ANNUAL REPORT 2022

Movement that inspires

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1. Address by the President

We have had 2022 marked by global supply chain issues across the automotive industry, with the most significant drivers being semiconductor shortages, fragility, the vulnerability in transport and logistics, and rising prices for basic raw materials and energies. Despite this, Kia Slovakia increased vehicle production year-on-year and even exceeded the production plan. We produced 311 thousand cars and more than 460 thousand engines.

I am delighted that we have been able to launch a plug-in hybrid version of the Sportage for series production at the beginning of 2022. In other news, last year saw the launch of a product-enhanced version of the XCeed in August. The Sportage continued to be the most produced model at our plant in 2022, accounting for 57% of total production.

Thanks go to all Kia Slovakia employees who, despite the difficult situation, managed to meet the set goals with their responsible approach and their commitment to new challenges. Thanks also go to our business partners, suppliers, and customers, without whom we would not have been able to achieve our goals.

2. History of Kia Slovakia

2004	**March**	Investment Agreement between Kia Motors Corporation and the Slovak Republic
	October	Start of plant construction
2006	**December**	cee'd model
2007	**June**	Sportage model
	November	ISO 14001 certificate
2008	**November**	ISO 9001 certificate
2010	**June**	3rd generation Sportage
2011	**September**	Engine shop II
	October	Venga
2012	**April**	cee'd 2nd generation
	December	OHSAS 18001 certificate
2013	**May**	cee'd GT and pro_ cee'd GT
2014	**October**	National Productivity Award 2013
	November	Quality certificate Slovak Gold Exclusive
2015	**November**	4th generation Sportage
2016	**November**	Slovak National Quality Award 2016
2017	**April**	Via Bona Slovakia Award for responsible business
2018	**May**	Ceed 3rd generation
	November	Slovak National CSR Award 2018
2019	**August**	XCeed
	December	Ceed Sportswagon PHEV
2020	**January**	XCeed PHEV
	August	New generation of gasoline engines
2021	**January**	Reveal of Kia's new brand direction (logo, slogan, strategy)
	November	5th generation Kia Sportage
2022	**February**	Kia Sportage PHEV
	August	Product-enhanced XCeed

3. Kia Slovakia

Company profile

On 18 March 2004, Kia Motors Corporation officially confirmed the construction of Kia's first European automotive plant in Slovakia. Kia Corporation is the 100% owner of Kia Slovakia s. r. o. (hereinafter referred to as the "Kia Slovakia" or “the Company”). Since December 2006, the Company's core business has been the manufacture of motor vehicles and engines. The share capital of the Company amounts to EUR 433 322 934,01. The managing directors of Kia Slovakia in 2022 were Tae Jin Kim and Seok Bong Kim.

In 2022, the production plant produced the lower mid-range model Kia Ceed in four body styles as well as the Kia Sportage SUV. Mass production of the Sportage in a plug-in hybrid version was successfully launched in early 2022.

Company Management

Seok Bong Kim
Executive and CEO

Tae Jin Kim
Executive and CFO

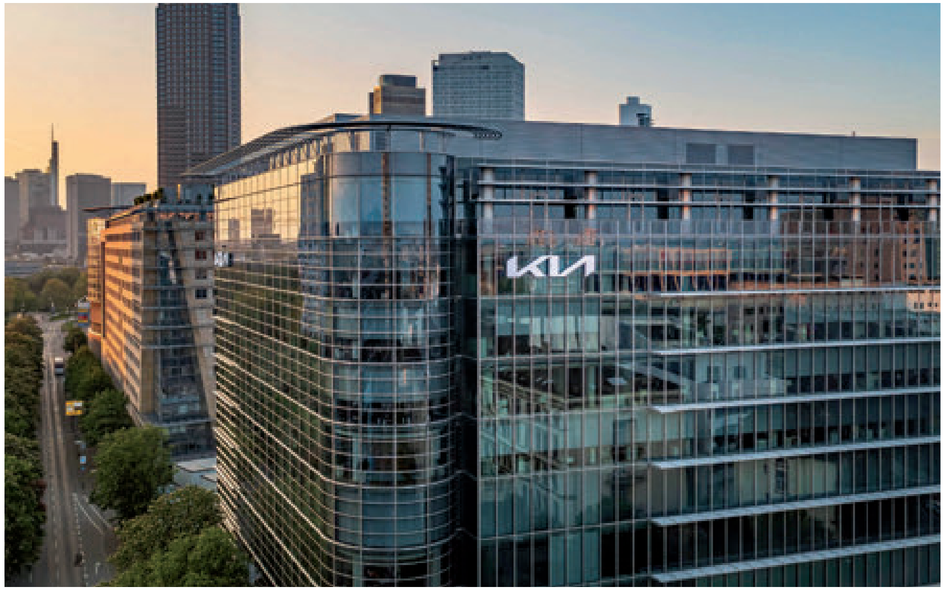
Both executives are entitled to act solely on behalf of the Company during the performance of their duties.

Kia Corporation

Kia is a global mobility brand with a vision to create sustainable mobility solutions for consumers, communities and businesses around the world. Kia's history dates back to 1944 and with 52,000 employees worldwide, dealerships in more than 190 markets and manufacturing plants in six countries, the brand now sells approximately three million vehicles a year.

Kia Europe

Kia Europe is the sales, marketing, and service affiliate of the Kia Group in Europe, headquartered in Frankfurt, Germany. In 2022, it operated in a total of 39 different markets. The brand's sales on the old continent grew by 7.9% year-on-year in 2022 to 542,423 vehicles sold and managed to increase its market share to a record 4.8%.



Kia Slovakia in 2022

Export:	Vehicle production:	Vehicle sales:	Engine production:	Engine sales:	Revenues:	
83 countries	311,000 cars	311,400 cars	462,233 units	225,837 units	6,759 million EUR	Sportage 57% Ceed 43%

Vehicle exports (by production):

UK	Germany	Spain	Poland	France
13,8%	13%	9,9%	7,5%	6,9%

Targets and forecast for 2023

In 2023, Kia plans to increase global sales to 3.2 million vehicles and continue the efficient supply chain management strategy that drove growth last year, with the successful launch of all-new models and product enhancements being the key. The Company will also look to strengthen its position in the global electric vehicle market with its unique electrified mobility range. Also in 2023, the automotive industry will be affected by imbalances in supply chains, rising input prices and parts shortages. Other critical factors will be the availability and rising prices of energies, the logistic situation, the geopolitical situation, exchange rate risks, labor availability and possibly other unpredictable factors. For Kia Slovakia, developments in the largest export markets will be crucial. Kia Slovakia's business plan envisages the production of 340,000 passenger cars in 2023. During the year, the plant´s capacity is expected to be almost fully utilized with the production of existing Sportage and Ceed models in four production body styles. The plan is to continuously streamline production and logistics processes. Investments are also planned in reducing emissions and using clean energy.

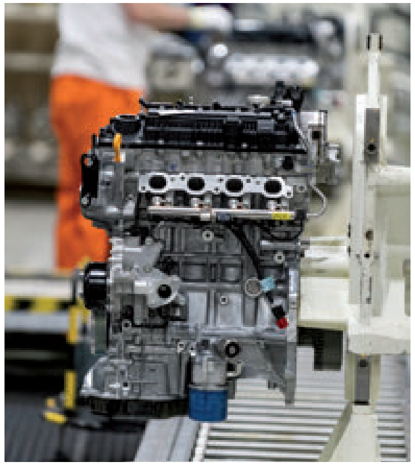
Product line

Kia Sportage

The Kia Sportage once again became Kia's second-best-selling model in Europe in 2022. The fifth generation, currently in production, was put into mass production at the end of 2021. The model is also produced in electrified versions, i.e., a mild-hybrid (MHEV) and hybrid (HEV) powertrain variant. Plug-in hybrid (PHEV) variants were put into production in early 2022.

Kia Ceed, Ceed Sportswagon, ProCeed and XCeed

The Ceed model line has been exclusively produced only at the production plant in Teplička nad Váhom since 2006. Models from the Ceed product family have become Kia's best-selling models in Europe in 2020, 2021 as well as 2022. Mass production of the current third generation Ceed started in May 2018, with the XCeed body version also being produced as a plug-in hybrid from the beginning of 2020. In August 2022, production of the product enhanced XCeed body version was launched.



Engines

Kia Slovakia produced a total of 462,233 engines in 2022. During the past year, petrol engines accounted for 89% of total powertrain production. The plant produced 1.5-litre and 1.6-litre petrol engines as well as 1.6-litre diesel engines in 2022.

Production process

Press shop

1 blanking line
2 pressing lines
86 types of panels
Panel production: 20 seconds
Capacity: 5 280 000 panels per year

Body shop

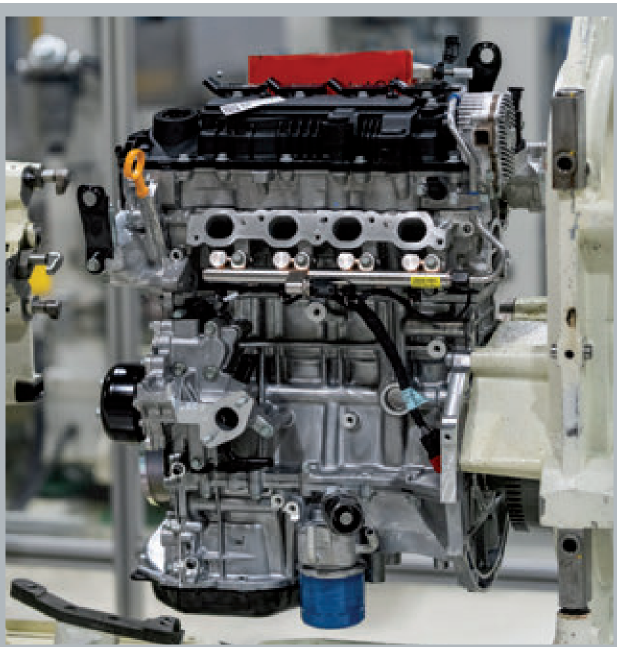
Welding automation: 100%
386 robots
Capacity: up to 8 different body types

Paint shop

360° Ro-Dip conveyor system
Conveyor system length: 7.8 km
113 robots
14 color options

Assembly

Area as large as 13 football fields
277 workstations
1.6 km long test track



Engine room

2 production shops
2 petrol engines
1 diesel engine
7 machining lines
2 assembly lines

4. Sustainable development

Environment and environmental protection

Kia Slovakia's environmental policy is based on the principles of Kia Corporation's corporate policy, which prioritizes people and the environment. The basic vision is to minimize pollutant emissions, save energy and actively introduce environmentally friendly technologies in all production areas.

The backbone of the environmental policy is the environmental management system established and certified according to the ISO 14001 standard, which the Company is continuously improving. It was certified for the new revision of this standard in 2017. In 2021, the "Environmental Management System" was successfully recertified, which commits the Company not only to comply with legislative requirements, but also to continuously improve environmental protection, regularly assess environmental performance, and raise the environmental awareness of all employees. An important part of the system is also the regular monitoring and evaluation of the consumption of water, energies and materials, as well as the amount of waste produced, wastewater and emissions per vehicle produced, and the adoption of environmental targets to improve these indicators. Projects aimed at waste heat recovery and reuse have recently been implemented in the Paint shop and Engine shop.

The goal of Kia Slovakia is to continuously improve the environmental management of the plant, which is why a number of minor and major measures have been introduced in 2022, contributing to better sorting and minimizing of waste, reducing emissions of volatile organic compounds, and saving electricity and natural gas.

Human Resources

The year 2022 was marked by the mitigation of the impact of the pandemic and the gradual restart of activities that had to be scaled during the past difficult period.

