

**HYUNDAI MOTOR COMPANY
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2020 AND 2019 (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 September 30, 2020, the condensed consolidated statements of income, comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, the condensed consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2020 and 2019 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, 2019, 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 4, 2020, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2019, 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 Samjong Accounting Corp.

Seoul, Korea
November 16, 2020

This report is effective as of November 16, 2020, 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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

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

Lee, Won Hee
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

| ASSETS | NOTES | September 30, 2020 | December 31, 2019 |
|--|-------|-----------------------------|-------------------|
| | | (In millions of Korean Won) | |
| Current assets: | | | |
| Cash and cash equivalents | 20 | ₩ 12,306,985 | ₩ 8,681,971 |
| Short-term financial instruments | 20 | 5,742,257 | 7,292,626 |
| Other financial assets | 5,20 | 12,106,545 | 9,449,913 |
| Trade notes and accounts receivable | 3,20 | 3,154,316 | 3,513,090 |
| Other receivables | 4,20 | 3,510,974 | 3,402,059 |
| Inventories | 6 | 11,632,194 | 11,663,848 |
| Current tax assets | | 135,700 | 112,046 |
| Financial services receivables | 14,20 | 31,337,979 | 30,178,200 |
| Non-current assets classified as held for sale | 8 | 5,751 | 11,493 |
| Other assets | 7,20 | 1,936,008 | 1,777,627 |
| Total current assets | | 81,868,709 | 76,082,873 |
| Non-current assets: | | | |
| Long-term financial instruments | 20 | 136,794 | 803,262 |
| Other financial assets | 5,20 | 2,864,204 | 3,059,526 |
| Long-term trade notes and accounts receivable | 3,20 | 113,624 | 127,430 |
| Other receivables | 4,20 | 689,585 | 705,154 |
| Property, plant and equipment | 9,40 | 33,669,057 | 32,831,524 |
| Investment property | 10,40 | 163,549 | 171,494 |
| Intangible assets | 11,40 | 5,597,776 | 5,266,496 |
| Investments in joint ventures and associates | 13 | 20,002,644 | 18,375,290 |
| Deferred tax assets | | 2,931,549 | 2,340,096 |
| Financial services receivables | 14,20 | 36,029,054 | 32,080,426 |
| Operating lease assets | 15 | 21,243,988 | 21,068,340 |
| Right-of-use assets | 12 | 868,823 | 734,542 |
| Other assets | 7,20 | 916,883 | 865,767 |
| Total non-current assets | | 125,227,530 | 118,429,347 |
| Total assets | | ₩ 207,096,239 | ₩ 194,512,220 |

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

| <u>LIABILITIES AND EQUITY</u> | <u>NOTES</u> | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--|--------------|-----------------------------|--------------------------|
| | | (In millions of Korean Won) | |
| Current liabilities: | | | |
| Trade notes and accounts payable | 20 | ₩ 8,447,620 | ₩ 7,669,424 |
| Other payables | 20 | 5,118,913 | 6,060,100 |
| Short-term borrowings | 16,20,40 | 12,289,510 | 12,570,693 |
| Current portion of long-term debt and debentures | 16,20,40 | 17,049,735 | 15,778,558 |
| Income tax payable | | 556,004 | 370,100 |
| Provisions | 17 | 5,866,498 | 3,462,034 |
| Other financial liabilities | 18,20 | 25,989 | 9,970 |
| Lease liabilities | 12,20 | 142,797 | 132,388 |
| Other liabilities | 19,20 | 8,323,403 | 7,260,829 |
| Total current liabilities | | <u>57,820,469</u> | <u>53,314,096</u> |
| Non-current liabilities: | | | |
| Long-term other payables | 20 | 806,306 | 847,287 |
| Debentures | 16,20,40 | 49,766,300 | 41,805,814 |
| Long-term debt | 16,20,40 | 11,797,907 | 11,217,088 |
| Net defined benefit liabilities | 35 | 447,648 | 412,598 |
| Provisions | 17 | 3,609,030 | 3,682,895 |
| Other financial liabilities | 18,20 | 276,152 | 175,196 |
| Deferred tax liabilities | | 3,433,712 | 3,503,077 |
| Lease liabilities | 12,20 | 621,054 | 635,596 |
| Other liabilities | 19,20 | 2,667,557 | 2,552,819 |
| Total non-current liabilities | | <u>73,425,666</u> | <u>64,832,370</u> |
| Total liabilities | | <u>131,246,135</u> | <u>118,146,466</u> |
| Equity: | | | |
| Capital stock | 21 | 1,488,993 | 1,488,993 |
| Capital surplus | 22 | 4,194,429 | 4,197,015 |
| Other capital items | 23 | (1,700,573) | (1,516,817) |
| Accumulated other comprehensive loss | 24 | (2,716,943) | (2,353,022) |
| Retained earnings | 25 | 67,787,240 | 68,249,633 |
| Equity attributable to the owners of the Company | | <u>69,053,146</u> | <u>70,065,802</u> |
| Non-controlling interests | | <u>6,796,958</u> | <u>6,299,952</u> |
| Total equity | | <u>75,850,104</u> | <u>76,365,754</u> |
| Total liabilities and equity | | <u>₩ 207,096,239</u> | <u>₩ 194,512,220</u> |

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | NOTES | 2020 | | 2019 | |
|---|-------|---|--|---|--|
| | | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| (In millions of Korean Won, except per share amounts) | | | | | |
| Sales | 27,40 | ₩ 27,575,812 | ₩ 74,754,251 | ₩ 26,968,853 | ₩ 77,922,285 |
| Cost of sales | 32 | 22,450,545 | 61,651,847 | 22,540,467 | 64,958,197 |
| Gross profit | | 5,125,267 | 13,102,404 | 4,428,386 | 12,964,088 |
| Selling and administrative expenses | 28,32 | 5,439,090 | 11,962,130 | 4,049,866 | 10,522,972 |
| Operating profit (loss) | | (313,823) | 1,140,274 | 378,520 | 2,441,116 |
| Gain on investments in joint ventures and associates, net | 29 | 11,103 | 45,812 | 74,735 | 442,635 |
| Finance income | 30 | 239,912 | 614,676 | 177,833 | 611,444 |
| Finance expenses | 30 | 202,767 | 689,154 | 130,808 | 396,687 |
| Other income | 31 | 322,340 | 919,590 | 362,966 | 979,346 |
| Other expenses | 31,32 | 419,066 | 1,072,965 | 434,230 | 1,046,051 |
| Profit (loss) before income tax | | (362,301) | 958,233 | 429,016 | 3,031,803 |
| Income tax expense (benefit) | 34 | (173,500) | 217,082 | (31,483) | 618,223 |
| Profit (loss) for the period | | ₩ (188,801) | ₩ 741,151 | ₩ 460,499 | ₩ 2,413,580 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | | (336,061) | 354,639 | 426,911 | 2,175,648 |
| Non-controlling interests | | 147,260 | 386,512 | 33,588 | 237,932 |
| Earnings (loss) per share attributable to the owners of the Company: | 33 | | | | |
| Basic earnings (loss) per share: | | | | | |
| Common stock | | ₩ (1,296) | ₩ 1,348 | ₩ 1,619 | ₩ 8,252 |
| 1 st preferred stock | | ₩ (1,283) | ₩ 1,385 | ₩ 1,631 | ₩ 8,289 |
| Diluted earnings (loss) per share: | | | | | |
| Common stock | | ₩ (1,296) | ₩ 1,348 | ₩ 1,619 | ₩ 8,252 |
| 1 st preferred stock | | ₩ (1,283) | ₩ 1,385 | ₩ 1,631 | ₩ 8,289 |

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | | 2019 | |
|--|---|--|---|--|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Profit (loss) for the period | ₩ (188,801) | ₩ 741,151 | ₩ 460,499 | ₩ 2,413,580 |
| Other comprehensive income (loss): | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Profit (loss) on financial assets measured at FVOCI, net | 72,614 | (178,554) | (15,387) | 3,005 |
| Remeasurements of defined benefit plans | (6,496) | (27,347) | (13,933) | (21,709) |
| Changes in retained earnings of equity-accounted investees, net | 14,429 | 1,422 | (101,751) | (142,934) |
| Changes in share of OCI of equity-accounted investees, net | 12,444 | 16,344 | 2,213 | 16,530 |
| | <u>92,991</u> | <u>(188,135)</u> | <u>(128,858)</u> | <u>(145,108)</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Profit on financial assets measured at FVOCI, net | 1,337 | 2,746 | 3,016 | 14,339 |
| Gain (loss) on valuation of cash flow hedge derivatives, net | 68,868 | (37,127) | (48,389) | (41,450) |
| Changes in share of OCI of equity-accounted investees, net | (63,240) | (15,713) | 71,257 | 353,742 |
| Gain (loss) on foreign operations translation, net | (327,627) | (92,973) | 251,674 | 914,568 |
| | <u>(320,662)</u> | <u>(143,067)</u> | <u>277,558</u> | <u>1,241,199</u> |
| Total other comprehensive income (loss) | <u>(227,671)</u> | <u>(331,202)</u> | <u>148,700</u> | <u>1,096,091</u> |
| Total comprehensive income (loss) | <u>₩ (416,472)</u> | <u>₩ 409,949</u> | <u>₩ 609,199</u> | <u>₩ 3,509,671</u> |
| Comprehensive income (loss) attributable to: | | | | |
| Owners of the Company | (598,781) | (36,591) | 562,093 | 3,170,498 |
| Non-controlling interests | 182,309 | 446,540 | 47,106 | 339,173 |
| Total comprehensive income (loss) | <u>₩ (416,472)</u> | <u>₩ 409,949</u> | <u>₩ 609,199</u> | <u>₩ 3,509,671</u> |

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | Capital stock | Capital surplus | Other capital items | Accumulated other comprehensive 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, 2019 | ₩ 1,488,993 | ₩ 4,201,214 | ₩ (1,155,244) | ₩ (3,051,076) | ₩ 66,490,082 | ₩ 67,973,969 | ₩ 5,922,041 | ₩ 73,896,010 |
| Comprehensive income: | | | | | | | | |
| Profit for the period | - | - | - | - | 2,175,648 | 2,175,648 | 237,932 | 2,413,580 |
| Gain (loss) on financial assets measured at FVOCI, net | - | - | - | 15,679 | (1,785) | 13,894 | 3,450 | 17,344 |
| Loss on valuation of cash flow hedge derivatives, net | - | - | - | (24,944) | - | (24,944) | (16,506) | (41,450) |
| Changes in valuation of equity-accounted investees, net | - | - | - | 355,919 | (142,934) | 212,985 | 14,353 | 227,338 |
| Remeasurements of defined benefit plans | - | - | - | - | (18,304) | (18,304) | (3,405) | (21,709) |
| Gain on foreign operations translation, net | - | - | - | 811,219 | - | 811,219 | 103,349 | 914,568 |
| Total comprehensive Income | - | - | - | 1,157,873 | 2,012,625 | 3,170,498 | 339,173 | 3,509,671 |
| Transactions with owners, recorded directly in equity: | | | | | | | | |
| Payment of cash dividends | - | - | - | - | (1,063,331) | (1,063,331) | (58,503) | (1,121,834) |
| Increase in paid-in capital of subsidiaries by issuing stock | - | - | - | - | - | - | 3,238 | 3,238 |
| Acquisitions of investment of subsidiaries | - | - | - | - | - | - | 2,169 | 2,169 |
| Disposals of investment of subsidiaries | - | - | - | - | - | - | (19,637) | (19,637) |
| Purchases of treasury stocks | - | - | (233,830) | - | - | (233,830) | - | (233,830) |
| Others | - | (6,616) | - | - | (23) | (6,639) | (3,960) | (10,599) |
| Total transactions with owners, recorded directly in equity | - | (6,616) | (233,830) | - | (1,063,354) | (1,303,800) | (76,693) | (1,380,493) |
| Balance at September 30, 2019 | ₩ 1,488,993 | ₩ 4,194,598 | ₩ (1,389,074) | ₩ (1,893,203) | ₩ 67,439,353 | ₩ 69,840,667 | ₩ 6,184,521 | ₩ 76,025,188 |

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | Capital stock | Capital surplus | Other capital items | Accumulated other comprehensive 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, 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 | - | - | - | - | 354,639 | 354,639 | 386,512 | 741,151 |
| Gain (loss) on financial assets measured at FVOCI, net | - | - | - | (173,379) | (5,560) | (178,939) | 3,131 | (175,808) |
| Loss on valuation of cash flow hedge derivatives, net | - | - | - | (12,152) | - | (12,152) | (24,975) | (37,127) |
| Changes in valuation of equity-accounted investees, net | - | - | - | (6,074) | 1,423 | (4,651) | 6,704 | 2,053 |
| Remeasurements of defined benefit plans | - | - | - | - | (23,172) | (23,172) | (4,175) | (27,347) |
| Gain(loss) on foreign operations translation, net | - | - | - | (172,316) | - | (172,316) | 79,343 | (92,973) |
| Total comprehensive Income | - | - | - | (363,921) | 327,330 | (36,591) | 446,540 | 409,949 |
| 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 | - | (2,586) | - | - | - | (2,586) | 237,089 | 234,503 |
| Disposals of investment of subsidiaries | - | - | - | - | - | - | (67,662) | (67,662) |
| Purchases of treasury stocks | - | - | (183,756) | - | - | (183,756) | - | (183,756) |
| Others | - | - | - | - | 766 | 766 | (15,671) | (14,905) |
| Total transactions with owners, recorded directly in equity | - | (2,586) | (183,756) | - | (789,723) | (976,065) | 50,466 | (925,599) |
| Balance at September 30, 2020 | ₩ 1,488,993 | ₩ 4,194,429 | ₩ (1,700,573) | ₩ (2,716,943) | ₩ 67,787,240 | ₩ 69,053,146 | ₩ 6,796,958 | ₩ 75,850,104 |

