

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

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

ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT

HYUNDAI MOTOR COMPANY

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Independent Auditors' Review Report

Based on a report originally issued in Korean

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, 2021, the condensed consolidated statements of income, and comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, the condensed consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditors' review responsibility

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

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

Conclusion

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

Other matters

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

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



KPMG Samjory Accounting Corp.

Seoul, Korea
November 15, 2021

This report is effective as of November 15, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

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

Chang, Jae Hoon
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

ASSETS	NOTES	September 30, 2021	December 31, 2020
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	20	₩ 12,764,120	₩ 9,862,136
Short-term financial instruments	20	7,294,630	7,219,695
Other financial assets	5,20	12,609,731	12,897,108
Trade notes and accounts receivable	3,20	3,293,084	3,283,972
Other receivables	4,20	4,244,356	4,016,972
Inventories	6	11,299,462	11,333,734
Current tax assets		70,160	138,848
Financial services receivables	14,20	33,827,696	32,596,052
Non-current assets classified as held for sale	8	28,004	304,469
Other assets	7,20	2,136,406	2,033,371
Total current assets		87,567,649	83,686,357
Non-current assets:			
Long-term financial instruments	20	306,036	61,859
Other financial assets	5,20	3,195,594	2,779,227
Long-term trade notes and accounts receivable	3,20	112,154	124,269
Other receivables	4,20	725,264	702,341
Property, plant and equipment	9,40	34,940,952	34,092,229
Investment property	10,40	157,786	160,967
Intangible assets	11,40	6,034,239	5,677,567
Investments in joint ventures and associates	13	22,143,472	19,925,260
Deferred tax assets		2,816,020	2,847,454
Financial services receivables	14,20	45,507,279	37,069,158
Investments in operating leases	15	25,526,665	20,501,691
Right-of-use assets	12	890,566	836,324
Other assets	7,20	1,186,306	879,509
Total non-current assets		143,542,333	125,657,855
Total assets		₩ 231,109,982	₩ 209,344,212

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

LIABILITIES AND EQUITY	NOTES	September 30, 2021	December 31, 2020
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 8,081,438	₩ 8,793,179
Other payables	20,39	4,469,704	6,123,714
Short-term borrowings	16,20,40	14,309,512	13,780,670
Current portion of long-term debt and debentures	16,20,40	17,197,417	16,104,005
Income tax payable		452,411	548,733
Provisions	17	6,716,793	6,360,770
Other financial liabilities	18,20	73,638	100,328
Lease liabilities	12,20	160,833	141,478
Non-current liabilities classified as held for sale	8	-	214,066
Other liabilities	19,20,27	8,007,650	7,292,585
Total current liabilities		<u>59,469,396</u>	<u>59,459,528</u>
Non-current liabilities:			
Long-term other payables	20,39	820,649	798,547
Debentures	16,20,40	65,628,665	48,795,361
Long-term debt	16,20,40	10,389,913	12,726,724
Net defined benefit liabilities	35	283,239	247,566
Provisions	17	4,246,740	4,010,118
Other financial liabilities	18,20	94,724	459,507
Deferred tax liabilities		3,990,111	3,277,573
Lease liabilities	12,20	686,745	615,566
Other liabilities	19,20,27	3,188,356	2,612,752
Total non-current liabilities		<u>89,329,142</u>	<u>73,543,714</u>
Total liabilities		<u>148,798,538</u>	<u>133,003,242</u>
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,070,261	4,190,093
Other capital items	23	(1,663,049)	(1,700,592)
Accumulated other comprehensive loss	24	(1,557,755)	(3,409,661)
Retained earnings	25	72,372,601	68,911,800
Equity attributable to the owners of the Company		<u>74,711,051</u>	<u>69,480,633</u>
Non-controlling interests		7,600,393	6,860,337
Total equity		<u>82,311,444</u>	<u>76,340,970</u>
Total liabilities and equity		<u>₩ 231,109,982</u>	<u>₩ 209,344,212</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, 2021 AND 2020

		2021		2020	
	NOTES	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	₩ 28,867,220	₩ 86,584,157	₩ 27,575,812	₩ 74,754,251
Cost of sales	32	23,633,534	70,582,632	22,450,545	61,651,847
Gross profit		5,233,686	16,001,525	5,125,267	13,102,404
Selling and administrative expenses	28,32	3,627,013	10,852,236	5,439,090	11,962,130
Operating profit (loss)		1,606,673	5,149,289	(313,823)	1,140,274
Gain on investments in joint ventures and associates, net	29	298,887	1,033,341	11,103	45,812
Finance income	30	167,991	467,041	239,912	614,676
Finance expenses	30	138,764	369,979	202,767	689,154
Other income	31	354,348	1,062,780	322,340	919,590
Other expenses	31,32	352,091	857,198	419,066	1,072,965
Profit (loss) before income tax		1,937,044	6,485,274	(362,301)	958,233
Income tax expense (benefit)	34	450,168	1,493,571	(173,500)	217,082
Profit (loss) for the period		₩ 1,486,876	₩ 4,991,703	₩ (188,801)	₩ 741,151
Profit (loss) attributable to:					
Owners of the Company		1,306,310	4,395,447	(336,061)	354,639
Non-controlling interests		180,566	596,256	147,260	386,512
Earnings (loss) per share attributable to the owners of the Company:	33				
Basic earnings (loss) per share:					
Common stock		₩ 5,016	₩ 16,881	₩ (1,296)	₩ 1,348
1 st preferred stock		₩ 5,021	₩ 16,892	₩ (1,283)	₩ 1,385
Diluted earnings (loss) per share:					
Common stock		₩ 5,016	₩ 16,881	₩ (1,296)	₩ 1,348
1 st preferred stock		₩ 5,021	₩ 16,892	₩ (1,283)	₩ 1,385

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, 2021 AND 2020

	2021		2020	
	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	₩ 1,486,876	₩ 4,991,703	₩ (188,801)	₩ 741,151
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	(124,748)	123,970	72,614	(178,554)
Remeasurements of defined benefit plans	(12,576)	1,523	(6,496)	(27,347)
Changes in retained earnings of equity-accounted investees, net	6,123	22,222	14,429	1,422
Changes in share of OCI of equity-accounted investees, net	(21,839)	17,287	12,444	16,344
	<u>(153,040)</u>	<u>165,002</u>	<u>92,991</u>	<u>(188,135)</u>
Items that may be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	(1,328)	(2,340)	1,337	2,746
Gain (loss) on valuation of cash flow hedge derivatives, net	(44,143)	(23,394)	68,868	(37,127)
Changes in share of OCI of equity-accounted investees, net	309,970	568,701	(63,240)	(15,713)
Gain (loss) on foreign operations translation, net	805,437	1,395,432	(327,627)	(92,973)
	<u>1,069,936</u>	<u>1,938,399</u>	<u>(320,662)</u>	<u>(143,067)</u>
Total other comprehensive income (loss)	<u>916,896</u>	<u>2,103,401</u>	<u>(227,671)</u>	<u>(331,202)</u>
Total comprehensive income (loss)	<u>₩ 2,403,772</u>	<u>₩ 7,095,104</u>	<u>₩ (416,472)</u>	<u>₩ 409,949</u>
Comprehensive income (loss) attributable to:				
Owners of the Company	2,185,453	6,358,148	(598,781)	(36,591)
Non-controlling interests	218,319	736,956	182,309	446,540
Total comprehensive income (loss)	<u>₩ 2,403,772</u>	<u>₩ 7,095,104</u>	<u>₩ (416,472)</u>	<u>₩ 409,949</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, 2021 AND 2020