In the area of Human Resources, the Company focused on the following areas:

- Collective bargaining - a new Collective Bargaining Agreement has been concluded, valid until 2025, which through a salary increase program, reflects the significant contribution of employees to the successful management of the pandemic period and, at the same time, the high inflation affecting their real earnings,
- Localization of management - the Company appointed the first two Slovak managers to the positions of Head of Division (Administrative Division, Production Division),
- Transparent communication - new mobile application developed for communication with employees, re-organized meetings of the Company management with employees to share information,
- Development of management staff skills - implemented a new development center tool for successors to management positions,
- 360° feedback - implemented annually. In 2022 it was designed for leading managers and based on it, the development conversations have been conducted in a coaching format,
- Adaptation of the competency assessment system - modernization and simplification of the system as part of digitization,
- Automation of business processes - use of RPA technology and continuation of a pilot project to digitize internal processes
- Remuneration - regular comparison of the Company's remuneration system with the market, checking its fairness and competitiveness, based on the basis of which adjustments are implemented. In the past year, the Company also paid employees an extraordinary bonus of EUR 500 in excess of the collective agreement,
- Employee care - the Company provides employees with a wide range of benefits, regularly organizes events aimed at making the working routine more pleasant and has long operated a system of counselling points through which employees have the opportunity to actively participate in improving the working environment and relations at work,
- Recognition of the best - at the end of the year, the Company recognizes employees and teams that have excelled in their work commitment or achieved above-average performance,
- HR Leading organization - also in 2022, the Company received this prestigious award from PricewaterhouseCoopers Slovensko, s.r.o. as the organization with the best human resources management in the automotive sector in Slovakia.
- European round of the FEIEA Grand Prix 2022 (European Internal Communication Association) for internal communication projects brought the Kia Family News corporate magazine to the absolute top.

3,565
employees as of 31.12.2022

40 years
average age

11 years
average length of service

12%
of women

EUR 2,111
average monthly salary of production employees

EUR 2,236
average monthly salaries of all employees

3 years
duration of the new collective agreement

5 students
completed the scholarship program and are successfully continuing their work in our Company as regular employees

90% of employees
in mobile phone application

Staff development and training

Effective and efficient cooperation between Kia Slovakia and secondary schools in the form of partnership means developing students for future employment with a long-term perspective, taking into account the latest trends, by aligning learning at schools and at Kia Slovakia with a focus on practical learning. This is also why we see the dual education system as a significant step towards the future graduate's employability.
Our students receive intensive attention from in-house trainers/instructors who accompany them throughout their practical training, both professionally and personally. A total of 20 trained in-house trainers take care of the students. Currently, our trainers are working with 49 students in the dual education system in the production plant in Teplička nad Váhom. A further 37 first- and second-year students are developing their basic skills at secondary schools (see Table 1). Internal trainers are also responsible for the adaptation of newly recruited employees, thanks to whom we have been able to improve the adaptation process and thus increase their readiness at Kia.

Dual education at Kia Slovakia started in the 2016/2017 school year. Since the start of the project at Kia Slovakia, we have enrolled a total of 168 students in the dual education system. We actively perceive a trend where students want to continue their studies at universities or in post-secondary forms of study after graduation. We consider the increase in qualification as a positive step on the part of the graduate.

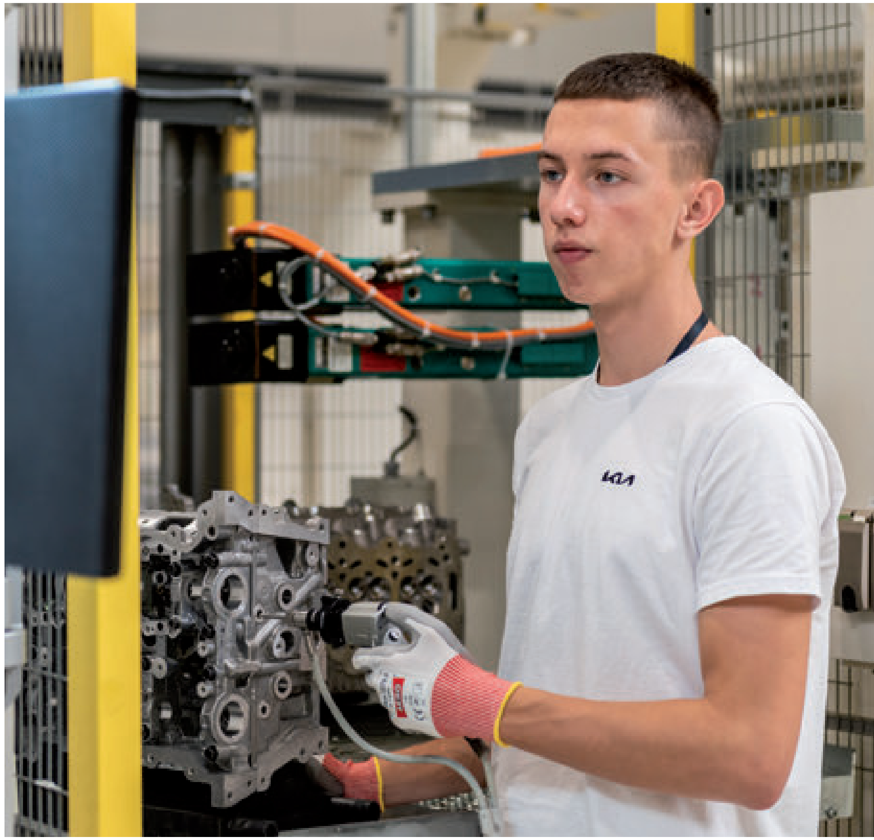
Table 1 - Number of students in the Company and school

		Professional practice*	Training practice**	Total
Secondary Vocational School of Mechanical Engineering, KNM	Mechanic specialist in automotive production	3	5	8
	Autotronic	15	15	30
Secondary Vocational School of Electrical Engineering, Žilina	Mechanic electrician	14	12	26
Secondary school, Martin	Programmer of machine tools and welding machines and equipment	15	5	20
Business Academy, Žilina	Student in administration	1	-	1
Secondary Vocational School of Transport, Žilina	Car mechanic	1	-	1
Total		**49**	**37**	**86**

* Internship at Kia Slovakia
**Internship at a secondary school

Table 2 - development of dual education in Kia Slovakia

Subject	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Total
Programmer of machine tools and welding machines and equipment	12	8	10	11	6	5	2	54
Mechatronics mechanic	-	8	8	-	-	-	-	16
Electrical mechanic	-	-	-	9	5	6	6	26
Autotronic	-	-	-	-	-	15	15	30
Auto mechanic	-	-	-	-	1	-	-	1
Mechanic specialist in automotive production	10	8	6	7	2	2	5	40
Student in administration	-	-	-	-	1	-	-	1
Total for the year	22	24	24	27	15	28	28	**168**



In the 2022/2023 school year, we began to develop students' skills in other areas beyond the curriculum. These include training in project management, the future and direction of the automotive industry, and electrification in the automotive sector through online courses or hands-on training at the Kia Slovakia Training Centre.

Universities:
The selected employees continued the qualification improvement project. They have the opportunity to study at engineering universities with active employer support. We participated in solving practical projects assignments in the field of production and quality in the form of diploma and bachelor theses. In the future, we are expanding our activities aimed at cooperation with universities and colleges. Considering the strategic location of the production plant, we have started to intensively develop our cooperation with the University of Žilina.

Training activities in numbers:

159 people
1,070 hours

Management staff (Administration)
Development Programs

1035 people
6,438 hours

Management staff (Production)
Development and Orientation Programs
Collaborative Workshop for Senior Operators
Academy for Supervisors
Online training

2,047 people
4,924 hours

Administration
Development and professional programs
Online education

389 people
5,576 hours

Operators
Development Programs

Occupational health and safety

The year 2022 was very positive from a safety perspective. For the second time in the plant's history, we managed to achieve the target of zero registered workplace accidents, which indicates a very high level of safety and employee commitment at our plant. In order to be able to maintain this target in the future, our Company has decided to invest almost 500 thousand euros into new equipment for the training center in 2022. This investment includes the creation of a training center primarily for practical purposes in the field of occupational safety and health protection.

In the area of fire protection, we have successfully built on our cooperation with the Fire and Rescue Corps, specifically in interventions related to electric/hybrid vehicles. This cooperation will continue in the coming year as well.

Kia Slovakia participated in the Healthy Company competition for the first time. The company managed to turn its first participation into a victory in the manufacturing company category.

Responsible performance of duties

The Company has internal processes in place to ensure the legal, tax and accounting review of legal documents and significant projects to ensure legal obligations are met and risks are minimized. The Company management makes important decisions after assessing their legal merits. In cooperation with the European headquarters, Kia Slovakia has established a system to manage legal risks arising from contracts and potential or ongoing litigation. The Company regularly assesses legal risks arising from the internal and external environment and takes measures to mitigate them.

The Company complies with its obligations under the Act on Statutory Audit and Amendments and Supplements to Act No. 431/2022 Coll. on Accounting, while the activities of the Audit Committee, as determined by law, are carried out by the Company's Supervisory Board. Kia Slovakia has identified the beneficial owner and is registered in the Register of Public Sector Partners; it verifies the beneficial owner and any changes to the data in the Register of Public Sector Partners within the statutory deadlines.

Compliance with ethical rules

The Company declares its commitment to comply with all ethical rules and legislation through the Compliance system, which provides assistance in interpreting and resolving ethical issues not only internally but also towards its business partners. Alongside the indicative and corrective functions of Compliance, its most important part is prevention. Compliance focuses in particular on the efficiency and economy of the use of the Company's resources, the management of conflicts of interest, the policy on accepting and offering gifts, the prevention of antisocial activities and other violations of internal rules, and the prevention of criminal consequences of possible illegal conduct by employees. In addition to fulfilling the legal obligations to review notifications relating to anti-social activity, a significant part of Compliance activities focuses on protecting the Company's trade secrets and ensuring the lawfulness of the processing of personal data and the protection of personal data.

Foundation

Philanthropy

Social responsibility

Kia Slovakia is a stable and important partner for the region and its people. It carries out its social responsibility primarily through the Kia Slovakia Foundation (hereinafter referred to as the "Foundation"), as well as by supporting employees in their commitment to community service activities.

Kia Slovakia Foundation

In 2022, the Foundation continued its program priorities focused on green mobility, education, and community support, and redistributed more than €896,000 to projects across Slovakia.

The Foundation implemented its own public benefit projects, continued long-term partnerships, and supported the activities of non-profit organizations, communities, disadvantaged athletes, and school facilities through three traditional grant programs:

Foundation grant programs in 2022

The Inspiration to Move program gives people with disabilities the chance to play sports.

The Green Communities program contributes to the development of ecology and volunteering.

The Tech Corners program develops technical thinking and skills in pre-primary education.

In 2022, the Foundation provided targeted and effective assistance in the areas of humanitarian aid, education support, environmental protection, and inclusive sport. Regarding the socially and medically disadvantaged, as well as environmental impact, we were able to implement 108 public benefit projects.

KIA Foundation

2022: The (Foundation's) Year in numbers

10 Donated Kia cars	Supporting the field work of hospice workers, palliative care and early intervention activities for families with disadvantaged children.
198,774 Shared bike rentals in Žilina	145 bicycles and 30 stations available to residents and visitors for 30 minutes free of charge.
23 Kilometers of cycling path	Co-financing the construction of the Terchovská dolina Cycleway, which connects nine cadastral areas and represents an environmentally friendly and safe form of transport.
8 Technical corners in kindergartens	Developing technical thinking, creativity, and manual skills in pre-school children in kindergartens.
29 Graduates of the Automotive Junior Academy	A free day camp to promote technical thinking and raise awareness of the automotive industry.
150 Trees along the cycling path	Planting of a mixed deciduous tree along the Terchovská dolina cycling path.
305 Charity run participants	Supporting athletes with intellectual disabilities by organizing a community event with elements of inclusion.
100 PCs for seniors	Donation to organizations in the field of elderly care and social services.
150 Supported organizations in total	Projects in the field of inclusive sport, technical education, environmental protection, health, and social assistance.

