CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

ATTACHMENT: INDEPENDENT AUDITORS' REPORT

**HYUNDAI MOTOR COMPANY** 

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# Independent Auditors' Report Based on a report originally issued in Korean

To the Board of Directors and Shareholders Hyundai Motor Company:

## Opinion

We have audited the consolidated financial statements of Hyundai Motor Company and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

## **Basis for Opinion**

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

1) Valuation of warranty provisions

As described in Note 2 (20) and Note 17 to the consolidated financial statements, the Group recognized warranty provision in the amount of  $\mathbb{W}$  9,048,185 million as of December 31, 2021.

The Group provides customers with free warranty services for guaranteed period and free repair services in the event of recall and campaign. The Group aggregates sales volume by vehicle model and estimates warranty expenses which are expected to be incurred based on historical data of the actual warranty costs. Warranty provisions are measured at the present value based on the expected expenditure of warranty costs and discount rates. In order to measure and recognize warranty provisions, management applies assumptions to estimate expected warranty cost per unit by vehicle model and expected number of repair cases and applies discount rates to measure the present value of provisions. Management uses historical data of the actual warranty costs to estimate expected warranty cost per unit by vehicle model and expected number of repair cases. We determined the valuation of warranty provision as a key audit matter because errors in aggregation of actual warranty costs and sales volume by vehicle models or in assumptions used to estimate future warranty expenses and discount rates would have a significant impact on the consolidated financial statements.



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

- Understanding of the process to measure and recognize warranty provisions and testing of relevant controls.
- Testing of completeness and accuracy of vehicles sold used for estimation through inspection of related documents.
- Evaluating reasonableness of assumptions applied for expected warranty cost per unit by vehicle model by comparing warranty expenses incurred in the current period to expected warranty expenses in the prior period.
- Evaluating reasonableness of assumptions applied for expected number of repair cases based on historical data analysis.
- Testing of accuracy of warranty provision balance by inspecting documents related to historical data of the actual warranty expenses on a sample basis and testing of recalculation.
- Testing of appropriateness of discount rates by comparing to external sources of information.
- 2) Valuation of financial services receivables

As described in Note 2.(8) and Note 14 to the consolidated financial statements, the Group recognized financial services receivables, net and loss allowance in the amount of  $\mathbb{W}$  81,029,132 million and  $\mathbb{W}$  1,551,987 million as of December 31, 2021, respectively.

The Group recognizes allowance for credit loss using the expected credit loss (ECL) model for financial services receivables in accordance with K-IFRS 1109 'financial instruments'. Judgment of the management is required to determine whether the receivable has experienced a significant increase in credit risk and other assumptions applied to the ECL model, including credit rating and macroeconomic variables. In addition, the Group uses historical transaction data such as delinquency days, bankruptcy and collection in determining assumptions used in the ECL model. Since the impact on the consolidated financial statements due to errors in the assumptions applied to the ECL model is significant, we determined that valuation of financial services receivables is a key audit matter.

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

- Assessing whether the Group's accounting policies comply with the requirements in K-IFRS 1109 '*Financial Instruments*'.
- Understanding of the process over the measurement of credit loss allowance on financial services receivables and testing of relevant controls.
- On a sample basis, assessing the credit rating and classification of credit quality including the identification of significant increase credit risk, through inspection of related documents.
- On a sample basis, checking the source data for probability of default and loss given default and testing of appropriateness of calculation methods used for the estimation through recalculation.

## Other matter

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

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

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

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

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



# Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sang-Min Nam.

Samjory Accounting Corp. KPMG

Seoul, Korea March 8, 2022

This report is effective as of March 8, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 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

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020

ASSETS	NOTES	Dece	December 31, 2020			
		(In millions of Korean Won)				
Current assets:						
Cash and cash equivalents	20	₩	12,795,554	₩ 9,862,136		
Short-term financial instruments	20		6,949,333	7,219,695		
Other financial assets	5,20		12,396,646	12,897,108		
Trade notes and accounts receivable	3,20		3,147,296	3,283,972		
Other receivables	4,20		4,220,970	4,016,972		
Inventories	6		11,645,641	11,333,734		
Current tax assets			47,346	138,848		
Financial services receivables	14,20		35,252,606	32,596,052		
Non-current assets classified as held for sale	8		28,121	304,469		
Other assets	7,20		2,081,853	2,033,371		
Total current assets			88,565,366	83,686,357		
Non-current assets:						
	20		206 410	61.950		
Long-term financial instruments Other financial assets			306,410	61,859		
	5,20 3,20		3,539,286 137,157	2,779,227 124,269		
Long-term trade notes and accounts receivable Other receivables	3,20 4,20		741,168	702,341		
Property, plant and equipment	4,20 9,40		35,543,083	34,092,229		
Investment property	9,40 10,40		156,656	160,967		
Interspiele assets	11,40		5,846,986	5,677,567		
Investments in joint ventures and associates	11,40		22,429,117	19,925,260		
Net defined benefit assets	35		219,721	19,925,200		
Deferred tax assets	34		2,224,833	2,847,454		
Financial services receivables	14,20		45,776,526	37,069,158		
Investments in operating leases	14,20		26,327,996	20,501,691		
Right-of-use assets	12		940,826	836,324		
Other assets	7,20		1,191,284	879,509		
Total non-current assets	7,20		145,381,049	125,657,855		
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Total assets		₩	233,946,415	₩ 209,344,212		

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# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

# AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020

LIABILITIES AND EQUITY	NOTES	December 31, 2021	December 31, 2020		
		(In millions of Korean Won)			
Current liabilities:					
Trade notes and accounts payable	20	₩ 9,155,255	₩ 8,793,179		
Other payables	20,39	6,335,645	6,123,714		
Short-term borrowings	16,20,40	13,087,836	13,780,670		
Current portion of long-term debt and debentures	16,20,40	20,578,902	16,104,005		
Income tax payable		751,929	548,733		
Provisions	17	6,664,647	6,360,770		
Other financial liabilities	18,20	55,187	100,328		
Lease liabilities	12,20	167,266	141,478		
Non-current liabilities classified as held for sale	8	-	214,066		
Other liabilities	19,20,27	7,440,120	7,292,585		
Total current liabilities		64,236,787	59,459,528		
Non-current liabilities:					
Long-term other payables	20,39	769,487	798,547		
Debentures	16,20,40	63,458,809	48,795,361		
Long-term debt	16,20,40	10,667,731	12,726,724		
Net defined benefit liabilities	35	79,165	247,566		
Provisions	17	4,214,137	4,010,118		
Other financial liabilities	18,20	87,258	459,507		
Deferred tax liabilities	34	3,689,328	3,277,573		
Lease liabilities	12,20	783,306	615,566		
Other liabilities	19,20,27	3,344,618	2,612,752		
Total non-current liabilities	19,20,27	87,093,839	73,543,714		
i otar non-current naonnies		67,095,659	/3,343,714		
Total liabilities		151,330,626	133,003,242		
Equity:					
Capital stock	21	1,488,993	1,488,993		
Capital surplus	22	4,070,260	4,190,093		
Other capital items	23	(1,968,385)	(1,700,592)		
Accumulated other comprehensive loss	24	(1,772,601)	(3,409,661)		
Retained earnings	25	73,167,855	68,911,800		
Equity attributable to the owners of the Company		74,986,122	69,480,633		
Non controlling interacts		7 620 667	6 960 227		
Non-controlling interests		7,629,667	6,860,337		
Total equity		82,615,789	76,340,970		
Total liabilities and equity		₩ 233,946,415	₩ 209,344,212		

(Concluded)

# CONSOLIDATED STATEMENTS OF INCOME

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	NOTES	2021	2020
		(In millions of Korean Wo	n, except per share amounts)
Sales	27,40	₩ 117,610,626	₩ 103,997,601
Cost of sales	32	95,680,131	85,515,931
Gross profit		21,930,495	18,481,670
Selling and administrative expenses	28,32	15,251,546	16,086,999
Operating profit		6,678,949	2,394,671
Gain on investments in joint ventures and			
associates, net	29	1,303,365	162,162
Finance income	30	912,802	813,916
Finance expenses	30	548,410	955,991
Other income	31	1,447,261	1,308,642
Other expenses	31,32	1,834,405	1,630,144
Profit before income tax		7,959,562	2,093,256
Income tax expense	34	2,266,485	168,703
Profit for the year		₩ 5,693,077	₩ 1,924,553
Profit attributable to:			
Owners of the Company		4,942,356	1,424,436
Non-controlling interests		750,721	500,117
Earnings per share attributable to the owners			
of the Company:	33		
Basic earnings per share:			
Common stock		₩ 18,979	₩ 5,454
1 <sup>st</sup> preferred stock		₩ 19,002	₩ 5,502
Diluted earnings per share:			
Common stock		₩ 18,979	₩ 5,454
1 <sup>st</sup> preferred stock		₩ 19,002	₩ 5,502
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# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		2021	2020
		(In millions o	f Korean Won)
Profit for the year	₩	5,693,077	₩ 1,924,553
Other comprehensive income (loss) :			
Items that will not be reclassified subsequently to profit or loss:			
Profit on financial assets measured at FVOCI, net		102,137	29,222
Remeasurements of defined benefit plans Changes in retained earnings of equity-accounted		175,392	39,564
investees, net Changes in share of OCI of equity-accounted		77,482	1,117
investees, net		21,803	53,248
		376,814	123,151
Items that may be reclassified subsequently to profit or loss:			,
Profit (loss) on financial assets measured at FVOCI, net Gain on valuation of cash flow hedge		(6,448)	4,959
derivatives, net		5,015	100,077
Changes in share of OCI of equity-accounted		,	
investees, net		546,504	(278,999)
Gain (loss) on foreign operations translation, net		1,246,177	(971,213)
		1,791,248	(1,145,176)
Total other comprehensive income (loss)		2,168,062	(1,022,025)
Total comprehensive income	₩	7,861,139	₩ 902,528
Comprehensive income attributable to:			
Owners of the Company		6,938,637	395,224
Non-controlling interests		922,502	507,304
Total comprehensive income	₩	7,861,139	₩ 902,528

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss) (In millions o	Retained earnings f Korean Won)	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
Balance at January 1, 2020 Comprehensive	₩ 1,488,993	₩ 4,197,015	₩ (1,516,817)	₩ (2,353,022)	₩ 68,249,633	₩ 70,065,802	₩ 6,299,952	₩ 76,365,754
income: Profit for the period Gain (loss) on financial	-	-	-	-	1,424,436	1,424,436	500,117	1,924,553
assets measured at FVOCI, net Gain on valuation	-	-	-	31,827	(5,560)	26,267	7,914	34,181
of cash flow hedge derivatives, net Changes in valuation	-	-	-	90,265	-	90,265	9,812	100,077
of equity-accounted investees, net Remeasurements of	-	-	-	(223,503)	1,118	(222,385)	(2,249)	(224,634)
defined benefit plans Loss on foreign operations	-	-	-	-	31,869	31,869	7,695	39,564
translation, net	-			(955,228)		(955,228)	(15,985)	(971,213)
Total comprehensive income				(1,056,639)	1,451,863	395,224	507,304	902,528
Transactions with owners, recorded directly in equity: Payment of cash dividends Increase in paid-in	-	-	-	-	(790,489)	(790,489)	(103,290)	(893,779)
capital of subsidiaries by issuing stock Disposals of investment of	-	(2,586)	-	-	-	(2,586)	239,519	236,933
subsidiaries	-	-	-	-	-	-	(67,662)	(67,662)
Purchases of treasury stocks		-	(303,077)	-	-	(303,077)	-	(303,077)
Disposals of treasury stocks Others	-	(2,183) (2,153)	119,302		793	117,119 (1,360)	(15,486)	117,119 (16,846)
Total transactions with owners, recorded directly in equity		(6,922)	(183,775)		(789,696)	(980,393)	53,081	(927,312)
Balance at December 31, 2020	₩ 1,488,993	₩ 4,190,093	₩ (1,700,592)	₩ (3,409,661)	₩ 68,911,800	₩ 69,480,633	₩ 6,860,337	₩ 76,340,970

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# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		Capital stock		Capital surplus	Other capital items	cc	other other omprehensive come (loss)	Retained earnings f Korean Won)	at th	otal equity tributable to e owners of e Company	Non- controlling interests	Total equity
Balance at January 1, 2021 Comprehensive	₩	1,488,993	₩	4,190,093	₩ (1,700,592)	₩		,	₩	69,480,633	₩ 6,860,337	₩ 76,340,970
income: Profit for the period Gain (loss) on financial		-		-	-		-	4,942,356		4,942,356	750,721	5,693,077
assets measured at FVOCI, net Gain (loss) on valuation		-		-	-		(21,021)	114,718		93,697	1,992	95,689
of cash flow hedge derivatives, net Changes in valuation		-		-	-		(47,902)	-		(47,902)	52,917	5,015
of equity-accounted investees, net		-		-	-		544,170	77,482		621,652	24,137	645,789
Remeasurements of defined benefit plans Gain on foreign		-		-	-		-	167,021		167,021	8,371	175,392
operations translation, net		-		-			1,161,813			1,161,813	84,364	1,246,177
Total comprehensive income Transactions with							1,637,060	5,301,577		6,938,637	922,502	7,861,139
owners, recorded directly in equity: Payment of cash dividends Increase in paid-in capital of		-		-	-		-	(1,045,775)		(1,045,775)	(140,854)	(1,186,629)
subsidiaries by issuing stock Acquisition of		-		19,819	-		-	-		19,819	165,311	185,130
investment of subsidiaries Disposals of		-		(164,567)	-		-	-		(164,567)	65,966	(98,601)
investment of subsidiaries Purchases of		-		-	-		-	-		-	(71,634)	(71,634)
treasury stocks		-		-	(305,337)		-	-		(305,337)	-	(305,337)
Disposals of treasury stocks		-		24,915	37,544		-	-		62,459	-	62,459
Repayment of hybrid bonds Others		-		-	-		-	253		253	(150,323) (21,638)	(150,323) (21,385)
Total transactions with owners, recorded directly in equity		-		(119,833)	(267,793)		-	(1,045,522)		(1,433,148)	(153,172)	(1,586,320)
Balance at December 31, 2021	₩	1,488,993	₩		₩ (1,968,385)	₩	(1,772,601)	₩ 73,167,855	₩	74,986,122	₩ 7,629,667	₩ 82,615,789
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(Concluded)

# CONSOLIDATED STATEMENTS OF CASH FLOWS

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	NOTES	2021	2020
		(In millions of	f Korean Won)
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the year		₩ 5,693,077	₩ 1,924,553
Adjustments		15,777,589	16,808,385
Changes in operating assets and liabilities		(20,287,776)	(16,991,771)
		1,182,890	1,741,167
Interest received		449,789	519,995
Interest paid		(1,905,945)	(2,008,084)
Dividend received		213,735	234,432
Income tax paid		(1,116,885)	(897,317)
Net cash used in operating activities		(1,176,416)	(409,807)
Cash flows from investing activities:			
Changes in short-term financial instruments, net		1,326,872	566,427
Changes in other financial assets (current), net		225,974	(2,348,252)
Decrease in other financial assets (non-current)		259,202	27,070
Collection of other receivables		67,437	37,388
Disposals of long-term financial instruments		35,183	42,935
Proceeds from disposals of property, plant and			
equipment		113,008	133,981
Proceeds from disposals of intangible assets		20,261	3,823
Proceeds from disposals of investment of			
subsidiaries		-	76,133
Proceeds from disposals of investment in joint			
ventures and associates		8,873	4,991
Acquisitions of subsidiaries, net of cash acquired		(294,210)	(50,313)
Increases in other financial assets (non-current)		(212,964)	(148,896)
Increases in other receivables		(69,563)	(25,077)
Purchases of long-term financial instruments		(279,471)	(11,894)
Acquisitions of property, plant and equipment		(4,304,334)	(4,687,842)
Acquisitions of intangible assets		(1,556,993)	(1,701,608)
Acquisitions of investments in joint ventures and			
associates		(565,528)	(1,359,278)
Others		43,674	102,816
Net cash used in investing activities		(5,182,579)	(9,337,596)

(Continued)

# CONSOLIDATED STATEMENTS OF CASH FLOWS

# FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	NOTES		2021	2020	
			(In millions of	f Kore	ean Won)
Cash flows from financing activities:					
Changes in short-term borrowings, net		₩	(620,051)	₩	301,587
Proceeds from long-term debt and debentures			40,688,506		35,536,741
Proceeds from capital contribution from non-					
controlling interest			165,311		5,080
Acquisitions of subsidiaries			(300,670)		-
Repayment of long-term debt and debentures			(29,164,478)		(23,059,360)
Repayment of lease liabilities			(185,158)		(201,571)
Purchases of treasury stocks			(305,337)		(303,077)
Dividends paid			(1,186,800)		(893,769)
Repayment of hybrid bonds			(150,323)		-
Others			(148,714)		(33,158)
Net cash provided by financing activities			8,792,286		11,352,473
Decrease due to transfer to assets classified					
as held for sale			-		(27,784)
Effect of exchange rate changes on cash and			500 127		(207, 121)
cash equivalents			500,127		(397,121)
Net increase in cash and cash equivalents			2,933,418		1,180,165
Cash and cash equivalents, beginning of the year			9,862,136		8,681,971
Cash and cash equivalents, end of the year		₩	12,795,554	₩	9,862,136
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(Concluded)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

# 1. <u>GENERAL</u>:

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 December 31, 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 December 31, 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%	-
supernal, 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. HCCA Funding Two Inc.	"	"	100.00% 100.00%	HCLI 100.00% HCCA 100.00%
0	"			HCCA 99.99%,
HK Retail Funding LP		"	100.00%	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 India Insurance Broking Private Limited (HIIB)	Insurance	"	100.00%	"
Hyundai Capital India Private Limited (HCI)	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	"	100.00%	
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) HYUNDAI THANH CONG	"	Vietnam	50.00%	
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 Hyundai Motor Manufacturing Czech,	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
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 Hyundai Motor Commonwealth of	Financing		100.00%	Hyundai Capital Services 100.00%
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) Hyundai Capital Services Limited	R&D Financing	"	100.00% 100.00%	HMCIS 99.00%, HMMR 1.00% Hyundai Capital Europe 100.00%

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Liability Company Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)(*3)	Manufacturing	Turkey	97.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	Hyundai Rotem 50.50%
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 Rotem SRS Ukraine LLC Rotem SRS Egypt LLC Hyundai Motor UK Limited (HMUK)	" Services " Sales	Malaysia Ukraine Egypt UK	100.00% 100.00% 98.00% 100.00%	Hyundai Rotem 100.00% Rotem SRS Co., Ltd. 100.00% Rotem SRS Co., Ltd. 98.00%
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana, S.L.U. (HMES) Hyundai Motor France SAS (HMF) Hyundai Motor Poland Sp. Zo. O (HMP) Genesis Motor Europe Gmbh (GME) Genesis Motor UK Limited (GMUK) Genesis Motor Switzerland AG (GMCH)	" " " "	Spain France Poland Germany UK Switzerland	100.00% 100.00% 100.00% 100.00% 100.00%	GME 100.00%
Genesis Motor Deutschland GmbH	"	Germany	100.00%	"
(GMD) 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.	"	Mexico	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	Financing	"	0.50%	Hyundai Capital Services 0.50%
(*1) Zavurov First Co., Ltd. (*1)	"	"	0.00%	Hyundai Capital Services 0.00%
Super Series Fifth ~ Eleventh	"	"	0.50%	Hyundai Card 0.50%
Securitization Specialty Co., Ltd. (*1) Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
MOCEAN Co., Ltd	Mobility Service	"	80.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai CHA Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	<i>.</i> ,,	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	n

(\*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.

