

# **HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

# Contents

	<b>Page</b>
<b>Independent Auditors' Report</b>	1
Consolidated Statements of Financial Position	4
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Changes in Equity	8
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11

## **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, 2021 and 2020, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

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

### ***Basis for Opinion***

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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 Matter***

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. This matter was 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 this matter.

#### **A. Impairment testing of goodwill of HYUNDAI AUTONET CO., LTD**

As described in Note 12 to the consolidated financial statements as of December 31, 2021, the book value of goodwill due to the business combination of HYUNDAI AUTONET CO., LTD. is ₩588,395 million, and no impairment has incurred.

The Group conducts impairment test of goodwill annually. The Group determines the amount of impairment of goodwill as the difference between the book value and the larger of value in use and fair value of goodwill. Management's judgment is involved in the determination of major assumptions such as sales growth rate, discount rate and permanent growth rate which have a significant impact on estimating the value in use of goodwill, and as risk of management bias exists, we identified the impairment testing of goodwill of HYUNDAI AUTONET CO., LTD. as a key audit matter in consideration of the importance of the amount of goodwill and the significance of indicators of impairment.

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

- Evaluation of the qualifications and competence of external experts hired by the Group to evaluate the value in use of goodwill.
- Evaluation of internal controls related to impairment test and results of valuation.
- Using internal valuation experts to evaluate the reasonableness of major assumptions used to calculate the estimated sales growth rate and permanent growth rate which are used to estimate the amount of goodwill through comparison of recent business plans approved by management, past performance, and industry reports.
- Using internal valuation experts to evaluate the adequacy of discount rate applied to estimate the amount of goodwill through comparison with the recalculated discount rate with observable information.



- Analysis of the impact on the evaluation results of goodwill testing performed by management related to changes in major assumptions through sensitivity analysis for the discount rate and permanent growth rate used for the valuation.
- Retroactive review of estimated profits and losses and actual profits and losses from the valuation date to December 31, 2021 to analyze its impact on the results of valuation by management.

#### **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 Sung-Chae Kang.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
March 8, 2022

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

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

As of December 31, 2021 and 2020

(In millions of won)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
Cash and cash equivalents	5,41	₩ 4,155,989	4,202,436
Other financial assets	6,7,41	6,684,549	7,296,097
Trade and other receivables, net	8,17,22,37,41	8,112,515	8,111,354
Inventories, net	4,9	4,274,966	3,057,205
Other current assets	10,24,41	324,343	235,851
<b>Total current assets</b>		<u>23,552,362</u>	<u>22,902,943</u>
Property, plant and equipment, net	4,11,22,38	9,130,544	8,721,108
Intangible assets, net	4,12	915,875	881,287
Investment property, net	13	59,532	58,410
Right-of-use assets, net	14	359,185	319,964
Investments in associates and joint ventures	15	16,038,323	14,517,986
Non-current financial assets	16,41	448,957	501,173
Deferred tax assets	35	257,646	258,796
Other non-current assets	6,8,17,23,24,41	720,113	336,009
<b>Total non-current assets</b>		<u>27,930,175</u>	<u>25,594,733</u>
<b>Total assets</b>		<u>₩ 51,482,537</u>	<u>48,497,676</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, 2021 and 2020

(In millions of won)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Liabilities</b>			
Trade and other payables	18,37,41	₩ 6,368,543	6,141,182
Current portion of long-term debt and short-term borrowings	22,40,41	1,584,475	1,859,454
Current lease liabilities	40,41	91,170	80,575
Income taxes payable	35	243,889	258,425
Current provisions for warranties	21	959,936	1,025,710
Other current liabilities	19,24,41	828,974	716,843
<b>Total current liabilities</b>		<u>10,076,987</u>	<u>10,082,189</u>
Bonds and long-term borrowings	22,40,41	1,587,545	1,135,522
Defined benefit obligations	23	12,476	12,242
Non-current lease liabilities	40,41	247,841	213,995
Non-current provision for warranties	21	258,051	212,605
Deferred tax liabilities	35	3,400,090	3,005,777
Other non-current liabilities	20,24,38,41	542,073	507,223
<b>Total non-current liabilities</b>		<u>6,048,076</u>	<u>5,087,364</u>
<b>Total liabilities</b>		<u>16,125,063</u>	<u>15,169,553</u>
<b>Equity</b>			
Capital stock	25	491,096	491,096
Capital surplus	25	1,399,030	1,398,026
Treasury stock	26	(866,756)	(559,886)
Other equity	27	(429,811)	(927,849)
Retained earnings	28	34,679,467	32,851,281
<b>Equity attributable to owners of the Company</b>		<u>35,273,026</u>	<u>33,252,668</u>
<b>Non-controlling interests</b>	1	84,448	75,455
<b>Total equity</b>		<u>35,357,474</u>	<u>33,328,123</u>
<b>Total liabilities and equity</b>		<u>₩ 51,482,537</u>	<u>48,497,676</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, 2021 and 2020

<i>(In millions of won, except earnings per share information)</i>	<b>Note</b>		<b>2021</b>	<b>2020</b>
Revenue	4,30,37	₩	41,702,184	36,626,504
Cost of sales	31,37		(36,437,646)	(31,922,266)
<b>Gross profit</b>			<u>5,264,538</u>	<u>4,704,238</u>
Selling, general and administrative expenses	31,32,34		(3,224,426)	(2,873,946)
<b>Operating profit</b>	4		<u>2,040,112</u>	<u>1,830,292</u>
Other income	33,34		362,499	257,947
Other expenses	11,33,34		(237,539)	(367,029)
Finance income	34		339,372	457,422
Finance costs	34		(232,147)	(438,657)
Share of profit of associates and joint ventures	15		922,245	378,005
<b>Profit before income taxes</b>			<u>3,194,542</u>	<u>2,117,980</u>
Income tax expense	35		(832,068)	(591,130)
<b>Profit for the year</b>		₩	<u>2,362,474</u>	<u>1,526,850</u>
<b>Profit (loss) attributable to:</b>				
Owners of the Company	36	₩	2,352,288	1,529,146
Non-controlling interests	1		10,186	(2,296)
<b>Earnings per share</b>				
Basic earnings per share in won	36	₩	<u>25,645</u>	<u>16,389</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, 2021 and 2020

(In millions of won)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Profit for the year</b>	₩	2,362,474	1,526,850
<b>Other comprehensive income (loss)</b>		548,288	(106,571)
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of defined benefit plan, net of tax	23,35	7,223	23,614
Change in retained earnings of equity method investments	15,35	42,721	(50,392)
Loss on a financial assets at FVOCI, net of tax	16,27,35	(64,735)	(3,980)
Change in equity of equity method investments	15,27,35	33,471	22,650
		<u>18,680</u>	<u>(8,108)</u>
<b>Items that may be reclassified to profit or loss:</b>			
Foreign currency translation difference for foreign operations	27,35	143,331	147,102
Unrealized gain (loss) of hedging financial derivatives, net of tax	24,27,35	(289)	549
Change in equity of equity method investments	15,27,35	386,566	(246,114)
		<u>529,608</u>	<u>(98,463)</u>
<b>Total comprehensive income for the year</b>	₩	<u>2,910,762</u>	<u>1,420,279</u>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company	₩	2,900,021	1,422,679
Non-controlling interests		10,741	(2,400)

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, 2021 and 2020

	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>							
<b>Balance at January 1, 2020</b>	₩ 491,096	1,397,897	(393,029)	(822,750)	31,656,804	79,604	32,409,622
<b>Total comprehensive income (loss):</b>							
Profit 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
<b>Total comprehensive income (loss) for the year</b>	-	-	-	(105,099)	1,527,778	(2,400)	1,420,279
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Dividends	-	-	-	-	(280,323)	(1,749)	(282,072)
Change in Treasury stock	-	129	(166,857)	-	(52,978)	-	(219,706)
<b>Total transactions with owners of the Company, recognized directly in equity</b>	-	129	(166,857)	-	(333,301)	(1,749)	(501,778)
<b>Balance at December 31, 2020</b>	₩ 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 Changes in Equity, Continued

For the years ended December 31, 2021 and 2020

	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>							
<b>Balance at January 1, 2021</b>	₩ 491,096	1,398,026	(559,886)	(927,849)	32,851,281	75,455	33,328,123
<b>Total comprehensive income (loss):</b>							
Profit for the year	-	-	-	-	2,352,288	10,186	2,362,474
Gain (loss) on a financial assets at FVOCI, net of tax	-	-	-	(64,816)	-	81	(64,735)
Foreign currency translation difference for foreign operations, net of tax	-	-	-	143,106	-	225	143,331
Unrealized loss of hedging financial derivatives, net of tax	-	-	-	(289)	-	-	(289)
Net change of equity method accounted investments, net of tax	-	-	-	420,037	42,721	-	462,758
Remeasurements of defined benefit plan, net of tax	-	-	-	-	6,974	249	7,223
<b>Total comprehensive income (loss) for the year</b>	-	-	-	498,038	2,401,983	10,741	2,910,762
<b>Transactions with owners of the Company, recognized directly in equity:</b>							
Dividends	-	-	-	-	(461,880)	(1,748)	(463,628)
Change in Treasury stock	-	1,004	(306,870)	-	(111,917)	-	(417,783)
<b>Total transactions with owners of the Company, recognized directly in equity</b>	-	1,004	(306,870)	-	(573,797)	(1,748)	(881,411)
<b>Balance at December 31, 2021</b>	₩ 491,096	1,399,030	(866,756)	(429,811)	34,679,467	84,448	35,357,474

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, 2021 and 2020

(In millions of won)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>			
Cash generated from operations	39	₩ 2,841,971	2,624,084
Interest received		128,370	169,918
Interest paid		(33,748)	(49,395)
Dividends received		266,418	237,863
Income tax paid		(594,202)	(505,733)
<b>Net cash provided by operating activities</b>		<u>2,608,809</u>	<u>2,476,737</u>
<b>Cash flows from investing activities</b>			
Decrease (increase) in financial assets at amortized cost, net		(427,791)	375,406
Disposal of financial assets at FVPL		2,235	845
Acquisition of financial assets at FVPL		(3,750)	-
Disposal of financial assets at FVOCI		3,181	31
Acquisition of financial assets at FVOCI		(8,853)	(29,558)
Net cash outflow from business combination	42	(148,808)	-
Disposal of investments in associates		549	-
Acquisition of investments in associates		(459,534)	(527,401)
Decrease (increase) in short-term loans		(19)	6,123
Decrease in long-term loans		2,667	7
Disposal of property, plant and equipment		58,752	45,522
Acquisition of property, plant and equipment		(921,842)	(1,095,909)
Disposal of intangible assets		818	-
Acquisition of intangible assets		(32,513)	(23,108)
Increase in deposits provided		(18,471)	(8,723)
<b>Net cash used in investing activities</b>		<u>(1,953,379)</u>	<u>(1,256,765)</u>
<b>Cash flows from financing activities</b>			
Payment of lease Liabilities	40	(103,870)	(102,176)
Proceeds from current portion of long-term debt and short-term borrowings	40	4,364,803	3,993,029
Repayment of current portion of long-term debt and short-term borrowings	40	(5,156,043)	(3,982,773)
Proceeds from long-term borrowings	40	573,298	376,919
Repayment of long-term borrowings	40	(97,256)	-
Issue of bonds	40	348,931	-
Dividends paid		(463,628)	(282,072)
Acquisition of treasury stock		(428,640)	(234,853)
<b>Net cash used in financing activities</b>		<u>(962,405)</u>	<u>(231,926)</u>
<b>Effect of currency exchange rates fluctuation on cash and cash equivalents</b>			
		260,528	(127,587)
<b>Net increase(decrease) in cash and cash equivalents</b>		(46,447)	860,459
Cash and cash equivalents at the beginning of year	5	<u>4,202,436</u>	<u>3,341,977</u>
<b>Cash and cash equivalents at the end of year</b>	5	<u>₩ 4,155,989</u>	<u>4,202,436</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, 2021 and 2020

**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 5<sup>th</sup>, 1989.

The main office is located in Yeok-Sam, Gangnam-gu, Seoul, and its module factories are located in Ul-San, Kyung-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, 2021 and 2020 are as follows:

<i>(In shares)</i>	2021		2020	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
KIA CORPORATION(*)	16,427,074	17.37%	16,427,074	17.28%
Mong-Ku Chung	6,778,966	7.17%	6,778,966	7.13%
Hyundai Steel Company	5,504,846	5.82%	5,504,846	5.79%
Hyundai Glovis Co., Ltd.	656,293	0.69%	656,293	0.69%
Eui-Sun Chung	303,759	0.32%	303,759	0.32%
Treasury stock	3,525,735	3.73%	2,532,600	2.66%
Others	61,376,421	64.90%	62,851,156	66.13%
	<u>94,573,094</u>	<u>100.00%</u>	<u>95,054,694</u>	<u>100.00%</u>

(\*) The company name of KIA Motors Corporation was changed to KIA CORPORATION during the year 2021.