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | NOTES | Nine-month period ended September 30, | |
|--|-------|---------------------------------------|--------------|
| | | 2020 | 2019 |
| | | (In millions of Korean Won) | |
| Cash flows from operating activities: | | | |
| Cash generated from operations: | 36 | | |
| Profit for the period | | ₩ 741,151 | ₩ 2,413,580 |
| Adjustments | | 13,151,621 | 11,452,537 |
| Changes in operating assets and liabilities | | (10,152,583) | (10,974,544) |
| | | 3,740,189 | 2,891,573 |
| Interest received | | 421,486 | 523,306 |
| Interest paid | | (1,481,865) | (1,552,053) |
| Dividend received | | 222,758 | 204,338 |
| Income tax paid | | (687,269) | (746,587) |
| Net cash provided by operating activities | | 2,215,299 | 1,320,577 |
| Cash flows from investing activities: | | | |
| Changes in short-term financial instruments, net | | 2,040,367 | (1,058,279) |
| Changes in other financial assets (current), net | | (2,405,305) | 2,017,836 |
| Decrease in other financial assets (non-current) | | 19,654 | 6,181 |
| Collection of other receivables | | 29,809 | 29,124 |
| Disposals of long-term financial instruments | | 41,264 | 5,475 |
| Proceeds from disposals of property, plant and equipment | | 76,124 | 46,562 |
| Proceeds from disposals of intangible assets | | 1,627 | 2,589 |
| Proceeds from disposals of investment of subsidiaries | | 76,133 | - |
| Acquisitions of subsidiaries, net of cash acquired | | (48,761) | 2,169 |
| Increases in other financial assets (non-current) | | (107,609) | (372,719) |
| Increases in other receivables | | (18,044) | (36,303) |
| Purchases of long-term financial instruments | | (7,940) | (16,925) |
| Acquisitions of property, plant and equipment | | (3,220,080) | (2,530,397) |
| Acquisitions of intangible assets | | (1,145,176) | (1,047,569) |
| Acquisitions of investments in joint ventures and associates | | (1,318,195) | (452,666) |
| Others | | 127,980 | 52,897 |
| Net cash used in investing activities | | (5,858,152) | (3,352,025) |

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

| | NOTES | Nine-month period ended September 30, | |
|--|-------|---------------------------------------|--------------------|
| | | 2020 | 2019 |
| | | (In millions of Korean Won) | |
| Cash flows from financing activities: | | | |
| Repayment of short-term borrowings, net | ₩ | (1,996,112) | ₩ 610,146 |
| Proceeds from long-term debt and debentures | | 28,995,758 | 17,391,834 |
| Proceeds from capital contribution from non-controlling interest | | 2,650 | 3,238 |
| Repayment of long-term debt and debentures | | (18,275,039) | (14,673,176) |
| Repayment of lease liabilities | | (149,183) | (120,782) |
| Purchases of treasury stocks | | (183,756) | (233,830) |
| Dividends paid | | (893,769) | (1,121,819) |
| Others | | (17,401) | (64,014) |
| Net cash provided by financing activities | | <u>7,483,148</u> | <u>1,791,597</u> |
| Effect of exchange rate changes on cash and cash equivalents | | (215,281) | 335,211 |
| Net increase in cash and cash equivalents | | 3,625,014 | 95,360 |
| Cash and cash equivalents, beginning of the period | | <u>8,681,971</u> | <u>9,113,625</u> |
| Cash and cash equivalents, end of the period | ₩ | <u>12,306,985</u> | ₩ <u>9,208,985</u> |
| (Concluded) | | | |

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019

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 September 30, 2020, 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 September 30, 2020 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) (*2,4) | Manufacturing | “ | 33.77% | |
| Hyundai KEFICO Corporation (Hyundai KEFICO) | “ | “ | 100.00% | |
| Hyundai Auto Electronics Company Ltd. | R&D | “ | 60.00% | |
| Hyundai Partecs Co., Ltd. | Manufacturing | “ | 56.00% | |
| Hyundai NGV | Engineering | “ | 53.66% | |
| Maintrans Company | Services | “ | 100.00% | Hyundai Rotem 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% |
| Moceanlab Inc. | Mobility service | “ | 100.00% | |
| Genesis Air Mobility LLC | R&D | “ | 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% | |
| Hyundai Motor Japan R&D Center Inc. (HMJ R&D) | R&D | “ | 100.00% | |

| Name of subsidiaries | Nature of business | Location | Ownership percentage | Indirect ownership |
|--|-------------------------|-------------|----------------------|---|
| 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) (*3) | ~ | ~ | 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 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% | |
| Hyundai Motors Indonesia (HMID) | Sales | ~ | 100.00% | |
| Hyundai Capital Australia Pty Limited | Financing | Australia | 100.00% | Hyundai Capital Services 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) | Manufacturing | Turkey | 70.00% | |
| Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S | ~ | ~ | 50.50% | Hyundai Rotem 50.50% |
| Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI | Sales | ~ | 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) | Sales | Spain | 100.00% | |

| Name of subsidiaries | Nature of business | Location | Ownership percentage | Indirect ownership |
|---|-------------------------|-------------------|----------------------|----------------------------------|
| 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% | ~ |
| Hyundai Hydrogen Mobility AG (HHM) | ~ | ~ | 75.00% | |
| HYUNDAI MOTOR SINGAPORE PTE. LTD. (HMS) | Manufacturing | Singapore | 100.00% | |
| Hyundai Motor DE Mexico S DE RL DE CV (HMM) | Sales | 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% | |
| Hydrogenic Energy Fund I,L.P | ~ | China (Hong Kong) | 69.00% | |
| Autopia Fifty-ninth ~ Sixtieth, Sixty-second ~ Seventieth Asset Securitization Specialty Company (*1) | Financing | Korea | 0.50% | Hyundai Capital Services 0.50% |
| Zavurov First Co., Ltd. (*1) | ~ | ~ | 0.00% | Hyundai Capital Services 0.00% |
| Super Series Fourth ~ NinthSecuritization 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% | ~ |
| Extended Term Amortizing Program, LLC | ~ | ~ | 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) During the nine-month period ended September 30, 2020, the Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) which was classified as a joint venture as of December 31, 2019. Accordingly, it was reclassified as a subsidiary and the name of company was changed to Hyundai Truck & Bus (China) Co., Ltd. (HTBC).
- (*4) During the nine-month period ended September 30, 2020, the Company's shareholding ratio in Hyundai Rotem Company, a subsidiary, changed from 43.36% to 33.77%, upon the exercise of the conversion rights of convertible bonds held by the non-controlling interest. As a result, equity attributable to non-controlling interest increased by ₩234,439 million.

- (2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the nine-month period ended September 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. (*) | ₩ 32,913,646 | ₩ 28,280,184 | ₩ 2,296,577 | ₩ 290,062 |
| Hyundai Card Co., Ltd. (*) | 19,109,189 | 15,700,515 | 1,815,646 | 232,371 |
| Hyundai Rotem Company (*) | 3,963,723 | 2,627,340 | 2,020,333 | 21,633 |
| Hyundai KEFICO Corporation (*) | 1,924,712 | 1,259,222 | 1,291,125 | 4,936 |
| HCA (*) | 46,649,636 | 41,443,610 | 8,988,477 | 301,569 |
| HMA | 6,865,544 | 5,512,819 | 13,758,629 | 114,484 |
| HMMA | 5,245,036 | 3,788,666 | 4,610,431 | (1,102,281) |
| HMMC | 4,195,924 | 1,905,985 | 3,920,965 | 105,533 |
| HMI(*) | 3,763,522 | 1,594,856 | 3,679,606 | 100,991 |
| HMMR | 1,906,686 | 1,214,162 | 1,957,355 | 36,251 |
| HME (*) | 1,636,857 | 1,589,162 | 6,393,022 | 9,293 |
| HACC (*) | 1,495,661 | 815,254 | 2,139,668 | 77,908 |
| HAOSVT | 1,464,759 | 973,917 | 1,791,800 | 33,627 |
| HMB | 1,165,438 | 949,506 | 973,427 | (31,012) |
| HMCA | 734,050 | 580,806 | 960,696 | 3,544 |

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

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the nine-month period ended September 30, 2019 are as follows.

| Name of subsidiaries | Assets | Liabilities | Sales | Profit (loss) for the period |
|------------------------------------|--------------|--------------|-------------|---------------------------------|
| (In millions of Korean Won) | | | | |
| Hyundai Capital Services, Inc. (*) | ₩ 31,919,223 | ₩ 27,574,068 | ₩ 2,538,639 | ₩ 301,306 |
| Hyundai Card Co., Ltd. (*) | 16,777,775 | 13,503,017 | 1,835,129 | 151,819 |
| Hyundai Rotem Company (*) | 4,041,509 | 3,106,512 | 1,859,353 | (167,302) |
| Hyundai KEFICO Corporation (*) | 1,960,599 | 1,280,083 | 1,546,000 | 56,257 |
| HCA (*) | 41,637,549 | 36,678,375 | 8,211,412 | 178,290 |
| HMA | 7,621,157 | 6,372,990 | 12,976,497 | (87,503) |
| HMMA | 5,066,065 | 2,488,097 | 5,874,743 | (242,664) |
| HMI(*) | 3,826,576 | 1,689,936 | 5,456,778 | 346,692 |
| HMMC | 3,759,735 | 1,695,626 | 4,808,720 | 369,254 |
| HME (*) | 2,090,090 | 2,054,626 | 7,501,230 | 7,444 |
| HMMR | 1,552,578 | 780,387 | 2,372,349 | 117,289 |
| HACC (*) | 1,443,605 | 845,369 | 2,598,969 | 33,143 |
| HAOSVT | 1,366,497 | 932,534 | 1,805,170 | 39,740 |
| HMB | 1,286,037 | 884,975 | 1,698,198 | (22,919) |
| HMCA | 731,243 | 574,736 | 1,326,206 | 5,728 |

(*) 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 nine-month period ended September 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 | ₩ 61,620 | ₩ (693,390) | ₩ 44,924 |
| Provided by (used in) investing activities | (331,458) | (62,145) | 139,666 |
| Provided by (used in) financing activities | 358,969 | 1,133,077 | (243,455) |
| Effect of exchange rate changes on cash and cash equivalents | - | (77) | (2,817) |
| Net increase (decrease) in cash and cash equivalents | ₩ 89,131 | ₩ 377,465 | ₩ (61,682) |

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the nine-month period ended September 30, 2019 are as follows.

| Description | Hyundai Capital Services, Inc. | Hyundai Card Co., Ltd. | Hyundai Rotem Company |
|--|-----------------------------------|---------------------------|--------------------------|
| (In millions of Korean Won) | | | |
| Used in operating activities | ₩ (1,477,064) | ₩ (326,535) | ₩ (219,498) |
| Used in investing activities | (95,012) | (25,639) | (9,777) |
| Provided by financing activities | 1,570,591 | 435,325 | 166,839 |
| Effect of exchange rate changes on cash and cash equivalents | - | (272) | (2,118) |
| Net increase (decrease) in cash and cash equivalents | ₩ (1,485) | ₩ 82,879 | ₩ (64,554) |

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the nine-month period ended September 30, 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 | ₩ 1,872,254 | ₩ 2,247,890 | ₩ 802,564 |
| Profit attributable to non-controlling interests | 115,867 | 146,501 | 12,927 |
| Dividends paid to non-controlling interests | 36,081 | 63,429 | 3,733 |

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of and for the year ended December 31, 2019 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% | 56.64% |
| Accumulated non-controlling interests | ₩ 1,799,627 | ₩ 2,187,458 | ₩ 619,526 |
| Profit (loss) attributable to non-controlling interests | 139,538 | 105,669 | (207,940) |
| Dividends paid to non-controlling interests | 35,200 | 19,423 | 3,833 |

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the nine-month period ended September 30, 2020 are as follows.

| Changes | Name of subsidiaries | Description |
|----------|---|---------------|
| Included | Super Series Eighth Securitization Specialty Co., Ltd | Establishment |
| " | Super Series Ninth Securitization Specialty Co., Ltd | " |
| " | Hyundai Motors Indonesia (HMID) | " |
| " | Genesis Motor Switzerland AG (GMCH) | " |
| " | Genesis Air Mobility LLC | " |
| | Autopia Sixty- Ninth Asset Securitization Specialty Company | " |
| | Autopia Seventieth Asset Securitization Specialty Company | " |
| | Zavurov First Co., Ltd. | " |
| " | Hyundai Truck & Bus (China) Co., Ltd. (HTBC) | Acquisition |
| Excluded | Autopia Fifty- Seventh Asset Securitization Specialty Company | Liquidation |
| " | Autopia Fifty- Eighth Asset Securitization Specialty Company | " |
| " | Autopia Sixty- First Asset Securitization Specialty Company | " |
| " | Super Series Third Securitization Specialty Co., Ltd | " |
| " | Green Air Co., Ltd. | Disposition |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group's condensed consolidated interim financial statements as of September 30, 2020 and for the three- and nine-month periods ended September 30, 2020 and 2019, 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, 2019, which have been prepared in accordance with K-IFRS.

There are new or amended accounting standards effective from January 1, 2020, 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, 2019.

(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.