Social engagement

An important part of the Company's activities is to promote employee involvement in community service activities.
Based on their recommendations, 50 projects focusing on green initiatives, social and medical assistance have been supported by the Foundation's employee programs.
85 active employees personally participated in exciting volunteer activities to help non-profit organizations in the Žilina region and the Our City initiative, where they helped to restore school gardens, cultural monuments, and elements of local architecture.
Their participation also supported two community actions aimed at revitalizing the areas of the Varínka and Kysuca rivers, from the surroundings of which they helped remove more than 850 kg of waste.
Employees also organized two clothing collections for five civic associations and community centers. More than 2 200 kilograms of clothes, toys, drugstore goods and cosmetics went to clients and families at risk of poverty.
Material collections were as well held for abandoned animals. 65 kilograms of dry dog food and treats, along with blankets and disinfectants, were given to several temporary shelter providers for abandoned, injured, or abused animals.
On World Blood Donor Day, employees also contributed to a nationwide mobile blood donation initiative at the Company's plant.
The end of the year ended with the Christmas initiative "How Much Love Fits in a Shoebox" when employees prepared packages for lonely seniors in social service homes in the Žilina region.

EU Taxonomy disclosure

Kia Slovakia as a non-financial undertaking and public interest entity with more than 500 employees has carried out an assessment and discloses information under the EU Taxonomy.
The Company has assessed that the following economic activities are eligible in accordance with the Climate Delegated Act to the EU Taxonomy and are qualified as contributing substantially to climate change mitigation or climate change adaptation:

Economic activity	Description of activity	NACE code
Production of low-carbon technologies for the transport industry	Production of low-carbon vehicles	C29.1
Collection and transportation of non-hazardous waste sorted into components at the source	Sorted collection and transportation of non-hazardous waste	E38.11

Having regard to the aim to **contribute to climate change mitigation**, the Company allocated the entire turnover from eligible activities to this environmental objective. It avoids, at the same time, the double counting in the allocation of respective indicators.

Climate change mitigation complies with the plan of transformation of the Company and Kia Group based on which the portion of clean or climate-neutral mobility will increase and carbon neutrality will be achieved by 2045. In this regard, the Company achieved the RE100 target in the year 2022 as 100 percent of the electricity in the company's production was sourced from renewables.

An economic activity is an activity that includes an input of resources, a production process, and an output of products (goods or services) which the Company sells to its consumers or uses for own purposes. An eligible economic activity in accordance with the EU Taxonomy is one that is described in the Climate Delegated Act, regardless of whether it meets some or all defined technical screening criteria. Taxonomy-aligned activity is an activity that contributes substantially to one of the environmental objectives, meets the technical screening criteria, at the same time does no significant harm to the remaining environmental objectives, and is carried out in accordance with minimum guarantees.

Economic activities and do no significant harm criteria assessment

1. Vehicle manufacture (production of low-carbon technologies for the transport sector)

From the perspective of a substantial contribution to the stabilization of greenhouse gas concentrations in the atmosphere and increase clean or climate-neutral mobility, the Company manufactures vehicles of the M1 category. According to the Climate Delegated Act, this economic activity contributes substantially to climate change mitigation by 31 December 2025 if specific vehicle emissions are below 50g CO_2/km. Upon the evaluation done according to the WLTP methodology, Kia Sportage PHEV and Kia Ceed SW PHEV vehicles (PHEV= Plug-in hybrid) meet this technical criterion, as the specific emissions of the mentioned vehicles are lower than 50g CO_2/km.

The following criteria of no significant harm are relevant to the activity:

Adaptation to climate change
The Company has carried out an assessment of physical climate risks and vulnerabilities of eligible economic activities and assessed their materiality considering climate change projection in accordance with the future scenario of the representative concentration pathway of the Intergovernmental Panel on Climate Change RCP8.5 (Representative Concentration Pathway), as it assumes the most significant impact of climate change. Due to the location of the production plant, the Company has not identified hazards that could adversely affect the performance of these economic activities during their expected lifetime and that would require adaptation solutions. The Company has identified only small or moderate risks related to water, but only in relation to its final products or certain assets. The Company has adopted the plan covering the actions and responsibilities of respective subjects in case an emergency occurs while the accuracy of plan is subject to regular review.

Sustainable use and protection of water resources
The Company has carried out the environmental impact assessments for the production plant in which it performs eligible economic activities in accordance with the applicable laws while the risks of environmental degradation related to preserving water quality and avoiding water stress have not been identified. The Company performs regular groundwater monitoring. The Company disposes of sewage water in its own treatment plant using chemical and physical processes. A retention system for rainwater was built in the plant which helps the company to keep water on land. The Company applies environmental management according to the ISO 14001 standard in the performance of its activities.

Transition to a circular economy
For all eligible activities, the Company assesses the availability of technologies and designs to support the transition to a circular economy including more efficient use of natural resources, raw materials, and the use of recyclable materials to produce its products and their recovery at the end of life, having regard to targets and related activities of Kia group. The Company's goal is to produce products with a concept of high durability due to which it provides an above-standard warranty within the industry. In respect of waste management, the Company prefers recycling over the disposal of waste.

Pollution prevention and control
The Company carries out its activity in accordance with the applicable law regarding the production, placing on the market, or use of chemicals. The Company has implemented a system of internal checks and regularly monitors compliance with these regulations, and the presence of chemical substances in production and products in accordance with the standards in the automotive industry, particularly the International Material Data System. Chemical substances defined by the Climate Delegated Act and the regulations mentioned therein are present neither in the performance of eligible activities nor in the products, nor, where applicable, limits of substances correspond to law.

Protection and restoration of biodiversity and ecosystems
The Company has carried out the environmental impact assessments for the production plant in accordance with the applicable law while no mitigation and compensatory measures for environmental protection were identified, considering the location of the plant and the nearest Natura 2000 network of the protected area. At the plant location, there is no presence of unique or endangered species (fauna and flora), no protected species or wild species, nor habitats endangered under applicable law.

2. Collection and transportation of non-hazardous waste in source segregated fractions

The Company collects and transports non-hazardous waste in accordance with applicable law. All separately collected and transported waste is intended for reuse or recycling while the waste management is conducted in compliance with applicable law and in cooperation with authorized and experienced entities.

The following criteria of no significant harm are relevant to the activity:

Adaptation to climate change
Collection and transportation of waste is being carried out at production plant where the Company produces vehicles (point 1.) and therefore no significant harm criterion applies also to this economic activity.

Transition to a circular economy
In accordance with applicable legal regulations, separately collected waste fractions are not mixed in waste storage and transfer facilities with other waste or materials with different properties.

Assessment of compliance with minimum social guarantees

The Company complies with and applies appropriate due diligence procedures to ensure the adherence to principles of responsible business, human rights, and applicable labor law. When assessing the compliance, the Company evaluated the alignment with the relevant guidelines, and conventions (OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business, the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, including its fundamental conventions, and International Bill of Human Rights), and the Final Report on Minimum Safeguards published in October 2022 while no findings that would justify the conclusion of violating the performance of activities with the minimum safeguards were identified.

Business operations are conducted in compliance with legal risk management and ethical principles are described further in part No 4 of this annual report. At the same time, the Company has identified opportunities and manners to implement for the purpose of more effective compliance assessment and risk prevention.

Assessment of the Company considering the evaluations of sole partner

The Company has assessed the respective technical screening criteria and minimum social safeguards also considering the sustainability assessments carried out by its sole partner, Kia Corporation, having regard to the Company's position within the Kia group.

Accounting policy in preparation for disclosure under the EU taxonomy and contextual information

Turnover

The turnover indicator was calculated as the part of turnover derived from products associated with Taxonomy-aligned economic activities divided by the net turnover representing revenues as displayed in point 5 of remarks to financial statements of the Company.

The proportion of vehicles with specific emissions below 50g CO_2/km comparing to total production of the Company increased from 4 per cent almost to 11.5 per cent in 2022. Part of Taxonomy-eligible activities on the turnover achieved 92.3 per cent which represents an increase comparing to previous year (90.4 per cent).

Capital expenditure (CapEx)

CapEx indicator was calculated as part of total capital expenditures which are (a) related to assets or processes that are associated with Taxonomy-aligned economic activities, (b) part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned, or (c) related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, on total capital expenditures. Capital expenditures were associated to individual activities based on data from financial as well as managing accounting. With respect to investments to long term assets used for various activities, including assets used for Taxonomy-aligned activities as well as for activities which are not Taxonomy-aligned, the capital expenditures were divided to these activities on a pro rata basis corresponding to their share in revenue from these activities of total revenue from these activities.

The Company covers capital expenditure the additions to tangible and intangible assets as well as a recognition of a right-of-use over the asset according to IFRS 16 as reported in points 11, 12 and 13 of remarks to financial statements of the Company. The proportion of eligible CapEx in 2022 achieved 85 per cent which represents the decrease comparing to previous year (96 per cent). The main reason for decrease is a different structure of investments to long term assets.

Operating expenditure (OpEx)

OpEx indicator was calculated as part of total operating expenditures which are (a) related to assets or processes associated with Taxonomy-aligned economic activities, (b) part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned, or (c) related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures; on total operating expenditures. Operating expenditures were associated to individual activities based on data from financial as well as managing accounting. With respect to operating expenditures related to the assets used for various activities, including those used for Taxonomy-aligned activities as well as for the activities which are not Taxonomy-aligned, the operating expenditures were divided to these activities on a pro rata basis corresponding to their share in revenue from these activities of total revenue from these activities.

The Company covers operating expenditures in particular purchased costs that relate to maintenance and repair, consumed materials for maintenance and repairs, and the manpower costs of employees performing maintenance and repairs that are necessary to ensure the continued and effective functioning of Taxonomy-eligible activities. The proportion of eligible OpEx in 2022 achieved 88 per cent which represents an increase compared to the previous year (84 per cent).