	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

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2021	₩ 1,488,993	₩ 4,190,093	₩ (1,700,592)	₩ (3,409,661)	₩ 68,911,800	₩ 69,480,633	₩ 6,860,337	₩ 76,340,970
Comprehensive income:								
Profit for the period	-	-	-	-	4,395,447	4,395,447	596,256	4,991,703
Gain on financial assets measured at FVOCI, net	-	-	-	33,357	86,797	120,154	1,476	121,630
Gain (loss) on valuation of cash flow hedge derivatives, net	-	-	-	(70,974)	-	(70,974)	47,580	(23,394)
Changes in valuation of equity-accounted investees, net	-	-	-	561,625	22,222	583,847	24,363	608,210
Remeasurements of defined benefit plans	-	-	-	-	1,776	1,776	(253)	1,523
Gain on foreign operations translation, net	-	-	-	1,327,898	-	1,327,898	67,534	1,395,432
Total comprehensive income	-	-	-	1,851,906	4,506,242	6,358,148	736,956	7,095,104
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(1,045,775)	(1,045,775)	(140,854)	(1,186,629)
Increase in paid-in capital of subsidiaries by issuing stock	-	19,819	-	-	-	19,819	165,291	185,110
Acquisition of investment of subsidiaries	-	(164,566)	-	-	-	(164,566)	65,966	(98,600)
Disposals of investment of subsidiaries	-	-	-	-	-	-	(71,634)	(71,634)
Disposals of treasury stocks	-	24,915	37,543	-	-	62,458	-	62,458
Others	-	-	-	-	334	334	(15,669)	(15,335)
Total transactions with owners, recorded directly in equity	-	(119,832)	37,543	-	(1,045,441)	(1,127,730)	3,100	(1,124,630)
Balance at September 30, 2021	₩ 1,488,993	₩ 4,070,261	₩ (1,663,049)	₩ (1,557,755)	₩ 72,372,601	₩ 74,711,051	₩ 7,600,393	₩ 82,311,444

(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, 2021 AND 2020

	NOTES	Nine-month period ended September 30,	
		2021	2020
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 4,991,703	₩ 741,151
Adjustments		11,363,979	13,151,621
Changes in operating assets and liabilities		(17,977,074)	(10,152,583)
		(1,621,392)	3,740,189
Interest received		299,813	421,486
Interest paid		(1,418,914)	(1,481,865)
Dividend received		204,883	222,758
Income tax paid		(850,767)	(687,269)
Net cash provided by (used in) operating activities		(3,386,377)	2,215,299
Cash flows from investing activities:			
Changes in short-term financial instruments, net		86,837	2,040,367
Changes in other financial assets (current), net		1,047,751	(2,405,305)
Decrease in other financial assets (non-current)		196,190	19,654
Collection of other receivables		55,354	29,809
Disposals of long-term financial instruments		34,719	41,264
Proceeds from disposals of property, plant and equipment		76,712	76,124
Proceeds from disposals of intangible assets		12,887	1,627
Proceeds from disposals of investment of subsidiaries		-	76,133
Proceeds from disposals of investment in joint ventures and associates		8,768	-
Acquisitions of subsidiaries, net of cash acquired		(294,079)	(48,761)
Increases in other financial assets (non-current)		(169,190)	(107,609)
Increases in other receivables		(55,893)	(18,044)
Purchases of long-term financial instruments		(124,697)	(7,940)
Acquisitions of property, plant and equipment		(3,108,071)	(3,220,080)
Acquisitions of intangible assets		(895,765)	(1,145,176)
Acquisitions of investments in joint ventures and associates		(532,130)	(1,318,195)
Others		41,479	127,980
Net cash used in investing activities		(3,619,128)	(5,858,152)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

	NOTES	Nine-month period ended September 30,	
		2021	2020
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(27,429)	₩ (1,996,112)
Proceeds from long-term debt and debentures		35,046,804	28,995,758
Proceeds from capital contribution from non-controlling interest		165,291	2,650
Acquisitions of subsidiaries		(300,670)	-
Repayment of long-term debt and debentures		(24,117,821)	(18,275,039)
Repayment of lease liabilities		(135,836)	(149,183)
Purchases of treasury stocks		-	(183,756)
Dividends paid		(1,186,638)	(893,769)
Others		(118,232)	(17,401)
Net cash provided by financing activities		<u>9,325,469</u>	<u>7,483,148</u>
Effect of exchange rate changes on cash and cash equivalents		582,020	(215,281)
Net increase in cash and cash equivalents		2,901,984	3,625,014
Cash and cash equivalents, beginning of the period		<u>9,862,136</u>	<u>8,681,971</u>
Cash and cash equivalents, end of the period	₩	<u><u>12,764,120</u></u>	₩ <u><u>12,306,985</u></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, 2021 AND 2020

1. GENERAL:

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

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

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

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

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*1)	"	"	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*2)	Manufacturing	"	33.77%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	"	"	100.00%	
Hyundai Partecs Co., Ltd.	"	"	56.00%	
Hyundai NGV	Engineering	"	53.66%	
Maintrans Company	Services	"	100.00%	Hyundai Rotem 100.00%
Rotem SRS Co., Ltd.	"	"	100.00%	"
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	"	100.00%	
AirPlug Inc.	R&D and Sales	"	99.32%	
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(*1,4)	R&D	"	44.44%	
Hyundai Motor Investment, Inc.	Investment	"	100.00%	
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	"	100.00%	"
Hyundai Capital Canada Inc. (HCCA)	Financing	"	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	"	"	100.00%	HCCA 100.00%
HK Lease Funding LP	"	"	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	"	"	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	"	"	100.00%	HCCA 100.00%
HK Retail Funding LP	"	"	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	"	100.00%	HMI 100.00%

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

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)(*3)	Manufacturing	Turkey	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	Manufacturing	Turkey	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%
Rotem SRS Ukraine LLC	Services	Ukraine	100.00%	Rotem SRS Co., Ltd. 100.00%
Rotem SRS Egypt LLC	"	Egypt	98.00%	Rotem SRS Co., Ltd. 98.00%
Hyundai Motor UK Limited (HMUK)	Sales	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCi)	"	Italy	100.00%	
Hyundai Motor Espana, S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	
Genesis Motor Europe GmbH (GME)	"	Germany	100.00%	
Genesis Motor UK Limited (GMUK)	"	UK	100.00%	GME 100.00%
Genesis Motor Switzerland AG (GMCH)	"	Switzerland	100.00%	"
Genesis Motor Deutschland GmbH (GMD)	"	Germany	100.00%	"
Hyundai Hydrogen Mobility AG (HHM)	"	Switzerland	75.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L.DE C.V.	"	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	"	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	"	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	"	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
KB Leaders Private Securities Fund1(Bond Mixed)	"	"	100.00%	
Samsung ETF rotation Private Investment Trust 1	"	"	100.00%	
ZER01NE Accelerator Investment Fund No.1	"	"	99.00%	
Autopia Sixty-Fourth ~ Seventy-Second Asset Securitization Specialty Company (*1)	Financing	"	0.50%	Hyundai Capital Services 0.50%
Zavurov First Co., Ltd. (*1)	"	"	0.00%	Hyundai Capital Services 0.00%
Super Series Fifth ~ TenthSecuritization Specialty Co., Ltd. (*1)	"	"	0.50%	Hyundai Card 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
MOCEAN Co.,Ltd	Mobility Service	"	80.00%	
Hyundai CHA Funding, LLC	Financing	USA	100.00%	HCA 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
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	Financing	USA	100.00%	HCA 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%	"

- (*) 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.
- (*) 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.
- (*) For the nine-month period ended September 30, 2021, the Company's shareholding ratio in Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT), a subsidiary, changed from 70% to 97%. As a result, capital surplus and non-controlling interest have decreased by ₩164,567 million and ₩136,103 million, respectively.
- (*) For the nine-month period ended September 30, 2021, the Company's shareholding ratio in Genesis Air Mobility LLC, a subsidiary, changed from 100% to 44.44%. As a result, capital surplus and non-controlling interest have increased by ₩19,819 million and ₩107,559 million, respectively.

