables is ₩ 1,517 million (2023: ₩ 1,517 million), and no bad debt expenses were recognized in relation to this during the current and previous periods.

Compensation for key management for the years ended December 31, 2024 and 2023, consists of:

<i>(in millions of Korean won)</i>	2024	2023
Short-term salaries	1,148	1,335
Retirement and severance benefits	163	179
	<u>1,311</u>	<u>1,514</u>

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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

As at December 31, 2024 and 2023, 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, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024		2023	
	Type	Total guarantee limit	Outstanding balances	Total guarantee limit	Outstanding balances
Securitized bonds and others of developer, other related parties, SOC company and others ¹	Fund supplemental commitment and conditional debt take-over commitments	31,373	2,710	24,706	2,710
		<u>31,373</u>	<u>2,710</u>	<u>24,706</u>	<u>2,710</u>

¹ As at December 31, 2024, the Company's share of ₩ 26,667 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 ₩ 40,000 million (outstanding balance: ₩ - million).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

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, 2024 and 2023, are as follows:

(in millions of Korean won)

			2024		2023		Financing periods
			Limit	Outstanding balance	Limit	Outstanding balance	
Others	BCTC	Korea Development Bank, etc.	26,667	-	20,000	-	Commencement of operation~ Completion date of performance of obligation
	Bukhang l'Bridge Co., Ltd ¹	Korea Development Bank, etc.	-	-	-	-	Commencement of operation~ Completion date of performance of obligation
			26,667	-	20,000	-	

¹ 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 l'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, 2024, the obligation for the fund supplemental commitment has not been commenced.

Meanwhile, the Company and HDC Holdings Co., Ltd. were sued as co-defendants in a lawsuit for three legal cases (2023: four legal cases) (Amount: ₩ 830 million (2023: ₩ 2,048 million)), and they are in the process of litigation as at December 31, 2024 (Note 36).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

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, 2024 and 2023, are as follows:

(in millions of Korean won)

	Type	Financing sources	2024		2023		Financing periods
			Limit	Outstanding balance	Limit	Outstanding balance	
Others	SiheungSeoul Access Road Co., Ltd	Fund supplemental commitments	5,000	-	5,000	-	Commencement of operation~ 5 years after commencement of operation
	Incheon Port Hinterland Complex Co., Ltd.	Fund supplemental commitments	-	-	51,980	-	Commencement of operation~ 1 year after completion of construction
			<u>5,000</u>	<u>-</u>	<u>56,980</u>	<u>-</u>	

As at December 31, 2024, the Company entered in a real estate purchase commitment in relation to borrowings of HDC I PARK 1st REIT Co., Ltd., subsidiary (2024: ₩ 200,000, 2023: ₩ 250,000 million). The Company has terminated the real estate purchase commitment in relation to borrowings of HDC I PARK 2nd REIT Co., Ltd., subsidiary (2024: ₩ -, 2023: ₩ 72,000 million).

In addition, the Company has entered into an option contract that provides the right for the company to purchase the principal and interest of loans worth ₩ 502,400 million (2023: ₩ - million) for its subsidiaries, HDC I PARK 1st REIT Co., Ltd. and HDC I PARK 2nd REIT Co., Ltd., and Other related parties, HDC IPARKMALL Co., Ltd.

As at December 31, 2024, the Company provides a distribution guarantee of ₩ 47,160 million (2023: ₩ 47,160 million) for HDC I & Cons Co., Ltd. In addition, the Company provides a joint guarantee for the construction completion and conditional debt assumption agreement of PF loan limit of ₩ 163,200 million (2023: ₩ 169,900 million (loan balance: ₩ 160,400 million (2023: ₩ - million))) for HDC I & Cons Co., Ltd.