(\*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.

(\*3) For the year ended December 31, 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 W164,567 million and W136,103 million, respectively.

(\*4) For the year ended December 31, 2021, the name of company has been changed from Genesis Air Mobility LLC to supernal, LLC and the Company's shareholding ratio changed from 100% to 44.44%. As a result, capital surplus and non-controlling interest have increased by W19,819 million and W107,559 million, respectively.

(2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the year ended December 31, 2021 are as follows.

				Profit (loss)
Name of subsidiaries	Assets	Liabilities	Sales	for the period
		(In millions o	f Korean Won)	
Hyundai Capital Services, Inc. (*)	₩ 34,917,071	₩ 29,710,340	₩ 3,485,601	₩ 432,055
Hyundai Card Co., Ltd. (*)	21,654,608	18,026,253	2,744,902	314,139
Hyundai Rotem Company (*)	4,107,183	2,838,938	2,872,512	51,412
Hyundai KEFICO Corporation (*)	2,038,940	1,187,748	2,029,003	60,512
HCA (*)	59,230,349	52,672,107	10,686,865	1,050,250
HMA	8,578,534	5,929,588	22,883,130	1,028,470
HMMA	4,522,540	2,741,306	8,088,117	236,955
HMMC	4,406,392	1,852,526	7,426,329	417,537
HMI (*)	4,310,031	1,782,415	7,339,424	437,395
HME (*)	2,107,163	2,044,181	11,846,977	11,410
HACC (*)	1,946,770	1,119,224	3,582,216	117,911
HMMR	1,931,470	959,020	3,178,717	172,149
HAOSVT	1,469,527	887,896	3,021,886	198,490
HMB	1,387,554	913,764	2,074,018	41,020
HMCA	911,712	716,694	1,938,967	28,116

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

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the year ended December 31, 2020 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
			f Korean Won)	
Hyundai Capital Services, Inc. (*)	₩ 33,683,340	₩ 28,951,217	₩ 3,245,441	₩ 348,571
Hyundai Card Co., Ltd. (*)	19,941,856	16,500,531	2,526,137	244,561
Hyundai Rotem Company (*)	4,197,374	2,851,222	2,785,326	22,409
Hyundai KEFICO Corporation (*)	2,007,029	1,246,934	1,880,848	120,461
HCA (*)	45,365,985	40,336,417	11,298,228	514,792
HMA	6,923,939	5,483,741	19,633,057	300,129
HMMA	4,735,474	3,326,009	6,994,745	(1,019,072)
HMMC	4,012,518	1,717,572	5,817,256	162,669
HMI(*)	3,903,535	1,764,081	5,782,305	221,246
HME (*)	2,416,136	2,364,634	9,215,877	14,185
HMMR	1,676,120	941,181	2,829,969	93,127
HACC (*)	1,543,844	895,215	2,998,410	64,167
HAOSVT	1,472,674	968,587	2,468,376	56,050
HMB	1,159,635	964,698	1,472,328	(47,253)
НМСА	818,850	656,270	1,415,987	11,686

(\*) 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 year ended December 31, 2021 are as follows.

Description	Hyundai Capital Services, Inc	Hyundai Card Co., Ltd.	НСА	НССА	Hyundai Rotem Company
		(In milli	ons of Korean Won)		
Provided by (used in) operating activities Provided by (used in)	₩ (367,733)	₩ (1,400,073)	₩ (7,321,554)	₩ (1,558,760)	₩ (62,714)
investing activities	(40,360)	(105,567)	(955,140)	(642)	146,142
Provided by (used in) financing activities Effect of exchange rate	510,859	1,310,731	8,132,339	1,549,724	(99,586)
changes on cash and cash equivalent	339	-	37,398	6,651	(2,842)
Net increase (decrease) in cash and cash equivalents	103,105	(194,909)	(106,957)	(3,027)	(19,000)
Beginning balance of cash and cash equivalents Ending balance of cash	406,065	774,353	475,148	75,429	338,728
and cash equivalents	₩ 509,170	₩ 579,444	₩ 368,191	₩ 72,402	₩ 319,728

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the year ended December 31, 2020 are as follows.

Description		ndai Capital rvices, Inc	Hy	undai Card Co., Ltd.	НСА		НССА		Hyundai Rotem Company
				(In milli	ons of Korean Won)				
Provided by (used in) operating activities Used in	₩	(734,919)	₩	(2,110,922)	₩ (5,671,707)	₩	(736,550)	₩	56,423
investing activities		(349,375)		(81,458)	(99,608)		(1,291)		(75,057)
Provided by (used in) financing activities Effect of exchange rate		1,139,274		2,236,920	6,134,190		760,770		(21,649)
changes on cash and cash equivalent		-		(273)	(37,326)		(2,767)		(3,475)
Net increase (decrease) in cash and cash equivalents		54,980		44,267	325,549		20,162		(43,758)
Beginning balance of cash and cash equivalents Ending balance of cash		351,085		730,086	149,599		55,267		382,486
and cash equivalents	₩	406,065	₩	774,353	₩ 475,148	₩	75,429	₩	338,728

(5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the year ended December 31, 2021 are as follows.

Description		ndai Capital vices, Inc.	Hyun	dai Card Co., Ltd.	•	undai Rotem Company
		(In	million	s of Korean W	on)	
Ownership percentage of non-controlling interests Accumulated non-controlling interests Profit attributable to non-controlling	₩	40.32% 2,097,956	₩	63.04% 2,379,871	₩	66.23% 702,366
interests Dividends paid to non-controlling interests		170,930 37,002		198,059 92,463		28,968

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		ndai Capital rvices, Inc.		undai Card Co., Ltd.	•	ndai Rotem Company
		(In 1	nillion	s of Korean W		
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) Financial support provided to consolidated structured entities

As of December 31, 2021, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., subsidiaries of the Company, have agreements that provide counterparties with rights of recourse in the event of default on the derivatives relating to asset-backed securities issued by consolidated structured entities, Autopia Sixty-Eighth and Sixty-Ninth Asset Securitization Specialty Company, Super Series Fifth, Sixth, Eighth and Ninth Securitization Specialty Co., Ltd..

(7) Nature and risks associated with interests in unconsolidated structured entities

1) Nature of interests in unconsolidated structured entities of the Group as of December 31, 2021 is as follows.

Description	Purpose	Nature of business	Method of funding	Total assets (*)
		(In millions of Kor	ean Won)	
Asset securitization SPC	Fund raising through asset- securitization	Fund collection	Asset Backed Securities and others	₩ 138,514
Investment fund	Investment trust and others	Fund management and operation, distribution of operating profit and others	Beneficiary (Investment) certificates	
				9,874,543
Structured Finance	Fund raising through project financing	Project financing for construction project and	Project financing and others	
	8	ship investment		19,487,943

(\*) The financial information of unconsolidated structured entity includes unaudited amounts.

Nature of interests in unconsolidated structured entities of the Group as of December 31, 2020 is as follows.

			Method of	
Description	Purpose	Nature of business	funding	Total assets (*)
		(In millions of Kor	ean Won)	
Asset	Fund raising	Fund	Asset Backed	
securitization SPC	through asset-	collection	Securities and	
	securitization		others	₩ 3,111,224
Investment fund	Investment trust and	Fund management	Beneficiary	
	others	and operation,	(Investment)	
		distribution of	certificates	
		operating profit		10 100 500
		and others		13,199,533
Structured Finance	Fund raising	Project financing	Project financing	
	through project	for construction	and others	
	financing	project and		
		ship investment		8,900,659

(\*) The financial information of unconsolidated structured entity includes unaudited amounts.

2) Risks associated with interests in an unconsolidated structured entity of the Group as of December 31, 2021 are as follows.

			pport provided ctured entity		um amount osure to loss	
Description		value in the ured entity	Method	Purpose		structured entity
			(In millions of	of Korean Won)		
Asset securitization SPC	₩	18,797	Loan obligations	Loan agreement (Credit line)	₩	24,000
Investment fund			Beneficiary certificates,	Invest agreement		
		178,552	Investment trust			178,552
Structured Finance			Loan	Loan agreement		
		826,220	obligations	(Credit line)		1,117,599

Risks associated with interests in an unconsolidated structured entity of the Group as of December 31, 2020 are as follows.

	Financial support provided to the structured entity					amount sure to loss
Description	Book value in the structured entity		Method	Purpose		structured ntity
			(In millions	of Korean Won)		
Asset securitization SPC	₩	13,909	Loan obligations	Loan agreement (Credit line)	₩	31,000
Investment fund			Beneficiary certificates,	Invest agreement		
		300,384	Investment trust			300,384
Structured Finance		429,519	Loan obligations	Loan agreement (Credit line)		682,514

(8) Significant restrictions on the subsidiaries

As of December 31, 2021, Hyundai Card Co., Ltd., subsidiary of the Company, has significant restrictions that require it to obtain consent from nominated outside director recommended by non-controlling shareholders in the event of acquiring a company, entry into new business, guarantee, investment in stocks or contracts beyond a certain amount and others.

(9) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the year ended December 31, 2021 are as follows.

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

# 2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>:

(1) Basis of consolidated financial statements preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the Act on External Audit of Stock Companies, Etc in the Republic of Korea.

The significant accounting policies used for the preparation of the consolidated financial statements are summarized below. These accounting policies are consistent with those applied to the consolidated financial statements for the year ended December 31, 2020, except for the adoption effect of the new accounting standards and interpretations described below.

1) New and revised standards that have been applied from the year beginning on January 1, 2021 are as follows.

The Group applied Phase 2 of *Interest Rate Benchmark Reform*(Amendments to K-IFRS 1109 '*Financial Instruments*', K-IFRS 1039 '*Financial Instruments: Recognition and Measurement*', K-IFRS 1107 '*Financial Instruments: Disclosures*', 'K-IFRS 1104 '*Insurance Contracts*' and K-IFRS 1116 '*Leases*') and *Covid-19-Related Rent Concessions*(Amendments to K-IFRS 1116 '*Leases*') for the first time on January 1, 2021. These standards and other new accounting standards effective from January 1, 2021 do not have a material impact on the Group's consolidated financial statements.

2) A number of new standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

The Group is currently evaluating the effect of the following new or amended standards and interpretations, if any, to the consolidated financial statements, however, those standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Proceeds before Intended Use (K-IFRS 1016 'Property, Plant and Equipment')

- References to Conceptual Framework (K-IFRS 1103 'Business Combinations')
- Classification of Liabilities as Current or Non-current (K-IFRS 1001 'Presentation of Financial Statements')
- K-IFRS 1117 'Insurance Contracts' and its amendments
- Cost of Fulfilling a Contract (K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets')
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (K-IFRS 1012 'Income Taxes')
- K-IFRS Annual Improvements 2018-2020
- Disclosure of Accounting policies (K-IFRS 1001 'Presentation of Financial Statements')
- Definition of Accounting estimate (K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors')
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 'Leases')

The consolidated financial statements were approved by the Board of Directors on January 25, 2022 and are expected to be submitted for the Company's annual general meeting of shareholders.

## (2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except as otherwise stated in the accounting policies below. Historical cost is usually measured at the fair value of the consideration given to acquire the assets.

## (3) Basis of consolidations

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (or its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Group. The carrying amount of non-controlling interests consists of the amount of those non-controlling interests at the initial recognition and the changes in shares of the non-controlling interests in equity since the date of the acquisition. Total comprehensive income is attributed to the owners of the Group and to the non-controlling interests even if the non-controlling interest has a deficit balance.

Changes in the Group's ownership interests in subsidiaries, without a loss of control, are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable K-IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under K-IFRS 1109 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

# (4) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration includes any asset or liability resulting from a contingent consideration arrangement and is measured at fair value.

Acquisition-related costs are recognized in profit or loss as incurred. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Prior to the acquisition date, the amount resulting from changes in the value of its equity interest in the acquiree that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were directly disposed of.

## (5) Revenue recognition

In accordance with K-IFRS 1115, all types of contracts recognize revenues by the 5-step revenue recognition model (1) identification of contract  $\rightarrow$  (2) identification of performance obligations  $\rightarrow$  (3) calculation of transaction price  $\rightarrow$  (4)

allocation of transaction price to performance obligations  $\rightarrow$  (5) recognition of revenue when performance obligation is implemented.

## 1) Identification of performance obligations

The Group operates businesses such as the manufacture and sale of automobiles and auto parts. In the automobile sales contracts with customers, services other than automobile sales are separately identified as performance obligations.

### 2) Performance obligations satisfied at a point in time

Revenue is recognized when obligations under the terms of a contract with the Group's customer are satisfied, which generally occurs with the transfer of control of goods or services.

#### 3) Performance obligations satisfied over time

In assessing whether the control over goods or services is transferred over time, the Group evaluates whether the customer simultaneously obtains and consumes the benefits provided by the Group's performance, whether the assets are controlled by the customer, and whether the assets created by the Group have no substitute purpose, and whether the Group is entitled to reimbursement of costs incurred to date, including a reasonable margin.

#### 4) Allocation of transaction price

The Group allocates the transaction price to each of the performance obligations identified in a single contract in proportion to its stand-alone selling price. When the stand-alone selling price is not directly observable, the Group estimates the stand-alone selling price using the adjusted market assessment approach, or the expected cost plus a margin approach.

#### 5) Variable consideration

The Group estimates the amounts of consideration using whichever method (the expected value or the most likely amount) that best predict the amount of consideration to which it will be entitled.

Variable consideration is included in the transaction price only to the extent that it is probable or highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods.

## 6) Significant financing element

If the period between the transfer of the goods or services promised to the customer and the payment from the customer is within one year, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, as a practical expedient.

#### 7) Construction contracts

Where the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the end of reporting period.

The percentage of completion of a contract activity is reliably measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, by surveys of work performed or by completion of a physical proportion of the contract work. Variations in contract work, claim and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

#### (6) Foreign currency translation

The individual financial statements of each entity in the Group are prepared and presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions occurring in currencies other than their functional currency (foreign currencies) are recorded using the exchange rate on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using the exchange rate at the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences resulting from settlement of assets or liabilities and translation of monetary items denominated in foreign currencies are recognized in profit or loss in the period in which they arise except for some exceptions.

Foreign exchange gains or losses are classified in finance income (expenses) or other income (expenses) by the nature of the transaction or event.

For the purpose of presenting the consolidated financial statements, assets and liabilities in the Group's foreign operations are translated into Won, using the exchange rates at the end of reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate during the period has significantly fluctuated, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising, if any, are recognized in equity as other comprehensive income. Upon the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of reporting period.

## (7) Financial Assets

The Group classifies financial assets as financial assets measured at fair value through profit or loss, financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income according to the terms and purpose of acquisition. The Group determines the classification of a financial asset at initial recognition.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

## 1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVPL). Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch

#### 1-1) Amortization cost and effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance. Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI.

## 1-2) Debt instruments classified as at FVOCI

Corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated in investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

## 1-3) Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

## 1-4) Financial assets measured at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVPL. Gains or losses arising from changes in the fair value of FVPL, dividends and interest income from the financial assets are recognized in profit or loss.

## 2) Foreign exchange gain / loss

The carrying amount of a financial asset designated as a foreign currency is determined in foreign currencies and is translated at the spot exchange rate at the end of the reporting period.

## (8) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and valuation of individual assets, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of forecast on present and future conditions reflecting time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- other significant increases in credit risk;

## 2) Definition of default

The Group believes that, based on past experience, if the debtor violates the terms of the contract, it is considered to constitute a default event for internal credit risk management purposes.

## 3) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event as defined by the Group's internal policy;

4) Measurements and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECLs in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECLs are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECLs at the current reporting date, except for financial assets for which a simplified approach is used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### (9) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### (10) Inventory

Inventory is measured at the lower of cost or net realizable value. Inventory cost, including the fixed and variable manufacturing overhead cost, is calculated, using the moving average method, except for the cost for inventory in transit, which is determined by the specific identification method.

#### (11) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence, but not a joint venture or a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate or a joint venture is initially recognized at cost and accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

Investment in associate or joint venture is accounted for using the equity method from the date that the investee becomes the associate or joint venture. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of K-IFRS 1028 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When there is any indication of impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1109. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis we would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture. When the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive in come significant influence over that associate or joint venture. When the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relation in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Unrealized gains from transactions between the Group and its associates or joint ventures are eliminated up to the shares in associate (joint venture) stocks. Unrealized losses are also eliminated, unless evidence of impairment in assets transferred is produced. If the accounting policy of associates or joint ventures differs from the Group, financial statements are adjusted accordingly before applying equity method of accounting.

## (12) Property, plant and equipment

Property, plant and equipment is recognized if, and only if it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. After the initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in case the recognition criteria are met, the subsequent costs will be added to the carrying amount of the asset or recognized as a separate asset, and the carrying amount of what was replaced is derecognized.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The representative useful lives are as follows.

	Representative useful lives (years)
Buildings and structures	12 - 50
Machinery and equipment	6 - 15
Vehicles	6 - 15
Dies, mold and tools	4 - 6
Office equipment	3 - 15
Other	2 - 20

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

#### (13) Investment properties

Investment properties are property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at its cost and transaction costs are included in the initial measurement. After initial recognition, the book value of investment properties is presented at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized.

Land is not depreciated, and other investment properties are depreciated using the straight-line method over the period from 20 to 50 years. The Group reviews the depreciation method, the estimated useful lives and residual values at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

- (14) Intangible assets
- 1) Goodwill

Goodwill arising from a business combination is recognized as an asset at the time of obtaining control (the acquisition date). Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized, but tested for impairment at least annually. For purposes of impairment tests, goodwill is allocated to those cash-generating units ("CGU") of the Group expected to have synergies from the business combination. CGU that goodwill has been allocated is tested for impairment every year or when an event occurs that indicates impairment.

If the recoverable amount of a CGU is less than its carrying amount, the impairment will first decrease the goodwill allocated to that CGU and the remaining impairment will be allocated among other assets relative to its carrying value. Impairment recognized for goodwill may not be reversed. When disposing a subsidiary, related goodwill will be included in gain or loss from disposal.

2) Development costs

The expenditure on research is recognized as an expense when it is incurred. The expenditure on development is recognized as an intangible asset, and amortization is computed using the straight-line method based on the estimated useful lives of the assets since the asset is available for use or sale.

Research and development activities are conducted in phases of preceding research, development approval, product development and mass production. The Group generally recognizes intangible assets as development activities after the development approval phases which product specification, release schedule, and sales plan are established. Expenditure incurred at the previous phase is recognised as an expense as it is considered as research activities when it is incurred.