The 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 outbreak 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, 2019.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|-------------------------------------|-----------------------------|------------------|--------------------|------------------|
| | Current | Non-current | Current | Non-current |
| | (In millions of Korean Won) | | | |
| Trade notes and accounts receivable | ₩ 3,197,555 | ₩ 117,131 | ₩ 3,580,654 | ₩ 131,089 |
| Loss allowance | (43,239) | (110) | (67,564) | - |
| Present value discount accounts | - | (3,397) | - | (3,659) |
| | <u>₩ 3,154,316</u> | <u>₩ 113,624</u> | <u>₩ 3,513,090</u> | <u>₩ 127,430</u> |

(2) Aging analysis of trade notes and accounts receivable

As of September 30, 2020, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

| Description | Not overdue | Overdue Within 90days | Overdue Within 180days More than 91days | Overdue More than 181 days | Total amounts | Amount of impaired receivables |
|--|-------------|-----------------------|---|----------------------------|---------------|--------------------------------|
| | | | | | | |
| Total trade note and accounts receivable | ₩ 3,066,555 | ₩ 131,920 | ₩ 37,166 | ₩ 79,045 | ₩ 3,314,686 | ₩ 43,349 |

As of December 31, 2019, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

| Description | Not overdue | Overdue Within 90days | Overdue Within 180days More than 91days | Overdue More than 181 days | Total amounts | Amount of impaired receivables |
|--|-------------|-----------------------|---|----------------------------|---------------|--------------------------------|
| | | | | | | |
| Total trade note and accounts receivable | ₩ 3,071,945 | ₩ 504,725 | ₩ 17,624 | ₩ 117,449 | ₩ 3,711,743 | ₩ 67,564 |

(3) The changes in loss allowance for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|---|---------------------------------------|-----------------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 67,564 | ₩ 69,363 |
| Reversal | (23,978) | (704) |
| Write-off | (821) | (743) |
| Effect of foreign exchange differences and others | 584 | 471 |
| End of the period | <u>₩ 43,349</u> | <u>₩ 68,387</u> |

4. OTHER RECEIVABLES:

(1) Other receivables as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|--------------------------------------|-----------------------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| | (In millions of Korean Won) | | | |
| Accounts receivable – others | ₩ 2,257,205 | ₩ 345,626 | ₩ 2,219,810 | ₩ 345,978 |
| Due from customers for contract work | 1,239,099 | - | 1,171,029 | - |
| Lease and rental deposits | 19,413 | 303,385 | 19,259 | 313,334 |
| Deposits | 5,249 | 40,574 | 2,626 | 41,139 |
| Others | 4,994 | - | 4,738 | 4,703 |
| Loss allowance | (14,986) | - | (15,403) | - |
| | ₩ 3,510,974 | ₩ 689,585 | ₩ 3,402,059 | ₩ 705,154 |

(2) The changes in other allowance for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|--|---------------------------------------|----------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 15,403 | ₩ 13,826 |
| Impairment loss | 633 | 3,001 |
| Write-off | (1,057) | (736) |
| Effect of foreign exchange differences | 7 | 10 |
| End of the period | ₩ 14,986 | ₩ 16,101 |

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of September 30, 2020 are as follows.

| Description | September 30, 2020 | |
|--|-----------------------------|-------------|
| | Current | Non-current |
| | (In millions of Korean Won) | |
| Financial assets measured at FVPL | ₩ 11,953,683 | ₩ 609,168 |
| Financial assets measured at FVOCI | 47,699 | 2,004,706 |
| Financial assets measured at amortized cost | 31,948 | 6,377 |
| Derivative assets that are effective hedging instruments | 73,215 | 243,953 |
| | ₩ 12,106,545 | ₩ 2,864,204 |

Other financial assets as of December 31, 2019 are as follows.

| Description | December 31, 2019 | |
|--|-----------------------------|-------------|
| | Current | Non-current |
| | (In millions of Korean Won) | |
| Financial assets measured at FVPL | ₩ 9,314,383 | ₩ 623,040 |
| Financial assets measured at FVOCI | 37,255 | 2,241,379 |
| Financial assets measured at amortized cost | 48,275 | 61,271 |
| Derivative assets that are effective hedging instruments | 50,000 | 133,836 |
| | ₩ 9,449,913 | ₩ 3,059,526 |

(2) Financial assets measured at FVOCI as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|------------------------|-----------------------------|--------------------|----------------------|------------------|
| | Acquisition cost | Book value | Book value | |
| | (In millions of Korean Won) | | | |
| Debt instruments | ₩ 331,653 | ₩ 351,924 | ₩ | 361,138 |
| Equity instruments (*) | 1,849,345 | 1,700,481 | | 1,917,496 |
| | <u>₩ 2,180,998</u> | <u>₩ 2,052,405</u> | <u>₩</u> | <u>2,278,634</u> |

(*) 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 application of K-IFRS 1109.

(3) Equity instruments classified into financial assets measured at FVOCI as of September 30, 2020 and December 31, 2019 are as follows.

| Name of the company | Ownership percentage (%) | September 30, 2020 | | December 31, 2019 | |
|---|--------------------------------|-----------------------------|--------------------|----------------------|------------------|
| | | Acquisition cost | Book value | Book value | |
| | | (In millions of Korean Won) | | | |
| Hyundai Steel Company (*1) | 6.87 | ₩ 903,897 | ₩ 280,571 | ₩ | 358,697 |
| Hyundai Oilbank Co., Ltd. | 4.35 | 53,734 | 276,152 | | 276,152 |
| Hyundai Glovis Co., Ltd. | 4.88 | 210,688 | 263,655 | | 261,824 |
| Korea Shipbuilding & Offshore Engineering Co., Ltd. | 2.31 | 42,443 | 135,038 | | 206,557 |
| Korea Aerospace Industries, Ltd. (*2) | - | 73,331 | 107,868 | | 161,092 |
| Hyundai Heavy Industries Holdings Co., Ltd. | 2.20 | 9,018 | 75,636 | | 117,270 |
| NICE Information Service Co., Ltd. | 2.25 | 3,312 | 26,977 | | 19,055 |
| Hyundai Green Food Co., Ltd. | 2.36 | 15,005 | 17,123 | | 27,346 |
| Hyundai M Partners Co., Ltd. | 9.29 | 9,888 | 14,057 | | 9,704 |
| NICE Holdings Co., Ltd. | 1.30 | 3,491 | 8,947 | | 10,275 |
| KT Corporation | 0.09 | 8,655 | 5,510 | | 6,482 |
| Hyundai Asan Corporation | 1.40 | 22,500 | 2,117 | | 2,117 |
| HMM Co., Ltd. (Formerly. Hyundai Merchant Marine Co., Ltd.) (*3) | - | - | - | | 351 |
| Others | | 493,383 | 486,830 | | 460,574 |
| | | <u>₩ 1,849,345</u> | <u>₩ 1,700,481</u> | <u>₩</u> | <u>1,917,496</u> |

(*1) The Group entered into a total return swap agreement to transfer 2,231,716 shares out of total 11,405,311 shares with a third party.

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

(*3) During the nine-month period ended September 30, 2020, the name of the company has been changed from Hyundai Merchant Marine Co., Ltd. to HMM Co., Ltd. and the Group has completed the process of disposal of all of its shares.

6. INVENTORIES:

Inventories as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|----------------------|-----------------------------|------------|-------------------|------------|
| | (In millions of Korean Won) | | | |
| Finished goods | ₩ | 6,846,540 | ₩ | 6,828,461 |
| Merchandise | | 62,898 | | 45,235 |
| Semifinished goods | | 554,263 | | 550,146 |
| Work in progress | | 557,970 | | 424,261 |
| Raw materials | | 1,767,900 | | 1,468,306 |
| Supplies | | 312,359 | | 305,130 |
| Materials in transit | | 595,800 | | 690,342 |
| Others (*1) | | 934,464 | | 1,351,967 |
| Total (*2) | ₩ | 11,632,194 | ₩ | 11,663,848 |

(*1) As of September 30, 2020 and December 31, 2019, others include inventories provided by operating lease in the amount of ₩146,384 million and ₩558,239 million, respectively.

(*2) As of September 30, 2020 and December 31, 2019, the Group recognized a valuation allowance in the amount of ₩161,078 million and ₩166,016 million, respectively.

7. OTHER ASSETS:

Other assets as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|------------------------------------|-----------------------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| | (In millions of Korean Won) | | | |
| Accrued income | ₩ 316,542 | ₩ 1,031 | ₩ 329,909 | ₩ 1,257 |
| Advanced payments | 705,177 | - | 686,785 | - |
| Prepaid expenses | 461,649 | 834,413 | 427,780 | 780,503 |
| Prepaid value-added tax and others | 452,640 | 81,439 | 333,153 | 84,007 |
| | ₩ 1,936,008 | ₩ 916,883 | ₩ 1,777,627 | ₩ 865,767 |

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

Non-current assets classified as held for sale as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|-------------|-----------------------------|-------|-------------------|--------|
| | (In millions of Korean Won) | | | |
| Land | ₩ | 1,864 | ₩ | 8,169 |
| Building | | 3,887 | | 3,324 |
| Total (*) | ₩ | 5,751 | ₩ | 11,493 |

(*) Hyundai Capital Services, Inc., which is a subsidiary of the Company, is in the process of disposal of the office located in Su-won and completed the process of disposal of the office located in Dae-gu and Hyundai Rotem Company, which is a subsidiary of the Company, completed the disposal of certain portion of their property, plant and equipment ("PP&E") to Hyundai MOBIS Co., Ltd. during the nine-month period ended September 30, 2020.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment (“PP&E”) for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|--|---------------------------------------|--------------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 32,831,524 | ₩ 30,545,608 |
| Acquisitions | 2,944,654 | 2,200,578 |
| Disposals | (99,424) | (79,267) |
| Depreciation | (2,033,600) | (1,872,563) |
| Transfer to assets classified as held for sale | (70,652) | - |
| Others (*) | 96,555 | 390,396 |
| End of the period | ₩ 33,669,057 | ₩ 31,184,752 |

(*) 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 nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|--|---------------------------------------|-----------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 171,494 | ₩ 189,334 |
| Disposals | - | (7,602) |
| Depreciation | (8,110) | (8,054) |
| Effect of foreign exchange differences | 165 | 772 |
| End of the period | ₩ 163,549 | ₩ 174,450 |

(2) Income and expenses related to investment property for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Rental income | ₩ 13,075 | ₩ 36,452 | ₩ 12,623 | ₩ 35,608 |
| Operating and maintenance expenses | 4,368 | 12,690 | 4,035 | 12,440 |

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|---|---------------------------------------|-------------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 5,266,496 | ₩ 4,921,383 |
| Internal developments and external acquisitions | 1,111,944 | 1,074,090 |
| Disposals | (2,167) | (4,400) |
| Amortization | (1,072,636) | (961,518) |
| Impairment loss | (81,865) | (54,729) |
| Others (*) | 376,004 | 84,130 |
| End of the period | ₩ 5,597,776 | ₩ 5,058,956 |

(*) 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 nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---------------------------------------|-----------------------------|-------------------------|--------------------------|-------------------------|
| | Three-month period ended | Nine-month period ended | Three-month period ended | Nine-month period ended |
| | September 30 | September 30 | September 30 | September 30 |
| | (In millions of Korean Won) | | | |
| Development costs (intangible assets) | ₩ 377,539 | ₩ 1,008,880 | ₩ 387,233 | ₩ 920,573 |
| Research and development (*1) | 378,076 | 1,067,421 | 339,789 | 950,544 |
| Total (*2) | ₩ 755,615 | ₩ 2,076,301 | ₩ 727,022 | ₩ 1,871,117 |

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

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

12. LEASE (AS A LESSEE):

(1) The changes in right-of-use assets for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|-------------------------------------|---------------------------------------|-----------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 734,542 | ₩ - |
| Impact on transition to K-IFRS 1116 | - | 668,545 |
| Acquisitions | 202,501 | 163,130 |
| Disposals | (36,222) | (2,756) |
| Depreciation | (147,122) | (128,247) |
| Others (*) | 115,124 | 28,147 |
| End of the period | ₩ 868,823 | ₩ 728,819 |

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

(2) Lease liabilities as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|--------------------------------|-----------------------------|-----------|-------------------|--|
| | (In millions of Korean Won) | | | |
| Undiscounted lease liabilities | ₩ 968,345 | ₩ 979,101 | | |
| Discounted lease liabilities | 763,851 | 767,984 | | |
| Current | 142,797 | 132,388 | | |
| Non-current | 621,054 | 635,596 | | |

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of September 30, 2020 and December 31, 2019 are as follows.

| Name of the company | Nature of business | Location | Ownership percentage (%) | September 30, | December 31, |
|--|----------------------|----------|--------------------------|-----------------------------|---------------------|
| | | | | 2020 | 2019 |
| | | | | Book value | Book value |
| | | | | (In millions of Korean Won) | |
| Beijing-Hyundai Motor Company (BHMC) (*1) | Manufacturing | China | 50.00 | ₩ 990,184 | ₩ 1,256,925 |
| Beijing Hyundai Qiche Financing Company (BHAF) (*1,3) | Financing | " | 53.00 | 643,478 | 577,810 |
| Hyundai WIA Automotive Engine (Shandong) Company (WAE) | Manufacturing | " | 31.40 | 223,830 | 154,136 |
| Motional AD LLC (*1,4) | R&D | USA | 26.00 | 1,172,517 | - |
| Hyundai Capital Bank Europe GmbH (HCBE) | Financing | Germany | 49.00 | 506,267 | 159,948 |
| Kia Motors Corporation | Manufacturing | Korea | 33.88 | 9,721,195 | 9,655,017 |
| Hyundai Engineering & Construction Co., Ltd. | Construction | " | 20.95 | 2,863,535 | 2,859,169 |
| Hyundai Transys Inc. | Manufacturing | " | 41.13 | 1,028,373 | 1,026,563 |
| Hyundai WIA Corporation | " | " | 25.35 | 716,275 | 682,526 |
| Hyundai Motor Securities Co., Ltd. | Securities brokerage | " | 27.49 | 306,220 | 283,446 |
| Hyundai Commercial Inc. | Financing | " | 37.50 | 255,559 | 255,800 |
| Eukor Car Carriers Inc. (*2) | Transportation | " | 12.00 | 163,917 | 173,212 |
| Hyundai Autoever Corp. | IT service | " | 28.48 | 152,924 | 145,076 |
| Haevichi Hotels & Resorts Co., Ltd. | Hotelkeeping | " | 41.90 | 98,235 | 101,578 |
| Others | | | | 1,160,135 | 1,044,084 |
| | | | | <u>₩ 20,002,644</u> | <u>₩ 18,375,290</u> |

(*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 nine-month period ended September 30, 2020, the name of the company has been changed from Hyundai-Aptiv AD LLC to Motional AD LLC.

