

Hyundai Motor Manufacturing Czech s.r.o.

Annual Report 2019

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Foreword by the President of the Company



Hyundai Motor Manufacturing Czech (HMMC) is the only Hyundai production plant in the EU. The importance of the plant is therefore fundamental for the European activities of the parent company, Hyundai Motor Company.

Last year, the eleventh manufacturing year in our history, was a special one for the Company in terms of milestones we managed to reach. In May, we celebrated the manufacture of the three-millionth car, and in October, the millionth Tucson manufactured in HMMC. As for production innovations, the development of the i30 N Project C model was significant for our plant. This model will be manufactured in a limited edition of 600 pieces.

For a long time, HMMC has been among the highest-performing plants in the Group. The last year confirmed this again; we managed to enhance the quality of manufactured cars, apply new technologies in production processes, increase the level of automation, and optimise the consumption of production materials.

In 2019, a total of 309,500 cars were produced at the HMMC plant. The cars from Nošovice were exported into 72 countries. We managed to increase sales on selected markets in Europe, Africa, and the Middle East.

Last year, for the sixth time already, Hyundai Motor Manufacturing Czech became the Czech Employer of the Year in the category of under 5,000 employees and it was the only car manufacturer that was awarded the Safe Enterprise certification. This happened for the third time already. Both awards prove that we are on the right path regarding the welfare of our employees. The number of employees, both in-house and agency, remained virtually unchanged during the entire year, oscillating around 3,300 persons.

An important part of our corporate culture is striving to be a good neighbour in the community. That is why we supported projects in the surrounding municipalities, both financially and by involving our employees. We were also partners to selected events in the region. We will continue to engage in these activities in the future as well, aiming to be an important manufacturer that has a positive impact on the development of economy and quality of life of people in the region.

Hyundai Motor Manufacturing Czech in Nošovice remains one of the leading production plants in the Moravian-Silesian Region and one of the driving forces of the Czech economy. Building the Hyundai plant and its sub-contractor firms has generated more than 12,000 new jobs in the Moravian-Silesian Region and state-of-the-art automotive technology. This will remain unchanged in the future as well. In 2020, automotive will enter a new era of e-mobility and as a leader in the area, Hyundai is more than ready for it. Our plant will spearhead this new trend by manufacturing the first e-car in the Czech Republic – Kona Electric. This will be a significant event for the whole of Europe.

I am presenting the Annual Report for the year ended 31 December 2019.

In Nižní Lhoty on 28 February 2020

Donghwan Yang
President and CEO of Hyundai Motor Manufacturing Czech s.r.o.

Company's Profile



Hyundai Motor Manufacturing Czech s.r.o. (hereinafter "HMMC"), with its registered office in the Industrial Zone in Nošovice, was founded on 7 July 2006 as a company owned solely by Hyundai Motor Company (hereinafter "HMC"), with its registered office in Seoul, Korea.

Hyundai operates 19 production plants worldwide (seven in Korea, five in China, two in India and one in Russia, Turkey, Brazil, the US and the Czech Republic). In global terms, the Company sold a total of 4.5 million Hyundai cars in 2019.

Within a few years, Hyundai managed to move to the position of a manufacturer that puts emphasis on image, quality, modern design, innovation and new technologies in conjunction with sustainable development. The brand increasingly takes into account the fact that for European customers, design is the most important criterion when buying a car. For this reason, its development and design centre in Rüsselsheim, Germany, regularly analyses current fashion trends to make sure that every model of the brand meets the wishes and needs of European customers. And the latest models confirm this tendency. The influence of the technological centre on the resulting design and technologies of the models is apparent for example in the new i30 generation or the Tucson model.

HMMC focuses principally on producing cars and transmissions that are exported to 72 different countries worldwide. The plant represents the only production plant within the EU.

In order to provide the highest quality, Hyundai also uses a centre in Nürburgring, Germany, to test new models. The car tests there simulate the car life cycle within a four- to six-week cycle. The plant in Nošovice does not have its own research and development centre.

The Company has no organisational branches or other parts of the business abroad and HMMC's share capital amounts to CZK 13,901,000,000.

The Plant's Area	200 ha
Built Up Area	28.3 ha
Total Investment	EUR 1.55 billion
Number of Employees	3,364 (including agency employees)
Share of Czech Citizens	95.9%
Male/ female Ratio	82% / 18%
Production Capacity	385,000 cars per year

