

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

To the Board of Directors and Stockholders
HYUNDAI MOBIS Co., Ltd.:

Opinion

We have audited the consolidated financial statements of HYUNDAI MOBIS Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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 the 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, 2020. 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.

A. Impairment testing of Cash-Generating Units (CGUs) of subsidiary of MCQ and MBR.

As described in Note 11(3) to the consolidated financial statements, the Group recognized the impairment losses related to ChongQing Hyundai Mobis Automotive Parts Co., Ltd. (MCQ) and Mobis Brasil Fabricacao De Auto Pecas Ltda (MBR) in the amounts of ₩68,702 million and ₩10,688 million during the year ended December 31, 2020, respectively.

The Group annually reviews whether there are any indications of impairment for the CGUs of subsidiaries and performs impairment testing for the CGUs of subsidiaries which have indications of impairment. The Group determines impairment losses in relation to the CGUs of subsidiaries for the difference between the larger of VIU ("Value In Use") and fair value of CGUs, and its book value.

Management judgement is required for the determination of key assumptions such as sales growth rate, discount rate, and permanent growth rate which have significant impacts on estimation of VIU of CGUs. Therefore, we have determined the impairment test of the CGUs in the subsidiaries, MCQ and MBR, as key audit matters taking into consideration of the significance of the amounts of CGUs in those subsidiaries and significant indication of impairment.

The primary audit procedures performed with regard to the key audit matter are as follows:

- Evaluate the qualification and eligibility of external expert employed by the Group for the valuation on VIU of CGUs of MCQ and MBR;
- Involve internal valuation specialist to review the reasonableness of significant assumptions (sales growth rate and permanent growth rate, etc.) used in valuation on VIU of CGUs, by comparing to historical results, industry reports and recent business plan approved by the management of subsidiaries;



- Involve internal valuation specialist to evaluate the reasonableness of the applied discount rate by comparing to recalculated discount rate based on the observable information;
- Evaluate the effects of change in the significant assumptions in valuation result prepared by the management by performing the sensitivity analysis of discount rate and permanent growth rate; and
- Compare the estimated profit or loss to the actual results for the period from the valuation date to the end of the reporting period to assess the effect on the result of management's valuation.

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 Jae-Yeon Kim.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 9, 2021

This report is effective as of March 9, 2021, 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.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position

As of December 31, 2020 and 2019

(In millions of won)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets			
Cash and cash equivalents	5,41	₩ 4,202,436	3,341,977
Other financial assets	6,7,41	7,296,097	7,769,131
Trade and other receivables, net	8,17,22,37,41	8,111,354	7,125,380
Inventories, net	4,9	3,057,205	3,034,170
Other current assets	10,24,41	235,851	233,990
Total current assets		<u>22,902,943</u>	<u>21,504,648</u>
Property, plant and equipment, net	4,11,22,38	8,721,108	8,605,375
Intangible assets, net	4,12	881,287	913,970
Investment property, net	13	58,410	63,533
Right-of-use assets, net	14	319,964	365,659
Investments in associates and joint ventures	15	14,517,986	14,087,769
Non-current financial assets	16,41	501,173	466,032
Deferred tax assets	35	258,796	289,948
Other non-current assets	6,8,17,23,24,41	336,009	309,130
Total non-current assets		<u>25,594,733</u>	<u>25,101,416</u>
Total assets		<u>₩ 48,497,676</u>	<u>46,606,064</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
 Consolidated Statements of Financial Position, Continued

As of December 31, 2020 and 2019

(In millions of won)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Liabilities			
Trade and other payables	18,37,41	₩ 6,141,182	5,685,109
Current portion of long-term debt and short-term borrowings	22,40,41	1,859,454	1,514,373
Current lease liabilities	40,41	80,575	77,458
Income taxes payable	35	258,425	374,044
Current provisions for warranties	21	1,025,710	650,958
Other current liabilities	19,24,41	716,843	660,326
Total current liabilities		<u>10,082,189</u>	<u>8,962,268</u>
Long-term borrowings	22,40,41	1,135,522	1,152,506
Defined benefit obligations	23	12,242	52,723
Non-current lease liabilities	40,41	213,995	256,883
Non-current provision for warranties	21	212,605	247,481
Deferred tax liabilities	35	3,005,777	2,992,415
Other non-current liabilities	20,24,38,41	507,223	532,166
Total non-current liabilities		<u>5,087,364</u>	<u>5,234,174</u>
Total liabilities		<u>15,169,553</u>	<u>14,196,442</u>
Equity			
Capital stock	25	491,096	491,096
Capital surplus	25	1,398,026	1,397,897
Treasury stock	26	(559,886)	(393,029)
Other equity	27	(927,849)	(822,750)
Retained earnings	28	32,851,281	31,656,804
Equity attributable to owners of the Company		<u>33,252,668</u>	<u>32,330,018</u>
Non-controlling interests	1	<u>75,455</u>	<u>79,604</u>
Total equity		<u>33,328,123</u>	<u>32,409,622</u>
Total liabilities and equity		<u>₩ 48,497,676</u>	<u>46,606,064</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Income

For the years ended December 31, 2020 and 2019

(In millions of won, except earnings per share information)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Revenue	4,30,37	₩ 36,626,504	38,048,768
Cost of sales	31,37	(31,922,266)	(32,819,599)
Gross profit		<u>4,704,238</u>	<u>5,229,169</u>
Selling, general and administrative expenses	31,32,34	(2,873,946)	(2,869,912)
Operating profit	4	<u>1,830,292</u>	<u>2,359,257</u>
Other income	33,34	257,947	243,458
Other expenses	11,33,34	(367,029)	(240,640)
Finance income	34	457,422	358,902
Finance costs	34	(438,657)	(215,577)
Share of profit of associates and joint ventures	15	378,005	708,894
Profit before income taxes		<u>2,117,980</u>	<u>3,214,294</u>
Income tax expense	35	(591,130)	(919,983)
Profit for the year		<u>₩ 1,526,850</u>	<u>2,294,311</u>
Profit (loss) attributable to:			
Owners of the Company	36	₩ 1,529,146	2,290,670
Non-controlling interests	1	(2,296)	3,641
Earnings per share			
Basic earnings per share in won	36	<u>₩ 16,389</u>	<u>24,234</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(In millions of won)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Profit for the year		₩ 1,526,850	2,294,311
Other comprehensive income (loss)		(106,571)	195,631
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan, net of tax	23	23,614	(16,164)
Change in retained earnings of equity method investments	15	(50,392)	21,060
Loss on a financial assets at FVOCI, net of tax	16,27	(3,980)	(10,385)
Change in equity of equity method investments	15,27	22,650	(14,584)
		<u>(8,108)</u>	<u>(20,073)</u>
Items that may be reclassified to profit or loss:			
Foreign currency translation difference for foreign operations	27	147,102	128,703
Unrealized gain (loss) of hedging financial derivatives, net of tax	24,27	549	(1,061)
Change in equity of equity method investments	15,27	(246,114)	88,062
		<u>(98,463)</u>	<u>215,704</u>
Total comprehensive income for the year		₩ <u>1,420,279</u>	<u>2,489,942</u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		₩ 1,422,679	2,486,518
Non-controlling interests		(2,400)	3,424

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

	Attributable to controlling interests					Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity	Retained earnings		
<i>(In millions of won)</i>							
Balance at January 1, 2019	₩ 491,096	1,396,026	(338,831)	(1,013,270)	30,095,474	72,933	30,703,428
Total comprehensive income (loss):							
Profit for the year	-	-	-	-	2,290,670	3,641	2,294,311
Loss on a financial assets at FVOCI, net of tax	-	-	-	(10,383)	-	(2)	(10,385)
Foreign currency translation difference for foreign operations, net of tax	-	-	-	128,486	-	217	128,703
Unrealized loss of hedging financial derivatives, net of tax	-	-	-	(1,061)	-	-	(1,061)
Net change of equity method accounted investments, net of tax	-	-	-	73,478	21,060	-	94,538
Remeasurements of defined benefit plan, net of tax	-	-	-	-	(15,732)	(432)	(16,164)
Total comprehensive income for the year	-	-	-	190,520	2,295,998	3,424	2,489,942
Transactions with owners of the Company, recognized directly in equity:							
Paid-in capital increase of subsidiaries	-	-	-	-	-	4,745	4,745
Dividends	-	-	-	-	(473,523)	(1,498)	(475,021)
Change in Treasury stock	-	1,871	(54,198)	-	(261,145)	-	(313,472)
Total transactions with owners of the Company, recognized directly in equity	-	1,871	(54,198)	-	(734,668)	3,247	(783,748)
Balance at December 31, 2019	₩ 491,096	1,397,897	(393,029)	(822,750)	31,656,804	79,604	32,409,622

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity, Continued

For the years ended December 31, 2020 and 2019

	Attributable to controlling interests					Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity	Retained earnings		
<i>(In millions of won)</i>							
Balance at January 1, 2020	₩ 491,096	1,397,897	(393,029)	(822,750)	31,656,804	79,604	32,409,622
Total comprehensive income (loss):							
Profit (Loss) for the year	-	-	-	-	1,529,146	(2,296)	1,526,850
Gain (Loss) on a financial assets at FVOCI, net of tax	-	-	-	(4,015)	-	35	(3,980)
Foreign currency translation difference for foreign operations, net of tax	-	-	-	147,179	-	(77)	147,102
Unrealized gain of hedging financial derivatives, net of tax	-	-	-	549	-	-	549
Net change of equity method accounted investments, net of tax	-	-	-	(248,812)	(25,044)	-	(273,856)
Remeasurements of defined benefit plan, net of tax	-	-	-	-	23,676	(62)	23,614
Total comprehensive income (loss) for the year	-	-	-	(105,099)	1,527,778	(2,400)	1,420,279
Transactions with owners of the Company, recognized directly in equity:							
Dividends	-	-	-	-	(280,323)	(1,749)	(282,072)
Change in Treasury stock	-	129	(166,857)	-	(52,978)	-	(219,706)
Total transactions with owners of the Company, recognized directly in equity	-	129	(166,857)	-	(333,301)	(1,749)	(501,778)
Balance at December 31, 2020	₩ 491,096	1,398,026	(559,886)	(927,849)	32,851,281	75,455	33,328,123

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In millions of won)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Cash generated from operations	39	₩ 2,624,084	3,016,761
Interest received		169,918	225,083
Interest paid		(49,395)	(62,933)
Dividends received		237,863	277,494
Income tax paid		(505,733)	(812,347)
Net cash provided by operating activities		<u>2,476,737</u>	<u>2,644,058</u>
Cash flows from investing activities			
Decrease in financial assets at amortized cost		375,406	139,476
Disposal of financial assets at FVPL		845	84
Acquisition of financial assets at FVPL		-	(880)
Acquisition of financial assets at FVOCI		(29,558)	(67,150)
Disposal of financial assets at FVOCI		31	-
Decrease in short-term loans		6,123	1,724
Increase (Decrease) in long-term loans		7	(213)
Disposal of property, plant and equipment		45,522	38,083
Acquisition of property, plant and equipment		(1,095,909)	(789,449)
Disposal of intangible assets		-	1,430
Acquisition of intangible assets		(23,108)	(38,335)
Increase in deposits provided		(8,723)	(4,938)
Acquisition of investments in associates		(527,401)	-
Net cash used in investing activities		<u>(1,256,765)</u>	<u>(720,168)</u>
Cash flows from financing activities			
Proceeds from current portion of long-term debt and short-term borrowings	40	3,993,029	4,494,869
Repayment of current portion of long-term debt and short-term borrowings	40	(3,982,773)	(4,934,388)
Proceeds from bonds and long-term borrowings	40	376,919	522,168
Repayment of bonds and long-term borrowings	40	-	(163,474)
Payment of lease Liabilities	40	(102,176)	(98,371)
Acquisition of treasury stock		(234,853)	(322,534)
Paid-in capital increase of subsidiaries		-	4,745
Dividends paid		(282,072)	(475,021)
Net cash used in financing activities		<u>(231,926)</u>	<u>(972,006)</u>
Effect of currency exchange rates fluctuation on cash and cash equivalents			
		(127,587)	55,033
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of year	5	<u>3,341,977</u>	<u>2,335,060</u>
Cash and cash equivalents at the end of year	5	<u>₩ 4,202,436</u>	<u>3,341,977</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

1. General Description of the Company and Subsidiaries

(1) General description of the Company

HYUNDAI MOBIS Co., Ltd. (the "Company") engages in the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services, and others. The shares of the Company have been listed on the Korea Stock Exchange since September 5th, 1989.

The main office is located in Yeok-Sam, Gangnam-gu, Seoul, and its module factories are located in Ulsan, Kyong-In and Chung-Cheong, Republic of Korea. The Company also has a R&D lab located in Yong-In, Republic of Korea.

The Company's common stockholders as of December 31, 2020 and 2019 are as follows:

<i>(in shares)</i>	2020		2019	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Stockholders				
KIA Motors Corporation	16,427,074	17.28%	16,427,074	17.24%
Mong-Ku Chung	6,778,966	7.13%	6,778,966	7.11%
Hyundai Steel Company	5,504,846	5.79%	5,504,846	5.78%
Hyundai Glovis Co., Ltd.	656,293	0.69%	656,293	0.69%
Eui-sun Chung	303,759	0.32%	-	-
Treasury stock	2,532,600	2.66%	1,869,535	1.96%
Others	62,851,156	66.13%	64,069,980	67.22%
	95,054,694	100.00%	95,306,694	100.00%

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

1. General Description of the Company and Subsidiaries, Continued

(2) Details of subsidiaries

Details of subsidiaries included in consolidation as of December 31, 2020 and 2019 are as follows:

Company	Location	Business	Reporting date	Ownership	
				2020	2019
Hyundai IHL Co., Ltd.	Korea	Manufacturing the auto lighting and electric apparatus	December 31	99.38%	99.38%
Lighting Second LLC. (*1)	Korea	Financing	December 31	-	-
Global Information Technology Co., Ltd. (*2)	Korea	Manufacturing diagnostic System	December 31	45.87%	45.87%
Mobis America, Inc.	USA	Holding company	December 31	100.00%	100.00%
Mobis Alabama, LLC (*3)	USA	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Parts America, LLC (*3)	USA	Sales of auto-parts	December 31	100.00%	100.00%
Mobis Parts Miami, LLC (*3)	USA	Sales of auto-parts	December 31	100.00%	100.00%
American Autoparts, Inc.	USA	Holding company	December 31	100.00%	100.00%
Mobis North America, LLC (*4)	USA	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis US Alabama, LLC (*4,5)	USA	Manufacturing and sales of auto-parts	December 31	100.00%	-
GIT America., Inc. (*6)	USA	Sales of diagnostic System	December 31	100.00%	100.00%
Mobis Parts Canada Corporation	Canada	Sales of auto-parts	December 31	100.00%	100.00%
Hyundai Mobis Mexico, S. De R.L. De C.V. (*7)	Mexico	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Brasil Fabricacao De Auto Pecas Ltda.	Brazil	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Parts Europe N.V.	Belgium	Sales of auto-parts	December 31	100.00%	100.00%
GIT Europe GmbH (*6)	Germany	Sales of diagnostic System	December 31	100.00%	100.00%
Mobis Parts CIS, LLC (*8)	Russia	Sales of auto-parts	December 31	100.00%	100.00%
Mobis Module CIS, LLC (*9)	Russia	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Automotive Czech s.r.o.	Czech	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Automotive System Czech s.r.o.	Czech	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Slovakia s.r.o.	Slovakia	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Hungary KFT. (*10)	Hungary	Manufacturing and sales of auto-parts	December 31	-	100.00%
Mobis Automotive and Module Industry Trade Co. - Joint Stock Company	Turkey	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Hyundai Motor (Shanghai) Co., Ltd.	China	Sales of auto-parts	December 31	100.00%	100.00%
Shanghai Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Wuxi Mobis Automotive Parts Co., Ltd. (*11)	China	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Jiangsu Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Beijing Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Tianjin Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	90.00%	90.00%
ChongQing Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	December 31	90.00%	90.00%
GIT Beijing Automotive Technology Inc. (*6)	China	Sales of diagnostic system	December 31	100.00%	100.00%
Mobis Parts Middle East FZE	UAE	Sales of auto-parts	December 31	100.00%	100.00%
Mobis Auto Parts Middle East Egypt (*12)	Egypt	Sales of auto-parts	December 31	100.00%	100.00%
Mobis India, Ltd.	India	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis India Module Private Limited	India	Manufacturing and sales of auto-parts	December 31	100.00%	100.00%
Mobis Parts Australia PTY., Ltd.	Australia	Sales of auto-parts	December 31	100.00%	100.00%

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

1. General Description of the Company and Subsidiaries, Continued

(2) Details of subsidiaries, continued

Details of subsidiaries included in consolidation as of December 31, 2020 and 2019 are as follows, continued:

- (*1) Although there are no shares owned by the group, it was included in the consolidation target as a structured entity for asset backed loans.
- (*2) The entity was included in the scope of consolidation even though the Company holds less than 50% of the ownership interest as the Company has power and de facto control. The remaining ownership interests of Global Information Technology Co., Ltd. are widely dispersed and the Company's ownership interests are sufficient to give it power.
- (*3) Mobis America, Inc. owns 100.00% of shares.
- (*4) American Autoparts, Inc. owns 100.00% of shares.
- (*5) Subsidiary was newly established in January 2020.
- (*6) Global Information Technology Co., Ltd. holds the ownership interests, and the Company includes the entity's shares of ownership.
- (*7) The Company and Mobis America, Inc. own 98.37% and 1.63% of shares, respectively.
- (*8) Mobis Parts Europe N.V. owns 100.00% of shares.
- (*9) The Company and Mobis Parts CIS, LLC own 99.00% and 1.00% of shares, respectively.
- (*10) Mobis Hungary KFT. was liquidated in January, 2020.
- (*11) The Company and Shanghai Hyundai Mobis Automotive Parts Co., Ltd. own 33.75% and 66.25% of shares, respectively.
- (*12) Mobis Parts Middle East FZE owns 100.00% of shares.

(3) Changes in subsidiaries

Subsidiaries included or excluded in consolidated financial statements during 2020 are as follows:

Subsidiaries	Cause
Mobis US Alabama, LLC	Established in 2020
Mobis Hungary KFT.	Liquidated in 2020

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

1. General Description of the Company and Subsidiaries, Continued

(4) Financial information of subsidiaries

- ① Financial information of subsidiaries included in consolidation as of and for the year ended December 31, 2020 are summarized as follows:

(In millions of won)

Company		Assets	Liabilities	Revenue	Profit (loss)
Mobis America Inc. (*1)	₩	2,678,641	1,438,437	4,768,983	129,303
Beijing Hyundai Mobis Automotive Parts Co., Ltd.		1,351,640	530,226	1,155,553	(57,191)
Jiangsu Mobis Automotive Parts Co., Ltd.		1,097,426	478,778	1,193,430	(34,425)
Mobis Parts Europe N.V.		841,910	220,655	1,052,265	55,164
Hyundai Mobis Mexico, S. De R.L. De C.V.		840,419	658,838	1,014,862	24,384
Mobis India, Ltd.		704,040	297,601	1,323,200	81,205
Mobis Slovakia s.r.o.		687,381	391,954	1,650,136	72,493
Mobis Automotive Czech s.r.o.		566,155	478,643	1,841,046	6,642
American Autoparts Inc. (*2)		499,746	257,262	1,835,589	5,864

(*1) Consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami, LLC, and Mobis Parts America, LLC.