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, 2021 and 2020

### 1. General Description of the Company and Subsidiaries, Continued

#### (2) Details of subsidiaries

Details of subsidiaries included in consolidation as of December 31, 2021 and 2020 are as follows:

Company	Location	Business	Reporting date	Ownership	
				2021	2020
Hyundai IHL Co., Ltd.	Korea	Manufacturing the auto lighting and electric apparatus	31-Dec	99.38%	99.38%
Lighting Second LLC.(*1)	Korea	Financing	31-Dec	-	-
Global Information Technology Co., Ltd.(*2)	Korea	Manufacturing diagnostic System	31-Dec	45.87%	45.87%
H Green Power Inc.(*11)	Korea	Manufacturing of storage battery	31-Dec	100.00%	51.00%
Mobis America, Inc.	USA	Holding company	31-Dec	100.00%	100.00%
Mobis Alabama, LLC(*3)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts America, LLC(*3)	USA	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts Miami, LLC(*3)	USA	Sales of auto-parts	31-Dec	100.00%	100.00%
American Autoparts, Inc.	USA	Holding company	31-Dec	100.00%	100.00%
Mobis North America, LLC(*4)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis US Alabama, LLC(*4)	USA	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
GIT America., Inc.(*5)	USA	Sales of diagnostic System	31-Dec	100.00%	100.00%
Mobis Parts Canada Corporation	Canada	Sales of auto-parts	31-Dec	100.00%	100.00%
Hyundai Mobis Mexico, S. De R.L. De C.V.(*6)	Mexico	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Brasil Fabricacao De Auto Pecas Ltda.	Brazil	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts Europe N.V.	Belgium	Sales of auto-parts	31-Dec	100.00%	100.00%
GIT Europe GmbH(*5)	Germany	Sales of diagnostic System	31-Dec	100.00%	100.00%
Mobis Parts CIS, LLC(*7)	Russia	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Module CIS, LLC(*8)	Russia	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Automotive Czech s.r.o.	Czech	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Automotive System Czech s.r.o.	Czech	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Slovakia s.r.o.	Slovakia	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Automotive and Module Industry Trade Co. - Joint Stock Company	Turkey	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Hyundai Motor (Shanghai) Co., Ltd.	China	Sales of auto-parts	31-Dec	100.00%	100.00%
Shanghai Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Wuxi Mobis Automotive Parts Co., Ltd.(*9)	China	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Jiangsu Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Beijing Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Tianjin Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	90.00%	90.00%
ChongQing Hyundai Mobis Automotive Parts Co., Ltd.	China	Manufacturing and sales of auto-parts	31-Dec	90.00%	90.00%
GIT Beijing Automotive Technology Inc.(*5)	China	Sales of diagnostic system	31-Dec	100.00%	100.00%
Mobis Parts Middle East FZE	UAE	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Auto Parts Middle East Egypt(*10)	Egypt	Sales of auto-parts	31-Dec	100.00%	100.00%
Mobis India, Ltd.	India	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis India Module Private Limited	India	Manufacturing and sales of auto-parts	31-Dec	100.00%	100.00%
Mobis Parts Australia PTY., Ltd.	Australia	Sales of auto-parts	31-Dec	100.00%	100.00%

(\*1) Lighting Second LLC. was liquidated during the year 2021.

(\*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.

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

For the years ended December 31, 2021 and 2020

**1. General Description of the Company and Subsidiaries, Continued**

(2) Details of subsidiaries, continued

(\*3) Mobis America, Inc. owns 100.00% of shares.

(\*4) American Autoparts, Inc. owns 100.00% of shares.

(\*5) Global Information Technology Co., Ltd. holds the ownership interests, and the Company includes the entity's shares of ownership.

(\*6) The Company and Mobis America, Inc. own 98.37% and 1.63% of shares, respectively.

(\*7) Mobis Parts Europe N.V. owns 100.00% of shares.

(\*8) The Company and Mobis Parts CIS, LLC own 99.00% and 1.00% of shares, respectively.

(\*9) The Company and Shanghai Hyundai Mobis Automotive Parts Co., Ltd. own 33.75% and 66.25% of shares, respectively.

(\*10) Mobis Parts Middle East FZE owns 100.00% of shares.

(\*11) The Company acquired an additional 49% In H Green Power Inc. (formerly HL Green Power Inc.) which was formerly owned by LG ENERGY SOLUTION, LTD. and it was reclassified from a joint venture to a subsidiary during the year 2021.

(3) Changes in subsidiaries

Subsidiaries included or excluded in consolidated financial statements during 2021 are as follows:

<b>Subsidiaries</b>	<b>Cause</b>
H Green Power Inc.	Business combination
Lighting Second LLC.	Liquidated in 2021

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

For the years ended December 31, 2021 and 2020

**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, 2021 are summarized as follows:

(In millions of won)

Company		Assets	Liabilities	Revenue	Profit (loss)
Mobis America Inc.(*1)	₩	2,884,004	1,393,375	5,575,687	134,639
Beijing Hyundai Mobis Automotive Parts Co., Ltd.		1,387,960	488,729	1,028,337	(16,318)
Jiangsu Mobis Automotive Parts Co., Ltd.		1,102,092	421,518	794,389	(9,130)
Mobis Parts Europe N.V.		1,011,448	310,767	1,262,145	78,123
Hyundai Mobis Mexico, S. De R.L. De C.V.		957,458	717,373	1,208,474	40,766
Mobis India, Ltd.		832,758	253,679	1,720,043	138,719
Mobis Slovakia s.r.o.		782,493	407,665	2,025,502	79,103
Mobis Automotive Czech s.r.o.		501,923	395,247	2,017,695	19,042
American Autoparts Inc.(*2)		529,766	267,893	1,892,831	(2,259)

(\*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, 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.

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd.	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	Total
<i>(In millions of won)</i>					
Accumulated non-controlling interests(*)	₩ (90)	85,921	6,358	(7,741)	84,448
Profit (loss) allocated to non-controlling interests(*)	194	7,570	1,845	577	10,186
Cash flows from operating activities	63,620	19,019	(13,992)	5,478	74,125
Cash flows from investing activities	(12,844)	(22,261)	(5,290)	(896)	(41,291)
Cash flows from financing activities before dividends to non-controlling interests	(31,867)	(221)	(26,061)	(388)	(58,537)
Dividends paid to non-controlling interests	-	(1,748)	-	-	(1,748)
Effect of currency exchange rate fluctuation on cash and cash equivalents	-	715	5,482	6,406	12,603
Net increase (decrease) in cash and cash equivalents	18,909	(4,496)	(39,861)	10,600	(14,848)

(\*) 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, 2020

	Hyundai IHL Co., Ltd.	Global Information Technology Co., Ltd.	Cangzhou Hyundai Mobis Automotive Parts Co., Ltd.	ChongQing Hyundai MOBIS Automotive Parts Co. Ltd.	Total
<i>(In millions of won)</i>					
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.

# HYUNDAI MOBIS CO., LTD. AND ITS SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

### 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.

#### (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.

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.

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(1) Basis of consolidation, continued**

① Subsidiaries, continued

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, 2021 and 2020

**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, 2021 and 2020

**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.

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(5) Non-derivative financial instruments, continued**

② Classification and subsequent measurements, continued

**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

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

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(5) Non-derivative financial instruments, continued**

② Classification and subsequent measurements, continued

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.

**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, 2021 and 2020

**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.

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.

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(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.

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.

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(7) Derivative financial instruments, continued**

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.

**(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.

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

For the years ended December 31, 2021 and 2020

**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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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.

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

For the years ended December 31, 2021 and 2020

**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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020

**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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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.

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

For the years ended December 31, 2021 and 2020

**3. Significant Accounting Policies, Continued**

**(23) Significant accounting estimates and judgments, continued**

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.

**(24) New standards and interpretations not yet adopted**

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

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

- K-IFRS 1037 'Onerous Contracts'. Costs to fulfil a contract
- K-IFRS 1012 'Income Taxes' - Deferred tax on assets and liabilities arising from a single transaction
- COVID-19 Related Rent Concessions (Amendments to K-IFRS 1116 'Leases') for a period exceeding June 30, 2021
- 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
- Annual Improvements to K-IFRS 2018-2020
- Disclosure of Accounting Policies (Amendments to K-IFRS 1001 'Presentation of Financial Statements')
- Definition of Accounting Estimates (K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors')

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

For the years ended December 31, 2021 and 2020

**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, 2021

<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	₩ 38,892,617	11,437,292	-	(8,627,725)	41,702,184
Consolidation adjustment	(5,627,232)	(3,000,493)	-	8,627,725	-
Revenues from external customers	33,265,385	8,436,799	-	-	41,702,184
Operating profit	77,971	1,968,067	-	(5,926)	2,040,112
Inventories	2,524,603	2,390,092	-	(639,729)	4,274,966
Property, plant and equipment	3,888,473	1,003,084	4,249,145	(10,158)	9,130,544
Intangible assets	704,859	62,845	126,157	22,014	915,875

② 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

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.

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

For the years ended December 31, 2021 and 2020

**4. Operating Segments, Continued**

(3) Geographical information

① As of and for the year ended December 31, 2021

<i>(In millions of won)</i>	<b>Korea</b>	<b>China</b>	<b>America</b>	<b>Europe</b>	<b>Other regions</b>	<b>Consolidation adjustment</b>	<b>Total</b>
Gross revenues	₩ 28,370,167	3,337,601	9,294,234	6,614,168	2,713,739	(8,627,725)	41,702,184
Consolidation adjustment	(6,816,152)	(505,301)	(453,803)	(703,311)	(149,158)	8,627,725	-
Revenues from external customers	21,554,015	2,832,300	8,840,431	5,910,857	2,564,581	-	41,702,184
Operating profit (loss)	1,388,992	(29,553)	247,678	228,667	210,254	(5,926)	2,040,112
Assets by geographic areas:							
Inventories	1,956,181	218,964	1,351,463	945,722	442,365	(639,729)	4,274,966
Property, plant and equipment	7,163,087	509,329	773,885	472,520	221,881	(10,158)	9,130,544
Intangible assets	813,864	7,868	36,338	18,819	16,972	22,014	915,875

② As of and for the year ended December 31, 2020

<i>(In millions of won)</i>	<b>Korea</b>	<b>China</b>	<b>America</b>	<b>Europe</b>	<b>Other regions</b>	<b>Consolidation adjustment</b>	<b>Total</b>
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 (loss)	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

(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 ₩30,519,305 million and ₩25,639,968 million for the years ended December 31, 2021 and 2020, respectively.

**5. Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<b>2021</b>	<b>2020</b>
Cash on hand	₩ 28	33
Bank deposits and others	4,155,961	4,202,403
	₩ 4,155,989	4,202,436

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

For the years ended December 31, 2021 and 2020

**6. Restricted Financial Instruments**

Financial instruments which are restricted in use as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>	<u>Description</u>
	₩ 181,500	181,500	Mutual cooperation deposits and others
	355	400	Escrow account for public contribution
	373	1,336	Deposit for import tariffs and others
	1,319	1,179	Government subsidies
Other Financial Assets	1,300	8,900	Payment guarantees security
Other Non-current Assets	6,982	9,649	Collateral deposits for import tariffs, value added taxes payment and others
	<u>₩ 191,829</u>	<u>202,964</u>	

**7. Other Financial Assets**

Other Financial Assets as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Financial assets at amortized cost	₩ 3,266,767	2,822,118
Financial assets at FVPL	3,417,782	4,473,979
	<u>₩ 6,684,549</u>	<u>7,296,097</u>

**8. Trade and Other Receivables**

(1) Trade and other receivables as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>		<u>2020</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Accounts and notes receivable - trade	₩ 7,823,796	4,490	7,555,100	2,786
Allowance for doubtful accounts	(460)	(4,489)	(474)	(2,603)
	<u>7,823,336</u>	<u>1</u>	<u>7,554,626</u>	<u>183</u>
Accounts and notes receivable - other	287,188	377,024	554,722	124,609
Allowance for doubtful accounts	(813)	(3,972)	(810)	(4,472)
	<u>286,375</u>	<u>373,052</u>	<u>553,912</u>	<u>120,137</u>
Loans	<u>2,804</u>	<u>98,559</u>	<u>2,816</u>	<u>91,546</u>
	<u>₩ 8,112,515</u>	<u>471,612</u>	<u>8,111,354</u>	<u>211,866</u>

Trade and other receivables from related parties and the enterprise group affiliates as of December 31, 2021 and 2020 are ₩6,805,802 million and ₩6,867,361 million, respectively (note 37).

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

For the years ended December 31, 2021 and 2020

**8. Trade and Other Receivables, Continued**

(2) The Group transferred certain accounts and notes receivable amounting to ₩1,130,908 million and ₩1,114,503 million to several financial institutions with recourse and treated them as borrowings as of December 31, 2021 and 2020, respectively (note 22).

(3) The Group recognized an allowance for doubtful accounts amounting to ₩9,358 million based on individual analysis for receivables impaired as of December 31, 2021. In addition, the Group recognized an allowance for doubtful accounts amounting to ₩376 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, 2021 and 2020 are as follows:

<i>(In millions of won)</i>		<u>2021</u>	<u>2020</u>
Beginning balance	₩	8,359	4,396
Bad debts expense		1,434	4,119
Write-off		(66)	(143)
Others (effect of changes in exchange rate and others)		7	(13)
Ending balance	₩	<u>9,734</u>	<u>8,359</u>

**9. Inventories**

Inventories as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>		<u>2021</u>			<u>2020</u>		
		<u>Acquisition cost</u>	<u>Provision for loss on valuation</u>	<u>Carrying amount</u>	<u>Acquisition cost</u>	<u>Provision for loss on valuation</u>	<u>Carrying amount</u>
Merchandises	₩	1,942,924	(112,405)	1,830,519	1,574,475	(124,694)	1,449,781
Finished goods		216,636	(21,630)	195,006	141,251	(16,831)	124,420
Work-in-process		317,083	(39,271)	277,812	242,199	(24,234)	217,965
Raw materials		1,019,321	(45,473)	973,848	641,047	(45,003)	596,044
Supplies		77,663	-	77,663	64,775	-	64,775
Goods-in-transit		846,319	-	846,319	520,739	-	520,739
Outsourcing		73,799	-	73,799	83,481	-	83,481
	₩	<u>4,493,745</u>	<u>(218,779)</u>	<u>4,274,966</u>	<u>3,267,967</u>	<u>(210,762)</u>	<u>3,057,205</u>

The amounts of losses on valuation of inventories charged to cost of sales for the years ended December 31, 2021 and 2020 are ₩51,226 million and ₩153,687 million, respectively.