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities	**Code(s)**	**Absolute turnover (in thousands EUR)**	**Proportion of turnover (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water and marine resources (%)**	**Circular economy (%)**	**Pollution (%)**	**Biodiversity and ecosystems (%)**	**Climate change mitigation (yes/no)**	**Climate change adaptation (yes/no)**	**Water and marine resources (yes/no)**	**Circular economy (yes/no)**	**Pollution (yes/no)**	**Biodiversity and ecosystems (yes/no)**	**Minimum safeguards (yes/no)**	**Taxonomy-aligned proportion of turnover, year N (%)**	**Taxonomy-aligned proportion of turnover, year N-1 (%)**	**Category (enabling activity)**	**Category (transitional activity)**
A. TAXONOMY- ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Production of low-carbon vehicles	3.3	974,412	14.4	100							yes	yes	yes	yes	yes	yes	14.4		enabling	
Collection and transportation of non-hazardous waste in source segregated fractions	5.5	20,810	0.3	100							yes		yes			yes	0.3			
Turnover of environmentally sustainable activities (Taxonomy-aligned activities) (A.1.)		**995,222**	**14.7**	100													14.7			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of low-carbon vehicles	3.3	5,245,631	77.6																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		5,245,631	**77**														77.6			
Total (A.1. + A.2)		**6,240,853**	**92.3**														**92.3**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		517,964	7.7																	
Total (A+B)		**6,758,817**	**100**																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities	**Code(s)**	**Absolute turnover (in thousands EUR)**	**Proportion of turnover (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water and marine resources (%)**	**Circular economy (%)**	**Pollution (%)**	**Biodiversity and ecosystems (%)**	**Climate change mitigation (yes/no)**	**Climate change adaptation (yes/no)**	**Water and marine resources (yes/no)**	**Circular economy (yes/no)**	**Pollution (yes/no)**	**Biodiversity and ecosystems (yes/no)**	**Minimum safeguards (yes/no)**	**Taxonomy-aligned proportion of CapEx, year N (%)**	**Taxonomy-aligned proportion of CapEx, year N-1 (%)**	**Category (enabling activity)**	**Category (tran-sitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Production of low-carbon vehicles	3.3	8,238	14.5	100							yes	yes	yes	yes	yes	yes	15		enabling	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**8,238**	**14.5**	**100**													15			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of low-carbon vehicles	3.3	39,999	70.6																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**39,999**	**70.6**														71			
Total (A.1. + A.2)		48,237	**85.1**														**85**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		8,433	14,9																	
Total (A+B)		**56,670**	**100**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic activities	**Code(s)**	**Absolute turnover (in thousands EUR)**	**Proportion of turnover (%)**	**Climate change mitigation (%)**	**Climate change adaptation (%)**	**Water and marine resources (%)**	**Circular economy (%)**	**Pollution (%)**	**Biodiversity and ecosystems (%)**	**Climate change mitigation (yes/no)**	**Climate change adaptation (yes/no)**	**Water and marine resources (yes/no)**	**Circular economy (yes/no)**	**Pollution (yes/no)**	**Biodiversity and ecosystems (yes/no)**	**Minimum safeguards (yes/no)**	**Taxonomy-aligned proportion of OpEx, year N (%)**	**Taxonomy-aligned proportion of OpEx, year N-1 (%)**	**Category (enabling activity)**	**Category (tran-sitional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Production of low-carbon vehicles	3.3	3,505	13.7	100							yes	yes	yes	yes	yes	yes	13.7		enabling	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**3,505**	**13.7**	**100**													13.7			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Production of low-carbon vehicles	3.3	18,867	73.9																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		18,867	73.9														73.9			
Total (A.1. + A.2)		**22,372**	**87.6**														**87.6**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		3,173	12.4																	
Total (A+B)		**25,545,**	**100**																	

5. Quality Management System

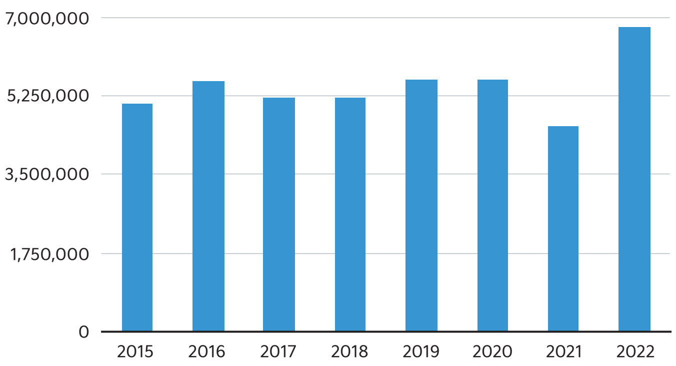
By continuous improvement the quality of manufactured engines and vehicles, enhancing crew comfort through better access to a wider range of mobility products and services, achieving higher vehicle safety, and implementing new safety features at Kia Slovakia, we strive to continuously increase the satisfaction of our end customers. Following the current legislation in the automotive industry requires continuous improvement, especially in the field of emission reduction, increasing safety of passengers and other road users, including pedestrians. To meet the legislative requirements and to remain competitive, we are continuously stepping up our investments in new models, hybrid drives and new motorizations, as well as in the continuous renewal of production, testing and inspection facilities. In 2022, the most significant investment in quality management was the purchase of new 3D measuring equipment, incorporating advanced scanning and optical functions, aimed to speed up the inspection processes of the final body at the Welding shop. Purchases of new electronic diagnostic equipment and improvements of existing inspection equipment in vehicle manufacturing processes continued as well.

Mass production of the fifth generation Sportage plug-in hybrid (PHEV) version was launched in the first quarter of the 2022, with the final product and process validations for the model's quality being completed at the beginning of the year.

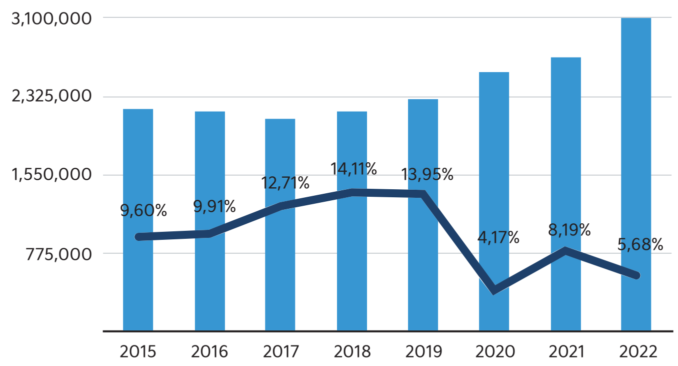
Likewise, production of the upgraded XCeed, including the plug-in hybrid (PHEV) version started in 2022. The Quality Management Department has carried out a series of validation tests on pre-production vehicles to ensure the quality of the model.
The introduction of the Sportage and XCeed variants was supported by intensive monitoring of sales statistics and initial vehicle quality status in cooperation with Kia Slovakia's global network of vehicle importers.

6. Financial Statements

Revenues in tEUR



Assets in tEUR / ROA



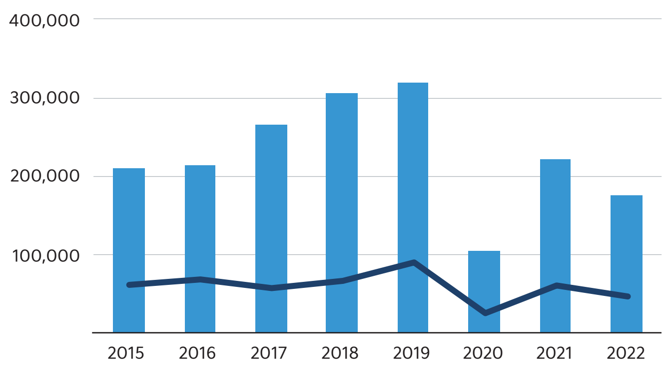
Distribution of profit

The general meeting will decide on the distribution of profit in the amount of 175 506 TEUR for the year 2022 accounting period. The proposal presented by the statutory body to the general meeting is as follows:

- no contribution to reserve fund,
- distribution of the remaining amount will be decided on general meeting.

The general meeting will be held in first half-year of 2023.

Profit and Income tax in tEUR



In thousands of euro	Note	2022	2021
Revenue		6,758,817	5,539,330
Cost of sales		(6,423,188)	(5,202,160)
Gross profit		**335,629**	**337,170**
Administrative and selling expenses		(118,042)	(77,393)
Operating profit		**217,587**	**259,777**
Interest costs		(27)	(856)
Other finance costs		(8,626)	(3,386)
Interest income		4,779	1,597
Other finance income		27,843	8,384
Net finance income / (costs)		**23,969**	**5,739**
Other operating income / (expense)		(18,916)	15,577
Profit before taxes		**222,640**	**281,093**
Current and deferred income tax		(47,134)	(59,413)
Profit for the year		**175,506**	**221,680**
Other comprehensive income			
Total comprehensive income for the year		**175,506**	**221,680**

In thousands of euro	Note	Share capital	Legal reserve fund	Retained earnings	Total
		(Note 21)	(Note 21)		
Balance as of 1 January 2021		**433,323**	**43,332**	**931,833**	**1,408,488**
Total comprehensive income for the year ended		-	-	221,680	221,680
Balance as of 31 December 2021	21	**433,323**	**43,332**	**1,153,513**	**1,630,168**
Balance as of 1 January 2022		**433,323**	**43,332**	**1,153,513**	**1,630,168**
Total comprehensive income for the year ended		-	-	175,506	175,506
Balance as of 31 December 2022	21	**433,323**	**43,332**	**1,329,019**	**1,805,674**

In thousands of euro	Note	31 december 2022	31 december 2021
Assets			
Property, plant and equipment	11	588,766	681,641
Intangible assets	12	4,626	4,305
Right of use asset	13	3,378	3,629
Reclaim receivable	15	5,032	15,510
Deferred tax assets	16	45,103	26,190
Total non-current assets		**646,905**	**731,275**
Inventories	17	581,417	466,537
Trade and other receivable	18	1,194,516	990,919
Cash and cash equivalents	19	71,770	10,484
Prepaid expenses		259	411
Intercompany loan receivable	20	596,239	506,565
Income tax asset		-	-
Total current assets		**2,444,201**	**1,974,916**
Total assets		**3,091,106**	**2,706,191**
Equity			
Issued capital	21	433,323	433,323
Legal reserve fund	21	43,332	43,332
Accumulated profit		1,329,019	1,153,513
Total equity		**1,805,674**	**1,630,168**
Liabilities			
Interest-bearing loans and borrowings	22	3,188	3,430
Provisions	15	187,058	164,333
Contract liability	14	136,041	97,803
Total non-current liabilities		**326,287**	**265,566**
Interest-bearing loans and borrowings	22	242	240
Trade and other payable	23	766,046	661,402
Provisions	15	167,659	120,432
Contract liability	14	20,681	5,845
Income tax liability		**4,517**	**22,538**
Total current liabilities		**959,145**	**810,457**
Total liabilities		**1,285,432**	**1,076,023**
Total equity and liabilities		**3,091,106**	**2,706,191**

In thousands of euro **Cash flows from operating activities**	**Note**	**31 december 2022**	**31 december 2021**
Profit for the year		175,506	221,680
Adjustments for:			
Depreciation of property, plant and equipment and intangible assets, right of use asset, net of amortisation of state aid	11,12,13	145,512	127,108
Impairment allowances for inventory	6	94	10,875
Retirement of property, plant and equipment		124	319
Impairment allowance for receivables	18	(85)	43
Interest costs	8	27	856
Interest income	8	(4,779)	(1,597)
Unrealized FX losses		4,009	3,735
Unrealized FX gains		(649)	(2,228)
Warranty provisions charges	15	102,815	66,329
Release of warranty provision	15	-	-
Tax expense	10	47,134	59,413
Loss/(Gain on) sale of property, plant and equipment		(981)	(521)
Disposal of emission rights	12	1,674	31
Operating profit before changes in working capital items		**470,401**	**486,043**
Decrease / (Increase) in inventories	17	(114,974)	(101,490)
Decrease / (Increase) in trade and other receivables and prepaid expenses	18	(183,339)	(110,131)
Increase / (Decrease) in trade and other payables	23	155,412	196,932
Increase / (Decrease) in contract liability	14	53,074	16,522
Increase / (Decrease) of other provisions	15	19,161	2,970
Cash generated from operating activities		**399,735**	**490,846**
Interests from short term financing, royalty interests and including overdrafts		-	(248)
Interest received from bills of exchange and bank deposits		2,615	1,584
Tax paid		(84,068)	(20,741)
Warranty claims paid	15	(105,918)	(93,577)
Warranty reclaims received	15	41,185	31,141
Net cash generated from operating activities		**253,549**	**409,005**
Cash flows from investment activities			
Acquisition of property, plant and equipment	11	(103,260)	(160,556)
Acquisition of intangible assets	12	(3,521)	(1,996)
Collection / (provision) of intercompany loan	20	(89,674)	(66,157)
Proceeds from sale of non-current assets		2,525	1,317
Interest received from intercompany loan		2,165	13
Net cash (used for) investing activities		**(191,765)**	**(227,379)**
Cash flows from financing activities		(267)	(268)
Lease payments including interest		-	-
Repayment of long term loans	22	-	(189,000)
Receipt / (repayment) of short term loan		-	(807)
Interest paid on bank loans		(267)	(190,075)
Net cash (used for) financing activities			
Net increase / (decrease) in cash and cash equivalents		61,517	(8,449)
Cash and cash equivalents at beginning of the period	19	10,484	18,932
Changes in FX related to cash and cash equivalents		(231)	1
Cash and cash equivalents at end of the period	19	**71 770**	**10 484**

1. General information about the Company

Kia Slovakia s. r. o. (hereinafter referred to as "the Company") is a company incorporated in Slovakia. The Company was established on 13 February 2004 and was registered in the Commercial Register on 26 February 2004 (Commercial Register of the District Court Zilina, Section s.r.o., file 15074/L).

