

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
Hyundai Glovis Co., Ltd.

Opinion

We have audited the consolidated financial statements of Hyundai Glovis Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, including significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Assessment of the percentage-of-completion for overseas logistics and shipping businesses

As described in Note 4 to the consolidated financial statements, the Group recognizes revenues arising from contracts with customers related to overseas logistics and shipping business over a period of time in accordance with the percentage-of-completion.

In addition, as described in Note 32 to the consolidated financial statements, about 51 % of the Group's total revenue during the current year are from services provided over a period of time, and about 87% of such revenue is from overseas logistics and shipping businesses and is considered to be significant to the consolidated financial statements. The percentage-of-completion of overseas logistics is calculated by considering the number of actual transport days to date against the total scheduled transportation period. The percentage-of-completion of shipping business is calculated by considering the cost incurred to date against the estimated total contract costs.

As the estimation of measuring percentage-of-completion requires significant management judgment, estimation uncertainties exist and there is a possibility of significant impact on profit or loss (or future profit or loss), we identified assessment of the percentage-of-completion as a key audit matter.

The primary procedures we performed to address this key audit matter included the following:

- Testing the design and operating effectiveness of certain internal controls over the process related to revenue recognition based on the percentage-of-completion.
- Obtained an understanding and evaluated accounting policies related to revenue recognition based on percentage-of-completion.
- Performing retrospective reviews of the elements of estimates (contracts cost, estimated time of departure, estimated time of arrival) used to calculate the percentage-of-completion.



- Assessing the reliability and accuracy of underlying data (contracts freight, estimated time of departure, estimated time of arrival) on overseas logistics progress adjustment.
- Inspection of relevant documents for selected samples to assess the existence of the costs incurred before and after the end of reporting period of the shipping business.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who expressed an unqualified opinion on those statements on March 15, 2022.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dong-Hyun Chi.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 21, 2023

This report is effective as of March 21, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2022 and 2021

(In won)

	<i>Note</i>	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents	5,6,7,8	₩ 2,059,783,220,532	1,645,326,172,902
Short-term financial assets	6,7,26,33	1,057,232,216,878	875,740,885,347
Trade receivables	6,7,8,9,26,31	3,101,947,683,805	2,579,218,047,511
Contract assets	8,9,31	202,915,422,384	198,427,417,795
Other receivables	6,7,8,31	138,077,885,581	129,463,628,487
Inventories	10	1,452,283,025,275	1,370,430,331,304
Recourse rights	18	44,982,730,387	38,753,360,538
Current tax assets		7,938,749,219	4,466,410,767
Other current assets	11	116,697,146,835	93,243,267,528
Non-current assets held for sale	34	-	33,141,838,000
Total current assets		8,181,858,080,896	6,968,211,360,179
Long-term other receivables	2,6,7,8,31	25,341,550,007	23,579,679,549
Long-term financial assets	2,6,7,33	222,508,643,490	415,338,966,839
Investments in associates and joint ventures	12	673,963,524,640	659,175,113,482
Property, plant and equipment	13,33	4,470,028,907,297	3,865,120,928,412
Intangible assets	14	104,163,670,448	102,073,006,434
Recourse rights	18	133,879,921,006	127,773,967,297
Deferred tax assets	24	9,692,306,551	8,679,397,475
Other non-current assets	11,19	56,347,895,961	975,823,098
Total non-current assets		5,695,926,419,400	5,202,716,882,586
Total assets		₩ 13,877,784,500,296	12,170,928,242,765

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position, Continued
As of December 31, 2022 and 2021

(In won)

	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Liabilities			
Trade payables	6,7,26,31	₩ 1,842,184,505,555	1,902,448,368,854
Other payables	6,7,15,26,31	514,392,355,060	375,316,846,273
Short-term borrowings	6,7,17,31	1,175,952,907,115	1,116,846,295,678
Other current financial liabilities	6,7,31,33	322,186,105,798	251,685,399,550
Income tax payable		243,989,672,555	135,444,483,890
Provision for sales warranties	18,20	73,052,433,322	51,945,818,119
Contract liabilities	9	138,701,367,204	51,084,202,762
Other current liabilities	9,16	33,298,871,165	58,190,577,049
Total current liabilities		<u>4,343,758,217,774</u>	<u>3,942,961,992,175</u>
Long-term borrowings	6,7,17,31	659,224,582,711	710,408,138,216
Corporate bonds	6,7,17,31	299,417,561,018	299,241,919,950
Other non-current financial liabilities	6,7,31,33	1,301,353,380,547	1,019,610,516,584
Deferred tax liabilities	24	241,479,098,023	237,333,651,210
Defined benefit liabilities	19	2,051,581,616	2,371,262,031
Provision for sales warranties	18	141,501,386,207	136,684,063,648
Other non-current liabilities	16	9,386,404,442	9,904,563,597
Total non-current liabilities		<u>2,654,413,994,564</u>	<u>2,415,554,115,236</u>
Total liabilities		<u>6,998,172,212,338</u>	<u>6,358,516,107,411</u>
Equity			
Common stock	21	18,750,000,000	18,750,000,000
Capital surplus	21	153,618,863,259	153,618,863,259
Accumulated other comprehensive income	21	(99,734,436)	(4,372,890,346)
Retained earnings	21	6,679,226,432,679	5,619,944,449,329
Other components of equity	21	14,511,750,412	14,511,750,412
Equity attributable to owners of the Company		<u>6,866,007,311,914</u>	<u>5,802,452,172,654</u>
Non-controlling interests		<u>13,604,976,044</u>	<u>9,959,962,700</u>
Total equity		<u>6,879,612,287,958</u>	<u>5,812,412,135,354</u>
Total liabilities and equity		<u>₩ 13,877,784,500,296</u>	<u>12,170,928,242,765</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Income
For the years ended December 31, 2022 and 2021

(In won)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Sales	26,30,32 ₩	26,981,880,971,123	21,779,581,931,003
Cost of sales	23,26	24,680,497,658,585	20,287,858,400,845
Gross profit		<u>2,301,383,312,538</u>	<u>1,491,723,530,158</u>
Selling, general and administrative expenses	22,23	502,866,716,408	365,477,824,755
Operating profit	22,30	<u>1,798,516,596,130</u>	<u>1,126,245,705,403</u>
Finance income	22	82,004,218,223	34,816,238,676
Other operating income	22	1,312,732,488,622	442,198,501,026
Finance costs	22	119,307,174,672	71,354,756,045
Other operating expenses	22	1,467,250,445,623	567,545,392,868
Share of profit of associates and joint ventures	12	(9,274,493,156)	20,850,553,933
Profit before income tax		<u>1,597,421,189,524</u>	<u>985,210,850,125</u>
Income tax expense	24	404,615,613,481	202,034,987,885
Profit for the year	₩	<u>₩ 1,192,805,576,043</u>	<u>783,175,862,240</u>
Profit attributable to:			
Owners of the Company		1,189,821,184,515	782,897,006,411
Non-controlling interests		2,984,391,528	278,855,829
Earnings per share:			
Basic and diluted, earnings per share attributable to owners of the parent	25 ₩	31,729	20,877

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

(In won)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Profit for the year	₩	1,192,805,576,043	783,175,862,240
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss			
Equity adjustment in equity method	21	9,104,592,792	5,561,078,133
Exchange differences on translation of foreign operations	21	27,815,942,203	64,412,319,571
		<u>36,920,534,995</u>	<u>69,973,397,704</u>
Items that will not be reclassified to profit or loss	21		
Net profit (loss) on valuation of financial assets at fair value through OCI	21	(32,603,398,454)	(1,321,565,631)
Changes in retained earnings adjustment in equity method	21	1,428,163,010	(29,091,171)
Remeasurement gain (loss) on defined benefit plans	21	10,532,635,825	1,504,660,852
		<u>(20,642,599,619)</u>	<u>154,004,050</u>
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		1,206,055,139,260	852,816,129,661
Non-controlling interests		3,028,372,159	487,134,333
	₩	<u>1,209,083,511,419</u>	₩ <u>853,303,263,994</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD.AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(In won)

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Common stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Other components of equity		
Balance at January 1, 2021	₩ 18,750,000,000	153,618,863,259	(72,816,443,915)	4,966,821,873,237	(927,328,773)	921,689,352	5,066,368,653,160
Total comprehensive income (loss) for the period	-	-	-	782,897,006,411	-	278,855,829	783,175,862,240
Profit for the year	-	-	-	782,897,006,411	-	-	(1,321,565,631)
Net profit on valuation of financial assets at fair value through OCI	-	-	(1,321,565,631)	-	-	-	1,504,660,852
Remeasurement loss on defined benefit plans	-	-	-	1,504,660,852	-	-	5,561,078,133
Changes in equity adjustment in equity method	-	-	5,561,078,133	-	-	-	(29,091,171)
Changes in retained earnings adjustment in equity method	-	-	-	(29,091,171)	-	-	64,204,041,067
Exchange differences on translation of foreign operations	-	-	64,204,041,067	-	-	208,278,504	(131,250,000,000)
Transactions with owners of the Company, recognized directly in equity	-	-	-	(131,250,000,000)	-	-	23,990,288,982
Dividends	-	-	-	(131,250,000,000)	-	-	(70,782)
Changes in ownership interest in subsidiary that does not result in loss of control	-	-	-	-	15,439,079,185	8,551,209,797	5,812,412,135,354
Change in scope of consolidation	-	-	-	-	-	(70,782)	
Balance at December 31, 2021	₩ 18,750,000,000	153,618,863,259	(4,372,890,346)	5,619,944,449,329	14,511,750,412	9,959,962,700	5,812,412,135,354
Balance at January 1, 2022	₩ 18,750,000,000	153,618,863,259	(4,372,890,346)	5,619,944,449,329	14,511,750,412	9,959,962,700	5,812,412,135,354
Total comprehensive income (loss) for the year	-	-	-	1,189,821,184,515	-	2,984,391,528	1,192,805,576,043
Profit for the period	-	-	-	1,189,821,184,515	-	2,984,391,528	(32,603,398,454)
Net loss on valuation of financial assets at fair value through OCI	-	-	(32,603,398,454)	-	-	-	10,532,635,825
Remeasurement loss on defined benefit plans	-	-	-	10,532,635,825	-	-	9,104,592,792
Changes in equity adjustment in equity method	-	-	9,104,592,792	-	-	-	1,428,163,010
Changes in retained earnings adjustment in equity method	-	-	-	1,428,163,010	-	-	27,771,961,572
Exchange differences on translation of foreign operations	-	-	27,771,961,572	-	-	43,980,631	(142,500,000,000)
Transactions with owners of the Company, recognized directly in equity	-	-	-	(142,500,000,000)	-	-	616,641,185
Dividends	-	-	-	(142,500,000,000)	-	-	13,604,976,044
Change in scope of consolidation	-	-	-	-	-	-	
Balance at December 31, 2022	₩ 18,750,000,000	153,618,863,259	(99,734,436)	6,679,226,432,679	14,511,750,412	13,604,976,044	6,879,612,287,958

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD.AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021

(In won)

	Note	2022	2021
Cash flows from operating activities			
Profit for the year		₩ 1,192,805,576,043	783,175,862,240
Adjustments to reconcile profit for the year to net cash flows			
provided by operating activities	29	1,333,788,628,873	766,719,618,707
Changes in operating assets and liabilities	29	(724,129,101,628)	(367,384,574,803)
Interest received		41,132,560,786	19,510,262,612
Interest paid		(104,578,923,374)	(69,556,191,179)
Dividends received		13,891,577,207	20,317,588,516
Income taxes paid		(194,115,157,412)	(47,267,694,519)
Net cash provided by operating activities		<u>1,558,795,160,495</u>	<u>1,105,514,871,574</u>
Cash flows from investing activities			
Decrease(Increase) in other current financial assets		(165,639,326,572)	71,607,424,136
Increase in other non-current financial assets		(4,599,033,022)	-
Increase in other current receivables		(2,396,113,052)	-
Increase in other non-current receivables		(2,417,838,783)	(485,055,829)
Acquisition of investments in associates		(44,893,605,286)	(110,406,664,378)
Proceeds from disposal of investments in associates		6,023,720,650	5,972,074,860
Change in scope of consolidation		(5,135,802,882)	-
Acquisition of property, plant and equipment		(340,509,375,968)	(307,966,747,066)
Proceeds from non-current assets held for sale		31,921,198,473	-
Proceeds from disposal of property, plant and equipment		2,472,201,151	1,820,919,972
Proceeds from disposal of intangible assets		209,006,000	-
Acquisition of intangible assets		(3,625,951,739)	(11,067,241,051)
Government subsidies received		2,034,535,458	1,170,000,000
Net cash used in investing activities		<u>(526,556,385,572)</u>	<u>(349,355,289,356)</u>
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(262,105,676,296)	(234,156,632,044)
Decrease in other non-current financial liabilities		(2,946,716,079)	-
Repayment of current portion of long-term accounts payable		(28,850,586,838)	(22,968,073,897)
Net-Increase(Decrease) in short-term borrowings		112,092,746,886	(234,517,702,993)
Decrease of current portion of long-term borrowings		(229,195,010,020)	(127,120,745,768)
Increase in long-term borrowings		114,876,150,599	164,194,038,528
Cash inflow from capital transactions within the Group		619,848,900	23,990,288,962
Payment of dividends		(142,500,000,000)	(131,250,000,000)
Net cash used in financing activities		<u>(438,009,242,848)</u>	<u>(561,828,827,212)</u>
Net increase in cash and cash equivalents		<u>594,229,532,075</u>	<u>194,330,755,006</u>
Effects of exchange rate changes on cash and cash equivalents		(179,772,484,445)	49,848,773,599
Cash and cash equivalents at January 1		<u>1,645,326,172,902</u>	<u>1,401,146,644,297</u>
Cash and cash equivalents at December 31		<u>₩ 2,059,783,220,532</u>	<u>1,645,326,172,902</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021

1. Corporate information

1.1 Summary of parent company

Hyundai Glovis Co., Ltd. ("Parent Company") was established on February 22, 2001 under the laws of the Republic of Korea to engage in rendering logistics, transportation, sale of Complete Knock Down ("CKD") parts and related activities. The Company listed its ordinary shares on the Korea Exchange ("KRX") on December 26, 2005 and as of December 31, 2022, the number of ordinary shares issued is 37,500,000 amounting to ₩18,750 million.

The shareholders of the Parent Company and their shareholdings as of December 31, 2022 are as follows :

Shareholders	Number of shares	Ownership interest
Eui Sun Chung	7,499,991	20.00%
Hyundai Motor Chung Mong Koo Foundation	1,671,018	4.46%
Hyundai Motor Co., Ltd.	1,830,939	4.88%
Den Norske Amerikalinje AS	4,125,000	11.00%
PROJECT GUARDIAN HOLDINGS LIMITED	3,750,000	10.00%
Others	18,623,052	49.66%
	37,500,000	100.00%

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. Corporate information, Continued

1.2 Summary of subsidiaries

The consolidated subsidiaries as of December 31, 2022 and 2021 are as follows :

Name of subsidiaries	Equity interest (%)		Location	Year end	Type of business
	December 31, 2022	December 31, 2021			
Glovis America, Inc.	100	100	America	Dec. 31	Port service and transportation
Glovis Alabama LLC(*1)	100	100	America	Dec. 31	Transportation and C/C operation
Glovis Georgia LLC(*1)	100	100	America	Dec. 31	Transportation and C/C operation
Glovis Canada, Inc.(*1)	100	100	Canada	Dec. 31	Logistics and transportation
Global Expedited Transportation, Inc.(*1)	100	100	America	Dec. 31	Logistics and transportation
Global Expedited Transportation Freight Corp, Inc.(*1)	100	100	America	Dec. 31	Logistics and transportation
Extreme Transportation Inc.(*1)	100	100	America	Dec. 31	Logistics and transportation
Greater Erie Auto Auction LLC(*1)(*2)	100	-	America	Dec. 31	Purchase and sale of used cars, etc.
Glovis EV logistics America, LLC(*1)(*3)	100	-	America	Dec. 31	Global sourcing
Glovis Slovakia s.r.o.	100	100	Slovakia	Dec. 31	Transportation and C/C Operation
Beijing Glovis Warehousing & Transportation Co., Ltd.	100	100	China	Dec. 31	Logistics and transportation
Tianjin Glovis Automotive Parts Co., Ltd. (*4)	100	100	China	Dec. 31	Global sourcing
Glovis Changjiu Usedcar Management Co., Ltd.(*5)	51	51	China	Dec. 31	Purchase and sale of used cars, etc.
Chengdu Glovis Supply Chain Management Co., Ltd.(*6)	100	-	China	Dec. 31	Logistics and transportation
Glovis Europe, GmbH	100	100	Germany	Dec. 31	Logistics and transportation
Adampol S.A. (*7)	70	70	Poland	Dec. 31	Logistics and transportation
Adampol Slovakia S.R.O.(*8)	100	100	Slovakia	Dec. 31	VPC Operation
Adampol Czech S.R.O.(*8)	100	100	Czech	Dec. 31	VPC Operation
Vectura LLC(*8)	100	100	Russia	Dec. 31	Logistics and transportation
Vectura Invest LLC(*9)	100	100	Russia	Dec. 31	Compound Operation
Hyundai Glovis Czech Republic s.r.o.	100	100	Czech	Dec. 31	Transportation and C/C Operation
Glovis India, Pvt. Ltd.	100	100	India	Mar. 31	Logistics and transportation
Glovis Russia LLC	100	100	Russia	Dec. 31	Logistics and transportation
Hyundai Glovis Lojistik Sanayi ve Ticaret. Ltd. Sti.	100	100	Turkey	Dec. 31	Logistics and transportation
Glovis Australia, Pty, Ltd.	100	100	Australia	Dec. 31	Logistics and transportation
Glovis Brazil Logistica LTDA	100	100	Brazil	Dec. 31	Logistics and transportation
Hyundai Glovis Mexico S de RL de CV	100	100	Mexico	Dec. 31	Logistics and transportation
Glovis India Anantapur Pvt. Ltd.	100	100	India	Mar. 31	Logistics and transportation
G-Marine Service Co.,Ltd.	100	100	Republic of Korea	Dec. 31	Ship management
Hyundai Glovis Vietnam Co., Ltd.	100	100	Vietnam	Dec. 31	Logistics and transportation
Pt. Glovis Indonesia International	100	100	Indonesia	Dec. 31	C/C and VPC operations, etc.
Pt. Glovis Indonesia Logistics(*10)	100	-	Indonesia	Dec. 31	Logistics and transportation
Hyundai Glovis Logistics (Thailand) Co., Ltd.(*11)	49	-	Thailand	Dec. 31	Logistics and transportation
GL NV25 Shipping Inc. and 22 others(*12)	-	-	Panama and others	Dec. 31	Shipping finance

(*1) Wholly owned by Glovis America, Inc., a subsidiary of the Parent Company.

(*2) Glovis America, Inc., a subsidiary of the parent company, acquired 100% of the shares in Greater Erie Auto Auction LLC for the year ended December 31, 2022.

(*3) Glovis America, Inc., a subsidiary of the parent company, acquired 100% of the shares in Glovis EV Logistics America, LLC for the year ended December 31, 2022.

(*4) Wholly owned by Beijing Glovis Warehousing & Transportation Co., Ltd., a subsidiary of the Parent Company.

(*5) Beijing Glovis Warehousing & Transportation Co., Ltd., a subsidiary of the Parent Company, owns 51% of the shares in Glovis Changjiu Usedcar Management Co., Ltd.

(*6) Beijing Glovis Warehousing & Transportation Co., Ltd., a subsidiary of the Parent Company, established a 100% stake in Chengdu Glovis Supply Chain Management Co., Ltd. during the current year.

(*7) Glovis Europe, GmbH., a subsidiary of the Parent Company, disposed 30% of its shares during current year, and holds 70% of the shares.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

1. Corporate information, Continued

1.2 Summary of subsidiaries, Continued

(*8) Wholly owned by Adampol S.A., a subsidiary of the Parent Company.

(*9) Vectura LLC, a subsidiary of the Parent Company, owns 99.9% of the shares and Adampol S.A. owns 0.1% of the shares in Vectura Invest LLC.

(*10) Wholly owned by Pt. Glovis Indonesia International, a subsidiary of the Parent Company.

(*11) The Parent Company established Hyundai Glovis Logistics (Thailand) Co., Ltd. and acquired 49% of shares for the year ended December 31, 2022. Although the ownership is less than 50%, the parent company holds more than half of the common shares with voting rights and is able to exercise the practical control, therefore it is included in the consolidated subsidiary.

(*12) Although the Parent Company does not hold a majority ownership in GL NV25 Shipping Inc. and 22 others, these subsidiaries are scoped in the consolidation as the Parent Company exercises significant influence on the financial and operating decisions.