(*2) Consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC, and Mobis US Alabama, LLC.

- ② Financial information of subsidiaries included in consolidation as of and for the year ended December 31, 2019 are summarized as follows:

(In millions of won)

Company		Assets	Liabilities	Revenue	Profit (loss)
Mobis America Inc. (*1)	₩	2,437,548	1,245,247	5,187,446	218,382
Beijing Hyundai Mobis Automotive Parts Co., Ltd.		1,353,640	482,752	1,523,167	(37,431)
Jiangsu Mobis Automotive Parts Co., Ltd.		1,133,915	486,394	1,275,847	(33,985)
Hyundai Mobis Mexico, S. De R.L. De C.V.		867,188	698,115	1,212,449	17,695
Mobis Parts Europe N.V.		766,109	216,978	1,123,032	120,337
Mobis Slovakia s.r.o.		596,284	379,754	2,023,763	68,456
Mobis India, Ltd.		563,071	202,637	1,623,116	98,750
ChongQing Hyundai Mobis Automotive Parts Co. Ltd.		530,178	524,338	730,880	(73,681)
American Autoparts Inc. (*2)		479,325	227,039	2,061,282	1,356

(*1) Consolidated financial statements of Mobis America, Inc. include the financial information of Mobis Alabama, LLC, Mobis Parts Miami, LLC, and Mobis Parts America, LLC.

(*2) Consolidated financial statements of American Auto Parts Inc. include the financial information of Mobis North America, LLC.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

1. General Description of the Company and Subsidiaries, Continued

(5) Financial information of non-controlling interests as of and for the years ended December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

<i>(In millions of won)</i>	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd.	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	Total
Accumulated non-controlling interests (*)	₩ (290)	79,265	3,962	(7,482)	75,455
Profit (loss) allocated to non-controlling interests (*)	62	6,687	(786)	(8,259)	(2,296)
Cash flows from operating activities	31,647	17,666	(5,191)	(46,504)	(2,382)
Cash flows from investing activities	(5,705)	(11,050)	(104)	(553)	(17,412)
Cash flows from financing activities before dividends to non-controlling interests	(24,008)	(410)	308	1,924	(22,186)
Dividends paid to non-controlling interests	-	(1,749)	-	-	(1,749)
Effect of currency exchange rate fluctuation on cash and cash equivalents	-	-	639	1,744	2,383
Net increase (decrease) in cash and cash equivalents	1,934	4,457	(4,348)	(43,389)	(41,346)

(*) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.

② As of December 31, 2019

<i>(In millions of won)</i>	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd.	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	Total
Accumulated non-controlling interests (*)	₩ (348)	74,672	4,696	584	79,604
Profit (loss) allocated to non-controlling interests (*)	(16)	9,846	1,179	(7,368)	3,641
Cash flows from operating activities	10,277	23,400	33,184	11,582	78,443
Cash flows from investing activities	55,146	(16,788)	1,519	(5,040)	34,837
Cash flows from financing activities before dividends to non-controlling interests	(63,970)	(1,695)	(706)	45,838	(20,533)
Dividends paid to non-controlling interests	-	(1,498)	-	-	(1,498)
Effect of currency exchange rate fluctuation on cash and cash equivalents	-	-	116	36	152
Net increase in cash and cash equivalents	1,453	3,419	34,113	52,416	91,401

(*) Accumulated non-controlling interests and profit or loss allocated to non-controlling interests are presented as the amounts after consolidation adjustments.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

2. Basis of Preparation

(1) Statement of compliance

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 Corporations* in the Republic of Korea.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except as described in notes herein.

(3) Functional and presentation currency

The Group presents each accounts in functional currency (currency of economic environment) with which the Group carries out its operating activities. These consolidated financial statements are presented in Korean won, which is the Company's functional currency and the currency of the primary economic environment in which the Group operates.

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about critical assumptions and estimates is included in note 3(23).

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

3. Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below and have been applied consistently to all periods presented in these consolidated financial statements.

For better comparative purposes, certain comparative amounts in the consolidated financial statements of the prior year have been reclassified according to the consolidated financial statements of the current year, which do not have an impact on either net profit or net assets of the prior year.

(1) Basis of consolidation

① Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(1) Basis of consolidation, continued

The Group uses acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, liabilities incurred and equity interests issued by the Company, together with the cost which is imputed to acquisition cost. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values of the acquisition date, regardless of non-controlling interests. Goodwill is the excess of the consideration transferred over the net assets recognized, imputed to the Group's interest.

In case that the fair value of the net assets exceeds the acquisition cost, the difference is recognized in the consolidated statement of income.

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

② Non-controlling interests

Non-controlling interests in a subsidiary are accounted for separately from the parent's ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero. In addition, changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners.

③ Associates

Associates are all entities over which the Group has significant influence but does not control or joint control. If the Group holds, directly or indirectly, 20% or more of the voting power of the investee, it is presumed that the Group has significant influence. Although the Group holds less than 20% of the voting power of the investee, it is classified as associates if significant influence can be clearly demonstrated. Investments in associates are accounted for by using the equity method of accounting and are initially recognized at acquisition cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in reserves is recognized in reserves. Changes in shareholders' equity of associates attributable to changes in other equity are recognized as the changes in other equity of the Group. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed when necessary to ensure consistency with policies adopted by the Group.

④ Joint venture

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 arrangement. As with associates, investments in joint ventures are accounted for by using the equity method of accounting and are initially recognized at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(2) Operating segment

In order to make decision on the distribution of resources on each segment and to evaluate the performance of each segment, the Group divides segment according to the internal report that are periodically reviewed by chief operating decision maker.

(3) Foreign currencies

① Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or that of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the consolidated statement of income within financial income or expenses. All other foreign exchange gains and losses are presented in the consolidated statement of income within other income or expenses.

② Translations of financial statements of consolidated companies

The results and financial position of all the consolidated entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized in other comprehensive income.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by the Group in management of its short-term commitments.

(5) Non-derivative financial instruments

① Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time at the time of issue. Other financial instruments and financial liabilities are recognized only when the Group becomes a party to the financial instruments.

Except for trade receivables that do not include significant financial assets, are measured at fair value at the time of initial recognition and financial assets at fair value through profit or loss or financial liabilities at fair value through profit or loss transaction costs directly related to the acquisition of the financial asset or the issuance of the financial liability are added to or subtracted from the fair value. Trade receivables that do not include significant financial elements are initially measured at transaction prices.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(5) Non-derivative financial instruments, continued

② Classification and subsequent measurements

Financial assets

At initial recognition, financial assets are amortized cost, other comprehensive income - fair value debt instruments, other comprehensive income - fair value equity instruments or profit or loss - classified as measured at fair value.

Financial assets are not reclassified after initial recognition, unless the entity modifies the financial asset management model, in which case all of the financial assets impacted are reclassified on the first day of the first reporting period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model

The Group assess the purpose of the business model held at the portfolio level of the financial asset because it best reflects how the business is managed and how information is provided to management. Such information considers the following:

- The accounting policies and objectives and the actual implementation of these policies for the portfolio

It focuses on acquiring contractual interest, maintaining a certain level of interest rates, aligning the duration of the debt with the duration of the financial assets and the duration of the financial asset, or leasing or realizing the expected cash flow through the sale of the asset includes executive strategy.

- To evaluate the performance of the financial assets held by the business model and to report the evaluation to key management personnel
- the risks that affect the performance of the business model (and the financial assets held in the business model) and the way in which they are managed
- the manner of compensation to management (e.g. compensation based on the fair value of the assets under management or contractual cash flows received)
- The frequency, amount, timing and reasons for the sale of financial assets in the past and the forecasts of future selling activities

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(5) Non-derivative financial instruments, continued

② Classification and subsequent measurements, continued

For this purpose, a transaction that transfers a financial asset from a transaction that does not meet the removal requirements to a third party is not considered a sale. A financial asset portfolio that meets the definition of short-term trading or whose portfolio performance is measured on a fair value basis is measured at fair value through profit or loss - fair value.

Financial assets - An assessment of whether contractual cash flows consist solely of principal and interest

The principal is defined as the fair value at the initial recognition of the financial asset. Interest consists of consideration for the time value of money, consideration for credit risk associated with the principal balance in a particular time period, as well as consideration for basic loan risk and costs (e.g., liquidity risk and operating costs) as well as profit.

When evaluating whether the contractual cash flows consist solely of payments for principal and interest, we take into account the terms and conditions of the applicable product. If a financial asset includes a contractual term that changes the timing or amount of a contractual cash flow, then the contractual terms must determine whether the contractual cash flows that may occur over the life of the financial instrument consist solely of principal payments.

When evaluating this, we consider the following:

- Conditional conditions that change the amount or timing of cash flow
- Provision to adjust contractual nominal interest rate, including variable interest rate characteristics
- Moderate repayment characteristics and maturity extension characteristics
- The terms of the contract that limit our claims for cash flows arising from a particular asset

If the reimbursement amounts represent interest on principal and remnant principal that have not yet been outstanding and include reasonable additional compensation for the early liquidation of the contract, the early repayment characteristics are consistent with the conditions under which principal and interest are paid on a particular day. In addition, for financial assets acquired at significant discounts or premiums on the contractual face value, the amortized amount represents the actual face value of the contract and the accrued interest on the contract (but not outstanding) (in this case, If the fair value of the characteristic is mild at the time of initial recognition of the financial asset.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(5) Non-derivative financial instruments, continued

② Classification and subsequent measurements, continued

Financial assets - Subsequent measurement and profit and loss

Financial assets at FVPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

③ Elimination

In the event that the contractual rights to cash flows of financial assets have ceased, the Group transfers the contractual rights to receive the cash flows of the financial assets and substantially transfers the risks and rewards of ownership of the transferred financial assets. Or if the Group does not control or control the financial assets without retaining or transferring substantially all the risks and rewards of ownership.

If the Group transacts a recognized asset in its statement of financial position but holds most of the risks and rewards of ownership of the transferred asset, the transferred asset is not removed.

④ Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group currently has a legally enforceable right to set off the recognized amounts and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(6) Impairment of financial assets

The Group recognize a loss reserve for expected credit losses on the following assets:

- Financial assets measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income
- Contractual assets as defined in K-IFRS 1115

1) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The evidence that the credit of a financial asset is impaired includes the following observable information.

- Significant financial difficulties of issuer or borrower
- Default
- Inevitable mitigation of initial borrowing conditions for economic or contractual reasons related to the borrower's financial difficulties
- Borrowers are likely to go bankrupt or other financial restructuring becomes more likely
- Termination of active market for financial assets due to financial difficulties

The Group measures recoverable amount of trade receivables individually when evidence of impairment has been found and an impairment loss is the difference between the recoverable amount and its carrying amount. Collateral and guaranteed values are taken into consideration when estimating the recoverable amount.

The recognition of collective impairment losses on trade receivables is calculated by applying the collective loss experience rate over the past fixed period to collectively classified bonds in consideration of similar credit risk characteristics.

2) Amounts written off

If there is no reasonable expectation of recovery of all or part of the contractual cash flows of a financial asset, the asset is removed. For individual customers, the Group assesses the timing and amount of each individual by assessing whether there is a reasonable expectation of recovery for the enterprise customer, based on historical experience with the recovery of similar assets. The Group has no expectation that the proceeds will be recovered significantly. However, deferred financial assets can be subject to collection activities in accordance with the collection procedure of the amount due.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(6) Impairment of financial assets, continued

3) Presentation of impairment

The expected credit loss on financial assets at amortized cost is recognized in profit or loss, and the allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the asset. For debt instruments measured at FVOCI, changes in credit risk are included in profit or loss and changes in non-credit risk are recognized in other comprehensive income.

(7) Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured 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 which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

① Hedge accounting

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on a quarterly basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated

- Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from re-measuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of comprehensive income. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

- Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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3. Significant Accounting Policies, Continued

(7) Derivative financial instruments, continued

② Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

③ Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(8) Inventories

The cost of inventories is determined by the monthly weighted-average method for merchandise, finished goods, work-in-progress, raw material and supplies, and by the moving-average method for auto parts for after-sales service, and by the specific identification method for materials in transit. Inventories are measured at the lower of cost and net realizable value. The Group periodically reviews signs of impairment of inventories, and if impairment is identified due to excess, obsolescence, and inutility, the losses on valuation of inventories are recognized reduction to inventories in consolidated statement of financial position, and are charged to cost of sales. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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3. Significant Accounting Policies, Continued

(9) Property, plant and equipment

Property, plant and equipment are initially measured at cost. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs 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.

Subsequent to initial recognition, property, plant and equipment, except for land, are carried at its cost less any accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

The estimated useful lives of the Group's property, plant and equipment are as follows:

	<u>Useful lives (years)</u>
Buildings and structures	20 ~ 40
Machinery	5 ~ 15
Tools	3 ~ 5
Furniture and fixtures	5
Others	5 ~ 15

Useful lives, depreciation method and residual values are reviewed at the end of each reporting period and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's estimated recoverable amount is smaller than its carrying amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other income or expenses' in the consolidated statement of income.

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For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(10) Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset.

The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

(11) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are presented as a deduction to related assets and are credited to depreciation over the estimated useful lives of the related assets.

(12) Intangible assets

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

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. As there are no foreseeable limits to the periods over which certain intangible assets are expected to be available for use, those intangible assets are determined as having indefinite useful lives and not amortized.

	<u>Useful lives (years)</u>
Development costs	5
Software	5
Other intangible assets	5 ~ 10

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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3. Significant Accounting Policies, Continued

(12) Intangible assets, continued

① Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets acquired. When the excess is negative, bargain purchase gain is recognized immediately in profit or loss. Goodwill is not amortized and stated at book value less accumulated impairment loss.

② Development costs

Costs that are identifiable, controllable and directly attributable to development projects are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the development project so that it will be available for use or sale;
- Management intends to complete the development project and use or sell it;
- There is an ability to use or sell the development project;
- It can be demonstrated how the development project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the development project are available; and
- The expenditure attributable to the development project during its development can be reliably measured.

Capitalized development costs that are recognized as intangible assets are amortized using the straight-line method over their estimated useful lives from the date that they are available for use or sale.

Other development expenditures that do not meet these criteria are recognized in profit or loss as incurred. Development costs previously recognized as an expense cannot be recognized as an asset in a subsequent period.

③ Membership rights

Membership rights are regarded as intangible assets with indefinite useful lives and not amortized as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. All membership rights are tested annually for impairment and stated at cost less accumulated impairment losses.

④ Other intangible assets

Other intangible assets consists of industrial property and business rights, etc.

(13) Investment property

Property held for the purpose of earning rentals or benefiting from capital appreciation or for both is classified as investment property. If some portion of property is held for the purpose of owner-occupation, and cannot be separated by portions to dispose and the owner-occupied portion is immaterial, it is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Depreciation on the investment property except for land is calculated using the straight-line method to allocate their cost less residual values over 20 ~30 years.

Useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change of useful lives and residual values is accounted for as a change in an accounting estimate.

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3. Significant Accounting Policies, Continued

(14) Right-of-use assets and lease liabilities

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.

- As a lessee

On the commencement date or effective date of a change that includes a lease element, we allocate the contract price to each lease element based on the relative individual price. However, we apply non-lease elements in a practical simple method to account for non-lease elements related to lease elements as one lease element.

The Group recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, and the cost is the initial measured amount of the lease liability, lease payments paid before or after the lease commencement (receipt of the lease incentive received), direct lease establishment costs, and the removal or removal of the underlying assets or the underlying assets. It consists of an estimate of the cost borne by the lessee when restoring the site where the underlying assets are located.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the lease term. However, if the ownership of the right-of-use asset is transferred at the end of the lease term or the exercise price of the option is reflected in the cost of the right-of-use asset, the right-of-use asset is depreciated until the end of the useful life of the underlying asset based on the same method as the depreciation of the tangible asset. To do. In addition, the right-to-use asset may be reduced due to impairment loss or adjusted due to re-measurement of leased liabilities.

The lease liability is initially measured at the present value of lease payments not paid as of the lease commencement date. Lease fees are discounted at the lease's intrinsic interest rate, but if the intrinsic interest rate cannot be easily calculated, it is discounted at our incremental borrowing rate. Generally, we use the incremental borrowing rate as a discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of lease liabilities consist of

- Fixed lease fee (including actual fixed lease fee)
- Variable lease payments that vary depending on the index or rate (interest rate). Initially, it is measured using the index or rate (interest rate) of the lease commencement date.
- The amount expected to be paid according to the residual value guarantee
- The exercise price of the purchase option if it is quite certain to exercise the purchase option, the lease payment of the extension period if the exercise option is quite certain, and the amount paid to terminate the lease if the lease period reflects the exercise of the termination option.

Lease liabilities are amortized according to the effective interest rate method. A lease liability is a change in the index or rate (interest rate), changes in future lease payments, changes in the amount expected to be paid according to the residual value guarantee, changes in the valuation of whether to exercise the option to buy, extend, or terminate, or the actual fixed lease payments. Re-measured if amended.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(14) Right-of-use assets and lease liabilities, Continued

When the leased liability is re-measured, the related right-of-use asset is adjusted and the re-measurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset decreases to zero.

(15) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested for impairment annually. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit ("CGU"). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use estimates the future cash flows expected to be generated by the asset or cash-generating unit at an appropriate discount rate that reflects the current market assessment of the specific risk of unadjusted assets when estimating the time value of money and future cash flows.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses on the cash-generating unit first reduce the carrying amount of goodwill allocated to the cash-generating unit, and then reduce the carrying amount of the asset relative to the carrying amount of each other's assets belonging to the cash-generating unit. Impairment losses recognized for goodwill cannot be reversed in a subsequent period.

Non-financial assets other than goodwill for which impairment is recognized are reviewed for possible reversal of the impairment at each reporting date. The carrying amount increased by the reversal of the impairment loss shall not exceed the balance after depreciation or amortization of the carrying amount before the impairment loss was recognized in the past.

(16) Employee benefits

① Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the benefits in the consolidated statement of income.

② Retirement benefits: defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits related to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(16) Employee benefits, continued

③ Retirement benefits: defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on the high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

④ Other long-term employee benefits

Other long-term employee benefits include employee benefits that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The amounts of future benefit that employees have earned in return for their service in the current and prior periods are recognized as liabilities. Changes resulting from the re-measurement are recognized in profit or loss in the period.

(17) Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is presented as a separate asset.

Contingent liabilities are:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- A present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(18) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it is related to a business combination, or items recognized directly in equity or in other comprehensive income.

① Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

② Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilized. However, deferred tax is not recognized for the following temporary differences: taxable temporary differences arising on the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable income.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that 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 be reversed in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint ventures, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period, the amount is reduced if it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, 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 liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis. An additional income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

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For the years ended December 31, 2020 and 2019

3. Significant Accounting Policies, Continued

(19) Revenue from Contracts with Customers

The Group's main revenue is sales of goods. The Group recognizes revenue when the control over the goods or services is transferred to the customer. The revenue recognition policies related to the nature of the performance obligations in the contract with customers, timing of their implementation, significant payment terms are as follows.

- Sale of goods

Revenue is recognized when the product is transferred to the customer and the customer takes over. If the contract gives the customer a return right and a warranty that exceeds the normal range of quality assurance, revenue is recognized to the extent that it is highly probable that no significant reduction in cumulative revenue will occur. Accordingly, the Group recognizes revenue, as an estimate of expected returns and warranties using historical information.

(20) Financial revenue and other revenue

The Group recognizes revenue when the amount of revenue can be reliably measured, the future economic benefits are likely to flow into the Group, and certain specific requirements for each of the activities described below are met.

① Interest income

Interest income is classified as financial income and is recognized using the effective interest rate method over time. In the event of a bond damage, the Group reduces the carrying amount of the bond amount up to the recoverable amount (the amount obtained by discounting the estimated future cash flows to the initial effective interest rate of the financial asset), and the interest income on the damaged bond is recognized by the initial effective interest rate

② Dividend income

Dividend income is classified as financial income and is recognized when the right to receive payment is established.

③ Rental income

Rental income from investment property is classified as other income and is recognized in profit on a straight-line basis over the rental period.

(21) Dividend

Dividend liability is recognized in the consolidated statements of financial position when the dividends are approved by the Group's shareholders.

(22) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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3. Significant Accounting Policies, Continued

(23) Significant accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, differ from actual results. The significant estimates and assumptions and those which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

① Fair value of derivative and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

② Recoverable amount of non-current assets

The carrying amounts of the Group's non-current assets (CGU) are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

③ Defined benefit obligations

The Group has a defined benefit plan for post-employment benefit. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The Group determines the appropriate discount rate and future salary growth and other assumptions to apply an actuarial valuation method. The estimation of post-employment benefit plan contains material uncertainties because of the long-term nature of the liability.

④ Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

⑤ Provision for warranties

The Group recognizes provision for expected expenditures based on the warranty period (1~11 years) and past experience rate by warranty, exchange, refund, defect repair and after-service for merchandises and finished goods. In addition, if some or all of the expenditure required to settle the provision is expected to be reimbursed by a third party, the reimbursement amount is recognized and accounted for as a separate asset only when it is almost certain that the reimbursement will be made.

⑥ Income taxes

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be levied. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are adjusted in the current and deferred income tax assets and liabilities in the period in which such determination is made.

⑦ Provision for loss on valuation

As of the end of each reporting period, the Group recognizes losses on valuation by reviewing whether there are any indications of individual impairment such as deterioration, obsolescence or inutility. Except for items measured individually, losses on valuation of inventories are recognized as the difference between net realizable value and book value. When the Group evaluate the inventories, it applies the estimate of future required inventory quantities, selling price and selling expenses.

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3. Significant Accounting Policies, Continued

(24) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after January 1, 2020 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.

- Interest Rate Benchmark Reform-Phase 2 (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')
- COVID-19 Related Rent Concessions (Amendments to K-IFRS 1116 'Leases')
- Proceeds before Intended Use (Amendments to K-IFRS 1016 'Property, Plant and Equipment')
- References to Conceptual Framework (Amendments to K-IFRS 1103 'Business Combinations')
- Classification of Liabilities as Current or Non-current (Amendments to K-IFRS 1001 'Presentation of Financial Statements')
- K-IFRS 1117 'Insurance Contracts' and its amendments

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4. Operating Segments

(1) The Group has two reportable segments, as described below.

<u>Reportable segments</u>	<u>Information of reportable segments</u>
Auto parts	Sale of auto modules and parts for manufacturing vehicle
After-sales services	Sale of after-sales services parts and accessories

(2) Information of reportable segments

① As of and for the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Auto parts</u>	<u>After sales services</u>	<u>Common segment</u>	<u>Consolidation adjustment</u>	<u>Total</u>
Gross revenues	₩ 34,384,612	9,049,451	-	(6,807,559)	36,626,504
Consolidation adjustment	(4,798,178)	(2,009,381)	-	6,807,559	-
Revenues from external customers	29,586,434	7,040,070	-	-	36,626,504
Operating profit	209,024	1,564,724	-	56,544	1,830,292
Inventories	1,801,450	1,816,845	-	(561,090)	3,057,205
Property, plant and equipment	3,484,231	1,068,825	4,188,863	(20,811)	8,721,108
Intangible assets	681,459	60,630	120,488	18,710	881,287

② As of and for the year ended December 31, 2019

<i>(In millions of won)</i>	<u>Auto parts</u>	<u>After sales services</u>	<u>Common segment</u>	<u>Consolidation adjustment</u>	<u>Total</u>
Gross revenues	₩ 35,988,432	10,055,834	-	(7,995,498)	38,048,768
Consolidation adjustment	(5,505,784)	(2,489,714)	-	7,995,498	-
Revenues from external customers	30,482,648	7,566,120	-	-	38,048,768
Operating profit(loss)	400,677	2,008,237	-	(49,657)	2,359,257
Inventories	1,615,979	2,045,621	-	(627,430)	3,034,170
Property, plant and equipment	3,474,231	1,144,500	4,010,031	(23,387)	8,605,375
Intangible assets	717,041	73,107	104,935	18,887	913,970

Transactions between segments are carried out at arm's length. Revenue from external customers which is reported to the Group's chief operating decision maker is measured in a manner consistent with that in the consolidated statements of income.

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4. Operating Segments, Continued

(3) Geographical information

① As of and for the year ended December 31, 2020

<i>(In millions of won)</i>	Korea	China	America	Europe	Other regions	Consolidation adjustment	Total
Gross revenues	₩ 23,483,350	4,106,548	8,076,941	5,565,255	2,201,969	(6,807,559)	36,626,504
Consolidation adjustment	(5,391,106)	(449,112)	(298,663)	(546,242)	(122,436)	6,807,559	-
Revenues from external customers	18,092,244	3,657,436	7,778,278	5,019,013	2,079,533	-	36,626,504
Operating profit	1,395,074	(84,941)	198,128	150,147	115,340	56,544	1,830,292
Assets by geographic areas:							
Inventories	1,418,573	180,195	993,747	696,682	329,098	(561,090)	3,057,205
Property, plant and equipment	6,774,800	525,735	726,681	493,850	220,853	(20,811)	8,721,108
Intangible assets	777,167	9,891	38,250	19,638	17,631	18,710	881,287

② As of and for the year ended December 31, 2019

<i>(In millions of won)</i>	Korea	China	America	Europe	Other regions	Consolidation adjustment	Total
Gross revenues	₩ 23,246,246	5,392,766	9,103,302	5,920,837	2,381,115	(7,995,498)	38,048,768
Consolidation adjustment	(6,463,653)	(549,712)	(267,680)	(636,584)	(77,869)	7,995,498	-
Revenues from external customers	16,782,593	4,843,054	8,835,622	5,284,253	2,303,246	-	38,048,768
Operating profit(loss)	1,714,369	(136,425)	372,487	314,777	143,706	(49,657)	2,359,257
Assets by geographic areas:							
Inventories	1,292,199	213,450	1,066,694	719,035	370,222	(627,430)	3,034,170
Property, plant and equipment	6,391,146	689,313	803,080	512,392	232,831	(23,387)	8,605,375
Intangible assets	789,313	13,211	53,251	19,678	19,630	18,887	913,970

(4) Information of major customers

Revenues from major customers with 10% more of the revenues from external customers in the auto parts, after-sales service and financial service business segments are ₩25,639,968 million and ₩25,229,179 million for the years ended December 31, 2020 and 2019, respectively.

5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	2020	2019
Cash on hand	₩ 33	39
Bank deposits and others	4,202,403	3,341,938
	₩ 4,202,436	3,341,977

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6. Restricted Financial Instruments

Financial instruments which are restricted in use as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>	<u>Description</u>
Other Financial Assets	₩ 181,500	161,741	Mutual cooperation deposits and others
	400	1,142	Escrow account for public contribution
	1,336	1,633	Deposit for import tariffs
	1,179	1,152	Government subsidies
	8,900	1,300	Payment guarantees security
Other Non-current Assets			Collateral deposits for import tariffs, value added taxes payment and others
	<u>9,649</u>	<u>16,953</u>	
	<u>₩ 202,964</u>	<u>183,921</u>	

7. Other Financial Assets

Other Financial Assets as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Financial assets at amortized cost	₩ 2,822,118	3,200,882
Financial assets at FVPL	<u>4,473,979</u>	<u>4,568,249</u>
	<u>₩ 7,296,097</u>	<u>7,769,131</u>

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8. Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	2020		2019	
	Current	Non-current	Current	Non-current
Accounts and notes receivable - trade	₩ 7,555,100	2,786	6,949,844	1,410
Allowance for doubtful accounts	(474)	(2,603)	(624)	(985)
	<u>7,554,626</u>	<u>183</u>	<u>6,949,220</u>	<u>425</u>
Accounts and notes receivable - other	554,722	124,609	170,528	114,980
Allowance for doubtful accounts	(810)	(4,472)	(662)	(2,125)
	<u>553,912</u>	<u>120,137</u>	<u>169,866</u>	<u>112,855</u>
Loans	<u>2,816</u>	<u>91,546</u>	<u>6,294</u>	<u>90,952</u>
	<u>₩ 8,111,354</u>	<u>211,866</u>	<u>7,125,380</u>	<u>204,232</u>

Trade and other receivables from related parties and the enterprise group affiliates as of December 31, 2020 and 2019 are ₩6,867,361 million and ₩5,906,153 million, respectively. (note 37)

- (2) The Group transferred certain accounts and notes receivable amounting to ₩1,114,503 million and ₩1,005,293 million to several financial institutions with recourse and treated them as borrowings as of December 31, 2020 and 2019, respectively. (note 22)
- (3) The Group recognized an allowance for doubtful accounts amounting to ₩8,012 million based on individual analysis for receivables impaired as of December 31, 2020. In addition, the Group recognized an allowance for doubtful accounts amounting to ₩347 million based on collective assessment of impairment based on past experience for group of assets with similar credit risk.

Changes in allowance for doubtful accounts for the years ended December 31, 2020 and 2019 are as follows:

<i>(In millions of won)</i>	2020	2019
Beginning balance	₩ 4,396	7,250
Bad debts expense	4,404	1,260
Reversal	(285)	(117)
Collection (Write-off)	(143)	(4,093)
Others (effect of changes in exchange rate and others)	(13)	96
Ending balance	<u>₩ 8,359</u>	<u>4,396</u>

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9. Inventories

Inventories as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020			2019		
	Acquisition cost	Provision for loss on valuation	Carrying amount	Acquisition cost	Provision for loss on valuation	Carrying amount
Merchandises	₩ 1,574,475	(124,694)	1,449,781	1,650,115	(59,370)	1,590,745
Finished goods	141,251	(16,831)	124,420	103,951	(7,721)	96,230
Work-in-process	242,199	(24,234)	217,965	219,195	(10,127)	209,068
Raw materials	641,047	(45,003)	596,044	579,820	(37,544)	542,276
Supplies	64,775	-	64,775	63,157	-	63,157
Goods-in-transit	520,739	-	520,739	498,570	-	498,570
Outsourcing	83,481	-	83,481	34,124	-	34,124
	₩ 3,267,967	(210,762)	3,057,205	3,148,932	(114,762)	3,034,170

The amounts of losses on valuation of inventories charged to cost of sales for the years ended December 31, 2020 and 2019 are ₩153,687 million and ₩59,374 million, respectively.

10. Other Current Assets

Other current assets as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020	2019
Accrued income	₩ 23,050	23,332
Advance payments	155,131	148,380
Prepaid expenses	49,479	61,551
Finance lease receivable (*)	100	137
Derivative financial assets	491	590
Deposits	7,600	-
	₩ 235,851	233,990

(*) The gross amount and adjustment of present value of future minimum lease payments as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020	2019
1 year or less	₩ 102	139
	102	139
Interest of finance lease	(2)	(2)
Present value of finance lease receivable	100	137
Less: short-term finance lease receivable	(100)	(137)
Long-term finance lease receivable	₩ -	-

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For the years ended December 31, 2020 and 2019

11. Property, Plant and Equipment

(1) Property, plant and equipment as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

(In millions of won)	Land	Buildings	Structures	Machinery	Tools	Furniture and fixture	Others	Construction -in-progress	Total
Acquisition costs	₩ 3,784,615	2,993,242	273,739	3,857,461	1,433,300	675,601	101,025	815,709	13,934,692
Accumulated depreciation	-	(939,542)	(82,484)	(2,493,092)	(1,050,208)	(520,828)	(73,768)	-	(5,159,922)
Government grant	(9,921)	(37,430)	(334)	(5,335)	(217)	(397)	(28)	-	(53,662)
Carrying amount	₩ 3,774,694	2,016,270	190,921	1,359,034	382,875	154,376	27,229	815,709	8,721,108

② As of December 31, 2019

(In millions of won)	Land	Buildings	Structures	Machinery	Tools	Furniture and fixture	Others	Construction -in-progress	Total
Acquisition costs	₩ 3,677,416	2,811,453	272,611	3,682,265	1,258,843	649,309	107,744	790,025	13,249,666
Accumulated depreciation	-	(803,739)	(70,848)	(2,267,636)	(907,743)	(471,781)	(76,717)	-	(4,598,464)
Government grant	(264)	(39,095)	(353)	(5,491)	(232)	(349)	(43)	-	(45,827)
Carrying amount	₩ 3,677,152	1,968,619	201,410	1,409,138	350,868	177,179	30,984	790,025	8,605,375

(2) Changes in property, plant and equipment for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

(In millions of won)	Beginning balance	Acquisition (*1)	Disposal	Depreciation	Impairment losses (*2)	Others (*3)	Ending balance
Land	₩ 3,677,152	2,719	(8,146)	-	-	102,969	3,774,694
Buildings	1,968,619	7,180	(684)	(103,339)	(42,056)	186,550	2,016,270
Structures	201,410	719	(538)	(13,666)	-	2,996	190,921
Machinery	1,409,138	30,050	(34,269)	(316,187)	(39,121)	309,423	1,359,034
Tools	350,868	126,329	(8,998)	(162,701)	(8,990)	86,367	382,875
Furniture and fixture	177,179	24,865	(888)	(69,026)	(1,561)	23,807	154,376
Others	30,984	1,750	(1,958)	(10,146)	(507)	7,106	27,229
Construction-in-progress	790,025	825,245	(4,900)	-	-	(794,661)	815,709
	₩ 8,605,375	1,018,857	(60,381)	(675,065)	(92,235)	(75,443)	8,721,108

(*1) Borrowing costs amounting to ₩20 million are capitalized and the capitalization rate is 0.45%.

(*2) Impairment losses include the distribution of impairment losses to CGUs of the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. and Mobis Brasil Fabricacao De Auto Pecas Ltda for the year ended December 31, 2020.

(*3) Others include reclassification from construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

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For the years ended December 31, 2020 and 2019

11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② For the year ended December 31, 2019

<i>(In millions of won)</i>	Beginning balance	Acquisition (*1)	Disposal	Depreciation	Impairment losses (*2)	Others (*3,4)	Ending balance
Land	₩ 3,597,106	16	(1,039)	-	-	81,069	3,677,152
Buildings	1,940,148	9,305	(1,960)	(101,609)	(34,142)	156,877	1,968,619
Structures	206,066	3,320	(1,092)	(13,451)	-	6,567	201,410
Machinery	1,473,366	27,227	(20,153)	(306,849)	(19,029)	254,576	1,409,138
Tools	364,618	82,336	(7,636)	(146,345)	(13,033)	70,928	350,868
Furniture and fixture	179,204	36,295	(1,291)	(71,643)	(1,248)	35,862	177,179
Others	72,741	3,670	(8,387)	(11,351)	(48)	(25,641)	30,984
Construction-in-progress	196,268	1,121,868	(170)	-	-	(527,941)	790,025
	₩ <u>8,029,517</u>	<u>1,284,037</u>	<u>(41,728)</u>	<u>(651,248)</u>	<u>(67,500)</u>	<u>52,297</u>	<u>8,605,375</u>

(*1) Borrowing costs amounting to ₩3 million are capitalized and the capitalization rate is 0.52%.

(*2) Impairment losses include the distribution of impairment losses to CGUs of the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. for the year ended December 31, 2019.

(*3) Others include reclassification from construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

(*4) Others include reclassification from items previously classified as financial lease assets in accordance with K-IFRS 1017 to right of use assets in accordance with K-IFRS 1116.

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11. Property, Plant and Equipment, Continued

(3) Impairment of the cash-generating unit

The cash-generating unit of the consolidated company consists of the corporate unit that makes up the consolidated company. As significant signs of impairment were found in major assets belonging to the following cash-generating units due to worsening performance of the automobile industry in China and Brazil, the consolidated company conducted an impairment test on the cash-generating unit.

The cash-generating unit subject to the impairment test was valued at its value in use, and the following are the main assumptions applied by the consolidated company to conduct impairment test:

	<u>Operating segment</u>	<u>Discount rate (*1)</u>	<u>Permanent growth rate after estimated period (*2)</u>
ChongQing Hyundai Mobis Automotive Parts Co., Ltd. cash-generating unit	Auto parts	13%	0%
Mobis Brasil Fabricacao De Auto Pecas Ltda cash-generating unit	Auto parts	7.5%	0%

(*1) The estimated weighted average capital cost of the cash-generating unit was applied at the discount rate.

(*2) The cash flows were estimated using business plans for the next five years based on past experience, actual business results and growth performance trends, and the cash flows after the estimated period of five years were assumed to continue their respective permanent growth rates.

Impairment losses of the assessed cash-generating unit were distributed to property, plant and equipment and intangible assets of ₩78,276 million and ₩1,114 million respectively.