Company Vision

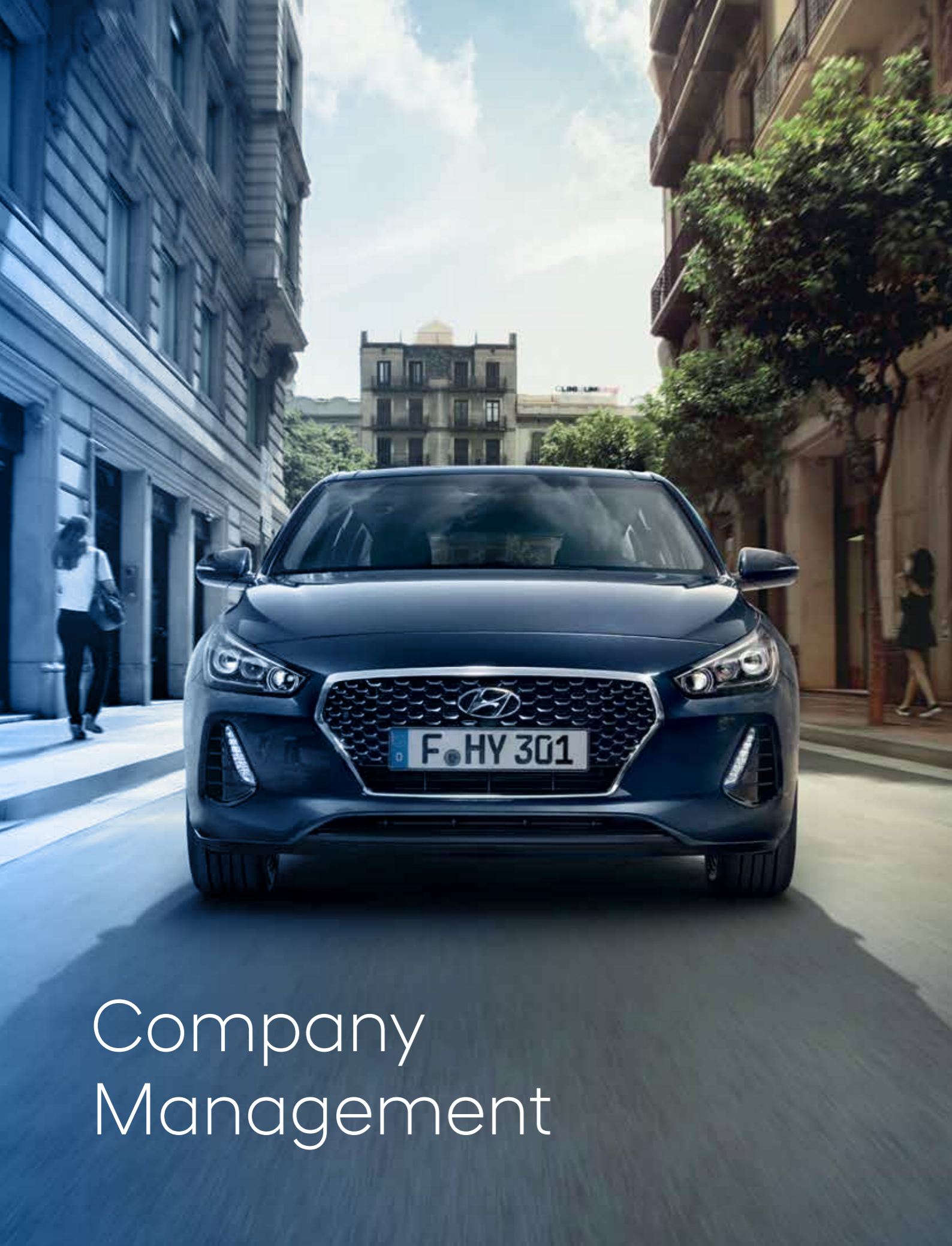


Hyundai Motor Company is committed to becoming a lifetime partner in automobiles for millions of customers worldwide. It strives to provide them with the world's top quality automobile products and services. Nowadays, the passenger car represents an individual's lifestyle and has become an inseparable part of their life.

In addition, HMMC is also a stable and prosperous employer and a motor of the economy not only in the region but also in the whole Czech Republic. For that reason, the corporate vision of Hyundai Motor Manufacturing Czech is **"HMMC - the Right Partner for Your Future"**.

The fact that future is important for us is demonstrated by the development of the production portfolio. Hyundai Motor and Hyundai Motor Manufacturing Czech will do everything to comply with even the most stringent standards and to contribute to a sustainable environment. Moreover, Hyundai, as a technology leader in the industry, is a leader both in the field of hydrogen-powered vehicles as well as hybrid or conventional electric vehicles. In addition, our plant will substantially strengthen its position in Europe by beginning the manufacture of Kona Electric.





Company Management



Donghwan Yang President

Born in 1960, Mr Yang joined Hyundai Motor Company on 1 July 1985. Between 2000 and 2003 he worked as an auditor at the Company's headquarters in Seoul, devoting the ten subsequent years to strategic planning and production development. Following two significant years devoted to production technologies, he went on to focus on powertrains (engines and transmissions) in 2014.