As at December 31, 2024 and 2023, the Company has a rental agreement for the head office and other offices with HDC IPARKMALL Co., Ltd., its other related party.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

Details of trademarks license contracts with related parties as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024		
	Name of entity	Contracts	Periods	Royalty
Parent company	HDC Holdings Co., Ltd.	Purchase a right to use CI	2024.01.01~ 2024.12.31	0.19% of quarterly sales excluding internal transactions
Other related parties	HDC I & Cons Co., Ltd.	Provide a right to use BI	2024.01.01~ 2024.12.31	0.2% of annual sales

(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

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

Fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024					
		Loan transactions		Borrowing transactions		Investment	Dividends
		Loans	Collections	Borrowings	Repayments	in cash	paid
Parent							
Company	HDC Holdings Co., Ltd.	-	-	-	-	-	19,156
Subsidiaries	Uripeoseutieo 1st Co.,Ltd. ¹	-	-	-	57,000	-	-
	HDC I PARK 1st REIT Co., Ltd	-	40,000	-	-	-	-
Associate	Gwangmyeong Culture Complex PFV Co., Ltd.	996	-	-	-	-	-
	Songpa Biz Cluster PFV Co., Ltd.	45,129	-	-	-	5,000	-
	Paju Medical Cluster Co., Ltd.	-	-	-	-	50	-
Other related parties	HDC I & Cons Co., Ltd.	22,852	-	-	-	-	-
	HDC IPARKMALL Co., Ltd.	-	30,000	-	-	-	-
Others	HDC Youngchang Co.,Ltd.	3,200	-	-	-	-	-
	SiheungSeoul Access Road co., Ltd. ²	-	-	-	-	-	-
	Incheon Port Hinterland Complex Co., Ltd. ³	-	-	-	-	-	-
	Seochang Gimpo Highway Co., Ltd.	-	-	-	-	20	-
		<u>72,177</u>	<u>70,000</u>	<u>-</u>	<u>57,000</u>	<u>5,070</u>	<u>19,156</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

(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	-	-	-	-	-
	Uripeoseutieo 1st Co.,Ltd.	-	-	57,000	-	-	-
Associate	Gwangmyeong Culture Complex PFV Co., Ltd.	1,038	-	-	-	-	-
Other related parties	HDC I & Cons Co., Ltd.	25,000	-	-	-	-	-
	HDC IPARKMALL Co., Ltd.	30,000	-	-	-	-	-
		<u>96,038</u>	<u>-</u>	<u>57,000</u>	<u>-</u>	<u>19,000</u>	<u>16,420</u>

¹ The Company established Uripeoseutieo 1st Co.,Ltd. during 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 Company provided a fund supplemental commitments for the repayment of the principal of the asset-backed securities issued by Uripeoseutieo 1st Co.,Ltd. However, the loan balance as of the end of the period is ₩ - million (2023: ₩ 57,000 million).

² As at December 31, 2024, 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).

³ The Company provided shares of Incheon Port Hinterland Complex Co., Ltd. (acquisition cost of ₩ 7,185 million) to a relevant financial institution as collateral for the borrowings of Incheon Port Hinterland Complex Co., Ltd. (total borrowing limit of ₩ 113,000 million) as at December 31, 2023. However, the borrowings were repaid and the collateral was released during the year ended December 31, 2024 (Note 16).

Hyundai Development Company

Notes to the Separate Financial Statements

December 31, 2024 and 2023

37. Related Party Transactions, Continued

As at December 31, 2024, the Company has entered into a rental housing management agreement for rental houses owned by HDC 1st REIT Co., Ltd. by October 31, 2029. In relation to this, the Company recognized right-of-use assets of ₩ 8,849 million (2023: ₩ 11,138 million) and lease liabilities of ₩ 9,317 million (2023: ₩ 12,745 million) for HDC 1st REIT Co., Ltd. For the year ended December 31, 2024, the amount of repayment of lease liabilities is ₩ 1,745 million (2023: ₩ 1,569 million) and the amount of interest expenses is ₩ 347 million (2023: ₩ 404 million). The amount of reversal of bad debt expenses on right-of-use assets is ₩ 20 million (2023: ₩ 15 million) and the carrying amount of provision for bad debt expenses is ₩ 98 million (2023: ₩ 124 million).

Meanwhile, as at December 31, 2024, the Company is provided from HDC 1st REIT Co., Ltd. with rental houses as collateral (pledged amount: ₩ 57,759 million (2023: ₩ 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, 2024, 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 ₩ 45,238 million (2023: ₩ 47,787 million) and lease liabilities of ₩ 48,094 million (2023: ₩ 49,426 million) for Gocheok IPARK New Stay REIT Co., Ltd. For the year ended December 31, 2024, the amount of repayment of lease liabilities is ₩ 1,332 million (2023: ₩ - million) and the amount of interest expenses is ₩ 3,234 million (2023: ₩ 827 million). The amount of reversal of bad debt expenses on right-of-use assets is ₩ 485 million (2023: bad debt expenses of ₩ 1,443 million) and the carrying amount of provision for bad debt expenses is ₩ 693 million (2023: ₩ 1,177 million).