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

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 34,933,724	₩ 29,812,265	₩ 2,659,411	₩ 348,304
Hyundai Card Co., Ltd. (*)	21,942,737	18,378,215	2,066,686	250,624
Hyundai Rotem Company (*)	4,255,121	2,884,856	2,074,537	25,756
Hyundai KEFICO Corporation (*)	2,026,379	1,183,630	1,480,402	56,690
HCA (*)	58,053,933	51,734,441	8,031,158	809,301
HMA	7,136,632	4,817,752	16,857,531	712,730
HMMA	4,473,911	2,791,502	5,814,827	140,709
HMMC	4,361,507	1,908,191	5,465,959	258,709
HMI (*)	4,166,772	1,733,231	5,619,094	340,754
HME (*)	2,412,489	2,351,667	8,818,708	7,808
HMMR	1,954,639	994,007	2,328,729	134,556
HACC (*)	1,756,339	943,958	2,833,246	103,771
HMB	1,535,766	1,080,542	1,464,551	2,414
HAOSVT	1,463,845	876,803	2,251,715	188,091
HMCA	994,111	772,231	1,462,225	57,168

- (*) 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, 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

(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, 2021 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Used in operating activities	₩ (371,653)	₩ (1,603,927)	₩ (280,300)
Provided by (used in) investing activities	(19,121)	(87,574)	160,717
Provided by financing activities	541,164	1,661,398	20,657
Effect of exchange rate changes on cash and cash equivalents	-	-	(253)
Net increase(decrease) in cash and cash equivalents	₩ 150,390	₩ (30,103)	₩ (99,179)

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, 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)

- (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, 2021 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	66.23%
Accumulated non-controlling interests	₩ 2,064,544	₩ 2,340,931	₩ 821,720
Profit attributable to non-controlling interests	137,756	158,017	15,387
Dividends paid to non-controlling interests	37,002	92,463	-

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

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

(6) Changes in consolidated subsidiaries

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

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

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

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

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

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

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

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

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

Description	September 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,337,530	₩ 116,893	₩ 3,338,865	₩ 128,599
Loss allowance	(44,446)	(471)	(54,893)	(317)
Present value discount accounts	-	(4,268)	-	(4,013)
	<u>₩ 3,293,084</u>	<u>₩ 112,154</u>	<u>₩ 3,283,972</u>	<u>₩ 124,269</u>

(2) Aging analysis of trade notes and accounts receivable

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

Description	Not due	Overdue	Overdue	Overdue	Total	Amount of
		Within	Within	Within		
		90days	180days	More than	amounts	impaired
			More than	More than		receivables
			91days	181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 3,167,285	₩ 194,338	₩ 26,379	₩ 66,421	₩ 3,454,423	₩ 44,917

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

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

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 55,210	₩ 67,564
Impairment loss (reversal)	460	(23,978)
Write-off	(11,334)	(821)
Effect of foreign exchange differences and others	581	584
End of the period	<u>₩ 44,917</u>	<u>₩ 43,349</u>

4. **OTHER RECEIVABLES:**

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

Description	September 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivable – others (*)	₩ 2,775,972	₩ 379,685	₩ 2,757,116	₩ 350,549
Due from customers for contract work	1,448,047	-	1,252,117	-
Lease and rental deposits	24,498	303,733	16,296	302,052
Deposits	7,453	41,655	5,268	39,752
Others	6,020	305	4,050	10,282
Loss allowance	(17,634)	(114)	(17,875)	(294)
	₩ 4,244,356	₩ 725,264	₩ 4,016,972	₩ 702,341

(*) As of September 30, 2021 and December 31, 2020, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of ₩1,139,774 million and ₩1,073,098 million, respectively.

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

Description	Nine-month period ended September 30,	
	2021	2020
(In millions of Korean Won)		
Beginning of the period	₩ 18,169	₩ 15,403
Impairment loss	198	633
Write-off	(640)	(1,057)
Effect of foreign exchange differences and others	21	7
End of the period	₩ 17,748	₩ 14,986

5. **OTHER FINANCIAL ASSETS:**

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

Description	September 30, 2021	
	Current	Non-current
(In millions of Korean Won)		
Financial assets measured at FVPL	₩ 12,439,675	₩ 425,828
Financial assets measured at FVOCI	23,018	2,406,433
Financial assets measured at amortized cost	33,950	6,592
Derivative assets that are effective hedging instruments	113,088	356,741
	₩ 12,609,731	₩ 3,195,594

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

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

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

Description	September 30, 2021		December 31, 2020	
	Acquisition cost	Book value	Book value	
		(In millions of Korean Won)		
Debt instruments	₩ 381,399	₩ 396,433	₩	327,730
Equity instruments (*)	1,843,127	2,033,018		1,995,214
	₩ 2,224,526	₩ 2,429,451	₩	2,322,944

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

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

Name of the company	Ownership percentage (%)	September 30, 2021		December 31, 2020			
		Acquisition		Book value			
		cost	Book value	Book value			
(In millions of Korean Won)							
Hyundai Steel Company (*1)	6.87	₩	835,375	₩	499,103	₩	451,650
Hyundai Glovis Co., Ltd.	4.88		210,688		304,851		336,893
Hyundai Oilbank Co., Ltd.	4.35		53,734		222,524		222,524
Korea Aerospace Industries, Ltd. (*2)	-		73,331		156,124		122,061
Hyundai Heavy Industries Holdings Co., Ltd.	2.20		9,018		112,240		98,361
Korea Shipbuilding & Offshore Engineering Co., Ltd (*3)	0.70		12,904		50,636		177,165
NICE Information Service Co., Ltd.	2.25		3,312		27,865		33,875
Hyundai Green Food Co., Ltd.	2.36		15,005		21,554		20,215
Hyundai M Partners Co., Ltd.	9.29		9,888		14,664		16,708
NICE Holdings Co., Ltd.	1.30		3,491		8,751		9,562
KT Corporation	0.09		8,655		7,827		5,762
Hyundai Asan Corporation	1.40		22,500		2,117		2,117
Others			585,226		604,762		498,321
		₩	1,843,127	₩	2,033,018	₩	1,995,214

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

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

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

6. INVENTORIES:

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

Description	September 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Finished goods	₩	5,620,595	₩	6,844,023
Merchandise		55,068		44,356
Semifinished goods		703,189		576,950
Work in progress		832,552		404,504
Raw materials		2,408,786		1,633,579
Supplies		313,267		299,259
Materials in transit		724,220		625,833
Others (*1)		641,785		905,230
Total (*2)	₩	11,299,462	₩	11,333,734

(*1) As of September 30, 2021 and December 31, 2020, others include the Group's inventories under operating lease with repurchase option in the amount of ₩213,564 million and ₩89,059 million, respectively.

(*2) As of September 30, 2021 and December 31, 2020, the Group recognized a valuation allowance in the amount of ₩145,985 million and ₩164,980 million, respectively.

7. OTHER ASSETS:

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

Description	September 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 348,133	₩ 766	₩ 327,079	₩ 866
Advanced payments	780,747	-	726,609	-
Prepaid expenses	552,999	1,061,872	459,580	792,529
Prepaid value-added tax and others	454,527	123,668	520,103	86,114
	₩ 2,136,406	₩ 1,186,306	₩ 2,033,371	₩ 879,509

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

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Land	₩ -	₩ 7,426
Building and others	28,004	-
Subsidiary (*)	-	297,043
Total	₩ 28,004	₩ 304,469
Non-current liabilities classified as held for sale (*)	₩ -	₩ 214,066

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

9. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 34,092,229	₩ 32,831,524
Acquisitions	2,695,045	2,944,654
Disposals	(97,188)	(99,424)
Depreciation	(2,142,991)	(2,033,600)
Transfer to assets classified as held for sale	(22,470)	(70,652)
Others (*)	416,327	96,555
End of the period	₩ 34,940,952	₩ 33,669,057

(*) 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, 2021 and 2020 are as follows.

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 160,967	₩ 171,494
Disposals	(1,762)	-
Depreciation	(4,049)	(8,110)
Effect of foreign exchange differences	1,093	165
Others (*)	1,537	-
End of the period	₩ 157,786	₩ 163,549

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

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

Description	2021		2020	
	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	₩ 12,048	₩ 36,324	₩ 13,075	₩ 36,452
Operating and maintenance expenses	3,366	10,037	4,368	12,690

11. INTANGIBLE ASSETS:

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 5,677,567	₩ 5,266,496
Internal developments and external acquisitions	897,160	1,111,944
Disposals	(12,479)	(2,167)
Amortization	(1,155,713)	(1,072,636)
Impairment loss	(12,153)	(81,865)
Others (*)	639,857	376,004
End of the period	₩ 6,034,239	₩ 5,597,776

(*) 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, 2021 and 2020 are as follows.