The Company's registered address is:

Kia Slovakia s. r. o.
ICO: 35 876 832
DIC: 2022787801
Sv. Jána Nepomuckého 1282/1
Teplička nad Váhom 013 01
Slovensko

The principal activity of the Company is the manufacture and sale of automobiles, engines and spare parts.

These financial statements have been prepared as at 31 December 2022 and for the year then ended and were prepared and authorized for issue by the Company's directors on 3 February 2022.

Orgány Spoločnosti:

Directors	Seok Bong Kim until 09 January 2023 (Geon Won Shin since 09 January 2023)
	Tae Jin Kim until 09 January 2023 (Uk Jeon since 09 January 2023)

Information about the ultimate parent

The Company is consolidated into the financial statements of Kia Corporation, 12, Heolleung-ro, Seocho-gu, Seoul, KOREA, which is the Company's parent thus statements of Kia Corporation are available to public through the Seoul, Korea exchange.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

3. Basis of preparation

The financial statements have been prepared on a historical cost basis.

Functional currency

The financial statements are presented in euro, which is the Company's functional currency, and are rounded to the nearest thousand.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 14 - Contract liability
- Note 15 - Provision for warranty
- Note 29 - Accounting estimates and judgements

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to euro at the foreign exchange rate ruling at the date preceding the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date preceding the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

b) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy h). The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads. Cost also includes, where relevant, the costs of dismantling and removing the items and restoring the site on which they are located.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii. Subsequent costs

The Company recognizes in the carrying amount of an item of property or plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The replacing part is derecognized at the same moment. All other costs are recognized in the income statement as an expense as incurred.

iii. Leased assets

Leases in terms of which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the minimum lease payments.

iv. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- buildings 20-30 years
- machinery and equipment 3-15 years
- moulds 4-5 years
- other 2-4 years

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Expenditure on repairs or maintenance of property and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred. Depreciation methods and useful lives, as well as residual values, are reassessed at the reporting date.

v. Government grants related to PPE

The Company is entitled to receive government grants related to the acquisition costs of property, plant and equipment if certain conditions are fulfilled. The conditions are stipulated in the Investment Agreement between the Company and the Slovak Republic or in decisions issued by Ministry of Economy. Such grants are recognised as a deduction of property, plant and equipment and are being amortized over the estimated useful lives of the property, plant and equipment for which they have been received once such assets are placed into use. Non-monetary grants received are recorded at fair value upon receipt date.

c) Intangible assetsk

i. Owned assets

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (see accounting policy h).

ii. Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

iii. Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of each part of intangible assets. The estimated useful lives are as follows:

- software 4-6 years
- other intangible assets 4-5 years

iv. Emission rights

Emission rights are acquired for own use only and are accounted for as an intangible asset. Emission rights purchased are measured at costs. Emission rights granted by government are recorded at fair value at the date of receipt. The portion of grant related with the emission rights granted is accounted for as a reduction of intangible asset.

Once used, emission rights are recorded to cost of goods sold, together with the portion of grant, which relates to the used emission rights.

d) Right of use of assets

consideration is recorded as a right of use of assets and a lease liability. The right-of-use asset is depreciated over the lease terms and the liability accrues interest.

The right of use of asset is not recognized for:

- leases with a lease term of 12 months or less and containing no purchase options, and
- leases where the underlying asset has a low value ('small-ticket' leases).

The Company also applied a practical expedient not to deduct the non-lease component from the contract lease payments with the landlord.

e) Trade and other accounts receivable and intercompany loan receivable

Trade, other receivables and intercompany loans provided are recognized initially at fair value. Subsequently they are measured at their amortized cost using the effective interest rate method, less impairment losses (see accounting policy h). Trade receivable is offset with trade payables and presented on the net basis in financial position when, and only when, there is currently a legal enforceable right to set off and there is an intention to settle the receivables and payables on the net basis or to realize them simultaneously.

The Company charges certain customers a variable interest rate for the agreed portion of financed period, which is recorded as interest income on trade receivables from related parties (refer to note 8).

f) Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of production inventories is based on standard cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of non-production inventories is based on a weighted average cost formula and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

h) Impairment

Financial assets

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized costs. Under IFRS 9 credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of trade and other receivables, cash and cash equivalents, and intercompany loan.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from all possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment, including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

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 Company expects to receive).

ECLs are not discounted as they don't include any significant financial component.

Impairment losses related to trade and other receivables are recognized in profit and loss.

Non-financial assets

The carrying amounts of the Company's assets, other than inventories (see accounting policy f) and deferred tax assets (see accounting policy p), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

j) Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold. The suppliers warrant for a part of warranty provision and they bear the risk of failure of their parts. Kia Slovakia (furthermore as "KaSK") warrants for the actual claim to the customers and it may reclaim a portion that was caused by suppliers.

Reclaim asset is recognized for reimbursement from individual suppliers according to the contractual terms. The suppliers warrant for the defects incurred within 5 years period, which is shorter compared to the warranty period granted to customers, unless the reclaim is not within the campaign. The reclaim asset is fully recognized when it is virtually certain that it will be collected.

k) Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are stated at amortized cost. Trade payable is offset with trade receivable and presented on the net basis in financial position when, and only when, there is currently a legal enforceable right to set off and there is an intention to settle the liabilities and receivables on the net basis or to realize them simultaneously.

l) Revenue for goods sold

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

A significant element of the Company's revenue is with related parties (see Note 25).

Sale of cars

The Company recognizes the revenue from sale of cars, when the control passes to its customers, which is determined using INCOTERMS. The Company usually uses the INCOTERMS conditions, where the control passes at a point the goods are loaded to the first carrier.

The amount invoiced to the customers may include two separate performance obligations:

- the sale of car; and

- the extended warranty coverage for year 6 and 7.

Management concluded that the extended warranty coverage is a separate performance obligation because of its length. The judgment was also based on historical experience of HYUNDAI MOTOR GROUP with the sale of its cars in different markets.

The Company invoices a full amount on car delivery to the customer. This amount is split to the separate performance obligations based on proportion of the standalone selling prices that are determined using costs plus margin method. The revenue from extended warranty service is recognized as a contract liability and the performance obligation will be fulfilled in year 6 and year 7 after the date the car is sold to the final customer, i.e. warranty period starts.

Sale of engines and spare parts

The Company recognizes the revenue from sales of engines and spare parts, when the control passes to its customers, which is determined using INCOTERMS. The Company usually uses INCOTERMS conditions, where the control passes at a point the goods are loaded to the first carrier.

Revenue from transportation of goods

The revenue from transportation services is part of the invoiced price for sale of the car to the customer and it is presented in the line "Revenue from sale of cars". The costs of transporting goods are recognized in cost of sales. The Company is fully exposed to the risks related with organization of transportation services on which basis management concluded the Company acts as a principal.

m) Government grants

Government grants are initially recognized in the balance sheet when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are initially recognized as deferred income and they are released to the income statement as deduction of related expenses on a systematic basis in the same periods in which the expenses are recognized (this includes also Covid 19 state assistance). Grants that compensate the Company for the acquisition costs of property, plant and equipment are initially recognized as a deduction of property, plant and equipment and are amortized, which is reflected in the income statement as a reduction of depreciation expense over the useful life of the assets to which they relate (refer to Note 4 b) v.).

n) Finance costs and finance income

Finance costs and finance income comprise interest expense on borrowings calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses from conversion of cash held in currencies other than EUR and translation of cash balance denominated in foreign currency to EUR.
Interest income and expense are recognized in the income statement as they accrue, using the effective interest rate method, except to the extent that they relate to the financing of property, plant and equipment, in which case they are capitalized as part of the acquisition costs of the related assets.

Interest paid from the long term bank loan, short term bank loan and lease liabilities are presented in the cash flows from financing activities. Interest received from finance lease receivable is presented in cash flows from investing activities. Interest paid on overdrafts, interest paid and received from financing receivables (see accounting policy e) and other interest paid and received are presented in cash flows from operating activities.

o) Other operating income and expense

Other operating expense and other operating income comprise foreign exchange gains and losses that arise during collection or translation of receivables and payment or translation of liabilities denominated in currencies other than EUR, gains and losses on sale of property, plant and equipment, and other items.

p) Income tax

Income tax expense comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is calculated using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and tax losses carried forward. Temporary differences relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not considered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

q) Employee benefits

hort-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits comprise retirement bonus the employee is entitled to receive upon first retirement. The amount of this benefit depends on years of service and is accrued based on actuarial estimations. The minimum requirement of the Labour Code for a retirement bonus is one month average salary.

r) New standards not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2022, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Standards and interpretations endorsed by the European Union

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments

The amendment is effective for annual periods beginning on or after 1 January 2023, early application is permitted. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

The Company plans to apply the amendments from 1 January 2023 and expects the shortening of the disclosures regarding significant accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendment is effective for annual periods beginning on or after 1 January 2023, early application is permitted.

The amendments introduced a definition of ‘accounting estimates’ and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Company plans to apply the amendments from 1 January 2023.

Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment is effective for annual periods beginning on or after 1 January 2023, early application is permitted.

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences - e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company expects that the amendment, when initially applied, will not have a material impact on the presentation of the financial statements of the Company, as the Company has no decommissioning liability and the amount of lease liabilities is not material.

Standards and interpretations, not yet endorsed by the European Union

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current
The amendment is effective for annual periods beginning on or after 1 January 2024, early application is permitted and it clarifies that the classification of liabilities as current or non-current shall be based solely on the Entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.
The Company expects that the amendment, when initially applied, will not have a material impact on the presentation of the financial statements of the Company.

Amendments to IFRS 16 Leases: Liability in a Sale and Leaseback
The amendment is effective for annual periods beginning on or after 1 January 2024, early application is permitted.
The Company expects that the amendment, when initially applied, will not have a material impact on the presentation of the financial statements of the Company.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture
The European Commission decided to defer the endorsement indefinitely.

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Company does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Company has no subsidiaries, associates or joint ventures.

5. Revenue

Revenue is principally represented by sale of cars (all Ceed and Sportage models) and sale of engines to another production plants, related parties. The breakdown by key products and geographical area is as follows:

In thousands of euro	31 december 2022	31 december 2021
Revenue from sales of cars to EU countries excluding Slovakia	4,240,793	2,967,109
Revenue from sales of cars to non EU countries	1,859,374	1,943,237
Sale of engines, spare parts and others	538,774	551,484
Revenue from sale of cars to Slovakia	119,876	77,500
Total	**6,758,817**	**5,539,330**

The following table provides information about receivables and contract liabilities from revenues from contracts with customers:

In thousands of euro	31 december 2022	31 december 2021
Amount of receivables included in trade receivables	891,004	745,367
Contract liabilities - Note 14	(140,219)	(97,803)
Prepayments from customers - Note 14	(16,503)	(5,845)

6. Náklady predaja

In thousands of euro	**31 december 2022**	**31 december 2021**
Material consumption	5,567,995	4,476,246
Logistics services	125,021	121,545
Depreciation and amortization (refer to Note 11,12, 13)	146,231	131,836
Personnel expenses	144,197	123,665
Covid 19 state assistance	-	(1,904)
Energy consumption	47,253	21,093
Running royalty charge	311,002	249,392
Impairment provision for material (refer to Note 17)	94	10,875
Amortization of government grants (refer to Note 11)	(1,319)	(5,293)
Other cost of sales	82,714	74,705
Total	**6,423,188**	**5,202,160**

The Company had on average 3,510 employees, out of that 2 were managers (in 2021: 3,460, out of that 2 managers). As at 31 December 2022 the Company had 3,565 employees, out of that 2 managers (as at 31 December 2021: 3,466, out of that 2 managers).