As at December 31, 2024, the Company entrusts properties jointly owned by the Company and HDC Labs Co., Ltd., to KB Real Estate Trust Co., Ltd. for the borrowings of ₩ 75,000 million and, entered into a real estate security trust contract to issue a certificate of beneficiary rights amounting to ₩ 90,000 million (equivalent to 120% of loan commitment) with Kookmin Bank, creditor, as beneficiary (Note 16).

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

37. Related Party Transactions, Continued

Details of trust assets in relation to real estate security trust contract as at December 31, 2024, are as follows:

		2024			
		Ownership interest held by the trust company		Beneficiary	Limited amount of revenue
		Hyundai Development Company	HDC Labs Co., Ltd.		
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%		
Land	160-15, Samseong-dong, Gangnam-gu, Seoul, Republic of Korea	89.05%	10.95%	Kookmin Bank	90,000
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
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		2023	
	Revenue	Operating income (loss)	Revenue	Operating income (loss)
General construction	836,016	(26,719)	600,798	(974)
Civil engineering	384,060	40,356	338,487	2,478
Construction of houses	2,455,815	123,835	2,530,991	135,288
Housing contract	400,848	54,179	441,221	24,682
	<u>4,076,739</u>	<u>191,651</u>	<u>3,911,497</u>	<u>161,474</u>
Others ¹	134,634	(6,956)	251,192	27,855
	<u>4,211,373</u>	<u>184,695</u>	<u>4,162,689</u>	<u>189,329</u>

¹ Others include operating segments that do not satisfy the criteria of reporting segments 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, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		2023	
	Revenue from external customers	Non-current assets	Revenue from external customers	Non-current assets
Korea	4,135,188	1,816,732	4,093,690	1,792,134
Vietnam	5,487	-	14,624	-
Bangladesh	-	-	1,882	-
India	54,237	1,970	48,691	2,446
Ethiopia	16,461	246	3,802	586
	<u>4,211,373</u>	<u>1,818,948</u>	<u>4,162,689</u>	<u>1,795,166</u>

There is no external customer who contributes more than 10% of the Company's revenue for the years ended December 31, 2024. 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.

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, are as follows:

(in millions of Korean won)	2024						
	Contract date	Contractual completion date	Percentage of completion	Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Gyeongsan Amnyang-eup multi-unit housing new construction	2020-12-10	2024-04-29	100.00%	-	-	53,713	(101)
Uiwang Chopyeong Knowledge Industry Center new construction	2021-06-24	2024-06-10	100.00%	-	-	108,062	-
Pohang IPARK new construction	2021-02-22	2024-08-27	100.00%	-	-	29,403	(56)
Dunchon Jugong Apartment Housing Redevelopment	2016-10-01	2024-11-25	100.00%	-	-	10,864	-
Citi O Ciel 3 Complex new construction	2021-02-01	2024-12-31	100.00%	-	-	40,512	(76)
Seoul Forest 1st IPARK Riverfore	2019-10-11	2024-12-31	100.00%	6,241	(12)	41,877	(79)
Masan Maritime New city	2007-02-08	2025-09-13	93.86%	12,575	-	-	-
Goduk Gangil Complex new construction	2019-11-05	2025-02-21	92.75%	102,088	-	248,223	-
Hongseun District 13 complex Housing Redevelopment	2020-04-23	2025-06-30	76.86%	34,564	-	-	-
Pyeongtaek Goduk 2nd IPARK new construction	2020-11-24	2025-04-30	84.95%	49,631	-	-	-
Imun District 3 Redevelopment Promotion Redevelopment	2018-05-15	2025-07-25	60.67%	25,612	-	-	-
Jamsil Jinju Apartment Redevelopment	2018-08-31	2025-12-27	49.61%	141,290	-	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date, Continued

(in millions of
Korean won)