1.3 Condensed financial information of consolidated subsidiaries

(i) Condensed financial information of significant consolidated subsidiaries as of and for the years ended December 31, 2022 is summarized as follows :

(In thousands of won)					
December 31, 2022					
Name of subsidiaries	Assets	Liabilities	Equity	Sales	Profit for the period
Glovis America Inc.(*)	₩ 1,078,568,010	479,848,107	598,719,903	3,007,636,991	78,361,139
Beijing Glovis Warehousing & Transportation Co., Ltd. (*)	166,396,218	56,742,525	109,653,693	314,316,725	6,578,694
Glovis Europe, Gmbh. (*)	401,378,631	243,826,367	157,552,264	907,725,981	(15,830,658)
Glovis India, Pvt. Ltd.	300,184,754	129,247,957	170,936,797	659,071,359	28,905,783
Glovis Russia LLC	72,975,682	36,618,937	36,356,745	159,548,604	(16,710,371)

(*) This is the consolidated financial information of the subsidiaries. The summarized financial information of the subsidiaries is based on amounts before inter-company eliminations.

(ii) Condensed financial information of significant consolidated subsidiaries as of and for the years ended December 31, 2021 is summarized as follows :

(In thousands of won)					
December 31, 2021					
Name of subsidiaries	Assets	Liabilities	Equity	Sales	Profit for the period
Glovis America Inc.(*)	₩ 923,407,055	407,797,552	515,609,503	1,830,624,101	56,056,388
Beijing Glovis Warehousing & Transportation Co., Ltd. (*)	218,042,951	101,410,435	116,632,516	488,838,702	11,036,054
Glovis Europe, Gmbh. (*)	374,694,308	160,824,587	213,869,721	768,479,497	36,488,868
Glovis India, Pvt. Ltd.	256,809,085	92,639,080	164,170,005	532,131,780	13,784,351
Glovis Russia LLC	87,447,830	39,204,559	48,243,271	248,771,740	14,710,645

(*) This is the consolidated financial information of the subsidiaries. The summarized financial information of the subsidiaries is based on amounts before inter-company eliminations.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

2. Basis of financial statement preparation

The Parent Company and its subsidiaries (collectively, the "Group") prepares statutory financial statements in Korean language in accordance with Korean International Financial Reporting Standards ("K-IFRS") enacted by the Act on External Audit of Stock Companies.

The consolidated financial statements were approved by the board of directors on January 30, 2023. It will be finally approved at its general shareholders' meeting on March 29, 2023.

(1) Basis of measurement

Consolidated financial statements are prepared on a historical cost basis, except for the key items in the consolidated statement of financial position listed below.

- Derivatives measured at fair value
- Financial instruments measured at fair value through profit or loss
- Financial instruments measured at fair value through other comprehensive income
- Defined benefit liability minus the fair value of the plan asset from the present value of the defined benefit obligation

(2) Functional and presentation Currency

The financial statements of individual entities within a consolidated entity are prepared in functional currency, the currency of the main economic environment in which each entity's business activities take place. The consolidated financial statements of the consolidated company are prepared and reported in the currency of the Republic of Korea (KRW), the functional currency of the reporting company, and the presentation currency of the parent company.

(3) Use of judgements and estimates

K-IFRS requires the use of estimates and assumptions based on management's best judgment on the application of accounting policies or on matters affecting the reported amounts of assets, liabilities and revenues and expenses as of the reporting period. If the estimates and assumptions based on management's best judgment as of the end of the reporting period differ from the actual environment, these estimates and actual results may differ.

Fundamental assumptions about estimates and estimates are constantly being considered, and changes in accounting estimates are recognized during the period during which the estimates are changed and during which they will be affected in the future.

④ Judgement of management and assumption and estimation uncertainties

Information on the assumptions and the uncertainties of estimates that there is a significant risk that significant adjustments may occur within the next reporting period is included in the following notes.

- Note 12: Classification of Affiliated Companies - whether Consolidated Companies exert significant influence
- Note 12: Classification of Joint Enterprises - whether the Consolidated Enterprises exercise joint control
- Note 31: Measurement of expected credit losses for trade receivables and contract assets - Key assumptions for determining the weighted average loss rate
- Notes 18, 27: Provisions and contingent liabilities - assumptions about possible outflows and amounts of resources
- Note 18: Assumption of the possible inflow of reimbursement amount and amount
- Note 19: Measurement of defined benefit obligations - Major actuarial assumptions
- Note 24: Measurement of deferred tax

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

2. Basis of financial statement preparation, Continued

(3) Use of judgements and estimates, Continued

㉔ Measurement of fair value

The accounting policies and disclosures of consolidated entities require fair value measurements for a number of financial and non-financial assets and liabilities. The Group is developing fair value assessment policies and procedures. The policies and procedures include the operation of the evaluation department responsible for reviewing all significant fair value measurements, including those classified as Level 3 in the fair value hierarchy, and the results are reported directly to the parent's financial officers.

The assessment department regularly reviews significant non-observable inputs and assessment adjustments. If fair value measurements use third-party information such as broker prices or rating agencies, the assessment department is determining whether an assessment based on information obtained from third parties includes a classification by level within the fair value hierarchy and can conclude that it meets the requirements of the Standard.

The Group is reporting significant evaluation issues to the parent's audit committee.

When measuring the fair value of an asset or liability, the Group uses as much market-observable inputs as possible. Fair value is classified within the fair value hierarchy based on inputs used in valuation techniques as follows :

Sortation	Significance of classified inputs
Level 1	Quoted prices(unadjusted) in active market for identical same assets or liabilities.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs for the asset or liability that are not based on observable market data(unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into difference levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 7.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

3. Changes in significant accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards and interpretations to K-IFRS effective as of January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(1) K-IFRS No.1103 - Business Combinations (Amendment) - Definition of a Business

The amendment to K-IFRS No.1103 clarifies that the definition of assets and liabilities to be recognized was amended to refer to the revised conceptual framework for financial reporting, but an exception was added to apply to liabilities and contingent liabilities within the scope of K-IFRS No.1037 'Provisions, Contingent Liabilities and Contingent Assets' and K-IFRS Interpretation 2121 'Levies'.

(2) K-IFRS No.1016 - Property, Plant and Equipment (Amendment) - Amount of Sale before Intended Use

It requires an entity to recognize revenue from the sale of the item produced in profit or loss before the asset is used in the intended manner, along with the cost of production, at the acquisition cost of the property, plant and equipment. It is prohibited to deduct. The amendments to those Standards have no significant impact on consolidated financial statements.

(3) K-IFRS No.1037 - Provisions, Contingent Liabilities and Contingent Assets (Amendment) – Onerous Contract: Costs to fulfil a contract

When identifying an onerous contract, it was clarified that the scope of the costs to fulfil a contract is the distribution of incremental costs for performing the contract and other costs directly related to performing the contract. There is no significant impact on consolidated financial statements of the amendments to those Standards.

(4) Conceptual Framework for Financial Reporting (2018-2020)

K-IFRS Annual Improvements 2018-2020 apply for annual periods beginning on or after 1 January, 2022. The amendments to those Standards have no significant impact on consolidated financial statements.

- K-IFRS No.1101 First-time Adoption of International Financial Reporting Standards: Subsidiaries as first-time adopters
- K-IFRS No.1109 Financial Instruments: 10% test-related fees for the purpose of eliminating financial liabilities
- K-IFRS No.1116 Lease: Lease Incentives
- K-IFRS No.1041 Agriculture: Fair value measurement

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies

The significant accounting policies applied by the Group to prepare financial statements in accordance with K-IFRS are described below, and the consolidated financial statements for the current and comparable periods were prepared using the same accounting policies, except for changes in the accounting policies described in Note 3.

(1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

If an entity constitutes a consolidated entity uses a different accounting policy than the accounting policy adopted in the consolidated financial statements for the same transactions and events that occur in similar situations, it is prepared by modifying the consolidated financial statements appropriately.

② Transactions eliminated on consolidation

Intra- group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra- group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

③ A non-controlling interests

Non-controlling interests that are not attributed to the parent among the shares of the subsidiary are indicated separately from the owner's shares of the parent. Each component of net income and other comprehensive income is attributable to the owner and non-controlling interests of the parent, and total comprehensive income is attributed to the owner and non-controlling interests of the parent, even if the non-controlling interests are negative (-).

④ Changes in Subsidiary Ownership Interests of Parent

Changes in a parent's ownership interest in a subsidiary that does not lose control are accounted for as capital transactions. Under these circumstances, the carrying amounts of controlling and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. The difference between the adjusted amount of non-controlling interest and the fair value of consideration paid or received is recognized directly as equity and attributed to the owner of the parent.

(2) Business combination

① A business combination

Business combinations were accounted for by applying the acquisition method, except for combinations of business entities or businesses under the same control.

The Group recognizes identifiable acquired assets and liabilities at the acquisition-date fair value, with the following exceptions.

- Contingent Liabilities : Recognition of contingent liabilities that can be reliably measured by current obligations
- Deferred tax assets and liabilities : recognition and measurement in accordance with K-IFRS No.1012 'Income Tax'
- Employee benefits : recognition and measurement in accordance with K-IFRS No.1019 'Employee benefits'

In a business combination, the transfer consideration is measured at fair value, which is the sum of the assets transferred by the Group, the liabilities borne by the Group to the acquiree's previous owner, and the fair value at the acquisition date of the equity issued by the Group.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(2) Business combination, Continued

Acquisition-related costs incurred by a consolidated entity to achieve the effectiveness of a business combination include brokerage fees, such as advisory, legal, accounting, valuation and other expert or consulting fees, general management costs to maintain an internal acquisition department, and costs to register and issue debt and equity securities. These acquisition-related costs are accounted for at cost during the period of service, except for the costs of issuing debt and equity securities recognized in accordance with K-IFRS No.1032 and K-IFRS No.1109.

② Goodwill

As of the acquisition date, the Group recognizes as goodwill that the transfer consideration, non-controlling interests in the acquiree, and, in a phased business combination, the total acquisition-date fair value of the interests in the acquiree exceeds the identifiable net assets of the subsidiary. However, if the identifiable net assets acquired exceed the sum of the acquisition-date fair value of the shares held by the Group in the case of a transfer consideration, non-controlling interests in the acquiree and a phased business combination, the measurement is reviewed and any excess that remains immediately recognized in profit or loss.

The additional acquisition of non-controlling interests is accounted for as a transaction between shareholders, and as a result, related goodwill is not recognized.

(3) Investment in affiliates and joint ventures

Affiliates believe that consolidated companies have significant influence in financial and operating policy decisions, and that they generally have significant influence if they own 20% to 50% of the voting rights of the investee.

A joint venture is an investee whose control over economic activities is shared by a consolidated company under contractual agreements and requires the consent of all parties (participants) who share control over strategic financial and business policies on economic activities.

Investment interests in associates and joint ventures are initially recognized as acquisition costs and are then accounted for using the equity method. In other words, the amount equivalent to the Group's shares in profit or loss and capital changes incurred after the acquisition date is added or subtracted from the carrying amount of the investment interest. Unrealized profits arising from internal transactions between the Group and its affiliates are eliminated as much as the Group's shares. Unrealized losses are also being eliminated unless the transaction provides evidence of damage to the transferred assets.

If an associate or joint venture uses different accounting policies for the same transactions and events that occur in similar situations, the financial statements of the associates and joint ventures are adjusted appropriately.

Losses are not recognized unless there is a legal or agenda obligation or payment on behalf of the investee for additional losses after the carrying amount of the investment interest has been reduced to zero ("0").

(4) Cash and cash equivalents

The Group classify short-term investment assets with very high liquidity, high demand deposits, and easy conversion to a fixed amount of cash and a minor risk of value fluctuations as cash and cash equivalents. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares when it has a short maturity with a specified redemption date.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(5) Inventories

The unit price of inventory is calculated using the unit price calculated by the total average method (Individual method for used cars) and the quantity calculated by the continuous recording method throughout the year. Acquisition costs for each inventory include purchase costs, conversion costs, and other costs necessary to prepare the inventory available.

During the period when revenue from the sale of inventory is recognized, the carrying amount of inventory is recognized as the source of sales. Inventory assets are measured at the lower of acquisition cost or net realizable value. Net realizable value is calculated by subtracting the expected additional completion cost and sales cost from the expected sales price of the normal business process. Valuation losses and all losses that are reduced to net realizable value are recognized as expenses during the period in which the reduction or reduction occurred, and the reversal of inventory valuation losses due to the increase in net realizable value of the inventory is deducted from the cost of sales of the inventory recognized as the period in the period in which the reversal.

(6) Non-derivative financial assets

① Recognition and initial measurement

Trade receivables and issued debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset(unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

② Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(6) Non-derivative financial assets, Continued

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 7). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- How managers of the business are compensated- e. g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets- Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers :

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(6) Non-derivative financial assets, Continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets - Subsequent Measurements and Gains and Losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

③ Derecognition of financial assets

The Group derecognizes a financial asset when :

- The contractual rights to the cash flows from the financial asset expire
- it transfers the rights to receive the contractual cash flows in a transaction in which either :
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred
 - The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

④ Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(7) Derivative Financial Instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

① Embedded Derivatives

If an embedded derivative is not closely related to the economic characteristics and risk of the principal contract and a separate product with the same conditions as the embedded derivative meets the definition of the derivative, the embedded derivative is accounted for separately from the host contract. Changes in the fair value of embedded derivatives separated from the host contract are recognized in profit or loss.

② Other Derivatives

Derivatives that do not meet the criteria for hedge accounting are measured at fair value, and valuation gains or losses resulting from changes in fair value are recognized in profit or loss.

(8) Impairment of Financial Assets

① Financial Instruments and Contract Assets

The Group also recognizes loss allowance for ECLs on :

- Financial assets measured at amortized cost
- Debt instruments measured at FVOCI
- Contract assets recognized in accordance with K-IFRS No.1115

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12- month ECLs :

- Debt securities that are determined to have low credit risk at the reporting date and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when :

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held)
- A significant increase in the number of delinquent days of financial assets

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12- month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(8) Impairment of Financial Assets, Continued

② Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

③ Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data :

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as a default or being more than 90 days past due
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- It is probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties.

④ Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and for debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to contract assets, including trade receivables and other receivables, are not separately recognized in the statement of comprehensive income but are disclosed within "Selling, general and administrative expenses" or "Other operating expenses" considering their materiality. Impairment losses on other financial assets are also not separately recognized in the statement of comprehensive income but are disclosed within "Finance costs" considering their materiality.

⑤ Write-off

The Group individually makes an assessment whether there is a reasonable expectation of recovering entire or a portion of the contractual cash flows of financial assets, and remove the assets if there is no reasonable expectation. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could be still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021
4. Significant accounting policies, Continued

(9) Property, plant, and equipment

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

When a significant portion of property, plant, and equipment is expected to be replaced periodically, the Group recognizes such portion as a separate asset and depreciates it over its useful life. Furthermore, if the recognition criteria for an item, such as a comprehensive inspection cost, are met, it is included in the carrying amount of property, plant, and equipment. Subsequent repairs and maintenance costs are recognized in the income statement when incurred. Property, plant and equipment, except for land, are depreciated over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed on a straight-line basis.

The estimated useful lives for the current and comparative periods are as follows :

	Years
Buildings	20 ~ 40 years
Structures	20 years
Vessels	25 years
Others	5 years

The Group reviews the depreciation method, residual value, and useful life of property, plant, and equipment at the end of each reporting period, and any necessary changes to the estimates are accounted for as a change in accounting estimate. Specifically, the Group considers the impact of health, safety, and environmental regulations when evaluating the expected useful life and estimated residual value.

The gain or loss resulting from the disposal of property, plant, and equipment is determined by the difference between the net proceeds from disposal and the carrying amount and is recognized as a gain or loss on the disposal of property, plant, and equipment

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(10) Intangible assets

An intangible asset is measured initially at cost. If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss as incurred.

Intangible assets are amortized over the estimated economic useful life from the time they are available. Intangible assets are amortized using the straight-line method over the useful life below. An intangible asset with an indefinite useful life such as membership is not be amortized and the Group tests an intangible asset with an indefinite useful life for impairment at least once a year.

Expenditure on an in-process research is recognized as an expense when incurred and expenditure related to development is recognized as intangible assets (development costs) and are amortized over the expected useful life of economic benefits from the time the development is completed and available. The Group conducts impairment tests on development costs recognized as assets annually during the development period.

A summary of the policies applied to the Group's intangible assets is as follows :

	Amortization method used	Useful lives	Internally generated or acquired
Development costs	Straight line basis	5 years	Acquired
Industrial proprietary rights	Straight line basis	5 years	Acquired
Software	Straight line basis	5 years	Acquired
Assets donated for use	Units of production method	-	Acquired
Memberships	Not amortized	Indefinite	Acquired
Goodwill	Not amortized	Indefinite	Acquired

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed each financial year-end and the useful life of an intangible asset that is not being amortized is reviewed each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

① Research and development

Expenditure on research activities is recognized in profit or loss as incurred, and development expenditure is recognized as intangible assets(development costs) and amortized over the expected useful life from the point at which the development is completed and the asset becomes available for use. The group conduct impairment testing annually on the capitalized development costs during the development period.

② Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset. It is recognized in profit or loss when the asset is derecognized.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021
4. Significant accounting policies, Continued

(11) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assets arising from revenue from contracts with customers, assets arising from costs incurred to obtain or fulfil a contract, assets arising from retirement benefits, inventories, deferred tax assets and non-current assets held for sale) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill acquired in a business combination and an Intangible asset that is not yet available for use, irrespective of whether there is any indication of impairment, are tested annually for impairment by comparing their recoverable amount with their carrying amounts.

The Group estimates the recoverable amount of an individual asset. However, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For all non-financial assets other than those arising from employee benefits, inventories, deferred tax assets, and non-current assets classified as for sale, the recovery of those assets is estimated at the end of each reporting period. However, goodwill acquired through a business combination, intangible assets with an indefinite useful life, and intangible assets that are not yet available are tested for impairment by comparing the recoverable amount with the carrying amount every year, regardless of signs of asset damage.

The recoverable amount is estimated for each individual asset or for each cash-generating unit to which the asset belongs if the recoverable amount of the individual asset cannot be estimated. The recoverable amount is determined as the larger of the use value and the net fair value. The value in use is estimated by discounting future cash flows expected from an asset or cash-generating unit at an appropriate discount rate that reflects the current market's assessment of the time value of money and the specific risk of unadjusted assets when estimating future cash flows.

If the carrying amount of an asset or CGU exceeds its recoverable amount the carrying amount of the asset is reduced and recognized in profit or loss immediately.

The Group assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(12) Government grants

Government grants are recognized only when there is reasonable assurance that the grant will be received, and the Group will comply with the conditions associated with the grant.

For government grants received without repayment obligations, specifically intended for the acquisition of assets, the Group recognizes them by deducting the grant amount from the acquisition cost of the assets. Subsequently, we offset the grant with depreciation expenses over the useful life of the respective assets.

Regarding grants related to income, the Group recognizes it in profit on a systematic basis over the periods necessary to match the related costs for which the grants are intended to compensate.

(13) Assets Held for Sale

The Group classifies a non-current asset(or disposal group) as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Management must be committed to a plan to sell the asset and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The gain or loss on disposal of a non-current asset (or disposal group) classified as held for sale is determined by the difference between the disposal proceeds and the carrying amount of the assets. It is recognized in the income statement as "other operating income" or "other operating expenses".

(14) Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognized in expense as incurred.

(15) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in K-IFRS No.1116.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(15) Leases, Continued

① As a lessee

As a lessee, the Group recognizes a right-of-use asset which represents a lessee's right to use an underlying asset and a lease liability indicating the obligation to pay the lease payments.

At the commencement date, the Group recognize a right-of-use asset and a lease liability. A lessee measure the right-of-use asset at cost initially and the cost of the right-of-use asset comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the asset.

- Vessels: About 1 ~ 18 years
- Land and buildings: About 1 ~ 20 years
- Motor vehicles and other equipment: About 1 ~ 5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following :

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently increased by recognizing interest expense on the lease liability, and it is reduced to reflect lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The lease liability of the Group is included in other financial liabilities.

The Group applies their judgment when determining the lease period for some lease contracts that include the option of extension. An assessment of whether the Group are quite certain to exercise an extension option has a significant impact on the amount of the lease liability and the right-of-use asset because it affects the lease term.

The Group has elected a practical expedient not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases(a lease that has a lease term of 12 months or less). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(15) Leases, Continued

② As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. However, if the Group acts as an intermediate lessor, the sublease classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

In addition, for a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocate the consideration in the contract applying K-IFRS No.1115 'Revenue from contracts with customers'.

(16) Employee benefits

① Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as profit or loss.

② Other long-term employee benefits

Other long-term employee benefits that will not be paid within 12 months from the end of the reporting period in which the employee provided the services are discounted to the present value from future benefits earned in return for their service in the current and prior periods. Remeasurements are recognized in profit or loss in the period in which they arise.