7. Administrative and selling expenses

In thousands of euro	**31 december 2022**	**31 december 2021**
Warranty charges net of warranty reclaim asset (refer to Note 15)	102,815	66,329
Warranty provision release (refer to note 15)	-	-
Personnel expenses	5,926	5,210
Marketing services	5,225	508
Depreciation and amortization (refer to Note 11,12 13)	600	565
Other expenses	3,476	4,781
Total expense / (income)	**118,042**	**77,393**

8. Finančné výnosy / (náklady), netto

In thousands of euro	**31 december 2022**	**31 december 2021**
Interest expense, short term bank loans	-	(579)
Interest expense, overdraft	-	(248)
Interest expense, right of use of asset	(27)	(29)
	(27)	**(856)**
Interest income, bank balance	239	592
Interest income on trade receivables from related parties	2,376	992
Interest income intercompany loan	2,164	13
	4,779	**1,597**
Net interest income / (expense)	**4,752**	**741**
Foreign exchange losses	(8,626)	(3,386)
Foreign exchange gains	27,843	8,384
Net foreign exchange gains / (losses)	**19,217**	**4,998**
Net finance income / (costs)	**23,969**	**5,739**

Interests on trade receivables and related borrowings
The Company charges certain customers, related parties, a variable interest rate for the agreed portion of financed period, which is recorded as interest income on trade receivables from related parties (refer to Note 25).

9. Other operating income / (expense), net

In thousands of euro	31 december 2022	31 december 2021
Foreign exchange gains operating	13,155	24,335
Gain from sale of property	982	585
Other operating income	2,243	1,766
Other operating income	**16,380**	**26,686**
Foreign exchange losses operating	(35,172)	(10,790)
Scrap of property on retirement	**(124)**	**(319)**
Other operating expense	**(35,296)**	**(11,109)**
Total other operating (expense) / income	**(18,916)**	**15,577**

10. Income tax

In thousands of euro	31 december 2022	31 december 2021
Current tax expense		
Period income tax charge	(65,795)	**(61,213)**
Adjustment to prior year income tax	(252)	**135**
Deferred tax expense		
Origination and reversal of temporary differences	18,913	**1,665**
Total income tax expense	**(47,134)**	**(59,413)**

Reconciliation of effective tax rate

In thousands of euro	31 december 2022	%	31 december 2021	%
Profit before tax	222,640		281,093	
Income tax using the domestic corporation tax rate	(46,754)	(21.00%)	(59,030)	(21.00%)
Tax non-deductible expenses and other items	(393)	(0.18%)	(623)	(0.22%)
(Over) / underprovided prior year	13	0.01%	240	0.09%
Effect of deferred tax change from prior year corporate tax				
Income tax charge for the year	**(47,134)**	**(21.17%)**	**(59,413)**	**(21.14%)**

11. Property, plant and equipment

In thousands of euro	Lands and Buildings	Machinery and equipment	Other	Assets under construction	Total
Cost					
Balance as at 1 January 2021	299,899	1,532,619	8,949	12,284	1,853,751
Acquisitions	-	-	-	160,556	160,556
Transfer	3,120	153,632	321	(157,073)	-
Disposals	(54)	(28,166)	(189)	-	(28,409)
Balance as at 31 December 2021	**302,965**	**1,658,085**	**9,081**	**15,767**	**1,985,898**
Balance as at 1 January 2022	302,965	1,658,085	9,081	15,767	1,985,898
Acquisitions	-	-	-	52,465	52,465
Transfer	1,016	54,510	589	(56,115)	-
Disposals	-	(43,998)	(227)	-	(44,225)
Balance as at 31 December 2022	**303,981**	**1,668,597**	**9,443**	**12,117**	**1,994,138**
Depreciation and impairment losses					
Balance as at 1 January 2021	121,143	1,052,303	7,793	-	1,181,239
Depreciation charge for the period	0,097	119,972	583	-	130,652
Disposals	(22)	(27,088)	(189)	-	(27,299)
Balance as at 31 December 2021	**131,218**	**1,145,187**	**8,187**	**-**	**1,284,592**
Balance as at 1 January 2022	131,218	1,145,187	8,187	-	1,284,592
Depreciation charge for the period	10,275	134,074	642	-	144,991
Disposals	-	(42,331)	(226)	-	(42,557)
Balance as at 31 December 2022	**141,493**	**1,236,930**	**8,603**	**-**	**1,387,026**
Government grants acquisition costs					
Balance as at 1 January 2021	38,282	118,227	-	-	156,509
As at 31 December 2021	38,282	118,227	-	-	156,509
As at 31 December 2022	**38,282**	**118,227**	**-**	**-**	**156,509**
Government grants amortization					
Balance as at 1 January 2021	**17,308**	**114,243**	**-**	**-**	**131,551**
Amortization	1,317	3,976	-	-	5,293
As at 31 December 2021	**18,625**	**118,219**	**-**	**-**	**136,844**
Amortization	**1,317**	**2**	**-**	**-**	**1,319**
As at 31 December 2022	**19,942**	**118,221**	**-**	**-**	**138,163**
Carrying amounts					
As at 1 January 2021	157,782	476,332	1,156	12,284	647,554
As at 31 December 2021	152,090	512,890	894	15,767	681,641
As at 31 December 2022	**144,148**	**431,661**	**840**	**12,117**	**588,766**

Insurance

Property, plant and equipment are insured against damage up to TEUR 1,288,674 (2021: TEUR 1,287,025).

12. Intangible assets

In thousands of euro	**Information technologies and software**	**Emission rights**	**Assets under development**	**Total**
Cost				
Balance as at 1 January 2021	29,145	598	219	29,962
Acquisition	605	1,368	495	2,468
Transfers	193	-	(193)	-
Disposals	(6)	(609)	-	(615)
Balance as at 31 December 2021	**29,937**	**1,357**	**521**	**31,815**
Balance as at 1 January 2022	29,93	1,357	521	31,815
Acquisition	1,133	2,932	142	4,207
Transfers	521	-	(521)	-
Disposals	(13)	(2,146)	-	(2,159)
Balance as at 31 December 2022	**31,578**	**2,143**	**142**	**33,863**
Amortization and impairment losses				
Balance as at 1 January 2021	25,543	-	-	25,543
Amortization for the year	1,498	-	-	1,498
Disposals	(3)	-	-	(3)
Balance as at 31 December 2021	**27,038**	**-**	**-**	**27,038**
Balance as at 1 January 2022	27,038	-	-	27,038
Amortization for the year	1,589	-	-	1,589
Disposals	(13)	-	-	(13)
Balance as at 31 December 2022	**28,614**	**-**	**-**	**28,614**
Government grants acquisition costs				
Balance as at 1 January 2021	-	578	-	578
Acquisitions	-	472	-	472
Disposals	-	578	-	578
Balance as at 31 December 2021	-	472	-	472
Acquisitions	-	623	-	623
Disposals	-	472	-	472
Balance as at 31 December 2022	**-**	**623**	**-**	**623**
Carrying amounts				
As at 1 January 2021	3,602	20	219	3,841
As at 31 December 2021	2,899	885	521	4,305
Aa at 31 December 2022	**2,964**	**1,520**	**142**	**4,626**

13. Right of use of asset

In thousands of euro	**Total**
Cost	
Balance as at 1 January 2021	4,382
Acquisition	-
Balance as at 31 December 2021	**4,382**
Balance as at 1 January 2022	4,382
Acquisition	-
Balance as at 31 December 2022	**4,382**
Amortization and impairment losses	
Balance as at 1 January 2021	502
Amortisation for the year	251
Balance as at 31 December 2021	**753**
Balance as at 1 January 2022	753
Amortisation for the year	251
Balance as at 31 December 2022	**1,004**
Carrying amounts	
As at 1 January 2021	3,880
As at 31 December 2021	**3,629**
As at 31 December 2022	**3,378**

As at 1 January 2019, the Company recognized a right of use of asset from operating lease of 2 assets that are rented from related party. The initial accounting entry was recorded as right of use of asset and lease liability in the amount of TEUR 4,382.

14. Contract liability

In thousands of euro	**31 december 2022**	**31 december 2021**
Non-current	136,041	97,803
Current	20,681	5,845
	156,722	**103,648**

The revenue from extended warranty service is recognized as a contract liability in the amount of TEUR 140,219 (in 2021: TEUR 97,803) and the performance obligation will be fulfilled in year 6 and year 7 after the date the car is sold to the final customer, i.e. warranty period starts.

Timing of revenues recognition is set out in the following table:

In thousands of euro	**31 december 2022**	**31 december 2021**
31 december 2023 / 31 december 2022	20,681	5,845
31 december 2024 / 31 december 2023	18,285	5,018
31 december 2025 / 31 december 2024	23,569	17,444
31 december 2026 / 31 december 2025	23,352	23,569
31 december 2027 / 31 december 2026	27,646	23,353
31 december 2028 / 31 december 2027	29,380	19,884
31 december 2029 / 31 december 2028	13,809	8,535
	156,722	**103,648**

15. Provisions and reclaim assets

In thousands of euro	**Záručné opravy**	**Ostatné**	**Total**
Balance at 31 December 2021	**260,781**	**23,984**	**284,765**
Provisions charges (refer to Note 7)	156,709	38,691	195,400
Use	(105,918)	(19,530)	(125,448)
Balance at 31 December 2022	**311,572**	**43,145**	**354,717**

An overview of long term and short term provisions is set out in the following table:

In thousands of euro	**31 december 2022**	**31 december 2021**
Non-current	187,058	164,333
Current	167,659	120,432
Balance at the reporting date	**354,717**	**284,765**

Warranty provision

The warranty provision is measured based on the probability of the products requiring repair or replacement and the best estimate of the costs to be incurred in respect of defective products sold on or before the balance sheet date. The warranty period granted is up to 7 years, which is the period over which the provision is expected to be used. Suppliers warrant their products up to 5 years period. The creation of warranty provision and reclaim charges are recorded to Selling, general and administrative expenses, refer to Note 7, on a net basis. For sensitivity analysis, refer to Note 29.

Other provisions

Other provisions were recorded for estimated cash outflows resulted from past events and it is expected they will be used in 2023, except for provision for long-term employee benefits.

Reclaim asset

In thousands of euro	**Pohľadávky z prefakturácie záručných opráv**
Balance at 31 December 2021	35,476
Reclaim asset creation (refer to Note 7)	53,894
Use	(41,185)
Balance at 31 December 2022	**48,185**

An overview of long term and short term reclaim asset is set out in the following table:

In thousands of euro	**31 december 2022**	**31 december 2021**
Non-current	5,032	**15,510**
Current (Note 18)	43,153	19,966
Balance at the reporting date	**48,185**	**35,476**

The Company warrants for the actual claim amount to the customers and it reclaims a portion that was caused by suppliers. The reclaim asset is recognized when it is virtually certain that it will be collected. As at 31 December 2022 the amount of estimated reclaims, that has been assessed as being virtually certain, represents TEUR 48,185 (as at 31 December 2021: TEUR 35,476).

16. Deferred tax assets

In thousands of euro	**31 december 2022**	**31 december 2021**
Property, plant and equipment	(49,588)	(49,595)
Warranty provision net of reclaim asset	65,430	54,764
Other items	29,261	21,021
Deferred tax asset	**45,103**	**26,190**

Property, plant and equipment includes unrecorded deferred tax asset of TEUR 8,173.