Description	2021		2020	
	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)			
Development costs (intangible assets)	₩ 289,021	₩ 776,974	₩ 377,539	₩ 1,008,880
Research and development (*1)	435,046	1,153,683	378,076	1,067,421
Total (*2)	₩ 724,067	₩ 1,930,657	₩ 755,615	₩ 2,076,301

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

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

12. LEASES (AS A LESSEE):

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 836,324	₩ 734,542
Acquisitions	255,550	202,501
Disposals	(95,492)	(36,222)
Depreciation	(145,160)	(147,122)
Others (*)	39,344	115,124
End of the period	₩ 890,566	₩ 868,823

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

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Undiscounted lease liabilities	₩ 1,049,189	₩ 943,470
Discounted lease liabilities	847,578	757,044
Current	160,833	141,478
Non-current	686,745	615,566

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Name of the company	Nature of business	Location	Ownership percentage (%)	September 30, 2021		December 31, 2020	
				Book value (In millions of Korean Won)		Book value	
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	₩	718,931	₩	627,895
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00		470,037		779,958
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	31.40		243,250		224,979
Motional AD LLC (*1)	R&D	USA	25.98		1,059,005		1,053,282
Boston Dynamics, Inc.	R&D	USA	30.00		412,314		-
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00		511,661		495,999
Kia Corporation (*4)	Manufacturing	Korea	33.88		11,265,822		9,972,824
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95		2,898,859		2,835,399
Hyundai Transys Inc.	Manufacturing	Korea	41.13		1,092,516		1,017,906
Hyundai WIA Corporation	Manufacturing	Korea	25.35		732,692		694,991
Hyundai Autoever Corp. (*5)	IT service	Korea	31.59		399,105		158,073
Hyundai Motor Securities Co., Ltd.	Securities brokerage	Korea	25.43		312,701		310,472
Hyundai Commercial Inc.	Financing	Korea	37.50		286,632		261,601
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00		173,332		150,503
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90		98,387		97,655
Others					1,468,228		1,243,723
				₩	22,143,472	₩	19,925,260

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

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

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*)	End of the period
(In millions of Korean Won)						
BHAF	₩ 627,895	₩ -	₩ 45,199	₩ (15,880)	₩ 61,717	₩ 718,931
BHMC	779,958	-	(370,035)	-	60,114	470,037
WAE	224,979	-	(2,064)	-	20,335	243,250
Motional AD LLC	1,053,282	-	(88,857)	-	94,580	1,059,005
Boston Dynamics, Inc.	-	426,001	(17,738)	-	4,051	412,314
HCBE	495,999	-	2,047	-	13,615	511,661
Kia Corporation	9,972,824	-	1,206,200	(137,318)	224,116	11,265,822
Hyundai Engineering & Construction Co., Ltd.	2,835,399	-	53,637	(13,996)	23,819	2,898,859
Hyundai Transys Inc.	1,017,906	-	54,640	-	19,970	1,092,516
Hyundai WIA Corporation	694,991	-	24,696	(4,826)	17,831	732,692
Hyundai Autoever Corp.	158,073	-	15,545	(4,485)	229,972	399,105
Hyundai Motor Securities Co., Ltd.	310,472	-	20,233	(5,444)	(12,560)	312,701
Hyundai Commercial Inc.	261,601	-	44,235	(3,750)	(15,454)	286,632
Eukor Car Carriers Inc.	150,503	-	8,909	-	13,920	173,332
Haevichi Hotels & Resorts Co., Ltd.	97,655	-	706	-	26	98,387
Others	1,243,723	194,912	27,954	(3,050)	4,689	1,468,228
	<u>₩ 19,925,260</u>	<u>₩ 620,913</u>	<u>₩ 1,025,307</u>	<u>₩ (188,749)</u>	<u>₩ 760,741</u>	<u>₩ 22,143,472</u>

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

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 profits (losses) for the period	Dividends	Others (*1)	End of 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.

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

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
		(In millions of Korean Won)		
BHAF (*)	₩ 5,472,737	₩ -	₩ 4,116,264	₩ -
BHMC	2,744,491	4,013,122	4,841,775	931,963
WAE	644,963	560,979	180,529	288,651
Motional AD LLC	763,082	3,611,210	91,561	115,166
Boston Dynamics, Inc.	155,297	258,150	39,638	83,296
HCBE (*)	6,964,686	-	5,946,079	-
Kia Corporation	28,713,096	35,779,935	20,197,631	10,514,101
Hyundai Engineering & Construction Co., Ltd.	13,943,365	4,720,474	6,965,443	2,511,739
Hyundai Transys Inc.	3,454,605	2,886,719	2,054,505	1,586,771
Hyundai WIA Corporation	4,142,911	3,615,430	2,033,135	2,034,904
Hyundai Autoever Corp.	1,357,150	828,681	596,935	241,003
Hyundai Motor Securities Co., Ltd. (*)	9,737,720	-	8,588,465	-
Hyundai Commercial Inc. (*)	9,544,059	-	8,183,244	-
Eukor Car Carriers Inc.	361,813	3,070,987	720,128	1,270,422
Haevichi Hotels & Resorts Co., Ltd.	46,514	408,102	227,618	53,956

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
		(In millions of Korean Won)		
BHAF (*)	₩ 320,234	₩ 85,279	₩ -	₩ 85,279
BHMC	4,287,824	(755,009)	-	(755,009)
WAE	623,123	7,030	-	7,030
Motional AD LLC	389	(353,257)	(278)	(353,535)
Boston Dynamics, Inc.	45,505	(140,375)	-	(140,375)
HCBE (*)	519,362	4,245	26,495	30,740
Kia Corporation	52,673,988	3,512,605	777,955	4,290,560
Hyundai Engineering & Construction Co., Ltd.	12,885,050	427,743	124,713	552,456
Hyundai Transys Inc.	5,997,589	126,976	44,089	171,065
Hyundai WIA Corporation	5,604,958	77,547	105,489	183,036
Hyundai Autoever Corp.	1,424,757	51,361	5,727	57,088
Hyundai Motor Securities Co., Ltd. (*)	684,655	102,508	4,700	107,208
Hyundai Commercial Inc. (*)	352,332	123,387	(30,202)	93,185
Eukor Car Carriers Inc.	1,314,393	75,262	115,909	191,171
Haevichi Hotels & Resorts Co., Ltd.	84,041	1,363	61	1,424

(*) 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 standalone 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, 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 standalone 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, 2021 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHAF(*)	₩ 803,814	₩ 3,978,226	₩ -	₩ 5,962	₩ 313,948	₩ 133,226	₩ 29,046
BHMC	859,001	591,187	649,352	357,886	8,060	60,978	1,969
Motional AD LLC	114,070	14,575	75,355	60,651	2,653	-	(12,173)

- (*) 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 standalone financial statements.

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 standalone 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, 2021 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
(In millions of Korean Won)				
BHAF	₩ 718,931	₩ -	₩ -	₩ 718,931
BHMC	491,938	-	(21,901)	470,037
WAE (*)	235,403	7,809	38	243,250
Motional AD LLC	1,082,573	-	(23,568)	1,059,005
Boston Dynamics, Inc. (*)	212,111	200,203	-	412,314
HCBE	487,574	22,341	1,746	511,661
Kia Corporation	11,122,928	197,089	(54,195)	11,265,822
Hyundai Engineering & Construction Co., Ltd. (*)	2,167,497	731,362	-	2,898,859
Hyundai Transys Inc.	1,077,714	-	14,802	1,092,516
Hyundai WIA Corporation	827,234	-	(94,542)	732,692
Hyundai Autoever Corp.	423,389	58,822	(83,106)	399,105
Hyundai Motor Securities Co., Ltd.	272,649	40,052	-	312,701
Hyundai Commercial Inc.	286,632	-	-	286,632
Eukor Car Carriers Inc.	173,070	-	262	173,332
Haevichi Hotels & Resorts Co., Ltd. (*)	94,811	3,576	-	98,387

