

# **HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
JUNE 30, 2021 AND 2020 (Unaudited)**

**ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT**

**HYUNDAI MOTOR COMPANY**

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## **Independent Auditors' Review Report**

The Board of Directors and Shareholders  
Hyundai Motor Company:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Motor Company and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position as of June 30, 2021, the condensed consolidated statements of income, and comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020 and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' review responsibility**

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

### **Other matters**

The consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 9, 2021, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2020, presented for comparative purposes, is not different from that audited by other us from which it was derived in all material respects.

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



*KPMG Samjory Accounting Corp.*

Seoul, Korea  
August 17, 2021

This report is effective as of August 17, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# **HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
JUNE 30, 2021 AND 2020**

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

**Chang, Jae Hoon**  
**Chief Executive Officer**  
**HYUNDAI MOTOR COMPANY**

Main Office Address: (Road Name Address) 12, Heolleung-ro, Seocho-gu, Seoul  
(Phone Number) 02-3464-1114

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

ASSETS	NOTES	June 30, 2021	December 31, 2020
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	20	₩ 11,027,344	₩ 9,862,136
Short-term financial instruments	20	8,718,337	7,219,695
Other financial assets	5,20	11,675,503	12,897,108
Trade notes and accounts receivable	3,20	3,441,675	3,283,972
Other receivables	4,20	3,726,706	4,016,972
Inventories	6	11,329,027	11,333,734
Current tax assets		134,302	138,848
Financial services receivables	14,20	33,348,637	32,596,052
Non-current assets classified as held for sale	8	30,819	304,469
Other assets	7,20	2,080,448	2,033,371
Total current assets		<u>85,512,798</u>	<u>83,686,357</u>
Non-current assets:			
Long-term financial instruments	20	114,094	61,859
Other financial assets	5,20	3,318,918	2,779,227
Long-term trade notes and accounts receivable	3,20	133,892	124,269
Other receivables	4,20	720,788	702,341
Property, plant and equipment	9,40	34,355,517	34,092,229
Investment property	10,40	160,341	160,967
Intangible assets	11,40	6,003,689	5,677,567
Investments in joint ventures and associates	13	21,446,705	19,925,260
Deferred tax assets		2,684,238	2,847,454
Financial services receivables	14,20	42,902,345	37,069,158
Investments in operating leases	15	23,532,249	20,501,691
Right-of-use assets	12	874,576	836,324
Other assets	7,20	1,060,009	879,509
Total non-current assets		<u>137,307,361</u>	<u>125,657,855</u>
Total assets		<u>₩ 222,820,159</u>	<u>₩ 209,344,212</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

LIABILITIES AND EQUITY	NOTES	June 30, 2021	December 31, 2020
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 9,197,531	₩ 8,793,179
Other payables	20,39	4,421,722	6,123,714
Short-term borrowings	16,20,40	12,571,800	13,780,670
Current portion of long-term debt and debentures	16,20,40	16,620,476	16,104,005
Income tax payable		666,132	548,733
Provisions	17	6,668,914	6,360,770
Other financial liabilities	18,20	9,897	100,328
Lease liabilities	12,20	163,939	141,478
Non-current liabilities classified as held for sale	8	192	214,066
Other liabilities	19,20,27	8,105,273	7,292,585
Total current liabilities		58,425,876	59,459,528
Non-current liabilities:			
Long-term other payables	20,39	827,199	798,547
Debentures	16,20,40	58,411,542	48,795,361
Long-term debt	16,20,40	13,149,520	12,726,724
Net defined benefit liabilities	35	160,859	247,566
Provisions	17	4,159,009	4,010,118
Other financial liabilities	18,20	252,221	459,507
Deferred tax liabilities		3,685,427	3,277,573
Lease liabilities	12,20	666,541	615,566
Other liabilities	19,20,27	2,973,036	2,612,752
Total non-current liabilities		84,285,354	73,543,714
Total liabilities		142,711,230	133,003,242
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,045,345	4,190,093
Other capital items	23	(1,700,592)	(1,700,592)
Accumulated other comprehensive loss	24	(2,443,703)	(3,409,661)
Retained earnings	25	71,333,211	68,911,800
Equity attributable to the owners of the Company		72,723,254	69,480,633
Non-controlling interests		7,385,675	6,860,337
Total equity		80,108,929	76,340,970
Total liabilities and equity		₩ 222,820,159	₩ 209,344,212

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

		2021		2020	
	NOTES	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won, except per share amounts)					
Sales	27,40	₩ 30,326,066	₩ 57,716,937	₩ 21,858,991	₩ 47,178,439
Cost of sales	32	24,594,797	46,949,098	18,147,164	39,201,302
Gross profit		5,731,269	10,767,839	3,711,827	7,977,137
Selling and administrative expenses	28,32	3,845,268	7,225,223	3,121,506	6,523,040
Operating profit		1,886,001	3,542,616	590,321	1,454,097
Gain (loss) on investments in joint ventures and associates, net	29	373,847	734,454	(51,110)	34,709
Finance income	30	162,487	307,642	301,935	454,891
Finance expenses	30	119,466	239,807	337,144	566,514
Other income	31	387,138	754,055	477,105	707,363
Other expenses	31,32	188,054	550,730	384,841	764,012
Profit before income tax		2,501,953	4,548,230	596,266	1,320,534
Income tax expense	34	519,351	1,043,403	218,996	390,582
Profit for the period		₩ 1,982,602	₩ 3,504,827	₩ 377,270	₩ 929,952
Profit attributable to:					
Owners of the Company		1,761,887	3,089,137	227,386	690,700
Non-controlling interests		220,715	415,690	149,884	239,252
Earnings per share attributable to the owners of the Company:	33				
Basic earnings per share:					
Common stock		₩ 6,765	₩ 11,860	₩ 869	₩ 2,642
1 <sup>st</sup> preferred stock		₩ 6,778	₩ 11,885	₩ 882	₩ 2,667
Diluted earnings per share:					
Common stock		₩ 6,765	₩ 11,860	₩ 868	₩ 2,641
1 <sup>st</sup> preferred stock		₩ 6,778	₩ 11,885	₩ 881	₩ 2,666

See accompanying notes to the consolidated financial statements.



HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Profit for the period	₩ 1,982,602	₩ 3,504,827	₩ 377,270	₩ 929,952
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	98,069	248,718	75,557	(251,168)
Remeasurements of defined benefit plans	(5,904)	14,099	9,974	(20,851)
Changes in retained earnings of equity-accounted investees, net	(10,127)	16,099	(20,555)	(13,007)
Changes in share of OCI of equity-accounted investees, net	22,749	39,126	18,993	3,900
	<u>104,787</u>	<u>318,042</u>	<u>83,969</u>	<u>(281,126)</u>
Items that may be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	2,270	(1,012)	13,143	1,409
Gain (loss) on valuation of cash flow hedge derivatives, net	47,131	20,749	52,148	(105,995)
Changes in share of OCI of equity-accounted investees, net	86,078	258,731	(54,695)	47,527
Gain (loss) on foreign operations translation, net	125,115	589,995	(287,433)	234,654
	<u>260,594</u>	<u>868,463</u>	<u>(276,837)</u>	<u>177,595</u>
Total other comprehensive income (loss)	<u>365,381</u>	<u>1,186,505</u>	<u>(192,868)</u>	<u>(103,531)</u>
Total comprehensive income	<u>₩ 2,347,983</u>	<u>₩ 4,691,332</u>	<u>₩ 184,402</u>	<u>₩ 826,421</u>
Comprehensive income attributable to:				
Owners of the Company	2,101,806	4,172,695	215,627	562,190
Non-controlling interests	246,177	518,637	(31,225)	264,231
Total comprehensive income	<u>₩ 2,347,983</u>	<u>₩ 4,691,332</u>	<u>₩ 184,402</u>	<u>₩ 826,421</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss) (In millions of Korean Won)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
Balance at January 1, 2020	₩ 1,488,993	₩ 4,197,015	₩ (1,516,817)	₩ (2,353,022)	₩ 68,249,633	₩ 70,065,802	₩ 6,299,952	₩ 76,365,754
Comprehensive income:								
Profit for the period	-	-	-	-	690,700	690,700	239,252	929,952
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(245,913)	(5,560)	(251,473)	1,714	(249,759)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(62,397)	-	(62,397)	(43,598)	(105,995)
Changes in valuation of equity-accounted investees, net	-	-	-	48,995	(13,007)	35,988	2,432	38,420
Remeasurements of defined benefit plans	-	-	-	-	(17,893)	(17,893)	(2,958)	(20,851)
Gain on foreign operations translation, net	-	-	-	167,265	-	167,265	67,389	234,654
Total comprehensive income	-	-	-	(92,050)	654,240	562,190	264,231	826,421
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(790,489)	(790,489)	(103,290)	(893,779)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	795	795
Disposals of investment of subsidiaries	-	-	-	-	-	-	(67,662)	(67,662)
Purchases of treasury stocks	-	-	(183,756)	-	-	(183,756)	-	(183,756)
Others	-	(16)	-	-	682	666	(304)	362
Total transactions with owners, recorded directly in equity	-	(16)	(183,756)	-	(789,807)	(973,579)	(170,461)	(1,144,040)
Balance at June 30, 2020	<u>₩ 1,488,993</u>	<u>₩ 4,196,999</u>	<u>₩ (1,700,573)</u>	<u>₩ (2,445,072)</u>	<u>₩ 68,114,066</u>	<u>₩ 69,654,413</u>	<u>₩ 6,393,722</u>	<u>₩ 76,048,135</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2021	₩ 1,488,993	₩ 4,190,093	₩ (1,700,592)	₩ (3,409,661)	₩ 68,911,800	₩ 69,480,633	₩ 6,860,337	₩ 76,340,970
Comprehensive income:								
Profit for the period	-	-	-	-	3,089,137	3,089,137	415,690	3,504,827
Gain on financial assets measured at FVOCI, net	-	-	-	158,754	86,766	245,520	2,186	247,706
Gain (loss) on valuation of cash flow hedge derivatives, net	-	-	-	(17,931)	-	(17,931)	38,680	20,749
Changes in valuation of equity-accounted investees, net	-	-	-	285,792	16,099	301,891	12,065	313,956
Remeasurements of defined benefit plans	-	-	-	-	14,735	14,735	(636)	14,099
Gain on foreign operations translation, net	-	-	-	539,343	-	539,343	50,652	589,995
Total comprehensive income	-	-	-	965,958	3,206,737	4,172,695	518,637	4,691,332
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(785,516)	(785,516)	(140,854)	(926,370)
Increase in paid-in capital of subsidiaries by issuing stock	-	19,819	-	-	-	19,819	163,698	183,517
Acquisition of investment of subsidiaries	-	(164,567)	-	-	-	(164,567)	65,935	(98,632)
Disposals of investment of subsidiaries	-	-	-	-	-	-	(71,634)	(71,634)
Others	-	-	-	-	190	190	(10,444)	(10,254)
Total transactions with owners, recorded directly in equity	-	(144,748)	-	-	(785,326)	(930,074)	6,701	(923,373)
Balance at June 30, 2021	₩ 1,488,993	₩ 4,045,345	₩ (1,700,592)	₩ (2,443,703)	₩ 71,333,211	₩ 72,723,254	₩ 7,385,675	₩ 80,108,929