12. Intangible Assets

(1) Intangible assets as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

<i>(In millions of won)</i>		<u>Goodwill</u>	<u>Industrial property rights</u>	<u>Development costs</u>	<u>Software</u>	<u>Membership</u>	<u>Others</u>	<u>Total</u>
Acquisition costs	₩	640,277	28,599	160,887	492,713	77,423	218,284	1,618,183
Accumulated amortization		-	(9,296)	(158,621)	(375,456)	(2,055)	(191,439)	(736,867)
Government grant		-	-	-	(29)	-	-	(29)
Carrying amount	₩	<u>640,277</u>	<u>19,303</u>	<u>2,266</u>	<u>117,228</u>	<u>75,368</u>	<u>26,845</u>	<u>881,287</u>

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For the years ended December 31, 2020 and 2019

12. Intangible Assets, continued

(1) Intangible assets as of December 31, 2020 and 2019 are summarized as follows, continued:

② As of December 31, 2019

<i>(In millions of won)</i>		Goodwill	Industrial property rights	Development costs	Software	Membership	Others	Total
Acquisition costs	₩	640,916	26,525	160,887	460,574	77,339	172,838	1,539,079
Accumulated amortization		-	(7,386)	(152,876)	(323,893)	(2,331)	(138,546)	(625,032)
Government grant		-	-	-	(77)	-	-	(77)
Carrying amount	₩	<u>640,916</u>	<u>19,139</u>	<u>8,011</u>	<u>136,604</u>	<u>75,008</u>	<u>34,292</u>	<u>913,970</u>

(2) Changes in intangible assets for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>		Beginning balance	Acquisition	Disposals	Amortization	Impairment losses (*1)	Others (*2)	Ending balance
Goodwill	₩	640,916	-	-	-	-	(639)	640,277
Industrial property rights		19,139	2,319	-	(2,125)	(30)	-	19,303
Development costs		8,011	-	-	(2,405)	(3,340)	-	2,266
Software		136,604	16,975	(290)	(59,111)	(1,114)	24,164	117,228
Membership		75,008	363	-	-	-	(3)	75,368
Other		<u>34,292</u>	<u>3,423</u>	<u>-</u>	<u>(3,168)</u>	<u>-</u>	<u>(7,702)</u>	<u>26,845</u>
	₩	<u>913,970</u>	<u>23,080</u>	<u>(290)</u>	<u>(66,809)</u>	<u>(4,484)</u>	<u>15,820</u>	<u>881,287</u>

(*1) Impairment losses include the distribution of impairment losses to the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. and Mobis Brasil Fabricacao De Auto Pecas Ltda cash-generating units for the year ended December 31, 2020 (note 11).

(*2) Others include reclassification of construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

12. Intangible Assets, continued

(2) Changes in intangible assets for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② For the year ended December 31, 2019

<i>(In millions of won)</i>		Beginning balance	Acquisition	Disposals	Amortization	Impairment losses (*1)	Others (*2)	Ending balance
Goodwill	₩	640,344	-	-	-	-	572	640,916
Industrial property rights		18,913	2,296	-	(1,897)	(173)	-	19,139
Development costs		14,167	-	-	(4,137)	(2,019)	-	8,011
Software		150,076	30,540	(6)	(60,770)	(1,016)	17,780	136,604
Membership		74,649	1,751	(1,420)	-	-	28	75,008
Other		33,277	3,615	-	(2,761)	-	161	34,292
	₩	<u>931,426</u>	<u>38,202</u>	<u>(1,426)</u>	<u>(69,565)</u>	<u>(3,208)</u>	<u>18,541</u>	<u>913,970</u>

(*1) Impairment losses include the distribution of impairment losses to the ChongQing Hyundai Mobis Automotive Parts Co., Ltd. cash-generating units for the year ended December 31, 2019 (note 11).

(*2) Others include reclassification of construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries

(3) Research and development costs recorded in profit or loss for the years ended December 31, 2020 and 2019 are ₩1,012,183 million and ₩965,360 million, respectively. (note 32)

(4) Impairment of goodwill

Goodwill and intangible assets with indefinite useful lives are allocated to the Group's cash-generating units (CGUs) identified according to operating segment. The carrying amounts of allocated goodwill and intangible assets with indefinite useful lives by CGUs are summarized as follows:

<i>(In millions of won)</i>		Auto parts	After-sales services	Total
Goodwill	₩	616,494	23,783	640,277

The recoverable amounts of CGUs are determined based on value in use using pre-tax cash flow projections based on financial budgets covering a five-year period. Pre-tax discount rate used for value in use calculations in 2020 is 7.35~17.17%. The principal assumptions used in the estimation of cash flows are as follows and the growth rate for cash flows over the five-year period was estimated within the range where it does not exceed the long-term average growth rate for each sector in which each cash-generating unit belongs. As a result of the impairment test, no impairments are recognized for the year ended December 31, 2020.

Principal assumptions	Criteria used to determine principal assumptions
Gross profit ratio on sales	Considering gross profit ratio on sales of the most recent year
Growth rate of sales	Considering same industry's sales growth rate of last five years

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13. Investment Property

(1) Investment property as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	2020		2019	
	Land	Buildings	Land	Buildings
Acquisition costs	₩ 23,485	48,924	25,471	49,957
Accumulated depreciation	-	(13,999)	-	(11,895)
Carrying amount	₩ 23,485	34,925	25,471	38,062

(2) Changes in investment property for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	Beginning balance	Depreciation	Others (*)	Ending balance
Land	₩ 25,471	-	(1,986)	23,485
Buildings	38,062	(2,272)	(865)	34,925
	₩ 63,533	(2,272)	(2,851)	58,410

(*) For the year ended December 31, 2020, ₩1,986 million and ₩1,125 million were reclassified as property, plant and equipment assets, respectively.

② For the year ended December 31, 2019

<i>(In millions of won)</i>	Beginning balance	Depreciation	Others (*)	Ending balance
Land	₩ 52,031	-	(26,560)	25,471
Buildings	55,736	(2,374)	(15,300)	38,062
	₩ 107,767	(2,374)	(41,860)	63,533

(*) For the year ended December 31, 2019, ₩26,560 million and ₩15,897 million were reclassified as property, plant and equipment assets, respectively

(3) The fair value of investment property as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	2020	2019
Land	₩ 48,747	51,309
Buildings	37,615	38,865
	₩ 86,362	90,174

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13. Investment Property, Continued

(4) The amount recognized in profit or loss from investment property for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Rental income	₩ 6,202	6,371
Operating/Maintaining expense	(2,160)	(2,309)
	<u>₩ 4,042</u>	<u>4,062</u>

14. Right-of-use asset

(1) Changes in right-of-use assets for the year ended December 31, 2020 and 2019 are as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Beginning balance</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Others (*2)</u>	<u>Ending balance</u>
Land	₩ 48,996	9,586	(6,375)	(1,278)	50,929
Buildings (*1)	301,616	40,202	(86,081)	(4,429)	251,308
Machinery	1,449	1,761	(792)	(92)	2,326
Tools	713	146	(314)	(114)	431
Furniture and fixture	664	1,619	(1,015)	(6)	1,262
Vehicles	11,883	14,359	(11,568)	(1,198)	13,476
Others	338	9,936	(5,292)	(4,750)	232
	<u>₩ 365,659</u>	<u>77,609</u>	<u>(111,437)</u>	<u>(11,867)</u>	<u>319,964</u>

(*1) The lease contract of headquarter contains an option to extend the lease, which only the Group can exercise. The Group shall reassess whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances.

(*2) Others include effect of changing lease and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

② For the year ended December 31, 2019

<i>(In millions of won)</i>	<u>Beginning balance (*1)</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Others (*3)</u>	<u>Ending balance</u>
Land	₩ 47,992	4,583	(3,964)	385	48,996
Buildings (*2)	225,558	154,767	(76,454)	(2,255)	301,616
Machinery	1,604	355	(499)	(11)	1,449
Tools	847	188	(327)	5	713
Furniture and fixture	1,037	230	(595)	(8)	664
Vehicles	18,832	5,573	(11,503)	(1,019)	11,883
Others	5,103	808	(4,563)	(1,010)	338
	<u>₩ 300,973</u>	<u>166,504</u>	<u>(97,905)</u>	<u>(3,913)</u>	<u>365,659</u>

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14. Right-of-use asset, Continued

(1) Changes in right-of-use assets for the year ended December 31, 2020 and 2019 are as follows, continued:

- (*1) The amount of beginning balance was measured according to K-IFRS 1116 and it includes the replacement of the amount of financial lease assets that were recognised in the previous year.
- (*2) The lease contract of headquarter contains an option to extend the lease, which only the Group can exercise. The Group shall reassess whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances.
- (*3) Others include effect of changing lease and net exchange differences arising on the translation of financial statements of consolidated subsidiaries

(2) The amount recognized in profit or loss from leases for the year ended December 31, 2020 and 2019 is summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Interest expense on lease liabilities	₩ 10,601	9,840
The expense on variable lease payments not included in the measurement of lease liabilities	60,559	72,240
Expenses on short-term leases	969	14,625
Expenses on leases of low-value assets, excluding short-term leases of low-value assets	1,175	2,013

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15. Investment in Associates and Joint Ventures

(1) Investment in associates and joint ventures as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)	Company	Ownership	2020			2019			
			Acquisition cost	Net assets	Carrying amount	Ownership	Acquisition cost	Net assets	Carrying amount
	Hyundai Motor Company	21.43% ₩	2,139,997	11,450,103	11,817,213	21.43% ₩	2,139,997	11,495,472	11,863,567
	Hyundai Engineering & Construction Co., Ltd.(*1)	8.73%	1,243,724	410,912	1,181,419	8.73%	1,243,724	411,503	1,191,320
	Hyundai Engineering Co., Ltd.(*1)	9.35%	214,869	289,839	332,097	9.35%	214,869	282,829	325,087
	Hyundai Autoever Corporation (*1)	19.05%	1,000	103,972	105,734	19.05%	1,000	95,279	97,041
	ZF Lemfoerder Chassis Technology Korea Co., Ltd.	27.34%	2,668	5,050	4,936	27.34%	2,668	4,831	4,760
	Hyundai MNSoft, Inc.	25.67%	8,817	55,339	54,776	25.67%	8,817	50,376	49,828
	Hyundai Motor Securities Co., Ltd. (*1)	16.99%	54,029	139,038	139,038	16.99%	54,029	127,125	127,125
	Hyundai Auto Electronics Company Ltd.	20.00%	20,116	30,747	30,089	20.00%	20,116	27,523	26,880
	HL Green Power Inc.(*2)	51.00%	14,790	24,505	22,829	51.00%	14,790	23,938	22,332
	Fubon Hyundai Life Insurance Co.,Ltd. (*1)	17.08%	137,040	176,446	205,797	17.08%	137,040	149,588	178,939
	Stradvision Inc.(*3)	-	-	-	-	7.74%	8,000	2,783	9,323
	MOTIONAL AD LLC (*1,4,5)	10.00%	497,834	415,322	419,786	-	-	-	-
	Hyundai Motor Group (China) Ltd.	20.00%	35,643	39,241	39,241	20.00%	35,643	38,826	38,826
	Beijing Hyundai Mobis Parts Co., Ltd.(*2)	50.00%	4,089	73,630	68,424	50.00%	4,089	85,911	80,126
	Mobis Parts Jiangsu Yueda Trading Co., Ltd.(*2)	50.00%	2,632	40,069	39,581	50.00%	2,632	41,958	41,002
	Jiangsu Yueda New Energy Battery Co., Ltd.(*2)	50.00%	10,404	8,733	8,733	50.00%	10,404	8,656	8,656
	Hyundai Transys Georgia Powertrain, Inc.	20.00%	16,151	19,455	19,455	20.00%	16,151	22,957	22,957
	ACVC Partners Fund I, LP (*4)	49.30%	2,701	2,701	2,701	-	-	-	-
	Smart World Innovation Fund LP (*4)	37.90%	1,681	1,681	1,681	-	-	-	-
	Hyundai Motor Singapore PTE., Ltd. (*4)	20.00%	25,186	24,456	24,456	-	-	-	-
			₩ 4,433,371	13,311,239	14,517,986		₩ 3,913,969	12,869,555	14,087,769

(*1) Though the Group has less than 20% of the ownership, the Group has significant influence through its ability to appoint members of board of directors according to agreement among the stockholders.

(*2) The Group has classified HL Green Power Inc., Beijing Hyundai Mobis Parts Co., Ltd., Mobis Parts Jiangsu Yueda Trading Co., Ltd. and Jiangsu Yueda Mobis New Energy Battery Co., Ltd. which were established under joint venture agreement as joint ventures since the Group has rights only to the net assets, and the joint arrangement is structured through a separate vehicle.

(*3) The Group has reclassified Stradvision Inc. to Financial assets measured at fair value through other comprehensive income during the current term.

(*4) The Group has acquired MOTIONAL AD LLC, ACVC Partners Fund I, LP, Smart World Innovation Fund LP and Hyundai Motor Singapore PTE, Ltd. during the current term.

(*5) The name of the company has changed from Hyundai-Aptiv AD LLC to MOTIONAL AD LLC during the current term.

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15. Investment in Associates and Joint Ventures, Continued

(2) Fair value of marketable securities of associates as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Hyundai Motor Company	₩ 8,790,148	5,516,734
Hyundai Engineering & Construction Co., Ltd.	364,005	411,145
Hyundai Motor Securities Co., Ltd.	62,788	50,081
Hyundai Autoever Corporation	494,000	201,600
	<u>₩ 9,710,941</u>	<u>6,179,560</u>

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Equity Profit(loss) on investment</u>	<u>Dividends received</u>	<u>Others (*)</u>	<u>Ending balance</u>
Hyundai Motor Company	₩ 11,863,567	-	271,815	(137,346)	(180,823)	11,817,213
Hyundai Engineering & Construction Co., Ltd.	1,191,320	-	1,355	(5,832)	(5,424)	1,181,419
Hyundai Engineering Co., Ltd.	325,087	-	16,839	(10,650)	821	332,097
Hyundai Autoever Corporation	97,041	-	11,239	(2,840)	294	105,734
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,760	-	659	(534)	51	4,936
Hyundai MNSoft, Inc.	49,828	-	6,532	(1,490)	(94)	54,776
Hyundai Motor Securities Co., Ltd.	127,125	-	13,564	(2,990)	1,339	139,038
Hyundai Auto Electronics Company Ltd.	26,880	-	2,400	-	809	30,089
HL Green Power Inc.	22,332	-	514	-	(17)	22,829
Fubon Hyundai Life Insurance Co.,Ltd.	178,939	-	15,190	-	11,668	205,797
Stradvision Inc.	9,323	-	(190)	-	(9,133)	-
MOTIONAL AD LLC	-	497,834	(23,151)	-	(54,897)	419,786
Hyundai Motor Group (China) Ltd.	38,826	-	753	-	(338)	39,241
Beijing Hyundai Mobis Parts Co., Ltd.	80,126	-	43,804	(56,178)	672	68,424
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	41,002	-	17,016	(18,518)	81	39,581
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	8,656	-	14	-	63	8,733
Hyundai Transys Georgia Powertrain, Inc.	22,957	-	(2,297)	-	(1,205)	19,455
ACVC Partners Fund I, LP	-	2,701	-	-	-	2,701
Smart World Innovation Fund LP	-	1,681	-	-	-	1,681
Hyundai Motor Singapore PTE, Ltd	-	25,186	(578)	-	(152)	24,456
	<u>₩ 14,087,769</u>	<u>527,402</u>	<u>375,478</u>	<u>(236,378)</u>	<u>(236,285)</u>	<u>14,517,986</u>

(*) Others consist of changes of equity, foreign currency differences, reclassification between accounts due to loss of significant influence and others.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

15. Investment in Associates and Joint Ventures, Continued

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② For the year ended December 31, 2019

(In millions of won)

Company	Beginning balance	Equity profit(loss) on investment	Dividends received	Others (*)	Ending balance
Hyundai Motor Company	₩ 11,374,066	580,468	(183,128)	92,161	11,863,567
Hyundai Engineering & Construction Co., Ltd.	1,167,118	25,544	(4,860)	3,518	1,191,320
Hyundai Engineering Co., Ltd.	315,305	27,358	(8,520)	(9,056)	325,087
Hyundai Autoever Corporation	86,403	12,395	(2,760)	1,003	97,041
Hyundai Powertech Co., Ltd.	371,724	-	-	(371,724)	-
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,614	191	-	(45)	4,760
Hyundai MNSoft, Inc.	43,452	7,870	(1,170)	(324)	49,828
Hyundai Motor Securities Co., Ltd.	150,290	(11,070)	(2,242)	(9,853)	127,125
Hyundai Auto Electronics Company Ltd.	25,947	1,035	-	(102)	26,880
HL Green Power Inc.	19,934	2,589	-	(191)	22,332
Fubon Hyundai Life Insurance Co.,Ltd.	138,784	20,516	-	19,639	178,939
Stradvision Inc.	7,768	1,554	-	1	9,323
Hyundai Motor Group (China) Ltd.	37,896	240	-	690	38,826
Beijing Hyundai Mobis Parts Co., Ltd.	76,532	56,193	(55,091)	2,492	80,126
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	40,480	18,305	(18,219)	436	41,002
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	9,018	(536)	-	174	8,656
Hyundai Transys Georgia Powertrain, Inc.	24,333	(2,256)	-	880	22,957
	₩ 13,893,664	740,396	(275,990)	(270,301)	14,087,769

(*) Others consist of changes of equity, foreign currency differences, reclassification between accounts due to loss of significant influence and others.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

15. Investment in Associates and Joint Ventures, Continued

(4) Financial information of associates and joint ventures as of and for the years ended December 31, 2020 and 2019 are summarized as follows:

① As of and for the year ended December 31, 2020

(In millions of won)		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Operating profit(loss)	Profit (loss)	Total comprehensive income (loss)
Hyundai Motor Company	₩	83,686,357	125,601,383	59,459,528	73,556,987	103,997,601	2,394,671	1,347,289	325,479
Hyundai Engineering & Construction Co., Ltd.		13,366,155	4,539,388	6,332,116	2,784,917	16,997,743	548,524	122,300	56,854
Hyundai Engineering Co., Ltd.		4,444,965	1,432,982	1,996,741	323,059	7,188,429	258,737	171,871	163,265
Hyundai Autoever Corporation		797,337	279,747	417,358	97,338	1,562,593	86,823	59,004	60,569
ZF Lemfoerder Chassis Technology Korea Co., Ltd.		32,073	13,136	24,951	1,784	80,949	3,262	2,569	2,569
Hyundai MNSoft, Inc.		234,756	89,568	71,743	36,987	272,536	32,025	25,507	25,520
Hyundai Motor Securities Co., Ltd.		9,139,578	42,408	7,932,594	158,476	839,993	151,031	109,428	123,219
Hyundai Auto Electronics Company Ltd.		270,532	97,848	128,641	86,001	941,724	9,385	12,080	12,265
HL Green Power Inc.		282,267	144,165	323,323	55,060	1,383,550	4,167	1,144	1,112
Fubon Hyundai Life Insurance Co., Ltd.		2,318,491	16,274,030	628,471	16,926,254	3,238,248	100,938	88,914	200,642
MOTIONAL AD LLC		1,618,551	2,681,753	70,266	76,808	645	(245,616)	(231,512)	(231,528)
Hyundai Motor Group (China) Ltd.		292,098	477,363	480,523	81,218	385,915	18,076	3,763	662
Beijing Hyundai Mobis Parts Co., Ltd.		234,700	47,801	126,424	8,818	457,188	112,469	86,521	86,521
Mobis Parts Jiangsu Yueda Trading Co., Ltd.		81,422	17,733	19,017	-	176,298	41,412	33,089	33,089
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.		25,262	15,671	19,373	4,092	22,372	(386)	29	29
Hyundai Transys Georgia Powertrain, Inc.		306,694	96,152	284,213	20,468	677,666	(11,064)	(11,710)	(11,710)
ACVC Partners Fund I, LP		1,067	3,272	15	-	6	(249)	(249)	(249)
Smart World Innovation Fund LP		3,175	1,012	-	-	-	(411)	(411)	(411)
Hyundai Motor Singapore PTE, Ltd.		80,319	41,967	5	-	-	(2,890)	(2,890)	(2,890)
	₩	<u>117,215,799</u>	<u>151,897,379</u>	<u>78,315,302</u>	<u>94,218,267</u>	<u>138,223,456</u>	<u>3,500,904</u>	<u>1,816,736</u>	<u>845,007</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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15. Investment in Associates and Joint Ventures, Continued