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

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

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

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

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

Name of the company	Price per share	Total number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Corporation	₩ 81,200	137,318,251	₩ 11,150,242
Hyundai Engineering & Construction Co., Ltd.	51,400	23,327,400	1,199,028
Hyundai Autoever Corp.	98,500	8,664,334	853,437
Hyundai WIA Corporation	78,800	6,893,596	543,215
Hyundai Motor Securities Co., Ltd.	12,650	8,065,595	102,030

14. FINANCIAL SERVICES RECEIVABLES:

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Loans	₩ 60,976,673	₩ 52,461,355
Card receivables	17,927,796	17,094,598
Financial lease receivables	2,360,336	2,429,420
Others	35,055	34,407
	81,299,860	72,019,780
Loss allowance	(1,623,802)	(1,685,229)
Loan origination fee	(313,642)	(643,063)
Present value discount accounts	(27,441)	(26,278)
	₩ 79,334,975	₩ 69,665,210

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Beginning of the period	₩ 1,685,229	₩ 1,480,555
Impairment loss	467,176	655,273
Write-off	(527,262)	(307,098)
Disposals and others	(39,128)	(198,262)
Effect of foreign exchange differences	37,787	833
End of the period	₩ 1,623,802	₩ 1,631,301

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

Description	September 30, 2021		December 31, 2020	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 938,237	₩ 837,822	₩ 979,318	₩ 875,646
Later than one year and not later than five years	1,606,672	1,510,563	1,643,708	1,542,578
Later than five years	7,933	7,665	6,908	6,691
	₩ 2,552,842	₩ 2,356,050	₩ 2,629,934	₩ 2,424,915

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,552,842	₩ 2,629,934
Net lease investments:		
Present value of minimum lease payment receivable	2,356,050	2,424,915
Present value of unguaranteed residual value	4,286	4,505
	2,360,336	2,429,420
Unearned interest income	₩ 192,506	₩ 200,514

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

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Acquisition cost	₩ 28,832,784	₩ 23,322,479
Accumulated depreciation	(3,176,038)	(2,688,950)
Accumulated impairment loss	(130,081)	(131,838)
	₩ 25,526,665	₩ 20,501,691

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Not later than one year	₩ 5,195,130	₩ 4,091,315
Later than one year and not later than five years	5,672,742	4,454,173
Later than five years	36	-
	₩ 10,867,908	₩ 8,545,488

16. **BORROWINGS AND DEBENTURES:**

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

Description	Lender	Annual interest rate	September 30, 2021	December 31, 2020
		(%)	(In millions of Korean Won)	
Overdrafts	Citi Bank and others	0.12~1.38	₩ 463,260	₩ 650,851
General borrowings	Korea Development Bank and others	0.00~7.11	3,000,833	3,735,030
Borrowings collateralized by trade receivables	KEB Hana Bank and others	0.00001~0.75	2,619,682	2,914,830
Banker's Usance	KEB Hana Bank and others	0.15~4.40	658,341	373,230
Commercial paper	Shinhan Bank and others	0.10~1.99	5,983,996	4,827,568
Asset-backed securities	RBC and others	1.46~1.62	1,583,400	1,279,161
			₩ 14,309,512	₩ 13,780,670

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

Description	Lender	Annual interest rate	September 30, 2021	December 31, 2020
		(%)	(In millions of Korean Won)	
General borrowings	Mizuho Bank and others	0.10~9.31	₩ 9,752,310	₩ 8,911,475
Credit facilities	NH Bank and others	1.52~1.88	540,600	551,100
Commercial paper	BNK Investment & Securities and others	1.19~2.12	1,650,000	1,490,000
Asset-backed securities	HSBC and others	0.53~1.75	2,585,517	5,652,711
Others(*)	NH Investment & Securities and others		392,032	435,607
			14,920,459	17,040,893
Less: present value discounts			(90,220)	(90,201)
Less: current maturities			(4,440,326)	(4,223,968)
			₩ 10,389,913	₩ 12,726,724

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

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

Description	Latest maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
(In millions of Korean Won)				
Non-guaranteed public debentures	June 30, 2031	0.96~3.38	₩ 31,841,008	₩ 30,083,284
Non-guaranteed private debentures	April 8, 2030	0.80~6.38	27,612,117	16,774,640
Asset-backed securities	February 15, 2028	0.11~3.29	19,106,513	13,931,180
			78,559,638	60,789,104
Less: discount on debentures			(173,882)	(113,706)
Less: current maturities			(12,757,091)	(11,880,037)
			₩ 65,628,665	₩ 48,795,361

17. PROVISIONS:

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

Description	Warranty	Other long-term employee benefits	Others
(In millions of Korean Won)			
Beginning of the period	₩ 8,514,173	₩ 729,996	₩ 1,126,719
Charged	2,225,183	50,164	509,598
Utilized	(1,864,895)	(70,904)	(491,590)
Effect of foreign exchange differences and others	200,212	813	34,064
End of the period	₩ 9,074,673	₩ 710,069	₩ 1,178,791

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

18. OTHER FINANCIAL LIABILITIES:

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

Description	September 30, 2021	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 3,007	₩ 56,808
Derivative liabilities that are effective hedging instruments	70,631	37,916
	<u>₩ 73,638</u>	<u>₩ 94,724</u>

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

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

19. OTHER LIABILITIES:

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

Description	September 30, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,459,341	₩ 29,772	₩ 1,080,726	₩ 22,580
Withholdings	1,038,499	197,710	1,094,177	194,927
Accrued expenses	3,032,470	-	2,957,418	-
Unearned income	859,475	2,185,592	742,484	1,705,607
Due to customers for contract work	935,628	-	855,866	-
Others	682,237	775,282	561,914	689,638
	<u>₩ 8,007,650</u>	<u>₩ 3,188,356</u>	<u>₩ 7,292,585</u>	<u>₩ 2,612,752</u>

20. FINANCIAL INSTRUMENTS:

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

Description	Financial assets measured at FVPL		Financial assets measured at amortized cost		Financial assets measured at FVOCI		Derivative assets that are effective hedging instruments		Book value	Fair value		
	(In millions of Korean Won)											
Cash and cash equivalents	₩	-	₩	12,764,120	₩	-	₩	-	₩	12,764,120	₩	12,764,120
Short-term and long-term financial instruments		-		7,600,666		-		-		7,600,666		7,600,666
Trade notes and accounts receivable		-		3,405,238		-		-		3,405,238		3,405,238
Other receivables		-		3,168,662		-		-		3,168,662		3,168,662
Other financial assets	12,865,503		40,542		2,429,451		469,829		15,805,325		15,805,325	
Other assets	22,301		327,411		-		-		349,712		349,712	
Financial services receivables		-		79,334,975		-		-		79,334,975		79,069,327
	₩ 12,887,804		₩ 106,641,614		₩ 2,429,451		₩ 469,829		₩ 122,428,698		₩ 122,163,050	

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

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

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

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 8,081,438	₩ -	₩ 8,081,438	₩ 8,081,438
Other payables	-	3,927,711	-	3,927,711	3,927,711
Borrowings and debentures	-	107,525,507	-	107,525,507	108,576,336
Other financial liabilities	59,815	-	108,547	168,362	168,362
Lease liabilities	-	847,578	-	847,578	847,579
Other liabilities	-	2,590,368	-	2,590,368	2,590,368
	<u>₩ 59,815</u>	<u>₩ 122,972,602</u>	<u>₩ 108,547</u>	<u>₩ 123,140,964</u>	<u>₩ 124,191,794</u>

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

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

(3) Fair value estimation

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

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

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

Description	September 30, 2021			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial assets:				
Financial assets measured at FVPL	₩ 83,009	₩ 12,238,194	₩ 566,601	₩ 12,887,804
Derivative assets that are effective hedging instruments	-	469,829	-	469,829
Financial assets measured at FVOCI	1,198,040	381,411	850,000	2,429,451
	<u>₩ 1,281,049</u>	<u>₩ 13,089,434</u>	<u>₩ 1,416,601</u>	<u>₩ 15,787,084</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 5,056	₩ 54,759	₩ 59,815
Derivative liabilities that are effective hedging instruments	-	108,547	-	108,547
	<u>₩ -</u>	<u>₩ 113,603</u>	<u>₩ 54,759</u>	<u>₩ 168,362</u>