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

For the years ended December 31, 2021 and 2020

**10. Other Current Assets**

Other current assets as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Accrued income	₩ 23,928	23,050
Advance payments	236,009	155,131
Prepaid expenses	63,947	49,479
Finance lease receivable(*)	-	100
Hedging derivative financial assets	459	491
Deposits	-	7,600
	<u>₩ 324,343</u>	<u>235,851</u>

(\*) The gross amount and adjustment of present value of future minimum lease payments as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
1 year or less	₩ -	102
	-	102
Interest of finance lease	-	(2)
Present value of finance lease receivable	-	100
Less: short-term finance lease receivable	-	(100)
Long-term finance lease receivable	<u>₩ -</u>	<u>-</u>

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

For the years ended December 31, 2021 and 2020

11. Property, Plant and Equipment

(1) Property, plant and equipment as of December 31, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

(In millions of won)	Land	Buildings	Structures	Machinery	Tools	Furniture and fixture	Others	Construction -in-progress	Total
Acquisition costs	₩ 3,918,151	3,224,664	288,289	4,286,597	1,604,446	710,298	101,118	856,698	14,990,261
Accumulated depreciation	-	(1,098,010)	(99,013)	(2,780,943)	(1,194,335)	(558,929)	(74,820)	-	(5,806,050)
Government grant	(10,380)	(37,324)	(347)	(5,121)	(197)	(262)	(36)	-	(53,667)
Carrying amount	₩ 3,907,771	2,089,330	188,929	1,500,533	409,914	151,107	26,262	856,698	9,130,544

② 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) Changes in property, plant and equipment for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

(In millions of won)	Beginning balance	Acquisition (*1)	Disposal	Depreciation	Impairment losses(*2)	Acquisition of business operations and changes in the scope of consolidation(*3)	Others(*4)	Ending balance
Land	₩ 3,774,694	106,078	(18)	-	-	12,055	14,962	3,907,771
Buildings	2,016,270	9,500	(1,738)	(107,905)	(876)	47,507	126,572	2,089,330
Structures	190,921	2,614	(369)	(13,790)	-	-	9,553	188,929
Machinery	1,359,034	41,084	(47,281)	(311,022)	(304)	74,877	384,145	1,500,533
Tools	382,875	114,036	(7,139)	(159,215)	(229)	91	79,495	409,914
Furniture and fixture	154,376	25,324	(899)	(61,170)	(79)	2,539	31,016	151,107
Others	27,229	3,009	(1,995)	(8,696)	(12)	2,512	4,215	26,262
Construction-in-progress	815,709	612,663	-	-	-	637	(572,311)	856,698
	₩ 8,721,108	914,308	(59,439)	(661,798)	(1,500)	140,218	77,647	9,130,544

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

For the years ended December 31, 2021 and 2020

**11. Property, Plant and Equipment, Continued**

(2) Changes in property, plant and equipment for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

① For the year ended December 31, 2021, continued

(\*1) Borrowing costs amounting to ₩495 million are capitalized and the capitalization rate is 0.31%.

(\*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, 2021

(\*3) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc. (note 1,42)

(\*4) Others include reclassification from construction-in-progress, reclassification between accounts, and net exchange differences arising on the translation of financial statements of consolidated subsidiaries.

② For the year ended December 31, 2020

<i>(In millions of won)</i>		<b>Beginning balance</b>	<b>Acquisition (*1)</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Impairment losses(*2)</b>	<b>Others(*3)</b>	<b>Ending balance</b>
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
	₩	<u>8,605,375</u>	<u>1,018,857</u>	<u>(60,381)</u>	<u>(675,065)</u>	<u>(92,235)</u>	<u>(75,443)</u>	<u>8,721,108</u>

(\*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.

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

For the years ended December 31, 2021 and 2020

**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, 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%	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 ₩1,410 million and ₩16 million respectively.

**12. Intangible Assets**

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

① As of December 31, 2021

(In millions of won)		<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	₩	652,262	37,945	162,010	579,338	79,484	239,224	1,750,263
Accumulated amortization		-	(12,317)	(160,606)	(458,668)	(2,845)	(199,934)	(834,370)
Government grant		-	-	-	(18)	-	-	(18)
Carrying amount	₩	<u>652,262</u>	<u>25,628</u>	<u>1,404</u>	<u>120,652</u>	<u>76,639</u>	<u>39,290</u>	<u>915,875</u>

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

For the years ended December 31, 2021 and 2020

**12. Intangible Assets, Continued**

(1) Intangible assets as of December 31, 2021 and 2020 are summarized as follows, continued:

② As of December 31, 2020

<i>(In millions of won)</i>		<b>Goodwill</b>	<b>Industrial property rights</b>	<b>Development costs</b>	<b>Software</b>	<b>Membership</b>	<b>Others</b>	<b>Total</b>
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>

(2) Changes in intangible assets for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Impairment losses(*1)</b>	<b>Acquisition of business operations and changes in the scope of consolidation(*2)</b>	<b>Others (*3)</b>	<b>Ending balance</b>
Goodwill	₩	640,277	-	-	-	-	10,563	1,422	652,262
Industrial property rights		19,303	8,191	-	(3,128)	(188)	1,450	-	25,628
Development costs		2,266	-	-	(1,070)	(4,564)	4,772	-	1,404
Software		117,228	21,935	(31,172)	(52,695)	(16)	3,747	61,625	120,652
Membership		75,368	1,135	-	-	-	-	136	76,639
Other		26,845	1,602	(813)	(2,525)	-	13,258	923	39,290
	₩	<u>881,287</u>	<u>32,863</u>	<u>(31,985)</u>	<u>(59,418)</u>	<u>(4,768)</u>	<u>33,790</u>	<u>64,106</u>	<u>915,875</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, 2021 (note 11).

(\*2) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc. (note 1, 42)

(\*3) 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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**12. Intangible Assets, continued**

(2) Changes in intangible assets for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

② For the year ended December 31, 2020

<i>(In millions of won)</i>		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Impairment losses(*1)</b>	<b>Others (*2)</b>	<b>Ending balance</b>
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		34,292	3,423	-	(3,168)	-	(7,702)	26,845
	₩	<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.

(3) Research and development costs recorded in profit or loss for the years ended December 31, 2021 and 2020 are ₩1,167,418 million and ₩1,012,183 million, respectively (note 32).

(4) Impairment of goodwill

Individually significant goodwill allocated to the cash generation units identified by operating segments as of December 31, 2021 is as follows.

<i>(In millions of won)</i>		<b>Auto parts</b>	<b>After-sales services</b>	<b>Total</b>
Hyundai Autonet Co., Ltd.	₩	588,395	-	588,395
Others		39,408	24,459	63,867
	₩	<u>627,803</u>	<u>24,459</u>	<u>652,262</u>

Impairment of goodwill is determined based on the unit of cash generation. The recoverable amount of the cash-generating unit is determined based on the value in use, and the value in use is based on a cash flow estimate based on a five-year business plan approved by the management. The growth rate for cash flows over 5 years was estimated within the range not exceeding the long-term average growth rate for each industry in the region to which each cash generation unit belongs.

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

For the years ended December 31, 2021 and 2020

**12. Intangible Assets, continued**

(4) Impairment of goodwill, continued

Value in use is greatly influenced by major assumptions such as the long-term growth rate and pre-tax discount rate used in the cash flow discount model. The permanent growth rate and pre-tax discount rate used in estimating value in use are as follows:

Principal assumptions	Auto parts	After-sales services
Permanent Growth Rate	0%~1.0%	0%
Pre-tax Discount Rate	2.52% ~ 23.65%	9.39% ~ 18.11%

As a result of the impairment test on goodwill, it is expected that the book value of the cash generation unit will not exceed the recoverable amount. In addition, even if the major assumptions (permanent growth rate, discount rate) are changed by 1% each within the possible range, the book value is not expected to exceed the recoverable amount.

**13. Investment Property**

(1) Investment property as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	2021		2020	
	Land	Buildings	Land	Buildings
Acquisition costs	₩ 23,485	53,211	23,485	48,924
Accumulated depreciation	-	(17,164)	-	(13,999)
Carrying amount	₩ 23,485	36,047	23,485	34,925

(2) Changes in investment property for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>	Beginning balance	Depreciation	Others(*)	Ending balance
Land	₩ 23,485	-	-	23,485
Buildings	34,925	(2,333)	3,455	36,047
	₩ 58,410	(2,333)	3,455	59,532

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

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

For the years ended December 31, 2021 and 2020

**13. Investment Property, Continued**

(2) Changes in investment property for the years ended December 31, 2021 and 2020 are summarized as follow, continued:

② For the year ended December 31, 2020

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

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

(3) The fair value of investment property as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Land	₩ 48,747	48,747
Buildings	37,615	37,615
	<u>₩ 86,362</u>	<u>86,362</u>

The fair value evaluation of investment property was conducted as of December 31, 2019. The calculation was performed by an independent appraiser. The Group did not re-perform the fair value evaluation after the valuation date because it determined that changes are not expected to have a significant impact to the Group.

(4) The amount recognized in profit or loss from investment property for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Rental income	₩ 6,334	6,202
Operating/Maintaining expense	(2,018)	(2,160)
	<u>₩ 4,316</u>	<u>4,042</u>

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

For the years ended December 31, 2021 and 2020

**14. Right-of-use asset**

(1) Changes in right-of-use assets for the year ended December 31, 2021 and 2020 are as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>		Beginning balance	Additions	Depreciation	Acquisition of business operations and changes in the scope of consolidation(*2)		Ending balance
					Others(*3)		
Land	₩	50,929	3,751	(6,145)	-	2,971	51,506
Buildings(*1)		251,308	118,351	(88,161)	1,401	8,400	291,299
Machinery		2,326	289	(978)	-	(70)	1,567
Tools		431	333	(318)	-	35	481
Furniture and fixture		1,262	486	(1,062)	-	85	771
Vehicles		13,476	10,216	(11,093)	389	444	13,432
Others		232	10,776	(5,552)	-	(5,327)	129
	₩	<u>319,964</u>	<u>144,202</u>	<u>(113,309)</u>	<u>1,790</u>	<u>6,538</u>	<u>359,185</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) Changes due to the acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc. (note 1,42)

(\*3) 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, 2020

<i>(In millions of won)</i>		Beginning balance	Additions	Depreciation	Others(*2)	Ending balance
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.

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

For the years ended December 31, 2021 and 2020

**14. Right-of-use asset, Continued**

(2) The amount recognized in profit or loss from leases for the year ended December 31, 2021 and 2020 is summarized as follows:

*(In millions of won)*

	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	₩ 10,487	10,601
The expense on variable lease payments not included in the measurement of lease liabilities	51,554	60,559
Expenses on short-term leases	1,061	969
Expenses on leases of low-value assets, excluding short-term leases of low-value assets	1,438	1,175

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

For the years ended December 31, 2021 and 2020

**15. Investment in Associates and Joint Ventures**

(1) Investment in associates and joint ventures as of December 31, 2021 and 2020 are summarized as follows:

(In millions of won)

Company	2021				2020			
	Owner-ship	Acquisition cost	Net assets	Carrying amount	Owner-ship	Acquisition cost	Net assets	Carrying amount
Hyundai Motor Company	21.43%	₩ 2,139,997	12,474,267	12,837,405	21.43%	₩ 2,139,997	11,450,103	11,817,213
Hyundai Engineering & Construction Co., Ltd.(*1)	8.73%	1,243,724	454,872	1,223,209	8.73%	1,243,724	410,912	1,181,419
Hyundai Engineering Co., Ltd.(*1)	9.35%	214,869	303,278	345,536	9.35%	214,869	289,839	332,097
Hyundai Autoever Corporation(*6)	20.13%	100,740	240,804	221,019	19.05%	1,000	103,972	105,734
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	27.34%	2,668	4,891	4,749	27.34%	2,668	5,050	4,936
Hyundai MNSoft, Inc.(*6)	-	-	-	-	25.67%	8,817	55,339	54,776
Hyundai Motor Securities Co., Ltd.(*1)	15.71%	54,029	147,323	147,323	16.99%	54,029	139,038	139,038
Hyundai Auto Electronics Company Ltd.(*6)	-	-	-	-	20.00%	20,116	30,747	30,089
H Green Power Inc.(*2,4)	-	-	-	-	51.00%	14,790	24,505	22,829
Fubon Hyundai Life Insurance Co.,Ltd.(*1,7)	10.18%	137,040	148,691	158,554	17.08%	137,040	176,446	205,797
MOTIONAL AD LLC(*1)	10.00%	497,834	403,430	407,894	10.00%	497,834	415,322	419,786
Hyundai Motor Group (China) Ltd. Beijing Hyundai Mobis Parts Co., Ltd.(*2)	20.00%	45,786	57,797	57,797	20.00%	35,643	39,241	39,241
Mobis Parts Jiangsu Yueda Trading Co., Ltd.(*2)	50.00%	4,089	75,897	70,549	50.00%	4,089	73,630	68,424
Jiangsu Yueda New Energy Battery Co., Ltd.(*2)	50.00%	2,632	52,350	51,642	50.00%	2,632	40,069	39,581
Hyundai Transys Georgia Powertrain, Inc(*3)	50.00%	10,404	9,026	8,847	50.00%	10,404	8,733	8,733
Hyundai Transys Georgia Powertrain, Inc(*3)	-	-	-	-	20.00%	16,151	19,455	19,455
ACVC Partners Fund I, LP SMART WORLD INNOVATION FUND L.P.	44.35%	9,015	8,155	8,155	49.30%	2,701	2,701	2,701
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.(*8)	28.03%	2,811	2,811	2,811	37.90%	1,681	1,681	1,681
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.(*8)	20.00%	38,287	37,731	37,731	20.00%	25,186	24,456	24,456
HTWO guangzhou Co.,Ltd(*1,5)	15.00%	15,215	16,183	16,183	-	-	-	-
SUPERNAL, LLC(*5,9)	33.33%	83,718	49,856	60,325	-	-	-	-
Boston Dynamics, Inc.(*5)	20.00%	287,920	57,003	276,737	-	-	-	-
PT. HLI GREEN POWER(*5,10)	25.00%	105,644	100,743	101,857	-	-	-	-
		₩ 4,996,422	14,645,108	16,038,323		₩ 4,433,371	13,311,239	14,517,986

The Group used the provisional settlement financial statements of some investment in associates and joint ventures, and performed the reliability verification procedure on the provisional settlement financial statements.

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

For the years ended December 31, 2021 and 2020

**15. Investment in Associates and Joint Ventures, Continued**

(1) Investment in associates and joint ventures as of December 31, 2021 and 2020 are summarized as follows, continued:

(\*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 H 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 Hyundai Transys Georgia Powertrain, Inc from investment in associates to financial assets at FVOCI during the year 2021.

(\*4) The Group acquired an additional 49% In H Green Power Inc. (formerly HL Green Power Inc.) which was formerly owned by LG ENERGY SOLUTION, LTD. and it was reclassified from a joint venture to a subsidiary during the year 2021.

(\*5) The Group newly acquired HTWO guangzhou Co.,Ltd, SUPERNAL, LLC., Boston Dynamics, Inc., PT. HLI GREEN POWER during the year 2021.

(\*6) Hyundai Auto Electronics Company Ltd. and Hyundai Hyundai MNSoft, Inc, which were classified as investments in associates during the year 2021, were merged into Hyundai Autoever Corporation, which were classified as investments in associates. The Group's ownership of Hyundai Autoever Corporation has changed from 19.05% to 20.13%.