(4) Financial information of associates and joint ventures as of and for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② As of and for the year ended December 31, 2019

(In millions of won)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Operating profit(loss)	Profit (loss)	Total comprehensive income (loss)
Hyundai Motor Company	₩ 76,137,039	118,340,537	53,301,146	64,824,608	105,785,435	3,684,672	2,920,434	3,462,169
Hyundai Engineering & Construction Co., Ltd.	13,351,353	4,792,862	6,706,240	2,737,041	17,299,777	882,066	399,671	424,032
Hyundai Engineering Co., Ltd.	4,982,918	1,331,343	2,516,299	312,530	6,801,060	408,107	282,446	190,021
Hyundai Autoever Corporation	739,052	287,644	397,756	113,953	1,571,818	80,180	55,912	61,140
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	25,982	14,064	20,647	1,727	68,546	460	700	700
Hyundai MNSoft, Inc.	198,678	80,555	58,561	24,413	278,613	35,061	31,275	30,955
Hyundai Motor Securities Co., Ltd.	6,984,024	46,702	5,872,569	169,474	716,185	98,443	71,711	11,584
Hyundai Auto Electronics Company Ltd.	219,421	81,174	151,905	11,076	859,771	9,014	5,825	5,358
HL Green Power Inc.	193,084	139,913	242,017	44,043	1,216,420	8,404	5,411	5,003
Fubon Hyundai Life Insurance Co., Ltd.	1,731,901	14,520,183	413,423	14,958,074	2,389,405	62,521	120,084	285,118
Hyundai Motor Group (China) Ltd.	310,370	483,311	450,298	140,075	414,109	14,815	1,198	4,647
Beijing Hyundai Mobis Parts Co., Ltd.	268,099	53,131	131,574	17,835	528,378	149,782	114,394	119,427
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	88,259	21,508	25,850	-	204,891	45,287	36,198	37,095
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	22,077	16,649	16,853	4,562	14,881	(1,361)	(1,073)	(725)
Hyundai Transys Georgia Powertrain, Inc.	295,617	105,412	155,817	130,428	805,294	(10,805)	(11,275)	(6,880)
Stradvision Inc.	35,143	3,492	1,581	1,059	6,019	(8,917)	(8,120)	(8,120)
	₩ <u>105,583,017</u>	<u>140,318,480</u>	<u>70,462,536</u>	<u>83,490,898</u>	<u>138,960,602</u>	<u>5,457,729</u>	<u>4,024,791</u>	<u>4,621,524</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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15. Investment in Associates and Joint Ventures, Continued

(5) Reconciliation from financial information of associates and joint ventures to the carrying amount of the Group's interests in associates and joint ventures as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

(In millions of won)

Company	Interest in net assets	Goodwill	Net asset fair value differences	Unrealized gains	Carrying amount
Hyundai Motor Company	₩ 11,450,103	372,286	-	(5,176)	11,817,213
Hyundai Engineering & Construction Co., Ltd.	410,912	473,900	296,607	-	1,181,419
Hyundai Engineering Co., Ltd.	289,839	39,511	2,747	-	332,097
Hyundai Autoever Corporation	103,972	1,762	-	-	105,734
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	5,050	-	-	(114)	4,936
Hyundai MNSoft, Inc.	55,339	193	-	(756)	54,776
Hyundai Motor Securities Co., Ltd.	139,038	-	-	-	139,038
Hyundai Auto Electronics Company Ltd.	30,747	20	-	(678)	30,089
HL Green Power Inc.	24,505	-	-	(1,676)	22,829
Fubon Hyundai Life Insurance Co.,Ltd.	176,446	29,351	-	-	205,797
MOTIONAL AD LLC	415,322	4,464	-	-	419,786
Hyundai Motor Group (China) Ltd.	39,241	-	-	-	39,241
Beijing Hyundai Mobis Parts Co., Ltd.	73,630	-	-	(5,206)	68,424
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	40,069	-	-	(488)	39,581
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	8,733	-	-	-	8,733
Hyundai Transys Georgia Powertrain, Inc.	19,455	-	-	-	19,455
ACVC Partners Fund I, LP	2,701	-	-	-	2,701
Smart World Innovation Fund LP	1,681	-	-	-	1,681
Hyundai Motor Singapore PTE, Ltd.	24,456	-	-	-	24,456
	₩ 13,311,239	921,487	299,354	(14,094)	14,517,986

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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15. Investment in Associates and Joint Ventures, Continued

(5) Reconciliation from financial information of associates and joint ventures to the carrying amount of the Group's interests in associates and joint ventures as of December 31, 2020 and 2019 are summarized as follows, continued:

② As of December 31, 2019

(In millions of won)

Company	Interest in net assets	Goodwill	Net asset fair value differences	Unrealized gains	Carrying amount
Hyundai Motor Company	₩ 11,495,472	372,286	-	(4,191)	11,863,567
Hyundai Engineering & Construction Co., Ltd.	411,503	473,900	305,917	-	1,191,320
Hyundai Engineering Co., Ltd.	282,829	39,511	2,747	-	325,087
Hyundai Autoever Corporation	95,279	1,762	-	-	97,041
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,831	-	-	(71)	4,760
Hyundai MNSoft, Inc.	50,376	193	-	(741)	49,828
Hyundai Motor Securities Co., Ltd.	127,125	-	-	-	127,125
Hyundai Auto Electronics Company Ltd.	27,523	20	-	(663)	26,880
HL Green Power Inc.	23,938	-	-	(1,606)	22,332
Fubon Hyundai Life Insurance Co.,Ltd.	149,588	29,351	-	-	178,939
Stradvision Inc.	2,783	6,540	-	-	9,323
Hyundai Motor Group (China) Ltd.	38,826	-	-	-	38,826
Beijing Hyundai Mobis Parts Co., Ltd.	85,911	-	-	(5,785)	80,126
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	41,958	-	-	(956)	41,002
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	8,656	-	-	-	8,656
Hyundai Transys Georgia Powertrain, Inc.	22,957	-	-	-	22,957
	₩ 12,869,555	923,563	308,664	(14,013)	14,087,769

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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16. Non-Current Financial Assets

Non-Current Financial Assets as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	Number of shares (in shares)	Ownership	2020		2019	
			Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
1. Financial assets at FVOCI						
Non-marketable securities						
Hyundai Transys Inc.(*1)	12,893,176	15.74% ₩	342,989	268,211	342,989	336,535
China Millennium Corporations	-	10.10%	9,061	9,061	9,061	9,061
Envisics, Inc. (*2)	13,646,438	9.95%	29,558	29,558	-	-
Stradvision Inc. (*3)	14,716	7.74%	11,435	11,435	-	-
Velodyne Lidar, Inc (*4)	-	-	-	-	58,685	58,685
The Korea Economic Daily	531,090	2.84%	2,656	6,339	2,656	6,339
Other securities			29,930	37,423	29,930	37,423
			<u>425,629</u>	<u>362,027</u>	<u>443,321</u>	<u>448,043</u>
Marketable securities						
HDC Holding Co., Ltd.	182,499	0.30%	3,660	2,017	3,660	2,017
HDC Hyundai Development Company Co., Ltd.	255,000	0.38%	5,115	6,656	5,115	6,541
Hyundai Merchant Marine Co., Ltd. (*5)	-	-	-	-	1,402	31
Velodyne Lidar, Inc (*4)	4,878,048	2.82%	58,685	121,113	-	-
Other securities			4,104	5,999	4,106	5,194
			<u>71,564</u>	<u>135,785</u>	<u>14,283</u>	<u>13,783</u>
			<u>497,193</u>	<u>497,812</u>	<u>457,604</u>	<u>461,826</u>
2. Financial assets at FVPL						
Debt instruments	-	-	3,368	3,361	4,213	4,206
			<u>3,368</u>	<u>3,361</u>	<u>4,213</u>	<u>4,206</u>
			<u>₩ 500,561</u>	<u>501,173</u>	<u>461,817</u>	<u>466,032</u>

(*1) The fair value valuation was carried out during the current period and the recognized loss from the fair value through other comprehensive income is ₩68,324 million.

(*2) The Group has acquired Envisics, Inc. during the current term.

(*3) The Group has reclassified Stradvision Inc. to financial assets measured at fair value through other comprehensive income during the current term.

(*4) The Group has reclassified Velodyne Lidar, Inc. to marketable securities during the current term as Velodyne Lidar, Inc. was publicly listed on stock exchange market.

(*5) The Group has disposed of Hyundai Merchant Marine Co., Ltd. during the current term.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

17. Other Non-current Assets

Other non-current assets as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Derivative financial assets	₩ 457	1,056
Long-term loans	91,546	90,952
Long-term financial instruments	17,883	14,546
Long-term accounts receivable - other	120,137	112,855
Deposits provided	77,952	70,366
Long-term accounts receivable - trade	183	425
Long-term advance payments	16,269	18,854
Long-term prepaid expenses	58	76
Net defined benefit asset (note 23)	11,524	-
	<u>₩ 336,009</u>	<u>309,130</u>

18. Trade and Other Payables

Trade and other payables as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Accounts and notes payable - trade	₩ 5,306,977	4,798,312
Accounts and notes payable - other	834,205	886,797
	<u>₩ 6,141,182</u>	<u>5,685,109</u>

Trade and other payables to related parties and the enterprise group affiliates as of December 31, 2020 and 2019 are ₩1,478,142 million and ₩1,383,676 million, respectively.(note 37)

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

19. Other Current Liabilities

Other current liabilities as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Accrued expenses	₩ 243,559	233,137
Advance from customers	371,848	312,974
Unearned revenue	10,990	17,790
Withholdings	28,679	32,792
Withholding tax	47,921	50,119
Withholding deposits	13,758	12,843
Derivative financial liabilities	88	671
	<u>₩ 716,843</u>	<u>660,326</u>

20. Other Non-current Liabilities

Other non-current liabilities as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Provision for public contribution and other	₩ 385,268	427,737
Other long-term employee benefits	88,493	81,527
Derivative financial liabilities	90	611
Long-term unearned revenue	27,889	16,908
Provision for Restoration	5,483	5,383
	<u>₩ 507,223</u>	<u>532,166</u>

21. Provision for Warranties

Changes in provision for warranties for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Beginning balance	₩ 898,439	639,821
Increase	551,161	408,003
Utilization/Transfer	(193,743)	(154,815)
Others (effect of changes in exchange rate and others)	(17,542)	5,430
Ending balance	<u>1,238,315</u>	<u>898,439</u>
Less: current provision for warranties	<u>(1,025,710)</u>	<u>(650,958)</u>
Non-current provision for warranties	<u>₩ 212,605</u>	<u>247,481</u>

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22. Borrowings

(1) Short-term borrowings as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	Lender	Annual interest rate (%)	2020	2019
Borrowings in foreign currencies	Citi Bank and other	3M LIBOR + 0.76 and other	₩ 218,779	175,755
Borrowings in Korean currency	Hanabank Korea Co., Ltd. and other	4.3 and other	71,340	89,333
Borrowings collateralized by trade receivables	Shinhanbank Korea Co., Ltd. and other	3M LIBOR+0.31 and other	1,114,503	1,005,293
			<u>₩ 1,404,622</u>	<u>1,270,381</u>

(2) Long-term borrowings as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	Lender	Annual interest rate (%)	2020	2019
Borrowings in foreign currencies	SMBC and other	3M LIBOR + 0.80 and other	₩ 1,540,347	1,341,027
Borrowings in Korean currency	Hanabank Korea Co., Ltd. and other	2.75 and other	7	5,471
Asset Backed Loan	Sumitomo Mitsui Banking Corporation	4.3	50,000	50,000
			<u>1,590,354</u>	<u>1,396,498</u>
Less: current portion of long-term borrowings			<u>(454,832)</u>	<u>(243,992)</u>
			<u>₩ 1,135,522</u>	<u>1,152,506</u>

(3) Certain property, plant and equipment (carrying amount : ₩23,028 million and AUD 47,532 thousand) have been pledged as collaterals for certain bank (Hana Bank and others) loans (Collateralized amount : ₩52,000 million and AUD 28,000 thousand).

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23. Defined Benefit Obligations

(1) Defined benefit obligations as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligations	₩ 820,255	793,160
Transfer to National Pension Fund	(182)	(203)
Fair value of plan assets	<u>(819,355)</u>	<u>(740,234)</u>
Amount recognized in financial statements (*)	₩ <u>718</u>	<u>52,723</u>

(*) Net defined benefit plan is included. (note 17)

(2) Changes in present value of defined benefit obligations for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Beginning balance	₩ 793,160	711,876
Current service costs	90,972	83,387
Interest costs	18,865	19,212
Remeasurements:	(38,547)	17,463
Loss from changes in demographic assumptions	1	717
Loss (gain) from changes in financial assumptions	(8,526)	19,532
Gain from experience adjustments	(30,022)	(2,786)
Benefit paid	(43,339)	(38,917)
Others (effect of changes in exchange rate and others)	<u>(856)</u>	<u>139</u>
Ending balance	₩ <u>820,255</u>	<u>793,160</u>

(3) Changes in fair value of plan assets for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Beginning balance	₩ 740,234	695,856
Interest income	20,227	19,171
Remeasurements of plan assets	(4,968)	(4,734)
Contribution paid into the plan	101,622	60,604
Benefit paid by the plan	(37,622)	(30,673)
Others (effect of changes in exchange rate and others)	<u>(138)</u>	<u>10</u>
Ending balance	₩ <u>819,355</u>	<u>740,234</u>

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23. Defined Benefit Obligations, Continued

(4) The components of plan assets as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Time deposits	₩ 31,931	98,405
Insurance contract of guaranteed interest	787,423	641,828
Cash assets	<u>1</u>	<u>1</u>
	<u>₩ 819,355</u>	<u>740,234</u>

The plan assets are invested that do not have a quoted market price in an active market.

(5) The components of defined benefit costs for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Current service costs	₩ 90,972	83,387
Interest costs (income)	<u>(1,362)</u>	<u>41</u>
	<u>₩ 89,610</u>	<u>83,428</u>

Total expenses for defined benefit costs for the year ended December 31, 2020 consist of ₩17,794 million recognized as cost of sales, ₩38,014 million as selling, general and administrative expenses (excluding research and development expense), ₩33,802 million as research and development expenses. The actual return on plan assets is ₩15,032 million for the year ended December 31, 2020.

(6) Principal actuarial assumptions used as of December 31, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.08% ~ 6.95%	2.08% ~ 9.50%
Expected future salary growth	3.27% ~ 10.00%	3.31% ~ 10.00%

The discount rate is the market yield at the end of the reporting period on high-quality corporate bonds that have maturity approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

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23. Defined Benefit Obligations, Continued

(7) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2020 is as follows:

<i>(In millions of won)</i>		<u>1% increase</u>	<u>1% decrease</u>
Discount rate	₩	(88,056)	104,916
Expected future salary growth		104,759	(88,583)

(8) The information about the maturity profile of the defined benefit obligations as of December 31, 2020 is as follows:

<i>(In millions of won)</i>	<u>Weighted average duration</u>	<u>Less than 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Benefit payments	7.00 ~ 24.5 years	₩ 30,908	158,230	189,552	441,565	820,255

(9) The Group recognized ₩9,634 million and ₩9,006 million as expenses for defined contribution plan for the years ended December 31, 2020 and 2019, respectively.

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24. Hedging Derivatives Financial Instruments

The Group entered into financial derivative contracts to manage the exposure to changes in currency exchange rates with foreign currency receivables. The Group transfers contracted amounts of foreign currency to a counter party (financial institutions) at the maturity date, and receives in Korean won translated using the contracted exchange rate.

The outstanding amounts and other details of cash flow hedge as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

(In millions of foreign currency)

Currency	Amount	Strike price in won	Maturity
USD	5	1,049	January 29, 2021 ~ December 29, 2022
EUR	5	1,528	January 29, 2021 ~ December 29, 2022

The Group recognized unrealized gains on valuation of the financial derivatives in profit amounting to ~~₩~~92 million for the year ended December 31, 2020, and recorded unrealized gains and losses on valuation of the financial derivatives (before income tax effect) amounting ~~₩~~502 million and ~~₩~~178 million, respectively, as other equity as of December 31, 2020.

② As of December 31, 2019

(In millions of foreign currency)

Currency	Amount	Strike price in won	Maturity
USD	7	1,049	January 31, 2020 ~ December 29, 2022
EUR	8	1,528	January 31, 2020 ~ December 29, 2022

The Group recognized unrealized gains on valuation of the financial derivatives in profit amounting to ~~₩~~172 million, for the year ended December 31, 2019, and recorded unrealized gains and losses on valuation of the financial derivatives (before income tax effect) amounting ~~₩~~1,060 million and ~~₩~~616 million, respectively, as other equity as of December 31, 2019.

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25. Stockholders' Equity

(1) The Group's capital stock as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won and in shares)

	2020		2019	
	Common stock	Preferred stock	Common stock	Preferred stock
Authorized number of shares	275,000,000	25,000,000	275,000,000	25,000,000
Par value per share in won ₩	5,000	5,000	5,000	5,000
Issued number of shares	95,054,694	3,974	95,306,694	3,974
Capital stock in millions of won ₩	490,969	127	490,969	127

Pursuant to Articles of Incorporation, the Group is authorized to issue shares of non-voting preferred stock up to 25 million shares. In case the Group is not able to pay the agreed additional dividends (dividend rate for common stock + 1%) for preferred stock, the preferred shareholders are given the voting rights from the date of the general shareholders' meeting which approves the suspension of dividends to preferred stock, to the date of the general shareholders' meeting which approves the resumption of the dividends to preferred stock.

As approved by the Board of Directors on March 15, 2003 and January 24, 2014, and April 26, 2019 and January 30, 2020, the Group retired 850,000 treasury shares of common stock amounting to ₩18,813 million and 21,484 treasury shares of preferred stock amounting to ₩4,125 million and 2,037,169 treasury shares of common stock amounting to ₩261,145 million and 252,000 treasury shares common stock amounting to ₩52,978 million in order. Accordingly, the number of shares issued has been decreased but the total amount of paid-in capital has not been affected.