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

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

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

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
	(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 515,020	₩ 36,693	₩ (5,436)	₩ 16,657	₩ 3,667	₩ 566,601
Financial assets measured at FVOCI	739,669	56,132	(2,579)	26,351	30,427	850,000
Financial liabilities measured at FVPL	-	54,759	-	-	-	54,759

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

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

Description	Nine-month period ended September 30, 2021		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 180,700	₩ -	₩ -
Financial assets measured at FVPL	73,968	-	-
Financial assets measured at FVOCI	-	28,342	-
Financial liabilities measured at amortized cost	-	-	194,723
	<u>₩ 254,668</u>	<u>₩ 28,342</u>	<u>₩ 194,723</u>
Financial services:			
Financial assets measured at amortized cost	₩ 3,075,281	₩ -	₩ -
Financial assets measured at FVPL	2,875	1,650	-
Financial assets measured at FVOCI	142	-	-
Financial liabilities measured at amortized cost	-	-	1,283,192
	<u>₩ 3,078,298</u>	<u>₩ 1,650</u>	<u>₩ 1,283,192</u>

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>

- (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, 2021 and 2020 are ₩677,065 million and ₩594,726 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, 2021 and 2020 are ₩268,311 million and ₩233,127 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, 2021.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

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

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

- Interest rate swap

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

- Total return swap (Derivatives)

The fair value of total revenue swaps (derivatives) is measured based on the fair value, exercise price, maturity and the stock price volatility up to maturity of the underlying asset, by 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 significant 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, 2021		Valuation techniques	Unobservable inputs	Description of relationship
	Financial assets	Financial liabilities			
	(In millions of Korean Won)				
Unlisted equity securities, total return swap and others	₩ 1,416,601	₩ 54,759	Discounted cash flow and others	Sales growth rate Pre-tax operating profit margin ratio Discount rate	If the sales growth rate and the pre-tax operating profit margin ratio increases or the discount rate declines, the fair value increases.

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

21. CAPITAL STOCK:

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

(1) Common stock

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

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

(2) Preferred stock

Description	Par value	Issued	Korean Won (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%
		63,270,871 shares	₩ 331,011	

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

22. CAPITAL SURPLUS:

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	748,927	868,759
	₩ 4,070,261	₩ 4,190,093

23. OTHER CAPITAL ITEMS:

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

Description	September 30, 2021	December 31, 2020
	(Number of shares)	
Common stock	12,766,233	13,091,418
1 st preferred stock	2,186,993	2,186,993
2 nd preferred stock	1,353,570	1,353,570
3 rd preferred stock	48,574	48,574

24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

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

Description	September 30, 2021
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 396,625
Loss on valuation of financial assets measured at FVOCI	(261,366)
Gain on valuation of cash flow hedge derivatives	40,987
Loss on valuation of cash flow hedge derivatives	(50,079)
Gain on share of the other comprehensive income of equity-accounted investees	188,314
Loss on share of the other comprehensive income of equity-accounted investees	(530,180)
Loss on foreign operations translation, net	(1,342,056)
	₩ (1,557,755)

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

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

25. RETAINED EARNINGS:

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	48,099,696	48,333,996
Unappropriated	23,528,069	19,832,968
	₩ 72,372,601	₩ 68,911,800

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

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

26. HYBRID BOND:

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

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

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

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

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

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

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

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	First two years: An annual fixed interest rate 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, 2021 and 2020 are as follows.

Description	2021		2020	
	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	₩ 24,255,660	₩ 73,528,136	₩ 23,673,253	₩ 62,603,095
Rendering of services	643,341	1,916,194	570,871	1,652,782
Royalties	28,552	85,137	26,739	105,436
Financial services revenue	3,104,674	8,632,699	2,519,371	8,062,868
Revenue related to construction contracts	693,471	2,029,799	684,928	1,937,454
Others	141,522	392,192	100,650	392,616
	₩ 28,867,220	₩ 86,584,157	₩ 27,575,812	₩ 74,754,251

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

Description	Within a year	After a year
	(In millions of Korean Won)	
Deferred revenue and others	₩ 1,506,619	₩ 2,109,208

28. SELLING AND ADMINISTRATIVE EXPENSES:

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

Description	2021		2020	
	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	₩ 10,794	₩ 33,182	₩ 17,709	₩ 41,765
Overseas market expenses	91,149	259,350	86,573	240,794
Advertisements and sales promotion	616,683	1,798,666	507,357	1,531,946
Sales commissions	217,293	733,647	246,836	702,703
Expenses for warranties	652,581	2,187,622	2,715,303	3,915,006
Transportation expenses	25,856	81,593	29,457	80,582
	<u>1,614,356</u>	<u>5,094,060</u>	<u>3,603,235</u>	<u>6,512,796</u>
Administrative expenses:				
Payroll	726,465	2,065,859	665,312	1,978,995
Post-employment benefits	43,700	132,015	45,820	138,190
Welfare expenses	122,428	360,928	115,856	342,427
Service charges	383,215	1,083,602	337,681	1,010,968
Research	372,043	1,003,871	318,029	919,415
Others	364,806	1,111,901	353,157	1,059,339
	<u>2,012,657</u>	<u>5,758,176</u>	<u>1,835,855</u>	<u>5,449,334</u>
	<u>₩ 3,627,013</u>	<u>₩ 10,852,236</u>	<u>₩ 5,439,090</u>	<u>₩ 11,962,130</u>

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

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

Description	2021		2020	
	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	₩ 287,412	₩ 1,025,307	₩ 11,104	₩ 3,377
Gain(loss) on disposals of investments in associates	11,475	8,034	(1)	42,435
	<u>₩ 298,887</u>	<u>₩ 1,033,341</u>	<u>₩ 11,103</u>	<u>₩ 45,812</u>

30. FINANCE INCOME AND EXPENSES:

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

Description	2021		2020	
	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	₩ 94,356	₩ 254,668	₩ 122,109	₩ 320,158
Gain on foreign exchange transactions	24,263	50,177	18,868	40,304
Gain on foreign currency translation	27,542	97,593	89,100	138,921
Dividend income	3,897	28,342	86	31,572
Gain on derivatives	16,828	32,972	8,181	80,070
Others	1,105	3,289	1,568	3,651
	₩ 167,991	₩ 467,041	₩ 239,912	₩ 614,676

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

Description	2021		2020	
	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	₩ 78,045	₩ 222,712	₩ 83,929	₩ 244,579
Loss on foreign exchange transactions	5,398	21,137	20,364	123,881
Loss on foreign currency translation	49,022	117,552	92,374	299,264
Loss on derivatives and others	6,299	8,578	6,100	21,430
	₩ 138,764	₩ 369,979	₩ 202,767	₩ 689,154

31. OTHER INCOME AND EXPENSES:

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

Description	2021		2020	
	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	₩ 160,564	₩ 463,786	₩ 105,277	₩ 347,226
Gain on foreign currency translation	72,576	162,939	40,958	119,994
Gain on disposals of PP&E	5,735	14,788	8,150	24,143
Commission income	11,209	32,095	11,650	33,395
Rental income	22,984	69,727	22,173	70,782
Others	81,280	319,445	134,132	324,050
	₩ 354,348	₩ 1,062,780	₩ 322,340	₩ 919,590

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

Description	2021		2020	
	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	₩ 131,012	₩ 375,610	₩ 159,333	₩ 460,656
Loss on foreign currency translation	105,198	165,483	110,028	216,053
Loss on disposals of PP&E	26,122	35,279	15,337	47,443
Donations	15,837	35,369	17,151	45,869
Others	73,922	245,457	117,217	302,944
	<u>₩ 352,091</u>	<u>₩ 857,198</u>	<u>₩ 419,066</u>	<u>₩ 1,072,965</u>

32. EXPENSES BY NATURE:

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

Description	2021		2020	
	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	₩ 378,666	₩ 669,141	₩ (183,638)	₩ (155,905)
Raw materials and merchandise used	16,022,239	49,568,723	16,023,742	41,506,854
Employee benefits	2,466,325	7,005,439	2,301,110	6,782,132
Depreciation	743,557	2,147,040	702,908	2,041,710
Amortization	394,637	1,155,713	363,357	1,072,636
Others	7,607,214	21,746,010	9,101,222	23,439,515
Total (*)	<u>₩ 27,612,638</u>	<u>₩ 82,292,066</u>	<u>₩ 28,308,701</u>	<u>₩ 74,686,942</u>

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

33. EARNINGS PER SHARE FOR COMMON STOCK AND PREFERRED STOCK:

Basic earnings per share for common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period. The Group did not compute diluted earnings(losses) per common stock for three-month and nine-month periods ended September 30, 2021 and 2020, since there are no dilutive items during the period.