(\*7) As the Group did not participate in the paid-in capital increase during the year 2021, the ownership of Fubon Hyundai Life Insurance Co.,Ltd. changed from 17.08% to 10.18%.

(\*8) The company name of Hyundai Motor Singapore PTE. Ltd. was changed to Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. during the year 2021.

(\*9) The company name of Genesis Air Mobility LLC was changed to SUPERNAL, LLC. during the year 2021.

(\*10) The company name of PT. HKML BATTERY INDONESIA was changed to PT. HLI GREEN POWER during the year 2021.

(2) Fair value of marketable securities of associates as of December 31, 2021 and 2020 are summarized as follows:

(In millions of won)

	<u>2021</u>	<u>2020</u>
Hyundai Motor Company	₩ 9,568,443	8,790,148
Hyundai Engineering & Construction Co., Ltd.	432,043	364,005
Hyundai Motor Securities Co., Ltd.	61,543	62,788
Hyundai Autoever Corporation	<u>761,798</u>	<u>494,000</u>
	<u>₩ 10,823,827</u>	<u>9,710,941</u>

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

For the years ended December 31, 2021 and 2020

**15. Investment in Associates and Joint Ventures, Continued**

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>						
<u>Company</u>	<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	₩ 11,817,213	-	875,455	(183,128)	327,865	12,837,405
Hyundai Engineering & Construction Co., Ltd.	1,181,419	-	34,347	(5,832)	13,275	1,223,209
Hyundai Engineering Co., Ltd.	332,097	-	24,884	(10,650)	(795)	345,536
Hyundai Autoever Corporation	105,734	-	15,841	(3,000)	102,444	221,019
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,936	-	436	(635)	12	4,749
Hyundai MNSoft, Inc.	54,776	-	2,351	(1,490)	(55,637)	-
Hyundai Motor Securities Co., Ltd.	139,038	-	11,531	(3,364)	118	147,323
Hyundai Auto Electronics Company Ltd.	30,089	-	2,455	-	(32,544)	-
H Green Power Inc.	22,829	-	708	-	(23,537)	-
Fubon Hyundai Life Insurance Co.,Ltd.	205,797	-	27,930	-	(75,173)	158,554
MOTIONAL AD LLC	419,786	-	(48,794)	-	36,902	407,894
Hyundai Motor Group (China) Ltd.	39,241	10,143	153	-	8,260	57,797
Beijing Hyundai Mobis Parts Co., Ltd.	68,424	-	38,296	(46,039)	9,868	70,549
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	39,581	-	17,743	(10,212)	4,530	51,642
Jiangsu Yueda New Energy Battery Co., Ltd.	8,733	-	(852)	-	966	8,847
Hyundai Transys Georgia Powertrain, Inc	19,455	-	830	-	(20,285)	-
ACVC Partners Fund I, LP	2,701	6,863	-	(861)	(548)	8,155
SMART WORLD INNOVATION FUND L.P.	1,681	1,130	-	-	-	2,811
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	24,456	13,101	(1,650)	-	1,824	37,731
HTWO guangzhou Co.,Ltd	-	15,215	(242)	-	1,210	16,183
SUPERNAL, LLC	-	83,718	(25,880)	-	2,487	60,325
Boston Dynamics, Inc.	-	287,920	(23,759)	-	12,576	276,737
PT. HLI GREEN POWER	-	105,644	(4,600)	-	813	101,857
	₩ <u>14,517,986</u>	<u>523,734</u>	<u>947,183</u>	<u>(265,211)</u>	<u>314,631</u>	<u>16,038,323</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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**15. Investment in Associates and Joint Ventures, Continued**

(3) Changes in investment in associates and joint ventures for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

:

② For the year ended December 31, 2020

(In millions of won)

Company	Beginning balance	Acquisition	Equity Profit (loss) on investment	Dividends received	Others(*)	Ending balance
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
H 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 L.P.	-	1,681	-	-	-	1,681
Hyundai Motor Group Innovation Center In 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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of and for the year ended December 31, 2021

<i>(In millions of won)</i>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Revenue</b>	<b>Operating profit (loss)</b>	<b>Profit (loss)</b>	<b>Total comprehensive income (loss)</b>
Hyundai Motor Company	₩ 88,565,366	145,381,049	64,236,787	87,093,839	117,610,626	6,678,949	4,942,356	6,938,637
Hyundai Engineering & Construction Co., Ltd.	14,686,912	4,983,949	7,643,838	2,572,759	18,086,220	775,056	418,728	591,246
Hyundai Engineering Co., Ltd.	4,675,856	1,510,251	2,285,310	210,593	7,355,145	364,649	250,616	242,817
Hyundai Autoever Corporation	1,470,997	875,089	721,248	238,739	2,070,335	96,051	70,088	83,691
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	33,072	11,104	24,469	1,817	74,429	3,434	2,240	2,240
Hyundai Motor Securities Co., Ltd.	8,736,077	70,051	7,458,361	187,057	853,770	156,520	117,749	118,662
Fubon Hyundai Life Insurance Co., Ltd.	1,987,939	18,658,971	10,161,908	9,118,947	3,421,659	225,671	185,905	(30,841)
MOTIONAL AD LLC	638,672	3,603,632	95,188	112,803	949	(501,539)	(487,940)	(487,940)
Hyundai Motor Group (China) Ltd.	338,820	599,272	488,875	147,129	530,500	11,844	765	14,425
Beijing Hyundai Mobis Parts Co., Ltd.	246,797	53,408	141,808	6,845	439,646	97,728	76,032	76,032
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	102,623	17,764	15,689	-	180,845	45,054	35,823	35,823
Jiangsu Yueda New Energy Battery Co., Ltd.	24,784	15,615	18,356	3,991	8,219	(1,610)	(1,365)	(1,365)
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	23,970	166,297	1,612	-	-	(8,694)	(8,250)	(8,250)
HTWO guangzhou Co., Ltd.	113,273	78,593	24,113	59,864	88	(12,404)	(1,622)	(1,622)
SUPERNAL, LLC	197,670	107,274	61,414	93,962	-	(77,639)	(77,639)	(77,639)
Boston Dynamics, Inc.	117,854	250,999	55,255	79,823	43,549	(105,375)	(107,640)	(107,640)
PT. HLI GREEN POWER	219,770	184,361	1,156	-	-	(19,437)	(18,399)	(18,399)
<b>₩</b>	<b>122,180,452</b>	<b>176,567,679</b>	<b>93,435,387</b>	<b>99,928,168</b>	<b>150,675,980</b>	<b>7,728,258</b>	<b>5,397,447</b>	<b>7,369,877</b>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows, continued:

② As of and for the year ended December 31, 2020

<i>(In millions of won)</i>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Revenue</b>	<b>Operating profit (loss)</b>	<b>Profit (loss)</b>	<b>Total comprehensive income (loss)</b>
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
H 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)
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	80,319	41,967	5	-	-	(2,890)	(2,890)	(2,890)
	<u>₩ 117,211,557</u>	<u>151,893,095</u>	<u>78,315,287</u>	<u>94,218,267</u>	<u>138,223,450</u>	<u>3,501,564</u>	<u>1,817,396</u>	<u>845,667</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

(In millions of won)

Company	Interest in net assets	Goodwill	Net asset fair value differences	Unrealized gains	Carrying amount
Hyundai Motor Company	₩ 12,474,267	372,286	-	(9,148)	12,837,405
Hyundai Engineering & Construction Co., Ltd.	454,872	473,900	294,437	-	1,223,209
Hyundai Engineering Co., Ltd.	303,278	39,511	2,747	-	345,536
Hyundai Autoever Corporation	240,804	1,762	(21,309)	(238)	221,019
ZF Lemfoerder Chassis Technology Korea Co., Ltd.	4,891	-	-	(142)	4,749
Hyundai Motor Securities Co., Ltd.	147,323	-	-	-	147,323
Fubon Hyundai Life Insurance Co., Ltd.	148,691	9,863	-	-	158,554
MOTIONAL AD LLC	403,430	4,464	-	-	407,894
Hyundai Motor Group (China) Ltd.	57,797	-	-	-	57,797
Beijing Hyundai Mobis Parts Co., Ltd.	75,897	-	-	(5,348)	70,549
Mobis Parts Jiangsu Yueda Trading Co., Ltd.	52,350	-	-	(708)	51,642
Jiangsu Yueda Mobis New Energy Battery Co., Ltd.	9,026	-	-	(179)	8,847
ACVC Partners Fund I, LP	8,155	-	-	-	8,155
SMART WORLD INNOVATION FUND L.P.	2,811	-	-	-	2,811
Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	37,731	-	-	-	37,731
HTWO guangzhou Co., Ltd	16,183	-	-	-	16,183
SUPERNAL, LLC	49,856	10,469	-	-	60,325
Boston Dynamics, Inc.	57,003	137,261	82,473	-	276,737
PT. HLI GREEN POWER	100,743	1,114	-	-	101,857
	₩ 14,645,108	1,050,630	358,348	(15,763)	16,038,323

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows, continued:

② 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
H 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 L.P.	1,681	-	-	-	1,681
Hyundai Motor Group Innovation Center In 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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**16. Non-Current Financial Assets**

Non-Current Financial Assets as of December 31, 2021 and 2020 are summarized as follows:

(In millions of won)

	Number of shares (In shares)	Ownership	2021		2020		
			Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	
<b>1. Financial assets at FVOCI</b>							
<b>Non-marketable securities</b>							
Hyundai Transys Inc.(*1)	12,893,176	15.74%	₩ 342,989	267,385	342,989	268,211	
China Millennium Corporations	-	10.10%	9,061	9,061	9,061	9,061	
Envisics, Inc.	13,646,438	9.96%	29,558	29,558	29,558	29,558	
Stradvision Inc.(*2)	14,716	6.38%	11,435	14,780	11,435	11,435	
The Korea Economic Daily	531,090	2.84%	2,656	6,339	2,656	6,339	
Other securities(*3)	-	-	68,187	75,680	29,930	37,423	
			<u>463,886</u>	<u>402,803</u>	<u>425,629</u>	<u>362,027</u>	
<b>Marketable securities</b>							
HDC Holding Co., Ltd.	182,499	0.31%	3,660	1,907	3,660	2,017	
HDC Hyundai Development Company Co., Ltd.	255,000	0.39%	5,115	5,839	5,115	6,656	
Hwaseung Corporation CO., LTD(*4)	-	-	-	-	3,963	3,851	
HWASEUNG R&A CO., LTD.(*4)	467,654	2.46%	1,090	2,404	-	-	
Velodyne Lidar, Inc	4,878,048	2.47%	58,685	26,833	58,685	121,113	
Other securities	-	-	141	3,679	141	2,148	
			<u>68,691</u>	<u>40,662</u>	<u>71,564</u>	<u>135,785</u>	
			<u>532,577</u>	<u>443,465</u>	<u>497,193</u>	<u>497,812</u>	
<b>2. Financial assets at FVPL</b>							
Debt instruments	-	-	5,499	5,492	3,368	3,361	
			<u>5,499</u>	<u>5,492</u>	<u>3,368</u>	<u>3,361</u>	
			<u>₩ 538,076</u>	<u>448,957</u>	<u>500,561</u>	<u>501,173</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 ₩826 million.

(\*2) The fair value valuation was carried out during the current period and the recognized gain from the fair value through other comprehensive income is ₩3,345 million.

(\*3) The Group has reclassified Hyundai Transys Georgia Powertrain, Inc from investment in associates to financial assets at FVOCI during the year 2021.

(\*4) HWASEUNG R&A CO., LTD was divided into two companies, Hwaseung Corporation CO., LTD and HWASEUNG R&A CO., LTD and the Group disposed of the entire Hwaseung Corporation CO., LTD. and the recognized gain on financial assets at FVOCI was ₩390 million.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

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

For the years ended December 31, 2021 and 2020

**17. Other Non-current Assets**

Other non-current assets as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Hedging derivative financial assets	₩ -	457
Long-term loans	98,559	91,546
Long-term financial instruments	7,035	17,883
Long-term accounts receivable - other	373,052	120,137
Deposits provided	97,868	77,952
Long-term accounts receivable - trade	1	183
Long-term advance payments	47,305	16,269
Long-term prepaid expenses	197	58
Net defined benefit asset (note 23)	96,096	11,524
	<u>₩ 720,113</u>	<u>336,009</u>

**18. Trade and Other Payables**

Trade and other payables as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Accounts and notes payable - trade	₩ 5,378,198	5,306,977
Accounts and notes payable - other	990,345	834,205
	<u>₩ 6,368,543</u>	<u>6,141,182</u>

Trade and other payables to related parties and the enterprise group affiliates as of December 31, 2021 and 2020 are ₩1,143,873 million and ₩1,478,142 million, respectively (note 37).

**19. Other Current Liabilities**

Other current liabilities as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Accrued expenses	₩ 306,637	243,559
Advance from customers	356,400	371,848
Unearned revenue	22,547	10,990
Withholdings	45,326	28,679
Withholding tax	79,374	47,921
Withholding deposits	18,360	13,758
Derivative financial liabilities	330	88
	<u>₩ 828,974</u>	<u>716,843</u>

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

For the years ended December 31, 2021 and 2020

**20. Other Non-current Liabilities**

Other non-current liabilities as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Provision for public contribution and other	₩ 373,740	385,268
Other long-term employee benefits	91,206	88,493
Derivative financial liabilities	35,438	90
Long-term unearned revenue	36,105	27,889
Provision for restoration	5,584	5,483
	<u>₩ 542,073</u>	<u>507,223</u>

**21. Provision for Warranties**

Changes in provision for warranties for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Beginning balance	₩ 1,238,315	898,439
Increase	267,855	551,161
Utilization	(318,965)	(193,743)
Others (effect of changes in exchange rate and others)(*)	30,782	(17,542)
Ending balance	<u>1,217,987</u>	<u>1,238,315</u>
Less: current provision for warranties	<u>(959,936)</u>	<u>(1,025,710)</u>
Non-current provision for warranties	<u>₩ 258,051</u>	<u>212,605</u>

(\*) Others include acquisition of semiconductor business operations of Hyundai Auto Electronics Company Ltd. and the acquisition of control of H Green Power Inc. during the year 2021 (note 1,42).

Third-party reimbursements treated as separate assets as of December 31, 2021 and 2020 are ₩536,076 and ₩622,657, respectively.