17. Inventories

In thousands of euro	31 december 2022	31 december 2021
Raw materials and consumables	479,127	413,511
Less impairment allowance to raw material	(16,269)	(17,293)
Work in progress and semi-finished goods	90,212	43,295
Less impairment allowance to semi-finished goods	(125)	(31)
Finished goods	28,507	27,136
Less impairment allowance to finished goods	(35)	(81)
	581,417	**466,537**

The impairment allowance to raw material was recorded to slow moving inventories and the expenses have been recorded in the Cost of sales (refer to Note 6). Overview of movement in provision is set out in the table below:

In thousands of euro	Raw material	Work in progress	Finished products	Total
Balance at 31 December 2021	**17,293**	**31**	**81**	**17,405**
Provision creation	-	94	-	94
Use	(1,024)	-	(46)	(1,070)
Balance at 31 December 2022	**16,269**	**125**	**35**	**16,429**

Insurance

Inventory is insured against damage up to TEUR 178,494 (31 December 2021: TEUR 170,513).

18. Trade and other accounts receivable

In thousands of euro	**31 december 2022**	**31 december 2021**
Trade accounts receivable	891,004	745,367
Impairment allowance to receivables	-	(85)
Other receivables	20,257	25,595
Government grants receivables	365	543
Financial		
	911,626	**771,420**
Value added tax receivable	239,730	199,531
Reclaim asset short-term (refer to Note 15)	43,153	19,966
Advance payment made	**7**	**2**
Non-financial	**282,890**	**219,499**
	1,194,516	**990,919**

Expected credit loss for customers

The Company uses allowances matrix to measure the ECLs of third party trade receivables from its customers, which comprise a large number of small balances. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - ageing of receivables and type of sale, i.e. sale of cars, sale of parts and other receivables.

Management assesses a credit risk grade for each customer and for every sales transaction. The financial receivables from sale of cars due from third party customers are in 99% secured via letter of credit with the Company's authorized bank, whereby the risk is reduced to an acceptable low level. As the vast majority of third party receivables are from sale of cars, the Company does not provide a split of receivable to different risk grades, but it provides the split of receivables by type of transaction.

No impairment allowance is calculated to the receivables of customers from HYUNDAI MOTOR GROUP. The historical loss from receivables was zero as at 31 December 2022, therefore the "roll rate" model used for determination of impairment loss for other receivables returned zero value.

The following table provides information about the type of receivables by category and impairment loss allowance as at 31 December 2022:

In thousands of euro ***31 december 2022***	**Gross carrying amount**	**Impairment loss allowance**	**Weighted average loss rate**
Receivables HYUNDAI MOTOR GROUP	803,232	-	0,00%
Receivables sale of cars	98,329	-	0,00%
Receivables sale of parts	2,719	-	0,00%
Other receivables	7,347	-	0,00%
	911,627	**-**	

The following table provides information about the type of receivables by category and impairment loss allowance as at 31 December 2021:

In thousands of euro **31 december 2022**	**Gross carrying amount**	**Impairment loss allowance**	**Weighted average loss rate**
Receivables HYUNDAI MOTOR GROUP	706,052	-	0,00%
Receivables sale of cars	61,285	-	0,00%
Receivables sale of parts	1,247	(85)	(6,82%)
Other receivables	2,921	-	0,00%
	771,505	**(85)**	

The following table provides the information about the exposure to credit risk and ECLs for third party trade receivables, i.e. excluding receivables from HYUNDAI MOTOR GROUP:

In thousands of euro **31 december 2022**	**Gross carrying amount**	**Impairment loss allowance**	**Weighted average loss rate**	**Credit impaired**
Current (not past due)	108,114	-	0,00%	No
1-30 days past due	197	-	0,00%	No
31-90 days past due	63	-	0,00%	No
More than 90 days past due	21	-	0,00%	No
	108,395	**-**		

In thousands of euro **31 december 2021**	**Gross carrying amount**	**Impairment loss allowance**	**Weighted average loss rate**	**Credit impaired**
Current (not past due)	64,860	-	0,00%	No
1-30 days past due	504	-	0,00%	No
31-90 days past due	1	-	0,00%	No
More than 90 days past due	88	(85)	(96,59%)	Yes
	65,453	**(85)**		

The breakdown by currency is as follows:

In thousands of euro	**31 december 2022**	**%**	**31 december 2021**	**%**
EUR	654,140	71,80%	373,591	48,5%
GBP	111,563	12,20%	103,329	13,4%
RUB	-	0,00%	139,814	18,1%
CZK	20,090	2,20%	21,210	2,7%
SEK	45,455	5,00%	15,586	2,0%
USD	8,474	0,90%	57,405	7,4%
PLN	59,225	6,50%	50,576	6,6%
HUF	12,679	1,40%	9,909	1,3%
	911,626	**100,0%**	**771,420**	**100,0%**

67% or TEUR 803,231 (as at 31 December 2021: 71% or TEUR 706,052) of trade and other receivables are due from companies within the HYUNDAI MOTOR GROUP. The Company has not incurred any significant historical impairment losses.
The Company expects to recover value added tax in two months from the balance sheet date on the grounds of valid legislation.

As at 31 December 2022 the Company offset gross trade and other accounts receivable of TEUR 70,070 (as at 31 December 2021: TEUR 60,212) with the gross trade and other accounts payable of selected business partners of TEUR 34,267 (31 December 2021: TEUR 32,085) with certain partners and presented them as net receivable of TEUR 35,083 (31 December 2021: TEUR 28,127).

19. Cash and cash equivalents

In thousands of euro	**31 december 2022**	**31 december 2021**
Bank balances	71,341	10,150
Vacherol	429	334
Cash and cash equivalents	**71,770**	**10,484**
Bank overdrafts (note 22)	-	-
Cash and cash equivalents as presented in the Statement of Cash Flows	**71,770**	**10,484**

Cash and cash equivalents in the amount of TEUR 30,366 are denominated in foreign currencies (31 December 2021: TEUR 2,123).

20. Intercompany loan receivable

The intercompany loan receivable represents the positive balance on the cash pool account of the Group, where the Company transferred part of its available cash resources.

21. Capital and reserves

Share capital
The Company's total authorized and issued share capital amounted to TEUR 433,323 as of 31 December 2022 (31 December 2021: TEUR 433,323). The share capital is fully paid up. The sole shareholder of the Company exercise full voting rights and has rights to receive dividends.

Legal reserve fund
The Company is obliged by Slovak law to create a legal reserve totaling a minimum of 5% of net profit (annually) and up to a maximum of 10% of registered share capital. As the fund's balance has already reached the maximum balance, no further distribution from the Company's profits is required by law. The legal reserve fund can only be used to cover the Company's losse.

22. Interest-bearing loans and borrowings

In thousands of euro	31 december 2022	31 december 2021
Non-current liabilities		
Lease liability under Right of use	3,188	3,430
Long term	**3,188**	**3,430**
Current liabilities	-	-
Bank overdrafts	-	-
Short term bank loans	242	240
Lease liability under Right of use	-	-
Accrued interest and other	**242**	**240**
Short term		

All the loans presented above bear the variable interest rate.

Lease liability under right of use of asset
An overview of the lease liability under right of use of asset is set out in the table below:

In thousands of euro	31 december 2022	31 december 2021
Lease liability up to 1 years	268	268
Lease liability between 2 to 5 years	1,072	1,072
Lease liability above 5 years	2,318	2,586
Less interest	(228)	(256)
Lease liability presented in the statement of financial position	**3,430**	**3,670**

23. Trade and other accounts payable

In thousands of euro	31 december 2022	31 december 2021
Trade payables including accruals	740,699	639,599
Employee related liabilities	9,613	8,867
Other payables	7,240	6,163
Payroll withholding taxes	8,494	6,773
	766,046	**661,402**

The breakdown by currencies is as follows:

In thousands of euro	31 december 2022	%	31 december 2021	%
EUR	760,901	99,4%	658,245	99,6%
USD	3,442	0,4%	2,851	0,4%
RUB	1,693	0,2%	306	0,0%
JPY	7	0,0%	-	0,0%
CZK	3	0,0%	-	0,0%
	766,046	**100,0%**	**661,402**	**100,0%**

73% or TEUR 562,239 (as at 31 December 2021: 74% or TEUR 487,613) of trade and other payables are due to companies within the HYUNDAI MOTOR GROUP.

As at 31 December 2022 the Company offset gross trade accounts payable of TEUR 302,787 (as at 31 December 2021: TEUR 279,838) with the gross trade accounts receivable of TEUR 34,267 (as at 31 December 2021: TEUR 32,085) with certain partners and presented them as net payable of TEUR 268,520 (as at 31 December 2021: TEUR 247,753).

24. Capital commitments and contingencies

Capital commitments

At 31 December 2022 the Company had orders in place to acquire property, plant and equipment in the amount of TEUR 905 (31 December 2021: TEUR 2,579).

Contingences

The directors do not expect the outcome of pending litigations to have a material effect on the Company's financial position.

25. Related parties

Identity of related parties

The Company has a related party relationship with its parent Kia Corporation and other group companies within the HYUNDAI MOTOR GROUP and with its directors and executive officers. The ultimate controlling party is Hyundai Motor Company. Those Companies within HYUNDAI MOTOR GROUP have a common Board.

Transactions with key management personnel

There have been no transactions with management, except for their salaries, which are included in the caption of administrative and selling expense in the income statement and in total amount to TEUR 930 (2021: TEUR 771).

Other related party transactions

Other related parties are part of the HYUNDAI MOTOR GROUP and also the parent Company Kia Corporation, the managing Company.

Transactions with the parent company	**31 december 2022**	**31 december 2021**
In thousands of euro		
Revenue	-	630
Warranty claim chargebacks	31,243,	20,483
Sale of property	28	-
Purchases of material	(95,016)	(122,619)
Acquisition of property, plant and equipment	-	(12,602)
Purchase of services	(460)	(228)
Royalties charge	(311,002)	(249,392)

Transactions with other companies in HYUNDAI MOTOR GROUP	**31 december 2022**	**31 december 2021**
In thousands of euro		
Revenues	6,163,055	4,965,506
Warranty provision chargebacks	6,420	6,901
Sale of property	351	97
Purchase of material	(3,651,294)	(2,854,063)
Acquisition of property, plant and equipment	(17,684)	(48,030)
Purchase of services	(165,393)	(161,264)
Warranty claims	(79,618)	(72,020)
Interest income from intercompany loan	2,167	16
Interest income on trade receivables from related parties	2,377	900

Significant assets and liabilities arising from related-party transactions are presented in the table below:

Assets and liabilities arising from transactions with the parent company	**31 december 2022**	**31 december 2021**
In thousands of euro		
Trade accounts receivable	15,813	17,033
Trade accounts payable	(86,252)	(66,942)

Assets and liabilities arising from transactions with other group companies	**31 december 2022**	**31 december 2021**
In thousands of euro		
Trade accounts receivable	787,418	689,019
Intercompany loan receivable	596,239	506,565
Trade accounts payable	(475,987)	(420,671)
Lease liability right of use of asset	(3,430)	(3,670)

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within six-months period.

26. Financial risk management

Overview
The Company has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk;
- market risk;

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital and further quantitative disclosures.

Risk management framework
The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Directors monitor compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

91% (2021: 90%) of the Company's revenue is attributable to sales transactions with customers in the HYUNDAI MOTOR GROUP which are related parties. To date the Company has recovered all due amounts from HYUNDAI MOTOR GROUP customers. 90% (in 2021: 95%) of the outstanding trade receivables balance is due from customers in HYUNDAI MOTOR GROUP who cooperates with the entity since its incorporation.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers outside the HYUNDAI MOTOR GROUP requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The quantitative information over credit risk is disclosed under Note 18.

Ageing of financial receivables

In thousands of euro	**31 december 2022**	**31 december 2021**
Not due	911,186	770,653
Past due 0-3 months	399	764
Past due 4-6 months	21	3
Past due 7-12 months	20	-
Total receivables	**911,626**	**771,420**

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's management uses overdraft accounts and short term facilities to finance their operational needs, whereas long term financing and equity are used to finance investments.