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	NOTES	Six-month period ended June 30,	
		2021	2020
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 3,504,827	₩ 929,952
Adjustments		7,440,998	7,675,153
Changes in operating assets and liabilities		(10,760,245)	(6,906,441)
		185,580	1,698,664
Interest received		187,567	267,499
Interest paid		(953,555)	(991,111)
Dividend received		200,884	222,482
Income tax paid		(433,975)	(480,872)
Net cash provided by (used in) operating activities		(813,499)	716,662
Cash flows from investing activities:			
Changes in short-term financial instruments, net		(1,326,073)	2,363,030
Changes in other financial assets (current), net		318,118	(2,060,276)
Decrease in other financial assets (non-current)		190,304	5,273
Collection of other receivables		36,512	22,725
Disposals of long-term financial instruments		33,485	2,468
Proceeds from disposals of property, plant and equipment		54,840	45,459
Proceeds from disposals of intangible assets		8,642	619
Proceeds from disposals of investment of subsidiaries		-	76,133
Proceeds from disposals of investment in joint ventures and associates		64	-
Acquisitions of subsidiaries, net of cash acquired		(273,563)	(50,313)
Increases in other financial assets (non-current)		(181,966)	(50,953)
Increases in other receivables		(38,848)	(11,791)
Purchases of long-term financial instruments		(79,946)	31,527
Acquisitions of property, plant and equipment		(1,952,234)	(2,190,207)
Acquisitions of intangible assets		(569,016)	(727,840)
Acquisitions of investments in joint ventures and associates		(429,933)	(927,157)
Others		3,429	68,829
Net cash used in investing activities		(4,206,185)	(3,402,474)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	NOTES	Six-month period ended June 30,	
		2021	2020
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(1,628,865)	₩ (1,657,864)
Proceeds from long-term debt and debentures		22,267,348	17,546,334
Proceeds from capital contribution from non-controlling interest		163,698	795
Acquisitions of subsidiaries		(300,670)	-
Repayment of long-term debt and debentures		(13,487,741)	(9,809,069)
Repayment of lease liabilities		(89,394)	(104,903)
Purchases of treasury stocks		-	(183,756)
Dividends paid		(926,204)	(893,753)
Others		(87,229)	(22,358)
Net cash provided by financing activities		<u>5,910,943</u>	<u>4,875,426</u>
Effect of exchange rate changes on cash and cash equivalents		273,949	12,192
Net increase in cash and cash equivalents		1,165,208	2,201,806
Cash and cash equivalents, beginning of the period		<u>9,862,136</u>	<u>8,681,971</u>
Cash and cash equivalents, end of the period	₩	<u>11,027,344</u>	₩ <u>10,883,777</u>
(Concluded)			

See accompanying notes to the consolidated financial statements.

# HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

### 1. GENERAL:

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

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

As of June 30, 2021, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.43%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.33%).

(1) The Group’s consolidated subsidiaries as of June 30, 2021 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*1)	”	”	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*2)	Manufacturing	”	33.77%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	”	”	100.00%	
Hyundai Partecs Co., Ltd.	”	”	56.00%	
Hyundai NGV	Engineering	”	53.66%	
Maintrans Company	Services	”	100.00%	Hyundai Rotem 100.00%
Rotem SRS Co., Ltd.	”	”	100.00%	
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	”	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	”	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	”	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	”	”	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	”	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC (SMART)	Manufacturing	”	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	”	100.00%	
Genesis Motor America LLC	Sales	”	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	”	100.00%	Hyundai Rotem 100.00%
Mocellanlab Inc.	Mobility service	”	100.00%	
Genesis Air Mobility LLC(*1,4)	R&D	”	44.44%	
Hyundai Motor Investment, Inc.	Investment	”	100.00%	
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	”	100.00%	”
Hyundai Capital Canada Inc. (HCCA)	Financing	”	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	”	”	100.00%	HCCA 100.00%
HK Lease Funding LP	”	”	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	”	”	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	”	”	100.00%	HCCA 100.00%
HK Retail Funding LP	”	”	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	”	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	”	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	Japan	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Genesis Motor Sales (Shanghai) Co. Ltd.	"	"	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	"	"	90.00%	Hyundai KEFICO 90.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	"	"	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV)(*1)	"	Vietnam	50.00%	
HYUNDAI THANH CONG COMMERCIAL VEHICLE JOINT STOCK COMPANY (HTCV)(*1)	Sales	"	50.00%	
HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV)(*1)	"	"	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
PT. HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	99.99%	
PT HYUNDAI MOTORS INDONESIA (HMID)	Sales	"	100.00%	HMMI 0.01%
PT. HYUNDAI CAPITAL INDONESIA (HCID)	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Capital Australia Pty Limited	"	Australia	100.00%	"
HR Mechanical Services Limited	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.65%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	"	100.00%	HMCIS B.V 100.00%
Hyundai Mobility Lab (HML)	R&D	"	100.00%	HMCIS 99.00%, HMMR 1.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)(*3)	Manufacturing	Turkey	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	Hyundai Rotem 50.50%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	Turkey	100.00%	Hyundai Rotem 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company – Hyundai EUrotem Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	Hyundai Rotem 85.00%, Hyundai EURotem A.S. 15.00%
Hyundai Rotem Malaysia SDN BHD	"	Malaysia	100.00%	Hyundai Rotem 100.00%
Hyundai Motor UK Limited (HMUK)	"	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana, S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	
Genesis Motor Europe GmbH (GME)	"	Germany	100.00%	
Genesis Motor UK Limited (GMUK)	"	UK	100.00%	GME 100.00%
Genesis Motor Switzerland AG (GMCH)	"	Switzerland	100.00%	"
Genesis Motor Deutschland GmbH (GMD)	"	Germany	100.00%	"
Hyundai Hydrogen Mobility AG (HHM)	"	Switzerland	75.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L.DE C.V.	"	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	"	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	"	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	"	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
KB Leaders Private Securities Fund1(Bond Mixed)	"	"	100.00%	
Samsung ETF rotation Private Investment Trust 1	"	"	100.00%	
ZER01NE Accelerator Investment Fund No.1	"	"	99.00%	
Autopia Sixty-Fourth ~ Seventy-First Asset Securitization Specialty Company (*1)	Financing	"	0.50%	Hyundai Capital Services 0.50%
Zavurov First Co., Ltd. (*1)	"	"	0.00%	Hyundai Capital Services 0.00%
Super Series Fifth ~ TenthSecuritization Specialty Co., Ltd. (*1)	"	"	0.50%	Hyundai Card 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
MOCEAN Co.,Ltd	Mobility Service	"	80.00%	
Hyundai CHA Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"



Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Extended Term Amortizing Program, LLC	Financing	USA	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

- (\*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.
- (\*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.
- (\*3) For the six-month period ended June 30, 2021, the Company's shareholding ratio in Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT), a subsidiary, changed from 70% to 97%. As a result, capital surplus and non-controlling interest have decreased by ₩164,567 million and ₩136,103 million, respectively.
- (\*4) For the six-month period ended June 30, 2021, the Company's shareholding ratio in Genesis Air Mobility LLC, a subsidiary, changed from 100% to 44.44%. As a result, capital surplus and non-controlling interest have increased by ₩19,819 million and ₩107,559 million, respectively.

- (2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2021 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 33,749,650	₩ 28,787,746	₩ 1,652,741	₩ 227,472
Hyundai Card Co., Ltd. (*)	20,452,832	16,960,435	1,356,215	182,325
Hyundai Rotem Company (*)	4,127,415	2,756,175	1,364,126	19,524
Hyundai KEFICO Corporation (*)	2,077,675	1,266,570	1,009,397	39,669
HCA (*)	53,613,307	47,868,850	5,408,548	519,418
HMA	6,942,776	5,110,522	11,164,394	317,037
HMMA	4,534,247	2,981,930	4,145,700	87,482
HMMC	4,041,852	1,767,432	3,679,228	131,787
HMI (*)	3,854,123	1,433,478	3,649,762	231,265
HME (*)	2,330,888	2,273,876	5,838,130	5,282
HMMR	1,902,688	1,011,067	1,545,782	107,410
HACC (*)	1,669,674	898,718	1,949,348	77,031
HMB	1,565,211	1,098,939	980,178	(4,978)
HAOSVT	1,401,744	895,533	1,426,041	118,022
HMCA	838,687	642,741	948,538	31,462

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

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2020 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 32,649,353	₩ 28,158,460	₩ 1,662,812	₩ 186,263
Hyundai Card Co., Ltd. (*)	18,555,321	15,220,268	1,244,768	166,151
Hyundai Rotem Company (*)	4,116,062	3,013,710	1,327,090	17,062
Hyundai KEFICO Corporation (*)	1,998,420	1,330,013	822,790	6,413
HCA (*)	46,787,502	41,707,273	5,719,716	56,118
HMA	6,908,004	5,754,522	8,814,511	(120,501)
HMMA	4,581,989	2,152,968	2,564,249	(164,215)
HMMC	3,928,994	1,714,573	2,297,728	61,255
HMI (*)	3,234,445	1,129,225	1,969,132	38,442
HME (*)	2,013,770	1,970,782	4,310,063	5,179
HMMR	1,761,297	929,608	1,222,132	69,894
HACC (*)	1,396,715	764,396	1,257,212	28,350
HAOSVT	1,373,339	899,110	1,101,995	21,770
HMB	1,142,216	962,299	529,539	(89,842)
HMCA	452,869	305,290	610,592	(888)

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

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

(4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group and subsidiaries of finance segment for the six-month period ended June 30, 2021 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Provided by (used in) operating activities	₩ 282,404	₩ (528,928)	₩ (52,246)
Provided by (used in) investing activities	(15,954)	(30,711)	172,396
Provided by (used in) financing activities	(273,994)	485,238	(185,390)
Effect of exchange rate changes on cash and cash equivalents	-	-	(2,753)
Net decrease in cash and cash equivalents	₩ (7,544)	₩ (74,401)	₩ (67,993)

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the six-month period ended June 30, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Provided by (used in) operating activities	₩ 468,162	₩ (499,851)	₩ 219,035
Provided by (used in) investing activities	(101,146)	(25,687)	156,687
Provided by (used in) financing activities	102,001	975,718	(219,525)
Effect of exchange rate changes on cash and cash equivalents	-	485	(1,625)
Net increase in cash and cash equivalents	₩ 469,017	₩ 450,665	₩ 154,572

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the six-month period ended June 30, 2021 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,001,833	₩ 2,296,764	₩ 823,335
Profit attributable to non-controlling interests	89,896	114,959	11,484
Dividends paid to non-controlling interests	37,002	92,463	-

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of and for the year ended December 31, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 1,912,151	₩ 2,267,168	₩ 808,494
Profit attributable to non-controlling interests	139,223	154,171	13,510
Dividends paid to non-controlling interests	36,081	63,429	3,733

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the six-month period ended June 30, 2021 are as follows.

Changes	Name of subsidiaries	Description
Included	Rotem SRS Co., Ltd.	Establishment
"	Hyundai Motor Investment, Inc.	"
"	HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV)	Acquisition
"	Genesis Motor Deutschland GmbH (GMD)	Establishment
"	Autopia Seventy-First Asset Securitization Specialty Company	"
"	Super Series Tenth Securitization Specialty Co., Ltd	"
Excluded	Hyundai Autron Company Ltd.	Liquidation
"	Hydrogenic Energy Fund 1,L.P	Changed to equity method
"	Autopia Sixty- Third Asset Securitization Specialty Company	Liquidation

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

### **(1) Basis of consolidated financial statements preparation**

The Group's condensed consolidated interim financial statements as of June 30, 2021 and for the six-month periods ended June 30, 2021 and 2020, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with K-IFRS.

There are new or amended accounting standards effective from January 1, 2021, but those standards did not have a material impact on the Group's consolidated financial statements. Except for these standards, the significant accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those applied to the annual consolidated financial statements as of and for the year ended December 31, 2020.

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

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

Management expects that the COVID-19 outbreak from early 2020 will have an impact on most of the regional and operating sectors in which the Group operates. However, as the extent and duration of the impacts of COVID-19 pandemic remain uncertain, the financial impact cannot be reasonably estimated.

Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements to be the same as the annual consolidated financial statements for the year ended December 31, 2020.