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

For the years ended December 31, 2021 and 2020

**22. Borrowings and Bonds**

(1) Short-term borrowings as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<b>Lender</b>	<b>Annual interest rate (%)</b>	<b>2021</b>	<b>2020</b>
Borrowings in foreign currencies	Citi Bank and other	3M LIBOR + 0.74 and other	₩ 24,917	218,779
Borrowings in Korean currency	Hanabank Korea Co., Ltd. and other	3.50 and other	50,000	71,340
Borrowings collateralized by trade receivables	Shinhanbank Korea Co., Ltd. and other	3M LIBOR+0.3 and other	1,130,908	1,114,503
			₩ 1,205,825	1,404,622

(2) Long-term borrowings as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<b>Lender</b>	<b>Annual interest rate (%)</b>	<b>2021</b>	<b>2020</b>
Borrowings in foreign currencies	SMBC and other	3M LIBOR + 0.61 and other	₩ 1,531,386	1,540,347
Borrowings in Korean currency	Hanabank Korea Co., Ltd. and other	3.16 and other	85,754	7
Asset Backed Loan	-	-	-	50,000
			1,617,140	1,590,354
Less: current portion of long-term borrowings			(378,650)	(454,832)
			₩ 1,238,490	1,135,522

(3) Certain property, plant and equipment (carrying amount : ₩70,521 million) have been pledged as collaterals for certain bank (Hana Bank and others) loans (collateralized amount : ₩135,000 million).

(4) Bonds as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<b>Issue date</b>	<b>Expiry date</b>	<b>Annual interest rate (%)</b>	<b>2021</b>	<b>2020</b>
Nonguaranteed public offering bond	2021-07-09	2024-07-09	1.587	₩ 150,000	-
Nonguaranteed public offering bond	2021-07-09	2026-07-09	1.957	140,000	-
Nonguaranteed public offering bond	2021-07-09	2028-07-09	2.081	60,000	-
				350,000	-
Discount on bonds premium on bonds				(945)	-
Reclassification from non-current to current				-	-
				₩ 349,055	-

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

For the years ended December 31, 2021 and 2020

**23. Defined Benefit Obligations**

(1) Defined benefit obligations as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Present value of defined benefit obligations	₩ 857,394	820,255
Transfer to National Pension Fund	(164)	(182)
Fair value of plan assets	<u>(940,850)</u>	<u>(819,355)</u>
Amount recognized in financial statements(*)	<u>₩ (83,620)</u>	<u>718</u>

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

(2) Changes in present value of defined benefit obligations for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Beginning balance	₩ 820,255	793,160
Current service costs	90,543	90,972
Interest costs	20,291	18,865
Remeasurements:	(16,669)	(38,547)
Loss from changes in demographic assumptions	27	1
Loss (gain) from changes in financial assumptions	(48,989)	(8,526)
Loss (gain) from experience adjustments	32,293	(30,022)
Relocation of affiliates	4,552	-
Benefit paid	(65,680)	(43,339)
Changes in the scope of consolidation	3,437	-
Others (effect of changes in exchange rate and others)	<u>665</u>	<u>(856)</u>
Ending balance	<u>₩ 857,394</u>	<u>820,255</u>

(3) Changes in fair value of plan assets for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Beginning balance	₩ 819,355	740,234
Interest income	20,307	20,227
Remeasurements of plan assets	(6,117)	(4,968)
Contribution paid into the plan	132,125	101,622
Relocation of affiliates	3,432	-
Benefit paid by the plan	(31,663)	(37,622)
Changes in the scope of consolidation	3,290	-
Others (effect of changes in exchange rate and others)	<u>121</u>	<u>(138)</u>
Ending balance	<u>₩ 940,850</u>	<u>819,355</u>

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

For the years ended December 31, 2021 and 2020

**23. Defined Benefit Obligations, Continued**

(4) The components of plan assets as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Time deposits	₩ 14,186	31,931
Insurance contract of guaranteed interest	926,663	787,423
Cash assets	<u>1</u>	<u>1</u>
	<u>₩ 940,850</u>	<u>819,355</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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Current service costs	₩ 90,543	90,972
Interest costs (income)	<u>(16)</u>	<u>(1,362)</u>
	<u>₩ 90,527</u>	<u>89,610</u>

(6) Principal actuarial assumptions used as of December 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	2.57% ~ 8.30%	2.08% ~ 6.95%
Expected future salary growth	3.05% ~ 10.00%	3.27% ~ 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.

(7) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2021 is as follows:

<i>(In millions of won)</i>	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	₩ (88,426)	102,631
Expected future salary growth	102,653	(89,937)

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

For the years ended December 31, 2021 and 2020

**23. Defined Benefit Obligations, Continued**

(8) The information about the maturity profile of the defined benefit obligations as of December 31, 2021 is as follows:

<i>(In millions of won)</i>	<b>Weighted average duration</b>	<b>Less than 1 year</b>	<b>1~5 years</b>	<b>5~10 years</b>	<b>More than 10 years</b>	<b>Total</b>
Benefit payments	9.15 ~ 24.28 years	₩ 33,389	163,662	216,476	443,867	857,394

(9) The Group recognized ₩10,549 million and ₩9,634 million as expenses for defined contribution plan for the years ended December 31, 2021 and 2020, respectively.

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

<i>(In millions of foreign currency)</i>						
<b>Currency</b>	<b>Amount</b>	<b>Strike price in won</b>	<b>Maturity</b>			
USD	2	1,049	January 28, 2022 ~ December 29, 2022			
EUR	3	1,528	January 28, 2022 ~ December 29, 2022			

The Group recognized unrealized gains on valuation of the financial derivatives in profit amounting to ₩11 million for the year ended December 31, 2021, and recorded unrealized gains and losses on valuation of the financial derivatives (before income tax effect) amounting ₩240 million and ₩317 million, respectively, as other equity as of December 31, 2021.

② As of December 31, 2020

<i>(In millions of foreign currency)</i>						
<b>Currency</b>	<b>Amount</b>	<b>Strike price in won</b>	<b>Maturity</b>			
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.

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

For the years ended December 31, 2021 and 2020

**25. Stockholders' Equity**

(1) The Group's capital stock as of December 31, 2021 and 2020 are summarized as follows:

(In millions of won and in shares)

	2021		2020	
	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	94,573,094	3,974	95,054,694	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, and January 28, 2021 and October 28, 2021, 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 of common stock amounting to ₩52,978 million and 261,600 treasury shares of common stock amounting to ₩57,833 million and 220,000 treasury shares of common stock amounting to ₩54,084 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, 2021 and 2020 are summarized as follows:

(In millions of won)

	2021	2020
Additional paid-in capital	₩ 1,283,312	1,283,312
Revaluation reserve	26,844	26,844
Other capital surplus	88,874	87,870
	₩ <u>1,399,030</u>	<u>1,398,026</u>

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

For the years ended December 31, 2021 and 2020

**26. Treasury Stock**

The Group 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 Group plans to retire or dispose the treasury stocks depending on the market conditions.

Treasury stock for the years ended December 31, 2021 and 2020 are summarized as follows:

(In millions of won, except share information)

	2021		2020	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Beginning balance	2,532,600	₩ 559,886	1,869,535	₩ 393,029
Acquisition of treasury stock(*1)	1,515,000	428,640	983,000	234,853
Disposal of treasury stock(*2)	(40,265)	(9,853)	(67,935)	(15,018)
Retirement of treasury stock(*3)	(481,600)	(111,917)	(252,000)	(52,978)
Ending balance	<u>3,525,735</u>	<u>₩ 866,756</u>	<u>2,532,600</u>	<u>₩ 559,886</u>

(\*1) As approved by the Board of Directors on February 18, 2021, the Company purchased 750,000 treasury shares of common stock of which carrying amount is ₩223,338 million in total from February 22, 2021 to May 10, 2021. In addition, as approved by the Board of Directors on July 23, 2021, the Company purchased 765,000 treasury shares of common stock of which carrying amount is ₩205,302 million in total from July 26, 2021 to October 20, 2021.

(\*2) As approved by the Board of Directors on August 20, 2021, the Company disposed 24,417 treasury shares of common stock of which carrying amount is ₩5,975 million in total for donating to employee's stock ownership association and disposed 15,848 treasury shares of common stock of which carrying amount is ₩3,878 million in total by warehousing stocks in employee's individual securities accounts on September 29, 2021.

(\*3) As approved by the Board of Directors on January 28, 2021, the Company retired 261,600 treasury shares of common stock of which carrying amount is ₩57,833 million in total. In addition, on November 1, 2021, as approved by the Board of Directors on October 28, 2021, the Company retired 220,000 treasury shares of common stock of which carrying amount is ₩54,084 million in total.

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

For the years ended December 31, 2021 and 2020

**27. Other Equity**

Other equity as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Gain on valuation of financial assets at FVOCI	₩ 22,299	62,833
Loss on valuation of financial assets at FVOCI	(108,224)	(83,942)
Unrealized gain on cumulative foreign currency translation	227,554	47,605
Unrealized loss on cumulative foreign currency translation	(212,392)	(175,550)
Unrealized gain on valuation of hedging derivative financial assets	174	364
Unrealized loss on valuation of hedging derivative financial assets	(229)	(129)
Change in capital adjustments - increase in gain of equity method accounted investments	115,583	19,695
Change in capital adjustments - increase in loss of equity method accounted investments	(453,399)	(777,548)
Other capital adjustments	(21,177)	(21,177)
	<u>₩ (429,811)</u>	<u>(927,849)</u>

**28. Retained Earnings**

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

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Legal reserve	₩ 245,548	245,548
Voluntary reserve	22,233,375	21,561,375
Unappropriated retained earnings	<u>12,200,544</u>	<u>11,044,358</u>
	<u>₩ 34,679,467</u>	<u>32,851,281</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.

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

For the years ended December 31, 2021 and 2020

**29. Dividends**

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

*(In millions of won, except for share information and ratio)*

	2021(Quarter)			2021(Prospective)			2020		
	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total	Common stock	Preferred stock	Total
Number of shares	91,772,094	3,974	91,776,068	91,047,359	3,974	91,051,333	92,522,094	3,974	92,526,068
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	20.00%	20.00%	-	60.00%	61.00%	-	80.00%	81.00%	-
Dividends	₩ 91,771	4	91,775	273,142	12	273,154	370,088	16	370,104

(2) Dividends as a percentage of net income for the years ended December 31, 2021 and 2020 are as follows:

*(In millions of won, except for ratio)*

	2021	2020
Dividends	₩ 364,929	370,104
Profit attributable to owners of the Company	2,352,288	1,529,146
Dividend as a percentage of net income	15.51%	24.20%

(3) Dividend yield ratio for the years ended December 31, 2021 and 2020 are as follows:

*(In won)*

	2021(Quarter)		2021(Prospective)		2020	
	Common stock	Preferred stock	Common stock	Preferred stock	Common stock	Preferred stock
Dividend per share	₩ 1,000	1,000	3,000	3,050	4,000	4,050
Market price at the end of year	292,000	-	254,500	-	255,500	-
Dividend yield ratio	0.34%	-	1.18%	-	1.57%	-

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

For the years ended December 31, 2021 and 2020

**30. Revenues from Contracts with Customers**

(1) Source of revenue

Main revenue acquired from the auto parts business, mainly manufacturing parts and modules, for car production, after-sales services for the years ended December 31, 2021 and 2020 are as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	₩ 41,702,193	36,626,215
Hedging revenue (loss)	(9)	289
	<u>₩ 41,702,184</u>	<u>36,626,504</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, 2021 and 2020 are as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Recognized at a point in time	₩ 49,864,829	43,258,405
Recognized over time	465,089	175,369
Consolidation adjustments	(8,627,725)	(6,807,559)
	<u>₩ 41,702,193</u>	<u>36,626,215</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, 2021 and 2020 are as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Rendering of transportation services	₩ 18,431	4,038
Rendering of warranty in addition to assurance	36,944	27,889

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

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

For the years ended December 31, 2021 and 2020

**31. Nature of Expenses**

Details of expenses by nature for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Changes in finished goods, work-in-process and merchandises	₩ (309,970)	(12,314)
Raw material consumed and purchase of merchandise	30,506,607	28,175,597
Employee benefits expense	2,219,929	1,989,465
Depreciation and amortization	836,090	850,245
Freight	1,042,206	613,039
Advertising	64,735	57,065
Fees and commission paid	1,471,061	1,239,944
Others	3,831,414	1,883,171
	<u>₩ 39,662,072</u>	<u>34,796,212</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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Salaries	₩ 697,177	632,661
Retirement benefits	45,834	43,642
Other employee benefits	157,326	143,223
Transportation	346,593	280,342
Service fees	265,197	216,584
Advertising	64,702	57,065
Research and development costs	1,167,418	1,012,183
Others	480,179	488,246
	<u>₩ 3,224,426</u>	<u>2,873,946</u>

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

For the years ended December 31, 2021 and 2020

**33. Other Income and Expense**

Other income and expense for the years ended December 31, 2021 and 2020 are summarized as follows:

(In millions of won)

	<u>2021</u>	<u>2020</u>
<b>Other income:</b>		
Foreign exchange transaction gain	₩ 181,875	164,061
Foreign exchange translation gain	14,299	15,799
Gain on disposal of property, plant and equipment	20,976	5,548
Reversal of allowance for doubtful accounts - other	677	94
Realized gain of hedging financial derivatives	18	403
Unrealized gain of hedging financial derivatives	11	92
Others	144,643	71,950
	<u>362,499</u>	<u>257,947</u>
<b>Other expense:</b>		
Foreign exchange transaction loss	133,306	154,682
Foreign exchange translation loss	19,116	37,300
Donation	16,620	24,089
Loss on disposal of property, plant and equipment	17,898	11,867
Impairment loss on property, plant and equipment	1,500	92,235
Loss on disposal of intangible assets	31,167	290
Impairment loss on intangible assets	4,768	4,484
Loss on disposal of accounts and notes receivable - trade	10	-
Realized loss of hedging financial derivatives	12	7,437
Unrealized loss of financial derivatives	421	-
Others	12,721	34,645
	<u>237,539</u>	<u>367,029</u>
	<u>₩ 124,960</u>	<u>(109,082)</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
<b>Selling, general and administrative expenses:</b>		
Allowance for other doubtful accounts	₩ 1,965	1,728
Reversal of allowance for doubtful accounts	(26)	(191)
	<u>₩ (1,939)</u>	<u>(1,537)</u>