③ Retirement benefits: defined contribution plans

When an employee has rendered service to an entity during a period, the Group recognize the contribution payable to a defined contribution plan in exchange for that service as an expense, unless recognize as the cost of an asset

④ Retirement benefit: defined benefit plan

At the end of the reporting period, defined benefit liabilities associated with defined benefit plans are recognized by deducting the fair value of the plan assets from the present value of the defined benefit obligation.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The remeasurement of net defined benefit liabilities consists of actuarial gains or losses, net interest on net defined benefit liabilities, and changes in asset recognition cap effects excluding net interest on net defined benefit liabilities, which are recognized immediately as other comprehensive income. The Group determines the net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate determined at the beginning of the annual reporting period, taking into account the contribution and changes in the net defined benefit liability (asset) due to benefit payments. Net interest expense and other expenses associated with defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailments is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021
4. Significant accounting policies, Continued

(17) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

When some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The provision is used only for expenditures related to initial recognition.

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability is recognized in notes as contingent liabilities.

(18) Greenhouse gas emission rights

The Group receive greenhouse gas emission allowances allocated free of charge to individual greenhouse gas emitters within the total greenhouse gas emission allowances set under the 「Act On The Allocation And Trading Of Greenhouse-gas Emission Permits」.

In relation to greenhouse gas emissions, the Group are required to submit emission allowances corresponding to the actual emissions. The Group recognizes government-allocated emission allowances received free of charge as zero (0) value, while purchased emission allowances are recognized at cost. Emission allowances are removed when submitted to the government or sold. Emission liabilities are recognized only when the allocated emission allowances exceed the actual emissions, and emission costs are recognized as operating costs. Emission liabilities are measured by combining the following (1) and (2):

- (1) The carrying amount of held emission allowances for the relevant compliance year to be submitted to the government.
- (2) The best estimate at the end of the reporting period of the expenditure required to fulfill the obligation for the excess emission volume over the allocated emission allowances in (1).

In cases where the Group borrows a portion of the government-allocated emission allowances for the subsequent compliance year to fulfill the emission submission obligation, the amount of emission liabilities corresponding to the borrowed portion is recognized as deferred income upon removal of the emission liabilities. This deferred income is subsequently offset against the emission costs for the compliance year when the borrowed emission allowances are purchased and used.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(19) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange differences arising on settlement of monetary items and foreign exchange differences arising on translation of monetary items excluding differences arising from translation of net investments in foreign operations and differences arising from translation of financial liabilities designated as cash flow hedges are recognized in profit or loss during the current reporting period. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

The transaction date for the purpose of determining the exchange rate to be used in the initial recognition of related assets, expenses, revenues (or a portion thereof) is when the Group recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

(20) Paid-in capital

Common shares are classified as equity. Incremental costs directly attributable to the capital transactions are recognized as a deduction from equity, net of any tax effects.

If the Group reacquires its own equity instruments, those instruments are deducted from equity as line item of treasury shares. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. In the case the Group acquires and holds treasury shares, consideration paid or received are recognized directly in equity.

(21) Revenue from contracts with customers

The Group operates distribution and sales businesses such as domestic and overseas logistics, shipping, CKD business, and trading business. In a contract with a customer, the Group recognizes revenue at an amount that reflects the consideration it expects to receive in return for the goods or services when control of the goods or services is transferred to the customer. If the Group controls the specified goods or services before the goods or services are transferred to the customer, the Group is the principal.

① Distribution and sales - CKD business, trading and used car business

Revenue from the CKD business, trading and used car businesses is recognized at the time when the control of the assets is transferred to the customer. The Group considers whether the other commitments within the contract are separate performance obligations in which a portion of the transaction consideration must be allocated. For the transaction price of the CKD business, trading and used car businesses, the Group considers variable consideration, significant financial factors, non-cash consideration, and consideration to be paid to the customer.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(21) Revenue from contracts with customers, Continued

(A) Variable consideration

If the contract includes variable consideration, the Group transfers the promised good to the customer and estimates the amount to be received in return. When the uncertainty associated with variable consideration is resolved later, the variable consideration is estimated at the beginning of the contract and included in the transaction price only to the extent that it is very unlikely that a significant portion of the recognized cumulative revenue will not be returned.

(B) Significant financial factors

Applying the simplified method in K-IFRS No.1115, the Group does not reflect the effect of a significant financial factor on the promised consideration (amount) if the period between the transfer of the promised good or service to the customer at the start of the contract and the time the customer pays for it is expected to be within one year.

(C) Warranty obligations

The Group provides quality assurance obligations in relation to products sold at the time of sale through contracts with customers. This type of assurance is accounted for in accordance with K-IFRS No.1037 Provisions, Contingent Liabilities and Contingent Assets. Warranty provisions are listed in Note 18.

② Domestic and overseas logistics and shipping businesses

The Group recognizes the revenue from the provision of domestic and overseas logistics businesses and transport services for the shipping businesses over time at the rate of progress under the input method. The logistics business calculates the progress rate in proportion to the total predicted number of days of transportation and the shipping businesses calculates the progress rate in proportion to the total predicted cost, taking into account the accumulated cost that has been invested so far.

③ Contract balances

(A) Receivables

Receivables represent the unconditional rights of the Group as receivables are collectable with the passage of time. Accounting policies for financial assets are described in Note 2.

(B) Contract assets

The contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer before the payment received or the payment date, thereof the right is conditioned on something other than the passage of time.

(C) Contract liabilities

Contract liabilities are the Group's obligation to transfer goods or services to the customer in response to the advance consideration (or consideration due) that the Group received from the customer. If the customer pays the consideration before the Group transfers the goods or services to the customer, the Group recognizes contract liabilities at the earlier time of the payment date or the payment due date. Contract liabilities are recognized as revenue when the Group fulfills its performance obligations under the contract.

(22) Financial income and financial costs

The Group's finance income and finance costs include :

- Interest income
- Interest expense
- Dividend income
- The net gain or loss on financial assets at FVPTL

Interest income or interest expense is recognized using the effective interest rate method. Dividend revenue is recognized in profit or loss on the date on which the Group's right to receive payment is established.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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4. Significant accounting policies, Continued

(23) Income tax

Income tax expense comprises current and deferred taxes. It is recognized in profit or loss except to extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Interest and penalties related to income tax are determined to be income tax and are subject to K-IFRS No.1012 'Income Tax' if they are and K-IFRS No.1037 'Provisions, Contingencies and Contingent Assets' if they are not.

① Current tax

Current tax is calculated based on current taxable income. Taxable income differs from profit and loss in the comprehensive income statement because it excludes gains and losses and non-taxable items that will be added or deducted from other taxable periods or non-deductible expenses. Accrued taxes related to the Group current tax are calculated using established or substantially enacted tax rates.

Current tax assets and liabilities are offset only if both of the following conditions are met.

- Has a legally enforceable right to set off the recognized amount
- Intended to settle net, or to settle liabilities at the same time as realizing assets

② Deferred tax

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets arising from temporary differences to be deducted is recognized when temporary differences are likely to be extinguished in the foreseeable future and taxable income is likely to be generated where temporary differences can be used.

The Group recognizes deferred tax liabilities for additional temporary differences in subsidiaries, associates and joint venture investments, unless the temporary differences are controlled and are likely not extinguished in the foreseeable future. In addition, deferred tax assets arising from the deductible temporary differences associated with these investments are recognized only when taxable income is likely to be sufficient to benefit from the temporary differences and the temporary differences are likely to extinguish in the foreseeable future.

On the other hand, additional temporary differences related to investment in associates can be extinguished through the disposal of investment assets, dividends from associates and liquidation of associates. Deferred tax liabilities are recognized for the additional temporary differences in investment in associate because, even if the Group does not plan to dispose of the investment in associate, it cannot control the time of extinction without a separate legal or contractual right or arrangement to prevent the Group from liquidating. In addition, if associate makes excessive dividends, including dividends equivalent to liquidation, at its discretion, the temporary difference may be extinguished as it impairs the investment in associate. Even in this case, the Group does not control the dividend policy of associate and therefore recognizes deferred tax liabilities for the additional temporary differences in the investment in associate.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduces the carrying amount of the deferred tax asset if it is no longer likely that enough taxable income will be generated to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates established or substantially enacted as of the reporting date and tax rates expected to apply to the accounting period in which the liabilities are settled or the assets are realized. The measurement of deferred tax assets and deferred tax liabilities reflects tax effects in the manner in which the Group is expected to recover or settle the carrying amounts of the assets and liabilities concerned at the reporting date.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

4. Significant accounting policies, Continued

(23) Income tax, Continued

Deferred tax assets and liabilities can offset in the following cases :

- Deferred tax assets and liabilities have a legally enforceable right for the Group to offset current tax assets and liabilities.
- Deferred tax assets and liabilities are related to taxes imposed by the same tax authorities.
- Although taxable companies differ, they intend to settle their current tax liabilities and assets in a net amount.
- The Group intends to settle the liability while realizing the asset for each future accounting period in which a significant amount of deferred tax liability is settled or the deferred tax asset is recovered.

(24) Earnings per share

The Group calculates the basic earnings per share of common stock on profit or loss and presents it in the statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to common stock by the number of ordinary shares circulated during the reporting period by the weighted average number of shares.

(25) Dividends

The Group recognizes the liability at a time when the distribution is approved to pay dividends and there is no longer discretion for the Group. Distribution to shareholders requires approval by shareholders. The corresponding amount is directly reflected in the capital.

(26) Sales Division

The Group classifies divisions based on the internal reporting that is periodically reviewed by the Chief Operating Decision Maker to makes decisions on resource allocation and to assess the performances of each division. The Group disclosed in its consolidated financial statements the disclosures related to its operations in accordance with K-IFRS No.1108, 'Operating Segments'.

(27) Unapplied Drafting and Revision Standards

The following are the major standards and interpretations that have been enacted or published but have not yet reached the effective date for the fiscal year beginning on or after January 1, 2022. The Group has not early adopted the following standards and interpretations in preparing these consolidated financial statements.

The following standards are not expected to have a material impact on Group.

- Classification of liabilities as current or non-current (K-IFRS No.1001 'Presentation of Financial Statements')
- K-IFRS No.1117 'Insurance Contracts' and amendments to K-IFRS No.1117 'Insurance Contracts'
- Disclosure of accounting policies (K-IFRS No.1001 'Presentation of Financial Statements')
- Definition of accounting estimates (K-IFRS No.1008 'Accounting Policies, Changes in Accounting Estimates and Errors')
- Deferred Tax related to assets and liabilities arising from a single transaction (K-IFRS No.1012 'Income tax')
- Disclosure of valuation profit or losses on financial liabilities with conditions for exercise price adjustment (K-IFRS No.1001 'Presentation of Financial Statements')

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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5. Cash and cash equivalents

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

(In thousands of won)

		December 31, 2022	December 31, 2021
Cash on hand	₩	29,619	26,747
Current and general deposits		774,313,863	704,736,570
Installment and other deposits		1,286,489,739	940,562,860
Government grants		(1,050,000)	(4)
	₩	<u>2,059,783,221</u>	<u>1,645,326,173</u>

6. Financial assets and liabilities by category

6.1 Financial assets by category

(i) Details of financial assets by category as of December 31, 2022 are as follows :

(In thousands of won)

		December 31, 2022			
Financial assets		Financial assets measured at amortized cost	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Total
Cash and cash equivalents	₩	2,059,783,221	-	-	2,059,783,221
Other current financial assets (*)		66,797,646	-	990,434,571	1,057,232,217
Other non-current financial assets (*)		41,315,667	180,611,633	581,344	222,508,644
Trade receivables		3,101,947,684	-	-	3,101,947,684
Other accounts receivable		138,077,886	-	-	138,077,886
Other non-current accounts receivables		25,341,550	-	-	25,341,550
	₩	<u>5,433,263,654</u>	<u>180,611,633</u>	<u>991,015,915</u>	<u>6,604,891,202</u>

(*) Other financial assets include finance lease receivables.

(ii) Details of financial assets by category as of December 31, 2021 are as follows :

(In thousands of won)

		December 31, 2021			
Financial assets		Financial assets measured at amortized cost	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Total
Cash and cash equivalents	₩	1,645,326,173	-	-	1,645,326,173
Other current financial assets		840,902,454	-	8,827,956	849,730,410
Other non-current financial assets		1,062,629	224,833,162	7,251	225,903,042
Trade receivables		2,579,218,048	-	-	2,579,218,048
Other accounts receivable		129,463,628	-	-	129,463,628
Other non-current accounts receivables		23,579,680	-	-	23,579,680
	₩	<u>5,219,552,612</u>	<u>224,833,162</u>	<u>8,835,207</u>	<u>5,453,220,981</u>

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6. Financial assets and liabilities by category, Continued

6.2 Financial liabilities by category

(i) Details of financial liabilities by category as of December 31, 2022 are as follows :

(In thousands of won)

Financial liabilities		December 31, 2022	
		Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
			Total
Trade payables	₩	1,842,184,506	-
Other payables		514,392,355	-
Short-term borrowings		1,175,952,907	-
Other current financial liabilities (*)		313,260,282	8,925,824
Other non-current financial liabilities (*)		1,282,575,910	18,777,471
Long-term borrowings		659,224,583	-
Corporate bonds		299,417,561	-
	₩	6,087,008,104	27,703,295
			6,114,711,399

(*) Other financial liabilities include finance lease payables.

(ii) Details of financial liabilities by category as of December 31, 2021 are as follows :

(In thousands of won)

Financial liabilities		December 31, 2021	
		Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss
			Total
Trade payables	₩	1,902,448,369	-
Other payables		375,316,846	-
Short-term borrowings		1,116,846,296	-
Other current financial liabilities		39,245,735	10,029,917
Other non-current financial liabilities		263,404,353	17,946,744
Long-term borrowings		710,408,138	-
Corporate bonds		299,241,920	-
	₩	4,706,911,657	27,976,661
			4,734,888,318

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6. Financial assets and liabilities by category, Continued

6.3 Revenues and expenses for financial assets and liabilities by category

(i) Revenues and expenses for financial assets and liabilities by category for the years ended December 31, 2022 are as follows :

(In thousands of won)

	December 31, 2022			
	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Financial assets/liabilities at fair value through profit or loss	Total
Interest income	₩ 49,261,793	-	-	49,261,793
Dividends	-	3,790,160	-	3,790,160
Gain on fair value measurement financial asset valuation	-	-	3,032,225	3,032,225
Gain on disposal of financial assets measured fair value	-	-	25,920,040	25,920,040
Gain on foreign currency transactions	1,099,396,418	-	-	1,099,396,418
Gain on foreign currency translations	118,435,974	-	-	118,435,974
Gain on derivatives Transactions	-	-	50,225,781	50,225,781
Gain on derivatives Valuations	-	-	17,047,333	17,047,333
Reversal of Other Bad Debt Expenses	403,677	-	-	403,677
Interest expenses	(112,051,775)	-	-	(112,051,775)
Loss on fair value measurement financial asset valuation	-	-	(44,788)	(44,788)
Loss on disposal of financial assets measured fair value	-	-	(7,210,612)	(7,210,612)
Loss on foreign currency transactions	(902,921,504)	-	-	(902,921,504)
Loss on foreign currency translations	(446,081,816)	-	-	(446,081,816)
Loss on derivatives transactions	-	-	(71,151,577)	(71,151,577)
Loss on derivatives valuations	-	-	(9,613,706)	(9,613,706)
Bad debt expenses	(17,464,268)	-	-	(17,464,268)
	₩ (211,021,501)	3,790,160	8,204,696	(199,026,645)

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6. Financial assets and liabilities by category, Continued

6.3 Revenues and expenses for financial assets and liabilities by category, Continued

(ii) Revenues and expenses for financial assets and liabilities by category for the years ended December 31, 2021 are as follows :

(In thousands of won)

December 31, 2021				
	Financial assets/liabilities measured at amortized cost	Financial assets at fair value through OCI	Financial assets/liabilities at fair value through profit or loss	Total
Interest income	₩ 20,881,794	-	-	20,881,794
Dividends	-	5,210,238	-	5,210,238
Gain on foreign currency transactions	327,572,944	-	-	327,572,944
Gain on foreign currency translations	77,425,019	-	-	77,425,019
Gain on derivatives transactions	-	-	2,893,480	2,893,480
Gain on derivatives valuations	-	-	9,339,606	9,339,606
Interest expenses	(38,685,749)	-	-	(38,685,749)
Loss on foreign currency transactions	(291,877,798)	-	-	(291,877,798)
Loss on foreign currency translations	(175,511,119)	-	-	(175,511,119)
Loss on derivatives transactions	-	-	(45,631,641)	(45,631,641)
Loss on derivatives valuations	-	-	(12,782,313)	(12,782,313)
Reversal of Bad debt expenses	369,902	-	-	369,902
Reversal of Other bad debt expenses	3,000,017	-	-	3,000,017
	₩ (76,824,990)	5,210,238	(46,180,868)	(117,795,620)

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For the years ended December 31, 2022 and 2021

7. Other financial assets and liabilities

7.1 Other financial assets

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

<i>(In thousands of won)</i>		December 31, 2022	December 31, 2021
Current:			
Short-term financial instruments	₩	53,319,700	840,000,000
Financial assets at fair value through profit or loss		973,896,035	-
Financial derivative assets		16,538,536	8,827,956
Current portion of finance lease receivables		12,154,687	26,010,475
Current loans		1,323,259	902,454
	₩	<u>1,057,232,217</u>	<u>875,740,885</u>
Non-current:			
Non-current finance lease receivables	₩	38,483,393	189,435,925
Non-current financial derivative assets		581,344	7,251
Non-current loans		2,832,273	1,062,629
Financial assets at fair value through OCI		180,611,633	224,833,162
	₩	<u>222,508,643</u>	<u>415,338,967</u>

7.2 Details of financial assets at fair value through OCI

(i) Details of financial assets at fair value through OCI as of December 31, 2022 are as follows :

<i>(In thousands of won)</i>		December 31, 2022			Unrealized gain or loss held
		Acquisition cost	Fair value	Book value	
Equity instruments (listed shares)	₩	113,813,889	162,235,604	162,235,604	48,421,715
Equity instruments (non-listed shares)		21,038,908	18,376,029	18,376,029	(2,662,879)
	₩	<u>134,852,797</u>	<u>180,611,633</u>	<u>180,611,633</u>	<u>45,758,836</u>

(ii) Details of financial assets at fair value through OCI as of December 31, 2021 are as follows :

<i>(In thousands of won)</i>		December 31, 2021			Unrealized gain or loss held
		Acquisition cost	Fair value	Book value	
Equity instruments (listed shares)	₩	113,813,889	206,054,906	206,054,906	92,241,017
Equity instruments (non-listed shares)		19,530,324	18,778,256	18,778,256	(752,068)
	₩	<u>133,344,213</u>	<u>224,833,162</u>	<u>224,833,162</u>	<u>91,488,949</u>

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

7. Other financial assets and liabilities, Continued

7.2 Details of financial assets at fair value through OCI, Continued

7.2.1 Details of listed equity instruments

(i) Details of listed equity instruments as of December 31, 2022 are as follows :

(In thousands of won)

December 31, 2022						
	Number of shares	Equity interest (%)	Acquisition cost	Fair value	Book value	Unrealized gain or loss held
Hyundai Mobis Co., Ltd.	656,293	0.70	₩ 72,520,376	131,586,747	131,586,747	59,066,371
Hyundai Green Food Co., Ltd.	4,554,065	4.66	41,293,513	30,648,857	30,648,857	(10,644,656)
			₩ 113,813,889	162,235,604	162,235,604	48,421,715

(ii) Details of listed equity instruments as of December 31, 2021 are as follows :

(In thousands of won)

December 31, 2021						
	Number of shares	Equity interest (%)	Acquisition cost	Fair value	Book value	Unrealized gain or loss held
Hyundai Mobis Co., Ltd.	656,293	0.69	₩ 72,520,376	167,026,569	167,026,569	94,506,193
Hyundai Green Food Co., Ltd.	4,554,065	4.66	41,293,513	39,028,337	39,028,337	(2,265,176)
			₩ 113,813,889	206,054,906	206,054,906	92,241,017

7.2.2 Details of non-listed equity instruments

(i) Details of non-listed equity instruments as of December 31, 2022 are as follows :

(In thousands of won)