### 3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,486,525	₩ 138,388	₩ 3,338,865	₩ 128,599
Loss allowance	(44,850)	(457)	(54,893)	(317)
Present value discount accounts	-	(4,039)	-	(4,013)
	<u>₩ 3,441,675</u>	<u>₩ 133,892</u>	<u>₩ 3,283,972</u>	<u>₩ 124,269</u>

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2021, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not due	Overdue	Overdue	Overdue	Total	Amount of
		Within	Within	Within		
		90days	180days	More than	amounts	impaired
			More than	More than		receivables
			91days	181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 3,095,233	₩ 377,683	₩ 9,446	₩ 142,551	₩ 3,624,913	₩ 45,307

As of December 31, 2020, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not due	Overdue	Overdue	Overdue	Total	Amount of
		Within	Within	Within		
		90days	180days	More than	amounts	impaired
			More than	More than		receivables
			91days	181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 2,937,200	₩ 438,770	₩ 3,677	₩ 87,817	₩ 3,467,464	₩ 55,210

(3) The changes in loss allowance for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 55,210	₩ 67,564
Impairment loss (reversal)	610	(23,621)
Write-off	(10,779)	(50)
Effect of foreign exchange differences and others	266	257
End of the period	<u>₩ 45,307</u>	<u>₩ 44,150</u>

#### 4. OTHER RECEIVABLES:

(1) Other receivables as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivable – others (*)	₩ 2,358,751	₩ 368,445	₩ 2,757,116	₩ 350,549
Due from customers for contract work	1,348,146	-	1,252,117	-
Lease and rental deposits	25,629	305,383	16,296	302,052
Deposits	7,323	43,541	5,268	39,752
Others	4,625	3,507	4,050	10,282
Loss allowance	(17,768)	(88)	(17,875)	(294)
	₩ 3,726,706	₩ 720,788	₩ 4,016,972	₩ 702,341

(\*) As of June 30, 2021 and December 31, 2020, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of ₩1,127,823 million and ₩1,073,098 million, respectively.

(2) The changes in other allowance for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
(In millions of Korean Won)		
Beginning of the period	₩ 18,169	₩ 15,403
Impairment loss (reversal)	30	(1,014)
Write-off	(409)	(563)
Effect of foreign exchange differences	66	6
End of the period	₩ 17,856	₩ 13,832

#### 5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2021 are as follows.

Description	June 30, 2021	
	Current	Non-current
(In millions of Korean Won)		
Financial assets measured at FVPL	₩ 11,580,083	₩ 583,572
Financial assets measured at FVOCI	22,534	2,550,279
Financial assets measured at amortized cost	33,177	6,835
Derivative assets that are effective hedging instruments	39,709	178,232
	₩ 11,675,503	₩ 3,318,918

Other financial assets as of December 31, 2020 are as follows.

Description	December 31, 2020	
	Current	Non-current
(In millions of Korean Won)		
Financial assets measured at FVPL	₩ 12,705,388	₩ 388,069
Financial assets measured at FVOCI	36,831	2,286,113
Financial assets measured at amortized cost	29,565	8,400
Derivative assets that are effective hedging instruments	125,324	96,645
	₩ 12,897,108	₩ 2,779,227

(2) Financial assets measured at FVOCI as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Acquisition cost	Book value	Book value	
	(In millions of Korean Won)			
Debt instruments	₩ 360,399	₩ 376,326	₩ 327,730	
Equity instruments (*)	1,836,885	2,196,487	1,995,214	
	₩ 2,197,284	₩ 2,572,813	₩ 2,322,944	

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

(3) Equity instruments classified into financial assets measured at FVOCI as of June 30, 2021 and December 31, 2020 are as follows.

Name of the company	Ownership percentage (%)	June 30, 2021		December 31, 2020	
		Acquisition		Book value	
		cost	Book value	Book value	
(In millions of Korean Won)					
Hyundai Steel Company (*1)	6.87	₩ 835,375	₩ 566,036	₩ 451,650	
Hyundai Glovis Co., Ltd.	4.88	210,688	382,666	336,893	
Hyundai Oilbank Co., Ltd.	4.35	53,734	222,524	222,524	
Korea Aerospace Industries, Ltd. (*2)	-	73,331	155,651	122,061	
Hyundai Heavy Industries Holdings Co., Ltd.	2.20	9,018	122,822	98,361	
Korea Shipbuilding & Offshore Engineering Co., Ltd (*3)	0.70	12,904	66,522	177,165	
NICE Information Service Co., Ltd.	2.25	3,312	34,285	33,875	
Hyundai Green Food Co., Ltd.	2.36	15,005	24,808	20,215	
Hyundai M Partners Co., Ltd.	9.29	9,888	15,983	16,708	
NICE Holdings Co., Ltd.	1.30	3,491	9,365	9,562	
KT Corporation	0.09	8,655	7,635	5,762	
Hyundai Asan Corporation	1.40	22,500	2,117	2,117	
Others		578,984	586,073	498,321	
		₩ 1,836,885	₩ 2,196,487	₩ 1,995,214	

(\*1) The Group entered into a total return swap agreement to transfer 1,367,114 shares out of total 10,540,709 shares with a third party.

(\*2) The Group entered into a total return swap agreement to transfer total shares with a third party.

(\*3) For the six-month period ended June 30, 2021, the Group has disposed of a portion of its shares.

## 6. INVENTORIES:

Inventories as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Finished goods	₩	6,394,405	₩	6,844,023
Merchandise		49,723		44,356
Semifinished goods		561,057		576,950
Work in progress		579,540		404,504
Raw materials		2,082,257		1,633,579
Supplies		304,293		299,259
Materials in transit		716,258		625,833
Others (*1)		641,494		905,230
Total (*2)	₩	11,329,027	₩	11,333,734

(\*1) As of June 30, 2021 and December 31, 2020, others include inventories provided by operating lease with repurchase agreement in the amount of ₩143,553 million and ₩89,059 million, respectively.

(\*2) As of June 30, 2021 and December 31, 2020, the Group recognized a valuation allowance in the amount of ₩142,693 million and ₩164,980 million, respectively.

## 7. OTHER ASSETS:

Other assets as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 351,570	₩ 789	₩ 327,079	₩ 866
Advanced payments	704,239	-	726,609	-
Prepaid expenses	531,685	939,641	459,580	792,529
Prepaid value-added tax and others	492,954	119,579	520,103	86,114
	₩ 2,080,448	₩ 1,060,009	₩ 2,033,371	₩ 879,509

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

Non-current assets classified as held for sale as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Land	₩ -	₩ 7,426
Building and others	30,819	-
Subsidiary (*)	-	297,043
Total	₩ 30,819	₩ 304,469
Non-current liabilities classified as held for sale (*)	₩ 192	₩ 214,066

(\*) Hyundai Autoever Corp., an associate of the Company, entered into a contract to merge with Hyundai Autron Company Ltd., the subsidiary of the Company, and HYUNDAI MNSOFT, Inc., the associate of the Company, in December 2020 and the merger was completed as of April 1, 2021. Accordingly, the Group classified the assets and liabilities related to Hyundai Autron Company Ltd. to disposal group held for sale as of December 31, 2020 and it was disposed of during the six-month period ended June 30, 2021.



## 9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment ("PP&E") for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 34,092,229	₩ 32,831,524
Acquisitions	1,599,079	1,953,119
Disposals	(54,940)	(61,572)
Depreciation	(1,400,783)	(1,333,397)
Transfer to assets classified as held for sale	(28,532)	(64,889)
Others (*)	148,464	225,463
End of the period	₩ 34,355,517	₩ 33,550,248

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

## 10. INVESTMENT PROPERTY:

(1) The changes in investment property for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 160,967	₩ 171,494
Depreciation	(2,700)	(5,405)
Effect of foreign exchange differences	537	418
Others (*)	1,537	-
End of the period	₩ 160,341	₩ 166,507

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

(2) Income and expenses related to investment property for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Rental income	₩ 12,387	₩ 24,276	₩ 11,670	₩ 23,377
Operating and maintenance expenses	3,475	6,671	4,076	8,322

## 11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,			
	2021		2020	
	(In millions of Korean Won)			
Beginning of the period	₩	5,677,567	₩	5,266,496
Internal developments and external acquisitions		569,403		706,503
Disposals		(10,768)		(1,084)
Amortization		(761,076)		(709,279)
Impairment loss		(7,612)		(29,468)
Others (*)		536,175		348,230
End of the period	₩	6,003,689	₩	5,581,398

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

(2) Research and development expenditures for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Development costs (intangible assets)	₩ 255,336	₩ 487,953	₩ 366,440	₩ 631,341
Research and development (*1)	371,963	718,638	356,715	689,345
Total (*2)	₩ 627,299	₩ 1,206,591	₩ 723,155	₩ 1,320,686

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

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

## 12. LEASES (AS A LESSEE):

(1) The changes in right-of-use assets for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,			
	2021		2020	
	(In millions of Korean Won)			
Beginning of the period	₩	836,324	₩	734,542
Acquisitions		221,115		140,019
Disposals		(89,963)		(46,708)
Depreciation		(98,528)		(98,851)
Others (*)		5,628		125,947
End of the period	₩	874,576	₩	854,949

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

(2) Lease liabilities as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩	1,027,356	₩	943,470
Discounted lease liabilities		830,480		757,044
Current		163,939		141,478
Non-current		666,541		615,566

### 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of June 30, 2021 and December 31, 2020 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	June 30, 2021		December 31, 2020	
					Book value (In millions of Korean Won)		Book value
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩	681,165	₩	627,895
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00		602,585		779,958
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	31.40		232,096		224,979
Motional AD LLC (*1,4)	R&D	USA	26.00		1,040,199		1,053,282
Boston Dynamics, Inc.	R&D	USA	30.00		426,001		-
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00		497,993		495,999
Kia Corporation (*5)	Manufacturing	Korea	33.88		10,773,743		9,972,824
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95		2,860,745		2,835,399
Hyundai Transys Inc.	Manufacturing	Korea	41.13		1,066,646		1,017,906
Hyundai WIA Corporation	Manufacturing	Korea	25.35		719,837		694,991
Hyundai Autoever Corp. (*6)	IT service	Korea	31.59		392,116		158,073
Hyundai Motor Securities Co., Ltd.	Securities brokerage	Korea	25.59		306,042		310,472
Hyundai Commercial Inc.	Financing	Korea	37.50		272,793		261,601
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00		157,318		150,503
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90		98,527		97,655
Others					1,318,899		1,243,723
				₩	21,446,705	₩	19,925,260

- (\*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.
- (\*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (\*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.
- (\*4) During the year ended December 31, 2020, the name of the company was changed from Hyundai-Aptiv AD LLC to Motional AD LLC.
- (\*5) During the six-month period ended June 30, 2021, the name of the company was changed from Kia Motors Corporation to Kia Corporation.
- (\*6) During the six-month period ended June 30, 2021, as the merger with Hyundai Autron Company Ltd., the subsidiary of the Company, and HYUNDAI MNSOFT, Inc., the associate of the Company, was completed, the Group's ownership percentage was changed from 28.48% to 31.59%.