(2) Financial instruments related income and expense classified as other income and expense for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
<b>Other income:</b>		
Foreign exchange transaction gain	₩ 181,875	164,061
Foreign exchange translation gain	14,299	15,799
Reversal of allowance for doubtful accounts - other	677	94
Realized gain of hedging financial derivatives	18	403
Unrealized gain of hedging financial derivatives	11	92
	<u>196,880</u>	<u>180,449</u>
<b>Other expense:</b>		
Foreign exchange transaction loss	133,306	154,682
Foreign exchange translation loss	19,116	37,300
Bad debts expense - other	171	2,676
Loss on disposal of accounts and notes receivable - trade	10	-
Realized loss of hedging financial derivatives	12	7,437
Unrealized loss of financial derivatives	421	-
	<u>153,036</u>	<u>202,095</u>
	<u>₩ 43,844</u>	<u>(21,646)</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

(In millions of won)

	<u>2021</u>	<u>2020</u>
<b>Finance income:</b>		
Interest income	₩ 131,815	169,254
Dividend income	1,207	1,485
Foreign exchange transaction gain	139,212	238,433
Foreign exchange translation gain	56,494	37,701
Gain on disposal of financial assets at FVPL	10,005	6,596
Gain on valuation of financial assets at FVPL	639	3,953
	<u>339,372</u>	<u>457,422</u>
<b>Finance costs:</b>		
Interest expense	38,621	54,543
Foreign exchange transaction loss	155,231	276,221
Foreign exchange translation loss	19,684	101,632
Loss on disposal of financial assets at FVPL	4,634	5,173
Loss on valuation of financial assets at FVPL	13,977	1,088
	<u>232,147</u>	<u>438,657</u>
	<u>₩ 107,225</u>	<u>18,765</u>

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

For the years ended December 31, 2021 and 2020

**34. Financial Instruments Related Income and Expense, Continued**

(4) Categories of financial instruments related income and expense for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>	<b>Financial assets at FVPL</b>	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVOCI</b>	<b>Financial liabilities at amortized cost</b>	<b>Derivatives financial instruments</b>	<b>Total</b>
<b>Recognized in profit or loss:</b>						
Interest income	₩ 1	131,814	-	-	-	131,815
Dividends income	-	-	1,207	-	-	1,207
Foreign exchange transaction gain	-	275,752	-	45,335	-	321,087
Foreign exchange translation gain	-	21,571	-	49,222	-	70,793
Realized gain of hedging financial derivatives	-	-	-	-	18	18
Unrealized gain of hedging financial derivatives	-	-	-	-	11	11
Reversal of allowance for doubtful accounts	-	26	-	-	-	26
Reversal of allowance for doubtful accounts - other	-	677	-	-	-	677
Gain on disposal of financial assets at FVPL	10,005	-	-	-	-	10,005
Gain on valuation of financial assets at FVPL	639	-	-	-	-	639
Interest expense	-	-	-	(38,621)	-	(38,621)
Foreign exchange transaction loss	-	(172,265)	-	(116,272)	-	(288,537)
Foreign exchange translation loss	-	(22,744)	-	(16,056)	-	(38,800)
Realized loss of hedging financial derivatives	-	-	-	-	(12)	(12)
Unrealized loss of financial derivatives	-	-	-	-	(421)	(421)
Loss on disposal of financial assets at FVPL	(4,634)	-	-	-	-	(4,634)
Loss on valuation of financial assets at FVPL	(13,977)	-	-	-	-	(13,977)
Loss on disposal of accounts receivable - other	-	(10)	-	-	-	(10)
Bad debt expense - other	-	(171)	-	-	-	(171)
Bad debt expense	-	(1,965)	-	-	-	(1,965)
	<u>₩ (7,966)</u>	<u>232,685</u>	<u>1,207</u>	<u>(76,392)</u>	<u>(404)</u>	<u>149,130</u>
Finance income	₩ 10,645	429,840	1,207	94,557	29	536,278
Finance costs	<u>(18,611)</u>	<u>(197,155)</u>	<u>-</u>	<u>(170,949)</u>	<u>(433)</u>	<u>(387,148)</u>
<b>Recognized in other comprehensive income (loss):</b>						
Unrealized gain (loss) on valuation	-	-	(64,735)	-	(289)	(65,024)
	<u>₩ (7,966)</u>	<u>232,685</u>	<u>(63,528)</u>	<u>(76,392)</u>	<u>(693)</u>	<u>84,106</u>

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

For the years ended December 31, 2021 and 2020

**34. Financial Instruments Related Income and Expense, Continued**

(4) Categories of financial instruments related income and expense for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

② For the year ended December 31, 2020

<i>(In millions of won)</i>	<b>Financial assets at FVPL</b>	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVOCI</b>	<b>Financial liabilities at amortized cost</b>	<b>Derivatives financial instruments</b>	<b>Total</b>
<b>Recognized in profit or loss:</b>						
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
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)
Bad debt expense	-	(1,728)	-	-	-	(1,728)
Bad debt expense - other	-	(2,676)	-	-	-	(2,676)
	<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	(6,261)	(361,857)	(800)	(266,125)	(7,437)	(642,480)
<b>Recognized in other comprehensive income (loss):</b>						
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  
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

	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	
<i>(In millions of won)</i>						
Hedging derivatives financial instruments(*) ₩	459	-	459	-	-	459
Other financial instruments	773,471	371,646	401,825	3,343	933	397,549
₩	<u>773,930</u>	<u>371,646</u>	<u>402,284</u>	<u>3,343</u>	<u>933</u>	<u>398,008</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, 2020

	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	
<i>(In millions of won)</i>						
Hedging 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.

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

	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	
<i>(In millions of won)</i>						
Derivatives financial instruments	₩ 317	-	317	-	-	317
Other financial instruments	1,482,707	371,646	1,111,061	3,437	840	1,106,784
	<u>₩ 1,483,024</u>	<u>371,646</u>	<u>1,111,378</u>	<u>3,437</u>	<u>840</u>	<u>1,107,101</u>

② As of December 31, 2020

	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	
<i>(In millions of won)</i>						
Hedging 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>

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

For the years ended December 31, 2021 and 2020

**35. Income Taxes**

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

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Current tax expense	₩ 580,313	546,391
Adjustment for prior periods	(14,277)	(179,551)
Origination and reversal of temporary differences	400,593	44,514
Income tax recognized in other comprehensive income	(156,636)	187,477
Others (effect of changes in exchange rate and others)	22,075	(7,701)
	<u>₩ 832,068</u>	<u>591,130</u>

(2) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Loss on valuation of financial assets at FVOCI	₩ 24,686	996
Unrealized gain of hedging financial derivatives	110	33
Remeasurements of defined benefit plan	(2,655)	(9,731)
Investment in associates and subsidiaries	(178,401)	196,951
Gain on disposal of treasury stock payments	(376)	(772)
	<u>₩ (156,636)</u>	<u>187,477</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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Profit before income taxes	₩ 3,194,542	2,117,979
Income tax using the Group's statutory tax rate(*)	715,823	468,611
Adjustment for:		
Non-taxable income and non-tax deductible expense	(73,447)	(3,338)
Tax credits	(104,209)	(84,083)
Adjustments for prior periods	(14,277)	(179,551)
Tax effect for investment in subsidiaries, associates and joint ventures	181,973	210,436
Losses carried forward for which deferred taxes not recognized	1,911	114,583
Others	124,294	64,472
Income tax expenses	<u>₩ 832,068</u>	<u>591,130</u>
Average effective tax rate	26.0%	27.9%

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

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

For the years ended December 31, 2021 and 2020

**35. Income Taxes, Continued**

(4) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Deferred tax assets at the end of the period	₩ 257,646	258,796
Deferred tax liabilities at the end of the period	3,400,090	3,005,777
Deferred tax assets at the beginning of the period	258,796	289,948
Deferred tax liabilities at the beginning of the period	3,005,777	2,992,415
Changes in the scope of consolidation(*)	5,130	-
	<u>₩ 400,593</u>	<u>44,514</u>

(\*) Changes due to the acquisition of control of H Green Power Inc. (note 1, 42).

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>	<u>Beginning balance</u>	<u>Profit (loss)</u>	<u>Changes in the scope of consolidation(*)</u>	<u>Other comprehensive income (loss)</u>	<u>Ending balance</u>
Gain on revaluation of property, plant and equipment	₩ (108,172)	3	-	-	(108,169)
Investment in subsidiaries, associates and joint ventures	(3,060,495)	(212,058)	(178,401)	-	(3,450,954)
Defined benefit plan	(3,211)	(18,559)	(2,655)	24	(24,401)
Depreciation	(47,492)	(44)	-	640	(46,896)
Valuation of hedging derivative financial instruments	(213)	68	110	-	(35)
Valuation of financial assets at FVOCI	7,471	-	24,686	-	32,157
Valuation of financial assets at FVPL	(7,545)	(55)	-	-	(7,600)
Allowance for valuation of inventories	43,230	1,294	-	-	44,524
Provision for warranties	182,207	11,896	-	2,898	197,001
Others	247,239	(26,502)	(376)	1,568	221,929
	<u>₩ (2,746,981)</u>	<u>(243,957)</u>	<u>(156,636)</u>	<u>5,130</u>	<u>(3,142,444)</u>

(\*) Changes due to the acquisition of control of H Green Power Inc. (note 1, 42).

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

For the years ended December 31, 2021 and 2020

**35. Income Taxes, Continued**

(5) Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

② For the year ended December 31, 2020

<i>(In millions of won)</i>	<b>Beginning balance</b>	<b>Profit (loss)</b>	<b>Other comprehensive income (loss)</b>	<b>Ending balance</b>
Gain on revaluation of property, plant 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 hedging 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	334,970	(86,959)	(772)	247,239
	<u>₩ (2,702,467)</u>	<u>(231,991)</u>	<u>187,477</u>	<u>(2,746,981)</u>

(6) As of December 31, 2021 the amount of total temporary differences related to investments in subsidiaries, associates and joint ventures for which deferred tax assets were not recognized is ₩743,319 million.

(7) Temporary differences which is not recognized as deferred tax assets as of December 31, 2021 is ₩302,710 million.

(8) The expected expiration date of tax loss carried forward and tax credits carried forward that are not recognized as deferred tax assets as of December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<b>2021</b>	<b>2020</b>
1 year or less	₩ -	-
1-2 years	-	-
2-3 years	15,617	-
More than 3 years	84,821	204,234
	<u>₩ 100,438</u>	<u>204,234</u>

(9) 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 intends to offset current tax assets against current tax liabilities.

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

For the years ended December 31, 2021 and 2020

**36. Earnings per Share**

(1) Basic earnings per share for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won, except share information)</i>	<u>2021</u>	<u>2020</u>
Profit attributable to owners of the Company	₩ 2,352,288	1,529,146
Dividends on preferred stock	(16)	(16)
Additional income available for dividends allocated to preferred stock	<u>(86)</u>	<u>(50)</u>
Net income attributable to common stocks	2,352,186	1,529,080
Weighted average number of common shares outstanding(*)	91,722,319	93,298,137
Earnings per share in won	₩ <u>25,645</u>	<u>16,389</u>

(\*) Weighted average number of common shares outstanding:

<i>(In shares)</i>	<u>2021</u>	<u>2020</u>
Weighted average number of common shares issued	94,778,545	95,077,415
Weighted average number of treasury stock	<u>(3,056,226)</u>	<u>(1,779,278)</u>
	<u>91,722,319</u>	<u>93,298,137</u>

(2) Diluted earnings per share

Diluted earnings per share are not calculated for the years ended December 31, 2021 and 2020, because there are no dilutive shares as of December 31, 2021 and 2020.

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

For the years ended December 31, 2021 and 2020

**37. Transactions and Balances with Related Parties and others**

(1) Revenue 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, 2021 and 2020 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, 2021

<i>(In millions of won)</i>	<b>Company</b>	<b>Sales</b>	<b>Other</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA CORPORATION	₩ 7,247,776	16,057	7,263,833
	Kia Georgia, Inc.	1,939,892	469	1,940,361
	Kia Slovakia s.r.o.	1,696,973	1,023	1,697,996
	Kia America, Inc.	912,272	-	912,272
	Others	2,012,080	2,643	2,014,723
Associates and joint ventures	Hyundai Motor Company	8,993,195	26,758	9,019,953
	Hyundai Motor Manufacturing Czech, s.r.o	2,002,578	1,606	2,004,184
	Hyundai Motor Manufacturing Alabama, LLC	1,370,303	13	1,370,316
	Hyundai Motor America	1,086,495	-	1,086,495
	Others	3,353,694	64,525	3,418,219
Other related parties		646,938	-	646,938
The enterprise group affiliates		2,835,751	16,797	2,852,548
		<u>₩ 34,097,947</u>	<u>129,891</u>	<u>34,227,838</u>

② For the year ended December 31, 2020

<i>(In millions of won)</i>	<b>Company</b>	<b>Sales</b>	<b>Other</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA CORPORATION	₩ 6,078,934	2,651	6,081,585
	Kia Georgia, Inc.	1,640,285	1,156	1,641,441
	Kia Slovakia s.r.o.	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		2,877,729	10,277	2,888,006
		<u>₩ 29,729,236</u>	<u>52,517</u>	<u>29,781,753</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

<i>(In millions of won)</i>	<u>Company</u>		<u>Purchases</u>	<u>Other(*2)</u>	<u>Total</u>
Significant influence and its subsidiaries	KIA CORPORATION	₩	105,316	34,916	140,232
	Others		26,016	21,865	47,881
Associates and joint ventures	H Green Power Inc.(*1)		615,000	832	615,832
	Hyundai Motor Company		301,303	230,900	532,203
	Hyundai Motor Manufacturing Alabama, LLC		199,858	9,891	209,749
	HYUNDAI KEFICO		213,209	478	213,687
	Hyundai Engineering Co., Ltd.		-	124,878	124,878
	Hyundai Autoever Corporation(*2)		121,033	290,060	411,093
	Hyundai-Rotem Co.		82	3,512	3,594
	Others		246,968	84,440	331,408
Other related parties		184	7,120	7,304	
The enterprise group affiliates			2,164,973	846,536	3,011,509
		₩	<u>3,993,942</u>	<u>1,655,428</u>	<u>5,649,370</u>

(\*1) It was reclassified from a joint venture to a subsidiary during the year 2021 (note 15).