December 31, 2022						
	Number of shares	Equity interest (%)	Acquisition cost	Fair value	Book value	Unrealized gain or loss held
Hyundai A&I	39,000	16.20	₩ 6,202,935	11,896,601	11,896,601	5,693,666
Haevichi Hotels & Resort Co., Ltd.	155,000	2.91	1,078,946	1,078,946	1,078,946	-
Hyundai Green Development Co., Ltd.	40,000	4.00	200,000	200,000	200,000	-
Dangjin Harbor Co., Ltd.	77,999	13.00	389,995	389,995	389,995	-
KMV Shipping	100,000	2.00	37,531	-	-	(37,531)
Artisan Spirit Alloy Technology Co., Ltd.	255,251	12.22	5,105,020	-	-	(5,105,020)
Korea Maritime Guarantee Co., Ltd.	764,429	0.13	4,724,448	4,689,048	4,689,048	(35,400)
Seil Machinery Installation Co., Ltd.	372	0.15	18,605	-	-	(18,605)
Daebo L&S Co., Ltd.	7,187	1.39	12,792	-	-	(12,792)
Discovermixtech manufacturing Co., Ltd.	3,150,515	1.88	3,150,522	-	-	(3,150,522)
Professional Construction Mutual Aid Association	129	0.002	118,114	121,439	121,439	3,325
			₩ 21,038,908	18,376,029	18,376,029	(2,662,879)

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

7. Other financial assets and liabilities, Continued

7.2 Details of financial assets at fair value through OCI, Continued

7.2.2 Details of non-listed equity instruments, Continued

(ii) Details of non-listed equity instruments as of December 31, 2021 are as follows :

(In thousands of won)

	December 31, 2021						Unrealized gain or loss held
	Number of shares	Equity interest (%)	Acquisition cost	Fair value	Book value		
Hyundai A&I	39,000	16.20	₩ 6,202,935	13,807,651	13,807,651		7,604,716
Haevichi Hotels & Resort Co., Ltd.	155,000	2.91	1,078,946	1,078,946	1,078,946		-
Hyundai Green Development Co., Ltd.	40,000	4.00	200,000	200,000	200,000		-
Dangjin Harbor Co., Ltd.	77,999	13.00	389,995	389,995	389,995		-
KMV Shipping	100,000	2.00	37,531	-	-		(37,531)
Artisan Spirit Alloy Technology Co., Ltd.	255,251	12.22	5,105,020	-	-		(5,105,020)
Korea Maritime Guarantee Co., Ltd.	643,808	0.11	3,254,440	3,219,040	3,219,040		(35,400)
Seil Machinery Installation Co., Ltd.	372	0.15	18,605	-	-		(18,605)
Daebo L&S Co., Ltd.	22,691	5.17	12,792	-	-		(12,792)
Discovermixtech manufacturing Co., Ltd.	3,150,515	1.88	3,150,522	-	-		(3,150,522)
Professional Construction Mutual Aid Association	88	0.002	79,538	82,624	82,624		3,086
			₩ 19,530,324	18,778,256	18,778,256		(752,068)

7.3 Other financial liabilities

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

(In thousands of won)

	December 31, 2022	December 31, 2021
Current:		
Financial derivative liabilities	₩ 8,925,824	10,029,917
Current portion of long-term accounts payable (*)	25,143,279	39,245,735
Current portion of long-term finance lease payables	288,117,003	202,409,747
	₩ 322,186,106	251,685,399
Non-current:		
Long-term financial derivative liabilities	₩ 18,777,471	17,946,744
Long-term other accounts payable (*)	253,854,859	261,113,263
Long-term guarantee deposits	1,536,939	2,291,090
Long-term finance lease payables	1,027,184,112	738,259,420
	₩ 1,301,353,381	1,019,610,517

(*) The Group has long-term other payables in relation to the Bare Boat Charter Hire Purchase ("BBCHP") agreements. Pursuant to this agreement, the Group makes installment payments during the period specified by the BBCHP agreements and is expected to receive title to the asset at the end of the specified hire purchase term.

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7. Other financial assets and liabilities, Continued

7.4 Long-term other accounts payable

Long-term other accounts payable as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>		December 31, 2022	December 31, 2021
Long-term other accounts payable	₩	306,687,255	339,617,042
Present value discounts		(27,689,117)	(39,258,044)
Net Value	₩	278,998,138	300,358,998
Current	₩	25,143,279	39,245,735
Non-current		253,854,859	261,113,263

For the long-term other payables above, the Group has provided its vessels as collateral (see Note 28).

7.5 Derivative instruments

7.5.1 The Group has derivative contracts for the purpose of reducing exposures to foreign exchange risk and other market risk, and details as of December 31, 2022 are as follows :

(1) Foreign exchange risk

<i>(In won, USD)</i>	Financial institution	Contract date	Due date	Exchange rate	Contract amount
Currency forwards	Deutsche Bank and others	2022-10-07	2023-03-13	₩ 1,265.2~1,432.8	\$ 243,921,946
Currency options	Korea Development Bank	2020-01-30	2028-10-19	₩ 1,159.2~1,429.0	\$ 31,597,640

(2) Other market risks

<i>(In USD)</i>	Financial institution	Contract date	Due date	Contract quantities(ton)	Contract amount
Commodity futures	BOCI and others	2022-07-05	2023-06-05	74,665	\$ 160,261,223

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Notes to the Consolidated Financial Statements, Continued
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7. Other financial assets and liabilities, Continued

7.5 Derivative instruments, Continued

7.5.2 Derivative assets and liabilities as of December 31, 2022 and December 31, 2021 are as follows :

(In thousands of won)

		December 31, 2022		December 31, 2021	
		Assets	Liabilities	Assets	Liabilities
Currency forwards	₩	15,562,994	4,063,376	334,677	1,756,684
Currency options		584,139	1,931,166	35,358	339,290
Commodity futures (non-metals)		829,325	3,015,618	7,940,707	7,804,204
Commodity futures (bunkers)		143,422	787,860	524,465	363,373
Embedded derivative(*)		-	17,905,275	-	17,713,110
	₩	<u>17,119,880</u>	<u>27,703,295</u>	<u>8,835,207</u>	<u>27,976,661</u>

(*) During the previous period, the Group acquired equity ownership in Boston Dynamics, Inc., an associate, and granted put options to sell the residual equity to existing shareholders. Put option obligations are evaluated at fair value and accounted for as embedded derivatives.

7.5.3 Gain and loss on derivative transactions and valuation for the years ended December 31, 2022 and 2021 are as follows :

(i) Gain and loss on derivative transactions and valuation for the years ended December 31, 2022 are as follows :

(In thousands of won)

		2022			
		Gain on derivative transactions	Loss on derivative transactions	Gain on valuation of derivatives	Loss on valuation of derivatives
Currency forwards	₩	3,336,012	33,890,436	15,562,994	4,063,376
Currency options		3,813	374,306	511,592	1,554,687
Commodity futures (non-metals)		44,368,428	34,218,669	829,325	3,015,618
Commodity futures (bunkers)		2,517,528	2,668,166	143,422	787,860
Embedded derivatives		-	-	-	192,165
	₩	<u>50,225,781</u>	<u>71,151,577</u>	<u>17,047,333</u>	<u>9,613,706</u>

(ii) Loss and gain on derivative transactions and valuation for the years ended December 31, 2021 are as follows :

(In thousands of won)

		2021			
		Gain on derivative transactions	Loss on derivative transactions	Gain on valuation of derivatives	Loss on valuation of derivatives
Currency forwards, etc.	₩	1,757,496	12,443,819	334,677	3,802,916
Commodity futures (non-metals)		133,911	32,445,228	7,940,707	7,804,204
Commodity futures (bunkers)		1,002,073	742,594	524,465	363,373
Embedded derivatives		-	-	539,757	811,820
	₩	<u>2,893,480</u>	<u>45,631,641</u>	<u>9,339,606</u>	<u>12,782,313</u>

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7. Other financial assets and liabilities, Continued

7.6 Fair value

7.6.1 The fair value and book value of financial instruments as of December 31, 2022 and December 31, 2021 are as follows :

(In thousands of won)

		Book value		Fair value	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial assets:					
Cash and cash equivalents	₩	2,059,783,221	1,645,326,173	2,059,783,221	1,645,326,173
Trade receivables		3,101,947,684	2,579,218,048	3,101,947,684	2,579,218,048
Other accounts receivable		138,077,886	129,463,628	138,077,886	129,463,628
Other non-current accounts receivable		25,341,550	23,579,680	25,341,550	23,579,680
Other current financial assets		1,057,232,217	849,730,410	1,057,232,217	849,730,410
Other long-term financial assets		222,508,644	225,903,042	222,508,644	225,903,042
	₩	<u>6,604,891,202</u>	<u>5,453,220,981</u>	<u>6,604,891,202</u>	<u>5,453,220,981</u>
Financial liabilities:					
Trade payables	₩	1,842,184,506	1,902,448,369	1,842,184,506	1,902,448,369
Other accounts payable		514,392,355	375,316,846	514,392,355	375,316,846
Short-term borrowings		1,175,952,907	1,116,846,296	1,175,952,907	1,116,846,296
Long-term borrowings		659,224,583	710,408,138	659,224,583	710,408,138
Corporate bonds		299,417,561	299,241,920	299,417,561	299,241,920
Other current financial liabilities (*)		34,069,103	49,275,652	34,069,103	49,275,652
Other non-current financial liabilities (*)		274,169,269	281,351,097	274,169,269	281,351,097
	₩	<u>4,799,410,284</u>	<u>4,734,888,318</u>	<u>4,799,410,284</u>	<u>4,734,888,318</u>

(*) Lease payables are excluded from fair value disclosure in accordance with K-IFRS No.1107

7.6.2 Hierarchy of fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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7. Other financial assets and liabilities, Continued

7.6 Fair value, Continued

7.6.3 valuation methods used to measure the fair value of financial instruments are as follows :

	Valuation methods
Other financial assets and liabilities (Derivative instruments)	Derivatives are valued by reference to market-based evidence such as the quoted prices of similar financial instruments in active markets and transaction prices in observable markets, or measured using a valuation methodology such as the discounted cash flow (DCF) model.
Other current financial assets (Financial assets at fair value through profit or loss)	For financial instruments at fair value through profit or loss, the Group uses an income approach in which inputs are based on market observable data such as market-observable interest rates to determine the fair value of the financial instruments.
Other long-term financial assets (Financial assets at fair value through OCI)	For equity instruments, the Group measures fair value using the market closing bid price for the instrument at the end of the reporting period. For unlisted investments, the Group uses a valuation technique including DCF model, Net Asset Value model to measures fair value using the best information available about observable market data in the circumstances.

7.6.4 Valuation technique used in measuring Level 2 fair values of financial instruments

	Valuation technique	Input
Financial assets at fair value through profit or loss	DCF Model	Discount rate
Financial assets at fair value through OCI	Net asset value	Discount rate
Derivatives	DCF Model	Currency spot price, Discount rate, Exchange rate

7.6.5 Valuation technique used in measuring Level 3 fair values of financial instruments

Valuation technique used in measuring Level 3 fair values of financial instruments, inputs and significant unobservable inputs are as follows :

	Valuation technique	Input	Impact on fair value from changes in unobservable
Financial assets at fair value through OCI	DCF Model,	Discount rate	Increase in fair value as a discount rate decreases
	Net Asset Value,		
	Market based multiples	Growth rate	Increase in fair value as a growth rate increases
Derivatives	Option pricing model	Volatility of underlying assets, discount rate and others	Fluctuate in fair value as a Volatility of underlying assets and discount rate

For financial instruments that continue to be recognized at fair value, the Group reassesses the classification of the end of each reporting period (based on the lowest level of significant inputs throughout the measurement) to determine whether there is a level shift. There is no change in the type of inputs used in the valuation process, valuation technique and fair value measurement of the Group during the current period.

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7. Other financial assets and liabilities, Continued

7.6 Fair value, Continued

7.6.6 Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities

Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as of December 31, 2022 are as follows :

(i) Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as of December 31, 2022 are as follows :

(In thousands of won)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Other current financial assets				
(Financial assets at fair value through profit or loss)	₩ -	973,896,035	-	973,896,035
Other current financial assets (derivative financial assets)	-	16,538,536	-	16,538,536
Other non-current financial assets (derivative instruments)	-	581,344	-	581,344
Financial assets at fair value through OCI:				
Other long-term financial assets				
(Financial assets at fair value through OCI)	162,235,604	11,896,601	6,479,428	180,611,633
Financial liabilities at fair value through profit or loss:				
Other current financial liabilities				
(derivative instruments)	-	8,925,824	-	8,925,824
Other non-current financial liabilities (derivative instruments)	-	872,196	17,905,275	18,777,471

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

7. Other financial assets and liabilities, Continued

7.6 Fair value, Continued

7.6.6 Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities, Continued

(ii) Quantitative disclosures of fair value measurement hierarchy for financial assets and liabilities as of December 31, 2021 are as follows :

(In thousands of won)

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Other current financial assets (derivative instruments)	₩ -	8,827,956	-	8,827,956
Other non-current financial assets (derivative instruments)	-	7,251	-	7,251
Financial assets at fair value through OCI:				
Other long-term financial assets (Financial assets at fair value through OCI)	206,054,906	13,807,651	4,970,605	224,833,162
Financial liabilities at fair value through PL:				
Other current financial liabilities (derivative instruments)	-	10,029,917	-	10,029,917
Other non-current financial liabilities (derivative instruments)	-	233,634	17,713,110	17,946,744

The fair value hierarchy is not disclosed for the financial instruments for which the carrying amount is disclosed at fair value as a reasonable approximation of fair value.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

8. Trade receivables, contract assets and other receivables

8.1 Details of trade receivables, contract assets and other receivables

Trade receivables, contract assets and other receivables as of December 31, 2022 and December 31, 2021 are as follows :

<i>(In thousands of won)</i>		December 31, 2022	December 31, 2021
Trade receivables and contract assets	₩	3,332,280,084	2,786,770,072
Less : allowance for doubtful accounts		(27,416,978)	(9,124,606)
Trade receivables and contract assets		3,304,863,106	2,777,645,466
Other accounts receivable		126,635,448	123,985,483
Less : allowance for doubtful accounts		(1,356,799)	(4,872,933)
Accrued revenue		2,831,698	1,764,188
Guarantee deposits		9,967,539	8,586,890
Other receivables		138,077,886	129,463,628
Long-term deposits		5,756	5,766
Long-term accounts receivable		101,936	320,335
Long-term guarantee deposits		25,233,858	23,253,579
Other non-current receivables		25,341,550	23,579,680
	₩	3,468,282,542	2,930,688,774

8.2 Changes in allowance for doubtful account

Changes in allowance for doubtful accounts for the year ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>		Trade receivables and Contract Assets	Other receivables
January 1, 2021	₩	10,402,894	4,872,933
Impairment loss(Reversal)		(369,902)	-
Write-off		(851,394)	-
Reversal		(2,836)	-
Effect of change in foreign exchange rates and etc.		(54,156)	-
December 31, 2021		9,124,606	4,872,933
Impairment loss(Reversal)		18,704,596	9,426
Write-off		(97,758)	(3,517,678)
Reversal		(805)	-
Effect of change in foreign exchange rates and etc.		(313,661)	(7,882)
December 31, 2022	₩	27,416,978	1,356,799

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

8. Trade receivables, contract assets and other receivables, Continued

8.3 The aging analysis of trade receivables, contract assets and other receivables

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

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Neither past due nor impaired	₩ 3,339,338,381	2,805,032,572
Past due but not impaired:		
< 30 days	24,401,757	22,532,479
30-60 days	14,810,172	7,923,509
60-90 days	10,249,135	16,427,080
90-120 days	9,091,659	10,339,623
> 120 days	70,391,437	68,433,511
	3,468,282,541	2,930,688,774
Impaired receivables	₩ 28,773,777	13,997,539

8.4 The restricted deposit

The restricted deposit as of December 31, 2022 and December 31, 2021 are as follows :

<i>(In thousands of won, EUR)</i>	Financial institution	Currency	December 31, 2022	December 31, 2021	Description
Cash and cash equivalents	Citibank	EUR	4,178	4,178	Bank guarantee Account
Other long-term accounts receivable (Long-term financial instruments)	Shinhan Bank	KRW	2,000	2,000	opening Account
	Hana Bank	KRW	2,000	2,000	opening Account
	Citibank	KRW	1,500	1,500	opening Account

9. Contract assets and contract liabilities

9.1 Details of contract assets and contract liabilities as of December 31, 2022 and December 31, 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Contract assets:		
Contract assets for logistics and shipping sales contracts	₩ 202,915,422	198,427,418
Contract liabilities:		
Contract liabilities for logistics and shipping sales contracts	59,883,556	45,724,793
Contract liabilities for sales contracts of KD and other distribution businesses	78,817,811	5,359,410
Contract liabilities	₩ 138,701,367	51,084,203

9.2 The Group recognized ₩51,084,203 thousand of revenue from contract liabilities carried forward from the prior year during the year ended December 31, 2022, and performance obligations for contract liabilities as of December 31, 2022 is expected to be satisfied within a year.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

10. Inventories

Details of inventories as of December 31, 2022 and December 31, 2021 are as follows :

(In thousands of won)

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated impairment loss(*)	Book value	Acquisition cost	Accumulated impairment loss(*)	Book value
Merchandise (at net realizable value)	₩ 168,199,432	(6,438,813)	161,760,619	118,708,148	(758,469)	117,949,679
CKD components (at cost)	1,061,546,613	-	1,061,546,613	968,923,637	-	968,923,637
Goods in transit (at cost)	86,897,458	(2,048,921)	84,848,537	152,328,871	(1,212,730)	151,116,141
Stored goods (at cost)	144,251,721	(124,465)	144,127,256	132,440,874	-	132,440,874
	₩ <u>1,460,895,224</u>	<u>(8,612,199)</u>	<u>1,452,283,025</u>	<u>1,372,401,530</u>	<u>(1,971,199)</u>	<u>1,370,430,331</u>

(*) The inventory valuation losses added to the cost of sales during the current year and the prior year are ₩6,641,000 thousand and ₩1,551,717 thousand respectively.

11. Other current assets and other non-current asset

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

(In thousands of won)

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Advance payments	₩ 56,294,425	-	40,513,012	-
Prepaid expenses	60,402,722	783,831	52,730,256	334,827
Net defined benefit assets	-	55,564,065	-	640,996
	₩ <u>116,697,147</u>	<u>56,347,896</u>	<u>93,243,268</u>	<u>975,823</u>

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

12. Investments in associates and joint ventures

12.1 Details of investments in associates and joint ventures

(i) Details of investments in associates and joint ventures as of December 31, 2022 are as follows :

(In thousands of won)

Entity	Equity interest (%)	December 31, 2022		
		Acquisition cost	Net assets	Book value
Hyundai Engineering Co., Ltd.(*1)	11.67	₩ 266,761,717	389,087,070	433,144,065
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11	20.00	48,865,595	48,866,475	48,867,958
Boston Dynamics, Inc.(*2)	10.33	172,041,682	23,702,779	146,398,785
Beijing Zhongdu Glovis Logistics Co., Ltd.	40.00	687,520	23,828,606	23,828,606
Sichuan Glovis Logistics Co., Ltd.(*3)	51.00	6,901,703	10,346,122	10,346,122
Jiangsu Yueda Glovis Logistics Co., Ltd.	40.00	1,339,680	2,924,251	2,924,251
Jiangsu Gelian Logistics Co., Ltd.(*3)	51.00	1,756,032	1,569,197	1,569,197
Changjiu Glovis (Shanghai) Shipping Co., Ltd.	49.00	761,298	1,314,094	1,314,094
Stena Glovis SE	50.00	6,856,150	5,359,694	5,359,694
BLG Glovis BHV GmbH(*4)	50.00	33,385	210,753	210,753
		₩ 506,004,762	507,209,041	673,963,525

(*1) Although the Group's equity ownership in Hyundai Engineering Co., Ltd. was less than 20%, it was classified as an associate, as the Group exercises significant influence on the Board of Directors of the investee. The Group holds 12.24% of the voting rights through treasury stock held by Hyundai Engineering Co., Ltd.

(*2) The Group's equity ownership in Boston Dynamics, Inc. is 10% during the previous period. As additional investments were made during the current term, the share ratio increased to 10.33%. Although it was classified as an associate, as the Group exercises significant influence on the Board of Directors of the investee by shareholders' agreements.

(*3) Although the Group holds a majority ownership in Sichuan Glovis Co., Ltd. and Jiangsu Gelian Logistics Co., Ltd., the Group classifies as a joint venture as the Group has no power for decision making on its financial and operating policy.