(2) The changes in investments in joint ventures and associates for the nine-month period ended September 30, 2020 are as follows.

| Name of the company | Beginning of the period | Acquisitions (disposals) | Share of | Dividends | Others (*1) | End of the period |
|--|-------------------------|--------------------------|---------------------------------|--------------------|----------------|---------------------|
| | | | profits (losses) for the period | | | |
| (In millions of Korean Won) | | | | | | |
| BHMC | ₩ 1,256,925 | ₩ - | ₩ (314,845) | ₩ - | ₩ 48,104 | ₩ 990,184 |
| BHAF | 577,810 | - | 44,090 | - | 21,578 | 643,478 |
| WAE | 154,136 | 76,645 | (13,497) | - | 6,546 | 223,830 |
| Motional AD LLC (*2) | - | 1,294,367 | (62,937) | - | (58,913) | 1,172,517 |
| HCBE | 159,948 | 330,158 | 143 | - | 16,018 | 506,267 |
| Kia Motors Corporation | 9,655,017 | - | 208,076 | (157,916) | 16,018 | 9,721,195 |
| Hyundai Engineering & Construction Co., Ltd. | 2,859,169 | - | 31,618 | (13,996) | (13,256) | 2,863,535 |
| Hyundai Transys Inc. | 1,026,563 | - | 4,345 | - | (2,535) | 1,028,373 |
| Hyundai WIA Corporation | 682,526 | - | 32,379 | (4,826) | 6,196 | 716,275 |
| Hyundai Motor Securities Co., Ltd. | 283,446 | - | 24,854 | (4,839) | 2,759 | 306,220 |
| Hyundai Commercial Inc. | 255,800 | - | 32,511 | - | (32,752) | 255,559 |
| Eukor Car Carriers Inc. | 173,212 | - | (11,816) | - | 2,521 | 163,917 |
| Hyundai Autoever Corp. | 145,076 | - | 12,058 | (4,246) | 36 | 152,924 |
| Haevichi Hotels & Resorts Co., Ltd. | 101,578 | - | (2,443) | - | (900) | 98,235 |
| Others | 1,044,084 | 103,744 | 18,841 | (3,210) | (3,324) | 1,160,135 |
| | <u>₩ 18,375,290</u> | <u>₩ 1,804,914</u> | <u>₩ 3,377</u> | <u>₩ (189,033)</u> | <u>₩ 8,096</u> | <u>₩ 20,002,644</u> |

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

(*2) The joint venture was incorporated during the nine-month period ended September 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.

The changes in investments in joint ventures and associates for the nine-month period ended September 30, 2019 are as follows.

| Name of the company | Beginning of the period | Acquisitions (disposals) | Share of | Dividends | Others (*1) | End of the period |
|--|-------------------------|--------------------------|---------------------------------|--------------------|------------------|---------------------|
| | | | profits (losses) for the period | | | |
| (In millions of Korean Won) | | | | | | |
| BHMC | ₩ 1,484,794 | ₩ - | ₩ (242,948) | ₩ - | ₩ 55,103 | ₩ 1,296,949 |
| BHAF | 530,161 | - | 37,439 | - | 16,207 | 583,807 |
| WAE | 151,248 | 10,138 | 8,757 | (10,138) | 5,320 | 165,325 |
| HCBE (*2) | - | 38,570 | (2,553) | - | 130,019 | 166,036 |
| Kia Motors Corporation | 9,001,505 | - | 507,913 | (123,586) | 128,923 | 9,514,755 |
| Hyundai Engineering & Construction Co., Ltd. | 2,801,084 | - | 72,741 | (11,664) | 31,589 | 2,893,750 |
| Hyundai Transys Inc. | 992,259 | 334 | 25,400 | - | 9,221 | 1,027,214 |
| Hyundai WIA Corporation | 674,651 | - | 12,308 | (4,136) | 8,519 | 691,342 |
| Hyundai Motor Securities Co., Ltd. | 265,711 | - | 17,991 | (3,630) | 2,119 | 282,191 |
| Hyundai Commercial Inc. | 218,983 | - | 23,273 | - | 7,611 | 249,867 |
| Eukor Car Carriers Inc. | 159,699 | - | 6,149 | - | 12,229 | 178,077 |
| Hyundai Autoever Corp. | 129,173 | - | 11,622 | (4,126) | 3,543 | 140,212 |
| Haevichi Hotels & Resorts Co., Ltd. | 104,009 | - | (1,461) | - | (11) | 102,537 |
| Others (*3) | 629,962 | 403,624 | (18,490) | (12,383) | (107,380) | 895,333 |
| | <u>₩ 17,143,239</u> | <u>₩ 452,666</u> | <u>₩ 458,141</u> | <u>₩ (169,663)</u> | <u>₩ 303,012</u> | <u>₩ 18,187,395</u> |

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

(*2) Others include ₩98,179 million which represents the estimated fair value of the remaining interest in the investment after the partial disposal during the nine-month period ended September 30, 2019.

(*3) The changes in others include increase in capital of the Sichuan Hyundai Motor Company (CHMC), recognition of unrecognized cumulative loss and the impairment loss in the amount of ₩29,751 million for the nine-month period ended September 30, 2019.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the nine-month period ended September 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 | ₩ 3,885,250 | ₩ 4,419,288 | ₩ 5,179,339 | ₩ 880,830 |
| BHAF (*) | 5,993,221 | - | 4,779,111 | - |
| WAE | 691,384 | 634,687 | 379,011 | 273,656 |
| Motional AD LLC | 1,786,343 | 2,898,911 | 35,479 | 66,573 |
| HCBE (*) | 5,470,370 | - | 4,463,024 | - |
| Kia Motors Corporation | 27,065,987 | 34,856,764 | 22,614,993 | 10,263,239 |
| Hyundai Engineering & Construction Co., Ltd. | 13,994,834 | 4,314,290 | 6,590,504 | 2,831,865 |
| Hyundai Transys Inc. | 3,155,019 | 2,753,983 | 2,084,774 | 1,355,616 |
| Hyundai WIA Corporation | 3,991,173 | 3,677,466 | 1,960,032 | 2,098,575 |
| Hyundai Motor Securities Co., Ltd (*) | 9,696,498 | - | 8,624,987 | - |
| Hyundai Commercial Inc. (*) | 9,116,115 | - | 7,840,268 | - |
| Eukor Car Carriers Inc. | 279,570 | 3,104,599 | 564,358 | 1,456,019 |
| Hyundai Autoever Corp. | 802,334 | 259,747 | 419,794 | 99,731 |
| Haevichi Hotels & Resorts Co., Ltd. | 39,641 | 417,419 | 218,325 | 65,473 |

| 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 | ₩ 4,607,025 | ₩ (780,453) | ₩ - | ₩ (780,453) |
| BHAF (*) | 172,672 | 83,188 | - | 83,188 |
| WAE | 710,851 | (53,131) | 26,365 | (26,766) |
| Motional AD LLC | 524 | (123,986) | (32) | (124,018) |
| HCBE (*) | 246,655 | 2,796 | 30,116 | 32,912 |
| Kia Motors Corporation | 42,257,524 | 525,961 | 1,491 | 527,452 |
| Hyundai Engineering & Construction Co., Ltd. | 12,645,497 | 349,809 | (93,162) | 256,647 |
| Hyundai Transys Inc. | 5,130,034 | 13,287 | (4,292) | 8,995 |
| Hyundai WIA Corporation | 4,700,827 | 98,474 | 20,214 | 118,688 |
| Hyundai Motor Securities Co., Ltd (*) | 645,330 | 93,777 | 10,037 | 103,814 |
| Hyundai Commercial Inc. (*) | 325,620 | 91,534 | 13,796 | 105,330 |
| Eukor Car Carriers Inc. | 952,529 | (97,834) | 21,727 | (76,107) |
| Hyundai Autoever Corp. | 1,116,723 | 43,231 | 176 | 43,407 |
| Haevichi Hotels & Resorts Co., Ltd. | 66,995 | (4,677) | (16) | (4,693) |

(*) 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 nine-month period ended September 30, 2019 is as follows.

| Name of the company | Current assets | Non-current assets | Current liabilities | Non-current liabilities |
|--|----------------|--------------------|---------------------|-------------------------|
| (In millions of Korean Won) | | | | |
| BHMC | ₩ 4,683,231 | ₩ 4,128,481 | ₩ 5,564,752 | ₩ 568,193 |
| BHAF (*) | 5,646,231 | - | 4,544,709 | - |
| WAE | 775,562 | 668,174 | 432,232 | 260,028 |
| HCBE (*) | 1,521,370 | - | 1,227,514 | - |
| Kia Motors Corporation | 21,868,311 | 33,558,711 | 17,743,992 | 8,946,535 |
| Hyundai Engineering & Construction Co., Ltd. | 13,668,183 | 4,674,172 | 6,707,560 | 2,747,703 |
| Hyundai Transys Inc. | 3,031,885 | 2,742,896 | 2,049,008 | 1,279,186 |
| Hyundai WIA Corporation | 3,528,397 | 3,267,991 | 1,906,003 | 1,795,380 |
| Hyundai Motor Securities Co., Ltd. (*) | 7,572,983 | - | 6,692,238 | - |
| Hyundai Commercial Inc. (*) | 9,233,468 | - | 7,976,545 | - |
| Eukor Car Carriers Inc. | 374,926 | 3,392,889 | 620,876 | 1,665,152 |
| Hyundai Autoever Corp. | 759,443 | 246,893 | 421,227 | 87,138 |
| Haevichi Hotels & Resorts Co., Ltd. | 39,023 | 422,188 | 216,732 | 66,224 |

| 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 | ₩ 6,958,397 | ₩ (495,669) | ₩ - | ₩ (495,669) |
| BHAF (*) | 161,520 | 71,335 | - | 71,335 |
| WAE | 1,054,790 | 39,804 | 69,943 | 109,747 |
| HCBE (*) | 51,838 | (5,902) | 7,365 | 1,463 |
| Kia Motors Corporation | 42,040,545 | 1,480,302 | 373,567 | 1,853,869 |
| Hyundai Engineering & Construction Co., Ltd. | 12,647,308 | 566,414 | 142,572 | 708,986 |
| Hyundai Transys Inc. | 5,564,982 | 108,074 | 22,963 | 131,037 |
| Hyundai WIA Corporation | 5,516,358 | 40,027 | 33,984 | 74,011 |
| Hyundai Motor Securities Co., Ltd. (*) | 553,247 | 64,249 | (57,229) | 7,020 |
| Hyundai Commercial Inc. (*) | 370,724 | 60,215 | 36,127 | 96,342 |
| Eukor Car Carriers Inc. | 1,316,611 | 55,674 | 97,286 | 152,960 |
| Hyundai Autoever Corp. | 1,100,626 | 41,708 | 3,282 | 44,990 |
| Haevichi Hotels & Resorts Co., Ltd. | 92,641 | 2,168 | (28) | 2,140 |

(*) 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 nine-month period ended September 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 | ₩ 725,802 | ₩ 885,285 | ₩ 555,236 | ₩ 356,619 | ₩ 8,957 | ₩ 68,683 | ₩ 28 |
| BHAF(*) | 1,327,502 | 4,494,350 | - | 5,207 | 321,335 | 139,537 | 27,865 |
| Motional AD LLC | 1,775,510 | 35,479 | 66,573 | 40,898 | 1,205 | - | (33,290) |

- (*) 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 nine-month period ended September 30, 2019 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 | ₩ 1,107,970 | ₩ 1,081,764 | ₩ 138,186 | ₩ 317,160 | ₩ 24,009 | ₩ 102,666 | ₩ 1,754 |
| BHAF(*) | 996,493 | 4,057,291 | - | 4,217 | 305,903 | 141,535 | 23,878 |

- (*) 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 September 30, 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 | ₩ 1,024,418 | ₩ - | ₩ (34,234) | ₩ 990,184 |
| BHAF | 643,478 | - | - | 643,478 |
| WAE (*) | 216,021 | 7,809 | - | 223,830 |
| Motional AD LLC | 1,191,634 | - | (19,117) | 1,172,517 |
| HCBE | 482,255 | 22,341 | 1,671 | 506,267 |
| Kia Motors Corporation | 9,583,169 | 197,089 | (59,063) | 9,721,195 |
| Hyundai Engineering & Construction Co., Ltd. (*) | 2,132,164 | 731,362 | 9 | 2,863,535 |
| Hyundai Transys Inc. | 1,014,058 | - | 14,315 | 1,028,373 |
| Hyundai WIA Corporation | 811,241 | - | (94,966) | 716,275 |
| Hyundai Motor Securities Co., Ltd. | 266,168 | 40,052 | - | 306,220 |
| Hyundai Commercial Inc. | 255,559 | - | - | 255,559 |
| Eukor Car Carriers Inc. | 163,655 | - | 262 | 163,917 |
| Hyundai Autoever Corp. | 152,924 | - | - | 152,924 |
| Haevichi Hotels & Resorts Co., Ltd. (*) | 94,659 | 3,576 | - | 98,235 |

- (*) 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, 2019 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 | ₩ 1,302,827 | ₩ - | ₩ (45,902) | ₩ 1,256,925 |
| BHAF | 577,810 | - | - | 577,810 |
| WAE | 154,136 | - | - | 154,136 |
| HCBE | 137,205 | 22,341 | 402 | 159,948 |
| Kia Motors Corporation | 9,544,369 | 197,089 | (86,441) | 9,655,017 |
| Hyundai Engineering & Construction Co., Ltd. (*) | 2,127,795 | 731,362 | 12 | 2,859,169 |
| Hyundai Transys Inc. | 1,011,928 | - | 14,635 | 1,026,563 |
| Hyundai WIA Corporation | 776,412 | - | (93,886) | 682,526 |
| Hyundai Motor Securities Co., Ltd. | 243,394 | 40,052 | - | 283,446 |
| Hyundai Commercial Inc. | 255,800 | - | - | 255,800 |
| Eukor Car Carriers Inc. | 172,950 | - | 262 | 173,212 |
| Hyundai Autoever Corp. | 145,076 | - | - | 145,076 |
| Haevichi Hotels & Resorts Co., Ltd. (*) | 98,002 | 3,576 | - | 101,578 |

(*) 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 September 30, 2020 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 Motors Corporation | ₩ 46,900 | 137,318,251 | ₩ 6,440,226 |
| Hyundai Engineering & Construction Co., Ltd. | 30,450 | 23,327,400 | 710,319 |
| Hyundai WIA Corporation | 40,500 | 6,893,596 | 279,191 |
| Hyundai Motor Securities Co., Ltd | 10,100 | 8,065,595 | 81,463 |
| Hyundai Autoever Corp. | 61,900 | 5,980,000 | 370,162 |