3) Intangible assets acquired separately

Intangible assets are measured initially at cost, and are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized by the straight-line method based on estimated useful lives from the date of availability. The Group reviews the estimated useful life and amortization method at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate. Intangible assets assessed as having indefinite useful life such as club membership are subjected to impairment test at least once a year without amortization.

The representative useful lives are as follows.

	Representative useful lives (years)
Development costs	3, 7
Industrial property rights	5 - 10
Software	3 - 7
Other	5 - 40

#### (15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. If the cash inflows of an individual asset are largely independent from other assets or group of assets, the recoverable amount is measured for that individual asset; otherwise, it is measured for the cash generating unit (CGU) to which the asset belongs. An impairment loss in respect of goodwill is not reversed. For other assets, impairment loss is reversed if the recoverable amount increases in subsequent years, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized, but tested for impairment annually.

#### (16) Non-current assets classified as held for sale

The Group classifies a non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

#### (17) Lease

At contract inception, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether the contract conveys a right to control the use of an identified asset, definition of a lease under K-IFRS 1116 has been applied.

#### 1) As a lessee

At inception or effective date of change, the Group allocates the consideration in the contract to each lease on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

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

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and shortterm leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 2) As a lessor

The accounting policies applicable in the same period to the Group as a lessor are not different from those under K-IFRS 1116. When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease interest income is allocated to accounting periods so as to reflect an effective interest rate on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the carrying amount of investments in operating leases and recognized as expense on a straight-line basis over the lease term.

#### (18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until they are ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### (19) Retirement benefit plans

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, less the fair value of plan assets. Defined benefit obligations are calculated by an actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligations is measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds, with similar maturity as the expected post-employment benefit payment date. In countries where there is no deep market in such bonds, the market yields at the end of the reporting period on government bonds are used.

The remeasurements of the net defined benefit liabilities (assets) comprising actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results, the effect of the changes to the asset ceiling and return on plan assets, excluding amounts included in net interest on the net defined benefit liabilities (assets), are recognized in other comprehensive income of the consolidated statements of comprehensive income, which is immediately recognized as retained earnings. Those recognized in retained earnings will not be reclassified in profit or loss. Past service costs are recognized in profit and loss when the plan amendment occurs, and net interest is calculated by applying the discount rate determined at the beginning of the annual reporting period to the net defined benefit liabilities (assets). Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on settlements), net interest expense (income), and remeasurements.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees provide services eligible for payment.

### (20) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation. The increase in provision due to passage of time is recognized as interest expense.

The Group recognizes provisions for costs expected to be incurred in the future for the repair of regular parts within the warranty period based on historical experience and compensation for accidents caused by defects in the exported products or parts of the product when such amounts are probable of payment. Also, the Group recognizes provisions for the probable losses of unused loan commitment, construction contracts, pre-contract sale or service contract due to legal or constructive obligations. In addition, the Company recognizes provisions expected to be paid in the future with regard to long-term employee benefits payable to long-term employees.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## (21) Taxation

Income tax expense is composed of current and deferred tax.

#### 1) Current tax

The current tax is computed based on the taxable profit for the current year. The taxable profit differs from the profit before income tax as reported in the consolidated statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities shall not be recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that taxable profit will be available against which the temporary difference can be utilized and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 3) Recognition of current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, or items arising from initial accounting treatments of a business combination. The tax effect arising from a business combination is included in the accounting for the business combination.

## (22) Treasury stock

When the Group repurchases its equity instruments (treasury stock), the incremental costs and net of tax effect are deducted from equity and recognized as other capital item deducted from the total equity in the consolidated statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in equity and not in current profit or loss.

## (23) Financial liabilities and equity instruments

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument.

#### 1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## 2) Financial guarantee liability

A financial guarantee contract is a contract that the issuer must pay a certain amount of money to compensate for losses incurred by the holder due to the failure of a specific debtor to pay the due date on the original contract or modified terms of the debt instrument. Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

- Loss provision calculated in accordance with K-IFRS 1109
- The amount recognized less the accumulated profits recognized in accordance with K-IFRS 1115

3) Financial liabilities measured at FVPL

Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVPL as of the date of initial recognition.

However, for financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in other comprehensive income would create in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVPL are recognized in profit or loss.

## 4) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVPL as of the date of initial recognition, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

## 5) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### (24) Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in such case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedges) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedges).

## 1) Fair value hedges

The Group recognizes the changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

## 2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. If the forecast transaction results in the recognized in other comprehensive income and accumulated in equity are ransferred from equity to the initial cost of related non-financial asset or liability.

Cash flow hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for the criteria of hedging. Any gain or loss accumulated in equity at that time remains in equity, and is recognized as profit or loss when the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

## (25) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of K-IFRS 1116 *Leases*, and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in K-IFRS 1002 *Inventories* or value in use in K-IFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 20.

(26) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group classifies the emission rights as intangible assets. Emission rights allowance the government allocated free of charge are measured at nil, and emission rights allowance purchased are measured at cost. No emission liability is recognized if the expected quantity of emission for the performing period does not exceed the emission allowance in possession. The emission liability is measured based on the expected quantity of emission for the performing period in excess of emission allowance in possession and the unit price for such emission rights in the market at the end of the reporting period.

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

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The management expects that the COVID-19 outbreak from early 2021 will have an impact on most of the regional and operating sectors in which the Group operates. However, as the extent and duration of the impacts of COVID-19 outbreak remain uncertain, the financial impact cannot be reasonably estimated.

Information about assumptions and estimation uncertainties at December 31, 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows.

1) Impairment test for goodwill and non-financial assets

Determining whether goodwill and non-financial asset is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated and value in use of non-financial assets. The value in use calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

2) Warranty provision

The Group recognizes provisions for the warranties of its products as described in Note 2.(20). The amounts are recognized based on the best estimate of amounts necessary to settle the present and future warranty obligation.

3) Defined benefit plans

The Group operates defined retirement benefit plans. Defined benefit obligations are determined at the end of each reporting period using an actuarial valuation method that requires management assumptions on discount rates, rates of expected future salary increases and mortality rates. The characteristic of post-employment benefit plan that serves for the long term period causes significant uncertainties when the post-employment benefit obligation is estimated.

4) Taxation

The Group recognizes current tax and deferred tax based on the best estimates of income tax effect to be charged in the future as the result of operating activities until the end of the reporting period. However, actual final income tax to be charged in the future may differ from the relevant assets and liabilities recognized at the end of the reporting period and the difference may affect income tax charged or credited, or deferred tax assets and liabilities in the period in which the final income tax determined.

5) Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. The Group makes judgements on the choice of various valuation methods and assumptions based on the condition of the principal market at the end of the reporting period.

6) Measurement and useful lives of property, plant, equipment or intangible assets

If the Group acquires property, plant, equipment or intangible assets from business combination, it is required to estimate the fair value of the assets at the acquisition date and determine the useful lives of such assets for depreciation and amortization.

#### 7) Credit loss allowance

The Group sets credit loss allowance upon evaluation of impairment relating to account receivables and financial services receivables as described in Note 2.(8). The precision in loss allowance is based on the estimation of expected cash flow and assumptions and variables of risk measurement model used for the estimation.

## 3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

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

	December 31, 2021					Decembe	r 31, 2020	
Description	Current		No	Non-current		Current		n-current
	(In millions of Korean Won)							
Trade notes and accounts receivable	₩	3,190,030	₩	145,648	₩	3,338,865	₩	128,599
Loss allowance		(42,734)		(773)		(54,893)		(317)
Present value discount accounts		-		(7,718)		-		(4,013)
	₩	3,147,296	₩	137,157	₩	3,283,972	₩	124,269

(2) Aging analysis of trade notes and accounts receivable

As of December 31, 2021, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

			Overdue Within			
Description	Not due	Overdue Within 90days	180days More than 91days	Overdue More than 181 days	Total amounts	Amount of impaired receivables
			(In millions of	f Korean Won)		
Total trade note and accounts receivable	₩ 2,998,927	₩ 249,201	₩ 5,437	₩ 82,113	₩ 3,335,678	₩ 43,507

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

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

(3) Transferred trade notes and accounts receivable that are not derecognized

As of December 31, 2021 and December 31, 2020, total trade notes and accounts receivable (including inter-company receivables within the Group) which the Group transferred to financial institutions but did not qualify for derecognition, amount to  $\mathbb{W}3,059,551$  million and  $\mathbb{W}2,914,830$  million, respectively. Cash and cash equivalents received as consideration for the transfer are recognized as short-term borrowings due to the fact that the risks and rewards were not transferred substantially.

(4) Changes in loss allowance for the years ended December 31, 2021 and December 31, 2020 are as follows

Description		2021	2020	
		n)		
Beginning of the year	₩	55,210	₩	67,564
Impairment loss (reversal)		2,204		(16,595)
Write-off		(14,307)		(1,296)
Effect of foreign exchange differences and others		400		5,537
End of the year	₩	43,507	₩	55,210

## 4. <u>OTHER RECEIVABLES</u>:

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

		December 3	l, 202	December 31, 2020			2020		
Description	Current		Non-current		Current		Non-current		
	(In millions of Korean Won)								
Accounts receivable – others (*)	₩	2,785,799	₩	373,569	₩	2,757,116	₩	350,549	
Due from customers for contract work		1,421,108		-		1,252,117		-	
Lease and rental deposits		24,105		310,536		16,296		302,052	
Deposits		7,289		33,469		5,268		39,752	
Others		3,546		23,594		4,050		10,282	
Loss allowance		(20,877)		-		(17,875)		(294)	
	₩	4,220,970	₩	741,168	₩	4,016,972	₩	702,341	

(\*) As of December 31, 2021 and December 31, 2020, the Group recognized the reimbursement related to the warranty provisions as a separate asset in the amount of \#1,091,859 million and \#1,073,098 million, respectively.

(2) Changes in other allowance for the year ended December 31, 2021 and December 31, 2020 are as follows.

Description	2021			2020			
	(In millions of Korean Won)						
Beginning of the year	$\mathbb{W}$	18,169	₩	15,403			
Impairment loss (reversal)		517		4,174			
Write-off		(871)		(1,409)			
Effect of foreign exchange differences		3,062		1			
End of the year	₩	20,877	₩	18,169			

## 5. <u>OTHER FINANCIAL ASSETS</u>:

(1) Other financial assets as of December 31, 2021 are as follows.

	December 31, 2021						
Description		Current	N	on-current			
		(In millions of	Korean	Won)			
Financial assets measured at FVPL	$\mathbb{W}$	12,249,980	₩	222,120			
Financial assets measured at FVOCI		25,150		2,886,373			
Financial assets measured at amortized cost		18,466		8,729			
Derivative assets that are effective hedging instruments		103,050		422,064			
	₩	12,396,646	₩	3,539,286			

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

	December 31, 2020						
Description	Current		Non-current				
		(In millions o	of Korea	n 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 December 31, 2021 and December 31, 2020 are as follows.

		Decemb 202			December 31, 2020		
	Ac	quisition					
Description		cost	Bo	ok value	Book value		
			(In millior	ns of Korean Wor	1)		
Debt instruments	$\mathbb{W}$	440,927	$\mathbb{W}$	450,711	₩	327,730	
Equity instruments (*)		2,336,347		2,460,812		1,995,214	
	₩	2,777,274	₩	2,911,523	₩	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.

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

			Decem 20	,	December 31, 2020		
	Ownership	Acquisition				_	
Name of the company	percentage		cost	Bo	ok value	Bo	ok value
	(%)		(In i	million	s of Korean	Won)	
Hyundai Steel Company (*1)	6.87	₩	835,375	₩	434,277	₩	451,650
Grab Holdings Limited	1.14		442,922		362,508		-
Hyundai Glovis Co., Ltd.	4.88		210,688		314,922		336,893
ANI Technologies Private Limited (OLA)	3.42		278,955		290,116		278,955
Hyundai Oilbank Co., Ltd.	4.35		53,734		230,812		222,524
Korea Aerospace Industries, Ltd. (*2)	-		73,331		153,522		122,061
Hyundai Heavy Industries							
Holdings Co., Ltd.	2.20		9,018		94,892		98,361
NICE Information Service Co., Ltd.	2.25		3,312		24,587		33,875
Hyundai Green Food Co., Ltd.	2.36		15,005		20,077		20,215
Hyundai M Partners Co., Ltd.	9.29		9,888		13,954		16,708
NICE Holdings Co., Ltd.	1.30		3,491		7,866		9,562
KT Corporation	0.09		8,655		7,443		5,762
Hyundai Asan Corporation	1.40		22,500		2,117		2,117
Korea Shipbuilding & Offshor							
Engineering Co., Ltd (*3)	-		-		-		177,165
Others			369,473		503,719		219,366
		₩	2,336,347	₩	2,460,812	₩	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 year ended December 31, 2021, the Group has disposed of all of its shares.

## 6. <u>INVENTORIES</u>:

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

Description		December 31, 2021	December 31, 2020		
		(In millions of Kor	rean Won)		
Finished goods	₩	5,987,233	₩	6,844,023	
Merchandise		59,518		44,356	
Semifinished goods		711,155		576,950	
Work in progress		692,832		404,504	
Raw materials		2,536,671		1,633,579	
Supplies		315,871		299,259	
Materials in transit		730,970		625,833	
Others (*1)		611,391		905,230	
Total (*2)	₩	11,645,641	₩	11,333,734	

(\*1) As of December 31, 2021 and December 31, 2020, others include inventories provided by operating lease with repurchase agreement in the amount of \#143,641 million and \#89,059 million, respectively.

(\*2) As of December 31, 2021 and December 31, 2020, the Group recognized a valuation allowance in the amount of ₩167,888 million and ₩164,980 million, respectively.

## 7. OTHER ASSETS:

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

		December	r 31, 1	2021		Decembe	r 31, 2	020
Description	Current		Non-current		Current		No	n-current
			(	In millions of	f Kor	ean Won)		
Accrued income	₩	353,643	₩	716	₩	327,079	₩	866
Advanced payments		662,919		-		726,609		-
Prepaid expenses		558,336		1,108,621		459,580		792,529
Prepaid value-added tax and others		506,955		81,947		520,103		86,114
	₩	2,081,853	₩	1,191,284	₩	2,033,371	₩	879,509

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

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

Description		Decer	nber 31, 2021	Decem	ber 31, 2020
			Korean Won	)	
Land		$\mathbb{W}$	-	₩	7,426
Building and others			28,121		-
Subsidiary (*)			-		297,043
Total		₩	28,121	₩	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 year ended December 31, 2021.

# 9. PROPERTY, PLANT AND EQUIPMENT:

		December 31, 2021					December 31, 2020						
	Α	Acquisition	A	Accumulated			A	Acquisition	Α	ccumulated			
Description		cost	de	preciation (*)	E	Book value		cost	dep	preciation (*)	Book value		
					(]	n millions of	`Koi	rean Won)					
Land	₩	12,130,094	₩	-	₩	12,130,094	₩	12,047,003	₩	-	₩ 12,047,003		
Buildings		10,872,099		(4,108,392)		6,763,707		10,067,787		(3,711,935)	6,355,852		
Structures		1,634,658		(820,896)		813,762		1,497,951		(735,703)	762,248		
Machinery and equipment		17,542,258		(10,884,908)		6,657,350		16,517,625		(9,848,680)	6,668,945		
Vehicles		473,053		(219,202)		253,851		396,899		(191,797)	205,102		
Dies, molds and tools		14,310,816		(9,899,714)		4,411,102		12,532,468		(8,695,190)	3,837,278		
Office equipment		1,926,607		(1,502,058)		424,549		1,772,099		(1,386,336)	385,763		
Others		309,479		(102,861)		206,618		162,951		(87,328)	75,623		
Construction in progress		3,882,050		-		3,882,050		3,754,415		-	3,754,415		
	₩	63,081,114	₩	(27,538,031)	₩	35,543,083	₩	58,749,198	₩	(24,656,969)	₩ 34,092,229		

(1) Property, plant and equipment ("PP&E") as of December 31, 2021 and 2020 are as follows.

(\*) Accumulated impairment losses are included.

# (2) The changes in PP&E for the year ended December 31, 2021 are as follows.

H	Beginning	2			Transfers								End of
0	of the year	Ac	equisitions	W	rithin PP&E		Disposals	Ľ	Depreciation	0	thers (*)		the year
₩	12,047,003	₩	68,990	₩	39,283	₩	(1,303)	₩	-	₩	(23,879)	₩	12,130,094
	6,355,852		39,130		626,269		(3,460)		(328,580)		74,496		6,763,707
	762,248		27,774		103,295		(14,823)		(68,500)		3,768		813,762
	6,668,945		28,839		922,091		(31,931)		(1,010,082)		79,488		6,657,350
	205,102		84,104		82,730		(51,161)		(61,111)		(5,813)		253,851
	3,837,278		27,708		1,792,988		(18,308)		(1,292,982)		64,418		4,411,102
	385,763		61,338		130,049		(1,919)		(157,611)		6,929		424,549
	75,623		8,451		147,235		(23,572)		(13,650)		12,531		206,618
	3,754,415		4,036,440		(3,843,940)		(451)		-		(64,414)		3,882,050
₩	34,092,229	₩	4,382,774	₩	-	₩	(146,928)	₩	(2,932,516)	₩	147,524	₩	35,543,083
_	₩	6,355,852 762,248 6,668,945 205,102 3,837,278 385,763 75,623 3,754,415	of the year         Addition           ₩         12,047,003         ₩           6,355,852         762,248           6,668,945         205,102           3,837,278         385,763           75,623         3,754,415	$\begin{tabular}{ c c c c c c c }\hline\hline & of the year & Acquisitions \\ \hline & 12,047,003 & & 68,990 \\ \hline & 6,355,852 & 39,130 \\ \hline & 762,248 & 27,774 \\ \hline & 6,668,945 & 28,839 \\ \hline & 205,102 & 84,104 \\ \hline & 3,837,278 & 27,708 \\ \hline & 3,837,278 & 27,708 \\ \hline & 385,763 & 61,338 \\ \hline & 75,623 & 8,451 \\ \hline & 3,754,415 & 4,036,440 \end{tabular}$	$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

(\*) Others include the effect of foreign exchange differences, transfers from or to other accounts, impairment loss of W44,499 million allocated from the impairment of CGU attributable to Hyundai Truck & Bus(China) Co., Ltd. and others. The recoverable amount of CGU attributable to Hyundai Truck & Bus(China) Co., Ltd. was based on its value in use or fair value less costs to disposal(net fair value), and the discount rate applied to the measurement of value in use is 8.7%.

The changes in PP&E for the year ended December 31, 2020 are as follows.