(*4) The Group acquired 50% of equity interests in the entity during the current period.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

12. Investments in associates and joint ventures, Continued

12.1 Details of investments in associates and joint ventures, Continued

(ii) Details of investments in associates and joint ventures as of December 31, 2021 are as follows :

(In thousands of won)

Entity	December 31, 2021			
	Equity interest(%)	Acquisition cost	Net assets	Book value
Hyundai Engineering Co., Ltd.(*1)	11.67	₩ 266,761,717	382,115,364	426,016,623
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11	20.00	54,889,315	54,891,121	54,891,121
Boston Dynamics, Inc.(*2)	10.00	142,000,211	23,377,569	136,248,065
Beijing Zhongdu Glovis Logistics Co., Ltd.	40.00	687,520	21,805,083	21,805,083
Sichuan Glovis Logistics Co., Ltd. (*3)	51.00	6,901,703	10,270,145	10,270,145
Jiangsu Yueda Glovis Logistics Co., Ltd.	40.00	1,339,680	2,781,463	2,781,463
Jiangsu Gelian Logistics Co., Ltd(*3)	51.00	1,756,032	1,704,285	1,704,285
Changjiu Glovis (Shanghai) Shipping Co., Ltd.	49.00	761,298	957,607	957,607
Stena Glovis SE	50.00	6,856,150	4,500,721	4,500,721
		₩ 481,953,626	502,403,358	659,175,113

(*1) Although the Group's equity ownership in Hyundai Engineering Co., Ltd. was less than 20%, it was classified as an associate, as the Group exercises significant influence on the Board of Directors of the investee. The Group holds 12.24% of the voting rights through treasury stock held by Hyundai Engineering Co., Ltd.

(*2) The Group acquired a stake in Boston Dynamics, Inc. during the previous term, and although the shareholders' agreement has a 10% stake, it is classified as an associated entity because it can exert significant influence on the appointment of board members.

(*3) Although the Group holds a majority ownership in Sichuan Glovis Logistics Co., Ltd. and Jiangsu Gelian Logistics Co., Ltd., the Group classifies Sichuan Glovis Logistics Co., Ltd. as a joint venture as the Group has no power for decision making on its financial and operating policy.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

12. Investments in associates and joint ventures, Continued

12.2 Details of equity method valuation on investments in associates and joint ventures

(i) Details of equity method valuation on investments in associates and joint ventures for the years ended December 31, 2022 are as follows :

(In thousands of won)

	2022				
	January 1	Acquisition/ Replacement	Disposal	Share of profit of associates and joint ventures	Changes in retained earnings in equity method
Hyundai Engineering Co. Ltd.	₩ 426,016,623	-	-	13,650,005	1,753,423
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11	54,891,121	-	(6,023,721)	346,660	-
Boston Dynamics, Inc.	136,248,065	30,041,472	-	(27,908,342)	-
Beijing Zhongdu Glovis Logistics Co., Ltd.	21,805,083	-	-	2,732,270	-
Sichuan Glovis Logistics Co., Ltd	10,270,145	-	-	360,826	-
Jiangsu Yueda Glovis Logistics Co., Ltd.	2,781,463	-	-	226,757	-
Jiangsu Gelian Logistics Co., Ltd	1,704,285	-	-	(96,065)	-
Changjiu Glovis (Shanghai) Shipping Co., Ltd	957,607	-	-	402,555	-
Stena Glovis SE	4,500,721	-	-	833,059	-
BLG Glovis BHV GmbH	-	33,383	-	177,782	-
₩	659,175,113	30,074,855	(6,023,721)	(9,274,493)	1,753,423

(In thousands of won)

	2022		
	Dividend received	Other Changes (*)	December 31
Hyundai Engineering Co. Ltd.	₩ (9,754,140)	1,478,154	433,144,065
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11	(347,277)	1,175	48,867,958
Boston Dynamics, Inc.	-	8,017,590	146,398,785
Beijing Zhongdu Glovis Logistics Co., Ltd.	-	(708,747)	23,828,606
Sichuan Glovis Logistics Co., Ltd.	-	(284,849)	10,346,122
Jiangsu Yueda Glovis Logistics Co., Ltd.	-	(83,969)	2,924,251
Jiangsu Gelian Logistics Co., Ltd	-	(39,023)	1,569,197
Changjiu Glovis (Shanghai) Shipping Co., Ltd	-	(46,068)	1,314,094
Stena Glovis SE	-	25,914	5,359,694
BLG Glovis BHV GmbH	-	(412)	210,753
₩	(10,101,417)	8,359,765	673,963,525

(*) Other changes consist of changes in equity adjustment in equity method and the effect of changes in foreign rates.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

12. Investments in associates and joint ventures, Continued

12.2 Details of equity method valuation on investments in associates and joint ventures, Continued

(ii) Details of equity method valuation on investments in associates and joint ventures for the years ended December 31, 2021 are as follows :

(In thousands of won)

		2021				
		January 1	Acquisition Replacement	Disposal	Share of profit of associates and joint ventures	Changes in retained earnings in equity method
Hyundai Engineering Co. Ltd.	₩	409,067,088	-	-	31,243,522	(36,026)
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11		60,862,871	-	(5,972,075)	385,897	-
Boston Dynamics, Inc.		-	142,000,211	-	(12,006,049)	-
Beijing Zhongdu Glovis Logistics Co., Ltd.		19,312,549	-	-	247,741	-
Sichuan Glovis Logistics Co., Ltd		8,848,153	-	-	380,252	-
Jiangsu Yueda Glovis Logistics Co., Ltd.		3,148,240	-	-	723,377	-
Jiangsu Gelian Logistics Co.,Ltd		1,692,370	-	-	(175,008)	-
Changjiu Glovis (Shanghai) Shipping Co., Ltd.		738,725	-	-	127,160	-
Stena Glovis SE		4,562,491	-	-	(76,338)	-
	₩	508,232,487	142,000,211	(5,972,075)	20,850,554	(36,026)

(In thousands of won)

		2021		
		Dividend received	Other Changes (*)	December 31
Hyundai Engineering Co. Ltd.	₩	(13,301,100)	(956,861)	426,016,623
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11		(386,811)	1,239	54,891,121
Boston Dynamics, Inc.		-	6,253,903	136,248,065
Beijing Zhongdu Glovis Logistics Co., Ltd.		-	2,244,793	21,805,083
Sichuan Glovis Logistics Co., Ltd		-	1,041,740	10,270,145
Jiangsu Yueda Glovis Logistics Co., Ltd.		(1,419,440)	329,286	2,781,463
Jiangsu Gelian Logistics Co.,Ltd		-	186,923	1,704,285
Changjiu Glovis(Shanghai) Shipping Co., Ltd.		-	91,722	957,607
Stena Glovis SE		-	14,568	4,500,721
	₩	(15,107,351)	9,207,313	659,175,113

(*) Other changes consist of changes in equity adjustment in equity method and the effect of changes in foreign rates.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

12. Investments in associates and joint ventures, Continued

12.3 Details of summarized financial information of investments in associates and joint ventures

(i) Summarized financial information of associates and joint ventures as of December 31, 2022 and for the one-year period ended December 31, 2022 are as follows :

(In thousands of won)

		2022			
		Assets	Liabilities	Sales	Profit or loss for the period
Hyundai Engineering Co., Ltd. (*)	₩	6,818,143,689	3,076,144,701	8,812,465,893	105,426,849
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11		244,337,848	5,475	2,266,171	1,740,255
Boston Dynamics, Inc.		392,185,031	162,745,556	78,244,348	(255,087,846)
Beijing Zhongdu Glovis Logistics Co., Ltd. (*)		175,472,146	117,570,815	201,663,912	6,806,151
Sichuan Glovis Logistics Co., Ltd.		26,189,469	5,902,956	22,266,742	712,982
Jiangsu Yueda Glovis Logistic Co., Ltd.		22,722,917	15,412,290	60,766,672	566,893
Jiangsu Gelian Logistics Co., Ltd		8,158,742	5,081,885	17,307,248	(188,363)
Changjiu Glovis (Shanghai) Shipping Co., Ltd		11,233,657	8,505,063	49,990,183	870,918
Stena Glovis SE		11,527,421	505,407	7,509,166	1,588,682
BLG Glovis BHV GmbH		22,038,524	21,617,020	8,201,523	355,564
	₩	7,732,009,444	3,413,491,168	9,260,681,858	(137,207,915)

(*) Consolidated financial information of associates.

(ii) Summarized financial information of associates and joint ventures as of December 31, 2021 and for the one-year period ended December 31, 2021 are as follows :

(In thousands of won)

		2021			
		Assets	Liabilities	Sales	Profit or loss for the period
Hyundai Engineering Co., Ltd. (*)	₩	6,186,107,024	2,495,903,327	7,355,144,901	248,081,097
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11		274,454,338	6,149	2,522,359	1,936,458
Boston Dynamics, Inc.		368,852,851	135,077,188	66,779,404	(196,951,170)
Beijing Zhongdu Glovis Logistics Co., Ltd. (*)		168,563,903	116,665,003	245,685,602	619,352
Sichuan Glovis Logistics Co., Ltd.		34,706,949	14,569,411	56,023,569	802,907
Jiangsu Yueda Glovis Logistic Co., Ltd.		28,235,078	21,281,422	72,274,228	1,808,444
Jiangsu Gelian Logistics Co., Ltd		12,125,260	8,783,524	20,895,642	(343,152)
Changjiu Glovis (Shanghai) Shipping Co., Ltd		8,590,306	6,636,004	29,209,688	259,510
Stena Glovis SE		9,573,192	597,256	5,273,602	(242,266)
	₩	7,091,208,901	2,799,519,284	7,853,808,995	55,971,180

(*) Consolidated financial information of associates.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

12. Investments in associates and joint ventures, Continued

12.4 Details of adjusting the financial information amount of important associates

Details of adjusting the financial information amount of important associates as of the end of the current term and the end of the prior term to the carrying amount of shares in the associates as of December 31, 2022 and December 31, 2021 are as follows:

(In thousands of won)

Hyundai Engineering Co., Ltd.	December 31, 2022	December 31, 2021
Net assets	₩ 389,087,070	382,115,364
Goodwill	42,157,214	42,157,214
Differences on fair value less costs to sell	3,431,656	3,431,656
Unrealized profit	(1,531,875)	(1,687,611)
Carrying amount	433,144,065	426,016,623

(In thousands of won)

Boston Dynamics, Inc	December 31, 2022	December 31, 2021
Net assets	₩ 23,702,779	23,377,569
Goodwill	77,572,852	69,809,394
Differences on fair value less costs to sell	45,123,154	43,061,102
Unrealized profit	-	-
Carrying amount	146,398,785	136,248,065

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

13. Property, plant and equipment

13.1 Changes in property, plant and equipment for the years ended December 31, 2022 and 2021 are as follows :

(1) Cost

<i>(In thousands of won)</i>		Land	Buildings and structures	Vessels	Construction-in-progress	Lease assets	Others	Total
Cost :								
January 1, 2021	₩	256,783,611	407,854,237	3,168,891,453	55,906,046	955,415,098	367,201,465	5,212,051,910
Additions		271,021	1,779,221	51,439,536	228,872,254	210,045,342	38,415,706	530,823,080
Disposal		-	-	-	(20,547)	(71,475,866)	(20,951,451)	(92,447,864)
Transfers(*1)		-	5,038,716	143,347,105	(162,615,206)	-	10,372,570	(3,856,815)
Other changes (*2)		783,620	13,403,285	-	868,547	20,451,091	10,519,731	46,026,274
Held for sale		-	-	(83,463,732)	-	-	-	(83,463,732)
December 31, 2021	₩	257,838,252	428,075,459	3,280,214,362	123,011,094	1,114,435,665	405,558,021	5,609,132,853
Additions		1,022,798	4,517,195	21,418,286	309,065,460	316,557,563	30,499,423	683,080,725
Disposal		-	-	-	(248,691)	(35,178,181)	(23,059,523)	(58,486,395)
Transfers(*1)		-	7,107,497	249,416,680	(311,092,758)	(26,438,662)	37,957,551	(43,049,692)
Other changes(*2)		(309,990)	8,248,228	-	(22,841,803)	309,130,179	11,382,296	305,608,910
December 31, 2022	₩	258,551,060	447,948,379	3,551,049,328	97,893,302	1,678,506,564	462,337,768	6,496,286,401

(*1) It includes the transfer of construction-in-progress to intangible assets.

(*2) It includes an increase in right-of-use assets and government subsidies due to extension of lease agreements.

(2) Accumulated depreciation and impairment and government grants

<i>(In thousands of won)</i>		Buildings and structures	Vessels	Lease assets	Others	Total
Accumulated depreciation and impairment and government grants :						
January 1, 2021	₩	125,560,090	781,485,962	295,598,174	262,311,688	1,464,955,914
Depreciation		13,900,201	134,094,598	213,057,058	41,034,961	402,086,818
Disposal		-	-	-	(19,481,454)	(19,481,454)
Other changes(*1)		4,686,442	-	(88,506,309)	9,194,716	(74,625,151)
Held for sale		-	(28,924,202)	-	-	(28,924,202)
December 31, 2021	₩	144,146,733	886,656,358	420,148,923	293,059,911	1,744,011,925
Depreciation		14,776,827	130,229,726	254,227,181	47,651,925	446,885,659
Disposal		-	-	(4,765,777)	(21,638,411)	(26,404,188)
Other changes(*1)		4,410,930	-	(162,569,121)	13,984,288	(144,173,903)
Impairment loss(*2)		-	-	-	5,938,002	5,938,002
December 31, 2022	₩	163,334,490	1,016,886,084	507,041,206	338,995,715	2,026,257,495

(*1) This includes the decrease in the accumulated depreciation amount of right-of-use assets due to the termination of the lease contract.

(*2) During the current term, The Group recognized losses on property damage due to poor performance of mechanical devices and a decrease in the asset value of assets under construction.

(3) Net book value

<i>(In thousands of won)</i>		Land	Buildings and structures	Vessels	Construction-in-progress
Net book value :					
December 31, 2022	₩	258,551,060	284,613,889	2,534,163,244	97,893,302
December 31, 2021		257,838,252	283,928,726	2,393,558,004	123,011,094

<i>(In thousands of won)</i>		Lease assets	Others	Total
Net book value :				
December 31, 2022	₩	1,171,465,359	123,342,053	4,470,028,907
December 31, 2021		694,286,742	112,498,110	3,865,120,928

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14. Intangible assets

14.1 Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follows :

(1) Cost

<i>(In thousands of won)</i>		Goodwill	Industrial proprietary rights	Development costs	Memberships	Other intangible assets	Total
Cost :							
January 1, 2021	₩	25,376,974	155,817	60,170,856	14,464,382	107,578,799	207,746,828
Acquired		-	2,465	5,022,950	1,609,123	4,546,189	11,180,727
Disposal		-	-	(1,373,174)	-	(796,239)	(2,169,413)
Transfers(*1)		-	2,733	3,304,189	-	686,048	3,992,970
Other changes(*2)		306,618	314	16,994	45,645	1,037,477	1,407,048
December 31, 2021	₩	25,683,592	161,329	67,141,815	16,119,150	113,052,274	222,158,160
Acquired		-	-	327,315	1,424,883	2,483,481	4,235,679
Business							
Combination		4,267,452	-	-	-	253,438	4,520,890
Disposal		-	-	(6,825,980)	(209,007)	(4,874,930)	(11,909,917)
Transfers(*1)		-	70,540	13,707,484	-	1,804,409	15,582,433
Other changes(*2)		(18,997)	269	25,718	-	658,086	665,076
December 31, 2022	₩	29,932,047	232,138	74,376,352	17,335,026	113,376,758	235,252,321

(*1) Construction-in-progress was transferred to intangible assets, etc.

(*2) Other increases and decreases include changes due to exchange rate differences and changes in the range of consolidation.

(2) Accumulated amortization and impairment and government grants

<i>(In thousands of won)</i>		Goodwill	Industrial proprietary rights	Development costs	Memberships	Other intangible assets	Total
Accumulated amortization and impairment and government grants :							
January 1, 2021	₩	4,312,506	128,762	45,820,001	13,555	53,994,144	104,268,968
Amortization		-	6,338	4,923,877	-	12,047,088	16,977,303
Disposal		-	-	(1,369,125)	-	(789,737)	(2,158,862)
Other changes		-	283	11,897	45,645	939,920	997,745
December 31, 2021	₩	4,312,506	135,383	49,386,650	59,200	66,191,415	120,085,154
Impairment loss		2,684,891	-	-	-	43,636	2,728,527
Amortization		-	24,819	6,964,846	-	12,121,621	19,111,286
Disposal		-	-	(6,825,980)	-	(4,874,930)	(11,700,910)
Other changes		(12,224)	268	20,336	-	856,214	864,594
December 31, 2022	₩	6,985,173	160,470	49,545,852	59,200	74,337,956	131,088,651

(3) Net book value

<i>(In thousands of won)</i>		Goodwill	Industrial proprietary rights	Development costs	Memberships	Other intangible assets	Total
Net book value :							
December 31, 2022	₩	22,946,874	71,668	24,830,500	17,275,826	39,038,802	104,163,670
December 31, 2021		21,371,086	25,946	17,755,165	16,059,950	46,860,859	102,073,006

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14. Intangible assets, Continued

14.2 Impairment test of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives such as goodwill and memberships are tested for impairment. As a result of testing, there is no impairment loss in 2022. The recoverable amount of the intangible assets has been determined based on its value in use and net fair value. In case the net fair value of its asset did not exist in the market, reasonable estimates were used.

Goodwill acquired through business combinations is allocated to cash-generating units (CGUs) for impairment testing. The amount of goodwill allocated to each CGU as of December 31, 2022 and 2021 are as follows:

<i>(In thousands of won)</i>		December 31, 2022	December 31, 2021
Glovis Europe, GmbH.(*)	₩	13,463,899	16,327,165
Glovis America Inc.		8,106,042	3,666,989
G-Marine Service Co.,Ltd.		1,376,933	1,376,932
	₩	<u>22,946,874</u>	<u>21,371,086</u>

(*) This is the total amount of goodwill allocated to CGU Adampol consisting of Adam S.A., Adam Slovakia S.R.O. Inc. and Adam Czech S.R.O., and allocated to CGU Vectura consisting of Vectura LLC and Vectura Invest LLC.

The recoverable amount of CGUs has been determined based on a value in use calculation. The value in use was calculated by using pre-tax cash flow projections from management's approved financial budgets covering a five-year period, and assuming permanent growth rate as 1% after 5 years. Key assumptions used in value in use calculations of Glovis Europe, GmbH are as follows :

<i>(unit in percentages)</i>	GCU Adampol	CGU Vectura
Average profit on sales	3.4	2.78
Average sales growth rate	9.54	11.38
Pre-tax discount rate	9.1	23.5

After calculating the recoverable amount, the assets and liabilities of Glovis America Inc.'s Port processing and G-Marine Service Co.,Ltd. that constitute the cash-generating unit did not change significantly, and the recoverable amount, as a result of the recent calculation, significantly exceeded the carrying amount. Based on an analysis of the events and changes in circumstances, after calculating the recoverable amount, it is not probable that the present value of the recoverable amount will be less than the carrying amount of the asset, the results of the calculations made during the previous accounting period were used for the impairment tests for the period.

14.3 Expenditures related to R&D activities during the current term and the prior term are as follows :

<i>(In thousands of won)</i>		2022	2021
R&D expenses(*)	₩	8,216,231	5,433,410

(*) R&D expenses consist of all sales and management expenses.

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15. Other payables

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

(In thousands of won)

	December 31, 2022	December 31, 2021
Other payables	₩ 384,146,665	299,215,857
Deposits received	8,123,926	8,689,075
Accrued expenses	122,121,764	67,411,914
	₩ 514,392,355	375,316,846

16. Other liabilities

Details of other liabilities as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

(In thousands of won)

		December 31, 2022		December 31, 2021	
		Current	Non-Current	Current	Non-Current
Advances from customers	₩	5,879,935	-	10,640,463	-
Withholdings		27,173,796	-	46,624,410	-
Unearned revenue		245,141	-	925,704	-
Long-term unpaid wages		-	9,386,404	-	9,904,564
	₩	33,298,872	9,386,404	58,190,577	9,904,564

17. Short-term and long-term borrowings

17.1 Short-term borrowings

The details of short-term borrowings as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

Financial institution	Description	December 31, 2022	December 31, 2021
Shinhan Bank and others(*)	Discounting notes and others	₩ 1,021,062,607	952,658,275
	Current portion of long-term borrowings	154,890,300	164,188,021
		₩ 1,175,952,907	1,116,846,296

(*) The Group maintains lines of credit with various financial institutions as of December 31, 2022, which are related to trade note discounts and commercial note discount arrangements. Current portions of trade receivables discounted with recourse to financial institutions are accounted for as short-term borrowings.