- (2) The changes in investments in joint ventures and associates for the six-month period ended June 30, 2021 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
(In millions of Korean Won)						
BHAF	₩ 627,895	₩ -	₩ 39,140	₩ (15,880)	₩ 30,010	₩ 681,165
BHMC	779,958	-	(212,928)	-	35,555	602,585
WAE	224,979	-	(2,880)	-	9,997	232,096
Motional AD LLC	1,053,282	-	(56,109)	-	43,026	1,040,199
Boston Dynamics, Inc.	-	426,001	-	-	-	426,001
HCBE	495,999	-	(466)	-	2,460	497,993
Kia Corporation	9,972,824	-	813,226	(137,318)	125,011	10,773,743
Hyundai Engineering & Construction Co., Ltd.	2,835,399	-	32,715	(13,996)	6,627	2,860,745
Hyundai Transys Inc.	1,017,906	-	40,765	-	7,975	1,066,646
Hyundai WIA Corporation	694,991	-	21,812	(4,826)	7,860	719,837
Hyundai Autoever Corp.	158,073	-	9,604	(4,485)	228,924	392,116
Hyundai Motor Securities Co., Ltd.	310,472	-	12,552	(5,444)	(11,538)	306,042
Hyundai Commercial Inc.	261,601	-	27,350	(3,750)	(12,408)	272,793
Eukor Car Carriers Inc.	150,503	-	913	-	5,902	157,318
Haevichi Hotels & Resorts Co., Ltd.	97,655	-	871	-	1	98,527
Others	1,243,723	95,191	11,330	(3,045)	(28,300)	1,318,899
	<u>₩ 19,925,260</u>	<u>₩ 521,192</u>	<u>₩ 737,895</u>	<u>₩ (188,744)</u>	<u>₩ 451,102</u>	<u>₩ 21,446,705</u>

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

The changes in investments in joint ventures and associates for the six-month period ended June 30, 2020 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*1)	End of the period
(In millions of Korean Won)						
BHMC	₩ 1,256,925	₩ -	₩ (199,741)	₩ -	₩ 33,348	₩ 1,090,532
BHAF	577,810	-	29,570	-	13,364	620,744
WAE	154,136	-	(7,757)	-	3,725	150,104
Hyundai-Aptiv AD LLC (*2)	-	1,295,714	(47,467)	-	(31,195)	1,217,052
HCBE	159,948	103,275	144	-	9,086	272,453
Kia Motors Corporation	9,655,017	-	151,286	(157,916)	10,367	9,658,754
Hyundai Engineering & Construction Co., Ltd.	2,859,169	-	24,078	(13,996)	(2,478)	2,866,773
Hyundai Transys Inc.	1,026,563	-	(9,755)	-	(163)	1,016,645
Hyundai WIA Corporation	682,526	-	10,907	(4,826)	4,603	693,210
Hyundai Motor Securities Co., Ltd.	283,446	-	14,772	(4,839)	2,625	296,004
Hyundai Commercial Inc.	255,800	-	19,909	-	(2,834)	272,875
Eukor Car Carriers Inc.	173,212	-	(7,616)	-	5,810	171,406
Hyundai Autoever Corp.	145,076	-	7,868	(4,246)	270	148,968
Haevichi Hotels & Resorts Co., Ltd.	101,578	-	(2,770)	-	(905)	97,903
Others	1,044,084	15,261	8,845	(3,215)	(4,088)	1,060,887
	<u>₩ 18,375,290</u>	<u>₩ 1,414,250</u>	<u>₩ (7,727)</u>	<u>₩ (189,038)</u>	<u>₩ 41,535</u>	<u>₩ 19,634,310</u>

(\*1) Others consist of changes in accumulated other comprehensive income (loss) and others.

(\*2) The joint venture was incorporated during the six-month period ended June 30, 2020, and the acquisition cost is measured as the fair value of paid cash, contributed patent licenses and the provision of services in exchange for the shares of the joint venture.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2021 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHAF (*)	₩ 5,180,258	₩ -	₩ 3,895,041	₩ -
BHMC	2,713,452	4,121,983	4,679,743	902,191
WAE	593,605	562,373	170,077	285,068
Motional AD LLC	829,829	3,433,549	72,393	95,757
Boston Dynamics, Inc.	244,931	248,850	86,614	80,013
HCBE (*)	6,225,002	-	5,233,981	-
Kia Corporation	28,836,861	35,068,871	21,270,553	10,320,165
Hyundai Engineering & Construction Co., Ltd.	13,699,348	4,678,290	6,820,458	2,597,555
Hyundai Transys Inc.	3,657,815	2,808,483	2,289,144	1,539,681
Hyundai WIA Corporation	4,065,652	3,612,528	2,072,985	1,988,170
Hyundai Autoever Corp.	1,278,566	814,309	526,202	241,446
Hyundai Motor Securities Co., Ltd. (*)	9,874,245	-	8,755,567	-
Hyundai Commercial Inc. (*)	9,503,716	-	8,179,957	-
Eukor Car Carriers Inc.	295,388	2,966,838	542,653	1,410,776
Haevichi Hotels & Resorts Co., Ltd.	44,664	408,832	225,318	54,655

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHAF (*)	₩ 215,126	₩ 73,847	₩ -	₩ 73,847
BHMC	3,165,611	(436,264)	-	(436,264)
WAE	436,060	4,022	-	4,022
Motional AD LLC	384	(223,478)	(502)	(223,980)
Boston Dynamics, Inc.	22,680	(87,207)	-	(87,207)
HCBE (*)	344,424	(1,125)	4,798	3,673
Kia Corporation	34,921,226	2,377,944	446,329	2,824,273
Hyundai Engineering & Construction Co., Ltd.	8,533,102	279,368	45,512	324,880
Hyundai Transys Inc.	4,148,877	97,250	11,239	108,489
Hyundai WIA Corporation	3,834,854	60,833	48,925	109,758
Hyundai Autoever Corp.	514,662	23,079	370	23,449
Hyundai Motor Securities Co., Ltd. (*)	430,235	72,498	4,133	76,631
Hyundai Commercial Inc. (*)	228,242	78,231	(25,644)	52,587
Eukor Car Carriers Inc.	793,694	8,626	49,091	57,717
Haevichi Hotels & Resorts Co., Ltd.	53,650	1,904	1	1,905

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

Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2020 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 3,461,157	₩ 4,443,631	₩ 4,860,248	₩ 591,786
BHAF (*)	6,174,193	-	5,002,978	-
WAE	629,592	603,487	410,822	139,968
Hyundai-Aptiv AD LLC	1,889,701	2,940,992	29,861	46,340
HCBE (*)	2,934,379	-	2,426,668	-
Kia Motors Corporation	23,799,689	34,540,285	19,403,021	10,034,868
Hyundai Engineering & Construction Co., Ltd.	14,393,321	4,400,272	7,162,926	2,820,009
Hyundai Transys Inc.	3,184,685	2,723,719	1,971,619	1,502,877
Hyundai WIA Corporation	3,450,496	3,148,211	1,682,992	1,801,020
Hyundai Motor Securities Co., Ltd. (*)	10,152,983	-	9,122,567	-
Hyundai Commercial Inc. (*)	9,310,547	-	7,991,178	-
Eukor Car Carriers Inc.	332,783	3,202,962	620,426	1,489,115
Hyundai Autoever Corp.	780,704	269,069	417,250	104,232
Haevichi Hotels & Resorts Co., Ltd.	33,582	420,029	214,204	66,792

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHMC	₩ 2,729,227	₩ (539,977)	₩ -	₩ (539,977)
BHAF (*)	114,693	55,793	-	55,793
WAE	429,933	(35,261)	17,399	(17,862)
Hyundai-Aptiv AD LLC	527	(61,569)	7	(61,562)
HCBE (*)	49,353	660	16,656	17,316
Kia Motors Corporation	25,935,741	392,278	(7,260)	385,018
Hyundai Engineering & Construction Co., Ltd.	8,603,014	265,967	(37,973)	227,994
Hyundai Transys Inc.	3,190,360	(37,828)	12,119	(25,709)
Hyundai WIA Corporation	2,861,420	28,106	13,372	41,478
Hyundai Motor Securities Co., Ltd. (*)	439,406	53,171	9,549	62,720
Hyundai Commercial Inc. (*)	216,607	53,852	10,599	64,451
Eukor Car Carriers Inc.	668,806	(62,833)	49,139	(13,694)
Hyundai Autoever Corp.	719,798	28,148	993	29,141
Haevichi Hotels & Resorts Co., Ltd.	42,369	(5,310)	(30)	(5,340)

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

- (4) Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2021 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF(*)	₩ 663,306	₩ 3,796,771	₩ -	₩ 3,900	₩ 209,881	₩ 89,083	₩ 25,227
BHMC	705,475	511,932	621,896	238,930	4,880	41,753	1,298
Motional AD LLC	84,269	9,740	59,606	39,462	1,755	-	(14,154)

- (\*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2020 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 474,074	₩ 1,128,239	₩ 253,854	₩ 233,851	₩ 6,495	₩ 48,777	₩ 28
BHAF(*)	1,463,939	4,774,679	-	3,604	212,970	93,080	18,733
Hyundai-Aptiv AD LLC	1,878,709	29,861	46,340	20,071	965	27	(16,949)

- (\*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

- (5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of June 30, 2021 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
(In millions of Korean Won)				
BHAF	₩ 681,165	₩ -	₩ -	₩ 681,165
BHMC	626,751	-	(24,166)	602,585
WAE (*)	224,250	7,809	37	232,096
Motional AD LLC	1,064,762	-	(24,563)	1,040,199
Boston Dynamics, Inc. (*)	225,202	200,799	-	426,001
HCBE	474,430	22,341	1,222	497,993
Kia Corporation	10,639,164	197,089	(62,510)	10,773,743
Hyundai Engineering & Construction Co., Ltd. (*)	2,129,383	731,362	-	2,860,745
Hyundai Transys Inc.	1,052,241	-	14,405	1,066,646
Hyundai WIA Corporation	814,616	-	(94,779)	719,837
Hyundai Autoever Corp.	416,400	58,822	(83,106)	392,116
Hyundai Motor Securities Co., Ltd.	265,990	40,052	-	306,042
Hyundai Commercial Inc.	272,793	-	-	272,793
Eukor Car Carriers Inc.	157,056	-	262	157,318
Haevichi Hotels & Resorts Co., Ltd. (*)	94,951	3,576	-	98,527

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



Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2020 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
		(In millions of Korean Won)		
BHMC	₩ 809,320	₩ -	₩ (29,362)	₩ 779,958
BHAF	627,895	-	-	627,895
WAE (*)	217,132	7,809	38	224,979
Motional AD LLC	1,079,841	-	(26,559)	1,053,282
HCBE	472,534	22,341	1,124	495,999
Kia Motors Corporation	9,857,162	197,089	(81,427)	9,972,824
Hyundai Engineering & Construction Co., Ltd. (*)	2,104,036	731,362	1	2,835,399
Hyundai Transys Inc.	1,003,185	-	14,721	1,017,906
Hyundai WIA Corporation	789,544	-	(94,553)	694,991
Hyundai Motor Securities Co., Ltd.	271,503	40,052	(1,083)	310,472
Hyundai Commercial Inc.	261,601	-	-	261,601
Eukor Car Carriers Inc.	150,241	-	262	150,503
Hyundai Autoever Corp.	158,073	-	-	158,073
Haevichi Hotels & Resorts Co., Ltd. (*)	94,079	3,576	-	97,655

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

(6) The market price of listed equity securities as of June 30, 2021 is as follows.