											Tr	ansfer to				
											а	ssets				
	I	Beginning			,	Transfers					clas	sified as				End of
Description	C	of the year	Acqu	isitions	wi	thin PP&E	D	isposals	Dep	reciation	held	for sale	C	Others (*)		the year
					_			(In million	ns of H	Korean Wo	n)		_			
Land	₩	12,039,472	₩	28,943	₩	98,961	₩	(39,754)	₩	-	₩	(65,287)	₩	(15,332)	₩	12,047,003
Buildings		6,229,826		9,425		453,705		(23,812)		(308,194)		(12,504)		7,406		6,355,852
Structures		749,571		12,974		77,409		(3,990)		(66,178)		(519)		(7,019)		762,248
Machinery and																
equipment		6,534,417		10,812		1,347,753		(70,689)	(1	,002,135)		(408)		(150,805)		6,668,945
Vehicles		198,330		37,379		89,552		(49,189)		(58,213)		(62)		(12,695)		205,102
Dies, molds																
and tools		3,034,610		7,060		1,998,356		(11,715)	(1	,122,396)		(5,156)		(63,481)		3,837,278
Office equipment		415,173		37,533		112,808		(1,292)		(161,624)		(8,398)		(8,437)		385,763
Others		43,317		31,310		32,849		(2,074)		(20,445)		(53)		(9,281)		75,623
Construction-in																
-progress		3,586,808	4,	495,312		(4,211,393)		(742)		-		-		(115,570)		3,754,415
	₩	32,831,524	₩ 4,	670,748	₩	-	₩	(203,257)	₩ (2	2,739,185)	₩	(92,387)	₩	(375,214)	₩	34,092,229

(\*) Others include the effect of foreign exchange differences, transfers from or to other accounts and impairment losses and others.

## 10. **INVESTMENT PROPERTY**:

		December 31, 2021						December 31, 2020						
	Ac	quisition	Ac	Accumulated				equisition	Ac	cumulated				
Description		cost	de	preciation	Bo	ok value		cost	de	preciation	Bo	ok value		
					(In	millions o	f Koı	ean Won)						
Land	₩	54,284	₩	-	₩	54,284	₩	56,046	₩	-	₩	56,046		
Buildings		313,777		(221,919)		91,858		298,673		(204,673)		94,000		
Structures		18,630		(8,116)		10,514		18,630		(7,709)		10,921		
	₩	386,691	₩	(230,035)	₩	156,656	₩	373,349	₩	(212,382)	₩	160,967		

#### (1) Investment property as of December 31, 2021 and December 31, 2020 are as follows.

(2) The changes in investment property for the year ended December 31, 2021 are as follows:

									Effe	ct of foreign		
	Be	ginning							e	xchange	I	End of
Description	of	the year	Di	sposals	Tran	sfers(*)	Dep	preciation	di	fferences	tł	ne year
					(I	n millions	s of K	orean Won	)			
Land	₩	56,046	₩	(1,762)	₩	-	₩	-	₩	-	₩	54,284
Buildings		94,000		-		1,537		(4,990)		1,311		91,858
Structures		10,921		-		-		(408)		1		10,514
	₩	160,967	₩	(1,762)	₩	1,537	₩	(5,398)	₩	1,312	₩	156,656
Structures	₩	- )-	₩	(1,762)	₩	1,537	₩		₩	1,312	₩	-

(\*) Transferred amount from Construction-in-progress.

The changes in Investment properties for the year ended December 31, 2020 are as follows.

Description		ginning the year	Trai	nsfers(*)	De	preciation	ex	t of foreign change ferences		End of the year
						lions of Kor		·		
Land	₩	56,046	₩	-	₩	-	₩	-	₩	56,046
Buildings		104,118		10		(9,920)		(208)		94,000
Structures		11,330		-		(408)		(1)		10,921
	₩	171,494	₩	10	₩	(10,328)	₩	(209)	₩	160,967

(\*) Transferred amount from Construction-in-progress.

(3) The fair value of Investment properties as of December 31, 2021 and December 31, 2020 are as follows.

Description	Dece	mber 31, 2021	December 31, 2020			
		(In millions of I	Korean Won)			
Land	$\overline{W}$	54,284	₩ 56,046			
Buildings		338,579	315,854			
Structures		15,496	15,496			
	₩	408,359	₩ 387,396			

The fair value measurement of the Investment properties was performed by an independent third party. The Group deems the change in fair value from the fair value measurement performed at the initial recognition of the Investment properties is not material.

The fair value of the Investment properties is classified as Level 3, based on the inputs used in the valuation techniques. The fair value has been determined based on the cost approach and the market approach. The cost approach measures fair value as current replacement cost considering building structures and design, supplementary installation, depreciation period.

(4) Income and expenses related to Investment properties for the years ended December 31, 2021 and 2020 are as follows.

Description		2021					
		(In millions o	of Korean Won)				
Rental income	$\mathbb{W}$	47,710	₩	49,536			
Operating and maintenance expenses		13,265		17,141			

### 11. INTANGIBLE ASSETS:

(1) Intangible assets as of December 31, 2021 and December 31, 2020 are as follows.

	]	December 31, 202	1	December 31, 2020						
	Acquisition	Accumulated		Acquisition	Accumulated					
Description	cost	amortization (*)	Book value	cost	amortization (*)	Book value				
			(In millions o	f Korean Won)						
Goodwill	₩ 409,570	₩ (35,807)	₩ 373,763	₩ 377,015	₩ (35,539)	₩ 341,476				
Development										
costs	10,374,450	(6,331,957)	4,042,493	9,957,047	(5,679,376)	4,277,671				
Industrial										
property rights	477,280	(338,071)	139,209	447,109	(201,709)	245,400				
Software	1,567,846	(1,089,990)	477,856	1,397,880	(978,779)	419,101				
Others	821,000	(189,077)	631,923	486,459	(235,196)	251,263				
Construction in										
progress	197,278	(15,536)	181,742	146,890	(4,234)	142,656				
	₩ 13,847,424	₩ (8,000,438)	₩ 5,846,986	₩ 12,812,400	₩ (7,134,833)	₩ 5,677,567				

(\*) Accumulated impairment losses are included.

(2) The changes in intangible assets for the year ended December 31, 2021 are as follows.

		Beginning		Internal		External	_	Fransfers within ntangible		
Description		of the year		developments		acquisition	11	assets	D	isposals
				(In milli	ion	ns of Korean Won)				
Goodwill	₩	341,476	₩	-	¥	₩ -	₩	-	₩	-
Development Costs		4,277,671		1,291,676		31,287		41,147		(417)
Industrial property rights		245,400		64		951		28,076		(152)
Software		419,101		8,531		41,316		32,113		(110)
Others		251,263		-		1,150		21,771		(18,662)
Construction in progress		142,656		11,124		171,226		(123,107)		
	₩	5,677,567	₩	1,311,395	¥	₩ 245,930	₩	-	₩	(19,341)

Description	Amortization	1	airment loss eversal (*1)	Transfer to Non- current assets classified as held for sale	Ot	thers (*2)		End of the year
			(In milli	ons of Korean Won)				
Goodwill	₩ -	₩	(76,805)	₩ -	₩	109,092	₩	373,763
Development Costs	(1,406,713)		(192,213)	(3,496)		3,551		4,042,493
Industrial property rights	(24,076)		(112,278)	-		1,224		139,209
Software	(158,353)		(4)	-		135,262		477,856
Others	(28,681)		6	(162)		405,238		631,923
Construction in progress			(12,853)			(7,304)		181,742
	₩ (1,617,823)	₩	(394,147)	₩ (3,658)	₩	647,063	₩	5,846,986

(\*1) Impairment losses include impairment of development costs due to the discontinued sales and development projects, impairment loss of #246,707 million allocated from the impairment of CGU attributable to Hyundai Truck & Bus(China) Co., Ltd. and others.

(\*2) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

The changes in intangible assets for the year ended December 31, 2020 are as follows.

							Transfers within			
		Beginning		Internal		External	intangible			
Description		of the year		developments		acquisition	assets	[	Disposals	
		(In millions of Korean Won)								
Goodwill	₩	261,525	₩	-	₩	- ⊬	₩ -	₩	-	
Development Costs		4,076,343		1,532,411		25,070	35,848		(4,306)	
Industrial property rights		133,275		153		1,579	25,032		(610)	
Software		317,989		7,827		38,409	129,436		(1,072)	
Others		249,948		-		10,166	4,189		(2,217)	
Construction in progress		227,416		48,189		64,514	(194,505)			
	₩	5,266,496	₩	1,588,580	₩	₩ 139,738	₩ -	₩	(8,205)	

Description	A	mortization	In	npairment loss (*1)	Transfer to Non- current assets classified as held for sale	Ot	hers (*2)		End of the year
				(In milli	ons of Korean Won)				
Goodwill	₩	-	₩	-	₩ -	₩	79,951	₩	341,476
Development Costs		(1,244,996)		(187,580)	(58,341)		103,222		4,277,671
Industrial property rights		(25,261)		-	(2,680)		113,912		245,400
Software		(154,890)		(42)	(9,975)		91,419		419,101
Others		(10,713)		(339)	(752)		981		251,263
Construction in progress		-		(1,567)	(50)		(1,341)		142,656
	₩	(1,435,860)	₩	(189,528)	₩ (71,798)	₩	388,144	₩	5,677,567

(\*1) Impairment losses were recognized for development costs due to the discontinued sales and development projects for the year ended December 31, 2020.

(\*2) Others include the effect of foreign exchange differences and transfer from or to other accounts and others.

(3) Development costs of intangible assets as of December 31, 2021 consist of as follows.

ription		Book value	Remaining amortization period (*)		
	(.	In millions of			
	ŀ	Korean Won)			
Developing	₩	1,176,530	-		
Amortizing		2,378,965	32 months		
Developing		142,567	-		
Amortizing		171,828	25 months		
Developing		54	-		
Amortizing		172,549	46 months		
	₩	4,042,493			
	Developing Amortizing Developing Amortizing Developing	( Developing ₩ Amortizing Developing Amortizing Developing Amortizing	(In millions of Korean Won)DevelopingW1,176,530Amortizing2,378,965Developing142,567Amortizing171,828Developing54Amortizing172,549		

(\*) Since the remaining amortization period differs for each project, the weighted average remaining useful lives of the development costs at the end of reporting period are disclosed.

Desc	ription	В	ook value	Residual useful lives (*)		
		(	millions of orean Won)			
Automobile	Developing	${\mathbb W}$	1,609,463	-		
"	Amortizing		2,145,937	35 months		
Powertrain	Developing		109,467	-		
"	Amortizing		236,310	29 months		
Others	Developing		190	-		
"	Amortizing		176,304	42 months		
	-	₩	4,277,671			

Development costs of intangible assets as of December 31, 2020 consist of as follows.

(\*) Since the remaining amortization period differs for each project, the weighted average remaining useful lives of the development costs at the end of reporting period are disclosed.

(4) Research and development expenditures for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020					
		(In millions of Korean Won)						
Development costs (intangible assets)	$\mathbb{W}$	1,322,963	₩	1,557,481				
Research and development costs (*1)		1,774,934		1,539,580				
Total (*2)	₩	3,097,897	₩	3,097,061				

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

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

(5) Impairment test of goodwill

The allocation of goodwill amongst the Group's CGUs as of December 31, 2021 and December 31, 2020 are as follows.

Segment	Decem	ber 31, 2021	December 31, 2020				
	(In millions of Korean Won)						
Vehicle	₩	253,204	₩	240,514			
Finance		482		482			
Others		120,077		100,480			
	₩	373,763	₩	341,476			

The recoverable amounts of the Group's CGUs are measured as their value-in-use calculated based on cash flow projections of financial budgets for the next five years approved by management. The pre-tax discount rate applied to the cash flow projections for the years ended December 31, 2021 and 2020, are 8.7% and 11.9% respectively. Cash flow projections beyond the five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. An impairment loss on goodwill of W76,805 million has been recognized with respect to the impairment of CGU attributable to Hyundai Truck & Bus(China) Co., Ltd. for the year ended December 31, 2021. No impairment loss had been recognized for the year ended December 31, 2020.

# 12. <u>LEASES (AS A LESSEE)</u>:

Description		eginning the year	Acq	uisitions	D	isposals	D	epreciation		Others(*)	End	of the year
Land	₩	143,679	₩	13,863	₩	(457)	₩	(6,686)	₩	(66,795)	₩	83,604
Buildings		681,335		249,691		(22,786)		(184,173)		30,082		754,149
Structures		2,672		1,566		(78)		(1,845)		55		2,370
Others		8,638		97,885		(854)		(8,722)		3,756		100,703
	₩	836,324	₩	363,005	₩	(24,175)	₩	(201,426)	₩	(32,902)	₩	940,826

(1) The changes in right-of-use assets for the year ended December 31, 2021 are as follows.

(\*) Others include the effect of foreign exchange differences, impairment loss of ₩46,910 million allocated from the impairment of CGU attributable to Hyundai Truck & Bus(China) Co., Ltd. and others.

The changes in right-of-use assets for the year ended December 31, 2020 are as follows.

Description		ginning the year	Acq	uisitions	D	isposals	De	epreciation	(	Others(*)	End	of the year
Land	₩	20,487	₩	4,323	₩	(1)	₩	(7,766)	₩	126,636	₩	143,679
Buildings		689,563		221,356		(45,158)		(173,087)		(11,339)		681,335
Structures		3,087		2,086		(218)		(2,080)		(203)		2,672
Others		21,405		9,595		-		(12,944)		(9,418)		8,638
	₩	734,542	₩	237,360	₩	(45,377)	₩	(195,877)	₩	105,676	₩	836,324

(\*) Others include the effect of foreign exchange differences and others.

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

Description	Decem	ber 31, 2021	December 31, 2020			
	(In millions of Korean Won)					
Undiscounted lease liabilities	$\mathbb{W}$	1,150,757	₩	943,470		
Discounted lease liabilities		950,572		757,044		
Current		167,266		141,478		
Non-current		783,306		615,566		

(3) Expenses recognized in relation to leases for the years ended December 31, 2021 and 2020 are as follows.

Description	Decem	ber 31, 2021	December 31, 2020			
	(In millions of Korean Won)					
Interest on lease liabilities	₩	25,126	₩	30,580		
Expenses in relation to leases of short-term and low- value assets		20,907		21,342		

# 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Name of the company	Nature of business	Location	Ownership percentage	Book value		
			(%)	(In millions of Korean Won)		
Beijing Hyundai Qiche Financing			(, ,	Horoun (Con)		
Company (BHAF) (*1,3)	Financing	China	53.00	₩ 736,704		
Beijing-Hyundai Motor Company	8					
(BHMC) (*1)	Manufacturing	China	50.00	345,950		
Hyundai WIA Automotive Engine	8			,		
(Shandong) Company (WAE)	Manufacturing	China	31.40	245,868		
Motional AD LLC (*1)	R&D	USA	25.97	1,025,263		
Boston Dynamics, Inc.	R&D	USA	30.00	414,634		
Hyundai Capital Bank Europe GmbH						
(HCBE)	Financing	Germany	49.00	498,050		
Kia Corporation (*4)	Manufacturing	Korea	33.88	11,620,132		
Hyundai Engineering & Construction	-					
Co., Ltd.	Construction	Korea	20.95	2,935,786		
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,085,858		
Hyundai WIA Corporation	Manufacturing	Korea	25.35	729,053		
Hyundai Autoever Corp. (*5)	IT service	Korea	31.59	410,935		
Hyundai Commercial Inc.	Financing	Korea	37.50	339,300		
Hyundai Motor Securities Co., Ltd.	Securities					
	Brokerage	Korea	25.43	314,532		
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	186,489		
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	98,894		
Others				1,441,669		
				₩ 22,429,117		

(\*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

(\*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(\*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(\*4) During the year ended December 31, 2021, the name of the company was changed from Kia Motors Corporation to Kia Corporation.

(\*5) During the year ended December 31, 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%.

Investments in joint ventures and associates as of December 31, 2020 are as follows.

	Nature of		Ownership	
Name of the company	business	Location	percentage	Book value
				(In millions of
			(%)	Korean Won)
Beijing-Hyundai Motor Company				
(BHMC) (*1)	Manufacturing	China	50.00	₩ 779,958
Beijing Hyundai Qiche Financing				
Company (BHAF) (*1,3)	Financing	China	53.00	627,895
Hyundai WIA Automotive Engine				
(Shandong) Company (WAE)	Manufacturing	China	31.40	224,979
Motional AD LLC (*1,4)	R&D	USA	26.00	1,053,282
Hyundai Capital Bank Europe GmbH				
(HCBE)	Financing	Germany	49.00	495,999
Kia Motors Corporation	Manufacturing	Korea	33.88	9,972,824
Hyundai Engineering & Construction				
Co., Ltd.	Construction	Korea	20.95	2,835,399
Hyundai Transys Inc.	Manufacturing	Korea	41.13	1,017,906
Hyundai WIA Corporation	Manufacturing	Korea	25.35	694,991
Hyundai Motor Securities Co., Ltd.	Securities			
	brokerage	Korea	27.49	310,472
Hyundai Commercial Inc.	Financing	Korea	37.50	261,601
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	150,503
Hyundai Autoever Corp.	IT service	Korea	28.48	158,073
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	97,655
Others	1 0			1,243,723
				₩ 19,925,260
				1,,,20,200

(\*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

(\*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(\*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(\*4) During the year ended December 31, 2020, the name of the company was changed from Hyundai-Aptiv AD LLC to Motional AD LLC.

(2) The changes in investments in joint ventures and associates for the year ended December 31, 2021 are as follows.

	Share of							
	Beginning of	Acquisitions	profits (losses)					
Name of the company	the year	(disposals)	for the period	Dividends	Others (*1)	End of the year		
			(In millions of	Korean Won)				
BHAF	₩ 627,895	₩ -	₩ 50,724	₩ (15,880)	₩ 73,965	₩ 736,704		
BHMC	779,958	-	(502,344)	-	68,336	345,950		
WAE	224,979	-	(3,432)	-	24,321	245,868		
Motional AD LLC	1,053,282	-	(122,871)	-	94,852	1,025,263		
Boston Dynamics, Inc. (*2)	-	431,882	(36,010)	-	18,762	414,634		
HCBE	495,999	-	(99)	-	2,150	498,050		
Kia Corporation	9,972,824	-	1,601,473	(137,318)	183,153	11,620,132		
Hyundai Engineering &								
Construction Co., Ltd.	2,835,399	-	82,421	(13,996)	31,962	2,935,786		
Hyundai Transys Inc.	1,017,906	-	39,223	-	28,729	1,085,858		
Hyundai WIA Corporation	694,991	-	16,637	(4,826)	22,251	729,053		
Hyundai Autoever Corp.	158,073	-	24,876	(4,485)	232,471	410,935		
Hyundai Commercial Inc.	261,601	-	67,187	(3,750)	14,262	339,300		
Hyundai Motor Securities								
Co., Ltd.	310,472	-	23,027	(5,444)	(13,523)	314,532		
Eukor Car Carriers Inc.	150,503	-	22,457	-	13,529	186,489		
Haevichi Hotels & Resorts								
Co., Ltd.	97,655	-	980	-	259	98,894		
Others	1,243,723	208,988	14,342	(12,344)	(13,040)	1,441,669		
	₩ 19,925,260	₩ 640,870	₩ 1,278,591	₩ (198,043)	₩ 782,439	₩ 22,429,117		

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

(\*2) Share acquisition has been completed in the year ended December 31, 2021, and the acquisition cost is measured as the cash paid during the current year, cash that will be paid in the following year, and the value of put option owned by other investors.

The changes in investments in joint ventures and associates for the year ended December 31, 2020 are as follows.