(2) Capital surplus as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020	2019
Additional paid-in capital	₩ 1,283,312	1,283,312
Revaluation reserve	26,844	26,844
Other capital surplus	87,870	87,741
	₩ 1,398,026	1,397,897

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26. Treasury Stock

The Company holds treasury stocks through the acquisition for stabilization of stock price, stock dividends at the time of merge, and exercise of appraisal rights of dissenting shareholders, and other. The Company plans to retire or dispose the treasury stocks depending on the market conditions.

Treasury stock for the years ended December 31, 2020 and 2019 are summarized as follows.

(In millions of won, except share information)

	2020		2019	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Beginning balance	1,869,535	₩ 393,029	2,643,195	₩ 338,831
Acquisition of treasury stock (*1)	983,000	234,853	1,300,000	322,534
Disposal of treasury stock (*2)	(67,935)	(15,018)	(36,491)	(7,191)
Retirement of treasury stock (*3)	(252,000)	(52,978)	(2,037,169)	(261,145)
Ending balance	2,532,600	₩ 559,886	1,869,535	₩ 393,029

(*1) As approved by the Board of Directors on September 29, 2020, the Company purchased 983,000 treasury shares of common stock of which carrying amount is ₩234,853 million in total.

(*2) As approved by the Board of Directors on October 29, 2020, the Company disposed 67,935 treasury shares of common stock for donating to employee's stock ownership association.

(*3) As approved by the Board of Directors on January 30, 2020, the Company retired 252,000 treasury shares of common stock of which carrying amount is ₩52,978 million in total.

27. Other Equity

Other equity as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020	2019
Gain on valuation of financial assets at FVOCI	₩ 62,833	17,207
Loss on valuation of financial assets at FVOCI	(83,942)	(34,301)
Unrealized gain on cumulative foreign currency translation	47,605	63,925
Unrealized loss on cumulative foreign currency translation	(175,550)	(339,049)
Unrealized gain on valuation of hedging derivative financial assets	364	768
Unrealized loss on valuation of hedging derivative financial assets	(129)	(1,082)
Change in capital adjustments - increase in gain of equity method accounted investments	19,695	24,517
Change in capital adjustments - increase in loss of equity method accounted investments	(777,548)	(533,558)
Other capital adjustments	(21,177)	(21,177)
	₩ (927,849)	(822,750)

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28. Retained Earnings

(1) Retained earnings as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Legal reserve	₩ 245,548	245,548
Voluntary reserve	21,561,375	20,305,375
Unappropriated retained earnings	<u>11,044,358</u>	<u>11,105,881</u>
	<u>₩ 32,851,281</u>	<u>31,656,804</u>

(2) Legal reserve

The Korean Commercial Code requires the Group to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to common stock in connection with a free issue of shares.

(3) Voluntary reserve

The Group appropriates a certain portion of retained earnings as the technology development reserve and the business expansion reserve according to the purpose of use. Among the reserves, the amount used for each purpose and the balance after use can be transferred to the Voluntary reserve and used for dividends.

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29. Dividends

(1) Dividends for the years ended December 31, 2020 and 2019 are as follows:

<i>(In millions of won, except share information and ratio)</i>	2020 (Prospective dividends)			2019 (quarter)			2019		
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total
Number of shares	92,522,094	3,974	92,526,068	94,700,668	3,974	94,704,642	93,437,159	3,974	93,441,133
Par value per share in won	₩ 5,000	5,000	-	5,000	5,000	-	5,000	5,000	-
Dividends as a percentage of par value	80.00%	81.00%	-	20.00%	20.00%	-	60.00%	61.00%	-
Dividends	₩ 370,088	16	370,104	94,700	4	94,704	280,311	12	280,323

(2) Dividends as a percentage of net income for the years ended December 31, 2020 and 2019 are as follows:

<i>(In millions of won, except for ratio)</i>	2020	2019
Dividends	₩ 370,104	375,027
Profit attributable to owners of the Company	1,529,146	2,290,670
Dividend as a percentage of net income	24.20%	16.40%

(3) Dividend yield ratio for the years ended December 31, 2020 and 2019 are as follows:

<i>(In won)</i>	2020 (prospective)		2019 (quarter)		2019	
	Common stock	Preferred stock	Common stock	Preferred stock	Common stock	Preferred stock
Dividend per share	₩ 4,000	4,050	1,000	1,000	3,000	3,050
Market price at the end of year	255,500	-	235,500	-	256,000	-
Dividend yield ratio	1.57%	-	0.42%	-	1.17%	-

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30. Revenues from Contracts with Customers

(1) Source of revenue

The main revenue acquired from the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services and royalty income for the years ended December 31, 2020 and 2019 are as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	₩ 36,626,215	38,048,672
Hedging revenue	289	96
	<u>₩ 36,626,504</u>	<u>38,048,768</u>

(2) Disaggregation of revenue

Adjustment of revenue from contracts with customers which was disaggregated according to the timing of their implementation for the years ended December 31, 2020 and 2019 are as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Recognized at a point in time	₩ 43,349,999	45,965,115
Recognized over time	83,775	79,055
Consolidation adjustments	<u>(6,807,559)</u>	<u>(7,995,498)</u>
	<u>₩ 36,626,215</u>	<u>38,048,672</u>

(3) The allocated amount in performance obligations which among the transaction price of major contracts that were not implemented (nor partially implemented) as of December 31, 2020 and 2019 are as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Rendering of transportation services	₩ 4,038	3,607
Rendering of warranty in addition to assurance	27,889	16,908

The performance obligation transaction price that were not implemented will be recognized as revenue during the period when the service or warranty is provided.

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31. Nature of Expenses

Details of expenses by nature for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Changes in finished goods, work-in-process and merchandises ₩	(12,314)	(101,593)
Raw material consumed and purchase of merchandise	28,175,597	29,004,607
Employee benefits expense	1,989,465	2,031,901
Depreciation and amortization	850,245	816,828
Freight	613,039	654,281
Advertising	57,065	69,420
Fees and commission paid	1,239,944	1,363,541
Others	1,883,171	1,850,526
	<u>₩ 34,796,212</u>	<u>35,689,511</u>

Total amount is the sum of cost of sales and selling, general, and administrative expenses in consolidated statements of income.

32. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Salaries ₩	632,661	642,418
Retirement benefits	43,642	46,135
Other employee benefits	143,223	143,796
Transportation	280,342	294,261
Service fees	216,584	213,722
Advertising	57,065	69,379
Research and development costs	1,012,183	965,360
Others	488,246	494,841
	<u>₩ 2,873,946</u>	<u>2,869,912</u>

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33. Other Income and Expense

Other income and expense for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Other income:		
Foreign exchange transaction gain	₩ 164,061	138,236
Foreign exchange translation gain	15,799	9,301
Gain on disposal of property, plant and equipment	5,548	8,595
Reversal of allowance for doubtful accounts - other	94	117
Realized gain of hedging financial derivatives	403	29
Unrealized gain of hedging financial derivatives	92	172
Others	71,950	87,008
	<u>257,947</u>	<u>243,458</u>
Other expense:		
Foreign exchange transaction loss	154,682	105,122
Foreign exchange translation loss	37,300	17,523
Donation	24,089	21,071
Loss on disposal of property, plant and equipment	11,867	12,653
Impairment loss on property, plant and equipment(note 11)	92,235	67,500
Loss on disposal of intangible assets	290	32
Impairment loss on intangible assets (note 11)	4,484	3,208
Loss on disposal of accounts and notes receivable - trade	-	2
Realized loss of hedging financial derivatives	7,437	17
Others	34,645	13,512
	<u>367,029</u>	<u>240,640</u>
	<u>₩ (109,082)</u>	<u>2,818</u>

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34. Financial Instruments Related Income and Expense

(1) Financial instruments related income and expense classified as selling, general and administrative expenses for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Selling, general and administrative expenses:		
Allowance for other doubtful accounts	₩ 1,728	1,232
Reversal of allowance for doubtful accounts	(191)	-
	<u>₩ (1,537)</u>	<u>(1,232)</u>

(2) Financial instruments related income and expense classified as other income and expense for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Other income:		
Foreign exchange transaction gain	₩ 164,061	138,236
Foreign exchange translation gain	15,799	9,301
Reversal of allowance for doubtful accounts - other	94	117
Realized gain of hedging financial derivatives	403	29
Unrealized gain of hedging financial derivatives	92	172
	<u>180,449</u>	<u>147,855</u>
Other expense:		
Foreign exchange transaction loss	154,682	105,122
Foreign exchange translation loss	37,300	17,523
Bad debts expense - other	2,676	147
Loss on disposal of accounts and notes receivable - trade	-	2
Realized loss of hedging financial derivatives	7,437	17
	<u>202,095</u>	<u>122,811</u>
	<u>₩ (21,646)</u>	<u>25,044</u>

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34. Financial Instruments Related Income and Expense, Continued

(3) Financial instruments related income and expense classified as finance income and costs for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Finance income:		
Interest income	₩ 169,254	228,186
Dividend income	1,485	1,502
Foreign exchange transaction gain	238,433	77,065
Foreign exchange translation gain	37,701	30,771
Gain on disposal of financial assets at FVPL	6,596	18,668
Gain on valuation of financial assets at FVPL	3,953	2,710
	<u>457,422</u>	<u>358,902</u>
Finance costs:		
Interest expense	54,543	75,005
Foreign exchange transaction loss	276,221	107,413
Foreign exchange translation loss	101,632	25,638
Loss on disposal of financial assets at FVPL	5,173	5,789
Loss on valuation of financial assets at FVPL	1,088	1,732
	<u>438,657</u>	<u>215,577</u>
	₩ <u>18,765</u>	<u>143,325</u>

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34. Financial Instruments Related Income and Expense, Continued

(4) Categories of financial instruments related income and expense for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Financial liabilities at amortized cost	Derivatives financial instruments	Total
Recognized in profit or loss:						
Interest income	₩ 2	169,252	-	-	-	169,254
Dividends income	-	-	1,485	-	-	1,485
Foreign exchange transaction gain	-	306,366	-	96,128	-	402,494
Foreign exchange translation gain	-	9,004	-	44,496	-	53,500
Realized gain of hedging financial derivatives	-	-	-	-	403	403
Unrealized gain of hedging financial derivatives	-	-	-	-	92	92
Gain on disposal of financial assets at FVPL	6,596	-	-	-	-	6,596
Gain on valuation of financial assets at FVPL	3,953	-	-	-	-	3,953
Reversal of allowance for doubtful accounts	-	191	-	-	-	191
Reversal of allowance for doubtful accounts - other	-	94	-	-	-	94
Bad debt expense	-	(1,728)	-	-	-	(1,728)
Bad debt expense – other	-	(2,676)	-	-	-	(2,676)
Interest expense	-	-	-	(54,543)	-	(54,543)
Foreign exchange transaction loss	-	(309,688)	-	(121,215)	-	(430,903)
Foreign exchange translation loss	-	(47,765)	(800)	(90,367)	-	(138,932)
Realized loss of hedging financial derivatives	-	-	-	-	(7,437)	(7,437)
Loss on disposal of financial assets at FVPL	(5,173)	-	-	-	-	(5,173)
Loss on valuation of financial assets at FVPL	(1,088)	-	-	-	-	(1,088)
	₩ <u>4,290</u>	<u>123,050</u>	<u>685</u>	<u>(125,501)</u>	<u>(6,942)</u>	<u>(4,418)</u>
Finance income	10,551	484,907	1,485	140,624	495	638,062
Finance costs	₩ <u>(6,261)</u>	<u>(361,857)</u>	<u>(800)</u>	<u>(266,125)</u>	<u>(7,437)</u>	<u>(642,480)</u>
Recognized in other comprehensive income (loss):						
Unrealized gain (loss) on valuation	₩ -	-	(3,980)	-	549	(3,431)
	₩ <u>4,290</u>	<u>123,050</u>	<u>(3,295)</u>	<u>(125,501)</u>	<u>(6,393)</u>	<u>(7,849)</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

34. Financial Instruments Related Income and Expense, Continued

(4) Categories of financial instruments related income and expense for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② For the year ended December 31, 2019

<i>(In millions of won)</i>	Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Financial liabilities at amortized cost	Derivatives financial instruments	Total
Recognized in profit or loss:						
Interest income	₩ -	228,186	-	-	-	228,186
Dividends income	-	-	1,502	-	-	1,502
Foreign exchange transaction gain	-	135,728	-	79,573	-	215,301
Foreign exchange translation gain	-	8,247	-	31,825	-	40,072
Realized gain of hedging financial derivatives	-	-	-	-	29	29
Unrealized gain of hedging financial derivatives	-	-	-	-	172	172
Gain on disposal of financial assets at FVPL	18,668	-	-	-	-	18,668
Gain on valuation of financial assets at FVPL	2,710	-	-	-	-	2,710
Reversal of allowance for doubtful accounts - other	-	117	-	-	-	117
Bad debt expense	-	(1,232)	-	-	-	(1,232)
Bad debt expense – other	-	(147)	-	-	-	(147)
Interest expense	-	-	-	(75,005)	-	(75,005)
Foreign exchange transaction loss	-	(98,237)	-	(114,298)	-	(212,535)
Foreign exchange translation loss	-	(26,318)	-	(16,843)	-	(43,161)
Loss on disposal of accounts and notes receivable - trade	-	-	(2)	-	-	(2)
Realized loss of hedging financial derivatives	-	-	-	-	(17)	(17)
Loss on disposal of financial assets at FVPL	(5,789)	-	-	-	-	(5,789)
Loss on valuation of financial assets at FVPL	(1,732)	-	-	-	-	(1,732)
	₩ <u>13,857</u>	<u>246,344</u>	<u>1,500</u>	<u>(94,748)</u>	<u>184</u>	<u>167,137</u>
Finance income	21,378	372,278	1,502	111,398	201	506,757
Finance costs	₩ <u>(7,521)</u>	<u>(125,934)</u>	<u>(2)</u>	<u>(206,146)</u>	<u>(17)</u>	<u>(339,620)</u>
Recognized in other comprehensive loss:						
Unrealized loss on valuation	₩ -	-	(10,385)	-	(1,061)	(11,446)
	₩ <u>13,857</u>	<u>246,344</u>	<u>(8,885)</u>	<u>(94,748)</u>	<u>(877)</u>	<u>155,691</u>

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34. Financial Instruments Related Income and Expense, Continued

(5) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

(In millions of won)		Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
					Financial instruments	Cash collateral received	
Derivatives financial instruments (*)	₩	948	-	948	-	-	948
Other financial instruments		627,530	361,833	265,697	6,597	789	258,311
	₩	<u>628,478</u>	<u>361,833</u>	<u>266,645</u>	<u>6,597</u>	<u>789</u>	<u>259,259</u>

(*) Derivative financial instruments trading follows master netting arrangement of the contract for over the counter derivative financial instruments. According to the arrangement, all transactions of derivative financial instruments are cancelled if a credit event such as bankruptcy of a trade opponent occurs and the relevant party should pay the net amount of receivables and payables at that point to the counter party of the transaction.

② As of December 31, 2019

(In millions of won)		Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
					Financial instruments	Cash collateral received	
Derivatives financial instruments (*)	₩	1,646	-	1,646	-	-	1,646
Other financial instruments		601,930	294,314	307,616	4,087	712	302,817
	₩	<u>603,576</u>	<u>294,314</u>	<u>309,262</u>	<u>4,087</u>	<u>712</u>	<u>304,463</u>

(*) Derivative financial instruments trading follows master netting arrangement of the contract for over the counter derivative financial instruments. According to the arrangement, all transactions of derivative financial instruments are cancelled if a credit event such as bankruptcy of a trade opponent occurs and the relevant party should pay the net amount of receivables and payables at that point to the counter party of the transaction.

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For the years ended December 31, 2020 and 2019

34. Financial Instruments Related Income and Expense, Continued

(6) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

<i>(In millions of won)</i>	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral provided	
Derivatives financial instruments	₩ 178	-	178	-	-	178
Other financial instruments	1,258,613	361,833	896,780	5,856	1,529	889,395
	<u>₩ 1,258,791</u>	<u>361,833</u>	<u>896,958</u>	<u>5,856</u>	<u>1,529</u>	<u>889,573</u>

② As of December 31, 2019

<i>(In millions of won)</i>	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral provided	
Derivatives financial instruments	₩ 616	-	616	-	-	616
Other financial instruments	969,886	294,314	675,572	4,102	697	670,773
	<u>₩ 970,502</u>	<u>294,314</u>	<u>676,188</u>	<u>4,102</u>	<u>697</u>	<u>671,389</u>

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35. Income Taxes

(1) The component of income tax expense for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Current tax expense	₩ 546,391	871,760
Adjustment for prior periods	(179,551)	24,994
Origination and reversal of temporary differences	44,514	11,633
Income tax recognized in other comprehensive income	187,477	686
Others (effect of changes in exchange rate and others)	(7,701)	10,910
	<u>₩ 591,130</u>	<u>919,983</u>

(2) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Loss on valuation of financial assets at FVOCI	₩ 996	3,939
Unrealized gain of hedging financial derivatives	33	228
Remeasurements of defined benefit plan	(9,731)	6,045
Investment in associates and subsidiaries	196,951	(9,526)
Others	(772)	-
	<u>₩ 187,477</u>	<u>686</u>

Income tax related to remeasurements of defined benefit plan, loss (gain) on valuation of financial assets at FVOCI, unrealized gain of hedging financial derivatives and change in equity of investment in associates and subsidiaries are recognized in other comprehensive income.