Name of the company	Price per share	Total number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Corporation	₩ 89,600	137,318,251	₩ 12,303,715
Hyundai Engineering & Construction Co., Ltd.	58,300	23,327,400	1,359,987
Hyundai Autoever Corp.	135,500	8,664,334	1,174,017
Hyundai WIA Corporation	101,500	6,893,596	699,700
Hyundai Motor Securities Co., Ltd.	13,900	8,065,595	112,112

#### 14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Loans	₩ 58,123,241	₩ 52,461,355
Card receivables	17,781,972	17,094,598
Financial lease receivables	2,372,376	2,429,420
Others	34,432	34,407
	78,312,021	72,019,780
Loss allowance	(1,623,700)	(1,685,229)
Loan origination fee	(412,337)	(643,063)
Present value discount accounts	(25,002)	(26,278)
	₩ 76,250,982	₩ 69,665,210

- (2) The changes in loss allowance of financial services receivables for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 1,685,229	₩ 1,480,555
Impairment loss	331,341	467,778
Write-off	(370,551)	(205,379)
Disposals and others	(39,169)	(173,490)
Effect of foreign exchange differences	16,850	10,622
End of the period	₩ 1,623,700	₩ 1,580,086

- (3) Gross investments in financial leases and their present value of minimum lease receipts as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 939,080	₩ 836,025	₩ 979,318	₩ 875,646
Later than one year and not later than five years	1,622,243	1,523,267	1,643,708	1,542,578
Later than five years	9,140	8,845	6,908	6,691
	₩ 2,570,463	₩ 2,368,137	₩ 2,629,934	₩ 2,424,915

- (4) Unearned interest income of financial leases as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Gross investments in financial lease	₩	2,570,463	₩	2,629,934
Net lease investments:				
Present value of minimum lease payment receivable		2,368,137		2,424,915
Present value of unguaranteed residual value		4,239		4,505
		<u>2,372,376</u>		<u>2,429,420</u>
Unearned interest income	₩	198,087	₩	200,514

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

- (1) Investments in operating leases as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Acquisition cost	₩	26,519,577	₩	23,322,479
Accumulated depreciation		(2,873,669)		(2,688,950)
Accumulated impairment loss		(113,659)		(131,838)
	₩	23,532,249	₩	20,501,691

- (2) Future minimum lease payment receivable related to investments in operating leases as of June 30, 2021 and December 31, 2020 is as follows.

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Not later than one year	₩ 4,629,737	₩ 4,091,315
Later than one year and not later than five years	5,258,622	4,454,173
Later than five years	48	-
	₩ 9,888,407	₩ 8,545,488

## 16. BORROWINGS AND DEBENTURES:

- (1) Short-term borrowings as of June 30, 2021 and December 31, 2020 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2021	December 31, 2020
			(In millions of Korean Won)	
Overdrafts	Citi Bank and others	0.11~1.13	₩ 622,289	₩ 650,851
General borrowings	Korea Development Bank and others	0.13~5.09	2,518,144	3,735,030
Borrowings collateralized by trade receivables	KEB Hana Bank and others	0.00001~0.75	2,606,966	2,914,830
Banker's Usance	KEB Hana Bank and others	0.04~4.20	651,598	373,230
Commercial paper	Shinhan Bank and others	0.12~1.58	4,806,589	4,827,568
Asset-backed securities	RBC and others	1.52~1.65	1,366,214	1,279,161
			₩ 12,571,800	₩ 13,780,670

- (2) Long-term debt as of June 30, 2021 and December 31, 2020 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2021	December 31, 2020
			(In millions of Korean Won)	
General borrowings	Mizuho Bank and others	0.10~7.25	₩ 9,636,977	₩ 8,911,475
Credit facilities	NH Bank and others	1.52~1.94	548,100	551,100
Commercial paper	BNK Investment & Securities and others	1.19~2.12	1,750,000	1,490,000
Asset-backed securities	HSBC and others	0.70~1.65	5,325,169	5,652,711
Others(*)	NH Investment & Securities and others		392,032	435,607
			17,652,278	17,040,893
Less: present value discounts			(86,138)	(90,201)
Less: current maturities			(4,416,620)	(4,223,968)
			₩ 13,149,520	₩ 12,726,724

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

(3) Debentures as of June 30, 2021 and December 31, 2020 are as follows.

Description	Latest maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
(In millions of Korean Won)				
Non-guaranteed public debentures	June 30, 2031	0.96~3.38	₩ 30,830,586	₩ 30,083,284
Non-guaranteed private debentures	April 8, 2030	0.80~6.38	23,436,025	16,774,640
Asset-backed securities	December 15, 2027	0.11~3.29	16,504,647	13,931,180
			70,771,258	60,789,104
Less: discount on debentures			(155,860)	(113,706)
Less: current maturities			(12,203,856)	(11,880,037)
			₩ 58,411,542	₩ 48,795,361

## 17. PROVISIONS:

The changes in provisions for the six-month period ended June 30, 2021 are as follows.

Description	Warranty	Other long-term employee benefits	Others
(In millions of Korean Won)			
Beginning of the period	₩ 8,514,173	₩ 729,996	₩ 1,126,719
Charged	1,569,722	33,589	324,134
Utilized	(1,162,329)	(44,985)	(377,649)
Effect of foreign exchange differences and others	95,093	(70)	19,530
End of the period	₩ 9,016,659	₩ 718,530	₩ 1,092,734

The changes in provisions for the six-month period ended June 30, 2020 are as follows.

Description	Warranty	Other long-term employee benefits	Others
(In millions of Korean Won)			
Beginning of the period	₩ 5,447,307	₩ 726,356	₩ 971,266
Charged	1,239,895	34,820	374,199
Utilized	(1,022,924)	(34,277)	(490,267)
Effect of foreign exchange differences and others	28,098	115	2,253
End of the period	₩ 5,692,376	₩ 727,014	₩ 857,451

## 18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of June 30, 2021 are as follows.

Description	June 30, 2021	
	Current	Non-current
(In millions of Korean Won)		
Financial liabilities measured at FVPL	₩ 28	₩ 65,967
Derivative liabilities that are effective hedging instruments	9,869	186,254
	₩ 9,897	₩ 252,221

(2) Other financial liabilities as of December 31, 2020 are as follows.

Description	December 31, 2020	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 5,285	₩ 25,759
Derivative liabilities that are effective hedging instruments	95,043	433,748
	₩ 100,328	₩ 459,507

## 19. OTHER LIABILITIES:

Other liabilities as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,093,607	₩ 27,236	₩ 1,080,726	₩ 22,580
Withholdings	1,086,282	198,098	1,094,177	194,927
Accrued expenses	3,524,159	-	2,957,418	-
Unearned income	804,736	1,993,981	742,484	1,705,607
Due to customers for contract work	994,693	-	855,866	-
Others	601,796	753,721	561,914	689,638
	₩ 8,105,273	₩ 2,973,036	₩ 7,292,585	₩ 2,612,752

## 20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of June 30, 2021 are as follows.

Description	Financial assets measured at FVPL		Financial assets measured at amortized cost		Financial assets measured at FVOCI		Derivative assets that are effective hedging instruments		Book value	Fair value		
(In millions of Korean Won)												
Cash and cash equivalents	₩	-	₩	11,027,344	₩	-	₩	-	₩	11,027,344	₩	11,027,344
Short-term and long-term financial instruments		-		8,832,431		-		-		8,832,431		8,832,431
Trade notes and accounts receivable		-		3,575,567		-		-		3,575,567		3,575,567
Other receivables		-		2,768,634		-		-		2,768,634		2,768,634
Other financial assets		12,163,655		40,012		2,572,813		217,941		14,994,421		14,994,421
Other assets		17,166		335,734		-		-		352,900		352,900
Financial services receivables		-		76,250,982		-		-		76,250,982		76,388,746
	₩	12,180,821	₩	102,830,704	₩	2,572,813	₩	217,941	₩	117,802,279	₩	117,940,043

Financial assets by categories as of December 31, 2020 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 9,862,136	₩ -	₩ -	₩ 9,862,136	₩ 9,862,136
Short-term and long-term financial instruments	-	7,281,554	-	-	7,281,554	7,281,554
Trade notes and accounts receivable	-	3,408,241	-	-	3,408,241	3,408,241
Other receivables	-	3,025,835	-	-	3,025,835	3,025,835
Other financial assets	13,093,457	37,965	2,322,944	221,969	15,676,335	15,676,335
Other assets	24,203	303,986	-	-	328,189	328,189
Financial services receivables	-	69,665,210	-	-	69,665,210	70,435,392
	<u>₩ 13,117,660</u>	<u>₩ 93,584,927</u>	<u>₩ 2,322,944</u>	<u>₩ 221,969</u>	<u>₩ 109,247,500</u>	<u>₩ 110,017,682</u>

(2) Financial liabilities by categories as of June 30, 2021 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 9,197,531	₩ -	₩ 9,197,531	₩ 9,197,531
Other payables	-	3,863,456	-	3,863,456	3,863,456
Borrowings and debentures	-	100,753,338	-	100,753,338	101,883,621
Other financial liabilities	65,995	-	196,123	262,118	262,118
Lease liabilities	-	830,480	-	830,480	830,480
Other liabilities	-	2,539,483	-	2,539,483	2,539,483
	<u>₩ 65,995</u>	<u>₩ 117,184,288</u>	<u>₩ 196,123</u>	<u>₩ 117,446,406</u>	<u>₩ 118,576,689</u>

Financial liabilities by categories as of December 31, 2020 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 8,793,179	₩ -	₩ 8,793,179	₩ 8,793,179
Other payables	-	5,280,286	-	5,280,286	5,280,286
Borrowings and debentures	-	91,406,760	-	91,406,760	92,947,639
Other financial liabilities	31,044	-	528,791	559,835	559,835
Lease liabilities	-	757,044	-	757,044	757,044
Other liabilities	-	2,519,044	-	2,519,044	2,519,044
	<u>₩ 31,044</u>	<u>₩ 108,756,313</u>	<u>₩ 528,791</u>	<u>₩ 109,316,148</u>	<u>₩ 110,857,027</u>

### (3) Fair value estimation

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of June 30, 2021 are as follows.

Description	June 30, 2021			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial assets:				
Financial assets measured at FVPL	₩ 89,420	₩ 11,536,815	₩ 554,586	₩ 12,180,821
Derivative assets that are effective hedging instruments	-	217,941	-	217,941
Financial assets measured at FVOCI	1,379,207	360,951	832,655	2,572,813
	<u>₩ 1,468,627</u>	<u>₩ 12,115,707</u>	<u>₩ 1,387,241</u>	<u>₩ 14,971,575</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 13,672	₩ 52,323	₩ 65,995
Derivative liabilities that are effective hedging instruments	-	196,123	-	196,123
	<u>₩ -</u>	<u>₩ 209,795</u>	<u>₩ 52,323</u>	<u>₩ 262,118</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2020 are as follows.

Description	December 31, 2020			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial assets:				
Financial assets measured at FVPL	₩ 96,561	₩ 12,506,079	₩ 515,020	₩ 13,117,660
Derivative assets that are effective hedging instruments	-	221,969	-	221,969
Financial assets measured at FVOCI	1,264,786	318,489	739,669	2,322,944
	<u>₩ 1,361,347</u>	<u>₩ 13,046,537</u>	<u>₩ 1,254,689</u>	<u>₩ 15,662,573</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 31,044	₩ -	₩ 31,044
Derivative liabilities that are effective hedging instruments	-	528,791	-	528,791
	<u>₩ -</u>	<u>₩ 559,835</u>	<u>₩ -</u>	<u>₩ 559,835</u>

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2021 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
	(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 515,020	₩ 19,503	₩ (726)	₩ 17,122	₩ 3,667	₩ 554,586
Financial assets measured at FVOCI	739,669	45,019	(2,579)	16,232	34,314	832,655
Financial liabilities measured at FVPL	-	52,323	-	-	-	52,323

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2020 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
	(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 572,618	₩ 17,802	₩ (24,113)	₩ (9,513)	₩ 6,307	₩ 563,101
Financial assets measured at FVOCI	748,091	15,522	-	3,409	(1,478)	765,544

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2021 are as follows.

Description	Six-month period ended June 30, 2021		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 112,603	₩ -	₩ -
Financial assets measured at FVPL	47,709	-	-
Financial assets measured at FVOCI	-	24,445	-
Financial liabilities measured at amortized cost	-	-	131,076
	<u>₩ 160,312</u>	<u>₩ 24,445</u>	<u>₩ 131,076</u>
Financial services:			
Financial assets measured at amortized cost	₩ 2,021,352	₩ -	₩ -
Financial assets measured at FVPL	1,812	1,547	-
Financial assets measured at FVOCI	80	-	-
Financial liabilities measured at amortized cost	-	-	854,513
	<u>₩ 2,023,244</u>	<u>₩ 1,547</u>	<u>₩ 854,513</u>



Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2020 are as follows.