14. **FINANCIAL SERVICES RECEIVABLES:**

(1) Financial services receivables as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|---------------------------------|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Loans | ₩ 51,376,220 | ₩ 46,523,263 |
| Card receivables | 15,943,068 | 15,266,417 |
| Financial lease receivables | 2,468,551 | 2,706,819 |
| Others | 34,149 | 36,217 |
| | 69,821,988 | 64,532,716 |
| Loss allowance | (1,631,301) | (1,480,555) |
| Loan origination fee | (799,461) | (771,405) |
| Present value discount accounts | (24,193) | (22,130) |
| | ₩ 67,367,033 | ₩ 62,258,626 |

- (2) The changes in loss allowance of financial services receivables for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Beginning of the period | ₩ 1,480,555 | ₩ 1,368,759 |
| Impairment loss | 655,273 | 585,238 |
| Write-off | (307,098) | (236,970) |
| Disposals and others | (198,262) | (310,848) |
| Effect of foreign exchange differences | 833 | 20,556 |
| End of the period | ₩ 1,631,301 | ₩ 1,426,735 |

- (3) Gross investments in financial leases and their present value of minimum lease receipts as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|---|---------------------------------------|---|---------------------------------------|---|
| | 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 | ₩ 1,010,631 | ₩ 899,604 | ₩ 1,145,339 | ₩ 1,014,549 |
| Later than one year and not later than five years | 1,663,094 | 1,558,544 | 1,808,521 | 1,682,796 |
| Later than five years | 6,310 | 6,109 | 5,225 | 5,030 |
| | ₩ 2,680,035 | ₩ 2,464,257 | ₩ 2,959,085 | ₩ 2,702,375 |

- (4) Unearned interest income of financial leases as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|---|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Gross investments in financial lease | ₩ 2,680,035 | ₩ 2,959,085 |
| Net lease investments: | | |
| Present value of minimum lease payment receivable | 2,464,257 | 2,702,375 |
| Present value of unguaranteed residual value | 4,294 | 4,444 |
| | 2,468,551 | 2,706,819 |
| Unearned interest income | ₩ 211,484 | ₩ 252,266 |

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

- (1) Investments in operating leases as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|-----------------------------|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Acquisition cost | ₩ 24,517,991 | ₩ 25,143,563 |
| Accumulated depreciation | (3,129,666) | (3,945,005) |
| Accumulated impairment loss | (144,337) | (130,218) |
| | ₩ 21,243,988 | ₩ 21,068,340 |

(2) Future minimum lease payment receivable related to investments in operating leases as of September 30, 2020 and December 31, 2019 is as follows.

| Description | September 30, 2020 | December 31, 2019 |
|---|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Not later than one year | ₩ 4,541,595 | ₩ 3,856,057 |
| Later than one year and not later than five years | 4,516,815 | 4,027,982 |
| Later than five years | 98 | 3 |
| | ₩ 9,058,508 | ₩ 7,884,042 |

16. **BORROWINGS AND DEBENTURES:**

(1) Short-term borrowings as of September 30, 2020 and December 31, 2019 are as follows.

| Description | Lender | Annual interest rate (%) | September 30, 2020 | December 31, 2019 |
|--|-----------------------------------|--------------------------|-----------------------------|-------------------|
| | | | (In millions of Korean Won) | |
| Overdrafts | Citi Bank and others | 0.11~1.23 | ₩ 856,729 | ₩ 256,616 |
| General borrowings | Korea Development Bank and others | 0.14~7.51 | 3,172,669 | 3,736,689 |
| Borrowings collateralized by trade receivables | KEB Hana Bank and others | 0.07~1.17 | 2,229,369 | 2,898,539 |
| Banker's Usance | KEB Hana Bank and others | 0.20~3.32 | 378,612 | 504,769 |
| Commercial paper | Shinhan Bank and others | 0.17~3.60 | 4,511,989 | 4,429,668 |
| Asset-backed securities | RBC and others | 0.39~1.70 | 1,140,142 | 744,412 |
| | | | ₩ 12,289,510 | ₩ 12,570,693 |

(2) Long-term debt as of September 30, 2020 and December 31, 2019 are as follows.

| Description | Lender | Annual interest rate (%) | September 30, 2020 | December 31, 2019 |
|-------------------------------|--|--------------------------|-----------------------------|-------------------|
| | | | (In millions of Korean Won) | |
| General borrowings | Mizuho Bank and others | 0.10~7.62 | ₩ 9,026,351 | ₩ 7,088,777 |
| Credit facilities | NH Bank and others | 1.57~4.60 | 551,221 | 160,463 |
| Commercial paper | KTB Investment & Securities and others | 1.40~2.55 | 1,360,000 | 2,380,000 |
| Asset-backed securities | HSBC and others | 0.65~2.79 | 5,186,350 | 5,885,638 |
| Others(*) | NH Investment & Securities and others | | 435,607 | 435,607 |
| | | | 16,559,529 | 15,950,485 |
| Less: present value discounts | | | (100,738) | (106,883) |
| Less: current maturities | | | (4,660,884) | (4,626,514) |
| | | | ₩ 11,797,907 | ₩ 11,217,088 |

(*) 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 September 30, 2020 and December 31, 2019 are as follows.

| Description | Latest maturity date | Annual interest rate (%) | September 30, 2020 | December 31, 2019 |
|-----------------------------------|----------------------|--------------------------|--------------------|-------------------|
| (In millions of Korean Won) | | | | |
| Non-guaranteed public debentures | September 24, 2030 | 0.96~4.04 | ₩ 30,061,940 | ₩ 23,691,000 |
| Non-guaranteed private debentures | April 8, 2030 | 1.07~6.38 | 18,118,058 | 17,872,007 |
| Asset-backed securities | December 15, 2026 | 0.20~3.31 | 14,099,647 | 11,486,855 |
| | | | 62,279,645 | 53,049,862 |
| Less: discount on debentures | | | (124,494) | (92,004) |
| Less: current maturities | | | (12,388,851) | (11,152,044) |
| | | | ₩ 49,766,300 | ₩ 41,805,814 |

17. PROVISIONS:

The changes in provisions for the nine-month period ended September 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 | 4,002,825 | 50,159 | 476,689 |
| Utilized | (1,491,271) | (55,165) | (621,996) |
| Effect of foreign exchange differences and others | (30,418) | 76 | (300) |
| End of the period | ₩ 7,928,443 | ₩ 721,426 | ₩ 825,659 |

The changes in provisions for the nine-month period ended September 30, 2019 are as follows.

| Description | Warranty | Other long-term employee benefits | Others |
|---|-------------|-----------------------------------|-------------|
| (In millions of Korean Won) | | | |
| Beginning of the period | ₩ 5,177,128 | ₩ 703,526 | ₩ 919,250 |
| Charged | 2,263,223 | 52,220 | 574,853 |
| Utilized | (1,663,231) | (53,080) | (528,870) |
| Effect of foreign exchange differences and others | 111,372 | 76 | 36,197 |
| End of the period | ₩ 5,888,492 | ₩ 702,742 | ₩ 1,001,430 |

18. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of September 30, 2020 are as follows.

| Description | September 30, 2020 | |
|---|-----------------------------|-------------|
| | Current | Non-current |
| | (In millions of Korean Won) | |
| Financial liabilities measured at FVPL | ₩ 240 | ₩ 39,602 |
| Derivative liabilities that are effective hedging instruments | 25,749 | 236,550 |
| | ₩ 25,989 | ₩ 276,152 |

Other financial liabilities as of December 31, 2019 are as follows.

| Description | December 31, 2019 | |
|---|-----------------------------|-------------|
| | Current | Non-current |
| | (In millions of Korean Won) | |
| Financial liabilities measured at FVPL | ₩ 4,532 | ₩ 31,625 |
| Derivative liabilities that are effective hedging instruments | 5,438 | 143,571 |
| | ₩ 9,970 | ₩ 175,196 |

19. OTHER LIABILITIES:

Other liabilities as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|------------------------------------|-----------------------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| | (In millions of Korean Won) | | | |
| Advances received | ₩ 1,385,819 | ₩ 24,176 | ₩ 1,482,982 | ₩ 22,559 |
| Withholdings | 1,149,236 | 197,171 | 1,020,551 | 197,722 |
| Accrued expenses | 3,275,427 | - | 2,850,091 | - |
| Unearned income | 720,791 | 1,672,377 | 608,090 | 1,455,882 |
| Due to customers for contract work | 883,877 | - | 775,972 | - |
| Others | 908,253 | 773,833 | 523,143 | 876,656 |
| | ₩ 8,323,403 | ₩ 2,667,557 | ₩ 7,260,829 | ₩ 2,552,819 |

20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of September 30, 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 |
|--|-----------------------------------|---|------------------------------------|--|---------------|---------------|
| | | | | | | |
| Cash and cash equivalents | ₩ - | ₩ 12,306,985 | ₩ - | ₩ - | ₩ 12,306,985 | ₩ 12,306,985 |
| Short-term and long-term financial instruments | - | 5,879,051 | - | - | 5,879,051 | 5,879,051 |
| Trade notes and accounts receivable | - | 3,267,940 | - | - | 3,267,940 | 3,267,940 |
| Other receivables | - | 2,664,140 | - | - | 2,664,140 | 2,664,140 |
| Other financial assets | 12,562,851 | 38,325 | 2,052,405 | 317,168 | 14,970,749 | 14,970,749 |
| Other assets | 19,645 | 298,410 | - | - | 318,055 | 318,055 |
| Financial services receivables | - | 67,367,033 | - | - | 67,367,033 | 67,846,068 |
| | ₩ 12,582,496 | ₩ 91,821,884 | ₩ 2,052,405 | ₩ 317,168 | ₩ 106,773,953 | ₩ 107,252,988 |

Financial assets by categories as of December 31, 2019 are as follows.

| Description | Financial assets | | Financial assets | | Derivative assets that are effective hedging instruments | | Book value | Fair value |
|--|------------------|----------------------------|-------------------|-------------------|--|-------------------|------------|--------------|
| | measured at FVPL | measured at amortized cost | measured at FVOCI | measured at FVOCI | measured at FVOCI | measured at FVOCI | | |
| (In millions of Korean Won) | | | | | | | | |
| Cash and cash equivalents | ₩ | - | ₩ 8,681,971 | ₩ | - | ₩ | - | ₩ 8,681,971 |
| Short-term and long-term financial instruments | | - | 8,095,888 | | - | | - | 8,095,888 |
| Trade notes and accounts receivable | | - | 3,640,520 | | - | | - | 3,640,520 |
| Other receivables | | - | 2,567,688 | | - | | - | 2,567,688 |
| Other financial assets | | 9,937,423 | 109,546 | | 2,278,634 | | 183,836 | 12,509,439 |
| Other assets | | 18,406 | 312,760 | | - | | - | 331,166 |
| Financial services receivables | | - | 62,258,626 | | - | | - | 62,258,626 |
| | ₩ | 9,955,829 | ₩ 85,666,999 | ₩ | 2,278,634 | ₩ | 183,836 | ₩ 98,085,298 |
| | | | | | | | | ₩ 97,840,695 |

(2) Financial liabilities by categories as of September 30, 2020 are as follows.

| Description | Financial liabilities | | Financial liabilities | | Derivative liabilities that are effective hedging instruments | | Book value | Fair value |
|----------------------------------|-----------------------|----------------------------|----------------------------|----------------------------|---|-------------------|-------------|---------------|
| | measured at FVPL | measured at amortized cost | measured at amortized cost | measured at amortized cost | measured at FVOCI | measured at FVOCI | | |
| (In millions of Korean Won) | | | | | | | | |
| Trade notes and accounts payable | ₩ | - | ₩ 8,447,620 | ₩ | - | ₩ | 8,447,620 | ₩ 8,447,620 |
| Other payables | | - | 4,561,574 | | - | | 4,561,574 | 4,561,574 |
| Borrowings and debentures | | - | 90,903,452 | | - | | 90,903,452 | 92,378,433 |
| Other financial liabilities | | 39,842 | - | | 262,299 | | 302,141 | 302,141 |
| Lease liabilities | | - | 763,851 | | - | | 763,851 | 763,851 |
| Other liabilities | | - | 2,389,000 | | - | | 2,389,000 | 2,389,000 |
| | ₩ | 39,842 | ₩ 107,065,497 | ₩ | 262,299 | ₩ | 107,367,638 | ₩ 108,842,619 |

Financial liabilities by categories as of December 31, 2019 are as follows.

| Description | Financial liabilities | | Financial liabilities | | Derivative liabilities that are effective hedging instruments | | Book value | Fair value |
|----------------------------------|-----------------------|----------------------------|----------------------------|----------------------------|---|-------------------|------------|--------------|
| | measured at FVPL | measured at amortized cost | measured at amortized cost | measured at amortized cost | measured at FVOCI | measured at FVOCI | | |
| (In millions of Korean Won) | | | | | | | | |
| Trade notes and accounts payable | ₩ | - | ₩ 7,669,424 | ₩ | - | ₩ | 7,669,424 | ₩ 7,669,424 |
| Other payables | | - | 5,300,043 | | - | | 5,300,043 | 5,300,043 |
| Borrowings and debentures | | - | 81,372,153 | | - | | 81,372,153 | 81,912,936 |
| Other financial liabilities | | 36,157 | - | | 149,009 | | 185,166 | 185,166 |
| Lease liabilities | | - | 767,984 | | - | | 767,984 | 767,984 |
| Other liabilities | | - | 2,432,607 | | - | | 2,432,607 | 2,432,607 |
| | ₩ | 36,157 | ₩ 97,542,211 | ₩ | 149,009 | ₩ | 97,727,377 | ₩ 98,268,160 |

(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 September 30, 2020 are as follows.

| Description | September 30, 2020 | | | |
|---|-----------------------------|---------------------|--------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions of Korean Won) | | | |
| Financial assets: | | | | |
| Financial assets measured at FVPL | ₩ 96,950 | ₩ 11,909,646 | ₩ 575,900 | ₩ 12,582,496 |
| Derivative assets that are effective hedging instruments | - | 317,168 | - | 317,168 |
| Financial assets measured at FVOCI | 934,160 | 339,089 | 779,156 | 2,052,405 |
| | <u>₩ 1,031,110</u> | <u>₩ 12,565,903</u> | <u>₩ 1,355,056</u> | <u>₩ 14,952,069</u> |
| Financial liabilities: | | | | |
| Financial liabilities measured at FVPL | ₩ - | ₩ 39,842 | ₩ - | ₩ 39,842 |
| Derivative liabilities that are effective hedging instruments | - | 262,299 | - | 262,299 |
| | <u>₩ -</u> | <u>₩ 302,141</u> | <u>₩ -</u> | <u>₩ 302,141</u> |