	Beginning of	Acquisitions	Share of profits (losses)			
Name of the company	the year	(disposals)	for the period	Dividends	Others (*1)	End of the year
			(In millions c	of Korean Won)		
BHMC	₩ 1,256,925	₩ -	₩ (498,581)	₩ -	₩ 21,614	₩ 779,958
BHAF	577,810	-	46,908	-	3,177	627,895
WAE	154,136	76,683	(6,077)	-	237	224,979
Motional AD LLC(*2)	-	1,294,367	(99,103)	-	(141,982)	1,053,282
HCBE	159,948	330,158	1,219	-	4,674	495,999
Kia Motors Corporation	9,655,017	-	505,155	(157,916)	(29,432)	9,972,824
Hyundai Engineering &						
Construction Co., Ltd.	2,859,169	-	2,166	(13,997)	(11,939)	2,835,399
Hyundai Transys Inc.	1,026,563	-	(3,269)	-	(5,388)	1,017,906
Hyundai WIA Corporation	682,526	-	20,022	(4,826)	(2,731)	694,991
Hyundai Motor Securities						
Co., Ltd.	283,446	-	29,156	(4,839)	2,709	310,472
Hyundai Commercial Inc.	255,800	-	43,937	-	(38,136)	261,601
Eukor Car Carriers Inc.	173,212	-	(13,300)	-	(9,409)	150,503
Hyundai Autoever Corp.	145,076	-	16,808	(4,246)	435	158,073
Haevichi Hotels & Resorts						
Co., Ltd.	101,578	-	(2,802)	-	(1,121)	97,655
Others	1,044,084	164,664	61,437	(14,707)	(11,755)	1,243,723
	₩ 18,375,290	₩ 1,865,872	₩ 103,676	₩ (200,531)	₩ (219,047)	₩ 19,925,260

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

(\*2) The joint venture was incorporated during the year ended December 31, 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 year ended December 31, 2021 is as follows.

Name of the company		Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Wor				
BHAF (*)	₩	5,648,345	₩ -	₩ 4,258,337	₩ -
BHMC		2,877,226	3,897,225	5,047,580	984,476
WAE		648,858	530,099	185,159	255,961
Motional AD LLC		630,770	3,603,314	97,631	105,139
Boston Dynamics, Inc.		117,854	250,999	55,254	79,823
HCBE (*)		6,910,165	-	5,916,354	-
Kia Corporation		29,205,483	37,644,514	21,562,636	10,374,805
Hyundai Engineering &		14,555,535	5,091,172	7,616,041	2,594,756
Construction Co., Ltd.					
Hyundai Transys Inc.		3,592,986	3,043,732	2,164,191	1,786,510
Hyundai WIA Corporation		4,156,485	3,593,022	2,126,275	1,927,968
Hyundai Autoever Corp.		1,471,052	875,071	721,374	248,927
Hyundai Commercial Inc. (*)		10,001,066	-	8,699,018	-
Hyundai Motor Securities Co., Ltd. (*)		8,806,128	-	7,645,418	-
Eukor Car Carriers Inc.		534,016	3,169,325	654,912	1,467,448
Haevichi Hotels & Resorts Co., Ltd.		44,922	409,187	235,954	44,458

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 (*)	₩	423,416	₩ 95,703	₩ -	₩ 95,703	
BHMC		6,240,989	(1,012,933)	-	(1,012,933)	
WAE		797,685	(4,226)	-	(4,226)	
Motional AD LLC		949	(516,204)	(5,025)	(521,229)	
Boston Dynamics, Inc.		66,779	(196,950)	-	(196,950)	
HCBE (*)		711,616	(325)	4,241	3,916	
Kia Corporation		69,862,366	4,760,311	664,223	5,424,534	
Hyundai Engineering &		18,065,534	549,501	168,103	717,604	
Construction Co., Ltd.						
Hyundai Transys Inc.		8,143,951	90,623	66,409	157,032	
Hyundai WIA Corporation		7,527,739	56,071	131,926	187,997	
Hyundai Autoever Corp.		2,070,382	71,368	13,648	85,016	
Hyundai Commercial Inc. (*)		482,087	185,303	(31,808)	153,495	
Hyundai Motor Securities Co., Ltd. (*)		853,770	117,749	913	118,662	
Eukor Car Carriers Inc.		1,894,623	192,229	137,672	329,901	
Haevichi Hotels & Resorts Co., Ltd.		116,466	2,063	16	2,079	

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

Summarized financial information of the Group's major joint ventures and associates as of and for the year ended December 31, 2020 is as follows.

Name of the company	Current assets		Non-current assets	Current liabilities	Non-current liabilities	
BHMC	₩	4,213,182	₩ 4,178,661	₩ 6,050,736	₩ 722,467	
BHAF (*)		6,077,427	-	4,892,720	-	
WAE		577,626	640,138	273,051	279,354	
Motional AD LLC		1,618,551	2,681,753	70,266	76,808	
HCBE (*)		5,635,284	-	4,648,027	-	
Kia Motors Corporation		26,093,382	34,397,061	21,097,589	9,501,182	
Hyundai Engineering &						
Construction Co., Ltd.		13,341,687	4,540,331	6,410,469	2,705,171	
Hyundai Transys Inc.		3,279,222	2,747,382	2,200,265	1,381,699	
Hyundai WIA Corporation		3,987,965	3,731,941	1,985,718	2,208,328	
Hyundai Motor Securities Co., Ltd (*)		9,167,903	-	8,102,116	-	
Hyundai Commercial Inc. (*)		9,369,111	-	8,075,656	-	
Eukor Car Carriers Inc.		318,448	2,849,023	524,472	1,390,993	
Hyundai Autoever Corp.		797,280	279,747	417,384	97,262	
Haevichi Hotels & Resorts Co., Ltd.		37,870	412,409	219,589	59,072	

Name of the company	Sales		Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
ВНМС	₩	6,872,866	₩ (1,152,001)	Korean Won) ₩ -	₩ (1.152.001)
	vv	, ,		vv –	(-,,,,
BHAF (*)		229,501	88,503	-	88,503
WAE		962,901	(41,366)	-	(41,366)
Motional AD LLC		645	(231,530)	(16)	(231,546)
HCBE (*)		540,080	5,216	8,080	13,296
Kia Motors Corporation		59,168,096	1,487,585	(112,980)	1,374,605
Hyundai Engineering &					
Construction Co., Ltd.		16,970,859	227,697	(90,687)	137,010
Hyundai Transys Inc.		7,253,615	(5,164)	(9,813)	(14,977)
Hyundai WIA Corporation		6,592,242	53,672	(22,193)	31,479
Hyundai Motor Securities Co., Ltd. (*)		839,993	84,299	13,792	98,091
Hyundai Commercial Inc. (*)		440,093	122,554	9,828	132,382
Eukor Car Carriers Inc.		1,292,324	(110,202)	(77,690)	(187,892)
Hyundai Autoever Corp.		1,562,593	60,786	1,494	62,280
Haevichi Hotels & Resorts Co., Ltd.		91,780	(5,683)	(654)	(6,337)

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

(4) Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2021 is as follows.

	С	ash and		Current	N	on-current	Dep	reciation				
Name of the		cash	t	financial	t	financial		and	Interest	Interest	Inc	ome tax
company	eq	uivalents	1	iabilities	1	liabilities	amo	ortization	income	expenses	e	xpense
						(In million	ns of ]	Korean Wo	on)			
BHAF(*)	₩	860,234	₩	3,993,580	₩	-	₩	8,155	₩ 419,195	₩175,403	₩	32,648
BHMC		975,177		379,970		723,688		481,351	11,599	81,288		2,665
Motional AD		188,571		14,407		71,982		73,807	3,642	-		(7,875)
LLC												

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

Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2020 is as follows.

Name of the company		ash and cash uivalents	f	Current inancial iabilities	t	on-current financial iabilities		preciation and ortization		nterest		nterest penses		come tax xpense
						(In million	ns of	Korean Wo	n)					
BHMC	₩	721,882	₩	634,448	₩	562,975	₩	478,859	₩	12,959	₩	88,336	₩	1,153
BHAF(*)	1	1,513,718		4,603,376		-		7,156		428,836		185,578		29,937
Motional AD	1	1,577,353		9,756		60,970		43,646		1,739		4		(11,664)
LLC														

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

(5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2021 is as follows.

				Unrealised		
	Group	's share of		profit (loss) and	С	arrying
Name of the company	ne	t assets	Goodwill	others	a	mounts
			(In millions of	(In millions of Korean Won)		
BHAF	₩	736,704	₩ -	₩ -	₩	736,704
BHMC		371,198	-	(25,248)		345,950
WAE (*)		238,021	7,809	38		245,868
Motional AD LLC		1,047,834	-	(22,571)		1,025,263
Boston Dynamics, Inc. (*)		199,325	209,428	5,881		414,634
HCBE		474,523	22,341	1,186		498,050
Kia Corporation		11,505,153	197,089	(82,110)	1	1,620,132
Hyundai Engineering & Construction		2,204,424	731,362	-		2,935,786
Co., Ltd. (*)						
Hyundai Transys Inc.		1,070,931	-	14,927		1,085,858
Hyundai WIA Corporation		823,381	-	(94,328)		729,053
Hyundai Autoever Corp. (*)		352,013	58,822	100		410,935
Hyundai Commercial Inc.		339,300	-	-		339,300
Hyundai Motor Securities Co., Ltd.		275,563	40,052	(1,083)		314,532
Eukor Car Carriers Inc.		186,227	-	262		186,489
Haevichi Hotels & Resorts Co., Ltd. (*)		95,318	3,576	-		98,894

(\*) 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
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 major listed equity securities as of December 31, 2021 is as follows.

	Total number of							
Name of the company	Price per share		shares	Market value				
	(In millions of Korean Won, except price per share)							
Kia Corporation	₩	82,200	137,318,251	₩ 11,287,560				
Hyundai Engineering & Construction Co., Ltd.		44,450	23,327,400	1,036,903				
Hyundai Autoever Corp.		138,000	8,664,334	1,195,678				
Hyundai WIA Corporation		79,900	6,893,596	550,798				
Hyundai Motor Securities Co., Ltd.		12,350	8,065,595	99,610				

## 14. FINANCIAL SERVICES RECEIVABLES:

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

Description	Ι	December 31, 2021	December 31, 2020				
	(In millions of Korean Won)						
Loans	₩	61,959,509	₩	52,461,355			
Card receivables		18,728,408		17,094,598			
Financial lease receivables		2,123,472		2,429,420			
Others		35,291		34,407			
		82,846,680		72,019,780			
Loss allowance		(1,551,987)		(1,685,229)			
Loan origination fee		(231,762)		(643,063)			
Present value discount accounts		(33,799)		(26,278)			
	₩	81,029,132	₩	69,665,210			

### (2) Transfer of financial services receivables

As of December 31, 2021 and December 31, 2020, the Group has issued asset-backed securities with loan obligations for which card receivables are underlying assets and related asset-backed securities have the right of recourse. As of December 31, 2021, the carrying amount of financial assets that were transferred but not derecognized (including intercompany bonds) amounted to W26,292,997 million and its fair value is W26,213,213 million. The carrying amount of related liabilities is W19,352,363 million and its fair value is W19,225,190 million, thus, net position of fair value is W6,988,023 million. As of December 31, 2020, the carrying amount of financial assets that were transferred but not derecognized (including inter-company bonds) amounted to W19,287,184 million and its fair value is W19,308,126 million. The carrying amount of related liabilities is W13,918,870 million and its fair value is W14,036,642 million, thus net position of fair value is W5,271,484 million. (3) The changes in loss allowance of financial services receivables for the year ended December 31, 2021 are as follows.

				Obligations				
	12	2-Month	L	ifetime expe	cted	credit losses		
	ez	expected						Total loan
Description	cre	dit losses	No	t Impaired		Impaired		obligations
				(In mil	lions	of Korean Won)		
Beginning of the year	₩	441,192	₩	300,082	₩	315,136	₩	1,056,410
Transfer to 12-Month expected								
credit losses		71,703		(67,049)		(4,654)		-
Transfer to lifetime expected								
credit losses		(57,656)		61,633		(3,977)		-
Transfer to credit-impaired								
financial assets		(2,773)		(5,866)		8,639		-
Impairment loss (reversal)		(27,338)		128,769		135,156		236,587
Collection (write-off)		50		(114,436)		(246,714)		(361,100)
Disposals and others		-		-		234		234
Effect of foreign exchange								
differences		24,029		13,292		214		37,535
End of the year	₩	449,207	₩	316,425	₩	204,034	₩	969,666

				Ca	rd ree	ceivables		
	12	2-Month	Life	time expect	ted cr	edit losses		
Description	expected credit losses		Not Impaired Impaired		mpaired		Total card receivables	
			n)					
Beginning of the year	₩	186,440	₩	142,390	₩	225,298	₩	554,128
Transfer to 12-Month expected								
credit losses		49,439		(49,287)		(152)		-
Transfer to lifetime expected								
credit losses		(14,871)		15,045		(174)		-
Transfer to credit-impaired								
financial assets		(117,994)		(56,471)		174,465		-
Impairment loss (reversal)		120,496		111,716		99,160		331,372
Collection (write-off)		-		-		(332,434)		(332,434)
Disposals and others		(27,801)		(2)		(11,563)		(39,366)
End of the year	₩	195,709	₩	163,391	₩	154,600	₩	513,700

	12-	-Month	Lifetime	e expect	ed c	redit losses				
		expected								Total
Description	cred	lit losses	Not Impa	aired		Impaired	Tota	al others	All	owances
			(In milli	(In millions of Korean Won)						
Beginning of the year	₩	18,032	₩	6,368	₩	50,291	₩	74,691	₩	1,685,229
Transfer to 12-Month expected										
credit losses		3,649	(	1,461)		(2,188)		-		-
Transfer to lifetime expected										
credit losses		(1,879)		2,388		(509)		-		-
Transfer to credit-impaired										
financial assets		(144)		(233)		377		-		-
Impairment loss (reversal)		(5,359)		1,057		(1,449)		(5,751)		562,208
Collection (write-off)		-		-		(319)		(319)		(693,853)
Disposals and others		-		-		-		-		(39,132)
Effect of foreign exchange										
differences		-		-				-		37,535
End of the year	₩	14,299	₩	8,119	₩	46,203	₩	68,621	₩	1,551,987

The changes in allowance for doubtful accounts of financial services receivables for the year ended December 31, 2020 are as follows.

				L	Obligations				
	12	2-Month	L	lifetime expe	ected				
		expected						Total loan	
Description	cre	dit losses	No	t Impaired		Impaired		obligations	
			(In millions of Korean Won)						
Beginning of the year	₩	356,282	₩	289,464	₩	319,719	₩	965,465	
Transfer to 12-Month expected									
credit losses		64,127		(60,543)		(3,584)		-	
Transfer to lifetime expected									
credit losses		(23,721)		25,806		(2,085)		-	
Transfer to credit-impaired									
financial assets		(4,071)		(10,396)		14,467		-	
Impairment loss (reversal)		65,196		310,654		283,921		659,771	
Collection (write-off)		5		(241,481)		(148,399)		(389,875)	
Disposals and others		(31)		(4)		(148,693)		(148,728)	
Effect of foreign exchange									
differences		(16,595)		(13,418)		(210)		(30,223)	
End of the year	₩	441,192	₩	300,082	₩	315,136	₩	1,056,410	

				Ca	rd rec	eivables		
	12	-Month	Life	etime expect	ted cre	dit losses		
	ex	pected						Total card
Description	crea	lit losses	Not	Impaired	I	mpaired		receivables
				(In milli	ons of	Korean Wo	n)	
Beginning of the year	₩	165,702	₩	145,892	₩	131,201	₩	442,795
Transfer to 12-Month expected								
credit losses		49,038		(48,900)		(138)		-
Transfer to lifetime expected								
credit losses		(11,360)		11,487		(127)		-
Transfer to credit-impaired								
financial assets		(36,499)		(13,123)		49,622		-
Impairment loss (reversal)		44,514		67,788		105,270		217,572
Collection (write-off)		-		-		(50,972)		(50,972)
Disposals and others		(24,955)		(20,754)		(9,558)		(55,267)
End of the year	₩	186,440	₩	142,390	₩	225,298	₩	554,128

		Others								
	12-	Month	Lifetii	ne expect	ted c	redit losses				
	exp	expected								Total
Description	credi	it losses	Not In	npaired		Impaired	Tot	al others	All	owances
			(In m	illions of	Kor	ean Won)				
Beginning of the year	₩	15,508	₩	9,046	₩	47,741	₩	72,295	₩	1,480,555
Transfer to 12-Month expected										
credit losses		5,099		(2,647)		(2,452)		-		-
Transfer to lifetime expected										
credit losses		(1,331)		2,228		(897)		-		-
Transfer to credit-impaired										
financial assets		(207)		(840)		1,047		-		-
Impairment loss (reversal)		1,190		(598)		5,708		6,300		883,643
Collection (write-off)		-		-		(798)		(798)		(441,645)
Disposals and others		(2,227)		(821)		(58)		(3,106)		(207,101)
Effect of foreign exchange										
differences		-		-				-		(30,223)
End of the year	₩	18,032	₩	6,368	₩	50,291	₩	74,691	₩	1,685,229

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

		Decembe	r 31, 2	2021	December 31, 2020				
		Gross investments		Present value of minimum		Gross investments		Present value of minimum	
Description	in	in financial		lease payment		in financial		se payment eceivable	
Description		leases receivable (In millions of			fKor	leases			
Not later than one year Later than one year and not later	₩	888,358	₩	788,739	₩	979,318	₩	875,646	
than five years		1,421,468		1,324,645		1,643,708		1,542,578	
Later than five years		6,475		6,236		6,908		6,691	
	₩	2,316,301	₩	2,119,620	₩	2,629,934	₩	2,424,915	

(5) Unearned interest income of financial leases as of December 31, 2021 and December 31, 2020 are as follows.