	Contract date	Contractual completion date	Percentage of completion	2024			
				Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Daejeon Tanbang District 1 (Sungeorisaem) Housing Redevelopment	2019-01-31	2025-06-20	73.68%	-	-	-	-
Gwangmyeong District 4R complex Housing Redevelopment	2019-09-25	2025-10-31	68.22%	114,651	-	-	-
Busan Daeyeon District 3 complex Housing Redevelopment	2018-09-28	2027-02-26	24.50%	-	-	-	-
Chuncheon Samcheon-dong IPARK	2021-04-29	2026-08-31	31.00%	-	-	-	-
Gangneung Gyeonso-dong IPARK	2023-06-16	2026-08-03	18.07%	-	-	-	-
Indeogwon~ Dongtan double track railway Section 12	2023-12-22	2028-11-24	3.21%	-	-	-	-
Sinwol2 Housing Re-architecture Association corp.	2022-05-04	2026-09-05	21.89%	-	-	-	-
Cheonan IPARK CITY	2021-03-16	2027-12-24	1.25%	2,100	(4)	-	-
				<u>488,752</u>	<u>(16)</u>	<u>532,654</u>	<u>(312)</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date, Continued

(in millions of
Korean won)

	Contract date	Contractual completion date	Percentage of completion	2023			
				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 nd Expressway (Section 5)	2015-12-30	2023-12-15	100.00%	-	-	-	-
Masan Maritime New city	2007-02-08	2024-10-13	89.74%	12,716	(74)	-	-
Gwangju Hwajeong-dong Apartment&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 construction	2020-12-10	2024-04-15	74.42%	44,345	-	-	-
Uiwang Chopyeong Knowledge Industry Center new construction	2021-06-24	2024-05-30	56.02%	-	-	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date, Continued

(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
Hongseun 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%	-	-	-	-
2nd Gunsan Lake Park	2022-07-21	2026-11-30	2.06%	3,882	-	-	-

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

**39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date,
Continued**

(in millions of
Korean won)

	Contract date	Contractual completion date	Percentage of completion	2023			
				Due from customers		Trade receivables	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
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)
				<u>858,207</u>	<u>(244)</u>	<u>415,389</u>	<u>(128)</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date, Continued

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, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024						
	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	57,916	34,433	-	384,767	-	527,798	(366)
General construction	-	190,317	-	239,943	-	153,347	-
Civil engineering	24,496	4,270	-	47,937	-	80,126	-
Housing contract	-	(2,408)	-	10,939	-	-	-
	<u>82,412</u>	<u>226,612</u>	<u>-</u>	<u>683,586</u>	<u>-</u>	<u>761,271</u>	<u>(366)</u>

<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	-
	<u>115,790</u>	<u>(58,746)</u>	<u>-</u>	<u>387,580</u>	<u>-</u>	<u>982,755</u>	<u>(461)</u>

Hyundai Development Company
Notes to the Separate Financial Statements
December 31, 2024 and 2023

39. Construction Contracts Measured by Reference to Contract Costs Incurred up to the Date, Continued

Due to the factors causing the rise in costs in 2024 and 2023, 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)*

	2024				
	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit (loss) for the year	Impact on profit (loss) for the succeeding year	Changes in unbilled amount
Construction of houses	463,231	384,767	34,433	44,031	34,433
General construction	242,484	239,943	190,317	(187,776)	190,317
Civil engineering	54,971	47,937	4,270	2,764	4,270
Housing contract	17,006	10,939	(2,408)	8,475	(2,408)
	<u>777,692</u>	<u>683,586</u>	<u>226,612</u>	<u>(132,506)</u>	<u>226,612</u>

*(in millions of
Korean won)*

	2023				
	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit (loss) for the year	Impact on profit (loss) for the succeeding year	Changes in unbilled amount
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>

40. Events after the Reporting Period

The lawsuit filed by KUMHO Industrial Co., Ltd. and Asiana Airline 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 was concluded in the third trial in March 2025 with a final victory for the plaintiff(Note 36).

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, 2024, 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, 2024, 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, 2024, and the separate statement of income, 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 17, 2025 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 Dong-Chun Yoon.

BDO Sunghyun LLC

BDO Sunghyun LLC
Seoul, Korea
March 17, 2025

<p>This report is effective as of 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 Chief Executive Officer 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, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And we conducted an evaluation of ICFR based on *Best Practice 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 of December 31, 2024, 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 25, 2025

Ki-Hoon Cho, Internal Control over Financial Reporting Officer

Ik-Hoon Choi, Chief Executive Officer