Description	Six-month period ended June 30, 2020		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 144,236	₩ -	₩ -
Financial assets measured at FVPL	53,813	-	-
Financial assets measured at FVOCI	-	31,486	-
Financial liabilities measured at amortized cost	-	-	145,837
	<u>₩ 198,049</u>	<u>₩ 31,486</u>	<u>₩ 145,837</u>
Financial services:			
Financial assets measured at amortized cost	₩ 1,954,274	₩ -	₩ -
Financial assets measured at FVPL	3,319	1,950	-
Financial assets measured at FVOCI	556	-	-
Financial liabilities measured at amortized cost	-	-	946,915
	<u>₩ 1,958,149</u>	<u>₩ 1,950</u>	<u>₩ 946,915</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2021 and 2020 are ₩442,501 million and ₩399,254 million, respectively. In addition, the fee expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2021 and 2020 are ₩167,465 million and ₩155,999 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the six-month period ended June 30, 2021.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

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

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

- Interest rate swap

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

- Total return swap (Derivatives)

The fair value of total revenue swaps (derivatives) is measured based on the stock price volatility up to the fair value, exercise price, maturity and maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is based on the risk-free interest rate, which corresponds to the remaining maturity, and the stock price volatility up to maturity uses the historical volatility of the financial sector over the past one year. The fair value of the underlying assets is measured using the cash flow discount model. In order to estimate the future cash flows, assumptions reflecting the business plan and current industry such as sales growth rate, pre-tax operating profit margin or discount rates etc. and estimates such as observable market price or rates are partially used. The discount rate used to discount future cash flows was calculated by applying the Capital Asset Pricing Model (CAPM), using data from similar listed companies. The Group classifies the fair value measurement of total revenue swap (derivatives) as Level 3 in the fair value hierarchy based on the assumption that the effect of the above assumptions and estimates on the fair value of the total revenue swap classified.

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

Description	Fair value at June 30, 2021		Valuation techniques	Unobservable inputs	Description of relationship
	Financial assets	Financial liabilities			
	(In millions of Korean Won)				
Unlisted equity securities, total return swap and others	₩ 1,387,241	₩ 52,323	Discounted cash flow and others	Sales growth rate Pre-tax operating profit margin ratio Discount rate	If the sales growth rate and the pre-tax operating profit margin ratio rise or the discount rate declines, the fair value increases.

The Group does not expect changes in significant unobservable inputs that are used for reflecting alternative assumptions would have significant impact on the fair value.

## 21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2021 and December 31, 2020 are as follows.

### (1) Common stock

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won, except par value)			
Issued		213,668,187 shares		213,668,187 shares
Par value	₩	5,000	₩	5,000
Capital stock		1,157,982		1,157,982

The Company completed stock retirement of 10,000,000 common shares, 1,320,000 common shares and 6,608,292 common shares as of March 5, 2001, May 4, 2004 and July 27, 2018 respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

### (2) Preferred stock

Description	Par value	Issued	Korean Won	Dividend rate
			(In millions of Korean Won)	
1 <sup>st</sup> preferred stock	₩ 5,000	24,356,685 shares	₩ 125,550	Dividend rate of common stock + 1%
2 <sup>nd</sup> preferred stock	"	36,485,451 shares	193,069	The lowest stimulated dividend rate : 2%
3 <sup>rd</sup> preferred stock	"	2,428,735 shares	12,392	The lowest stimulated dividend rate : 1%
		63,270,871 shares	₩ 331,011	

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

## 22. CAPITAL SURPLUS:

Capital surplus as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	724,011	868,759
	₩ 4,045,345	₩ 4,190,093

## 23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
	(Number of shares)	
Common stock	13,091,418	13,091,418
1 <sup>st</sup> preferred stock	2,186,993	2,186,993
2 <sup>nd</sup> preferred stock	1,353,570	1,353,570
3 <sup>rd</sup> preferred stock	48,574	48,574

## 24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of June 30, 2021 is as follows.

Description	June 30, 2021
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 473,647
Loss on valuation of financial assets measured at FVOCI	(212,991)
Gain on valuation of cash flow hedge derivatives	54,418
Loss on valuation of cash flow hedge derivatives	(10,467)
Gain on share of the other comprehensive income of equity-accounted investees	94,023
Loss on share of the other comprehensive income of equity-accounted investees	(711,722)
Loss on foreign operations translation, net	(2,130,611)
	₩ (2,443,703)

(2) Accumulated other comprehensive loss as of December 31, 2020 is as follows.

Description	December 31, 2020
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 453,715
Loss on valuation of financial assets measured at FVOCI	(351,813)
Gain on valuation of cash flow hedge derivatives	102,057
Loss on valuation of cash flow hedge derivatives	(40,175)
Gain on share of the other comprehensive income of equity-accounted investees	22,501
Loss on share of the other comprehensive income of equity-accounted investees	(925,992)
Loss on foreign operations translation, net	(2,669,954)
	₩ (3,409,661)

## 25. RETAINED EARNINGS:

Retained earnings as of June 30, 2021 and December 31, 2020 are as follows

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	48,099,696	48,333,996
Unappropriated	22,488,679	19,832,968
	₩ 71,333,211	₩ 68,911,800

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

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

## 26. HYBRID BOND:

(1) Hyundai Card Co., Ltd., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of June 30, 2021, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	June 30, 2021
			(%)	(In millions of Korean Won)
The 731st Hybrid Tier 1 (Private)	July 5, 2018	July 5, 2048	4.70	₩ 300,000
Issue cost				(760)
				₩ 299,240

Hyundai Rotem Company, a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of June 30, 2021, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	June 30, 2021
			(%)	(In millions of Korean Won)
The 1st Hybrid Tier 1 (Private)	November 8, 2019	November 8, 2049	4.50	₩ 106,000
The 2nd Hybrid Tier 1 (Private)	December 23, 2019	December 23, 2049	4.50	45,000
Issue cost				(677)
				₩ 150,323

(2) As of June 30, 2021, the conditions of hybrid bond that Hyundai Card Co., Ltd., a subsidiary of the Company issued are as follows.

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

As of June 30, 2021, the conditions of hybrid bond that Hyundai Rotem Company, a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	First two years: An annual fixed interest rate of 4.5% After two to three years: Initial interest rate + 2.5 % + adjusted interest rate(*) After three years: Interest rate at the day before each anniversary + 0.5%
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is available after two years from issue date

(\*) Adjusted interest rate equals the interest rate for two-year maturity treasury bond interest rate at 2 working days before the 2<sup>nd</sup> anniversary of the issue date less the interest rate of two-year treasury bond at 2 working days before the issue date (zero when it is minus).

## 27. SALES:

(1) Sales for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Sales of goods	₩ 26,155,747	₩ 49,272,476	₩ 18,171,034	₩ 38,929,842
Rendering of services	666,711	1,272,853	438,049	1,081,911
Royalties	35,120	56,585	21,530	78,697
Financial services revenue	2,637,144	5,528,025	2,512,239	5,543,497
Revenue related to construction contracts	695,301	1,336,328	636,135	1,252,526
Others	136,043	250,670	80,004	291,966
	<u>₩ 30,326,066</u>	<u>₩ 57,716,937</u>	<u>₩ 21,858,991</u>	<u>₩ 47,178,439</u>

(2) As of June 30, 2021, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year	After a year
	(In millions of Korean Won)	
Deferred revenue and others	₩ 1,510,336	₩ 1,918,372

**28. SELLING AND ADMINISTRATIVE EXPENSES:**

Selling and administrative expenses for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Selling expenses:				
Export expenses	₩ 10,866	₩ 22,388	₩ 9,600	₩ 24,056
Overseas market expenses	66,436	168,201	61,478	154,221
Advertisements and sales promotion	631,273	1,181,983	407,296	1,024,589
Sales commissions	276,206	516,354	274,949	455,867
Expenses for warranties	886,751	1,535,041	518,425	1,199,703
Transportation expenses	29,661	55,737	21,848	51,125
	<u>1,901,193</u>	<u>3,479,704</u>	<u>1,293,596</u>	<u>2,909,561</u>
Administrative expenses:				
Payroll	673,862	1,339,394	664,964	1,313,683
Post-employment benefits	43,491	88,315	46,018	92,370
Welfare expenses	115,029	238,500	108,131	226,571
Service charges	367,189	700,387	331,346	673,287
Research	336,694	631,828	312,265	601,386
Others	407,810	747,095	365,186	706,182
	<u>1,944,075</u>	<u>3,745,519</u>	<u>1,827,910</u>	<u>3,613,479</u>
	<u>₩ 3,845,268</u>	<u>₩ 7,225,223</u>	<u>₩ 3,121,506</u>	<u>₩ 6,523,040</u>

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

Gain (loss) on investments in joint ventures and associates for the three-month and six-month periods ended June 30, 2021 and 2020 is as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Gain (loss) on share of earnings of equity-accounted investees, net	₩ 370,638	₩ 737,895	₩ (51,122)	₩ (7,727)
Gain (loss) on disposals of investments in associates	<u>3,209</u>	<u>(3,441)</u>	<u>12</u>	<u>42,436</u>
	<u>₩ 373,847</u>	<u>₩ 734,454</u>	<u>₩ (51,110)</u>	<u>₩ 34,709</u>

### 30. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Interest income	₩ 80,914	₩ 160,312	₩ 88,586	₩ 198,049
Gain on foreign exchange transactions	2,654	27,317	8,117	24,234
Gain on foreign currency translation	56,806	72,360	140,165	117,746
Dividend income	165	24,445	86	31,486
Gain on derivatives	20,842	21,024	63,840	81,293
Others	1,106	2,184	1,141	2,083
	<u>₩ 162,487</u>	<u>₩ 307,642</u>	<u>₩ 301,935</u>	<u>₩ 454,891</u>

(2) Finance expenses for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Interest expenses	₩ 73,392	₩ 144,667	₩ 78,286	₩ 160,650
Loss on foreign exchange transactions	9,313	17,142	100,935	106,315
Loss on foreign currency translation	17,962	70,839	98,059	274,814
Loss on derivatives and others	18,799	7,159	59,864	24,735
	<u>₩ 119,466</u>	<u>₩ 239,807</u>	<u>₩ 337,144</u>	<u>₩ 566,514</u>

### 31. OTHER INCOME AND EXPENSES:

(1) Other income for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Gain on foreign exchange transactions	₩ 129,307	₩ 303,223	₩ 145,005	₩ 301,013
Gain on foreign currency translation	78,856	135,985	162,728	130,085
Gain on disposals of PP&E	5,628	9,053	10,428	15,994
Commission income	15,495	20,886	16,476	21,745
Rental income	22,647	46,742	23,851	48,609
Others	135,205	238,166	118,617	189,917
	<u>₩ 387,138</u>	<u>₩ 754,055</u>	<u>₩ 477,105</u>	<u>₩ 707,363</u>

(2) Other expenses for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Loss on foreign exchange transactions	₩ 87,417	₩ 244,598	₩ 166,737	₩ 360,388
Loss on foreign currency translation	25,398	105,908	78,146	157,074
Loss on disposals of PP&E	2,853	9,157	18,242	32,107
Donations	8,219	19,532	17,158	28,718
Others	64,167	171,535	104,558	185,725
	<u>₩ 188,054</u>	<u>₩ 550,730</u>	<u>₩ 384,841</u>	<u>₩ 764,012</u>



### 32. EXPENSES BY NATURE:

Expenses by nature for the three-month and six-month periods ended June 30, 2021 and 2020 are as follows.