Description	Decer	nber 31, 2021	December 31, 2020		
		Won)			
Gross investments in financial lease	₩	2,316,301	₩	2,629,934	
Net lease investments:					
Present value of minimum lease payment receivable		2,119,620		2,424,915	
Present value of unguaranteed residual value		3,852		4,505	
		2,123,472		2,429,420	
Unearned interest income	₩	192,829	₩	200,514	

## 15. <u>INVESTMENTS IN OPERATING LEASES (AS A LESSOR)</u>:

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

Description	Dece	mber 31, 2021	Decemb	er 31, 2020				
		(In millions of Korean Wor						
Acquisition cost	$\overline{W}$	29,980,884	₩	23,322,479				
Accumulated depreciation		(3,477,632)		(2,688,950)				
Accumulated impairment loss		(175,256)		(131,838)				
	₩	26,327,996	₩	20,501,691				

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

Description	December 31, 2021		Decemb	er 31, 2020
		f Korean Wor	1)	
Not later than one year	₩	5,323,499	₩	4,091,315
Later than one year and not later				
than five years		5,744,918		4,454,173
Later than five years		77		_
	₩	11,068,494	₩	8,545,488

# 16. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of December 31, 2021 and December 31, 2020 are as follows	cember 31, 2021 and December 31, 2020 are as follows.	Short-term borrowings as of December 31, 2021 and December 31, 2020 are	e as follows.
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Description	Lender	Annual interest rate	December 31, 2021	December 31, 2020
		(%)	(In millions o	f Korean Won)
Overdrafts	Citi Bank and others	0.11~1.63	₩ 456,044	₩ 650,851
General borrowings	Korea Development Bank	0.12~10.13		
_	and others		3,994,073	3,735,030
Borrowings collateralized		0.00001~9.45		
by trade receivables	KEB Hana Bank and others		3,059,551	2,914,830
Banker's Usance	KEB Hana Bank and others	0.15~4.40	786,755	373,230
Commercial paper	Shinhan Bank and others	0.19~2.80	4,791,413	4,827,568
Asset-backed securities	RBC and others	1.46~1.62	-	1,279,161
			₩ 13,087,836	₩ 13,780,670

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

Description	Lender	Annual interest rate	December 31, 2021	December 31, 2020
		(%)	(In millions or	f Korean Won)
General borrowings	Mizuho Bank and others	0.01~12.17	₩ 9,738,949	₩ 8,911,475
Credit facilities	NH Bank and others	1.52~2.61	540,600	551,100
Commercial paper	BNK Investment & Securities	1.19~2.12		
	and others		1,650,000	1,490,000
Asset-backed securities	HSBC and others	0.55~1.85	4,136,643	5,652,711
Others(*)	NH Investment & Securities			
	and others		392,032	435,607
			16,458,224	17,040,893
Less: present value discounts			(88,059)	(90,201)
Less: current maturities			(5,702,434)	(4,223,968)
			₩ 10,667,731	₩ 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 December 31, 2021 and December 31, 2020 are as follows.

Description	Latest maturity date	Annual interest rate	December 31, 2021	December 31, 2020
		(%)	(In millions of	Korean Won)
Non-guaranteed public debentures	June 30, 2031	0.96~3.38	₩ 31,533,051	₩ 30,083,284
Non-guaranteed private debentures	April 8, 2030	0.80~6.38	27,604,469	16,774,640
Asset-backed securities	June 15, 2028	0.12~3.29	19,359,999	13,931,180
			78,497,519	60,789,104
Less: discount on debentures			(162,242)	(113,706)
Less: current maturities			(14,876,468)	(11,880,037)
			₩ 63,458,809	₩ 48,795,361

# 17. <u>PROVISIONS</u>:

(1) Provisions as of December 31, 2021 and December 31, 2020 are as follows.

Description	D	ecember 31, 2021	Γ	December 31, 2020
	(In millions of Ko			Won)
Warranty	$\mathbb{W}$	9,048,185	₩	8,514,173
Other long-term employee benefits		676,432		729,996
Others		1,154,167		1,126,719
	₩	10,878,784	₩	10,370,888

(2) The changes in provisions for the year ended December 31, 2021 are as follows.

	Other long-term					
Description		Warranty	employee benefits		Others	
		(In r	millions of Korean Won	)		
Beginning of the year	₩	8,514,173	₩ 729,996	₩	1,126,719	
Charged		2,900,638	42,595		680,707	
Utilized		(2,551,716)	(96,713)		(631,469)	
Effect of foreign exchange differences						
and others		185,090	554		(21,790)	
End of the year	₩	9,048,185	₩ 676,432	₩	1,154,167	

The changes in provisions for the year ended December 31, 2020 are as follows.

	Other long-term					
Description		Warranty (*)	employee benefits		Others	
		(In r	nillions of Korean Won)			
Beginning of the year	₩	5,447,307	₩ 726,356	₩	971,266	
Charged		5,170,165	82,965		739,545	
Utilized		(1,963,782)	(77,324)		(573,081)	
Effect of foreign exchange differences						
and others		(139,517)	(2,001)		(11,011)	
End of the year	₩	8,514,173	₩ 729,996	₩	1,126,719	

(\*) During the year ended December 31, 2020, the Group has reflected effect of new information and longer period of historical claim data in the measurement of warranty provisions in relation to the recall of theta 2 and other engines.

## 18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of December 31, 2021 are as follows.

		December	31, 202	21
Description		Current	N	Jon-current
		(In millions of I	Korean	Won)
Financial liabilities measured at FVPL	₩	674	₩	53,427
Derivative liabilities that are effective hedging instruments		54,365		32,705
Financial Liabilities measured at amortized cost		148		1,126
	₩	55,187	₩	87,258

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

		December 3	31, 2020	
Description	С	urrent	Non	-current
	(	(In millions of K	Korean W	on)
Financial liabilities measured at FVPL	$\mathbb{W}$	5,285	₩	25,759
Derivative liabilities that are effective hedging instruments		95,043		433,748
	₩	100,328	₩	459,507

# 19. OTHER LIABILITIES:

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

	December 31, 2021				December	r 31, 2	2020	
Description		Current	N	on-current		Current	No	on-current
			(]	n millions of	Kor	ean Won)		
Advances received	₩	1,235,937	₩	42,482	₩	1,080,726	₩	22,580
Withholdings		968,318		197,714		1,094,177		194,927
Accrued expenses		2,851,174		-		2,957,418		-
Unearned income		864,536		2,356,667		742,484		1,705,607
Due to customers for contract work		902,124		-		855,866		-
Others		618,031		747,755		561,914		689,638
	₩	7,440,120	₩	3,344,618	₩	7,292,585	₩	2,612,752

# 20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of December 31, 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	₩ -	₩ 12,795,554	₩ -	₩ -	₩ 12,795,554	₩ 12,795,554
Short-term and long- term financial		<b>7</b> 055 740			<b>7</b> 055 <b>7</b> 40	<b>2</b> 055 <b>2</b> 40
instruments	-	7,255,743	-	-	7,255,743	7,255,743
Trade notes and accounts receivable Other receivables	-	3,284,453 2,076,803	-	-	3,284,453 2,076,803	3,284,453 2,076,803
Other financial assets	12,472,100	27,195	2,911,523	525,114	15,935,932	15,935,932
Other assets	23,568	331,353			354,921	354,921
Financial services	-20,000	221,000			20.,921	22.,721
receivables	-	81,029,132	-	-	81,029,132	81,059,639
	₩ 12,495,668	₩ 106,800,233	₩ 2,911,523	₩ 525,114	₩ 122,732,538	₩ 122,763,045

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 Short-term and long- term financial	₩ -	₩ 9,862,136	₩ -	₩ -	₩ 9,862,136	₩ 9,862,136
instruments	-	7,281,554	-	-	7,281,554	7,281,554
Trade notes and accounts receivable Other receivables	-	3,408,241 3,025,835	-	-	3,408,241 3,025,835	3,408,241 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	₩ 13,117,660	69,665,210 ₩ 93,584,927	₩ 2,322,944	₩ 221,969	69,665,210 ₩ 109,247,500	70,435,392 ₩ 110,017,682

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

(2) Financial liabilities by categories as of December 31, 2021 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost (In mill	Derivative liabilities that are effective hedging instruments ions of Korean Won)	Book value	Fair value
Trade notes and accounts payable Other payables	₩ _	₩ 9,155,255 5,422,320	₩	₩ 9,155,255 5,422,320	₩ 9,155,255 5,422,320
Borrowings and debentures	-	107,793,278	-	107,793,278	108,112,411
Other financial liabilities Lease liabilities Other liabilities	54,101	1,274 950,572 2,415,891	87,070	142,445 950,572 2,415,891	142,445 950,572 2,415,891
	₩ 54,101	₩ 125,738,590	₩ 87,070	₩ 125,879,761	₩ 126,198,894

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

Description	Financial liab measured FVPL	at	r	ncial liabilities neasured at nortized cost	Derivative liabilitie that are effective hedging instrument	-	Fair value
				(In milli	ons of Korean Won)		
Trade notes and					,		
accounts payable	$\mathbb{W}$	-	₩	8,793,179	$\mathbb{W}$	- ₩ 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	3	31,044		-	528,79	559,835	559,835
Lease liabilities		-		757,044		- 757,044	757,044
Other liabilities		-		2,519,044		2,519,044	2,519,044
	₩ 3	31,044	₩	108,756,313	₩ 528,79	₩ 109,316,148	₩ 110,857,027
	₩ 3	31,044	₩	108,756,313	₩ 528,79	₩ 109,316,148	₩ 110,857,027

### (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 December 31, 2021 are as follows.

	December 31, 2021										
Description		Level 1	_	Level 2	Level 3		Total				
	(In millions of Korean Won)										
Financial assets:											
Financial assets measured											
at FVPL	₩	107,290	₩	12,226,048	₩	162,330	₩	12,495,668			
Derivative assets that are effective hedging instruments		_		525,114		_		525,114			
Financial assets measured				525,111				525,111			
at FVOCI	_	1,561,959		435,797	_	913,767		2,911,523			
	₩	1,669,249	₩	13,186,959	₩	1,076,097	₩	15,932,305			
Financial liabilities:											
Financial liabilities measured											
at FVPL	₩	-	₩	962	₩	53,139	₩	54,101			
Derivative liabilities that are											
effective hedging instruments		-		87,070		-		87,070			
	₩	-	₩	88,032	₩	53,139	₩	141,171			

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

December 31, 2020										
	Level 1		Level 2		Level 3		Total			
(In millions of Korean Won)										
₩	96,561	₩	12,506,079	₩	515,020	₩	13,117,660			
	-		221,969		-		221,969			
	1,264,786		318,489		739,669		2,322,944			
₩	1,361,347	₩	13,046,537	₩	1,254,689	₩	15,662,573			
₩	-	₩	31,044	₩	-	₩	31,044			
	-		528,791		-		528,791			
₩	-	₩	559,835	₩	-	₩	559,835			
	₩	₩ 96,561 - <u>1,264,786</u> <u>₩ 1,361,347</u> ₩ -	₩       96,561       ₩ $1,264,786$ $\overline{W}$ $1,361,347$ ₩ $\overline{W}$ $\overline{W}$	Level 1       Level 2         (In millions of	Level 1       Level 2         (In millions of Kore	Level 1       Level 2       Level 3         (In millions of Korean Won)	Level 1       Level 2       Level 3         (In millions of Korean Won)       (In millions of Korean Won)			

The changes in financial instruments classified as Level 3 for the year ended December 31, 2021 are as follows.

Description		eginning he period	U			visposals In millions	oosals Valuation Others millions of Korean Won)					End of the period	
Financial assets measured at FVPL Financial assets measured	₩	515,020	₩	38,076	₩	(411,334)	₩	20,568	₩	-	₩	162,330	
at FVOCI Financial liabilities measured		739,669		66,580		(2,579)		73,805		36,292		913,767	
at FVPL		-		52,323		-		816		-		53,139	

The changes in financial instruments classified as Level 3 for the year ended December 31, 2020 are as follows.

Description		eginning he period	Pu	rchases	Di	sposals	V	aluation	Ot	hers		nd of period
					(	In million	s of ŀ	Korean Won)				
Financial assets measured at FVPL Financial assets measured	₩	572,618	₩	38,704	₩	(24,842)	₩	(77,767)	₩	6,307	₩	515,020
at FVOCI		748,091		35,745		-		(52,030)		7,863		739,669

# (4) Financial assets and liabilities subject to offsetting, and financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2021 are as follows.

Description	of fina	oss amounts recognized ancial assets d liabilities	financial assets and liabilities set off in the consolidated statement of financial		fin an pre	Related Net amounts of financial assets and liabilities presented in the consolidated statement of financial position - financial position - financial		Ints not set f in the solidated ement of nancial osition - nancial	Related amounts not set off in the statement of financial position - collateral received (pledged)	1	Net amounts
					(I	n millions of	Korean	won)			
Financial assets:											
Trade notes and accounts receivable	₩	3,519,284	₩	234,831	₩	3,284,453	₩		₩	- ₩	3,284,453
Other receivables	vv	2,573,976	vv	497,173	vv	2,076,803	vv	-	vv	- ••	2,076,803
Financial assets measured at		2,575,970		чу <i>1</i> ,175		2,070,005		-		-	2,070,805
FVPL		14,534		-		14,534		21		_	14,513
Derivative assets that are		14,004				14,554		21			14,515
effective hedging instruments (*)		525,114		-		525,114		18,204		-	506,910
66 ()	₩	6,632,908	₩	732,004	₩	5,900,904	₩	18,225	₩	- ₩	<i>,</i>
Financial liabilities:		- / /				- / /		-) -			- / /
Trade notes and accounts											
payable	₩	9,640,133	₩	484,878	₩	9,155,255	₩	-	₩	- ₩	9,155,255
Other payables		5,669,446		247,126		5,422,320		-		-	5,422,320
Financial liabilities measured at											
FVPL		54,101		-		54,101		21		-	54,080
Derivative liabilities that are											
effective hedging instruments (*)		87,070		-		87,070		18,204			68,866
	₩	15,450,750	₩	732,004	₩	14,718,746	₩	18,225	₩	- ₩	14,700,521

(\*) These are derivative assets and liabilities that the Group may have the right to offset in the event of default, insolvency or bankruptcy of the counterparty although these do not meet the criteria of offsetting under K-IFRS 1032.

Financial assets and liabilities, subject to offsetting, and financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2020 are as follows.

Description	of fina	oss amounts recognized uncial assets d liabilities	financial assets fi and liabilities a set off in the p amounts consolidated ognized statement of ial assets financial		fina an pre co st	t amounts of ancial assets d liabilities sented in the onsolidated atement of financial position	Related amounts not set off in the consolidated statement of financial position - financial instruments		Related amounts not set off in the statement of financial position - collateral received (pledged)		Net amounts	
					(I	n millions of l	Korean	won)				
Financial assets:												
Trade notes and accounts	117		117	100.005	117		117		117		117	
receivable	₩	3,592,148	₩	183,907	₩	3,408,241	₩	-	₩	-	₩	3,408,241
Other receivables		3,388,160		362,325		3,025,835		-		-		3,025,835
Financial assets measured at		1 (0 (02				1.00.000						1.00.000
FVPL		160,692		-		160,692		-		-		160,692
Derivative assets that are		221.0(0				221.070		(0.005				1.52.004
effective hedging instruments (*)	117	221,969	117	-	117	221,969	117	68,885	117	-	117	153,084
	₩	7,362,969	₩	546,232	₩	6,816,737	₩	68,885	₩	-	₩	6,747,852
Financial liabilities:												
Trade notes and accounts												
payable	₩	9,167,936	₩	374,757	₩	8,793,179	₩	-	₩	-	₩	8,793,179
Other payables		5,451,761		171,475		5,280,286		-		-		5,280,286
Financial liabilities measured at		21.044				21.044						21.044
FVPL		31,044		-		31,044		-		-		31,044
Derivative liabilities that are		529 701				529 701		60 005				450.006
effective hedging instruments (*)	w	528,791	117	-	117	528,791	111	68,885	XXZ	-	w	459,906
	₩	15,179,532	₩	546,232	₩	14,633,300	₩	68,885	₩	-	₩	14,564,415

(\*) These are derivative assets and liabilities that the Group may have the right to offset in the event of default, insolvency or bankruptcy of the counterparty although these do not meet the criteria of offsetting under K-IFRS 1032.

(5) Interest income, dividend income and interest expenses by categories of financial instruments for the year ended December 31, 2021 are as follows.

	2021									
		Interest	D	ividend	Interest					
Description		income	i	ncome		expenses				
	(In millions of Korean Won)									
Non-financial services:										
Financial assets measured										
at amortized cost	₩	248,198	₩	-	₩	-				
Financial assets										
measured at FVPL		100,415		-		-				
Financial assets measured										
at FVOCI		-		28,419		-				
Financial liabilities measured										
at amortized cost				-		267,648				
	₩	348,613	₩	28,419	₩	267,648				
Financial services:										
Financial assets measured										
at amortized cost	₩	4,138,039	₩	-	₩	-				
Financial assets measured										
at FVPL		4,040		1,721		-				
Financial assets measured										
at FVOCI		203		-		-				
Financial liabilities measured										
at amortized cost		-		-		1,730,903				
	₩	4,142,282	₩	1,721	₩	1,730,903				

Interest income, dividend income and interest expenses by categories of financial instruments for the year ended December 31, 2020 are as follows.

	2020									
		Interest	Di	vidend	Interest					
Description		income	ir	ncome		expenses				
		(Iı	n millions	of Korean Wor	n)					
Non-financial services:										
Financial assets measured										
at amortized cost	₩	289,171	₩	-	₩	-				
Financial assets										
measured at FVPL		112,176		-		-				
Financial assets measured										
at FVOCI		-		31,650		-				
Financial liabilities measured										
at amortized cost		-		-		295,069				
	₩	401,347	₩	31,650	₩	295,069				
Financial services:										
Financial assets measured										
at amortized cost	₩	3,930,986	₩	-	₩	-				
Financial assets measured										
at FVPL		5,621		2,227		-				
Financial assets measured										
at FVOCI		882		-		-				
Financial liabilities measured										
at amortized cost		-				1,847,378				
	₩	3,937,489	₩	2,227	₩	1,847,378				

(6) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the years ended December 31, 2021 and 2020 are ₩923,656 million and ₩784,509 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 years ended December 31, 2021 and 2020 are ₩923,656 million and ₩784,509 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 years ended December 31, 2021 and 2020 are ₩374,229 million and ₩319,684 million, respectively.

- (7) 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 year ended December 31, 2021.
- (8) 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 similarperiod 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 market approach, and as for discounted cash flow projections, 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, 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.

### - Put options (Derivatives)

The fair value of put options (derivatives) is measured based on the stock price volatility up to the fair value, exercise price, and maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is applied by converting the rate of return on corporate bonds with equivalent credit rating corresponding to the remaining maturity into a continuous compounding discount rate, and the stock price volatility up to maturity uses historical volatility of proxy companies in similar industries in response to the remaining maturity. The fair value of the underlying asset is assumed to be maintained until the end of the current period after estimating the underlying asset value on the contracted date by inverting the underlying asset value inherent in the terms of the transaction on the premise that the acquisition transaction of related shares in the current period is an orderly transaction and traded at fair value. The group classifies the fair value measurement of put options (derivatives) as Level 3 in the fair value hierarchy based on the assumption that the effect of the above assumptions and estimates on the fair value of put options classified.

(9) 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:

	Fair va December		021				
	Financial	Fin	ancial	Valuation	Unobservable		Description of
Description	assets	liat	oilities	techniques	inputs	Range	relationship
	(In millions of	Korea	n Won)				
Unlisted equity securities,	₩ 1,076,097	₩	53,139	Discounted cash flow	Sales growth rate	0.0% ~ 5.8%	If the sales growth rate
put options and others				and others	Pre-tax operating profit margin ratio	3.4% ~ 5.0%	and the pre-tax operating profit margin ratio increases
					Discount rate	$2.0\% \sim 9.7\%$	or the discount
					Stock price volatility	30% ~ 40%	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 December 31, 2021 and December 31, 2020 are as follows.