(3) Reconciliation of effective tax rate for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Profit before income taxes	₩ 2,117,979	3,214,294
Income tax using the Group's statutory tax rate (*)	468,611	859,480
Adjustment for:		
Non-taxable income and non-tax deductible expense	(3,338)	(6,077)
Tax credits	(84,083)	(142,528)
Adjustments for prior periods	(179,551)	24,994
Tax effect for investment in subsidiaries and associates	210,436	99,413
Losses carried forward for which deferred taxes not recognized	114,583	18,420
Others	64,472	66,281
Income tax expenses	<u>₩ 591,130</u>	<u>919,983</u>
Average effective tax rate	27.9%	28.6%

(*) Calculated by multiplying each jurisdiction's statutory tax rate and profit before income taxes of consolidated subsidiaries.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

35. Income Taxes, Continued

(4) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Deferred tax assets at the end of the period	₩ 258,796	289,948
Deferred tax liabilities at the end of the period	3,005,777	2,992,415
Deferred tax assets at the beginning of the period	289,948	172,960
Deferred tax liabilities at the beginning of the period	<u>2,992,415</u>	<u>2,863,794</u>
	<u>₩ 44,514</u>	<u>11,633</u>

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Beginning balance</u>	<u>Profit (loss)</u>	<u>Other comprehensive income (loss)</u>	<u>Ending balance</u>
Gain on revaluation of property and equipment	₩ (108,298)	126	-	(108,172)
Investment in subsidiaries, associates and joint ventures	(3,094,709)	(162,737)	196,951	(3,060,495)
Defined benefit plan	(4,862)	11,382	(9,731)	(3,211)
Depreciation	(47,521)	29	-	(47,492)
Valuation of derivative financial instruments	(284)	38	33	(213)
Valuation of financial assets at FVOCI	6,475	-	996	7,471
Valuation of financial assets at FVPL	(7,545)	-	-	(7,545)
Allowance for valuation of Inventories	24,128	19,102	-	43,230
Provision for warranties	195,179	(12,972)	-	182,207
Others	<u>334,970</u>	<u>(86,959)</u>	<u>(772)</u>	<u>247,239</u>
	<u>₩ (2,702,467)</u>	<u>(231,991)</u>	<u>187,477</u>	<u>(2,746,981)</u>

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For the years ended December 31, 2020 and 2019

35. Income Taxes, Continued

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

② For the year ended December 31, 2019

<i>(In millions of won)</i>	Beginning balance	Profit (loss)	Other comprehensive income (loss)	Ending balance
Gain on revaluation of property and equipment	₩ (108,052)	(246)	-	(108,298)
Investment in subsidiaries, associates and joint ventures	(2,979,580)	(105,603)	(9,526)	(3,094,709)
Defined benefit plan	(3,156)	(7,751)	6,045	(4,862)
Depreciation	(27,918)	(19,603)	-	(47,521)
Valuation of derivative financial instruments	(525)	13	228	(284)
Valuation of financial assets at FVOCI	2,536	-	3,939	6,475
Valuation of financial assets at FVPL	(7,545)	-	-	(7,545)
Allowance for valuation of Inventories	18,616	5,512	-	24,128
Provision for warranties	164,500	30,679	-	195,179
Others	250,290	84,680	-	334,970
	<u>₩ (2,690,834)</u>	<u>(12,319)</u>	<u>686</u>	<u>(2,702,467)</u>

(6) As of December 31, 2020 the amount of total temporary differences related to investments in subsidiaries, associates and joint ventures for which deferred tax assets were not recognized is ₩797,773 million.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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35. Income Taxes, Continued

(7) Temporary differences which is not recognized as deferred tax assets since it is not probable that the temporary differences will reverse in the foreseeable future as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
Tax loss (*)	₩ 204,234	226,851
Tax credits (*)	-	961
Deductible temporary differences	<u>9,601</u>	<u>13,621</u>
	<u>₩ 213,835</u>	<u>241,433</u>

(*) The expected expiration date of tax loss carry forward and tax credits carry forward that are not recognized as deferred tax assets as of December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>	<u>2020</u>	<u>2019</u>
1 year or less	₩ -	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	<u>204,234</u>	<u>227,812</u>
	<u>₩ 204,234</u>	<u>227,812</u>

(8) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity, if they are related to income taxes levied by the same taxation authority and the entity has a legally enforceable right and intend to set off current tax assets against current tax liabilities.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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36. Earnings per Share

(1) Basic earnings per share for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won, except share information)</i>	<u>2020</u>	<u>2019</u>
Profit attributable to owners of the Company	₩ 1,529,146	2,290,670
Dividends on preferred stock	(16)	(16)
Additional income available for dividends allocated to preferred stock	<u>(50)</u>	<u>(80)</u>
Net income attributable to common stocks	1,529,080	2,290,574
Weighted average number of common shares Outstanding (*)	93,298,137	94,521,745
Earnings per share in won	₩ <u>16,389</u>	<u>24,234</u>

(*) Weighted average number of common shares outstanding:

<i>(In shares)</i>	<u>2020</u>	<u>2019</u>
Weighted average number of common shares issued	95,077,415	95,970,867
Weighted average number of treasury stock	<u>(1,779,278)</u>	<u>(1,449,122)</u>
	<u>93,298,137</u>	<u>94,521,745</u>

(2) Diluted earnings per share

Diluted earnings per share are not calculated for the years ended December 31, 2020 and 2019, because there are no dilutive shares as of December 31, 2020 and 2019.

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37. Transactions and Balances with Related Parties and others

(1) Revenue transactions which occurred in the normal course of business of the Company with related parties and the enterprise group affiliates for the years ended December 31, 2020 and 2019 are summarized as follows:

Although the enterprise group affiliates are not the related party of the Group in accordance with K-IFRS 1024, they belong to the Business Group designated as a conglomerate to which the Group also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

① For the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Company</u>		<u>Sales</u>	<u>Other</u>	<u>Total</u>
Significant influence and its subsidiaries	KIA Motors Corporation	₩	6,078,934	2,651	6,081,585
	Kia Motors Manufacturing Georgia, Inc.		1,640,285	1,156	1,641,441
	Kia Motors Slovakia		1,440,468	744	1,441,212
	Others		2,483,877	813	2,484,690
Associates and joint ventures	Hyundai Motor Company		7,640,718	5,263	7,645,981
	Hyundai Motor Manufacturing Czech, s.r.o		1,793,408	185	1,793,593
	Hyundai Motor Manufacturing Alabama, LLC		1,240,900	-	1,240,900
	Hyundai Motor America		920,442	-	920,442
	Others		2,506,238	31,428	2,537,666
Other related parties		1,106,237	-	1,106,237	
The enterprise group affiliates		<u>2,877,729</u>	<u>10,277</u>	<u>2,888,006</u>	
		₩	<u>29,729,236</u>	<u>52,517</u>	<u>29,781,753</u>

② For the year ended December 31, 2019

<i>(In millions of won)</i>	<u>Company</u>		<u>Sales</u>	<u>Other</u>	<u>Total</u>
Significant influence and its subsidiaries	KIA Motors Corporation	₩	5,253,501	3,758	5,257,259
	Kia Motors Slovakia		1,756,799	596	1,757,395
	Kia Motors Manufacturing Georgia, Inc.		1,742,324	2,167	1,744,491
	Kia Motors Mexico S.A de C.V.		1,007,084	12	1,007,096
	Others		1,481,438	751	1,482,189
Associates and joint ventures	Hyundai Motor Company		7,040,003	889	7,040,892
	Hyundai Motor Manufacturing Czech, s.r.o		1,507,984	248	1,508,232
	Hyundai Motor Manufacturing Alabama, LLC		1,437,833	-	1,437,833
	Hyundai Motor India		1,118,504	17,956	1,136,460
	Others		3,025,356	8,748	3,034,104
Other related parties		1,176,929	-	1,176,929	
The enterprise group affiliates		<u>2,374,732</u>	<u>5,138</u>	<u>2,379,870</u>	
		₩	<u>28,922,487</u>	<u>40,263</u>	<u>28,962,750</u>

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37. Transactions and Balances with Related Parties and others, Continued

(2) Expense transactions which occurred in the normal course of business of the Group with related parties and the enterprise group affiliates for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the year ended December 31, 2020

<i>(In millions of won)</i>	Company	Purchases	Other	Total
Significant influence and its subsidiaries	KIA Motors Corporation	₩ 75,310	4,316	79,626
	Others	16,415	24,024	40,439
Associates and joint ventures	HL Green Power Inc.	1,369,706	2,752	1,372,458
	Hyundai Auto Electronics Company Ltd.	605,763	19,654	625,417
	Hyundai Motor Company	341,575	28,664	370,239
	Hyundai Motor Manufacturing Alabama, LLC	229,535	12,996	242,531
	HYUNDAI KEFICO Corporation	181,418	145	181,563
	Hyundai Engineering Co., Ltd.	461	165,760	166,221
	Hyundai Autoever Corporation	340	141,829	142,169
	Hyundai MNSoft, Inc.	116,100	721	116,821
	Hyundai-Rotem Co.	42	87,930	87,972
	Others	192,933	81,800	274,733
Other related parties		3	7,140	7,143
The enterprise group affiliates		2,032,990	413,479	2,446,469
		₩ 5,162,591	991,210	6,153,801

② For the year ended December 31, 2019

<i>(In millions of won)</i>	Company	Purchases	Other	Total
Significant influence and its subsidiaries	KIA Motors Corporation	₩ 120,893	4,155	125,048
	Others	17,348	29,740	47,088
Associates and joint ventures	HL Green Power Inc.	1,203,577	4,856	1,208,433
	Hyundai Auto Electronics Company Ltd.	535,313	4,470	539,783
	Hyundai Motor Company	238,483	29,355	267,838
	Hyundai Motor Manufacturing Alabama, LLC	178,207	13,792	191,999
	Hyundai Engineering Co., Ltd.	-	162,593	162,593
	HYUNDAI KEFICO Corporation	145,446	73	145,519
	Hyundai Autoever Corporation	109	127,021	127,130
	Others	292,877	76,144	369,021
	Other related parties		4	2,883
The enterprise group affiliates		2,321,114	458,901	2,780,015
		₩ 5,053,371	913,983	5,967,354

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37. Transactions and Balances with Related Parties and others, Continued

(3) Trade and other receivables of the Group with related parties and the enterprise group affiliates as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

<i>(In millions of won)</i>		Accounts and notes receivable - trade	Other receivables (*)	Total
Company				
Significant influence and its subsidiaries	KIA Motors Corporation	₩ 1,478,839	2,080	1,480,919
	Kia Motors Manufacturing Georgia, Inc.	294,578	-	294,578
	Others	462,432	3,321	465,753
	Hyundai Motor Company	1,710,610	6,791	1,717,401
Associates and joint ventures	HL Greenpower	2	397,100	397,102
	Hyundai Motor Manufacturing Czech s.r.o	247,247	13	247,260
	Others	561,372	86,660	648,032
Other related parties		401,564	-	401,564
The enterprise group affiliates		1,215,932	4,954	1,220,886
		₩ 6,372,576	500,919	6,873,495

(*) It includes ₩83,480 million in loans to associates and joint ventures, and ₩87,859 million in collateral is provided for the bonds.

② As of December 31, 2019

<i>(In millions of won)</i>		Accounts and notes receivable - trade	Other receivables (*)	Total
Company				
Significant influence and its subsidiaries	KIA Motors Corporation	₩ 1,264,660	7,538	1,272,198
	Kia Motors Manufacturing Georgia, Inc.	271,029	-	271,029
	Kia Motors Mexico S.A de C.V.	186,979	-	186,979
	Kia Motors Slovakia	123,751	1,669	125,420
	Others	178,786	4,707	183,493
Associates and joint ventures	Hyundai Motor Company	1,525,252	9,745	1,534,997
	Hyundai Motor Manufacturing Czech, s.r.o.	117,498	-	117,498
	Others	487,758	88,374	576,132
Other related parties		413,346	-	413,346
The enterprise group affiliates		1,225,753	5,455	1,231,208
		₩ 5,794,812	117,488	5,912,300

(*) It includes ₩82,870 million in loans to the enterprise group affiliates, and ₩87,217 million in collateral is provided for the bonds.

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For the years ended December 31, 2020 and 2019

37. Transactions and Balances with Related Parties and others, Continued

(4) Trade and other payables of the Group with related parties and the enterprise group affiliates as of December 31, 2020 and 2019 are summarized as follows:

① As of December 31, 2020

<i>(In millions of won)</i>	Company		Accounts and notes payable - trade	Other payables	Total
Significant influence and its subsidiaries	KIA Motors Corporation	₩	75,757	1,561	77,318
	Others		2,280	5,654	7,934
Associates and joint ventures	Hyundai Motor Company		127,170	423,730	550,900
	HL Greenpower Inc.		186,484	2,056	188,540
	Hyundai Auto Electronics Company Ltd.		130,426	13,020	143,446
	Hyundai Autoever Corporation		98	59,575	59,673
	Others		110,022	77,127	187,149
Other related parties			7	280	287
The enterprise group affiliates			583,518	82,727	666,245
			₩ 1,215,762	665,730	1,881,492

② As of December 31, 2019

<i>(In millions of won)</i>	Company		Accounts and notes payable - trade	Other payables	Total
Significant influence and its subsidiaries	KIA Motors Corporation	₩	97,328	4,068	101,396
	Others		3,070	1,744	4,814
Associates and joint ventures	HL Greenpower Inc.		140,954	3,912	144,866
	Hyundai Engineering Co., Ltd.		-	136,315	136,315
	Hyundai Auto Electronics Company Ltd.		100,611	2,665	103,276
	Hyundai Motor Company		69,124	9,790	78,914
	Hyundai Autoever Corporation		-	50,121	50,121
	Others		91,136	20,785	111,921
Other related parties			-	57	57
The enterprise group affiliates			590,734	64,337	655,071
			₩ 1,092,957	293,794	1,386,751

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37. Transactions and Balances with Related Parties and others, Continued

(5) Financing transactions which occurred in the normal course of business of the Group with related parties and the enterprise group affiliates for the years ended December 31, 2020 and 2019 are summarized as follows:

① For the years ended December 31, 2020

<i>(In millions of won)</i>	<u>Company</u>	<u>Investments</u>	
Associates and joint ventures	MOTIONAL AD LLC	₩	493,054
	Envisics Inc.		29,558
	Hyundai Motor Singapore PTE. Ltd.		25,186
	ACVC Partners Fund I, LP		2,701
	Smart World Innovation Fund LP		1,681
		₩	<u>552,180</u>

② For the years ended December 31, 2019

<i>(In millions of won)</i>	<u>Company</u>	<u>Investments</u>	
Other related parties	Beijing Deep Glint Technology Limited	₩	5,938

(6) Executive compensation of the Group for the years ended December 31, 2020 and 2019 are summarized as follows:

<i>(In millions of won)</i>		<u>2020</u>	<u>2019</u>
Short-term employee benefits	₩	43,667	45,362
Retirement benefits		8,660	10,401
Long-term employee benefits		36	63
	₩	<u>52,363</u>	<u>55,826</u>

(7) As of December 31, 2020, Group's financial instrument investment at Hyundai Motor Securities Co., Ltd. is ₩300,000 million with total investment trade amount for 2020 of ₩1,200,000 million. The Group deposits plan assets relating to retirement benefits amounting to ₩288,601 million at Fubon Hyundai Life Insurance Co., Ltd. as of December 31, 2020 with additional contributions during 2020 of ₩10,543 million.

(8) The Group received dividends from related parties amounting to ₩236,378 million and ₩275,991 million as of December 31, 2020 and 2019, respectively. The Group paid dividends to related parties amounting to ₩88,138 million and ₩146,896 million as of December 31, 2020 and 2019, respectively.

(9) Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

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38. Commitments and Contingencies

(1) Guarantees which the Group was provided as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won and thousands of foreign currency)

Guarantor	Guarantee contents		2020	2019
Hana Bank	Guaranteed payment	USD	20,000	20,000
		₩	1,000	1,000
Seoul guarantee insurance company	Guaranteed payment	₩	20,531	11,360
Unicredit Bank	Guaranteed payment for tariff	EUR	1,660	1,660
		USD	20,000	20,000
		EUR	1,660	1,660
		₩	21,531	12,360

(2) Guarantees which the Group has provided as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

Guarantee	Guarantee contents		2020	2019
PYUNGHWA IND and 5 other companies	Borrowing Guarantee	₩	6,807	8,837
HANJIN SANGSA and 1,142 other distributors	Solidarity Guarantee		20,000	20,000
		₩	26,807	28,837

(3) As of December 31, 2020, the Group has been named as a defendant in 11 pending litigations and arbitrations. The aggregate amount of claims is approximately ₩10,813 million. The ultimate effect of these cases cannot be reliably determined.

(4) As of December 31, 2020, the Group has entered into contracts for the development of new technology related to airbags, audio and others with Thompson Ramo Wooldridge Inc., Microsoft and 35 others. In connection with these contracts, the Group recognized royalty expense amounting to ₩25,532 million and ₩38,591 million for the years ended December 31, 2020 and 2019, respectively.

(5) As of December 31, 2020, the Group entered into Korean won loan agreements, such as general term loan agreements, up to ₩666,347 million with Hana Bank and others. The Group has foreign currency loan agreements to open letters of usance credit up to USD 4,161,529 thousand, EUR 654,754 thousand, AUD 28,000 thousand, CNY 870,000 thousand, CAD 98,000 thousand, INR 700,000 thousand and BRL 20,000 thousand with Citibank Korea Inc. and others. In addition, the Group has agreements with Kookmin Bank and others for the accounts receivable-collateralized borrowings without recourse for up to ₩656,500 million, and agreements with Sumitomo Mitsui Banking Corporation and others for the asset backed loan up to ₩50,000 million.

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For the years ended December 31, 2020 and 2019

38. Commitments and Contingencies, Continued

- (6) The Group has provided guarantee for fulfilment of a contract of Mobis North America, LLC with Fiat Chrysler Automobiles for long-term auto parts supply and land-rent, as approved by the Board of Directors on April 28, 2005. Mobis North America, LLC is the entity invested by the Group, with the purpose of production and supply of auto parts to the factory of Fiat Chrysler Automobiles in Toledo.
- (7) As of December 31, 2020, the Group entered into a shareholders' agreement with other investors regarding the shares of Fubon Hyundai Life Insurance Co., Ltd., the Group's associates. This agreement includes clauses for call options that give rights to purchase the shares of other investors and put options that allow other investors to sell their shares to the Group.
- (8) The Group is responsible for the collateral liability and funding obligations for the repayment of the principal and interest of asset backed loans of the structured company, which is the subsidiary of the consolidated company.
- (9) The Group entered into an agreement to invest ₩640,100 million in the construction of the Global Business Centre (GBC). As of December 31, 2020, the Group has recognized relevant liabilities in the amount of ₩428,051 million in accordance with the agreement with the Seoul government to implement public contributions and overcrowding contributions relating to the construction project in December, 2019.
- (10) For the year ended December 31, 2020, the Group entered into a contract to acquire Boston Dynamics with Hyundai Motor Co.,Ltd. and Hyundai Glovis Co., Ltd. in order to expand robotics capabilities and enhance synergy with new business.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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39. Cash Generated from Operations

(1) Cash generated from operation for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Profit for the year	₩ 1,526,850	2,294,311
Adjustments for:		
Retirement benefits	89,610	83,428
Accrual for warranties	88,727	190,396
Depreciation of right-of-use assets	111,437	97,905
Depreciation	675,065	651,248
Depreciation of investment property	2,272	2,374
Amortization	66,809	69,565
Bad debts expense	1,728	1,232
Bad debts expense - other	2,676	147
Interest expense	54,543	75,005
Foreign currency transaction loss, net	10,913	-
Foreign currency translation loss, net	85,432	3,089
Loss on disposal of investment in Associates and Joint Ventures	-	31,502
Gain on valuation of financial assets at FVPL, net	(2,865)	(978)
Gain on disposal of financial assets at FVPL	(2,527)	-
Impairment loss on property, plant and equipment	92,235	67,500
Loss on disposal of property, plant and equipment, net	6,319	4,058
Impairment loss on intangible assets	4,484	3,208
Loss (gain) on disposal of intangible assets, net	290	(4)
Income tax expense	591,130	919,983
Interest income	(169,254)	(228,186)
Dividends income	(1,485)	(1,502)
Reversal of provision for warranties	(2,360)	(4,584)
Reversal of allowance for doubtful accounts	(191)	-
Reversal of allowance for doubtful accounts - other	(94)	(117)
Equity profit on investments, net	(375,478)	(740,397)
Unrealized gain of hedging financial derivatives, net	(92)	(172)
Gain on lease modification	(507)	(268)
	<u>₩ 1,328,817</u>	<u>1,224,432</u>

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

39. Cash Generated from Operations, Continued

(1) Cash generated from operation for the years ended December 31, 2020 and 2019 are summarized as follows, continued:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Changes in assets and liabilities:		
Accounts and notes receivable – trade	₩ (718,566)	(444,742)
Other receivables	51,862	54,101
Other current assets	13,377	(79,536)
Financial assets at FVPL	97,135	(104,220)
Other non-current assets	(17,447)	(20,305)
Inventories	(93,027)	(194,697)
Accounts and notes payable - trade	606,982	172,979
Other payables	6,797	184,689
Other current liabilities	91,132	99,310
Provision for warranties	(169,582)	(114,757)
Other non-current liabilities	7,300	14,025
Benefit paid	(43,339)	(38,917)
Benefit plan assets	(64,207)	(29,912)
	<u>(231,583)</u>	<u>(501,982)</u>
Cash generated from operation	<u>₩ 2,624,084</u>	<u>3,016,761</u>

(2) Significant non-cash investing and financing activities for the years ended December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	<u>2020</u>	<u>2019</u>
Transfer of construction-in-progress	₩ 763,268	529,517
Increase in liability-related construction-in-progress (public-contribution, etc.)	-	432,214

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40. Changes of liabilities from financing activities

Changes of liabilities from financing activities for the year ended December 31, 2020 are summarized as follows:

<i>(In millions of won)</i>	Beginning balance	Cash flow	Non-cash activities		Ending balance
			Exchange rate fluctuations	Others (*)	
Current portion of long-term debt and short-term borrowings	₩ 1,514,373	10,256	(36,890)	371,715	1,859,454
Long-term borrowings	1,152,506	376,919	(22,188)	(371,715)	1,135,522
Lease liabilities	334,341	(102,176)	(8,193)	70,598	294,570

(*) Others include non-cash activities from acquisition, change in contract, change in estimation and reclassification from long-term borrowings to current portion of long-term debt.