The Company's management is monitoring the available cash balance on a regular basis. The available cash balance comprises overdraft limits and available cash in comparison to the expected financial liabilities that become due in the following month. The Company treats its plans according to current situation and in compliance with its plans and predictions of future cash-flow situation.

The Company's management is monitoring whether they have sufficient resources to fulfill their obligations when they fall due. The management is monitoring liquidity through targeted current ratio of above 1.2 calculated as current assets divided with current liabilities. At 31 December 2022 the current ratio exceeded management target and reached 2.55 (as at 31 December 2021: 2.44).

The following are contractual maturities of financial liabilities including interest payments as at:

31 december 2022

In thousands of euro	Note	Carrying amount	6 months or less	7-12 months	2-3 years	4-5 years	more than 5 years
Lease liability	22	(3,430)	(121)	(121)	(489)	(496)	(2,203)
Lease liability interests	22	(228)	(13)	(13)	(47)	(40)	(115)
Trade and other accounts payable	23	(766,046)	(766,046)	-	-	-	-
Subtotal financial liabilities		**(769,704)**	**(766,180)**	**(134)**	**(536)**	**(536)**	**(2,318)**
Trade and other receivables	18	911,626	911,626	-	-	-	-
Intercompany loan receivable	20	596,239	596,239	-	-	-	-
Cash and cash equivalents	19	71,770	71,770	-	-	-	-
Warranty provision	15	(311,572)	(66,245)	(66,245)	(130,438)	(48,644)	-
Reclaim asset	15	48,185	21,577	21,576	3,665	1,367	-
Other provisions	15	(43,145)	(35,169)	-	-	-	(7,976)
Income tax receivable / (payable)		(4,517)	-	(4,517)	-	-	-
Value added tax receivable	18	239,730	239,730	-	-	-	-
Subtotal financial assets and provisions		**1,508,316**	**1,739,528**	**(49,186)**	**(126,773)**	**(47,277)**	**(7,976)**
		738,612	**973,348**	**(49,320)**	**(127,309)**	**(47,813)**	**(10,294)**

The following are contractual maturities of financial liabilities including interest payments as at:

31 december 2021

In thousands of euro	Note	Carrying amount	6 months or less	7-12 months	2-3 years	4-5 years	more than 5 years
Lease liability	22	(3,670)	(120)	(120)	(486)	(493)	(2,451)
Lease liability interests	22	(256)	(14)	(14)	(50)	(43)	(135)
Trade and other accounts payable	23	(661,402)	(661,402)	-	-	-	-
Subtotal financial liabilities		**(665,328)**	**(661,536)**	**(134)**	**(536)**	**(536)**	**(2,586)**
Trade and other receivables	18	771,420	771,420	-	-	-	-
Intercompany loan receivable	20	506,565	506,565	-	-	-	-
Cash and cash equivalents	19	10,484	10,484	-	-	-	-
Warranty provision	15	(260,781)	(50,453)	(50,450)	(121,961)	(37,917)	-
Reclaim asset	15	35,476	9,983	9,983	11,832	3,678	-
Other provisions	15	(23,984)	(19,529)	-	-	-	(4,455)
Income tax receivable / (payable)		(22,538)	-	(22,538)	-	-	-
Value added tax receivable	18	199,531	199,531	-	-	-	-
Subtotal financial assets and provisions		**1,216,173**	**1,428,001**	**(63,005)**	**(110,129)**	**(34,239)**	**(4,455)**
		550,845	**766,465**	**(63,139)**	**(110,665)**	**(34,775)**	**(7,041)**

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk
The Company is exposed to foreign currency risk in sales and purchases in other currency that the functional currency, i.e. GBP, USD, PLN, SEK, RUB, CZK and HUF. The total exposures which arise from the currency risk are monitored on revenue side, as 72% (2021: 62%) of revenues and 99% (2021: 99%) of purchases are denominated in EUR and management is not hedging the exposures on FX fluctuations. In addition, management has exposure on its foreign currency bank accounts.

All the borrowings are denominated in the functional currency EUR to reduce any currency risk from borrowings.

A strengthening and weakening of each of the GBP, SEK, USD, CZK, HUF and PLN by 5% and RUB by 10% against EUR at 31 December 2022 (all other variables held constant) would have increased / (decreased) equity and net profit by the amounts shown below.

In thousands of euro	Impact on profit and equity - strengthening of foreign currency		Impact on profit and equity - weakening of foreign currency	
	31 december 2022	**31 december 2021**	**31 december 2022**	**31 december 2021**
RUB +/- 10%	(188)	15,502	154	(12,684)
GBP +/- 5%	7,252	5,438	(6,561)	(4,920)
CZK +/- 5%	1,057	1,116	(957)	(1,010)
USD +/- 5%	482	2,973	(436)	(2,690)
SEK +/- 5%	2,392	820	(2,165)	(742)
PLN +/- 5%	3,117	2,672	(2,820)	(2,417)
HUF +/- 5%	668	522	(604)	(472)

Interest rate risk
Management has entered in to loan contracts which are exposed to floating interest rates in the normal course of business. Management policy is to enter in the variable interest rates borrowings contracts only. Management does not see the need to hedge the interest rates related to these contracts.

Capital management
The Company defines the capital as its Equity and long term borrowings. The Company's policy is to maintain a strong capital base so as to sustain future development of the business and maintain sufficient funds for significant capital expenditures that are planned within the next three years. The Company's needs for capital are satisfied through borrowings and through contributions to share capital. The Company does not provide share options to employees or other external parties.

Management is targeting the debt to equity ratio below 2.5. The ratio is calculated as total liabilities less cash divided by the equity as summarized in the table below:

In thousands of euro	**31 december 2022**	**31 december 2021**
Total liabilities	1,285,432	1,076,023
Less available cash	(71,770)	(10,484)
Total liabilities less cash	1,213,662	1,065,539
Total equity	1,805,674	1,630,168
Adjusted debt/equity ratio	**0.67**	**0.65**

27. Operational risk

The Company is exposed indirectly to the purchasing trends of consumers in the automotive sector. This risk is managed by the Company's parent company through monitoring market trends and adjusting production volumes
accordingly.

Day-to-day operations harbour various risks that could potentially weaken the Company's financial position and performance. Business risks that could result from production interruptions due to e.g. energy outages, technical failures, fires, floods etc. are partially hedged using insurance contracts.

New products inherently carry the risk that customer might not accept them. For this reason, the parent Company conducts extensive analyses and customer surveys. Trends are identified in timely fashion and examined closely to determine their relevance to customers.

Implications from Covid 19
The World Health Organization declared on 11 March 2020 the coronavirus SARS-CoV-2 outbreak a pandemic. Subsequently Slovakia's government declared on 12 March 2020 a state of emergency and took preventive actions with aim to mitigate possible impacts of this pandemic.

In order to ensure its operations, the Company immediately adopted a series of measures with the main purpose of protection the health of its employees while securing the continuance of production.

The current situation does have an impact and effects on the Company's operations, but management has not identified a material impact from pandemic that would affect the financial statements.

In terms of operations due to required lockdown at different suppliers, the Company locked down its production factory for couple of days in 2022. The Company is monitoring the situation at the suppliers, as well as the demand from customers. The lockdowns at Kia production were only temporary, and management used them for the purpose of plan the procurement and future production to prevent such lockdown in the future.

The Company is continuously monitoring the situation and the potential impact in relation to the risks to which it is exposed. Risks related to business operations and financial results:

- preventive measures and larger regional supplier network, in light of just in time deliveries from the suppliers;
- secondary pandemic risks related with availability of certain material items;
- demand from the customers.

Implications from Russia's invasion of Ukraine
Russia's invasion of Ukraine and other nations' responses to the ensuing Russia-Ukraine war (e.g. in the form of sanctions on the Russian government and companies) may have a financial reporting impact on companies reporting under IFRS.

The economic effects of the war can have an impact on accounting and reporting. This section highlights some of these potential implications. The direct economic impact on the Company was cancellation of trading with Russia, or with linked organizations or individuals under sanctions. Impact is being reviewed by the Company regularly as the further development, duration and impact of the war cannot be predicted.

The current trading of the company does not indicate an immediate going concern risk to the Company, but some of its suppliers and trading with Russia, Belarus and Ukraine was significantly impacted. The Company monitors the impact of the invasion on the following areas of financial statements including accounting estimates for valuation of receivable denominated in RUB (as at the balance sheet date, all balances were collected). There were no raw materials with usage limited to countries Russia, Belarus or Ukraine as at the balance sheet date. The side effect of the invasion was reflected with increase of the energy prices, meaning for the Company a significantly increased cost of production related with energies.

28. Fair values

Fair values versus carrying amounts
The fair value of trade and other receivables, cash and cash equivalents, trade and other payables, finance lease payables is approximated by their carrying amounts as at 31 December 2022 as well as at 31 December 2021.

Basis for determining fair values
The fair value of trade and other receivables, cash and cash equivalents, trade and other payables, finance lease payables, loans and interests bearing borrowings is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date.

29. Accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Provisions for warranty repairs
The Company has a provision for warranty costs, which at 31 December 2022 amounted to TEUR 311,572 (31 December 2021: TEUR 260,781) as disclosed in note 15. The Company provides a warranty coverage period up to five years on all of its cee'd, Ceed, Sportage and Venga models. In addition, for Kia vehicles sold in the European Union and other selected countries a further two years warranty coverage period is provided on engines and transmissions. These conditions may vary depending on respective model and market, however, all warranty coverage periods are subject to a maximum mileage of 150,000 kilometres.

The provision represents the estimated warranty costs, which are calculated based on historical experience with consideration given to the expected level of future warranty repairs, the expected number of units to be affected and the estimated average repair costs per unit and each country. The products contain parts manufactured by third party suppliers, who typically warrant for the parts that they produce and that are assembled in the car.

Management believes that the calculation of warranty provision is a critical accounting estimate because changes in the calculation can materially affect net income and require the Company to estimate the frequency and amounts of future warranty claims, which are inherently uncertain. The uncertainties further include, but are not limited to, the fact that models mass production terminates usually earlier (usually 5 years) than the first car of that model completes its warranty period, i.e. 7 years. The policy is to continuously monitor the adequacy of the warranty provision. Therefore, warranty charges are maintained at an amount deemed adequate to cover estimated future warranty claims. Actual claims in the future may differ from the original estimates, which may result in material revisions of the warranty charges.

The warranty provision estimate was based on the assumptions how the future warranty claims will develop in each individual models. The assumptions were based on historical trends of similar models and were embedded to the model to calculate the expected level of warranty costs in remaining warranty period. The calculation of warranty provision is sensitive to the changes in these assumptions and affect the estimated value of future warranty claims. An increase or decrease of the assumptions by 5% would increase or decrease the warranty provision by 11% and 10% (in 2021: 14% and 11 %), respectively. The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

These financial statements were approved by management on 3 February 2023.

Uk Jeon
CFO

KPMG

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Translation of the Independent Auditors' Report originally prepared in Slovak language

Appendix to the Independent Auditors' Report issued on 3 February 2023 (this Appendix is issued in respect of the Annual Report)

pursuant to Article 27 (6) of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit")

To the Owner and Directors of Kia Slovakia, s.r.o.

We have audited the financial statements of Kia Slovakia, s.r.o. (the "Company") as of 31 December 2022 presented in the accompanying Annual Report. We have issued an unmodified Independent Auditors' Report on the financial statements on 3 February 2023.

This Appendix supplements the aforementioned auditor's report solely in respect of the following information:

Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act on Accounting but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information in the Annual Report.

KPMG

In connection with our audit of the financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Annual Report of the Company was not available to us as of the date of the auditors' report on the audit of the financial statements.

With respect to the Annual Report, once obtained, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2022 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Ľuboš Vančo
License SKAU No. 745

Bratislava, 27 March 2023

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