(\*2) Hyundai Auto Electronics Company Ltd, which is a related party, is merged into Hyundai Autoever Corporation, and Hyundai Auto Electronics Company Ltd's semiconductor business acquisition of ₩130,029 million is included (note 42).

② For the year ended December 31, 2020

<i>(In millions of won)</i>	<u>Company</u>		<u>Purchases</u>	<u>Other</u>	<u>Total</u>
Significant influence and its subsidiaries	KIA CORPORATION	₩	75,310	4,316	79,626
	Others		16,415	24,024	40,439
Associates and joint ventures	H 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		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
		₩	<u>5,162,591</u>	<u>991,210</u>	<u>6,153,801</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

<i>(In millions of won)</i>	<b>Company</b>		<b>Accounts and notes receivable - trade</b>	<b>Other receivables(*)</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA CORPORATION	₩	1,561,003	4,363	1,565,366
	Kia Georgia, Inc.		312,723	-	312,723
	Kia Slovakia s.r.o.		132,152	44,925	177,077
	Kia Mexico, S.A. de C.V.		171,019	-	171,019
	Others		203,630	4,032	207,662
Associates and joint ventures	Hyundai Motor Company		2,178,925	13,923	2,192,848
	Hyundai Motor Manufacturing Czech, s.r.o.		197,991	212	198,203
	Others		591,224	97,414	688,638
Other related parties			245,969	-	245,969
The enterprise group affiliates			1,043,857	11,451	1,055,308
		₩	<u>6,638,493</u>	<u>176,320</u>	<u>6,814,813</u>

(\*) It includes ₩93,130 million in loans to associates and joint ventures, and ₩98,106 million in collateral is provided for the bonds.

② As of December 31, 2020

<i>(In millions of won)</i>	<b>Company</b>		<b>Accounts and notes receivable - trade</b>	<b>Other receivables(*)</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA CORPORATION	₩	1,478,839	2,080	1,480,919
	Kia Georgia, Inc.		294,578	-	294,578
	Others		462,432	3,321	465,753
Associates and joint ventures	Hyundai Motor Company		1,710,610	6,791	1,717,401
	H Green Power Inc.		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
		₩	<u>6,372,576</u>	<u>500,919</u>	<u>6,873,495</u>

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

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① As of December 31, 2021

<i>(In millions of won)</i>	<b>Company</b>	<b>Accounts and notes payable - trade</b>	<b>Other payables</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA CORPORATION	₩ 117,513	222,169	339,682
	Others	2,616	894	3,510
Associates and joint ventures	Hyundai Motor Company	66,314	477,358	543,672
	Hyundai Autoever Corporation(*)	47,304	34,742	82,046
	HYUNDAI KEFICO	44,945	233	45,178
	Hyundai Engineering Co., Ltd.	-	58,760	58,760
	Others	55,694	52,069	107,763
Other related parties		-	77	77
The enterprise group affiliates		495,130	121,131	616,261
		<u>₩ 829,516</u>	<u>967,433</u>	<u>1,796,949</u>

(\*) Hyundai Auto Electronics Company Ltd. and Hyundai M&soft were merged into Hyundai Autoever Corporation during the year 2021.

② As of December 31, 2020

<i>(In millions of won)</i>	<b>Company</b>	<b>Accounts and notes payable - trade</b>	<b>Other payables</b>	<b>Total</b>
Significant influence and its subsidiaries	KIA 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
	H Green Power 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
		<u>₩ 1,215,762</u>	<u>665,730</u>	<u>1,881,492</u>

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

For the years ended December 31, 2021 and 2020

**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, 2021 and 2020 are summarized as follows:

① For the years ended December 31, 2021

(In millions of won)	Company	Investments	Others(*1)
Associates and joint ventures	Hyundai Motor Group (China) Ltd.	₩ 10,143	-
	HTWO guangzhou Co.,Ltd	15,214	-
	ACVC Partners Fund I, LP	6,863	1,410
	SMART WORLD INNOVATION FUND L.P.	1,130	-
	SUPERNAL, LLC	83,718	-
	Boston Dynamics, Inc.	42,427	-
	Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.(*2)	13,101	-
	PT. HLI GREEN POWER	104,531	-
		₩ 277,127	1,410

(\*1) Dividend income from associates is included.

(\*2) The company name of Hyundai Motor Singapore PTE. Ltd. was changed to Hyundai Motor Group Innovation Center In Singapore PTE. Ltd. during the year 2021.

② For the years ended December 31, 2020

(In millions of won)	Company	Investments
Associates and joint ventures	MOTIONAL AD LLC	₩ 493,054
	Envisics Inc.	29,558
	Hyundai Motor Group Innovation Center In Singapore PTE. Ltd.	25,186
	ACVC Partners Fund I, LP	2,701
	SMART WORLD INNOVATION FUND L.P.	1,681
	₩ 552,180	

(6) Executive compensation of the Group for the years ended December 31, 2021 and 2020 are summarized as follows:

(In millions of won)	2021	2020
Short-term employee benefits	₩ 47,830	43,667
Retirement benefits	10,189	8,660
Long-term employee benefits	34	36
	₩ 58,053	52,363

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

For the years ended December 31, 2021 and 2020

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

- (7) As of December 31, 2021, Group's financial instrument investment at Hyundai Motor Securities Co., Ltd. is ₩140,000 million with total investment trade amount for 2021 of ₩1,040,000 million. The Group deposits plan assets relating to retirement benefits amounting to ₩291,318 million at Fubon Hyundai Life Insurance Co., Ltd. as of December 31, 2021 with additional contributions during 2021 of ₩5,097 million.
- (8) The Group received dividends from related parties amounting to ₩265,211 million and ₩236,378 million as of December 31, 2021 and 2020, respectively. The Group paid dividends to related parties and the enterprise group affiliates amounting to ₩148,452 million and ₩88,138 million as of December 31, 2021 and 2020, respectively.
- (9) Hyundai Motor Securities Co., Ltd., which is classified as associates, acquired a total of ₩30,000 million in bonds issued by the Group.
- (10) Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.
- (11) The Group provides or is provided payment guarantees to related parties and the enterprise group affiliates as of December 31, 2021 and 2020 (note 38).

**38. Commitments and Contingencies**

- (1) Guarantees which the Group was provided as of December 31, 2021 and 2020 are summarized as follows:

*(In millions of won and thousands of foreign currency)*

<b>Guarantor</b>	<b>Guarantee contents</b>		<b>2021</b>	<b>2020</b>
		USD	20,000	20,000
Hana Bank	Guaranteed payment	₩	1,000	1,000
Seoul guarantee insurance company	Guaranteed payment	₩	19,985	20,531
Unicredit Bank	Guaranteed payment for tariff	EUR	1,660	1,660
		USD	20,000	20,000
		EUR	1,660	1,660
		₩	20,985	21,531

- (2) Guarantees which the Group has provided as of December 31, 2021 and 2020 are summarized as follows:

*(In millions of won)*

<b>Guarantee</b>	<b>Guarantee contents</b>		<b>2021</b>	<b>2020</b>
PYUNG HWA INDUSTRIAL CO., LTD. and 4 other companies	Borrowing Guarantee	₩	5,417	6,807
HANJIN SANGSA and 1,142 other distributors	Solidarity Guarantee		-	20,000
		₩	5,417	26,807

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

For the years ended December 31, 2021 and 2020

**38. Commitments and Contingencies, Continued**

- (3) As of December 31, 2021, the Group has been named as a defendant in 15 pending litigations and arbitrations. The aggregate amount of claims is approximately ₩12,071 million. The ultimate effect of these cases cannot be reliably determined.
- (4) As of December 31, 2021, 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 37 other companies. In connection with these contracts, the Group recognized royalty expense amounting to ₩31,459 million and ₩25,532 million for the years ended December 31, 2021 and 2020, respectively.
- (5) As of December 31, 2021, the Group entered into Korean won loan agreements, such as general term loan agreements, up to ₩697,000 million with Hana Bank and others. The Group has foreign currency loan agreements to open letters of usance credit up to USD 4,102,025 thousand, EUR 755,254 thousand, AUD 28,000 thousand, CNY 870,000 thousand, CAD 123,000 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 ₩675,570 million.
- (6) The Group has provided guarantee for fulfilment of a contract of Mobis North America, LLC with Stellantis N.V. 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 Stellantis N.V. in Toledo.
- (7) As of December 31, 2021, 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 call option that allows non-attributable companies to purchase shares of the attributable company and a put option that allows non-attributable companies to dispose of shares held by the attributable company.
- (8) The Group entered into an agreement to invest ₩640,100 million in the construction of the Global Business Centre (GBC). As of December 31, 2021, the Group has recognized relevant liabilities in the amount of ₩426,161 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.
- (9) The Group has entered into a shareholder agreement with other investors in relation to its affiliates, Boston Dynamics, Inc. as of December 31, 2021. The agreement includes a put option exercise clause that allows buyers, including the Group, to dispose of stocks held by other investors, and buyers are jointly responsible for the appraisal rights. The total amount of additional burden expected in the event of default by buyers excluding the Group is ₩106,279 million.

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

For the years ended December 31, 2021 and 2020

**39. Cash Generated from Operations**

(1) Cash generated from operation for the years ended December 31, 2021 and 2020 are summarized as follows:

(In millions of won)

	<u>2021</u>	<u>2020</u>
<b>Profit for the year</b>	₩ 2,362,474	1,526,850
<b>Adjustments for:</b>		
Retirement benefits	90,527	89,610
Accrual for warranties	173,732	88,727
Depreciation of right-of-use assets	113,309	111,437
Depreciation	661,798	675,065
Depreciation of investment property	2,333	2,272
Amortization	59,418	66,809
Bad debts expense	1,966	1,728
Bad debts expense - other	171	2,676
Interest expense	38,621	54,543
Foreign currency transaction loss	-	10,913
Foreign currency translation loss	38,800	138,932
Equity loss on investments	105,776	26,216
Loss on disposal of investment in associates and joint ventures	59,488	-
Loss on valuation of financial assets at FVPL	13,977	1,088
Impairment loss on property, plant and equipment	1,500	92,235
Loss on disposal of property, plant and equipment	17,898	11,867
Impairment loss on intangible assets	4,768	4,484
Loss on disposal of intangible assets	31,167	290
Unrealized loss of financial derivatives	421	-
Loss on lease modification	5	-
Income tax expense	832,068	591,130
Interest income	(131,815)	(169,254)
Dividends income	(1,207)	(1,485)
Gain on disposal of investment in associates and joint ventures	(34,550)	(2,527)
Gain on valuation of financial assets at FVPL	(639)	(3,953)
Gain on disposal of financial assets at FVPL	(616)	-
Reversal of provision for warranties	-	(2,360)
Reversal of allowance for doubtful accounts - other	(677)	(94)
Foreign currency translation gain	(70,793)	(53,500)
Equity profit on investments	(1,052,959)	(401,694)
Gain on disposal of property, plant and equipment	(20,976)	(5,548)
Unrealized gain of hedging financial derivatives	(11)	(92)
Reversal of allowance for doubtful accounts	(26)	(191)
Gain on lease modification	-	(507)
	<u>₩ 933,474</u>	<u>1,328,817</u>

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

For the years ended December 31, 2021 and 2020

**39. Cash Generated from Operations, Continued**

(1) Cash generated from operation for the years ended December 31, 2021 and 2020 are summarized as follows, continued:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
<b>Changes in assets and liabilities:</b>		
Accounts and notes receivable - trade	₩ 367,949	(718,566)
Other receivables	109,396	51,862
Other current assets	(51,014)	13,377
Financial assets at FVPL	1,067,859	97,135
Other non-current assets	(22,254)	(17,447)
Inventories	(1,087,333)	(93,027)
Accounts and notes payable - trade	(517,107)	606,982
Other payables	103,662	6,797
Other current liabilities	51,237	91,132
Provision for warranties	(311,583)	(169,582)
Other non-current liabilities	1,335	7,300
Benefit paid	(65,680)	(43,339)
Benefit plan assets	(100,444)	(64,207)
	<u>(453,977)</u>	<u>(231,583)</u>
 <b>Cash generated from operation</b>	 ₩ <u>2,841,971</u>	 <u>2,624,084</u>

(2) Significant non-cash investing and financing activities for the years ended December 31, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>	<u>2021</u>	<u>2020</u>
Transfer of construction-in-progress	₩ 520,752	763,268
Payables related to acquisition of investment in associates and joint ventures, etc.	64,200	-
Retirement of common stock profit	111,917	-

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

For the years ended December 31, 2021 and 2020

**40. Changes of liabilities from financing activities**

Changes of liabilities from financing activities for the year ended December 31, 2021 and 2020 are summarized as follows:

① For the year ended December 31, 2021

(In millions of won)

	Beginning balance	Cash flow	Non-cash activities		Ending balance
			Exchange rate fluctuations	Others(*)	
Current portion of long-term debt and short-term borrowings	₩ 1,859,454	(791,240)	113,403	402,858	1,584,475
Bonds and long-term borrowings	1,135,522	824,973	(33,009)	(339,941)	1,587,545
Lease liabilities	294,570	(103,870)	14,515	133,796	339,011

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

② For the year ended December 31, 2020

(In millions of won)

	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, reclassification from long-term borrowings to current portion of long-term debt.

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

For the years ended December 31, 2021 and 2020

**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.

The Group is exposed to foreign exchange risk arising from various currency exposures. As of December 31, 2021 and 2020, 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:

		2021		2020	
		10% Up	10% Down	10% Up	10% Down
Profit before income taxes	₩	(165,493)	165,493	(74,067)	74,067

- 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, 2021 and 2020 are as follows:

		2021	2020
Financial assets at FVOCI	₩	40,662	135,785

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(1) Financial risk management, continued

① Market risk, continued

- 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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>		<u>2021</u>	<u>2020</u>
<b>Financial assets:</b>			
Financial assets at FVPL	₩	894,507	1,158,687
		<u>894,507</u>	<u>1,158,687</u>
<b>Financial liabilities:</b>			
Short-term borrowings		51,876	268,825
Current portion of long-term debt		358,073	404,825
Long-term borrowings		1,070,918	1,050,578
		<u>1,480,867</u>	<u>1,724,228</u>
	₩	<u>(586,360)</u>	<u>(565,541)</u>

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, 2021 and 2020 are as summarized as follows:

<i>(In millions of won)</i>		<u>2021</u>		<u>2020</u>	
		<u>1% Up</u>	<u>1% Down</u>	<u>1% Up</u>	<u>1% Down</u>
Gain (loss) on valuation of financial assets at FVPL	₩	(11,359)	10,408	(14,953)	15,089
Interest expense		(14,809)	14,809	(17,242)	17,242

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.