## (1) Common stock

Description		December 31, 2021	December 31, 2020			
		(In millions of Korean	n 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	r value	ue Issued		ean Won	Dividend rate			
				(In n	nillions of				
				Kor	ean Won)				
1 <sup>st</sup> preferred stock	₩	5,000	24,356,685 shares	₩	125,550	Dividend rate of common stock + 1%			
2 <sup>nd</sup> preferred stock		"	36,485,451 shares		193,069	The lowest stimulated dividend rate: 2%			
3 <sup>rd</sup> preferred stock		"	2,428,735 shares		12,392	The lowest stimulated dividend rate: 1%			
		_	63,270,871 shares	₩	331,011				

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

## 22. <u>CAPITAL SURPLUS</u>:

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

Description	Decer	mber 31, 2021	December 31, 2020					
	(In millions of Korean Won)							
Paid-in capital in excess of par value	$\mathbf{W}$	3,321,334	₩	3,321,334				
Others		748,926		868,759				
	₩	4,070,260	₩	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 December 31, 2021 and December 31, 2020 are as follows.

	December 31,	December 31,
Description	2021	2020
	(Number of	of shares)
Common stock	14,048,242	13,091,418
1 <sup>st</sup> preferred stock	2,333,133	2,186,993
2 <sup>nd</sup> preferred stock	1,572,482	1,353,570
3 <sup>rd</sup> preferred stock	63,146	48,574

# 24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of December 31, 2021 is as follows.

Description	Decer	mber 31, 2021
	(In million	ns of Korean Won)
Gain on valuation of financial assets measured at FVOCI	$\mathbb{W}$	451,693
Loss on valuation of financial assets measured at FVOCI		(370,812)
Gain on valuation of cash flow hedge derivatives		56,048
Loss on valuation of cash flow hedge derivatives		(42,068)
Gain on share of the other comprehensive income of		
equity-accounted investees		228,299
Loss on share of the other comprehensive income of		
equity-accounted investees		(587,620)
Loss on foreign operations translation, net		(1,508,141)
	₩	(1,772,601)

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

Description	December 31, 2020				
	(In mi	llions of Korean Won)			
Gain on valuation of financial assets measured at FVOCI	$\mathbb{W}$	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)			
	$\mathbb{W}$	(3,409,661)			

## 25. <u>RETAINED EARNINGS</u>:

(1) Retained earnings as of December 31, 2021 and December 31, 2020 are as follows.

Description	Dece	ember 31, 2021	December 31,2020				
		(In millions of Korean Won)					
Legal reserve (*)	$\mathbb{W}$	744,836	₩	744,836			
Discretionary reserve		47,701,296		47,935,596			
Unappropriated		24,721,723		20,231,368			
	$\mathbb{W}$	73,167,855	₩	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.

(2) The computation of the interim dividends for the year ended December 31, 2021 is as follows, and there are no interim dividends for the year ended December 31, 2020.

Description	Common stock		1	1 <sup>st</sup> Preferred stock		2 <sup>nd</sup> Preferred stock		3 <sup>rd</sup> Preferred stock	
	(In millions of Korean Won, except per share amounts)								
Par value per share	₩	5,000	₩	5,000	₩	5,000	₩	5,000	
Shares, net of treasury stocks		200,576,769		22,169,692		35,131,881		2,380,161	
Dividends per share	₩	1,000	₩	1,000	₩	1,000	₩	1,000	
Dividend rate		20%		20%		20%		20%	
Dividends declared		200,577		22,170		35,132		2,380	

(3) The computation of the proposed dividends for the year ended December 31, 2021 is as follows.

Description	Common stock		1	1 <sup>st</sup> Preferred stock		2 <sup>nd</sup> Preferred stock		3 <sup>rd</sup> Preferred stock	
		(In millions of Korean Won, except per share amounts)							
Par value per share	₩	5,000	₩	5,000	₩	5,000	₩	5,000	
Shares, net of treasury stocks		199,619,945		22,023,552		34,912,969		2,365,589	
Dividends per share	₩	4,000	₩	4,050	₩	4,100	₩	4,050	
Dividend rate		80%		81%		82%		81%	
Dividends declared		798,480		89,195		143,143		9,581	

The computation of the dividends for the year ended December 31, 2020 is as follows.

		Common	1	st Preferred	2 <sup>r</sup>	<sup>id</sup> Preferred	3 <sup>r</sup>	d Preferred	
Description		stock		stock		stock		stock	
		(In millions of Korean Won, except per share amounts)							
Par value per share	₩	5,000	₩	5,000	₩	5,000	₩	5,000	
Shares, net of treasury stocks		200,576,769		22,169,692		35,131,881		2,380,161	
Dividends per share	₩	3,000	₩	3,050	₩	3,100	₩	3,050	
Dividend rate		60%		61%		62%		61%	
Dividends declared		601,730		67,618		108,909		7,259	

# 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 December 31, 2021, hybrid bond is as follows.

			Annual		
Description	Issue date	Maturity date	interest rate	Decem	ber 31, 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
II	f 4 - C		1		

Hyundai Rotem Company, a subsidiary of the Company, paid off all hybrid bonds during the year ended December 31, 2021.

(2) As of December 31, 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 Others	Three months, optional postponement of payment Repayment before maturity by issuer is available after five years from issue date

# 27. <u>SALES</u>:

(1) Sales for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020		
		Won)			
Sales of goods	$\overline{W}$	99,722,885	₩	87,288,494	
Rendering of services		2,624,047		2,329,450	
Royalties		276,564		188,293	
Financial services revenue		11,536,970		10,920,622	
Revenue related to construction contracts		2,814,036		2,691,090	
Others		636,124		579,652	
	₩	117,610,626	₩	103,997,601	

(2) As of December 31, 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 y	/ear		
	(In millions of Korean Won)					
Deferred revenue and others	₩	1,498,039	₩	2,282,685		

# 28. <u>SELLING AND ADMINISTRATIVE EXPENSES</u>:

Selling and administrative expenses for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020					
· · · ·		(In millions of Korean Won)						
Selling expenses:								
Export expenses	$\mathbb{W}$	46,057	₩	59,617				
Overseas market expenses		412,476		352,869				
Advertisements and sales promotion		2,609,784		2,241,458				
Sales commissions		983,949		971,086				
Expenses for warranties		2,947,290		4,813,729				
Transportation expenses		116,035		109,251				
		7,115,591		8,548,010				
Administrative expenses:								
Payroll		2,882,164		2,688,556				
Post-employment benefits		177,845		183,312				
Welfare expenses		496,461		464,627				
Service charges		1,529,151		1,415,025				
Research		1,534,993		1,337,872				
Others		1,515,341		1,449,597				
		8,135,955		7,538,989				
	₩	15,251,546	₩	16,086,999				

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

Gain(loss) on investments in joint ventures and associates for the years ended December 31, 2021 and 2020 is as follows.

Description		2021		2020
		(In millions of	Korea	n Won)
Gain on share of earnings of equity-accounted investees, net	₩	1,278,591	₩	103,676
Gain on disposals of investments in associates		38,106		58,486
Impairment loss on investments in associates		(13,332)		-
	₩	1,303,365	₩	162,162

# **30.** <u>FINANCE INCOME AND EXPENSES</u>:

(1) Finance income for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020
		an Won)	
Interest income	$\overline{W}$	348,613 ₩	401,347
Gain on foreign exchange transactions		62,003	55,468
Gain on foreign currency translation		162,811	239,554
Dividend income		28,419	31,650
Gain on derivatives		89,522	80,654
Others		221,434	5,243
	${\mathbb W}$	912,802 ₩	813,916

(2) Finance expenses for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020
		(In millions of Korea	n Won)
Interest expenses	$\mathbb{W}$	304,542 ₩	362,377
Loss on foreign exchange transactions		54,622	180,732
Loss on foreign currency translation		182,233	304,377
Loss on derivatives and others		7,013	108,505
	₩	548,410 ₩	955,991

# 31. OTHER INCOME AND EXPENSES:

(1) Other income for the years ended December 31, 2021 and 2020 are as follows.

Description	2021			2020	
		f Korea	n Won)		
Gain on foreign exchange transactions	₩	624,884	₩	446,641	
Gain on foreign currency translation		220,468		192,825	
Gain on disposals of PP&E		23,978		37,485	
Commission income		22,716		43,601	
Rental income		94,528		93,566	
Others		460,687		494,524	
	₩	1,447,261	₩	1,308,642	

(2) Other expenses for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020		
	(In millions of Korean Won)				
Loss on foreign exchange transactions	$\mathbb{W}$	527,878	₩	590,009	
Loss on foreign currency translation		231,859		264,399	
Loss on disposals of PP&E		57,899		106,761	
Donations		66,249		73,553	
Others		950,520		595,422	
	₩	1,834,405	₩	1,630,144	

## 32. EXPENSES BY NATURE:

Expenses by nature for the years ended December 31, 2021 and 2020 are as follows.

Description	Description 2021		2020		
		n)			
Changes in inventories	${\mathbb W}$	434,257	₩	(22,609)	
Raw materials and merchandise used		67,579,441		59,084,867	
Employee benefits		9,613,599		9,098,752	
Depreciation		2,937,914		2,749,513	
Amortization		1,617,823		1,435,860	
Others		30,583,048		30,886,691	
Total (*)	₩	112,766,082	₩	103,233,074	

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

# 33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the year. The Group does not compute diluted earnings per common stock for the years ended December 31, 2021 and 2020, since there are no dilutive items during the years.

Basic earnings per common stock and preferred stock for the years ended December 31, 2021 and 2020 are computed as follows.

	For the yea	For the year ended December 31, 2021			r ended December	31, 2020	
		Weighted-	Weighted-				
	Profit	average number	Basic	Profit	average number	Basic	
	attributable to	of shares	earnings	attributable to	of shares	earnings	
Description	share	outstanding (*1)	per share	share	outstanding (*1)	per share	
		(In millions of	Korean Won	, except per shar	e amounts)		
Common stock	₩ 3,806,754	200,578,742	₩ 18,979	₩ 1,094,134	200,628,493	₩ 5,454	
1 <sup>st</sup> Preferred stock (*2)	421,090	22,160,384	19,002	122,043	22,181,699	5,502	
2 <sup>nd</sup> Preferred stock	669,282	35,117,788	19,058	195,156	35,149,829	5,552	
3 <sup>rd</sup> Preferred stock	45,230	2,379,240	19,010	13,103	2,381,349	5,502	

(\*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. <u>INCOME TAX EXPENSE</u>:

(1) The components of income tax expense for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020		
	(In millions of Korean Won)				
Current tax expense	$\mathbb{W}$	1,816,699 ₩	1,201,923		
Adjustments recognized in the current year in relation to					
the prior years		(274,525)	(286,756)		
Changes in deferred taxes relating to					
Temporary differences		1,718,022	(782,752)		
Tax losses and tax credits		(683,646)	49,890		
Items that are charged or credited directly to equity		(104,461)	(56,735)		
Effect of foreign exchange differences and others		(205,604)	43,133		
Income tax expense	₩	2,266,485 ₩	168,703		

(2) The reconciliation from profit before income tax to income tax expense for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020	
		n Won)		
Profit before income tax	$\mathbb{W}$	7,959,562	₩	2,093,256
Income tax expense calculated at the applicable				
tax rates of 21.4% in 2021 and 26.6% in 2020		1,699,706		556,247
Adjustments:				
Non-taxable income		(100,314)		(84,808)
Non-deductible expenses		261,172		55,101
Tax credits		(429,012)		(198,374)
Others		834,933		(159,463)
		566,779		(387,544)
Income tax expense	₩	2,266,485	₩	168,703
Effective tax rate		28.5%		8.1%

(3) The changes in deferred tax assets (liabilities) for the year ended December 31, 2021 are as follows.

	F	Beginning				End
Description	of the year			Changes		of the year
		(In	millic	ons of Korean V	Won)	
Provisions	₩	2,713,730	₩	110,479	₩	2,824,209
Financial assets measured at FVPL		1,795		(564)		1,231
Financial assets measured at FVOCI		(137,271)		16,087		(121,184)
Investment of subsidiaries, associates and joint ventures		(1,516,729)		(61,404)		(1,578,133)
Derivatives		(45,697)		44,181		(1,516)
PP&E		(5,058,726)		(803,017)		(5,861,743)
Accrued income		61,186		(77,026)		(15,840)
Gain (loss) on foreign currency translation, net		431		(567)		(136)
Others		903,246		(946,191)		(42,945)
		(3,078,035)		(1,718,022)		(4,796,057)
Carryforward of tax losses and tax credits		2,647,916		683,646		3,331,562
	₩	(430,119)	₩	(1,034,376)	₩	(1,464,495)

The changes in deferred tax assets (liabilities) for the year ended December 31, 2020 are as follows.

Description	Beginning of the year Changes				End of the year		
· · · · ·		(In	millions of Kore	an V		2	
Provisions	₩	2,004,413	₩ 709,3	317	₩	2,713,730	
Financial assets measured at FVPL		1,907	(1	12)		1,795	
Financial assets measured at FVOCI		(124,498)	(12,7	73)		(137,271)	
Investment of subsidiaries, associates and joint		(1,565,485)	48,	756		(1,516,729)	
ventures							
Derivatives		(35,584)	(10,1	13)		(45,697)	
PP&E		(5,165,608)	106,3	382		(5,058,726)	
Accrued income		137,079	(75,8	93)		61,186	
Gain (loss) on foreign currency translation, net		(19)	2	50		431	
Others		887,008	16,2	238		903,246	
		(3,860,787)	782,7	/52		(3,078,035)	
Carryforward of tax losses and tax credits		2,697,806	(49,8	90)		2,647,916	
	₩	(1,162,981)	₩ 732,	362	₩	(430,119)	

(4) Income taxes relating to items that are charged or credited directly to equity for the years ended December 31, 2021 and 2020 are as follows.

Description		2021		2020
		(In millions of	Korea	n Won)
Loss (gain) on disposal of treasury stocks	$\overline{W}$	(9,451)	₩	828
Gain on financial assets measured at FVOCI, net		(32,147)		(9,472)
Loss (gain) on valuation of cash flow hedge derivatives, net		5,848		(36,505)
Remeasurements of defined benefit plans		(64,906)		(16,403)
Changes in retained earnings of equity-accounted investees, net		(3,805)		4,817
	₩	(104,461)	₩	(56,735)

(5) The amount of temporary differences associated with investments in subsidiaries, joint ventures and associates, for which deferred tax liabilities are not recognized, are ₩ 5,644,375 million and ₩ 4,046,187 million as of December 31, 2021 and 2020, respectively.

# 35. <u>RETIREMENT BENEFIT PLAN</u>:

(1) Expenses recognized in relation to defined contribution plans for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020				
	(In millions of Korean Won)						
Paid-in cash	₩	11,650	₩	10,651			
Recognized liability		3,320		2,932			
	₩	14,970	₩	13,583			

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

Description	December 31, 2021	December 31, 2020
Discount rate (*)	3.84%	3.44%
Rate of expected future salary increase	4.51%	4.37%

(\*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at December 31, 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 December 31, 2021 and December 31, 2020 are as follows.

Description	Dece	mber 31, 2021	December 31, 2020		
		(In millions of	f Korean W	'on)	
Present value of defined benefit obligations	$\overline{W}$	6,580,593	₩	6,490,583	
Fair value of plan assets		(6,721,149)		(6,253,299)	
	₩	(140,556)	₩	237,284	
Net defined benefit liabilities		79,165		247,566	
Net defined benefit assets		(219,721)		(10,282)	

Description		sent value of defined Fair value of plan assets			Net	defined benefit liabilities
		(In	millions	s of Korean Won)		
Beginning of the year	₩	6,490,583	₩	(6,253,299)	₩	237,284
Current service cost		598,231		-		598,231
Interest expenses (income)		140,222		(139,588)		634
Past service cost		221		-		221
		7,229,257		(6,392,887)		836,370
Remeasurements:						
Return on plan assets		-		(1,247)		(1,247)
Actuarial gains and losses arising						
from changes in demographic						
assumptions		2,573		-		2,573
Actuarial gains and losses arising						
from changes in financial						
assumptions		(259,343)		-		(259,343)
Actuarial gains and losses arising						
from experience adjustments and						
others		17,719		-		17,719
		(239,051)		(1,247)		(240,298)
Contributions		-		(689,687)		(689,687)
Benefits paid		(447,857)		367,927		(79,930)
Transfers in (out)		2,721		(1,605)		1,116
Effect of foreign exchange						
differences and others		35,523		(3,650)		31,873
End of the year	₩	6,580,593	₩	(6,721,149)	₩	(140,556)

(4) Changes in net defined benefit assets and liabilities for the year ended December 31, 2021 are as follows.

Changes in net defined benefit assets and liabilities for the year ended December 31, 2020 are as follows.

Description		ue of defined bligations		air value of blan assets		lefined benefit liabilities
		(In :	millions	of Korean Won)		
Beginning of the year	₩	6,321,408	₩	(5,913,514)	₩	407,894
Current service cost		613,775		-		613,775
Interest expenses (income)		135,718		(131,067)		4,651
Past service cost		23		-		23
		7,070,924		(6,044,581)		1,026,343
Remeasurements:				· · ·		
Return on plan assets		-		(45,079)		(45,079)
Actuarial gains and losses arising						
from changes in demographic						
assumptions		2,337		-		2,337
Actuarial gains and losses arising						
from changes in financial						
assumptions		(4,282)		-		(4,282)
Actuarial gains and losses arising						
from experience adjustments and						
others		(8,943)		-		(8,943)
		(10,888)		(45,079)		(55,967)
Contributions		-		(606,302)		(606,302)
Benefits paid		(531,416)		400,577		(130,839)
Transfers in (out)		2,620		(1,306)		1,314
Effect of foreign exchange						
differences and others		(40,657)		43,392		2,735
End of the year	₩	6,490,583	₩	(6,253,299)	₩	237,284

(5) The sensitivity analysis based on reasonably possible changes of the significant assumptions as of December 31, 2021 and December 31, 2020, while all the other assumptions are retained, are as follows.

	Effect on the net defined benefit liabilities							
	December 31, 2021					Decembe	r 31,	2020
Description	Increase by 1%		Decrease by 1%		Increase by 1%		Decrease by 1%	
		(In millions of Korean Won)				(In millions of Korean Won)		
Discount rate	₩	(486,472)	₩	542,497	₩	(489,893)	₩	578,549
Rate of expected future salary increase		492,651		(457,048)		529,477		(461,638)

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

Description	Decer	mber 31, 2021	December 31, 2020		
		(In millions c	of Korean Won	l)	
Insurance instruments	$\overline{W}$	6,717,877	₩	6,249,450	
Others		3,272		3,849	
	₩	6,721,149	₩	6,253,299	

(7) The Group expects to pay contribution of approximately  $\forall 562,448$  million to the plan in 2022 and the weighted average duration of the defined benefit obligation as of December 31, 2021 is 8.0 years.