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2019 are as follows.

| Description | December 31, 2019 | | | |
|---|-----------------------------|--------------------|--------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions of Korean Won) | | | |
| Financial assets: | | | | |
| Financial assets measured at FVPL | ₩ 94,656 | ₩ 9,288,555 | ₩ 572,618 | ₩ 9,955,829 |
| Derivative assets that are effective hedging instruments | - | 183,836 | - | 183,836 |
| Financial assets measured at FVOCI | 1,180,739 | 349,804 | 748,091 | 2,278,634 |
| | <u>₩ 1,275,395</u> | <u>₩ 9,822,195</u> | <u>₩ 1,320,709</u> | <u>₩ 12,418,299</u> |
| Financial liabilities: | | | | |
| Financial liabilities measured at FVPL | ₩ - | ₩ 36,157 | ₩ - | ₩ 36,157 |
| Derivative liabilities that are effective hedging instruments | - | 149,009 | - | 149,009 |
| | <u>₩ -</u> | <u>₩ 185,166</u> | <u>₩ -</u> | <u>₩ 185,166</u> |

The changes in financial instruments classified as Level 3 for the nine-month period ended September 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 | ₩ 33,049 | ₩ (24,606) | ₩ (11,469) | ₩ 6,308 | ₩ 575,900 |
| Financial assets measured at FVOCI | 748,091 | 29,235 | - | 253 | 1,577 | 779,156 |

The changes in financial instruments classified as Level 3 for the nine-month period ended September 30, 2019 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 | ₩ 228,572 | ₩ 204,734 | ₩ (9,437) | ₩ (17,499) | ₩ 26,880 | ₩ 433,250 |
| Financial assets measured at FVOCI | 376,986 | 72,151 | (506) | 3,373 | (30,264) | 421,740 |

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the nine-month period ended September 30, 2020 are as follows.

| Description | Nine-month period ended September 30, 2020 | | |
|--|--|-----------------|--------------------|
| | Interest income | Dividend income | Interest expenses |
| | (In millions of Korean Won) | | |
| Non-financial services: | | | |
| Financial assets measured at amortized cost | ₩ 235,739 | ₩ - | ₩ - |
| Financial assets measured at FVPL | 84,419 | - | - |
| Financial assets measured at FVOCI | - | 31,572 | - |
| Financial liabilities measured at amortized cost | - | - | 223,831 |
| | <u>₩ 320,158</u> | <u>₩ 31,572</u> | <u>₩ 223,831</u> |
| Financial services: | | | |
| Financial assets measured at amortized cost | ₩ 2,950,947 | ₩ - | ₩ - |
| Financial assets measured at FVPL | 4,489 | 2,140 | - |
| Financial assets measured at FVOCI | 814 | - | - |
| Financial liabilities measured at amortized cost | - | - | 1,409,576 |
| | <u>₩ 2,956,250</u> | <u>₩ 2,140</u> | <u>₩ 1,409,576</u> |

Interest income, dividend income and interest expenses by categories of financial instruments for the nine-month period ended September 30, 2019 are as follows.

| Description | Nine-month period ended September 30, 2019 | | |
|---|---|--------------------|----------------------|
| | Interest income | Dividend income | Interest expenses |
| | (In millions of Korean Won) | | |
| Non-financial services: | | | |
| Financial assets measured at amortized cost | ₩ 300,933 | ₩ - | ₩ - |
| Financial assets(liabilities) measured at FVPL | 92,590 | - | - |
| Financial assets measured at FVOCI | - | 32,504 | - |
| Financial liabilities measured at amortized cost | - | - | 226,770 |
| | <u>₩ 393,523</u> | <u>₩ 32,504</u> | <u>₩ 226,770</u> |
| Financial services: | | | |
| Financial assets measured at amortized cost | ₩ 2,800,198 | ₩ - | ₩ - |
| Financial assets measured at FVPL | 5,973 | 2,370 | - |
| Financial assets measured at FVOCI | 501 | - | - |
| Financial liabilities measured at amortized cost | - | - | 1,333,698 |
| | <u>₩ 2,806,672</u> | <u>₩ 2,370</u> | <u>₩ 1,333,698</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 nine-month periods ended September 30, 2020 and 2019 are ₩594,726 million and ₩642,508 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 nine-month periods ended September 30, 2020 and 2019 are ₩233,127 million and ₩298,020 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 nine-month period ended September 30, 2020.
- (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 September 30, 2020 (In millions of Korean Won) | Valuation techniques | Unobservable inputs | Description of relationship |
|--|--|---------------------------------|---|---|
| Unlisted equity securities, total return swap and others | ₩ 1,355,056 | Discounted cash flow and others | Sales growth rate Pre-tax operating income margin ratio Discount rate | If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases. |

The Group does not expect that changes in significant unobservable inputs to reflect reasonably possible alternative assumptions would have a 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 September 30, 2020 and December 31, 2019 are as follows.

(1) Common stock

| Description | September 30, 2020 | | December 31, 2019 | |
|---------------|---|--------------------|-------------------|--------------------|
| | (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 (In millions of Korean Won) | Dividend rate |
|---------------------------------|-----------|--------------------------|--|--|
| 1 st preferred stock | ₩ 5,000 | 24,356,685 shares | ₩ 125,550 | Dividend rate of common stock + 1% |
| 2 nd preferred stock | " | 36,485,451 shares | 193,069 | The lowest stimulated dividend rate : 2% |
| 3 rd preferred stock | " | 2,428,735 shares | 12,392 | The lowest stimulated dividend rate : 1% |
| | | <u>63,270,871 shares</u> | <u>₩ 331,011</u> | |

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 September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|--|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Paid-in capital in excess of par value | ₩ 3,321,334 | ₩ 3,321,334 |
| Others | 873,095 | 875,681 |
| | ₩ 4,194,429 | ₩ 4,197,015 |

23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|---------------------------------|--------------------|-------------------|
| | (Number of shares) | |
| Common stock | 13,091,308 | 11,835,151 |
| 1 st preferred stock | 2,186,993 | 2,046,959 |
| 2 nd preferred stock | 1,353,570 | 1,142,140 |
| 3 rd preferred stock | 48,574 | 34,545 |

24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

Accumulated other comprehensive loss as of September 30, 2020 is as follows.

| Description | September 30, 2020 |
|---|-----------------------------|
| | (In millions of Korean Won) |
| Gain on valuation of financial assets measured at FVOCI | ₩ 372,040 |
| Loss on valuation of financial assets measured at FVOCI | (475,344) |
| Gain on valuation of cash flow hedge derivatives | 33,814 |
| Loss on valuation of cash flow hedge derivatives | (74,349) |
| Gain on share of the other comprehensive income of equity-accounted investees | 49,557 |
| Loss on share of the other comprehensive income of equity-accounted investees | (735,619) |
| Loss on foreign operations translation, net | (1,887,042) |
| | ₩ (2,716,943) |

Accumulated other comprehensive loss as of December 31, 2019 is as follows.

| Description | December 31, 2019 |
|---|-----------------------------|
| | (In millions of Korean Won) |
| Gain on valuation of financial assets measured at FVOCI | ₩ 489,235 |
| Loss on valuation of financial assets measured at FVOCI | (419,160) |
| Gain on valuation of cash flow hedge derivatives | 17,117 |
| Loss on valuation of cash flow hedge derivatives | (45,500) |
| Gain on share of the other comprehensive income of equity-accounted investees | 34,967 |
| Loss on share of the other comprehensive income of equity-accounted investees | (714,955) |
| Loss on foreign operations translation, net | (1,714,726) |
| | ₩ (2,353,022) |

25. RETAINED EARNINGS:

Retained earnings as of September 30, 2020 and December 31, 2019 are as follows

| Description | September 30, 2020 | December 31, 2019 |
|-----------------------|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Legal reserve (*) | ₩ 744,836 | ₩ 744,836 |
| Discretionary reserve | 48,333,997 | 46,591,396 |
| Unappropriated | 18,708,407 | 20,913,401 |
| | ₩ 67,787,240 | ₩ 68,249,633 |

(*) 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 September 30, 2020, hybrid bond is as follows.

| Description | Issue date | Maturity date | Annual interest rate (%) | September 30, 2020 (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 September 30, 2020, hybrid bond is as follows.

| Description | Issue date | Maturity date | Annual interest rate (%) | September 30, 2020 (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 September 30, 2020, 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 of 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 September 30, 2020, 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 2nd 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 nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Sales of goods | ₩ 23,673,253 | ₩ 62,603,095 | ₩ 22,713,048 | ₩ 65,786,545 |
| Rendering of services | 570,871 | 1,652,782 | 692,597 | 1,822,880 |
| Royalties | 26,739 | 105,436 | 20,727 | 56,222 |
| Financial services revenue | 2,519,371 | 8,062,868 | 2,813,818 | 8,150,035 |
| Revenue related to construction contracts | 684,928 | 1,937,454 | 625,251 | 1,824,794 |
| Others | 100,650 | 392,616 | 103,412 | 281,809 |
| | <u>₩ 27,575,812</u> | <u>₩ 74,754,251</u> | <u>₩ 26,968,853</u> | <u>₩ 77,922,285</u> |

(2) As of September 30, 2020, 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 | ₩ 1,194,829 | ₩ 1,585,554 |

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Selling expenses: | | | | |
| Export expenses | ₩ 17,709 | ₩ 41,765 | ₩ 17,699 | ₩ 59,286 |
| Overseas market expenses | 86,573 | 240,794 | 118,369 | 300,199 |
| Advertisements and sales promotion | 507,357 | 1,531,946 | 619,285 | 1,770,409 |
| Sales commissions | 246,836 | 702,703 | 172,053 | 585,664 |
| Expenses for warranties | 2,715,303 | 3,915,006 | 1,239,596 | 2,352,506 |
| Transportation expenses | 29,457 | 80,582 | 30,653 | 90,491 |
| | <u>3,603,235</u> | <u>6,512,796</u> | <u>2,197,655</u> | <u>5,158,555</u> |
| Administrative expenses: | | | | |
| Payroll | 665,312 | 1,978,995 | 667,359 | 1,951,898 |
| Post-employment benefits | 45,820 | 138,190 | 46,163 | 137,367 |
| Welfare expenses | 115,856 | 342,427 | 105,856 | 316,944 |
| Service charges | 337,681 | 1,010,968 | 360,670 | 996,976 |
| Research | 318,029 | 919,415 | 305,395 | 853,100 |
| Others | 353,157 | 1,059,339 | 366,768 | 1,108,132 |
| | <u>1,835,855</u> | <u>5,449,334</u> | <u>1,852,211</u> | <u>5,364,417</u> |
| | <u>₩ 5,439,090</u> | <u>₩ 11,962,130</u> | <u>₩ 4,049,866</u> | <u>₩ 10,522,972</u> |

29. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three-month and nine-month periods ended September 30, 2020 and 2019 is as follows.

| Description | 2020 | | 2019 | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Gain on share of earnings of equity-accounted investees, net | ₩ 11,104 | ₩ 3,377 | ₩ 104,486 | ₩ 458,141 |
| Gain (loss) on disposals of investments in associates | (1) | 42,435 | - | 14,245 |
| Impairment loss on investments in associates | - | - | (29,751) | (29,751) |
| | <u>₩ 11,103</u> | <u>₩ 45,812</u> | <u>₩ 74,735</u> | <u>₩ 442,635</u> |

30. FINANCE INCOME AND EXPENSES:

- (1) Finance income for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Interest income | ₩ 122,109 | ₩ 320,158 | ₩ 125,536 | ₩ 393,523 |
| Gain on foreign exchange transactions | 18,868 | 40,304 | 20,606 | 75,705 |
| Gain on foreign currency translation | 89,100 | 138,921 | 23,565 | 87,199 |
| Dividend income | 86 | 31,572 | - | 32,504 |
| Gain on derivatives | 8,181 | 80,070 | 7,625 | 16,237 |
| Others | 1,568 | 3,651 | 501 | 6,276 |
| | <u>₩ 239,912</u> | <u>₩ 614,676</u> | <u>₩ 177,833</u> | <u>₩ 611,444</u> |

- (2) Finance expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Interest expenses | ₩ 83,929 | ₩ 244,579 | ₩ 79,694 | ₩ 247,924 |
| Loss on foreign exchange transactions | 20,364 | 123,881 | 6,652 | 25,007 |
| Loss on foreign currency translation | 92,374 | 299,264 | 36,006 | 89,663 |
| Loss on derivatives and others | 6,100 | 21,430 | 8,456 | 34,093 |
| | <u>₩ 202,767</u> | <u>₩ 689,154</u> | <u>₩ 130,808</u> | <u>₩ 396,687</u> |

31. OTHER INCOME AND EXPENSES:

- (1) Other income for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| | (In millions of Korean Won) | | | |
| Gain on foreign exchange transactions | ₩ 105,277 | ₩ 347,226 | ₩ 142,562 | ₩ 404,824 |
| Gain on foreign currency translation | 40,958 | 119,994 | 93,821 | 182,381 |
| Gain on disposals of PP&E | 8,150 | 24,143 | 11,548 | 18,529 |
| Commission income | 11,650 | 33,395 | 16,882 | 80,490 |
| Rental income | 22,173 | 70,782 | 23,502 | 66,497 |
| Others | 134,132 | 324,050 | 74,651 | 226,625 |
| | <u>₩ 322,340</u> | <u>₩ 919,590</u> | <u>₩ 362,966</u> | <u>₩ 979,346</u> |

(2) Other expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|---------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| (In millions of Korean Won) | | | | |
| Loss on foreign exchange transactions | ₩ 159,333 | ₩ 460,656 | ₩ 124,583 | ₩ 356,203 |
| Loss on foreign currency translation | 110,028 | 216,053 | 108,973 | 167,380 |
| Loss on disposals of PP&E | 15,337 | 47,443 | 14,780 | 51,232 |
| Donations | 17,151 | 45,869 | 6,043 | 37,036 |
| Others | 117,217 | 302,944 | 179,851 | 434,200 |
| | ₩ 419,066 | ₩ 1,072,965 | ₩ 434,230 | ₩ 1,046,051 |

32. EXPENSES BY NATURE:

Expenses by nature for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | 2020 | | 2019 | |
|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Three-month period ended September 30 | Nine-month period ended September 30 | Three-month period ended September 30 | Nine-month period ended September 30 |
| (In millions of Korean Won) | | | | |
| Changes in inventories | ₩ (183,638) | ₩ (155,905) | ₩ 149,263 | ₩ (479,579) |
| Raw materials and merchandise used | 16,023,742 | 41,506,854 | 15,361,655 | 45,724,140 |
| Employee benefits | 2,301,110 | 6,782,132 | 2,385,369 | 6,899,889 |
| Depreciation | 702,908 | 2,041,710 | 646,305 | 1,880,617 |
| Amortization | 363,357 | 1,072,636 | 325,206 | 961,518 |
| Others | 9,101,222 | 23,439,515 | 8,156,765 | 21,540,635 |
| Total (*) | ₩ 28,308,701 | ₩ 74,686,942 | ₩ 27,024,563 | ₩ 76,527,220 |

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

33. EARNINGS (LOSS) PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings (loss) per common stock and preferred stock are computed by dividing profit (loss) available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period. The Group does not compute diluted earnings (loss) per common stock for three-month and nine-month periods ended September 30, 2020 and 2019, since there are no dilutive items during the period.