Description	2021		2020	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Changes in inventories	₩ 1,092,260	₩ 290,475	₩ 3,547	₩ 27,733
Raw materials and merchandise used	16,949,310	33,546,484	11,586,561	25,483,112
Employee benefits	2,249,932	4,539,114	2,197,736	4,481,022
Depreciation	703,643	1,403,483	675,817	1,338,802
Amortization	375,078	761,076	363,159	709,279
Others	7,257,896	14,184,419	6,826,691	14,448,406
Total (*)	₩ 28,628,119	₩ 54,725,051	₩ 21,653,511	₩ 46,488,354

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

### 33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

#### (1) Basic earnings per common stock and preferred stock

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

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2021 are computed as follows.

Description	Three-month period ended June 30, 2021			Six-month period ended June 30, 2021		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 1,356,942	200,576,769	₩ 6,765	₩ 2,378,919	200,576,769	₩ 11,860
1 <sup>st</sup> Preferred stock (*2)	150,260	22,169,692	6,778	263,495	22,169,692	11,885
2 <sup>nd</sup> Preferred stock	238,553	35,131,881	6,790	418,434	35,131,881	11,910
3 <sup>rd</sup> Preferred stock	16,132	2,380,161	6,778	28,289	2,380,161	11,885

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

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2020 are computed as follows.

Description	Three-month period ended June 30, 2020			Six-month period ended June 30, 2020		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 174,329	200,576,879	₩ 869	₩ 530,484	200,787,326	₩ 2,642
1 <sup>st</sup> Preferred stock (*2)	19,546	22,169,692	882	59,188	22,193,837	2,667
2 <sup>nd</sup> Preferred stock	31,413	35,131,881	894	94,673	35,167,974	2,692
3 <sup>rd</sup> Preferred stock	2,098	2,380,161	882	6,355	2,382,550	2,667

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

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

## (2) Diluted earnings per common stock and preferred stock

Diluted earnings per common stock and preferred stock are computed by considering all dilutive potential ordinary shares. During the six-month period ended June 30, 2020, the Group adjusted profit attributable to common stock and preferred stock by assuming conversion of all convertible bonds of Hyundai Rotem Company, a subsidiary of the Company, at the issue date.

Diluted earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2020 are computed as follows. The Group did not compute diluted earnings per common stock for the three-month and six-month periods ended June 30, 2021, since there were no dilutive items during the period.

Description	Three-month period ended June 30, 2020			Six-month period ended June 30, 2020		
	Profit attributable to shares (*3)	Weighted-average number of shares outstanding (*1)	Diluted earnings per share	Profit attributable to shares (*3)	Weighted-average number of shares outstanding (*1)	Diluted earnings per share
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 174,119	200,576,879	₩ 868	₩ 530,274	200,787,326	₩ 2,641
1 <sup>st</sup> Preferred stock (*2)	19,523	22,169,692	881	59,165	22,193,837	2,666
2 <sup>nd</sup> Preferred stock	31,376	35,131,881	893	94,636	35,167,974	2,691
3 <sup>rd</sup> Preferred stock	2,095	2,380,161	881	6,352	2,382,550	2,666

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

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

(\*3) Profit attributable to shares is adjusted by considering the interest expense and the changes in ownership percentage resulting from convertible bonds.

## 34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by profit before income tax) for the six-month periods ended June 30, 2021 and 2020 are 22.9% and 29.6%, respectively.

## 35. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
(In millions of Korean Won)		
Paid-in cash	₩ 5,341	₩ 4,984
Recognized liability	1,939	1,756
	₩ 7,280	₩ 6,740

(2) The significant actuarial assumptions used by the Group as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
Discount rate (*)	4.57%	3.44%
Rate of expected future salary increase	5.18%	4.37%

(\*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at June 30, 2021, to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

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

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	6,542,293	₩	6,490,583
Fair value of plan assets		(6,384,941)		(6,253,299)
	₩	157,352	₩	237,284
Net defined benefit liabilities		160,859		247,566
Net defined benefit assets		(3,507)		(10,282)

- (4) Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2021 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,490,583	₩	(6,253,299)	₩	237,284
Current service cost		290,754		-		290,754
Interest expenses (income)		69,854		(69,552)		302
		6,851,191		(6,322,851)		528,340
Remeasurements:						
Return on plan assets		-		(5,373)		(5,373)
Actuarial gains and losses arising from changes in demographic assumptions		(163)		-		(163)
Actuarial gains and losses arising from changes in financial assumptions		(18,258)		-		(18,258)
Actuarial gains and losses arising from experience adjustments and others		5,217		-		5,217
		(13,204)		(5,373)		(18,577)
Contributions		-		(308,266)		(308,266)
Benefits paid		(314,379)		263,007		(51,372)
Transfers in (out)		1,410		(442)		968
Effect of foreign exchange differences and others		17,275		(11,016)		6,259
End of the period	₩	6,542,293	₩	(6,384,941)	₩	157,352

Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2020 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	6,321,408	₩	(5,913,514)	₩	407,894
Current service cost		307,748		-		307,748
Interest expenses (income)		68,040		(65,695)		2,345
		6,697,196		(5,979,209)		717,987
Remeasurements:						
Return on plan assets		-		(4,572)		(4,572)
Actuarial gains and losses arising from changes in demographic assumptions		1,050		-		1,050
Actuarial gains and losses arising from changes in financial assumptions		28,660		-		28,660
Actuarial gains and losses arising from experience adjustments and others		2,305		-		2,305
		32,015		(4,572)		27,443
Contributions		-		(279,841)		(279,841)
Benefits paid		(353,711)		303,958		(49,753)
Transfers in (out)		1,861		(752)		1,109
Effect of foreign exchange differences and others		10,565		(8,196)		2,369
End of the period	₩	6,387,926	₩	(5,968,612)	₩	419,314

(5) The fair value of the plan assets as of June 30, 2021 and December 31, 2020 is as follows.

Description	June 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Insurance instruments	₩	6,381,543	₩	6,249,450
Others		3,398		3,849
	₩	6,384,941	₩	6,253,299

### 36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Profit for the period	₩ 3,504,827	₩ 929,952
Adjustments:		
Retirement benefit costs	292,995	311,849
Depreciation	1,403,483	1,338,802
Amortization of intangible assets	761,076	709,279
Provision for warranties	1,431,303	1,112,494
Income tax expense	1,043,403	390,582
Loss (gain) on foreign currency translation, net	(31,598)	184,057
Loss on disposals of PP&E, net	104	16,113
Interest income, net	(15,645)	(37,399)
Loss (gain) on share of earnings of equity-accounted investees, net	(737,895)	7,727
Cost of sales from financial services, net	2,987,523	3,486,423
Others	306,249	155,226
	<u>7,440,998</u>	<u>7,675,153</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade notes and accounts receivable	(91,950)	898,398
Decrease (increase) in other receivables	449,248	(245,678)
Decrease (increase) in other financial assets	662,167	(106,257)
Decrease (increase) in inventories	303,826	(393,996)
Increase in other assets	(203,935)	(72,629)
Increase (decrease) in trade notes and accounts payable	87,661	(706,931)
Decrease in other payables	(1,109,427)	(1,042,049)
Increase in other liabilities	1,056,433	274,296
Decrease in other financial liabilities	(9,240)	(15,729)
Decrease in net defined benefit liabilities	(301,134)	(273,131)
Payment of severance benefits	(51,372)	(49,753)
Decrease in provisions	(1,582,060)	(1,547,468)
Changes in financial services receivables	(5,801,862)	(2,180,127)
Investment in operating leases	(4,136,032)	(1,545,478)
Others	(32,568)	100,091
	<u>(10,760,245)</u>	<u>(6,906,441)</u>
Cash generated from operations	<u>₩ 185,580</u>	<u>₩ 1,698,664</u>

### 37. RISK MANAGEMENT:

#### (1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2021 and December 31, 2020 are as follows.

Description		June 30, 2021		December 31, 2020
		(In millions of Korean Won)		
Total liabilities	₩	142,711,230	₩	133,003,242
Total equity		80,108,929		76,340,970
Debt-to-equity ratio		178.1%		174.2%

#### (2) Financial risk management

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

##### 1) Market risk

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

##### a) Foreign exchange risk management

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

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

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of June 30, 2021 is as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (110,799)	₩ 110,799
EUR	(30,301)	30,301
JPY	(6,522)	6,522

##### b) Interest rate risk management

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

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of June 30, 2021 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 20,931	₩ (20,931)
Financial assets measured at FVPL	(4,982)	4,180
Short-term and long-term financial instruments	16,041	(16,041)
Borrowings and debentures	(111,633)	111,633

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of June 30, 2021 and December 31, 2020, the amounts of interest rate risk measured at VaR are ₩204,116 million and ₩180,240 million, respectively.

### c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2021, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩264,896 million and ₩2,196,487 million, respectively.

### 2) Credit risk

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

### 3) Liquidity risk

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

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of June 30, 2021 is as follows.

Description	Remaining contract period				Total
	Not later than one year	Later than one year and not later than five years	Later than five years		
	(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 15,585,399	₩ 13,613	₩ -	₩	15,599,012
Interest-bearing liabilities	31,076,149	65,352,043	9,972,263		106,400,455
Financial guarantee	1,250,715	9,562	7		1,260,284

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

### (3) Derivative instruments

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

As of June 30, 2021 and December 31, 2020, the Group recognized an accumulative net profit of ₩43,951 million and ₩61,882 million, respectively, in accumulated other comprehensive loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 99 months as of June 30, 2021.

For the six-month periods ended June 30, 2021 and 2020, the Group recognized a net profit of ₩256,894 million and ₩210,694 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

## 38. RELATED-PARTY AND OTHER TRANSACTIONS:

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

- (1) For the six-month period ended June 30, 2021, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea ("the Act") are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 285,842	₩ 135,213	₩ 4,336,649	₩ 18,164
	Mobis Alabama, LLC	98,423	222	640,882	7,287
	Mobis Automotive Czech s.r.o.	11	248	946,373	6,019
	Mobis India, Ltd.	5,502	1,312	530,512	913
	Mobis Parts America, LLC	44,681	1,730	475,706	303
	Mobis Module CIS, LLC.	-	163	207,260	29
	Mobis Parts Europe N.V.	7,611	179	198,462	490
	Others	12,934	1,131	514,453	3,725
Joint ventures and associates	Kia Corporation	633,593	237,295	404,567	416,666
	Kia Russia & CIS, LLC	458,747	50	-	-
	Kia Slovakia s.r.o..	52,006	4	333,199	4
	Kia Georgia, Inc.	299,135	28,458	127	-
	BHMC	95,361	-	70,158	-
	HMGC	18,421	660	65,749	13,548
	Hyundai WIA Corporation	63,418	880	711,400	12,408
	Others	347,404	36,844	2,219,359	760,314
Other related parties		6,955	6,130	1,955	4
Affiliates by the Act		404,912	72,778	4,281,005	413,277



For the six-month period ended June 30, 2020, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 527,800	₩ 92,841	₩ 3,472,601	₩ 27,724
	Mobis Alabama, LLC	101,459	2,475	454,189	-
	Mobis Automotive Czech s.r.o.	5	269	669,148	12,637
	Mobis India, Ltd.	3,604	1,108	291,105	6,643
	Mobis Parts America, LLC	30,794	1,801	460,478	368
	Mobis Module CIS, LLC.	-	171	139,955	10
	Mobis Parts Europe N.V.	6,309	256	166,458	1
	Others	13,336	1,219	367,954	936
Joint ventures and associates	Kia Motors Corporation	448,755	228,326	41,160	351,119
	Kia Motors Russia LLC.	396,015	-	-	-
	Kia Motors Slovakia s.r.o.	52,549	2,799	164,549	-
	Kia Motors Mexico S.A de C.V.	3,523	567	154,172	-
	BHMC	90,719	45	45,863	-
	HMGC	1,584	-	35,892	1,919
	Hyundai WIA Corporation	44,543	1,134	562,776	5,001
	Others	469,848	28,647	1,577,454	788,978
Other related parties		3,355	1,802	51	2
Affiliates by the Act		396,815	165,609	2,935,703	313,506

(2) As of June 30, 2021, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 111,389	₩ 376,418	₩ 1,585,549	₩ 263,034
	Mobis Alabama, LLC	21,309	-	78,712	-
	Mobis Automotive Czech s.r.o.	-	638	196,555	-
	Mobis India, Ltd.	1,082	4	117,652	2
	Mobis Parts America, LLC	10,485	61	99,434	-
	Mobis Module CIS, LLC	-	27	50,537	-
	Mobis Parts Europe N.V.	1,610	40	35,959	-
	Others	4,238	1,118	99,902	9,313
Joint ventures and associates	Kia Corporation	411,230	160,792	115,402	124,041
	Kia Russia & CIS, LLC	94,932	71	-	-
	Kia Slovakia s.r.o.	10,346	413	58,724	41
	Kia Georgia, Inc.	68,251	63,773	2,381	9,115
	Kia America, Inc.	-	67,394	89	-
	BHMC	79,225	14,369	13,272	1,775
	HMGC	11,419	20,670	3,005	9,266
	Hyundai WIA Corporation	21,533	3,433	186,401	21,189
	Others	187,565	62,387	644,871	764,414
Other related parties		73	695	47	1
Affiliates by the Act		127,106	40,224	1,270,900	248,063

(\*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩236 million as of June 30, 2021 and the reversal of impairment loss is recognized in the amount of ₩29 million for the six-month period ended June 30, 2021.