# 36. CASH GENERATED FROM OPERATIONS:

(1) Cash generated from operations for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020		
		(In millions of I	f Korean Won)		
Profit for the year	₩	5,693,077	₩	1,924,553	
Adjustments:					
Retirement benefit costs		602,406		621,381	
Depreciation		2,937,914		2,749,513	
Amortization of intangible assets		1,617,823		1,435,860	
Provision for warranties		2,678,950		4,619,516	
Income tax expense		2,266,485		168,703	
Loss on foreign currency translation, net		30,813		136,397	
Loss on disposals of PP&E, net		33,921		69,276	
Interest income, net		(44,071)		(38,970)	
Gain on share of earnings of equity-accounted investees, net		(1,278,591)		(103,676)	
Cost of sales from financial services, net		6,229,723		6,604,787	
Impairment loss on investments in associates		13,332		-	
Others		688,884		545,598	
		15,777,589		16,808,385	
Changes in operating assets and liabilities:					
Decrease (increase) in trade notes and accounts receivable		280,750		(130,504)	
Increase in other receivables		(161,098)		(95,065)	
Decrease (increase) in other financial assets		237,835		(729,250)	
Decrease (increase) in inventories		177,234		(39,007)	
Increase in other assets		(381,923)		(510,142)	
Increase in trade notes and accounts payable		555,739		1,517,930	
Increase in other payables		13,702		121,283	
Increase in other liabilities		1,057,959		669,528	
Decrease in other financial liabilities		(11,583)		(26,285)	
Decrease in net defined benefit liabilities		(678,416)		(593,606)	
Payment of severance benefits		(79,930)		(130,839)	
Decrease in provisions		(3,261,759)		(2,605,537)	
Changes in financial services receivables		(9,551,305)		(10,253,842)	
Investment in operating leases		(7,649,654)		(4,269,649)	
Others	_	(835,327)		83,214	
		(20,287,776)		(16,991,771)	
Cash generated from operations	₩	1,182,890	₩	1,741,167	

(2) Major non-cash transactions not stated on the consolidated statements of cash flows from investing and financing activities for the years ended December 31, 2021 and 2020 are as follows.

Description		2021		2020
		(In millions of	Korea	n Won)
Reclassification of the current portion of long-term debt	₩	21.1.40.425	111	10 220 0/5
and debentures	vv	21,149,425	₩	19,220,065
Reclassification of construction-in-progress to PP&E		3,843,940		4,211,393
Reclassification of construction-in-progress to intangible assets		123,107		194,505
Contributions in kind (rendering of services) in joint venture		-		381,517

(3) Changes in liabilities arising from financial activities for the year ended December 31, 2021 are as follows.

		-	Changes from non-cash transactions					
Description	Beginning of the year	Cash flows from financing activities	Reclassified to current portion	Effect of exchange rate changes	Present value discounts	Others(*)	End of the year	
			(In mil	lions of Korean W	von)			
Short-term borrowings (including								
current portion)	₩ 29,884,675	₩ (19,812,277)	₩ 21,149,425	₩ 1,649,562	₩ 18,765	₩ 776,588	₩ 33,666,738	
Long-term debts Debentures	12,726,724 48,795,361	3,853,657 26,862,597	(6,285,807) (14,863,618)	338,631 2,536,702	10,831 23,103	23,695 104,664	10,667,731 63,458,809	

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

Changes in liabilities arising from financial activities for the year ended December 31, 2020 are as follows.

		-	Changes from non-cash transactions						
Description	Beginning of the year	Cash flows from financing activities	Reclassified to current portion	Effect of exchange rate changes	Present value discounts	Others(*)	End of the year		
	(In millions of Korean Won)								
Short-term borrowings (including current									
portion)	₩ 28,349,251	₩(17,547,902)	₩ 19,220,065	₩ (901,820	) ₩ 41,183	₩ 723,898	₩ 29,884,675		
Long-term debts Debentures	11,217,088 41,805,814	8,432,439 21,894,431	(6,406,492) (12,813,573)	(477,249) (1,822,914	, ,	( ) )			

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

#### 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 December 31, 2021 and December 31, 2020 are as follows.

Description	Dece	mber 31, 2021	December 31, 2020		
		(In millions of	f Korean Won	)	
Total liabilities	$\mathbb{W}$	151,330,626	₩	133,003,242	
Total equity		82,615,789		76,340,970	
Debt-to-equity ratio		183.2%		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 December 31, 2021 is as follows.

	Foreign Exchange Rate Sensitivity						
Foreign Currency	Inci	rease by 5%	Decrease by 5%				
		(In millions of Kor	ean Won)				
USD	$\overline{W}$	(81,434) ₩	81,434				
EUR		(31,240)	31,240				
JPY		(5,039)	5,039				

## 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 December 31, 2021 is as follows.

	Interest Rate Sensitivity						
Accounts	]	Increase by 1%	Decrease by 1%				
	(In millions of Korean Won)						
Cash and cash equivalents	₩	36,126 ₩	(36,126)				
Financial assets measured at FVPL Short-term and long-term financial		(4,595)	4,964				
instruments		14,696	(14,696)				
Borrowings and debentures		(81,572)	81,572				

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 December 31, 2021 and December 31, 2020, the amounts of interest rate risk measured at VaR are W182,864 million and W180,240 million, respectively.

#### c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of December 31, 2021, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are \$107,290 million and \$2,460,812 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. In addition, the Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, assesses their credit stability according to their internal credit ratings and manage credit risk concentrations by debtor. As of December 31, 2021, credit risk concentrations are 90% for households and 10% for companies.

# 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 December 31, 2021 is as follows.

Description		Not later than one year		ter than one year and t later than five years		Later than five years		Total
				(In millions of Kore	ean W	/on)		
Non-interest- bearing liabilities Interest-bearing	₩	16,973,694	₩	17,049	₩	-	₩	16,990,743
liabilities Financial		35,391,667		68,185,242		9,898,260		113,475,169
guarantee		818,566		7,085		-		825,651

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 or interest rate.

As of December 31, 2021 and December 31, 2020, the Group recognized an accumulative net profit of W13,980 million and net profit of W61,882 million, respectively, in accumulated other comprehensive profit or loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 93 months as of December 31, 2021.

For the years ended December 31, 2021 and 2020, the Group recognized a net profit of %675,508 million and net loss of %509,252 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 and others.

In addition, the Company's subsidiaries, Hyundai Card Co. Ltd. and Hyundai Capital Services, Inc., that are operating financial business, use interest rate swaps and currency swaps to hedge the risks of future cash flows, which related to borrowings, debentures and others, due to market interest rate fluctuations and exchange rate fluctuations. As of December 31, 2021, the average hedge ratio is 100%.

# 38. <u>RELATED-PARTY AND OTHER TRANSACTIONS</u>:

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 year ended December 31, 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.

		Sales/proceeds		Purchases/expenses			enses		
	Description		Sales		Others		Purchases		Others
				(In	millions o	f Ko	rean Won)		
Entity with	Hyundai MOBIS Co., Ltd.	₩	546,326	₩	141,828	₩	9,189,407	₩	80,346
significant	Mobis Alabama, LLC		200,423		58		1,296,680		47,303
influence over	Mobis Automotive Czech s.r.o.		11		501		1,948,940		12,268
the Company	Mobis India, Ltd.		12,150		2,664		1,060,774		2,263
and its	Mobis Parts America, LLC		111,115		3,564		1,067,076		1,140
subsidiaries	Mobis Module CIS, LLC.		31		315		419,772		31
	Mobis Parts Europe N.V.		16,986		1,450		473,989		746
	Others		62,109		1,788		1,120,565		8,564
Joint ventures	Kia Corporation		1,167,895		726,215		732,297		786,682
and associates	Kia Russia & CIS, LLC		994,790		112		-		-
	Kia Slovakia s.r.o		97,731		281		671,653		4
	Kia Georgia, Inc.		617,122		1,518		292		-
	BHMC		321,700		-		115,309		18,080
	HMGC		37,287		1,299		103,139		63,877
	Hyundai WIA Corporation		135,431		1,605		1,280,719		14,515
	Others		728,094		64,383		4,505,972		1,816,502
Other related par	ties		16,780		14,627		3,927		6
Affiliates by the			769,822		118,065		8,566,617		922,130

		Sales/proceeds			eds	Purchases/expenses			
	Description		Sales		Others	P	urchases		Others
				(I	n millions o	f Ko	rean Won)		
Entity with	Hyundai MOBIS Co., Ltd.	₩	1,182,103	₩	97,974	₩	7,608,254	₩	73,025
significant	Mobis Alabama, LLC		228,571		1,853		1,253,916		8,791
influence over	Mobis Automotive Czech s.r.o.		7		530		1,752,089		28,556
the Company	Mobis India, Ltd.		9,665		2,508		842,492		16,874
and its	Mobis Parts America, LLC		73,764		3,541		906,939		729
subsidiaries	Mobis Module CIS, LLC.		-		323		337,999		10
	Mobis Parts Europe N.V.		17,863		4,667		365,834		6
	Others		34,398		1,802		844,106		9,565
Joint ventures	Kia Motors Corporation		981,100		674,137		337,027		705,038
and associates	Kia Motors Russia LLC.		961,759		125		-		-
	Kia Motors Slovakia s.r.o.		98,792		3,060		395,545		-
	Kia Motors Manufacturing		344,749		1,646		75		-
	Georgia, Inc.								
	BHMC		232,357		45		97,181		15,277
	HMGC		20,321		16		64,627		42,957
	Hyundai WIA Corporation		116,640		2,752		1,252,893		42,905
	Others		711,231		61,490		4,051,200		1,809,744
Other related par	ties		7,639		4,835		103		4
Affiliates by the	Act		818,760		241,185		6,641,683		737,717

For the year ended December 31, 2020, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

(2) As of December 31, 2021, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

		Receivab	les (*1,2)	Payables		
		Trade notes and accounts	Other receivables	Trade notes and accounts	Other payables	
	Description		and others	payable	and others	
	·			(In millions	of Korean Won)	
Entity with	Hyundai MOBIS Co., Ltd.	₩ 92,116	₩ 301,436	₩ 1,687,603	₩ 466,862	
significant	Mobis Alabama, LLC	14,344	-	108,355	-	
influence over	Mobis Automotive Czech s.r.o.	-	901	194,217	-	
the Company	Mobis India, Ltd.	1,370	18	123,770	5	
and its	Mobis Parts America, LLC	31,309	62	101,750	-	
subsidiaries	Mobis Module CIS, LLC	15	37	50,666	-	
	Mobis Parts Europe N.V.	550	118	47,095	18	
	Others	11,339	491	101,671	6,947	
Joint ventures	Kia Corporation	328,668	335,571	84,505	121,814	
and associates	Kia Russia & CIS, LLC	134,733	48	-	-	
	Kia Slovakia s.r.o.	6,832	279	46,186	205	
	Kia Georgia, Inc.	91,109	64,378	11,120	96,639	
	Kia America, Inc.	-	149,910	9	-	
	BHMC	199,426	13,626	12,344	414	
	HMGC	6,019	21,752	4,479	37,996	
	Hyundai WIA Corporation	31,147	920	185,022	28,048	
	Others	209,556	69,666	679,046	920,138	
Other related part	ties	80	710	52		
Affiliates by the	Act	154,455	61,484	905,856	351,422	

(\*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩209 million as of December 31, 2021 and the reversal of impairment loss is recognized in the amount of ₩56 million for the year ended December 31, 2021.

(\*2) As of December 31, 2021, outstanding payment of ₩22,096 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2021, amount used and repayment of agreement are ₩383,299 million and ₩406,133 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.

		Receivables (*1,2)				Payables			
			ide notes		Other	Trade notes			Other
			accounts		eivables		d accounts	payables	
	Description	re	ceivable		d others		payable	an	d others
				· ·	millions of				
Entity with	Hyundai MOBIS Co., Ltd.	₩	305,479	₩	422,870	₩	1,326,453	₩	363,166
significant	Mobis Alabama, LLC		10,425		-		135,098		3,116
influence over	Mobis Automotive Czech s.r.o.		-		160		236,598		2,420
the Company	Mobis India, Ltd.		2,021		3		172,639		4
and its	Mobis Parts America, LLC		19,410		71		73,300		-
subsidiaries	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	Kia Motors Corporation		451,424		227,908		87,563		173,321
and associates	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 par	ties		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 reversal of 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 W44,930 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 W296,011 million and W272,308 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the year ended December 31, 2021, between the Group and related parties are as follows.

	Loans		Borroy		Equity		
Description	Lending	Collection	Borrowing	Repayment		contribution	
		(	In millions of Kor	ean won)			
Joint ventures and associates	-	-	-	₩ 7,	500 ₩	4 313,720	

Significant fund transactions and equity contribution transactions for the year ended December 31, 2020, between the Group and related parties are as follows.

	Loans			Borrow	E	Equity		
Description	Lending	Col	lection	Borr	owing	Repayment	con	tribution
	(In thousa	nds of	USD Doll	ar and O	Chinese Y	uan, In millions	of Kor	ean won)
Joint ventures and associates	-	¥	5,000	\$	5,000	-	₩	1,867,971
				₩	16,000	-		

For the years ended December 31, 2021 and 2020, the Group received dividends of  $\oplus 209,957$  million and  $\oplus 213,820$  million from related parties and affiliates by the Act, respectively and paid dividends of  $\oplus 322,421$  million and  $\oplus 240,877$  million to related parties, respectively. During 2021, the Group traded in other financial assets and others of  $\oplus 2,660,000$  million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of  $\oplus 555,000$  million in the consolidated statement of financial position as of December 31, 2021.

For the years ended December 31, 2021, and 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 W30,000 million and W70,000 million respectively.

(4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the years ended December 31, 2021 and 2020 are as follows.

Description		2021	2020				
	(In millions of Korean Won)						
Short-term employee salaries	$\mathbb{W}$	296,733	₩	270,833			
Retirement benefit costs		48,906		45,683			
Other long-term benefits		1,209		964			
	₩	346,848	₩	317,480			

(5) For the year ended December 31, 2021, the Group offer payment guarantee to related parties and affiliates by the Act.

# 39. COMMITMENTS AND CONTINGENCIES:

(1) As of December 31, 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 I	Korean Won)		
To associates	$\mathbb{W}$	28,299	₩	101,470	
To others		6,381		821,942	
	₩	34,680	₩	923,412	

- (\*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of December 31, 2021.
- (2) As of December 31, 2021, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of December 31, 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 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 December 31, 2021, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to W768,163 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 December 31, 2021, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank, with a combined limit of up to USD 27,500 million, and ₩5,527,400 million.
- (5) As of December 31, 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 December 31, 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 December 31, 2021, the Company's total return swap contract is terminated upon the sale of stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by the third party investor.
- (8) As of December 31, 2021, the Company has a shareholder agreement with investors of third parties regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (9) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of December 31, 2021, the Company has recognized relevant liability in the amount of ₩937,555 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.
- (10) As of December 31, 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 W88,566 million.
- (11) Financial instruments with restricted use for the years ended December 31, 2021 and 2020 are as follows.

Description	Dec	cember 31, 2021	December 31, 2020			
	(In millions of Korean Won)					
Short-term and long-term financial instruments	₩	1,694,904	₩	840,628		
Cash and cash equivalents Other financial assets		225,731 2		113,799 7,969		
	₩	1,920,637	₩	962,396		

### 40. <u>SEGMENT INFORMATION</u>:

- (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 years ended December 31, 2021 and 2020 are as follows.

	For the year ended December 31, 2021								
	V	Vehicle (*1)		Finance		Others		Total	
Net sales (*2) Operating profit	₩	94,143,019 4,155,765	₩	16,782,412 2,195,377	₩	6,685,195 327,807	₩	117,610,626 6,678,949	
Inter-company sales		(52,033,375)		(318,479)		(1,352,273)		(53,704,127)	

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

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

		For the year ended December 31, 2020						
	V	Vehicle (*1) Finance		Finance	Others		Total	
Net sales (*2) Operating profit	₩	80,577,320 728,139	₩	16,848,079 1,367,913	₩	6,572,202 298,619	₩	103,997,601 2,394,671
Inter-company sales		(42,456,564)		(353,708)		(1,483,913)		(44,294,185)

(\*1) Includes operating profit related to internal transaction adjustments.

(\*2) Sales from external customers.

(3) Assets and liabilities by operating segments as of December 31, 2021 are as follows.

	December 31, 2021							
	Consolidation							
		Vehicle		Finance		Others	adjustments	Total
		(In millions of Korean Won)						
Total assets	₩	121,826,011	₩	120,951,619	₩	8,836,191	₩ (17,667,406)	₩ 233,946,415
Total liabilities		54,135,289		104,597,059		5,199,761	(12,601,483)	151,330,626
Borrowings and debentures		12,568,592		96,734,509		2,569,958	(4,079,781)	107,793,278

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

	December 31, 2020							
		Consolidation						
		Vehicle	Finance		Others	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 years ended December 31, 2021 and 2020 are as follows.

	For the year ended December 31, 2021					
	North					
	Korea America Asia Europe Others Total					
	(In millions of Korean Won)					
Net sales	₩ 41,332,243 ₩ 40,750,484 ₩ 11,390,768 ₩ 21,508,735 ₩ 2,628,396 ₩ 117,610,626					
	For the year ended December 31, 2020					
	North					
	Korea America Asia Europe Others Total					
	(In millions of Korean Won)					
Net sales	₩ 40,284,242 ₩ 36,628,365 ₩ 8,752,024 ₩ 16,447,637 ₩ 1,885,333 ₩ 103,997,601					

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

Description	December 31, 2021		December 31, 2020		
		(In millions o	of Korean Won)		
Korea	₩	33,323,986	₩	32,562,450	
North America		2,967,662		2,691,789	
Asia		2,781,728		2,429,368	
Europe		2,254,395		2,234,466	
Others		520,729		354,279	
		41,848,500		40,272,352	
Consolidation adjustments		(301,775)		(341,589)	
Total (*)	₩	41,546,725	₩	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 revenue for the years ended December 31, 2021 and 2020.

# 41. <u>CONSTRUCTION CONTRACTS</u>:

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

Description		December 31, 2021		December 31, 2020
	(In millions of Korean Won)			
Accumulated cost	₩	12,658,465	₩	11,602,563
Accumulated income		146,975		254,593
Accumulated construction in process		12,805,440		11,857,156
Progress billing		12,286,456		11,460,905
Due from customers		1,421,108		1,252,117
Due to customers		902,124		855,866
Reserve (*)		79,161		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 December 31, 2021 are as follows.

Description	December 31, 2021			
	(In millions of Korean Won)			
Changes in accounting estimates of total contract revenue	$\overline{W}$	154,893		
Changes in accounting estimates of total contract costs		134,441		
Effects on profit or loss of current period		(3,913)		
Effects on profit or loss of future periods		24,365		
Changes in due from customers		50,544		
Provision for construction loss		46,357		

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 December 31, 2021. Total contract revenue and costs may change in future periods.

(3) There is no contract as of December 31, 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 year ended December 31, 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	$\mathbb{W}$	285,050		
Non-controlling interests		202,039		
Assets and liabilities acquired:				
Current assets		110,151		
Non-current assets		366,471		
Property, plant and equipment		1,007		
Intangible assets		361,238		
Others		4,226		
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 year ended December 31, 2021 are \$1,348,323 million and \$92,168 million, respectively.

(2) For the year ended December 31, 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	$\mathbb{W}$	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 loss for the year ended December 31, 2021 are \$870 million and \$2,098 million, respectively.