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17. Short-term and long-term borrowings, Continued

17.2 Long-term borrowings

The details of long-term borrowings as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

Description	Financial Institution	Annual interest rate		December 31, 2022	December 31, 2021
Foreign currency vessel financing(*1)	Bank of America and others	5.06~5.48%	₩	606,830,014	686,926,105
Foreign currency working capital loan	Bank of America and others	2.50~7.25%		142,169,746	143,228,494
Local currency facility loan(2*)(*3)	Korea DevelopmentBank	0%~3.56%		55,703,440	34,175,560
Local currency facility loan(2*)(*3)	Shinhan Bank	2.15%~2.94%		9,411,683	10,266,000
			₩	814,114,883	874,596,159
Deducted: Transfers to current portion				(154,890,300)	(164,188,021)
			₩	659,224,583	710,408,138

(*1) The vessel is provided as collateral for the above ship finance borrowings.(See Note 28)

(*2) The Group obtained borrowings in Korean won from the Korea Development Bank to install the ship sulfur oxide reduction system (scrubber) and received a principal payment guarantee from the Korea Ocean Business Corporation for the facility loan stated above. (See Note 27.1)

(*3) The Group has entered into currency derivatives (CRS) agreement with the Korea Development Bank to receive the local currency facility loan above and repay it in foreign currency to the supplier, with an interest rate of 0.65% to 5.10%. (See Note 7.5)

17.3 Corporate bonds

The Group issued non-guaranteed bonds with unsecured interest on February 25, 2020, and details of corporate bonds as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

	The day of issue	Repayment date	Interest rate (%)		December 31, 2022	December 31, 2021	Description
1-1	2020.02.25	2025.02.25	1.54	₩	190,000,000	190,000,000	Non-guaranteed debenture of non-exclusive interest
1-2	2020.02.25	2027.02.25	1.67		110,000,000	110,000,000	Non-guaranteed debenture of non-exclusive interest
				₩	300,000,000	300,000,000	
Deducted: Discount on bonds issued					(582,439)	(758,080)	
				₩	299,417,561	299,241,920	

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18. Provisions

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

<i>(In thousands of won)</i>	January 1, 2022	Provision	Utilization	Translation adjustments in foreign currency	December 31, 2022
Sales warranty liability	₩ 188,629,882	95,262,375	(69,192,611)	(145,826)	214,553,820
Sales warranty asset	(166,527,328)	(77,051,574)	64,579,053	137,198	(178,862,651)

<i>(In thousands of won)</i>	January 1, 2021	Provision	Utilization	Translation adjustments in foreign currency	December 31, 2021
Sales warranty liability	₩ 186,842,326	42,615,369	(41,651,627)	823,814	188,629,882
Sales warranty asset	(169,405,177)	(43,201,152)	46,717,071	(638,070)	(166,527,328)

18.2 Details of the sales warranty asset as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Product warranty asset (Current)	₩ 44,982,730	38,753,361
Product warranty asset (Non-current)	133,879,921	127,773,967
	₩ 178,862,651	166,527,328

18.3 Details of provisions as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Provision for sales warranties	₩ 45,303,382	134,414,740	40,438,719	132,074,203
Defect repair provisions	530,368	846,812	-	-
Provision for claim	4,826,606	1,355,914	334,317	-
Other provisions	22,392,076	4,883,922	11,172,782	4,609,861
	₩ 73,052,432	141,501,388	51,945,818	136,684,064

18.4 Nature of sales guarantee liabilities and when the outflow of resources is expected :

18.4.1 Provision repair provisions

The Group has a warranty obligation relating to CKD parts sold through a contract with the customer. The Group estimated the rate of occurrence and the warranty period based on its historical experience and expected that most of the costs will incur within three years and all the remaining costs within ten years of the reporting date and accounted for these estimates as provision. As a result, the Group records an asset for the reimbursement through its arrangement with the buyer of which the Group is almost certain to receive, and accounts for it as sales warranty asset.

18.4.2 Provision for claim

The Group recognizes a provision for the amount expected to be compensated by the customer's obligation to compensate for several accidents that occur on a route.

18.4.3 Other provisions

The Group accounts for other provisions, estimating the amount of loss due to transport costs greater than the amount of revenue expected to be compensated by the Group under the contract of carriage agreement with the customer.

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19. Employee benefits

19.1 Major components of the net benefit expense recognized in the statement of profit or loss for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Current service cost	₩ 15,459,838	14,030,932
Net interest cost on benefit obligation	(112,781)	(113,248)
	<u>₩ 15,347,057</u>	<u>13,917,684</u>

19.2 Defined benefit liabilities(Assets) as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	₩ 92,428,126	101,501,880
Fair value of plan assets	(145,930,257)	(99,761,262)
Accumulated prepayments to the NPS	(10,352)	(10,352)
Net liabilities	<u>₩ (53,512,483)</u>	<u>1,730,266</u>
Defined benefit obligation	₩ 2,051,582	2,371,262
Net defined benefit assets(*)	(55,564,065)	(640,996)

(*) The Group classified plan assets exceeding defined benefit obligation as other non-current assets.

19.3 Changes in net defined benefit liabilities(Assets) for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
As of January 1	₩ 1,730,266	414,131
Service cost	15,459,838	14,030,932
Net interest	(112,781)	(113,248)
Benefits paid	886,817	(92,579)
Re-measurement gains (losses) in OCI:		
Actuarial changes arising from changes in demographic assumptions	-	(72,413)
Actuarial changes arising from changes in financial assumptions	(22,956,800)	(6,454,099)
Return on plan assets (excluding amounts included in net interest expense)	1,226,775	718,342
Experience adjustments	7,383,929	3,749,107
Contributions by employer	(56,600,000)	(9,600,000)
Translation adjustments in foreign currency	(530,527)	(849,907)
As of December 31	<u>₩ (53,512,483)</u>	<u>1,730,266</u>

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19. Employee benefits, Continued

19.4 Changes in defined benefit obligation for the years ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>		2022	2021
As of January 1	₩	101,501,880	93,110,555
Pension cost charged to profit or loss:			
Service cost		15,459,838	14,030,932
Net interest		2,813,875	2,146,587
Benefits paid		(11,244,069)	(4,158,882)
Re-measurement gains (losses) in OCI:			
Actuarial changes arising from changes in demographic assumptions		-	(72,413)
Actuarial changes arising from changes in financial assumptions		(22,956,800)	(6,454,099)
Experience adjustments		7,383,929	3,749,107
Translation adjustments in foreign currency		(530,527)	(849,907)
As of December 31	₩	<u>92,428,126</u>	<u>101,501,880</u>

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

<i>(In thousands of won)</i>		2022	2021
As of January 1	₩	99,761,262	92,686,071
Pension cost charged to profit or loss:			
Net interest		2,926,656	2,259,835
Benefits paid		(12,130,886)	(4,066,302)
Re-measurement gain (loss) in OCI:			
Return on plan assets (excluding amounts included in net interest expense)		(1,226,775)	(718,342)
Contributions by employer		56,600,000	9,600,000
As of December 31	₩	<u>145,930,257</u>	<u>99,761,262</u>

19.6 The major categories of plan assets as percentage of the fair value of the total plan assets as of December 31, 2022 and 2021 are as follows :

	2022	2021
Retirement pension(*)	100%	100%

(*) As of December 31, 2022, the retirement pension is fully invested in principal and interest guaranteed products.

19.7 The principal assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are as follows :

	December 31, 2022	December 31, 2021
Discount rate	5.31%~5.35%	2.89%~3.01%
Future salary increase rate	3.62%~4.56%	3.55%~4.61%
Expected retirement rate	Past experience on retirement	Past experience on retirement
Weighted average expiration	Macaulay Duration 9.84 years	Macaulay Duration 10.73 years

19.8.1 A quantitative sensitivity analysis for significant assumptions as of December 31, 2022 and 2021 are as shown below :

<i>(In thousands of won)</i>		December 31, 2022		December 31, 2021	
		1% increase	1% decrease	1% increase	1% decrease
Discount rate	₩	(7,649,975)	8,831,696	(9,442,616)	11,040,516
Future salary increase rate		9,219,432	(8,084,356)	11,251,756	(9,770,689)

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19. Employee benefits, Continued

19.8.2 The estimated payment date of the defined benefit obligation as of December 31, 2022 and 2021 are as follows :

(In thousands of won)		less than 1 year	1 year to 5 years	5 years to 10 years	More than 10 years	Total
Estimated Payments	₩	4,531,520	25,951,893	60,133,040	408,595,153	499,211,606

20. Greenhouse gas emission rights and emission liabilities

20.1 As of the end of the reporting period, the number of free allocation emission rights for each planning period and implementation year is as follows :

(unit in tCO2-eq)	2021	2022	2023	2024	2025	Total
Free allocation emission rights	77,895	77,895	77,895	77,895	77,895	389,475

20.2 The details of changes in greenhouse gas emission rights during the current period are as follows :

(unit in tCO2-eq)	2022 Quantity	2021 Quantity
As of January 1	-	-
Free allocation	77,895	77,895
Purchased(Sold)	-	1,959
Government submission	-	(79,854)
As of December 31	77,895	-

20.3 As of the end of the current year no greenhouse gas emission rights have been provided as collateral.

20.4 The details of changes in emission liabilities during the current year are as follows :

(In thousands of won)		2022	2021
As of January 1	₩	55,879	-
Submission of emission rights		20,732	55,879
Emission cost recognition		(38,583)	-
Reversal		(17,296)	-
As of December 31	₩	20,732	55,879

20.5 The current estimate of greenhouse gas emissions is 79,191 tCO2-eq.

21. Issued capital and share premium

21.1 There were no changes in the issued capital of the Group for the years ended December 31, 2022 and 2021, and details are as follows :

Number of shares authorized (In shares)	: 200,000,000
Par value per share (In won)	: ₩ 500
Number of ordinary shares issued and fully paid (In shares)	: 37,500,000

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21. Issued capital and share premium, Continued

21.2 Share premium of the Group as of December 31, 2022 consists of paid-in capital in excess of par value.

21.3 Details of accumulated other comprehensive income as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Gain on valuation of financial assets at fair value through OCI	₩ 33,649,344	66,252,742
Equity adjustments in equity method	1,539,570	(7,565,023)
Exchange differences on translations of foreign operations	(35,288,648)	(63,060,609)
	₩ (99,734)	(4,372,890)

21.4 Appropriated retained earnings of the Group as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021	Notes
Legal reserve	₩ 9,375,000	9,375,000	Statutory (*1)
Business development reserve	5,616,911	5,616,911	Statutory (*2)
Investment in operating facilities reserve	2,220,000,000	1,860,000,000	Discretionary
Business expansion reserve	2,195,000,000	2,065,000,000	Discretionary
Retained earnings	2,249,234,522	1,679,952,538	
	₩ 6,679,226,433	5,619,944,449	

(*1) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to capital.

(*2) In accordance with the Korean Corporate Income Tax Law ("KCITL"), the amount appropriated at the annual ordinary stockholders' meeting as a business development reserve may be deducted in the calculation of excess retained earnings for corporate income tax reporting purposes. The reserve may only be used to offset a deficit, if any, or may be transferred to capital without a reversal of the tax benefit. Effective from December 2001, such reserve is no longer required by the revised KCITL.

21.5 Dividends

The dividends proposed for approval by the general shareholders' meeting of the Group for the years ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
Number of shares issued	37,500,000 shares	37,500,000 shares
Par value per share	₩ 500 won	500 won
Dividends per share	₩ 5,700 won	3,800 won
Par dividends rate	1,140%	760%
The total amount of dividends	₩ 213,750,000	142,500,000

The dividends yield of the Group for the years ended December 31, 2022 and 2021 are as follows :

<i>(In won)</i>	2022	2021
Dividends per share	₩ 5,700	3,800
Stock price at December 31	₩ 163,500	168,000
Dividend yield	3.49%	2.26%

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22. Operating income and other income (expenses)

22.1 Details of selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Salaries	₩ 213,600,028	169,039,453
Provision for severance and retirement benefits	37,415,735	11,694,793
Employee welfare benefits	34,842,620	27,284,690
Travel	5,959,378	2,720,233
Communication	4,580,562	3,916,730
Maintenance cost	6,665,789	6,589,413
Taxes and dues	5,925,302	5,904,517
Rents	3,358,326	3,189,426
Depreciation of property, plant and equipment	21,885,628	18,922,527
Amortization of intangible assets	9,441,308	7,308,443
Insurance premium	5,295,525	3,756,497
Advertising and marketing	26,665,673	18,080,128
Utilities	1,833,502	1,664,365
Service fees	58,386,851	55,197,441
Bad debt expenses		
(reversal of allowance on doubtful accounts)	17,464,268	(369,902)
Training	3,795,815	1,971,235
IT expenses	31,268,695	23,873,395
Provision for sales warranties (reversal)	(3,886,469)	(15,634,187)
R&D expenditure	8,216,231	5,433,410
Others	10,151,949	14,935,218
	₩ <u>502,866,716</u>	<u>365,477,825</u>

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

22. Operating income and other income (expenses), Continued

22.2 Details of finance income for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Interest income	₩ 49,261,793	29,606,001
Dividend income	3,790,160	5,210,238
Return on fair value through profit or loss on valuation of financial assets	3,032,225	-
Profit or loss on disposal of financial assets measured at fair value	25,920,040	-
	<u>₩ 82,004,218</u>	<u>34,816,239</u>

22.3 Details of other operating income for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Rental revenues	₩ 379,948	420,882
Commissions	566,386	534,433
Gain on disposal of property, plant and equipment (*)	1,400,230	1,438,935
Gain on foreign currency transactions	1,099,396,418	327,572,944
Foreign currency conversion profit	118,435,974	77,425,019
Gain on derivative transactions	50,225,781	2,893,480
Gain on derivative valuation	17,047,333	9,339,606
Other non-recurring of bad debt	403,677	3,000,017
Others	24,876,740	19,573,185
	<u>₩ 1,312,732,487</u>	<u>442,198,501</u>

(*) During the current term, the disposal of three asset ships (such as CT FRONTIER) was completed and the disposal profit of ₩280,939 thousand was recognized (see note 33).

22.4 The main details of Financial expenses during the current term and the prior term are as follows :

(In thousands of won)

	2022	2021
Interest expense	₩ 112,051,775	71,354,756
Losses on valuation of financial assets measured at fair value through profit or loss	44,788	-
Losses on disposal of financial assets measured at fair value through profit or loss	7,210,612	-
	<u>₩ 119,307,175</u>	<u>71,354,756</u>

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

22. Operating income and other income (expenses), Continued

22.5 Details of other operating expenses for the years ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
Donations	₩ 3,296,764	3,283,883
Loss of non-current property to be sold	1,319,318	21,397,692
Losses on impairment of property, plant and equipment	5,938,001	-
Loss on disposal of property, plant and equipment	1,284,340	1,108,559
Losses on impairment of intangible assets	2,684,891	-
Losses on disposal of intangible assets	-	10,552
Loss on foreign currency transactions	902,921,504	291,877,798
Loss on foreign currency translations	446,081,816	175,511,119
Loss on derivative transactions	71,151,577	45,631,641
Loss on derivative valuation	9,613,706	12,782,313
Other bad debt expenses	416,180	-
Loss on disposal of inventories	5,167	-
Others	22,537,183	15,941,836
	₩ <u>1,467,250,447</u>	<u>567,545,393</u>

22.6 Details of employee benefit expenses for the years ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
Salaries	₩ 533,728,076	412,959,064
Severance expenses	40,984,359	14,635,309
Long-term employee benefits	207,288	1,346,547
Employee welfare benefits	115,196,307	89,283,138
	₩ <u>690,116,030</u>	<u>518,224,058</u>

22.7 Adjusted operating income classified by the Group for the years ended December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
Operating income in the statement of profit or loss	₩ 1,798,516,596	1,126,245,705
Other income and expenses(*)	7,963,466	(32,174,813)
Adjusted operating income	₩ <u>1,806,480,062</u>	<u>1,094,070,892</u>

(*) Other income and expenses represent gains and losses on derivative transactions and valuations related to commodity sales.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

23. Classification according to nature of expenses

Expenses by nature for the years ended December 31, 2022 and 2021 are as follows:

<i>(In thousands of won)</i>	2022	2021
Changes in inventories	₩ (81,852,694)	(252,822,664)
Purchase amounts of inventories	12,267,096,597	10,855,174,791
Employee benefit expenses	690,116,030	518,224,058
Depreciation and amortization	465,996,947	419,064,121
Rents	673,857,834	581,828,111
Transportation	8,456,357,653	6,440,784,881
Ship operation cost	1,757,117,682	1,395,979,861
Other expenses	954,674,326	695,103,067
Total(*)	₩ 25,183,364,375	20,653,336,226

(*) Expenses represent the total of cost of sales and selling and administrative expenses on the statement of profit or loss.

24. Income tax

Major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows :

24.1 Income expenses reported in the consolidated statements of profit or loss and other comprehensive income are as follows :

<i>(In thousands of won)</i>	2022	2021
Current income tax	₩ 392,886,994	200,650,093
Deferred tax related to change of temporary differences	3,132,538	1,168,283
Tax related to items recognized in OCI during the year	8,596,081	216,612
	₩ 404,615,613	202,034,988

24.2 Income tax expenses recognized directly to equity :

<i>(In thousands of won)</i>	2022	2021
Gains on valuation of financial assets at fair value through OCI	₩ 13,126,714	501,284
Re-measurement loss in OCI	(3,813,460)	(554,403)
Retained earnings adjustment in equity method	(325,260)	6,935
Equity adjustment in equity method	(391,913)	262,796
	₩ 8,596,081	216,612

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

24. Income tax, Continued

24.3 Reconciliation of profit before tax at the Korean statutory tax rate to income tax expense at the effective income tax rate of the Group is as follows :

(In thousands of won)

	2022	2021
Accounting profit before income taxes	₩ 1,597,421,190	985,210,850
Tax at the statutory income tax rate (2022: 27.5%, 2021: 27.5%)	439,290,827	270,932,984
Adjustments:		
Adjustments relating to the corporate tax of the prior term	(221,292)	(31,459,425)
Income not subject to tax	(73,499,931)	(19,667,475)
Non-deductible expenses for tax purposes	11,695,555	5,049,698
Tax credit	(36,021,708)	(13,144,862)
Tonnage tax	2,848,635	3,023,012
The Effect of Corporate Tax on the Profit and Losses of Subsidiaries, Joint Ventures and Associates' Investments	17,119,362	(11,832,535)
Effect of change in tax rate and others	43,404,165	(866,409)
Income tax expense at the effective income tax rate of 25.33% (2021: 20.51%)	₩ 404,615,613	202,034,988

24.4 Deferred tax assets and liabilities as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

	Consolidated statements of financial position		Consolidated statements of financial profit or loss	
	2022	2021	2022	2021
Investments in associate and subsidiaries	₩ (231,080,598)	(212,164,710)	18,198,715	19,948,386
Financial assets at fair value through OCI	(16,411,508)	(29,606,591)	(68,369)	-
Other payables and other receivables	5,765,506	(499,446)	(6,264,952)	16,123,530
Allowance for doubtful accounts	1,310,023	1,526,017	215,994	(227,818)
Other provisions	5,299,782	4,314,677	(985,105)	(802,746)
Property, plant and equipment	(7,836,439)	(6,565,953)	1,270,486	(445,495)
Intangible assets	4,684,944	4,344,613	(340,331)	(376,420)
Others	6,481,499	9,997,139	(297,821)	(32,834,542)
Deferred tax expense(revenue)	-	-	11,728,617	1,384,895
Deferred tax assets	9,692,307	8,679,397	-	-
Deferred tax liabilities	₩ (241,479,098)	(237,333,651)	-	-

The Group offsets deferred tax assets and deferred tax liabilities, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

25. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares issued and fully paid during the year. The following reflects income and share data used in the basic earnings per share computations :

<i>(In won)</i>	2022	2021
Profit for the year	₩ 1,189,821,184,515	782,897,006,411
Weighted average number of ordinary shares for basic earnings per share	37,500,000 shares	37,500,000 shares
Basic earnings per share	₩ 31,729	20,877

As the Group has no dilutive securities, its basic and diluted earnings per share are the same.