Basic earnings (loss) per common stock and preferred stock for the three-month and nine-month periods ended September 30, 2020 are computed as follows.

| Description | Three-month period ended September 30 | | | Nine-month period ended September 30 | | |
|---|---------------------------------------|--|----------------------|--------------------------------------|--|--------------------------|
| | Loss attributable to share | Weighted-average number of shares outstanding (*1) | Basic loss per share | Profit attributable to share | Weighted-average number of shares outstanding (*1) | Basic earnings per share |
| (In millions of Korean Won, except per share amounts) | | | | | | |
| Common stock | ₩ (259,910) | 200,576,879 | ₩ (1,296) | ₩ 270,574 | 200,716,665 | ₩ 1,348 |
| 1 st Preferred stock (*2) | (28,451) | 22,169,692 | (1,283) | 30,738 | 22,185,730 | 1,385 |
| 2 nd Preferred stock | (44,646) | 35,131,881 | (1,271) | 50,027 | 35,155,855 | 1,423 |
| 3 rd Preferred stock | (3,054) | 2,380,161 | (1,283) | 3,300 | 2,381,748 | 1,386 |

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

(*2) 1st 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 nine-month periods ended September 30, 2019 are computed as follows.

| Description | Three-month period ended September 30 | | | Nine-month period ended September 30 | | |
|--------------------------------------|---|--|--------------------------|--------------------------------------|--|--------------------------|
| | Profit attributable to share | Weighted-average number of shares outstanding (*1) | Basic earnings per share | Profit attributable to share | Weighted-average number of shares outstanding (*1) | Basic earnings per share |
| | (In millions of Korean Won, except per share amounts) | | | | | |
| Common stock | ₩ 328,094 | 202,714,520 | ₩ 1,619 | ₩ 1,673,987 | 202,859,288 | ₩ 8,252 |
| 1 st Preferred stock (*2) | 36,556 | 22,413,258 | 1,631 | 185,926 | 22,429,792 | 8,289 |
| 2 nd Preferred stock | 58,339 | 35,496,735 | 1,644 | 295,789 | 35,525,867 | 8,326 |
| 3 rd Preferred stock | 3,922 | 2,404,448 | 1,631 | 19,946 | 2,405,651 | 8,291 |

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

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

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 income before income tax) for the nine-month periods ended September 30, 2020 and 2019 are 22.7% and 20.4%, respectively.

35. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|----------------------|---------------------------------------|----------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Paid-in cash | ₩ 7,705 | ₩ 7,768 |
| Recognized liability | 2,369 | 2,312 |
| | ₩ 10,074 | ₩ 10,080 |

(2) The significant actuarial assumptions used by the Group as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|---|--------------------|-------------------|
| Discount rate (*) | 2.99% | 2.95% |
| Rate of expected future salary increase | 4.31% | 4.15% |

(*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at September 30, 2020, 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 September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|--|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Present value of defined benefit obligations | ₩ 6,549,075 | ₩ 6,321,408 |
| Fair value of plan assets | (6,101,427) | (5,913,514) |
| | <u>₩ 447,648</u> | <u>₩ 407,894</u> |
| Net defined benefit liabilities | 447,648 | 412,598 |
| Net defined benefit assets | - | (4,704) |

(4) Changes in net defined benefit assets and liabilities for the nine-month period ended September 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 | 460,710 | - | 460,710 |
| Interest expenses (income) | 101,957 | (98,380) | 3,577 |
| | <u>6,884,075</u> | <u>(6,011,894)</u> | <u>872,181</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (15,528) | (15,528) |
| Actuarial gains and losses arising from changes in demographic assumptions | 1,050 | - | 1,050 |
| Actuarial gains and losses arising from changes in financial assumptions | 44,872 | - | 44,872 |
| Actuarial gains and losses arising from experience adjustments and others | 5,654 | - | 5,654 |
| | <u>51,576</u> | <u>(15,528)</u> | <u>36,048</u> |
| Contributions | - | (401,154) | (401,154) |
| Benefits paid | (391,830) | 329,049 | (62,781) |
| Transfers in (out) | 1,903 | (603) | 1,300 |
| Effect of foreign exchange differences and others | 3,351 | (1,297) | 2,054 |
| End of the period | <u>₩ 6,549,075</u> | <u>₩ (6,101,427)</u> | <u>₩ 447,648</u> |

Changes in net defined benefit assets and liabilities for the nine-month period ended September 30, 2019 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 | ₩ 5,931,464 | ₩ (5,508,329) | ₩ 423,135 |
| Current service cost | 453,458 | - | 453,458 |
| Interest expenses (income) | 117,389 | (112,557) | 4,832 |
| | 6,502,311 | (5,620,886) | 881,425 |
| Remeasurements: | | | |
| Return on plan assets | - | (31,411) | (31,411) |
| Actuarial gains and losses arising from changes in financial assumptions | 60,037 | - | 60,037 |
| Actuarial gains and losses arising from experience adjustments and others | (1,939) | - | (1,939) |
| | 58,098 | (31,411) | 26,687 |
| Contributions | - | (536,956) | (536,956) |
| Benefits paid | (402,178) | 342,108 | (60,070) |
| Transfers in (out) | 1,292 | 67 | 1,359 |
| Effect of foreign exchange differences and others | 34,474 | (16,979) | 17,495 |
| End of the period | ₩ 6,193,997 | ₩ (5,864,057) | ₩ 329,940 |

(5) The fair value of the plan assets as of September 30, 2020 and December 31, 2019 is as follows.

| Description | September 30, 2020 | December 31, 2019 |
|-----------------------|-----------------------------|-------------------|
| | (In millions of Korean Won) | |
| Insurance instruments | ₩ 6,097,670 | ₩ 5,909,102 |
| Others | 3,757 | 4,412 |
| | ₩ 6,101,427 | ₩ 5,913,514 |

36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|--|---------------------------------------|---------------------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Profit for the period | ₩ 741,151 | ₩ 2,413,580 |
| Adjustments: | | |
| Retirement benefit costs | 466,656 | 460,602 |
| Depreciation | 2,041,710 | 1,880,617 |
| Amortization of intangible assets | 1,072,636 | 961,518 |
| Provision for warranties | 3,771,633 | 2,203,809 |
| Income tax expense | 217,082 | 618,223 |
| Loss (gain) on foreign currency translation, net | 256,402 | (12,537) |
| Loss on disposals of PP&E, net | 23,300 | 32,703 |
| Interest income, net | (75,579) | (145,599) |
| Gain on share of earnings of equity-accounted investees, net | (3,377) | (458,141) |
| Cost of sales from financial services, net | 5,047,334 | 5,094,332 |
| Impairment loss on investments in associates | - | 29,751 |
| Others | 333,824 | 787,259 |
| | <u>13,151,621</u> | <u>11,452,537</u> |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in trade notes and accounts receivable | 356,197 | (408,727) |
| Decrease in other receivables | 220,479 | 220,619 |
| Increase in other financial assets | (94,447) | (81,068) |
| Increase in inventories | (12,516) | (1,212,923) |
| Increase in other assets | (305,569) | (128,565) |
| Increase (decrease) in trade notes and accounts payable | 566,340 | (696,405) |
| Decrease in other payables | (669,542) | (673,384) |
| Increase in other liabilities | 825,500 | 2,537,531 |
| Decrease in other financial liabilities | (8,787) | (8,159) |
| Decrease in net defined benefit liabilities | (391,254) | (527,001) |
| Payment of severance benefits | (62,781) | (60,070) |
| Decrease in provisions | (2,168,432) | (2,245,181) |
| Changes in financial services receivables | (5,655,675) | (4,955,540) |
| Investment in operating leases | (2,846,580) | (2,716,787) |
| Others | 94,484 | (18,884) |
| | <u>(10,152,583)</u> | <u>(10,974,544)</u> |
| Cash generated from operations | <u>₩ 3,740,189</u> | <u>₩ 2,891,573</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 September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | | December 31, 2019 | |
|----------------------|--------------------|-----------------------------|-------------------|-------------|
| | | (In millions of Korean Won) | | |
| Total liabilities | ₩ | 131,246,135 | ₩ | 118,146,466 |
| Total equity | | 75,850,104 | | 76,365,754 |
| Debt-to-equity ratio | | 173.0% | | 154.7% |

(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 September 30, 2020 is as follows.

| Foreign Currency | Foreign Exchange Rate Sensitivity | |
|------------------|-----------------------------------|----------------|
| | Increase by 5% | Decrease by 5% |
| | (In millions of Korean Won) | |
| USD | ₩ (43,863) | ₩ 43,863 |
| EUR | (31,305) | 31,305 |
| JPY | (3,943) | 3,943 |

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 September 30, 2020 is as follows.

| Accounts | Interest Rate Sensitivity | |
|--|-----------------------------|----------------|
| | Increase by 1% | Decrease by 1% |
| | (In millions of Korean Won) | |
| Cash and cash equivalents | ₩ 21,858 | ₩ (21,858) |
| Financial assets measured at FVPL | (6,025) | 6,360 |
| Short-term and long-term financial instruments | 10,267 | (10,267) |
| Borrowings and debentures | (110,786) | 110,786 |

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 September 30, 2020 and December 31, 2019, the amounts of interest rate risk measured at VaR are ₩168,521 million and ₩159,980 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of September 30, 2020, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩96,950 million and ₩1,700,481 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 September 30, 2020 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 | ₩ 15,398,056 | ₩ 11,508 | ₩ - | ₩ 15,409,564 |
| Interest-bearing liabilities | 31,026,323 | 55,937,586 | 9,558,864 | 96,522,773 |
| Financial guarantee | 874,553 | 13,618 | 92 | 888,263 |

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 September 30, 2020 and December 31, 2019, the Group recognized an accumulative net loss of ₩40,535 million and ₩28,383 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 108 months as of September 30, 2020.

For the nine-month periods ended September 30, 2020 and 2019, the Group recognized a net profit of ₩67,195 million and ₩377,601 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 nine-month period ended September 30, 2020, 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. | ₩ 840,139 | ₩ 95,430 | ₩ 5,425,995 | ₩ 38,574 |
| | Mobis Alabama, LLC | 182,669 | 2,482 | 840,904 | - |
| | Mobis Automotive Czech s.r.o. | 5 | 406 | 1,174,921 | 12,825 |
| | Mobis India, Ltd. | 6,007 | 1,932 | 537,134 | 16,268 |
| | Mobis Parts America, LLC | 53,636 | 2,697 | 691,241 | 532 |
| | Mobis Module CIS, LLC. | - | 242 | 230,415 | 10 |
| | Mobis Parts Europe N.V. | 9,591 | 393 | 280,360 | 1 |
| | Others | 20,728 | 1,539 | 593,994 | 4,821 |
| Joint ventures and associates | Kia Motors Corporation | 691,421 | 386,141 | 178,942 | 539,983 |
| | Kia Motors Russia LLC. | 645,049 | 129 | - | - |
| | Kia Motors Slovakia s.r.o. | 72,254 | 3,070 | 264,140 | - |
| | Kia Motors Mexico S.A de C.V. | 4,671 | 963 | 203,346 | - |
| | BHMC | 157,638 | 45 | 61,653 | 14,114 |
| | HMGC | 1,864 | 16 | 49,763 | 5,631 |
| | Hyundai WIA Corporation | 75,044 | 2,334 | 883,813 | 5,439 |
| | Others | 753,366 | 44,172 | 2,643,920 | 1,198,211 |
| Other related parties | | 5,086 | 3,229 | 78 | 3 |
| Affiliates by the Act | | 558,635 | 204,077 | 4,507,961 | 481,476 |

For the nine-month period ended September 30, 2019, 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. | ₩ 713,783 | ₩ 7,266 | ₩ 4,981,318 | ₩ 32,787 |
| | Mobis Alabama, LLC | 145,892 | 3,516 | 1,071,566 | 7,116 |
| | Mobis Automotive Czech s.r.o. | - | 380 | 1,144,254 | 198 |
| | Mobis India, Ltd. | 9,165 | 5,255 | 887,095 | 8,652 |
| | Mobis Parts America, LLC | 44,556 | 2,535 | 713,026 | 526 |
| | Mobis Parts Europe N.V. | 13,220 | 393 | 313,054 | - |
| | Mobis Brasil Fabricacao De Auto Pecas Ltda | 6,499 | 3 | 222,585 | - |
| | Mobis Module CIS, LLC | - | 247 | 310,978 | - |
| | Others | 17,389 | 1,528 | 514,196 | 17,018 |
| Joint ventures and associates | Kia Motors Corporation | 829,458 | 352,225 | 120,347 | 480,159 |
| | Kia Motors Manufacturing Georgia, Inc. | 267,758 | 1,377 | 19 | - |
| | Kia Motors Russia LLC | 798,813 | - | - | - |
| | Kia Motors Slovakia s.r.o. | 92,626 | 247 | 359,852 | - |
| | BHMC | 314,960 | 22,931 | 97,137 | - |
| | HMGC | 2,225 | 16 | 37,904 | 7,862 |
| | Hyundai WIA Corporation | 101,452 | 1,350 | 942,561 | 46,624 |
| | Others | 409,600 | 48,858 | 3,103,914 | 1,321,664 |
| Other related parties | | 5,446 | 4,479 | 73 | 4 |
| Affiliates by the Act | | 818,892 | 139,218 | 5,481,551 | 982,457 |