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(1) Financial risk management, continued

② Credit risk, continued

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, 2021 and 2020 are summarized as follows:

<i>(In millions of won)</i>		<u>2021</u>	<u>2020</u>
Cash and cash equivalent(*)	₩	4,155,961	4,202,403
Financial assets at amortized cost		3,266,767	2,822,118
Financial assets at FVPL		3,423,274	4,477,340
Trade and other receivables		8,048,051	7,700,563
Other current assets		24,387	23,641
Other non-current assets		104,903	96,293
	₩	<u>19,023,343</u>	<u>19,322,358</u>

(\*) Cash on hand is excluded.

The maximum exposure of credit risk on guarantee which the Group has provided as of December 31, 2021 and 2020 are ₩5,417 million and ₩26,807 million, respectively.

The analysis of the aging of trade and other receivables as of December 31, 2021 and 2020 are summarized as follows:

- As of December 31, 2021

<i>(In millions of won)</i>		<u>Carrying amount</u>	<u>Not past due</u>	<u>Past due but not impaired</u>			<u>Impaired</u>
				<u>Within 30 days</u>	<u>30~180 days</u>	<u>Over 180 days</u>	
Accounts and notes receivable - trade	₩	7,828,286	7,744,205	52,332	16,757	10,224	4,768
Accounts and notes receivable - other		128,135	109,121	6,346	4,146	3,932	4,590
Loans		101,363	8,233	-	-	93,130	-
	₩	<u>8,057,784</u>	<u>7,861,559</u>	<u>58,678</u>	<u>20,903</u>	<u>107,286</u>	<u>9,358</u>

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(1) Financial risk management, continued

② Credit risk, continued

- As of December 31, 2020

(In millions of won)

	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	-	-	-	-
	₩ 7,708,922	7,595,409	77,110	15,061	13,330	8,012

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, 2021 and 2020 are summarized as follows:

- As of December 31, 2021

(In millions of won)

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
<b>Non-derivative financial liabilities</b>					
Bonds and long-term borrowings	₩ 1,587,545	1,635,938	12,641	1,561,112	62,185
Current portion of long-term debt and short-term borrowings	1,584,475	1,590,716	1,590,716	-	-
Trade and other payables	6,314,314	6,314,314	6,314,314	-	-
Other current liabilities	218,657	219,353	219,122	219	12
Lease liabilities	339,011	400,739	117,642	219,955	63,142
<b>Derivative financial liabilities</b>					
Derivative financial liabilities	35,768	35,768	330	35,438	-
	₩ 10,079,770	10,196,828	8,254,765	1,816,724	125,339

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(1) Financial risk management, continued

③ Liquidity risk, continued

- As of December 31, 2020

<i>(In millions of won)</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1~5 years</b>	<b>Over 5 years</b>
<b>Non-derivative financial liabilities</b>					
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
<b>Derivative financial liabilities</b>					
Hedging derivative financial liabilities	178	178	88	90	-
	<b>₩ 9,559,916</b>	<b>9,614,335</b>	<b>8,235,959</b>	<b>1,323,858</b>	<b>54,518</b>

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.

(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, 2021 and 2020 are summarized as follows:

<i>(In millions of won, except for ratio)</i>	<b>2021</b>	<b>2020</b>
Total liabilities	₩ 16,125,063	15,169,553
Total equity	35,357,474	33,328,123
Debt to equity ratio	45.61%	45.52%

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

For the years ended December 31, 2021 and 2020

41. Risk Management, Continued

(3) Fair value of financial instruments

- ① Categories of financial assets and liabilities as of December 31, 2021 and 2020 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, 2021

	Book Value					Fair Value				
	Hedging Derivatives Financial Instruments	FVPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
<i>(In millions of won)</i>										
<b>Financial assets measured at fair value</b>										
Financial assets at FVPL	₩	-	3,423,274	-	-	3,423,274	-	3,417,782	-	3,417,782
Financial assets at FVOCI		-	-	443,465	-	443,465	40,662	-	282,165	322,827
Hedging derivative financial assets		459	-	-	-	459	-	459	-	459
		<u>459</u>	<u>3,423,274</u>	<u>443,465</u>	<u>-</u>	<u>3,867,198</u>	<u>40,662</u>	<u>3,418,241</u>	<u>282,165</u>	<u>3,741,068</u>
<b>Financial assets not measured at fair value</b>										
Cash and cash equivalent		-	-	-	4,155,989	4,155,989	-	-	-	-
Financial assets at amortized cost		-	-	-	3,266,767	3,266,767	-	-	-	-
Trade and other receivables		-	-	-	8,048,051	8,048,051	-	-	-	-
Other current assets		-	-	-	23,928	23,928	-	-	-	-
Other non-current assets		-	-	-	104,903	104,903	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,599,638</u>	<u>15,599,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Assets Total</b>	₩	<u>459</u>	<u>3,423,274</u>	<u>443,465</u>	<u>15,599,638</u>	<u>19,466,836</u>	<u>40,662</u>	<u>3,418,241</u>	<u>282,165</u>	<u>3,741,068</u>
<b>Financial liabilities measured at fair value</b>										
Derivative financial liabilities	₩	317	35,451	-	-	35,768	-	(342)	(35,426)	(35,768)
<b>Financial liabilities not measured at fair value</b>										
Bonds and long-term borrowings		-	-	-	1,587,545	1,587,545	-	(346,408)	-	(346,408)
Current portion of long-term debt and short-term borrowings		-	-	-	1,584,475	1,584,475	-	-	-	-
Trade and other payables		-	-	-	6,314,314	6,314,314	-	-	-	-
Other current liabilities		-	-	-	218,657	218,657	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>9,704,991</u>	<u>9,704,991</u>	<u>-</u>	<u>(346,408)</u>	<u>-</u>	<u>(346,408)</u>
<b>Financial Liabilities Total</b>	₩	<u>317</u>	<u>35,451</u>	<u>-</u>	<u>9,704,991</u>	<u>9,740,759</u>	<u>-</u>	<u>(346,750)</u>	<u>(35,426)</u>	<u>(382,176)</u>

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

For the years ended December 31, 2021 and 2020

41. Risk Management, Continued

(3) Fair value of financial instruments, continued

① Categories of financial assets and liabilities as of December 31, 2021 and 2020 are summarized as follows, continued:

- As of December 31, 2020

	Book Value					Fair Value				
	Hedging Derivatives Financial Instruments	FVPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
<i>(In millions of won)</i>										
<b>Financial assets measured at fair value</b>										
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>948</u>	<u>4,477,340</u>	<u>497,812</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>
<b>Financial assets not measured at fair value</b>										
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>14,844,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Assets Total</b>	₩	<u>948</u>	<u>4,477,340</u>	<u>497,812</u>	<u>14,844,103</u>	<u>19,820,203</u>	<u>135,785</u>	<u>4,474,927</u>	<u>268,211</u>	<u>4,878,923</u>
<b>Financial liabilities measured at fair value</b>										
Hedging derivative financial liabilities	₩	178	-	-	-	178	-	(178)	-	(178)
<b>Financial liabilities not measured at fair value</b>										
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>9,265,168</u>	<u>9,265,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Liabilities Total</b>	₩	<u>178</u>	<u>-</u>	<u>-</u>	<u>9,265,168</u>	<u>9,265,346</u>	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>(178)</u>

Significant transfers between Level 1, Level 2, and Level 3 have not occurred for the years ended December 31, 2021 and 2020.

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(3) Fair value of financial instruments, continued

② Changes in level 3 for the years ended December 31, 2021 and 2020 are summarized as follows:

- For the year ended December 31, 2021

<i>(In millions of won)</i>	Beginning balance	Acquisition	Valuation		Other increase	Ending balance
			Loss	Comprehensive income		
Financial assets at FVOCI	₩ 268,211	-	-	2,519	11,435	282,165
Derivative financial liabilities (Option)	-	(34,882)	(544)	-	-	(35,426)
	₩ 268,211	(34,882)	(544)	2,519	11,435	246,739

- For the year ended December 31, 2020

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

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.

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

For the years ended December 31, 2021 and 2020

**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.

Other than those listed in Note 2 (4), 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, 2021.

The valuation methods and the unobservable inputs used in measuring Level 2 fair values as of December 31, 2021 are summarized as follows:

<i>(In millions of won)</i>	<b>Fair value</b>	<b>Valuation methods</b>	<b>Inputs</b>
Financial assets at FVPL	₩ 3,417,782	DCF model	Discount rate
Hedging derivative financial assets	459	DCF model	Discount rate, exchange rate, swap point
Hedging derivative financial liabilities	(317)	DCF model	Discount rate, exchange rate, swap point
Derivative financial liabilities	(25)	DCF model	Interest rate, exchange rate, swap point
Bonds	(346,408)	DCF model	Discount rate
	<u>₩ 3,071,491</u>		

④ The valuation methods and the significant unobservable inputs used in measuring Level 3 fair values as of December 31, 2021 are summarized as follows:

<i>(In millions of won)</i>	<b>Fair value</b>	<b>Valuation methods</b>	<b>Significant unobservable input</b>	<b>Estimation range of unobservable input</b>	<b>The effect of changes in the unobservable inputs on the fair value</b>
			Discount rate	11.60%	Value decreases as discount rate increases
	₩ 267,385	Comparable company method, DCF model	Growth Rate	1.00%	Value increases as growth rate increases
			Forward Rate	10.49%~25.52%	Value increases as rate increases
Financial assets at FVOCI	14,780	Tsiveriotis-Fernandes model	Stock price volatility	56.75%	Value increases as volatility increases
			Discount rate	2.03%	Value decreases as discount rate increases
Derivative financial liabilities (Option)	(35,426)	Binominal option pricing model	Stock price volatility	35.00%	Value increases as volatility increases

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

For the years ended December 31, 2021 and 2020

**41. Risk Management, Continued**

(3) Fair value of financial instruments, continued

- ⑤ The sensitivity to changes in unobservable inputs used in measuring Level 3 fair values as of December 31, 2021 are summarized as follows:

	Fair value	Other Comprehensive Income (loss)		Profit (loss)	
		Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets at FVOCI	₩ 282,165	74,324	(53,659)	-	-
Derivative financial liabilities (Option)	(35,426)	-	-	960	(1,302)

Favorable or unfavorable changes of financial assets at FVOCI are calculated by increasing or decreasing 1%P in discount rate and growth rate and adjusting the exercise price at the time of repayment which is primary unobservable inputs.

Favorable or unfavorable changes of derivative financial liabilities (Option) are calculated by increasing or decreasing 5%P in stock price volatility, which is primary unobservable inputs.

**42. Business Combination**

- (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:

- ① Identifiable assets and liabilities

Assets		Liabilities and net assets	
Cash and cash equivalents	₩ 10	Trade and other payables	₩ 90,512
Trade and other receivables	193,411	Provision for warranties	1,616
Inventories	64	Other liabilities	3,587
Property, plant and equipment	509	Net assets	121,044
Intangible assets(*)	20,498		
Right-of-use assets	1,401		
Other assets	866		
	₩ <u>216,759</u>		₩ <u>216,759</u>

- (\*) The technology value of ₩3,272 million and the customer relationship of ₩8,423 million acquired through the business combination were additionally recognized as intangible assets.

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

For the years ended December 31, 2021 and 2020

**42. Business Combination, Continued**

(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, continued:

② Goodwill

The goodwill recognized by the Group as a result of business combination of Hyundai Auto Electronics Company Ltd. is as follow:

(In millions of won)

Total transfer price	₩	130,029
Less: Net assets of acquired business		<u>121,044</u>
	₩	<u>8,985</u>

③ Net cash flow of business combination

(In millions of won)

Total transfer price	₩	130,029
Less: Cash and cash equivalents of acquired subsidiary		<u>10</u>
	₩	<u>130,019</u>

(2) The Group acquired an additional 49% of H Green Power Inc.(formerly HL Green Power Inc.) which was formerly owned by LG ENERGY SOLUTION, LTD., for ₩30,000 million on July 2021, in accordance with the board of director's resolution on May 28, 2021. The purpose of the acquisition is to improve operational efficiency of battery system development and production technology. Details on accounting treatment are as follows:

① Identifiable assets and liabilities

(In millions of won)

<u>Assets</u>		<u>Liabilities and net assets</u>	
Cash and cash equivalents	₩ 36,311	Trade and Other Payables	₩ 224,865
Trade and Other Receivables	167,402	Borrowings	62,917
Inventories	23,160	Provision for Warranties	13,174
Property, plant and equipment(*)	139,709	Deferred tax liabilities(*)	2,167
Intangible assets(*)	2,729	Other liabilities	14,290
Right-of-use assets	389	Net assets	58,085
Deferred tax assets	5,130		
Other assets	<u>668</u>		
	₩ <u>375,498</u>		₩ <u>375,498</u>

(\*) Land and buildings increased by ₩8,349 million by valuation of fair value, and the technology value of ₩1,500 million acquired through the business combination were additionally recognized as intangible assets. In addition, deferred tax liabilities of ₩2,167 million is additionally recognized.

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

For the years ended December 31, 2021 and 2020

**42. Business Combination, Continued**

(2) The Group acquired an additional 49% of H Green Power Inc.(formerly HL Green Power Inc.) which was formerly owned by LG ENERGY SOLUTION, LTD., for ₩30,000 million on July 2021, in accordance with the board of director's resolution on May 28, 2021. The purpose of the acquisition is to improve operational efficiency of battery system development and production technology. Details on accounting treatment are as follows, continued:

② Goodwill

The goodwill recognized by the Group as a result of business combination of H Green Power Inc.(formerly HL Green Power Inc.) is as follow:

*(In millions of won)*

Total transfer price	₩	59,663
Less: Net assets of acquired business		58,085
Goodwill	₩	1,578

③ Net cash flow of business combination

*(In millions of won)*

Total transfer price	₩	59,663
Less: fair value of stocks held prior to business combination		29,663
Net transfer price		30,000
Less: Cash and cash equivalents of acquired subsidiary		11,211
	₩	18,789

④ Sales and net income added to consolidated income statement by business combination is ₩544,622 million and ₩459 million, respectively.

**43. Date of Authorization for Issue**

The consolidated financial statements were authorized for issue by the Board of Directors on January 25, 2022.