41. Risk Management

(1) Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk (comprised of foreign exchange risk, price risk and interest rate risk), credit risk, liquidity risk and insurance risk. The Group monitors and manages the financial risk arising from the Group's underlying operations in accordance with the risk management policies and programs.

Financial risk management is carried out for the Group's financial assets (cash and cash equivalents, other financial assets, non-current financial assets, and trade and other receivables) and financial liabilities (trade and other payables, borrowings and bonds).

① Market risk

- Foreign exchange risk

The Group is exposed to foreign exchange risk arising from export in sales and import in purchases amount, which is denominated in foreign currencies. The Group's primary exposure is related to changes in exchange rates for the US Dollars and Euro and the Group manages to minimize financial risk on fluctuations in foreign exchange in order to stabilize operating activities.

HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES
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For the years ended December 31, 2020 and 2019

41. Risk Management, Continued

(1) Financial risk management, continued

① Market risk, continued

- Foreign exchange risk, continued

The Group is exposed to foreign exchange risk arising from various currency exposures. As of December 31, 2020 and 2019, if the Group's functional currency had weakened / strengthened by 10% against foreign currencies with all other variables held constant, profit before income taxes for the year would have been affected as follows:

		2020		2019	
		10% Up	10% Down	10% Up	10% Down
Profit before income taxes	₩	(74,067)	74,067	(33,696)	33,696

- Price risk

The Group's activities are exposed to price risk related to marketable securities by changes of market price. Marketable financial instruments as of December 31, 2020 and 2019 are as follows:

		2020	2019
Financial assets at FVOCI	₩	135,785	13,783

- Interest rate risk

The Group is exposed to interest rate. The risk is composed of the changes in amount of accounts including finance assets and liabilities, and changes in interest income (expense) from investment and borrowings. The interest rate risk is borne by the interest-bearing liabilities and assets, such as bonds or loan. The purpose of the Group's interest rate risk management is to mitigate the interest rate risk and minimize the net interest expense, further to optimize the enterprise value.

Financial instruments exposed to interest rate risk as of December 31, 2020 and 2019 are summarized as follows:

		2020	2019
Financial assets:			
Financial assets at FVPL	₩	1,158,687	982,531
		1,158,687	982,531
Financial liabilities:			
Short-term borrowings		268,825	228,095
Current portion of long-term debt		404,825	243,982
Long-term borrowings		1,050,578	1,024,301
		1,724,228	1,496,378
	₩	(565,541)	(513,847)

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For the years ended December 31, 2020 and 2019

41. Risk Management, Continued

(1) Financial risk management, continued

① Market risk, continued

Sensitivity analysis of unrealized gain (loss) and interest income (expenses) for the year from a change of interest rate with all other variables held constant for the years ended December 31, 2020 and 2019 are as summarized as follows:

(In millions of won)

	2020		2019	
	1% Up	1% Down	1% Up	1% Down
Gain (loss) on valuation of financial assets at FVPL	₩ (14,953)	15,089	(8,277)	8,382
Interest expense	(17,242)	17,242	(14,964)	14,964

② Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. To manage credit risks relating to trade receivables, the Group evaluates the credit rating of customers and determines credit limit for each customer based on the information provided by credit rating agencies and other available financial information before commencing business with customers.

Credit risk is borne by not only the credit risk arisen by customers with receivables and firm contracts but cash and cash equivalent, financial derivatives, bank deposit, and financial institution deposit. For the purpose of lowering the credit risk, the Group has transactions only with the financial institutions with high credit rating. The book value of financial assets means maximum exposure in respect of credit risk.

The maximum exposure as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won)

	2020	2019
Cash and cash equivalent (*)	₩ 4,202,403	3,341,938
Financial assets at amortized cost	2,822,118	3,200,882
Financial assets at FVPL	4,477,340	4,572,455
Trade and other receivables	7,700,563	7,107,442
Other current assets	23,641	24,059
Other non-current assets	96,293	85,968
	₩ <u>19,322,358</u>	<u>18,332,744</u>

(*) Cash on hand is excluded.

The maximum exposure of credit risk on guarantee which the Group has provided as of December 31, 2020 and 2019 are ₩26,807 million and ₩28,837 million, respectively.

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41. Risk Management, Continued

(1) Financial risk management, continued

② Credit risk, continued

The analysis of the aging of trade and other receivables as of December 31, 2020 and 2019 are summarized as follows:

- As of December 31, 2020

<i>(In millions of won)</i>	Carrying amount	Not past due	Past due but not impaired			Impaired
			Within 30 days	30~180 days	Over 180 days	
Accounts and notes receivable - trade	₩ 7,557,886	7,458,160	75,341	13,876	7,577	2,932
Accounts and notes receivable - other	56,674	42,887	1,769	1,185	5,753	5,080
Loans	94,362	94,362	-	-	-	-
	₩ <u>7,708,922</u>	<u>7,595,409</u>	<u>77,110</u>	<u>15,061</u>	<u>13,330</u>	<u>8,012</u>

- As of December 31, 2019

<i>(In millions of won)</i>	Carrying amount	Not past due	Past due but not impaired			Impaired
			Within 30 days	30~180 days	Over 180 days	
Accounts and notes receivable - trade	₩ 6,951,254	6,809,037	35,061	36,418	69,221	1,517
Accounts and notes receivable - other	63,338	30,708	4,683	1,899	23,282	2,766
Loans	97,246	97,246	-	-	-	-
	₩ <u>7,111,838</u>	<u>6,936,991</u>	<u>39,744</u>	<u>38,317</u>	<u>92,503</u>	<u>4,283</u>

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41. Risk Management, Continued

(1) Financial risk management, continued

③ Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group maintains adequate sources of liquidity to settle short-term financial liabilities by periodic analysis of expected cash outflows.

The contractual maturities of financial liabilities as of December 31, 2020 and 2019 are summarized as follows:

- As of December 31, 2020

<i>(In millions of won)</i>	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Long-term borrowings	₩ 1,135,522	1,146,250	3,844	1,142,406	-
Current portion of long-term debt and short-term borrowings	1,859,454	1,863,766	1,863,766	-	-
Trade and other payables	6,091,875	6,091,875	6,091,875	-	-
Other current liabilities	178,317	178,317	178,005	228	84
Lease liabilities	294,570	333,949	98,381	181,134	54,434
Derivative financial liabilities					
Derivative financial liabilities	178	178	88	90	-
	₩ 9,559,916	9,614,335	8,235,959	1,323,858	54,518

- As of December 31, 2019

<i>(In millions of won)</i>	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
Non-derivative financial liabilities					
Long-term borrowings	₩ 1,152,506	1,236,628	329,814	906,814	-
Current portion of long-term debt and short-term borrowings	1,514,373	1,517,032	1,517,032	-	-
Trade and other payables	5,637,166	5,637,166	5,637,166	-	-
Other current liabilities	169,786	169,786	169,564	222	-
Lease liabilities	334,341	390,780	96,048	219,867	74,865
Derivative financial liabilities					
Derivative financial liabilities	1,282	1,282	671	611	-
	₩ 8,809,454	8,952,674	7,750,295	1,127,514	74,865

The above maturity analysis was prepared by using the earliest date which could be asked for repayment during the maturity and the non-discounted free cash flows, and included estimated interest payments. In case of financial guarantee contracts, the analysis has been prepared by allocating during the earliest period which could be asked to pledge the maximum amount.

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41. Risk Management, Continued

(2) Management of capital risk

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As for this to be maintained, the Group uses debt ratio as indicator of capital management. The debt to equity ratio is calculated as total liability divided by total equity.

Debt to equity percentage as of December 31, 2020 and 2019 are summarized as follows:

(In millions of won, except for ratio)

		2020	2019
Total liabilities	₩	15,169,553	14,196,442
Total equity		33,328,123	32,409,622
Debt to equity ratio		45.52%	43.80%

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41. Risk Management, Continued

(3) Fair value of financial instruments

- ① Categories of financial assets and liabilities as of December 31, 2020 and 2019 are summarized as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

- As of December 31, 2020

	Book Value					Fair Value				
	FVPL	FVOCI	Hedging Derivatives Financial Instruments	Amortized cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
<i>(In millions of won)</i>										
Financial assets measured at fair value										
Financial assets at FVPL	₩ 4,477,340	-	-	-	-	4,477,340	-	4,473,979	-	4,473,979
Financial assets at FVOCI	-	497,812	-	-	-	497,812	135,785	-	268,211	403,996
Hedging derivative financial assets	-	-	948	-	-	948	-	948	-	948
	<u>4,477,340</u>	<u>497,812</u>	<u>948</u>	<u>-</u>	<u>-</u>	<u>4,976,100</u>	<u>135,785</u>	<u>4,474,927</u>	<u>268,211</u>	<u>4,878,923</u>
Financial assets not measured at fair value										
Cash and cash equivalent	-	-	-	4,202,436	-	4,202,436	-	-	-	-
Financial assets at amortized cost	-	-	-	2,822,118	-	2,822,118	-	-	-	-
Trade and other receivables	-	-	-	7,700,563	-	7,700,563	-	-	-	-
Other current assets	-	-	-	23,150	-	23,150	-	-	-	-
Other non-current assets	-	-	-	95,836	-	95,836	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,844,103</u>	<u>-</u>	<u>14,844,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assets Total	<u>₩ 4,477,340</u>	<u>497,812</u>	<u>948</u>	<u>14,844,103</u>	<u>-</u>	<u>19,820,203</u>	<u>135,785</u>	<u>4,474,927</u>	<u>268,211</u>	<u>4,878,923</u>
Financial liabilities measured at fair value										
Hedging derivative financial liabilities	₩ -	-	178	-	-	178	-	(178)	-	(178)
Financial liabilities not measured at fair value										
Trade and other payables	-	-	-	-	6,091,875	6,091,875	-	-	-	-
Long-term borrowings	-	-	-	-	1,135,522	1,135,522	-	-	-	-
Current portion of long-term debt and short-term borrowings	-	-	-	-	1,859,454	1,859,454	-	-	-	-
Other current liabilities	-	-	-	-	178,317	178,317	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,265,168</u>	<u>9,265,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities Total	<u>₩ -</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>9,265,168</u>	<u>9,265,346</u>	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>(178)</u>

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41. Risk Management, Continued

(3) Fair value of financial instruments, continued

① Categories of financial assets and liabilities as of December 31, 2020 and 2019 are summarized as follows, continued:

- As of December 31, 2019

(In millions of won)	Book Value					Fair Value				
	FVPL	FVOCI	Hedging Derivatives Financial Instruments	Amortized cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Financial assets at FVPL	₩ 4,572,455	-	-	-	-	4,572,455	-	4,568,249	-	4,568,249
Financial assets at FVOCI	-	461,826	-	-	-	461,826	13,783	-	352,405	366,188
Hedging derivative financial assets	-	-	1,646	-	-	1,646	-	1,646	-	1,646
	<u>4,572,455</u>	<u>461,826</u>	<u>1,646</u>	<u>-</u>	<u>-</u>	<u>5,035,927</u>	<u>13,783</u>	<u>4,569,895</u>	<u>352,405</u>	<u>4,936,083</u>
Financial assets not measured at fair value										
Cash and cash equivalent	-	-	-	3,341,977	-	3,341,977	-	-	-	-
Financial assets at amortized cost	-	-	-	3,200,882	-	3,200,882	-	-	-	-
Trade and other receivables	-	-	-	7,107,442	-	7,107,442	-	-	-	-
Other current assets	-	-	-	23,469	-	23,469	-	-	-	-
Other non-current assets	-	-	-	84,912	-	84,912	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,758,682</u>	<u>-</u>	<u>13,758,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assets Total	<u>₩ 4,572,455</u>	<u>461,826</u>	<u>1,646</u>	<u>13,758,682</u>	<u>-</u>	<u>18,794,609</u>	<u>13,783</u>	<u>4,569,895</u>	<u>352,405</u>	<u>4,936,083</u>
Financial liabilities measured at fair value										
Hedging derivative financial liabilities	₩ -	-	1,282	-	-	1,282	-	(1,282)	-	(1,282)
Financial liabilities not measured at fair value										
Trade and other payables	-	-	-	-	5,637,166	5,637,166	-	-	-	-
Long-term borrowings	-	-	-	-	1,152,506	1,152,506	-	-	-	-
Current portion of long-term debt and short-term borrowings	-	-	-	-	1,514,373	1,514,373	-	-	-	-
Other current liabilities	-	-	-	-	169,786	169,786	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,473,831</u>	<u>8,473,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities Total	<u>₩ -</u>	<u>-</u>	<u>1,282</u>	<u>-</u>	<u>8,473,831</u>	<u>8,475,113</u>	<u>-</u>	<u>(1,282)</u>	<u>-</u>	<u>(1,282)</u>

Significant transfers between Level 1, Level 2, and Level 3 have not occurred for the years ended December 31, 2020 and 2019.

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41. Risk Management, Continued

(3) Fair value of financial instruments, continued

② Changes in level 3 for the years ended December 31, 2020 and 2019 are summarized as follows:

- For the year ended December 31, 2020

<i>(In millions of won)</i>		Beginning balance	Reclassification	Valuation		Ending balance
				Comprehensive loss	Other decrease	
Financial assets at FVOCI	₩	352,405	-	(68,324)	(15,870)	268,211

- For the year ended December 31, 2019

<i>(In millions of won)</i>		Beginning balance	Reclassification	Valuation		Ending balance
				Comprehensive loss	Other decrease	
Financial assets at FVOCI	₩	35,565	342,989	(6,915)	(19,234)	352,405

③ Financial assets and liabilities carried at fair value by each valuation method are defined as follows:

- 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 or in indirectly
- Level 3: input for the asset or liability that are not based on observable market data

The Group measured the fair value of financial instruments as follows:

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the closing bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.

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41. Risk Management, Continued

(3) Fair value of financial instruments, continued

- ③ Financial assets and liabilities carried at fair value by each valuation method are defined as follows, continued:

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. As for trade and other receivables, the book value approximates a reasonable estimate of fair value.

There are no significant changes in the business environment and economic environment, affected the fair value of the Group's financial assets and financial liabilities for the year ended December 31, 2020.

The valuation methods and the unobservable inputs used in measuring Level 2 fair values as of December 31, 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>Fair value</u>	<u>Valuation methods</u>	<u>Inputs</u>
Financial assets at FVPL	₩ 4,473,979	DCF model	Discount rate
Hedging derivative financial assets	948	DCF model	Discount rate, exchange rate, swap point
Hedging derivative financial liabilities	<u>(178)</u>	DCF model	Discount rate, exchange rate, swap point
	<u>₩ 4,474,749</u>		

- ④ The valuation methods and the significant unobservable inputs used in measuring Level 3 fair values as of December 31, 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>Fair value</u>	<u>Valuation methods</u>	<u>Significant unobservable input</u>	<u>Estimation range of unobservable input</u>	<u>The effect of changes in the unobservable inputs on the fair value</u>
Financial assets at FVOCI	₩ 268,211	Comparable company method, DCF model	Discount rate	11.2%	Value decreases as discount rate increases
			Growth Rate	1%	Value increases as growth rate increases

- ⑤ The sensitivity to changes in unobservable inputs used in measuring Level 3 fair values as of December 31, 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>Fair value</u>	<u>Other Comprehensive Income (loss)</u>	
		<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial assets at FVOCI	₩ 268,211	67,002	(45,088)

Favorable or unfavorable changes are calculated by increasing or decreasing 1%P in discount rate and growth rate, which is primary unobservable inputs.

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42. Significant Events after the Reporting Period

(1) The Group acquired semiconductor business operations of Hyundai Auto Electronics Company Ltd, a related party, for ₩130,029 million on January 1, 2021, in accordance with the board of director's resolution on December 11, 2020. The purpose of the acquisition is to strengthen R&D capabilities to respond to future automotive technology trends. Details on accounting treatment are as follows:

(In millions of won)

	<u>2020</u>
Assets	₩ 205,064
Liabilities	95,714
Net Assets	109,350
Cost of Acquisition (*1)	130,029
Goodwill	20,679

(*1) Includes ₩3,170 million, which represents the difference between the net asset value at the commencement date of contract and date of acquisition.

(2) On February 1, 2021, the Group retired 261,600 shares of 1,617,535 treasury stocks held previously (retired amount of ₩57,832 million) as approved by the Board of Directors on January 28, 2021.

(3) The Group resolved to acquire treasury stock with the authorization of the board of directors, and the details are as follows:

1. Estimated number of shares to be acquired in shares	750,000
2. Price of the Common stock in won	₩ 325,500
3. Estimated acquisition amount in won	₩ 244,125,000,000
4. Expected period of acquisition	February 19, 2021 ~ May 17, 2021 To enhance shareholder value by stock price stabilization
5. Purpose of the acquisition	price stabilization

The price of common stock to be acquired and estimated amount of acquisition, are based on ₩325,500, stock price of ₩325,500 on February 17, the day before, board of director's meeting held on February 18, 2021, which could vary depending on future stock price changes.

43. Date of Authorization for Issue

The consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2021