(2) As of September 30, 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. | ₩ 285,283 | ₩ 6,692 | ₩ 1,502,922 | ₩ 252,027 |
| | Mobis Alabama, LLC | 24,356 | 19 | 140,800 | - |
| | Mobis Automotive Czech s.r.o. | - | 277 | 237,223 | - |
| | Mobis India, Ltd. | 1,523 | 2 | 157,693 | 2 |
| | Mobis Parts America, LLC | 13,356 | 87 | 66,910 | - |
| | Mobis Module CIS, LLC | - | 33 | 41,631 | - |
| | Mobis Parts Europe N.V. | 1,002 | 34 | 34,114 | - |
| | Others | 4,768 | 294 | 74,102 | 3,877 |
| Joint ventures and associates | Kia Motors Corporation | 451,841 | 151,494 | 129,231 | 121,301 |
| | Kia Motors Russia LLC. | 119,323 | 189 | - | - |
| | Kia Motors Slovakia s.r.o. | 10,359 | 825 | 36,034 | 23 |
| | Kia Motors Mexico S.A de C.V. | 1,182 | 1,427 | 34,677 | 401 |
| | Kia Motors America, Inc. | - | 156,616 | 172 | 20,950 |
| | BHMC | 109,518 | 37,313 | 764 | 2,323 |
| | HMGC | 670 | 19,793 | 7,629 | 1,096 |
| | Hyundai WIA Corporation | 24,444 | 11,506 | 186,290 | 30,058 |
| | Others | 281,355 | 138,785 | 731,834 | 912,699 |
| Other related parties | | 153 | 546 | 10 | 1 |
| Affiliates by the Act | | 125,954 | 25,711 | 854,777 | 231,715 |

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩360 million as of September 30, 2020 and the reversal of impairment loss is recognized in the amount of ₩76 million for the nine-month period ended September 30, 2020.

(*2) As of September 30, 2020, outstanding payment of ₩17,878 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the nine-month period ended September 30, 2020, amount used and repayment of agreement are ₩197,980 million and ₩201,329 million, respectively.

As of December 31, 2019, 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. | ₩ 180,627 | ₩ 8,774 | ₩ 1,240,307 | ₩ 260,458 | |
| | Mobis Alabama, LLC | 6,835 | - | 112,964 | 12 | |
| | Mobis Automotive Czech s.r.o. | - | 369 | 110,024 | - | |
| | Mobis India, Ltd. | 3,381 | - | 118,413 | 2 | |
| | Mobis Parts America, LLC | 14,033 | 89 | 85,048 | - | |
| | Mobis Module CIS, LLC | - | 36 | 32,457 | - | |
| | Mobis Parts Europe N.V. | 1,671 | 3,033 | 32,294 | - | |
| | Others | 5,709 | 719 | 78,094 | 4,187 | |
| | Joint ventures and associates | Kia Motors Corporation | 467,458 | 325,290 | 46,735 | 175,515 |
| | | Kia Motors Russia LLC. | 145,459 | 326 | - | - |
| Kia Motors Slovakia s.r.o. | | 8,312 | 1,028 | 30,354 | 89 | |
| Kia Motors Mexico S.A de C.V. | | 33 | 4,645 | 77,306 | 366 | |
| Kia Motors America, Inc. | | - | 84,127 | 1,275 | 20,455 | |
| BHMC | | 156,728 | 76,174 | 6,215 | 820 | |
| HMGC | | 16 | 19,894 | 6,957 | 37,188 | |
| Hyundai WIA Corporation | | 28,289 | 14,729 | 151,717 | 55,728 | |
| Others | 302,208 | 115,063 | 492,506 | 695,803 | | |
| Other related parties | 87 | 520 | 10 | 1 | | |
| Affiliates by the Act | 214,074 | 78,281 | 845,699 | 344,282 | | |

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩26,889 million as of December 31, 2019 and the impairment loss is recognized in the amount of ₩1,895 million for the year ended December 31, 2019.

(*2) As of December 31, 2019, outstanding payment of ₩21,227 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2019, amount used and repayment of agreement are ₩307,706 million and ₩304,492 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the nine-month period ended September 30, 2020, between the Group and related parties are as follows.

| Description | Loans | | Borrowings | | Equity contribution |
|--|---------|------------|------------|-----------|---------------------|
| | Lending | Collection | Borrowing | Repayment | |
| (In thousands of USD Dollar and Chinese Yuan, In millions of Korean won) | | | | | |
| Joint ventures and associates | - | ¥ 5,000 | \$ 5,000 | - | ₩ 1,804,914 |
| | | | ₩ 16,000 | | |

Significant fund transactions and equity contribution transactions for the nine-month period ended September 30, 2019, between the Group and related parties are as follows.

| Description | Loans | | Borrowings | | Equity contribution |
|---|----------|------------|------------|-----------|---------------------|
| | Lending | Collection | Borrowing | Repayment | |
| (In thousands of Chinese Yuan, In millions of Korean won) | | | | | |
| Joint ventures and associates | ¥ 40,000 | - | - | - | ₩ 452,666 |

For the nine-month period ended September 30, 2020, the Group traded in other financial assets and others of ₩2,230,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩970,000 million in the consolidated statement of financial position as of September 30, 2020.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| Description | Nine-month period ended September 30, | |
|------------------------------|---------------------------------------|-----------|
| | 2020 | 2019 |
| | (In millions of Korean Won) | |
| Short-term employee salaries | ₩ 178,221 | ₩ 175,799 |
| Retirement benefit costs | 32,966 | 34,636 |
| Other long-term benefits | 773 | 838 |
| | ₩ 211,960 | ₩ 211,273 |

39. COMMITMENTS AND CONTINGENCIES:

- (1) As of September 30, 2020, 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 | ₩ 128,050 | ₩ | - | |
| To others | 9,680 | | 926,511 | |
| | ₩ 137,730 | ₩ | 926,511 | |

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

- (2) As of September 30, 2020, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in 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 September 30, 2020, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. Meanwhile, as of September 30, 2020, the Group is currently involved in lawsuits for ordinary wage, which relates to disputes over whether certain elements of remuneration shall be included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.
- (3) As of September 30, 2020, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩506,625 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Motors 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 September 30, 2020, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of September 30, 2020, 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 September 30, 2020, 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 September 30, 2020, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by other investors of a third parties.
- (8) As of September 30, 2020, the Company has a shareholder agreement with investors of third parties 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 September 30, 2020, the Company has recognized relevant liability in the amount of ₩944,106 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.

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 nine-month periods ended September 30, 2020 and 2019 are as follows.

| | For the nine-month period ended September 30, 2020 | | | | |
|---------------------|--|--------------|-------------|---------------------------|--------------|
| | Vehicle | Finance | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | |
| Total sales | ₩ 86,136,388 | ₩ 13,222,697 | ₩ 5,729,070 | ₩ (30,333,904) | ₩ 74,754,251 |
| Inter-company sales | (29,038,647) | (264,322) | (1,030,935) | 30,333,904 | - |
| Net sales | 57,097,741 | 12,958,375 | 4,698,135 | - | 74,754,251 |
| Operating profit | (46,325) | 995,466 | 185,395 | 5,738 | 1,140,274 |

| | For the nine-month period ended September 30, 2019 | | | | |
|---------------------|--|--------------|-------------|---------------------------|--------------|
| | Vehicle | Finance | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | |
| Total sales | ₩ 93,323,235 | ₩ 12,940,149 | ₩ 6,431,659 | ₩ (34,772,758) | ₩ 77,922,285 |
| Inter-company sales | (33,068,920) | (570,298) | (1,133,540) | 34,772,758 | - |
| Net sales | 60,254,315 | 12,369,851 | 5,298,119 | - | 77,922,285 |
| Operating profit | 1,572,631 | 744,677 | 140,765 | (16,957) | 2,441,116 |

- (3) Assets and liabilities by operating segments as of September 30, 2020 are as follows.

| | September 30, 2020 | | | | |
|---------------------------|-----------------------------|---------------|-------------|---------------------------|---------------|
| | Vehicle | Finance | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | |
| Total assets | ₩ 112,516,269 | ₩ 101,616,687 | ₩ 8,323,170 | ₩ (15,359,887) | ₩ 207,096,239 |
| Total liabilities | 48,129,487 | 87,646,846 | 5,042,853 | (9,573,051) | 131,246,135 |
| Borrowings and debentures | 11,221,602 | 79,633,737 | 2,380,665 | (2,332,552) | 90,903,452 |

Assets and liabilities by operating segments as of December 31, 2019 are as follows.

| | December 31, 2019 | | | | |
|---------------------------|-----------------------------|--------------|-------------|---------------------------|---------------|
| | Vehicle | Finance | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | |
| Total assets | ₩ 107,555,519 | ₩ 93,803,198 | ₩ 8,541,669 | ₩ (15,388,166) | ₩ 194,512,220 |
| Total liabilities | 42,249,145 | 80,509,835 | 5,579,715 | (10,192,229) | 118,146,466 |
| Borrowings and debentures | 7,628,244 | 72,788,608 | 2,776,867 | (1,821,566) | 81,372,153 |

(4) Sales by region based on where the Group's entities are located in for the nine-month periods ended September 30, 2020 and 2019 are as follows.

| | For the nine-month period ended September 30, 2020 | | | | | | |
|---------------------|--|---------------|-------------|--------------|-------------|---------------------------|--------------|
| | Korea | North America | Asia | Europe | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | | | |
| Total sales | ₩ 44,044,428 | ₩ 31,388,155 | ₩ 5,974,164 | ₩ 22,404,283 | ₩ 1,277,125 | ₩ (30,333,904) | ₩ 74,754,251 |
| Inter-company sales | (14,949,812) | (4,614,825) | (254,874) | (10,510,571) | (3,822) | 30,333,904 | - |
| Net sales | ₩ 29,094,616 | ₩ 26,773,330 | ₩ 5,719,290 | ₩ 11,893,712 | ₩ 1,273,303 | ₩ - | ₩ 74,754,251 |

| | For the nine-month period ended September 30, 2019 | | | | | | |
|---------------------|--|---------------|-------------|--------------|-------------|---------------------------|--------------|
| | Korea | North America | Asia | Europe | Others | Consolidation adjustments | Total |
| | (In millions of Korean Won) | | | | | | |
| Total sales | ₩ 44,137,667 | ₩ 32,129,056 | ₩ 7,980,131 | ₩ 26,271,584 | ₩ 2,176,605 | ₩ (34,772,758) | ₩ 77,922,285 |
| Inter-company sales | (15,987,829) | (5,924,064) | (293,483) | (12,567,230) | (152) | 34,772,758 | - |
| Net sales | ₩ 28,149,838 | ₩ 26,204,992 | ₩ 7,686,648 | ₩ 13,704,354 | ₩ 2,176,453 | ₩ - | ₩ 77,922,285 |

(5) Non-current assets by region where the Group's entities are located in as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, | | December 31, | |
|-----------------------------|---------------|------------|--------------|------------|
| | 2020 | | 2019 | |
| (In millions of Korean Won) | | | | |
| Korea | ₩ | 32,263,144 | ₩ | 32,022,342 |
| North America | | 2,780,292 | | 2,588,893 |
| Asia | | 2,253,962 | | 1,527,181 |
| Europe | | 2,115,566 | | 1,962,133 |
| Others | | 319,437 | | 449,771 |
| | | 39,732,401 | | 38,550,320 |
| Consolidation adjustments | | (302,019) | | (280,806) |
| Total (*) | ₩ | 39,430,382 | ₩ | 38,269,514 |

(*) 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 revenue for the nine-month periods ended September 30, 2020 and 2019.

41. CONSTRUCTION CONTRACTS:

- (1) Cost, income and loss and claimed construction from construction in progress as of September 30, 2020 and December 31, 2019 are as follows.

| Description | September 30, 2020 | December 31, 2019 |
|-------------------------------------|-----------------------------|----------------------|
| | (In millions of Korean Won) | |
| Accumulated cost | ₩ 10,945,103 | ₩ 10,298,750 |
| Accumulated income | 250,003 | 271,874 |
| Accumulated construction in process | 11,195,106 | 10,570,624 |
| Progress billing | 10,839,884 | 10,175,567 |
| Due from customers | 1,239,099 | 1,171,029 |
| Due to customers | 883,877 | 775,972 |
| Reserve (*) | 96,654 | 95,404 |

(*) 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 September 30, 2020 are as follows.

| Description | September 30, 2020 |
|---|-----------------------------|
| | (In millions of Korean Won) |
| Changes in accounting estimates of total contract revenue | ₩ 144,034 |
| Changes in accounting estimates of total contract costs | (71,823) |
| Effects on profit or loss of current period | 94,922 |
| Effects on profit or loss of future periods | 120,935 |
| Changes in due from customers | 44,400 |
| Provision for construction loss | 64,571 |

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 September 30, 2020. Total contract revenue and costs may change in future periods.

- (3) There is no contract as of September 30, 2020, 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:

The Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) on January 19, 2020.

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

| Description | Amount |
|---------------------------------------|-----------------------------|
| | (In millions of Korean Won) |
| Total considerations transferred | ₩ 92,328 |
| Assets and liabilities acquired: | |
| Current assets | 249,089 |
| Non-current assets | |
| Property, plant and equipment | 436,954 |
| Intangible assets | 178,515 |
| Other assets | 134,329 |
| | 749,798 |
| Current liabilities | 799,488 |
| Non-current liabilities | 183,876 |
| Fair value of identifiable net assets | 15,523 |
| Goodwill | ₩ 76,805 |

The amounts of sales and net loss of the acquiree since the acquisition date included in the consolidated statement of income for the nine-month period ended September 30, 2020 are ₩152,225 million and ₩100,363 million, respectively.