Basic earnings per share for common stock and preferred stock for the three-month and nine-month periods ended September 30, 2021 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	₩ 1,006,211	200,580,304	₩ 5,016	₩ 3,386,012	200,577,960	₩ 16,881
1 st Preferred stock (*2)	111,313	22,169,692	5,021	374,481	22,169,692	16,892
2 nd Preferred stock	176,835	35,131,881	5,033	594,749	35,131,881	16,929
3 rd Preferred stock	11,951	2,380,161	5,021	40,205	2,380,161	16,892

(*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 share for 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,		
	Profit(loss) attributable to share	Weighted-average number of shares outstanding (*1)	Basic earnings (losses) 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'.

34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by profit before income tax) for the nine-month periods ended September 30, 2021 and 2020 are 23.0% and 22.7%, respectively.

35. RETIREMENT BENEFIT PLAN:

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Paid-in cash	₩ 8,478	₩ 7,705
Recognized liability	2,545	2,369
	₩ 11,023	₩ 10,074

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

Description	September 30, 2021	December 31, 2020
Discount rate (*)	3.68%	3.44%
Rate of expected future salary increase	4.65%	4.37%

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

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

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Present value of defined benefit obligations	₩ 6,729,972	₩ 6,490,583
Fair value of plan assets	(6,447,038)	(6,253,299)
	₩ 282,934	₩ 237,284
Net defined benefit liabilities	283,239	247,566
Net defined benefit assets	(305)	(10,282)

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

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the period	₩ 6,490,583	₩ (6,253,299)	₩ 237,284
Current service cost	454,823	-	454,823
Interest expenses (income)	105,091	(104,544)	547
	7,050,497	(6,357,843)	692,654
Remeasurements:			
Return on plan assets	-	(1,930)	(1,930)
Actuarial gains and losses arising from changes in demographic assumptions	(163)	-	(163)
Actuarial gains and losses arising from changes in financial assumptions	(16,291)	-	(16,291)
Actuarial gains and losses arising from experience adjustments and others	16,337	-	16,337
	(117)	(1,930)	(2,047)
Contributions	-	(359,120)	(359,120)
Benefits paid	(362,124)	299,933	(62,191)
Transfers in (out)	2,319	(1,214)	1,105
Effect of foreign exchange differences and others	39,397	(26,864)	12,533
End of the period	₩ 6,729,972	₩ (6,447,038)	₩ 282,934

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
		6,884,075		(6,011,894)		872,181
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
		51,576		(15,528)		36,048
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	₩	6,549,075	₩	(6,101,427)	₩	447,648

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

Description	September 30, 2021		December 31, 2020	
	(In millions of Korean Won)			
Insurance instruments	₩	6,443,650	₩	6,249,450
Others		3,388		3,849
	₩	6,447,038	₩	6,253,299

36. CASH GENERATED FROM OPERATIONS:

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Profit for the period	₩ 4,991,703	₩ 741,151
Adjustments:		
Retirement benefit costs	457,915	466,656
Depreciation	2,147,040	2,041,710
Amortization of intangible assets	1,155,713	1,072,636
Provision for warranties	2,021,100	3,771,633
Income tax expense	1,493,571	217,082
Loss on foreign currency translation, net	22,503	256,402
Loss on disposals of PP&E, net	20,491	23,300
Interest income, net	(31,956)	(75,579)
Gain on share of earnings of equity-accounted investees, net	(1,025,307)	(3,377)
Cost of sales from financial services, net	4,562,512	5,047,334
Others	540,397	333,824
	<u>11,363,979</u>	<u>13,151,621</u>
Changes in operating assets and liabilities:		
Decrease in trade notes and accounts receivable	275,681	356,197
Decrease in other receivables	64,315	220,479
Increase in other financial assets	(752,367)	(94,447)
Decrease (increase) in inventories	593,274	(12,516)
Increase in other assets	(314,425)	(305,569)
Increase (decrease) in trade notes and accounts payable	(755,904)	566,340
Decrease in other payables	(1,409,359)	(669,542)
Increase in other liabilities	972,777	825,500
Decrease in other financial liabilities	(10,213)	(8,787)
Decrease in net defined benefit liabilities	(349,871)	(391,254)
Payment of severance benefits	(62,191)	(62,781)
Decrease in provisions	(2,422,224)	(2,168,432)
Changes in financial services receivables	(7,490,704)	(5,655,675)
Investment in operating leases	(6,222,350)	(2,846,580)
Others	(93,513)	94,484
	<u>(17,977,074)</u>	<u>(10,152,583)</u>
Cash generated(used) from operations	<u>₩ (1,621,392)</u>	<u>₩ 3,740,189</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, 2021 and December 31, 2020 are as follows.

Description	September 30, 2021		December 31, 2020	
		(In millions of Korean Won)		
Total liabilities	₩	148,798,538	₩	133,003,242
Total equity		82,311,444		76,340,970
Debt-to-equity ratio		180.8%		174.2%

(2) Financial risk management

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

1) Market risk

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

a) Foreign exchange risk management

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

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

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

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (82,632)	₩ 82,632
EUR	(50,790)	50,790
JPY	(5,380)	5,380

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, 2021 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 23,449	₩ (23,449)
Financial assets measured at FVPL	(5,165)	5,560
Short-term and long-term financial instruments	16,839	(16,839)
Borrowings and debentures	(74,422)	74,422

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, 2021 and December 31, 2020, the amounts of interest rate risk measured at VaR are ₩222,541 million and ₩180,240 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of September 30, 2021, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩257,909 million and ₩2,033,018 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, 2021 is as follows.

Description	Remaining contract period				Total
	Not later than one year	Later than one year and not later than five years	Later than five years		
	(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 14,555,962	₩ 14,608	₩ -	₩ 14,570,570	
Interest-bearing liabilities	33,227,282	69,405,617	10,645,942	113,278,841	
Financial guarantee	1,112,906	8,736	4	1,121,646	

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, 2021 and December 31, 2020, the Group recognized an accumulative net loss of ₩9,092 million and net profit of ₩61,882 million, respectively, in accumulated other comprehensive loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 96 months as of September 30, 2021.

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized a net profit of ₩646,608 million and ₩67,195 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, 2021, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea (“the Act”) are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 405,091	₩ 138,075	₩ 6,422,112	₩ 32,027
	Mobis Alabama, LLC	155,837	278	927,165	25,471
	Mobis Automotive Czech s.r.o.	11	376	1,426,883	6,188
	Mobis India, Ltd.	8,322	2,062	814,876	1,730
	Mobis Parts America, LLC	80,804	2,636	770,225	765
	Mobis Module CIS, LLC.	12	232	302,512	29
	Mobis Parts Europe N.V.	12,491	325	321,357	600
	Others	45,115	1,485	799,575	7,340
Joint ventures and associates	Kia Corporation	888,815	390,313	556,596	602,783
	Kia Russia & CIS, LLC	724,154	100	-	-
	Kia Slovakia s.r.o..	76,299	273	500,718	4
	Kia Georgia, Inc.	442,846	1,255	238	-
	BHMC	141,479	-	89,968	-
	HMGC	31,143	998	89,169	27,232
	Hyundai WIA Corporation	99,228	1,472	964,007	13,580
Other related parties	Others	532,715	51,645	3,195,332	1,202,743
		11,651	10,433	3,014	5
Affiliates by the Act		564,728	102,509	6,329,170	590,539

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

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 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