(\*2) As of June 30, 2021, outstanding payment of ₩10,460 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the six-month period ended June 30, 2021, amount used and repayment of agreement are ₩182,136 million and ₩216,606 million, respectively.

As of December 31, 2020, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 305,479	₩ 422,870	₩ 1,326,453	₩ 363,166
	Mobis Alabama, LLC	10,425	-	135,098	3,116
	Mobis Automotive Czech s.r.o.	-	160	236,598	2,420
	Mobis India, Ltd.	2,021	3	172,639	4
	Mobis Parts America, LLC	19,410	71	73,300	-
	Mobis Module CIS, LLC	-	33	41,556	-
	Mobis Parts Europe N.V.	1,242	106	27,709	-
	Others	5,121	1,404	74,319	8,078
Joint ventures and associates	Kia Motors Corporation	451,424	227,908	87,563	173,321
	Kia Motors Russia LLC.	136,195	21	-	-
	Kia Motors Slovakia s.r.o.	7,501	676	55,316	87
	Kia Motors Manufacturing Georgia, Inc.	57,050	96,725	2,292	4,517
	Kia Motors America, Inc.	-	93,361	69	19,491
	BHMC	84,642	15,409	7,552	1,801
	HMGC	16,103	19,546	10,739	28,404
	Hyundai WIA Corporation	34,683	10,120	206,312	44,536
	Others	240,510	59,201	693,955	901,694
Other related parties		57	600	10	-
Affiliates by the Act		166,666	35,421	991,058	337,537

(\*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩265 million as of December 31, 2020 and the impairment loss is recognized in the amount of ₩171 million for the year ended December 31, 2020.

(\*2) As of December 31, 2020, outstanding payment of ₩44,930 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2020, amount used and repayment of agreement are ₩296,011 million and ₩272,308 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2021, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of US Dollar)					(In millions of Korean won)
Joint ventures and associates	-	-	-	-	₩ 201,952

Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2020, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of US Dollar)					(In millions of Korean won)
Joint ventures and associates	-	-	USD 5,000	-	₩ 1,414,250

For the six-month period ended June 30, 2021, the Group traded in other financial assets and others of ₩1,485,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩865,000 million in the consolidated statement of financial position as of June 30, 2021.

For the six-month period ended June 30, 2021, and six-month period ended June 30, 2020, HYUNDAI MOTOR SECURITIES CO., Ltd., an associate of the Group, acquired bonds issued by the consolidated entities, Hyundai Capital Services Inc. and Hyundai Card Co, Ltd. in amount of ₩30,000 million and ₩30,000 million respectively.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the six-month periods ended June 30, 2021 and 2020 are as follows.

Description	Six-month period ended June 30,	
	2021	2020
	(In millions of Korean Won)	
Short-term employee salaries	₩ 127,539	₩ 129,873
Retirement benefit costs	23,583	23,015
Other long-term benefits	614	362
	₩ 151,736	₩ 153,250

- (5) As of June 30, 2021, the Group offers payment guarantee to related parties and affiliates by the Act.

### 39. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2021, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩	28,299	₩	-
To others		7,541		1,255,415
	₩	35,840	₩	1,255,415

- (\*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2020.

- (2) As of June 30, 2021, the Group is involved in domestic and foreign lawsuits as a defendant, including lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of June 30, 2021, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. The Group is unable to reliably estimate the outcome of the lawsuits and the amount and timing of outflows of resources are uncertain. The Group expects that the impact on the consolidated financial statements will not be material.
- (3) As of June 30, 2021, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩744,334 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of of Kia Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of June 30, 2021, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of June 30, 2021, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.

- (6) As of June 30, 2021, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd., the subsidiaries of the Company are able to exercise the priority purchasing rights for the leased office building when the lessor wants to sell the building or after 4 years and 5 months from the lease contract commencement date.
- (7) As of June 30, 2021, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by the third party investor.
- (8) As of June 30, 2021, the Company has a shareholder agreement with the third party investors regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (9) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of June 30, 2021, the Company has recognized relevant liability in the amount of ₩938,289 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.
- (10) As of June 30, 2021, the Company entered into a share purchase agreement with the third party investor regarding shares of Boston Dynamics, Inc. The shareholder contract contains put options that give the investor the right to sell its shares to the Purchasers, including the Company, and the Purchasers are jointly and severally responsible for the put rights. The total amount of additional obligation of the Company in the event of defaults of the other Purchasers is ₩87,205 million.

#### 40. SEGMENT INFORMATION:

- (1) The Group has vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segments for the six-month periods ended June 30, 2021 and 2020 are as follows.

	For the six-month period ended June 30, 2021				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 72,144,596	₩ 8,500,713	₩ 3,678,875	₩ (26,607,247)	₩ 57,716,937
Inter-company sales	(25,770,306)	(175,260)	(661,681)	26,607,247	-
Net sales	46,374,290	8,325,453	3,017,194	-	57,716,937
Operating profit	2,325,580	1,084,408	172,087	(39,459)	3,542,616
	For the six-month period ended June 30, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 53,755,398	₩ 8,697,473	₩ 3,690,666	₩ (18,965,098)	₩ 47,178,439
Inter-company sales	(18,144,157)	(179,898)	(641,043)	18,965,098	-
Net sales	35,611,241	8,517,575	3,049,623	-	47,178,439
Operating profit	864,497	490,242	112,703	(13,345)	1,454,097

(3) Assets and liabilities by operating segments as of June 30, 2021 are as follows.

	June 30, 2021					
	Vehicle	Finance	Others	Consolidation adjustments		Total
	(In millions of Korean Won)					
Total assets	₩ 119,250,774	₩ 112,005,119	₩ 8,644,080	₩ (17,079,814)	₩	222,820,159
Total liabilities	51,737,974	96,898,979	5,060,934	(10,986,657)		142,711,230
Borrowings and debentures	12,033,009	89,265,446	2,330,708	(2,875,825)		100,753,338

Assets and liabilities by operating segments as of December 31, 2020 are as follows.

	December 31, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 115,561,852	₩ 102,201,169	₩ 8,532,445	₩ (16,951,254 )	₩ 209,344,212
Total liabilities	50,893,713	88,267,154	5,182,892	(11,340,517 )	133,003,242
Borrowings and debentures	10,920,355	80,440,613	2,520,615	(2,474,823)	91,406,760

(4) Sales by region based on where the Group's entities are located in for the six-month periods ended June 30, 2021 and 2020 are as follows.

For the six-month period ended June 30, 2021						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments
(In millions of Korean Won)						
Total sales	₩ 33,184,246	₩ 24,077,950	₩ 6,178,318	₩ 19,615,801	₩ 1,267,869	₩ (26,607,247)
Inter-company sales	(12,440,564)	(4,034,080)	(540,788)	(9,591,335)	(480)	26,607,247
Net sales	₩ 20,743,682	₩ 20,043,870	₩ 5,637,530	₩ 10,024,466	₩ 1,267,389	₩ -
For the six-month period ended June 30, 2020						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments
(In millions of Korean Won)						
Total sales	₩ 28,826,059	₩ 19,529,494	₩ 3,407,691	₩ 13,664,791	₩ 715,502	₩ (18,965,098)
Inter-company sales	(9,364,207)	(2,619,139)	(167,863)	(6,811,785)	(2,104)	18,965,098
Net sales	₩ 19,461,852	₩ 16,910,355	₩ 3,239,828	₩ 6,853,006	₩ 713,398	₩ -

(5) Non-current assets by region where the Group's entities are located in as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
(In millions of Korean Won)		
Korea	₩ 32,786,253	₩ 32,562,450
North America	2,707,368	2,691,789
Asia	2,606,406	2,429,368
Europe	2,262,763	2,234,466
Others	462,244	354,279
	₩ 40,825,034	₩ 40,272,352
Consolidation adjustments	(305,487)	(341,589)
Total (*)	₩ 40,519,547	₩ 39,930,763

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

(6) There is no single external customer who represents 10% or more of the Group's sales for the six-month periods ended June 30, 2021 and 2020.

#### **41. CONSTRUCTION CONTRACTS:**

(1) Cost, income and loss and claimed construction from construction in progress as of June 30, 2021 and December 31, 2020 are as follows.

Description	June 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Accumulated cost	₩ 11,366,916	₩ 11,602,563
Accumulated income	55,671	254,593
Accumulated construction in process	11,422,587	11,857,156
Progress billing	11,069,134	11,460,905
Due from customers	1,348,146	1,252,117
Due to customers	994,693	855,866
Reserve (*)	99,487	95,459

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

(2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of June 30, 2021 are as follows.

Description	June 30, 2021
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 61,076
Changes in accounting estimates of total contract costs	47,745
Effects on profit or loss of current period	(20,501)
Effects on profit or loss of future periods	33,832
Changes in due from customers	25,772
Provision for construction loss	52,177

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to June 30, 2021. Total contract revenue and costs may change in future periods.

(3) There is no contract As of June 30, 2021, in which contract revenue is recognized by the proportion of contract costs incurred, that accounted for more than 5% of the Group's revenue in the prior period.

#### **42. BUSINESS COMBINATIONS:**

For the six-month period ended June 30, 2021, the Group acquired 50% of the shares of the HYUNDAI THANH CONG VIET NAM AUTO JOINT VENTURE JOINT STOCK COMPANY (HTV).

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

Description	Amount
	(In millions of Korean Won)
Total considerations transferred	₩ 285,050
Non-controlling interests	202,039
Assets and liabilities acquired:	
Current assets	110,151
Non-current assets	366,471
Current liabilities	190
Non-current liabilities	72,354
Fair value of identifiable net assets	404,078
Goodwill	83,011

The amounts of sales and net profit of the acquiree since the acquisition date included in the consolidated statement of income for the six-month period ended June 30, 2021 are ₩463,919 million and ₩35,188 million, respectively.

#### **43. SUBSEQUENT EVENTS:**

The Company declared interim dividend by the resolution of the Board of Directors held on July 22, 2021. The details are as follows:

Description	Contents
Interim dividend amounts	Dividend per share : ₩1,000 (Gross amounts of dividend : ₩260,259 million)
Dividend yield ratio	0.4% (Common stock criteria)
Base date of dividend	June 30, 2021