26. Related party disclosures

26.1 Related parties of the Group as of December 31, 2022 are as follows :

	Company
Associates and joint ventures	Hyundai Engineering Co., Ltd.
	Beijing Zhongdu Glovis Logistics Co., Ltd.
	Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11
	Sichuan Glovis Logistics Co., Ltd.
	Jiangsu Yueda Glovis Logistics Co., Ltd.
	Jiangsu Gelian Logistics Co., Ltd.
	Changjiu Glovis (Shanghai) Shipping Co., Ltd.
	Stena Glovis SE
	Boston Dynamics, Inc.
Other related parties(*)	BLG Glovis BHV GmbH
	Hyundai Motor Company and Kia Motors Corp.
(*) It includes the subsidiary of Hyundai Motor Group to which the Group belongs	

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

26. Related party disclosures, Continued

26.2 Transactions with related parties for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022			
	Sales	Other income	Purchases	Other expenses
Associates and joint ventures:				
Hyundai Engineering Co., Ltd.	₩ 11,411,644	9,776,592	2,419,883	14,839,614
Beijing Zhongdu Glovis Logistics Co., Ltd.	695,222	-	472,388	-
Sichuan Glovis Logistics Co., Ltd.	-	-	879,933	-
Jiangsu Yueda Glovis Logistics Co., Ltd.	8,860,591	-	2,554,586	-
Boston Dynamics, Inc.	-	-	-	30,041,472
Hi Gold Ocean Ship Private Special Asset Investment Trust No.11	-	347,277	-	15,712,515
Jiangsu Gelian Logistics Co., Ltd.	-	-	2,411,446	-
Changjiu-Glovis(Shanghai) Shipping	31,790,196	944	10,923,115	-
Stena glovis SE	2,392,558	-	7,703,922	-
Other related parties :				
Kia Slovakia s.r.o.	2,363,485,701	-	159,807	5,252,833
Hyundai Manufacturing Alabama, LLC	1,828,064,768	117,665	19,264,608	9,328,771
Kia Corp.	1,241,361,359	868,289	53,170,104	1,740,164
Hyundai Motor Manufacturing Czech, s.r.o.	1,506,166,793	-	119,094	10,086,105
Hyundai Motor Company	1,304,234,696	1,775,263	16,111,568	53,677,276
Hyundai Steel Co., Ltd.	1,368,796,200	452,696	174,089	32,960
Hyundai Motor Manufacturing Rus LLC	328,226,810	1,358,134	364,281	32,120
Kia India Pvt Ltd	1,035,971,499	123	653,221	1,693,889
Kia Motors America Inc.	572,081,836	-	5,043,066	-
Hyundai Mobis Co.	964,076,075	4,397,129	925,775,990	3,908,373
Hyundai Brasil Montadora de Automoveis LTDA	839,853,605	1,927,329	910,698	10,672,194
Kia Georgia Inc.	887,681,350	464,690	21,926,682	2,610,135
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S	710,194,903	297,022	9,520,870	1,309,955
Hyundai Motor America	586,329,466	-	4,500,641	-
Others	3,831,629,944	10,788,971	2,939,180,172	64,821,582
	₩ 19,423,305,216	32,572,124	4,024,240,164	225,759,958

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

26. Related party disclosures, Continued

26.2 Transactions with related parties for the years ended December 31, 2022 and 2021 are as follows, Continued

(In thousands of won)

	2021			
	Sales	Other income	Purchases	Other expenses
Associates and joint ventures:				
Hyundai Engineering Co., Ltd.	₩ 20,833,731	13,301,100	30,818	7,666,472
Hyundai Engineering America, Inc.	-	-	507,340	533,618
Hyundai Engineering RUS LLC	856,723	19,340	1,108,091	-
Hyundai Engineering Mexico, S. DE R.L. DE C.V.	-	-	1,828,922	-
Hyundai Engineering CZECH s.r.o	-	-	4,361	509,569
Hyundai Engineering SLOVAKIA S.R.O.	-	-	7,273	-
Hyundai Engineering India LLP	-	-	1,947,411	-
Beijing Zhongdu Glovis Logistics Co., Ltd.	6,589,782	-	378,014	-
Sichuan Glovis Logistics Co., Ltd.	8,661,111	27,036	41,211	483
Jiangsu Yueda Glovis Logistics Co., Ltd.	34,097,078	-	10,764,593	-
Zhongdu-Glovis(Chongqing) Logistics Co., Ltd	3,990,803	43	2,441,116	-
Zhongdu-Glovis(Cangzhou) Logistics Co., Ltd	4,125,553	-	-	-
Boston Dynamics, Inc.	-	-	-	298,637
Hi Gold Ocean Ship Private Special Asset Investment Trust No.11	-	386,811	-	15,140,883
Jiangsu Gelian Logistics Co., Ltd.	-	-	2,419,140	-
Stena glovis SE	144,711	-	5,049,945	50,085
Other related parties :				
Kia Slovakia s.r.o.	1,883,389,530	234	263,250	11,721,086
Hyundai Motor Manufacturing Alabama, LLC	1,331,858,828	-	17,107,880	19,426,053
Kia Corp.	1,310,296,784	857,568	25,732,044	483,511
Hyundai Motor Manufacturing Czech, s.r.o.	1,178,209,174	-	93,871	2,140,004
Hyundai Motor Company	1,025,718,731	1,408,755	29,022,221	49,813,994
Hyundai Steel Co., Ltd.	1,016,458,925	521,924	174,760	56,524
Hyundai Motor Manufacturing Rus LLC	987,098,200	169,093	267,291	1,903,006
Kia India Pvt Ltd	779,537,207	124,745	966,048	1,282,083
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	658,288,243	39,724	5,476,662	86,158
Hyundai Mobis Co.	593,784,059	4,322,334	761,068,730	1,736,464
Hyundai Motor Brasil Montadora de Automoveis LTDA	564,578,726	465,397	26,518	2,394,748
Kia Georgia, Inc.	552,541,976	574,267	17,112,970	47,688
Others	3,316,201,576	10,961,281	2,629,704,772	57,075,924
	₩ 15,277,261,451	33,179,652	3,513,545,252	172,366,990

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

26. Related party disclosures, Continued

26.3 Outstanding balances with related parties as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

	December 31, 2022			
	Trade receivables	Other receivables and others	Trade payables	Other payables and others
Associates and joint ventures:				
Hyundai Engineering Co., Ltd.	₩ 106,059	-	187,640	1,211,066
Beijing Zhongdu Glovis Logistics Co., Ltd.	-	-	94,313	-
Sichuan Glovis Logistics Co., Ltd.	680	4,327	209	-
Jiangsu Yueda Glovis Logistic Co., Ltd.	4,694,666	-	237,810	-
Hi Gold Ocean Ship Private Special Asset Investment Trust No.11	-	-	-	261,389,592
Jiangsu Gelian Logistics Co., Ltd.	-	-	939,181	-
Changjiu-Glovis(Shanghai) Shipping	4,662,353	-	1,986	-
Stena glovis SE	2,349,423	10,900	85,884	-
Other related parties:				
Kia Slovakia s.r.o.	116,541,385	-	35,897	13,981,456
Hyundai Manufacturing Alabama, LLC	154,596,693	-	1,178,189	6,178,778
Kia Corp.	82,083,285	1,264,035	12,725,209	1,736,650
Hyundai Motor Manufacturing Czech, s.r.o.	116,943,117	389	4,780	62,511,943
Hyundai Motor Company	251,845,231	1,306	206,553	6,258,655
Hyundai Steel Co., Ltd.	108,330,007	-	-	17,701
Hyundai Motor Manufacturing Rus LLC	40,847,493	1,329,306	-	37,289,187
Kia India Pvt Ltd	131,840,445	123	239,135	2,240,848
Kia Motors America Inc.	62,513,038	-	-	-
Hyundai Mobis Co.	45,113,584	232,823	67,175,407	3,471
Hyundai Motors Brasil Montadora de Automoveis LTDA	200,422,130	476,764	-	17,639,384
Kia Georgia Inc.	81,707,502	-	3,251,043	8,432,375
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S	95,328,423	1,406,440	881,430	27,361,021
Hyundai Motor America	88,726,914	-	-	2,724
Others	663,441,867	5,448,805	229,527,268	34,919,375
	₩ <u>2,252,094,295</u>	<u>10,175,218</u>	<u>316,771,934</u>	<u>481,174,226</u>

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26. Related party disclosures, Continued

26.3 Outstanding balances with related parties as of December 31, 2022 and 2021 are as follows, Continued

(In thousands of won)

	December 31, 2021			
	Trade receivables	Other receivables and others	Trade payables	Other payables and others
Associates and joint ventures:				
Hyundai Engineering Co., Ltd.	₩ 1,955,108	-	-	1,811,457
Hyundai Engineering America, Inc.	-	-	143,271	-
Hyundai Engineering RUS LLC	99,963	-	20,450	-
Hyundai Engineering MEXICO, S. DE R.L. DE C.V.	-	-	360,026	-
Hyundai Engineering SLOVAKIA S.R.O	-	-	737	-
Hyundai Engineering India LLP	-	-	162,509	-
Beijing Zhongdu Glovis Logistics Co., Ltd.	3,818,210	-	53,951	-
Sichuan Glovis Logistics Co., Ltd.	956,193	52,466	569	5,778
Jiangsu Yueda Glovis Logistics Co., Ltd.	6,677,763	-	2,197,977	-
Zhongdu-Glovis(Chongqing) Logistics Co., Ltd	2,413,019	-	378,660	-
Zhongdu-Glovis(Cangzhou) Logistics Co., Ltd	2,696,281	-	-	-
Boston Dynamics, Inc.	-	-	-	302,162
Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11	-	-	-	286,173,421
Jiangsu Gelian Logistics Co.,Ltd	-	-	1,230,841	-
Stena glovis SE	4,800	-	-	-
Other related parties:				
Kia Slovakia s.r.o.	141,344,511	2,000	40,235	6,166,373
Hyundai Motor Manufacturing Alabama, LLC	119,855,536	748,000	4,804,597	28,443,226
Kia Corp.	107,415,399	917	1,005,508	471,280
Hyundai Motor Manufacturing Czech, s.r.o.	88,983,483	2,000	9,721	26,323,271
Hyundai Motor Company	161,302,151	124,157	1,637,860	6,309,296
Hyundai Steel Co., Ltd.	125,073,203	-	79,935	36,423
Hyundai Motor Manufacturing Rus LLC	79,906,113	3,192,914	42,012	49,864,913
Kia India Pvt Ltd	123,025,630	710,296	52,340	5,643,915
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	128,600,892	112,794	685,365	14,202,527
Hyundai Mobis Co.	90,373,218	99,520	82,196,337	33,181
Hyundai Motor Brasil Montadora de Automoveis LTDA	131,662,140	6,737,982	-	15,472,909
Kia Georgia Inc.	124,656,963	535,371	3,271,496	10,876,071
Others	579,269,767	4,062,112	219,931,335	23,331,934
	₩ <u>2,020,090,343</u>	<u>16,380,529</u>	<u>318,305,732</u>	<u>475,468,137</u>

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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26. Related party disclosures, Continued

26.4 Financing transactions

26.4.1 The Group acquired a 0.1 % of Vectura Invest LLC equity for the year ended December 31, 2021.

26.4.2 The Group acquired ~~₩~~142,000,211 thousand of the shares in the associate, which is a 10% stake in Boston Dynamics, Inc. for the year ended December 31, 2021, and paid a total of ~~₩~~44,860,222 thousand through partial payment of the balance and additional acquisition for the year ended December 31, 2022.

26.4.3 Pt. GLOVIS Indonesia Logistics was established for the year ended December 31, 2021 and Pt. GLOVIS INDONESIA INTERNATIONAL, a subsidiary of the Group acquired 100% of its equity interests by capital contribution.

26.4.4 The repayment and interest of the long-term unpaid amount in relation to the acquisition of vessels from Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11, an affiliated company of the Group during the current and previous period, is ~~₩~~42,570,919 thousand and ~~₩~~37,902,641 thousand for the years ended December 31, 2022 and 2021, respectively. The collection of invested capital amounted to ~~₩~~6,023,721 thousand and ~~₩~~5,972,075 thousand for the years ended December 31, 2022 and 2021, respectively.

26.4.5 The Group has ~~₩~~50,000,000 thousand in financial products in Hyundai Motor Securities Co., Ltd., an affiliate of Hyundai Motor Group for the year ended December 31, 2022.

26.4.6 The dividends that the Group has acquired from the related parties for the year ended December 31, 2022 and 2021 amount to ~~₩~~12,726,589 thousand and ~~₩~~16,876,626 thousand, respectively. The dividends that the Group has paid to the related parties for the year ended December 31, 2022 and 2021 amount to ~~₩~~71,733,352 thousand and ~~₩~~66,070,718 thousand, respectively.

26.4.7 Chengdu Glovis Supply Chain Management Co., Ltd. was established for the year ended December 31, 2022 and Beijing Glovis Warehousing&Transportation Co.,LTD, a subsidiary of the Group acquired 100% of its equity interests by capital contribution.

26.4.8 Hyundai Glovis Logistics (Thailand) Co., Ltd was established for the year ended December 31, 2022 and the Group acquired 49% of its equity interests by capital contribution.

26.4.9 BLG Glovis BHV GmbH was established for the year ended December 31, 2022 and the Group acquired 50% of its equity interests by capital contribution.

26.4.10 The Group recovered 40,000,000 CNY loans from its associates and joint venture companies for the year ended December 31, 2021.

26.4.11 Glovis America, Inc., a subsidiary of the Group, acquired a 100% stake in Greater Erie Auto Auction LLC and Glovis EV Logistics America, LLC. for the year ended December 31, 2022.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

26. Related party disclosures, Continued

26.5 Compensation for key management personnel of the Group

The following represents amounts recognized as an expense during the reporting period related to key management personnel. Key management personnel include non-executive directors who are responsible for the Group's business, such as planning, operations and control :

(In thousands of won)

	2022	2021
Short-term employee benefits	₩ 16,726,547	14,073,671
Severance expenses	2,817,747	2,528,106
Other long-term employee benefits	31,840	35,359
Total compensation paid to key management personnel	₩ <u>19,576,134</u>	<u>16,637,136</u>

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27. Commitments and contingencies

27.1 Details of guarantees provided by others as of December 31, 2022 are as follows :

(In thousands of won)

Provider	Period	Currency	Guaranteed amount	Description
Korea Specialty Contractor Financial Cooperative	2022.10 ~ 2023.02	KRW	201,850	Performance guarantee(contract)
Seoul Guarantee Insurance Co., Ltd.	2020.02 ~ 2025.05	KRW	3,587,100	Guarantee for public auction
Seoul Guarantee Insurance Co., Ltd.	2013.04 ~ 2030.07	KRW	7,761,160	Performance guarantee(contract)
Seoul Guarantee Insurance Co., Ltd.	2022.08 ~ 2023.01	KRW	4,070,171	Performance guarantee (advanced payments)
Seoul Guarantee Insurance Co., Ltd.	2022.12 ~ 2023.01	KRW	350,000	Performance guarantee(bidding)
Seoul Guarantee Insurance Co., Ltd.	2017.07 ~ 2029.01	KRW	4,165,180	Performance guarantee(payments)
Seoul Guarantee Insurance Co., Ltd.	2021.07 ~ 2023.10	KRW	346,000	Guarantee for official approval
Seoul Guarantee Insurance Co., Ltd.	2022.07 ~ 2024.06	KRW	14,355	Design supervision guarantee
Korea Maritime Guarantee Co., Ltd.	2020.01 ~ 2026.01	KRW	2,074,905	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2020.02 ~ 2026.02	KRW	2,276,827	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2020.05 ~ 2026.05	KRW	2,456,577	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2020.06 ~ 2026.06	KRW	2,516,493	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2020.08 ~ 2026.08	KRW	3,678,818	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2020.06 ~ 2026.06	KRW	3,511,599	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.01 ~ 2027.01	KRW	3,025,750	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.02 ~ 2027.02	KRW	3,087,500	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.02 ~ 2027.02	KRW	3,087,500	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.04 ~ 2027.04	KRW	2,819,093	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.09 ~ 2027.09	KRW	3,159,653	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2021.08 ~ 2027.08	KRW	2,962,353	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.04 ~ 2028.04	KRW	3,653,700	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.05 ~ 2028.05	KRW	3,661,300	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.06 ~ 2028.06	KRW	3,653,700	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.08 ~ 2028.08	KRW	2,736,000	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.08 ~ 2028.08	KRW	3,587,200	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.09 ~ 2028.09	KRW	3,587,200	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.10 ~ 2028.10	KRW	3,587,200	Guarantee of principal of debt
Korea Maritime Guarantee Co., Ltd.	2022.10 ~ 2028.10	KRW	2,736,000	Guarantee of principal of debt
Standard Chartered	2022.01 ~ 2023.01	INR	2,500,000	Performance guarantee(contract)
Standard Chartered	2022.05 ~ 2023.05	INR	15,500,000	Performance guarantee(payments)

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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27. Commitments and contingencies, Continued

27.2 There is no guarantee provided by the Group to others other than related parties as of December 31, 2022

27.3 Details of the Group's commitments as of December 31, 2022 are as follows :

(In thousands of won, 1USD, 1EUR, 1BRL, 1CNY, 1RUB)

Description of commitment	Currency	Committed amount
Discounting D/A note	USD	1,900,100,000
Discounting D/A note	EUR	50,000,000
Opening import credit	USD	90,000,000
Secured loan against receivables	KRW	110,800,000
Overdraft limit	EUR	5,000,000
Working capital loan	KRW	30,000,000
Working capital loan	USD	40,283,334
Working capital loan	EUR	34,200,000
Working capital loan	BRL	25,000,000
Working capital loan	CNY	222,940,000
Working capital loan	RUB	50,000,000
London Metal Exchange forward	USD	71,000,000
London Metal Exchange forward	KRW	84,000,000
Bunker forward	KRW	6,000,000
Currency forward	USD	30,000,000
Currency forward	EUR	15,000,000
Derivatives (CRS)	KRW	14,000,000
Business facilities loan	EUR	45,175,000
Business facilities loan	USD	63,592,800
Inclusion	KRW	300,000,000
Guarantees	KRW	16,394,289
Credit operating funds	KRW	93,138
Collateral operating fund	KRW	135,450
Discounting notes	KRW	129,000
Special inclusion	KRW	25,800

27.4 Regarding the damage to the hull caused by the Golden Ray ship accident in 2019, the Group recognized the ship as a full loss in 2019 and received ₩106,470,000 thousand compensations from Hyundai Marine & Fire Insurance Co., Ltd. in 2020 and reflected it as other income. As of the end of the reporting period, cargo and other claims arising from or likely to occur in the future due to the accident will be covered by insurance with the The North of England Protection & Indemnity Association Limited.

27.5 Litigation cases in which the Group is accused as of December 31, 2022 are litigation and arbitration related to sales such as claims for damages and claims for freight charges. The Group cannot reasonably predict the outcome of the litigation, and the amount and timing of the outflow of resources are uncertain, but the impact on the Group's financial statements is not expected to be significant.

27.6 As of the end of the reporting period, the Group has entered into contracts between other investors and shareholders in relation to its associate, Boston Dynamics, Inc. The contract between shareholders includes a put option exercise clause that allows buyers, including companies, to dispose of stocks held by other investors, and buyers are jointly responsible for the purchase of the shares. The total amount of additional burden expected in the event of default by buyers excluding the Group is USD 98,901 thousand.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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28. Assets pledged as collateral

Details of assets pledged as collateral for the short-term and long-term borrowings and other financial liabilities of the Group as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

December 31, 2022				
Pledged to	Pledged asset	Details	Limit	Book value of asset
Korea Development Bank and others	Vessels	Borrowings and others	₩ 1,045,657,528	1,271,704,721
Korea Specialty Contractor Financial Cooperative	Equity investments	Contract guarantee	118,113	118,113

(In thousands of won)

December 31, 2021				
Pledged to	Pledged asset	Details	Limit	Book value of asset
Korea Development Bank and others	Vessels	Borrowings and others	₩ 1,073,835,631	1,681,128,241

Hi Gold Ocean Ship Private Special Asset Investment Trust No. 11, classified as investment in affiliates, has been provided as collateral to the National Pension Service for up to 50% of its book value amounting to ₩39,203,735 thousand in connection with a contingent liability regarding possible losses on the Group's operation of a ship constructed by Hi Gold Ocean Kmarin No.11 a S.A.