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

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 77,406	₩ 347,421	₩ 1,299,447	₩ 265,286
	Mobis Alabama, LLC	19,009	20	104,758	-
	Mobis Automotive Czech s.r.o.	-	448	239,019	-
	Mobis India, Ltd.	1,484	1	150,591	3
	Mobis Parts America, LLC	29,322	66	98,125	-
	Mobis Module CIS, LLC	-	29	44,074	-
	Mobis Parts Europe N.V.	992	51	46,314	14
	Others	9,829	578	114,293	11,099
Joint ventures and associates	Kia Corporation	333,205	154,582	68,920	112,803
	Kia Russia & CIS, LLC	116,267	51	-	-
	Kia Slovakia s.r.o.	10,019	230	68,579	3
	Kia Georgia, Inc.	30,388	67,374	-	10,684
	Kia America, Inc.	-	80,453	5	3
	BHMC	77,924	13,859	9,393	27,894
	HMGC	12,736	21,574	5,202	12,132
	Hyundai WIA Corporation	30,507	651	136,848	12,687
	Others	193,917	71,227	543,030	750,993
Other related parties		209	904	59	1
Affiliates by the Act		119,649	41,453	966,615	210,715

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩337 million as of September 30, 2021 and the reversal of impairment loss is recognized in the amount of ₩72 million for the nine-month period ended September 30, 2021.

(*2) As of September 30, 2021, outstanding payment of ₩10,640 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the nine-month period ended September 30, 2021, amount used and repayment of agreement are ₩280,766 million and ₩315,056 million, respectively.

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

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

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

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

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

Description	Loans		Borrowings		Equity contribution	
	Lending	Collection	Borrowing	Repayment		
(In millions of Korean won)						
Joint ventures and associates	-	-	₩	-	4,100 ₩	301,856

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		

For the nine-month period ended September 30, 2021, the Group traded in other financial assets and others of ₩1,999,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩575,000 million in the consolidated statement of financial position as of September 30, 2021.

For the nine-month period ended September 30, 2021, and nine-month period ended September 30, 2020, HYUNDAI MOTOR SECURITIES CO., Ltd., an associate of the Group, acquired bonds issued by the consolidated entities, Hyundai Capital Services Inc. and Hyundai Card Co, Ltd. in amount of ₩60,000 million and ₩40,000 million respectively.

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

Description	Nine-month period ended September 30,	
	2021	2020
	(In millions of Korean Won)	
Short-term employee salaries	₩ 197,521	₩ 178,221
Retirement benefit costs	33,723	32,966
Other long-term benefits	835	773
	₩ 232,079	₩ 211,960

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

39. **COMMITMENTS AND CONTINGENCIES:**

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

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩	28,299	₩	-
To others		7,474		1,116,851
	₩	35,773	₩	1,116,851

- (*) 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, 2021.
- (2) As of September 30, 2021, the Group is involved in domestic and foreign lawsuits as a defendant, including lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of September 30, 2021, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. The Group is unable to reliably estimate the outcome of the lawsuits and the amount and timing of outflows of resources are uncertain. The Group expects that the impact on the consolidated financial statements will not be material.
- (3) As of September 30, 2021, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩760,392 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of September 30, 2021, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of September 30, 2021, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.

- (6) As of September 30, 2021, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd., the subsidiaries of the Company are able to exercise the priority purchasing rights for the leased office building when the lessor wants to sell the building or after 4 years and 5 months from the lease contract commencement date.
- (7) As of September 30, 2021, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by the third party investor.
- (8) As of September 30, 2021, the Company has a shareholder agreement with the third party investors regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (9) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of September 30, 2021, the Company has recognized relevant liability in the amount of ₩938,195 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.
- (10) As of September 30, 2021, the Company entered into a share purchase agreement with the third party investor regarding shares of Boston Dynamics, Inc. The shareholder contract contains put options that give the investor the right to sell its shares to the Purchasers, including the Company, and the Purchasers are jointly and severally responsible for the put rights. The total amount of additional obligation of the Company in the event of defaults of the other Purchasers is ₩91,264 million.

40. SEGMENT INFORMATION:

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

For the nine-month period ended September 30, 2021				
	Vehicle (*1)	Finance	Others	Total
	(In millions of Korean Won)			
Net sales (*2)	₩ 68,952,228	₩ 12,896,732	₩ 4,735,197	₩ 86,584,157
Operating profit	3,243,871	1,654,424	250,994	5,149,289
Inter-company sales	(38,200,485)	(8,006)	(964,692)	(39,173,183)

(*1) Operating profit of the vehicle segment include internal transaction adjustments.

(*2) Net sales represent sales from external customers.

For the nine-month period ended September 30, 2020				
	Vehicle (*1)	Finance	Others	Total
	(In millions of Korean Won)			
Net sales (*2)	₩ 57,097,741	₩ 12,958,375	₩ 4,698,135	₩ 74,754,251
Operating profit	(40,587)	995,466	185,395	1,140,274
Inter-company sales	(29,038,647)	(264,322)	(1,030,935)	(30,333,904)

(*1) Operating profit of the vehicle segment include internal transaction adjustments.

(*2) Net sales represent sales from external customers.

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

September 30, 2021					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total assets	₩ 118,931,018	₩ 119,731,939	₩ 8,883,582	₩ (16,436,557)	₩ 231,109,982
Total liabilities	50,564,652	103,783,609	5,169,211	(10,718,934)	148,798,538
Borrowings and debentures	12,350,807	95,863,725	2,563,796	(3,252,821)	107,525,507

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

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

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

For the nine-month period ended September 30, 2021					
	Korea	North America	Asia	Europe	Others
(In millions of Korean Won)					
Net sales	₩ 30,185,454	₩ 30,253,519	₩ 8,550,192	₩ 15,721,371	₩ 1,873,621
					₩ 86,584,157
For the nine-month period ended September 30, 2020					
	Korea	North America	Asia	Europe	Others
(In millions of Korean Won)					
Net sales	₩ 29,094,616	₩ 26,773,330	₩ 5,719,290	₩ 11,893,712	₩ 1,273,303
					₩ 74,754,251

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

Description	September 30, 2021	December 31, 2020
(In millions of Korean Won)		
Korea	₩ 32,908,612	₩ 32,562,450
North America	2,915,131	2,691,789
Asia	2,808,426	2,429,368
Europe	2,313,469	2,234,466
Others	472,584	354,279
	41,418,222	40,272,352
Consolidation adjustments	(285,245)	(341,589)
Total (*)	₩ 41,132,977	₩ 39,930,763

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

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

41. CONSTRUCTION CONTRACTS:

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

Description	September 30, 2021	December 31, 2020
	(In millions of Korean Won)	
Accumulated cost	₩ 12,011,051	₩ 11,602,563
Accumulated income	98,636	254,593
Accumulated construction in process	12,109,687	11,857,156
Progress billing	11,597,268	11,460,905
Due from customers	1,448,047	1,252,117
Due to customers	935,628	855,866
Reserve (*)	77,394	95,459

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

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

Description	September 30, 2021
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 394,090
Changes in accounting estimates of total contract costs	364,276
Effects on profit or loss of current period	(21,335)
Effects on profit or loss of future periods	51,149
Changes in due from customers	30,362
Provision for construction loss	56,588

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, 2021. Total contract revenue and costs may change in future periods.

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

42. BUSINESS COMBINATIONS:

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

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

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

The amounts of sales and net profit of the acquiree since the acquisition date included in the consolidated statement of income for the nine-month period ended September 30, 2021 are ₩832,443 million and ₩63,494 million, respectively.

(2) For the nine-month period ended September 30, 2021, the Group acquired 82.48% of the shares of the AirPlug Inc.

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

Description	Amount
	(In millions of Korean Won)
Total considerations transferred	₩ 24,472
Non-controlling interests	31
Assets and liabilities acquired:	
Current assets	3,720
Non-current assets	2,252
Current liabilities	927
Non-current liabilities	517
Fair value of identifiable net assets	4,528
Goodwill	19,975

The amounts of sales and net profit of the acquiree since the acquisition date included in the consolidated statement of income for the nine-month period ended September 30, 2021 are ₩332 million and ₩138 million, respectively.