29. Cash flow information

29.1 Cash flow has been prepared under the indirect method and significant non-cash transactions for the years ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Transfer of construction in-progress	₩ 311,092,758	47,767,826
Transfer to current portion of long-term borrowings	215,873,704	148,638,552
Transfer to current portion of long-term other payables	23,831,946	24,628,836
Recognition of right-use-assets	316,493,467	236,705,001
Acquisition of non-payment of tangible and intangible assets	188,948,129	116,898,191
Acquisition of investment stocks in associates	-	31,593,546
Transfer to non-current assets held for sale from property, plant and equipment	-	54,539,530

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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29. Cash flow information, Continued

29.2 Details of cash flows from operating activities for the years ended December 31, 2022 and 2021 are as follows :

29.2.1 Adjustment to reconcile profit for the year to net cash flows

(In thousands of won)

	2022	2021
Interest expenses	₩ 112,051,775	71,354,756
Income tax expense	404,615,613	202,034,988
Pension expenses	39,491,243	13,917,684
Depreciation of property, plant and equipment	446,885,659	402,086,818
Long-term employee benefits	207,288	1,346,547
Loss on valuation of derivatives	9,613,706	12,782,313
Loss on foreign currency translations	446,081,816	175,511,119
Amortization of intangible assets	19,111,286	16,977,303
Bad debt expenses (reversal)	17,464,268	(369,902)
Provision for product warranties (reversal)	(3,886,469)	(15,634,187)
Other bad debt expenses (reversal)	12,502	-
Loss on disposal of property, plant and equipment	1,284,340	1,108,559
Loss on inventory valuations (reversal)	6,641,000	1,551,717
Loss on disposal of inventories	41	-
impairment losses of property plant and equipment	5,938,002	-
impairment losses of intangible assets	2,684,891	-
Loss on non-current assets held for sale	1,319,318	21,397,692
Interest income	(49,261,793)	(29,606,001)
Dividend income	(3,790,160)	(5,210,238)
Gain on foreign currency translations	(118,435,974)	(77,425,019)
Gain on valuation of derivatives	(17,047,333)	(9,339,606)
Share of profit(loss) of an associate for the year	9,274,493	(20,850,554)
Gain on disposal of property, plant and equipment	(1,400,230)	(1,438,935)
Others	4,933,347	6,524,565
	₩ 1,333,788,629	766,719,619

29.2.2 Changes in operating assets and liabilities

(In thousands of won)

	2022	2021
Increase in trade receivables	₩ (604,447,279)	(455,259,535)
Increase in other receivables	(7,182,588)	(30,357,867)
Increase in inventories	(89,079,975)	(254,332,526)
Increase in other current assets	(18,160,402)	(9,900,173)
Decrease in other current financial assets	7,424,074	35,830,887
Increase in other non-current financial assets	(62,501)	(366,905)
Decrease (increase) in other non-current assets	(531,503)	207,795
Increase (decrease) in trade payables	(18,568,841)	333,474,266
Increase in other payables	12,692,790	14,560,648
Decrease in other current financial liabilities	(8,970,947)	-
Increase (decrease) in other non-current financial liabilities	(778,338)	-
Increase (decrease) in other current liabilities	63,800,535	(2,532,424)
Decrease in other non-current liabilities	(644,304)	-
Decrease in defined benefit liabilities	(55,006,265)	(8,925,835)
Increase (decrease) in provision for sales warranties	(4,613,558)	10,217,094
	₩ (724,129,102)	(367,384,575)

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29. Cash flow information, Continued

29.3 Changes in liabilities arising from financing activities

<i>(In thousands of won)</i>		January 1, 2022	Financing activities cash flows	Foreign currencies translation	New lease	Others(*)	December 31, 2022
Short-term borrowings	₩	952,658,275	112,092,747	(32,059,875)	-	-	1,032,691,147
Current long-term other payables		39,245,735	(28,850,587)	3,431,940	-	11,316,191	25,143,279
Long-term other payables		261,113,263	(2,946,716)	19,427,575	-	(23,739,263)	253,854,859
Current long-term borrowings		164,188,021	(229,195,010)	(7,604,955)	-	215,873,704	143,261,760
Long-term borrowings		710,408,138	114,876,151	49,810,272	-	(215,869,978)	659,224,583
Corporate bonds		299,241,920	-	-	-	175,641	299,417,561
Current lease liabilities		202,409,747	(262,105,676)	10,656,563	73,268,199	263,888,170	288,117,003
Long-term lease liabilities		738,259,420	-	47,656,621	243,225,268	(1,957,198)	1,027,184,111
Dividend payables		-	(142,500,000)	-	-	142,500,000	-
	₩	<u>3,367,524,519</u>	<u>(438,629,091)</u>	<u>91,318,141</u>	<u>316,493,467</u>	<u>392,187,267</u>	<u>3,728,894,303</u>

(*) The effect of lease contract change, transfer to the current portion over time of long-term other payables, offsetting with short-term loans, recognition of interest expenses on present value discount, etc. are included.

<i>(In thousands of won)</i>		January 1, 2021	Financing activities cash flows	Foreign currencies translation	New lease	Others(*)	December 31, 2021
Short-term borrowings	₩	1,176,497,207	(234,517,703)	10,678,771	-	-	952,658,275
Current long-term other payables		19,467,036	(22,968,074)	17,017,751	-	25,729,022	39,245,735
Long-term other payables		264,249,458	-	21,497,668	-	(24,633,863)	261,113,263
Current long-term borrowings		136,453,533	(127,120,746)	6,216,682	-	148,638,552	164,188,021
Long-term borrowings		642,177,210	164,194,039	52,675,441	-	(148,638,552)	710,408,138
Corporate bonds		299,052,429	-	-	-	189,491	299,241,920
Current lease liabilities		172,387,781	(234,156,632)	15,988,156	53,847,129	194,343,313	202,409,747
Long-term lease liabilities		692,482,444	-	57,351,912	157,087,751	(168,662,687)	738,259,420
payables		-	(131,250,000)	-	-	131,250,000	-
	₩	<u>3,402,767,098</u>	<u>(585,819,116)</u>	<u>181,426,381</u>	<u>210,934,880</u>	<u>158,215,276</u>	<u>3,367,524,519</u>

(*) The effect of the increase in lease payment on the extension of lease period, transfer to the current portion over time of long-term other payables, offsetting with short-term loans, recognition of interest expenses on present value discount, etc. are included.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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30. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows :

Segment	Description of operating segment
Logistics	The Group transports freight consigned from the owner of goods. Distribution is classified as either domestic or overseas in accordance with their intended destination.
Distribution	The Group includes the Complete Knock Down (CKD) business and the merchandise trading business as a business that sells products and products.
Shipping	The Group includes the automobile and bulk carrier business as a business that transports cargo through sea transportation.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessments. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

(In thousands of won)

2022		Logistics	Distribution	Shipping	Total
Sales	₩	9,476,895,069	12,934,072,521	4,570,913,381	26,981,880,971
Operating profit for the year		626,886,951	747,519,064	424,110,581	1,798,516,596
Adjusted operating profit for the year		626,886,951	755,482,530	424,110,581	1,806,480,062

(In thousands of won)

2021		Logistics	Distribution	Shipping	Total
Sales	₩	7,150,745,393	11,287,085,090	3,341,751,448	21,779,581,931
Operating profit for the year		483,929,856	452,942,553	189,373,296	1,126,245,705
Adjusted operating profit for the year		483,929,856	420,767,740	189,373,296	1,094,070,892

The Group does not separately disclose assets and liabilities from its operating segments as the chief operating decision maker of the Group is not provided with such information from operating segments.

The revenue information based on the location of the customer for the ended December 31, 2022 and 2021 are as follows :

(In thousands of won)

	2022	2021
Korea	₩ 21,372,281,255	17,498,074,577
China	212,885,505	411,080,742
Asia	1,054,326,102	761,941,047
North America	2,808,300,812	1,725,024,411
Latin America	345,608,257	238,973,421
Europe	1,132,508,796	1,097,478,661
Oceania	55,970,244	47,009,072
	₩ 26,981,880,971	21,779,581,931

Sales of the Company are concentrated with two major customers. Sales to Company A and its subsidiaries amounted to ₩9,479,541,673 thousand while sales to Company B and its subsidiaries amounted to ₩6,847,027,735 thousand for the year ended December 31, 2022 (2021: ₩7,408,370,086 thousand and ₩5,525,630,257 thousand), respectively.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
For the years ended December 31, 2022 and 2021

31. Financial risk management objectives and policies

The Group's principal financial liabilities comprise short-term borrowings, trade payables, other accounts payable and long-term borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade receivables and cash and short-term deposits from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and reviews and agrees policies for managing each of these risks which are summarized below.

31.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risks: interest rate risk, foreign currency risk and other price risk.

The sensitivity analysis in following sections is related to the position as of December 31, 2022 and 2021.

(1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Borrowings with floating interest rates amounted to ₩802,090,732 thousand as of December 31, 2022 and ₩829,718,450 thousand as of December 31, 2021. As of December 31, 2022 and 2021, should the interest rate be changed by 100 basis points, the impact on the Group's profits before tax are as follows :

(In thousands of won)

	December 31, 2022		December 31, 2021	
	100BP increase	100BP decrease	100BP increase	100BP decrease
₩	(8,020,907)	8,020,907	(8,297,184)	8,297,184

(2) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. Sensitivity to a reasonably possible change in exchange rate, with all other variables held constant, of the Group's profit before tax as of December 31, 2022 and 2021 are as follows :

(In thousands of won)

Currency	December 31, 2022		December 31, 2021	
	5% increase	5% decrease	5% increase	5% decrease
USD	₩ 2,728,974	(2,728,974)	(52,855,902)	52,855,902
EUR	15,131,593	(15,131,593)	12,307,334	(12,307,334)
Others	4,419,864	(4,419,864)	3,549,789	(3,549,789)
₩	22,280,431	(22,280,431)	(36,998,779)	36,998,779

The sensitivity above is for monetary assets and liabilities and derivative assets and liabilities, denominated in foreign currency as of December 31, 2022 and 2021.

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Notes to the Consolidated Financial Statements, Continued
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31. Financial risk management objectives and policies, Continued

31.1 Market risk, Continued

(3) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price, except for interest rates and foreign currency risk. The Group's exposure to the risk of changes in market price risk relates primarily to the Group's equity instrument (quoted securities), amounting to ₩162,235,604 thousand. The following table demonstrates a sensitivity analysis to a reasonably possible change in share price on the Group's other comprehensive income (gains and losses on valuation of available-for-sale financial assets) :

(In thousands of won)

	5% increase	5% decrease
Other comprehensive income before tax	₩ 8,111,780	(8,111,780)
Tax effect	(2,149,622)	2,149,622
Other comprehensive income after tax	₩ 5,962,158	(5,962,158)

31.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(1) Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit worthiness of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date as of December 31, 2022 and 2021 is the carrying value of each class of financial assets as follow :

(In thousands of won)

	December 31, 2022	December 31, 2021
Trade receivables and contract assets	₩ 3,304,863,106	2,777,645,466
Other receivables	138,077,886	129,463,628
Other long-term receivables	25,341,550	23,579,680

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data.

The following table represents the Group's 10 largest receivable accounts from customers and presents total amounts and portions of total receivables as of December 31, 2022 and 2021 :

(In thousands of won)

	2022	2021
Total amounts	₩ 1,353,044,126	1,165,840,124
Portions	40.60%	41.83%

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Notes to the Consolidated Financial Statements, Continued
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31. Financial risk management objectives and policies, Continued

31.2 Credit risk, Continued

(2) Other assets

Credit risks associated with the Group's other assets which consist of long-term loans and long-term receivables arise from the default of counterparties. The maximum exposure to credit risks at the reporting date will be the carrying value of each class of financial assets. The Group deposits its surplus funds in financial instruments whose credit ratings are high, and as such, credit risk related to financial instruments is considered limited.

31.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations under financial commitments due to a shortage of funds.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

The table below summarizes the maturity profile of the Group's financial assets based on contractual undiscounted payments as of December 31, 2022 :

<i>(In thousands of won)</i>		< 1 year	1-5 years	>5 years	Total
Trade payables	₩	1,842,184,506	-	-	1,842,184,506
Short-term borrowings		1,175,952,907	-	-	1,175,952,907
Corporate bonds		4,749,900	309,600,375	-	314,350,275
Other accounts payable		513,762,994	629,361	-	514,392,355
Other financial liabilities		369,922,551	1,202,894,913	205,505,208	1,778,322,672
Borrowings		13,425,923	529,592,221	163,981,499	706,999,643
	₩	<u>3,919,998,781</u>	<u>2,042,716,870</u>	<u>369,486,707</u>	<u>6,332,202,358</u>

31.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic condition. The following presents the Group's gearing ratio which is total liabilities divided by total equity. The Group includes within total liabilities, interest bearing loans and borrowings, bonds payable, less cash and cash equivalents.

Debt-to-equity ratios as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>		December 31, 2022	December 31, 2021
Total liabilities	₩	6,998,172,212	6,358,516,107
Total equity		6,879,612,288	5,812,412,135
Debt-equity ratio		101.7%	109.4%

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32. Revenue from contracts with customers

32.1 Disaggregated revenue information as of December 31, 2022 and 2021 is as follows :

(In thousands of won)

	2022			
	Logistics	Distribution	Shipping	Total
Type of goods or services:				
Domestic logistics business	₩ 1,773,500,810	-	-	1,773,500,810
Overseas logistics business	7,676,957,393	-	-	7,676,957,393
Shipping business	-	-	4,337,236,241	4,337,236,241
CKD business	-	10,456,923,370	-	10,456,923,370
Trading business	-	1,678,643,416	-	1,678,643,416
Others	26,436,865	798,505,735	-	824,942,600
Total	₩ 9,476,895,068	12,934,072,521	4,337,236,241	26,748,203,830
Timing of transfer of goods or services				
Transfer at a point in time	₩ -	12,934,072,521	-	12,934,072,521
Transfer over time	9,476,895,068	-	4,337,236,241	13,814,131,309
Total	₩ 9,476,895,068	12,934,072,521	4,337,236,241	26,748,203,830
Revenue from other sources: Lease revenue (*)	₩ -	-	233,677,141	233,677,141

(*) It includes revenue from leasing charters based on time charter agreements.

(In thousands of won)

	2021			
	Logistics	Distribution	Shipping	Total
Type of goods or services:				
Domestic logistics business	₩ 1,627,380,160	-	-	1,627,380,160
Overseas logistics business	5,515,397,707	-	-	5,515,397,707
Shipping business	-	-	3,046,118,913	3,046,118,913
CKD business	-	8,940,466,149	-	8,940,466,149
Trading business	-	1,613,399,863	-	1,613,399,863
Others	7,967,526	733,219,078	-	741,186,604
Total	₩ 7,150,745,393	11,287,085,090	3,046,118,913	21,483,949,396
Timing of transfer of goods or services				
Transfer at a point in time	₩ -	11,287,085,090	-	11,287,085,090
Transfer over time	7,150,745,393	-	3,046,118,913	10,196,864,306
Total	₩ 7,150,745,393	11,287,085,090	3,046,118,913	21,483,949,396
Revenue from other sources: Lease revenue (*)	₩ -	-	295,632,535	295,632,535

(*) It includes revenue from leasing charters due to the contracts of time charter agreements.

32.2 Geographic information of the Group's sales based on the location of the customer for the years ended December 31, 2022 and 2021 is as follows :

(In thousands of won)

	2022	2021
Republic of Korea	₩ 8,947,173,145	7,689,211,465
China	367,318,903	515,360,288
Asia	3,264,665,513	2,238,585,546
North America	5,756,925,898	3,839,441,318
Latin America	1,863,207,559	1,231,436,718
Europe	6,468,507,181	5,997,145,137
Others	314,082,772	268,401,459
	₩ 26,981,880,971	21,779,581,931

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
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33. Leases

33.1 Leases as a lessee

33.1.1 The Group has lease contracts for various items of ship, building and vehicles used in its operations. Set out below are the carrying amounts of the Group's right-of-use assets and lease payables and the movements during the current period :

(In thousands of won)

		Right-of-use assets			Lease liabilities
		Vessels	Buildings	Others (*)	
January 1, 2022	₩	402,610,395	162,642,294	129,034,053	940,669,167
Additions		175,744,598	62,045,935	78,767,030	316,493,467
Depreciation		(183,957,847)	(38,347,227)	(31,922,107)	-
Interest		-	-	-	31,861,047
Payment and collect		-	-	-	(293,966,723)
Change of contract		466,292,169	(9,182,041)	189,535	260,664,874
Effect of change in foreign exchange rates		(25,050,043)	(24,906,583)	7,505,198	59,579,282
December 31, 2022	₩	835,639,272	152,252,378	183,573,709	1,315,301,114

(*) Others include right-of-use assets such as lands and vehicles.

(In thousands of won)

		Right-of-use assets			Lease liabilities
		Vessels	Buildings	Others (*)	
January 1, 2021	₩	458,866,767	71,832,023	129,118,134	864,870,225
Additions		68,934,427	124,409,743	16,701,172	210,934,880
Depreciation		(156,069,187)	(32,929,275)	(24,058,596)	-
Interest		-	-	-	32,670,664
Payment and collect		-	-	-	(266,827,296)
Change of contract		30,878,388	(649,058)	(3,569,671)	26,425,657
Effect of change in foreign exchange rates		-	(21,139)	10,843,014	72,595,037
December 31, 2021	₩	402,610,395	162,642,294	129,034,053	940,669,167

(*) Others include right-of-use assets such as lands and vehicles.

HYUNDAI GLOVIS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements, Continued
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33. Leases, Continued

33.1 Leases as a lessee, Continued

33.1.2 Lease liabilities

The maturity analysis of the lease liabilities recognized by the Group at December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Current liabilities:		
Lease liabilities	₩ 319,180,896	204,325,938
Other current liabilities:		
Lease liabilities	1,121,533,726	696,721,171
Total lease liabilities:		
< 1 year	319,180,896	204,325,938
1-5 years	916,028,518	479,811,597
>5 years	205,505,208	216,909,574

33.1.3 The following are the amounts recognized in profit or loss :

<i>(In thousands of won)</i>	2022	2021
Other operating income:		
Chartered lease revenues	₩ 111,651,711	72,793,070
Lease change profit	915,246	559,259
Other expense:		
Loss of lease change	1,352,016	325,257
Depreciation and impairment:		
Depreciation expense of right-of-use assets	254,227,181	213,057,058
Net financing cost:		
Interest revenues on lease assets	5,685,092	8,724,207
Interest expense on lease liabilities	31,861,047	32,670,664
Foreign exchange gain on lease liabilities	4,417,730	8,175,281
Foreign exchange loss on lease liabilities	54,460,942	66,121,393

The Group includes a short-term lease of ₩408,005,559 thousand (2021: ₩379,180,992 thousand), including the cost of a contract for time charter agreement of less than 1 year.

The Group had a total cash outflow of ₩702,542,936 thousand (2021: ₩646,008,288 thousand) during the current period. Future cash outflows related to leases that have not yet occurred have been disclosed in Note 31 (Risk Management Comments).

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33. Leases, Continued

33.2 Leases as a lessor

33.2.1 The Group provide chartered lease of ships and buildings. The changes in lease receivables as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
January 1	₩ 215,446,401	220,914,358
Additions	55,825,205	-
Depreciation	-	-
Interest	5,685,092	8,724,207
Payment and collect	(26,435,138)	(33,306,811)
Change of contract	(196,912,609)	-
Effect of change in foreign exchange rates	(2,970,870)	19,114,647
December 31	50,638,081	215,446,401

33.2.2 The maturity analysis of the nominal amount of lease receivables recognized by the Group as of December 31, 2022 and 2021 as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
< 1 year	₩ 13,530,052	33,831,538
1-5 years	25,600,212	131,238,251
>5 years	19,292,326	83,411,255
Total	₩ 58,422,590	248,481,044

33.2.3 The Group has entered into an operating lease contract for a specific vessel. These leases are between 1 and 14 years. Rental income recognized by the Group during the year is ₩233,862,396 thousands (2021: ₩295,785,044 thousands). Future minimum rentals receivable under leases as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	2022	2021
< 1 year	₩ 74,503,262	65,258,842
1-5 years	287,118,094	111,715,000
>5 years	212,877,315	172,362,868
Total	₩ 574,498,671	349,336,710

34. Non-current Assets Held for Sale

Non-current assets held for sale as of December 31, 2022 and 2021 are as follows :

<i>(In thousands of won)</i>	December 31, 2022	December 31, 2021
Property, plant and equipment(*)	₩ -	33,141,838

(*) The Group classify Property, plant and equipment with confirmed sales plans as non-current assets held for sale. As it was decided to sell three vessels at the end of 2021, related vessels were classified as non-current assets held for sale, and the sale was completed during 2022.

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35. Business combinations

The Group acquired a 100% stake in Greater Erie Auto Auction LLC during 2022. The accounting details for the acquisition of shares related to the business combination are as follows :

(In thousands of won)

	2022
Total consideration transferred	₩ 4,657,623
Acquired assets and liabilities:	
Current assets	535,000
Non-current assets	658,401
Current liabilities	(721,808)
Non-current liabilities	-
Identifiable net asset fair value	471,593
Goodwill	4,186,030

Sales incurred after the acquisition date included in the consolidated statements of profit or loss and other comprehensive income due to a business combination are ₩2,539,019 thousand, and the net loss is ₩515,389 thousand

36. Uncertainty in the impact of COVID-19

In order to prevent the spread of the COVID-19, various prevention and control measures including restrictions on movement are being implemented worldwide, and as a result, the global economy is widely affected. In addition, various forms of government support policies are being announced to address the COVID-19.

Items affected by the COVID-19 are primarily recoverability of trade receivables, impairment of inventories and tangible and intangible assets. The Group has prepared the consolidated financial statements by reasonably estimating the financial impact therefrom on the Group. However, there is uncertainty in estimating the termination of COVID-19 and the ultimate impact thereof on the consolidated financial statements.

37. Uncertainty about the impact of the Ukraine crisis

Armed conflicts in Ukraine, which began in February 2022, and related sanctions against Russia by the international community may impact companies subject to sanctions, as well as companies directly or indirectly operating with Ukraine or Russia, and those directly or indirectly exposed to industries or the economy of Ukraine or Russia. This event is an event after the reporting period, which does not require adjustment. The Group is unable to reasonably estimate the future financial impact of the Ukraine crisis at this stage.