Hyun Ha Shin CFO, Finance Division

Previously employed at Mobis, Mr Shin joined HMC in 2000 and his responsibilities included mainly finance. From 2005, he worked at HMUK, returning to the Korean headquarters in 2010. In 2017, he became the head of the international finance team. Since January 2020, he has been acting as the head of the finance division at HMMC.



Changki Lee Vice-president, Production Division

Mr Lee joined Hyundai Motor in 1994. He started his career as an engineer in a team dedicated to car production design. Between 1996 and 1998, he worked at the Hyundai plant in India. Between the years 2007 and 2011, he was posted in China. In 2016, he was appointed head of the car engineering production department in Ulsan, Korea. Until the end of 2018, he also oversaw other plants in China and the USA. In January 2019, he joined HMMC as the head of the production division.



Cheolseung Baek Vice-president, Procurement Division

Mr Baek joined the Hyundai Motor Company in 1992. In his career, he has specialised mainly in the procurement and development of parts. From 2005 to 2008, he worked for the procurement division in Shanghai, China. He also gained invaluable experience when working for the strategic procurement division in Korea from 2015 to 2018. In 2018, he was appointed head of the procurement division at HMMC.



Jin Park Vice-president, Administration Division

Mr Park joined Hyundai Motor Group in 1995, primarily focusing on internal affairs and human resources. Between 2006 and 2010, he worked at the production plant in Alabama, US, as an internal affairs coordinator. Following his return to the Korean headquarters, he was appointed internal affairs team leader. Prior to joining HMMC, he had also worked as head of the human resources division. In December 2017, he was appointed head of the administrative division at HMMC.



Seok Beom Kim Vice-president, Quality Division

Mr Kim has worked at Hyundai Motor since 1993. He spent 18 years working as a quality assurance expert and went on to become a founding member of the Hyundai plant in Brazil, where he worked as quality assurance director from 2011 to 2015. Prior to joining HMMC, he had been in charge of quality control electronic systems. He started working at HMMC in December 2017.



2006	June	Foundation of HMMC
2007	March	Start of construction
2008	November	Mass production launched
2009	November	International Certificate ISO 9001 received
2010	November	300,000 cars produced
2011	September	500,000 cars produced
	November	"Excellence" Award under the Czech National Quality Award
2012	December	i30 among the finalists for the European Car of the Year (COTY) Award for 2013
2013	May	The 1,000,000 th car produced
2014	November	"Excellence" Award under the Czech National Quality Award
2016	June	The 2,000,000 th car produced
2017	November	"Excellence" Award under the Czech National Quality Award
2018	June	Production of the first mild hybrid vehicle launched
	December	The 4,000,000 th transmission produced
2019	May	The 3,000,000 th car produced
	October	The 1,000,000 th Tucson produced



Products

Current product line

Hyundai Tucson	since June 2015
Hyundai i30 hatchback (3rd generation)	since December 2016
Hyundai i30 wagon (3rd generation)	since May 2017
Hyundai i30 N	since September 2017
Hyundai i30 fastback (3rd generation)	since November 2017
Hyundai i30 fastback N	since November 2018

i30

Designed, developed, tested and manufactured in Europe, the New Generation Hyundai i30 is the DNA car for Hyundai Motor in Europe. The i30 was created as the new people's car. It is more than a model – it is a family of cars consisting of five body types, each with a unique character, and united by a coherent, timeless design.

Hyundai i30 represents advanced technology by offering the latest active safety and connectivity features. The i30 offers best-in-class standard active safety, with Autonomous Emergency Braking, Driver Attention Alert, High Beam Assist and Lane Keeping Assist System always on board.

The engineers of Hyundai Motor Europe's Technical Centre in Germany enhanced the driving dynamics of the New Generation i30 in a rigorous testing programme throughout Europe and on the famous Nürburgring Nordschleife. The highly rigid and light body with 53% Advanced High Strength Steel delivers the base for good ride and handling characteristics and, combined with 10% more direct steering and a newly developed chassis, the driver can enjoy dynamic driving abilities without compromising high levels of comfort.

In 2018, Hyundai introduced the philosophy of high-performance Division N. The aim of the Company is to produce high-performance vehicles that meet exceptionally high standards, making them a truly extraordinary joy to drive while being extremely practical. The new N Line equipment, characterised by specific N features that optimise design and performance, also expanded the customer offer. Hyundai N product sales have surpassed all expectations.

Tucson

Designed in Europe, Hyundai Tucson is a compact SUV that is specially adapted to the needs of European drivers. Since its launch in September 2015, it has become the fastest-selling car of Hyundai Motor in Europe. Its quality and reliability are guaranteed by the five-star Euro NCAP safety rating and the leading 5-year unlimited mileage warranty. Tucson also received the iF Design Award 2016. In 2018, Tucson obtained a modernised face and as part of the facelift also a mild-hybrid drive, making it the first electric car produced in the Czech Republic. In 2019, N Line was added to the model series, providing a sporting spirit by both design equipment and improved driveability. Tucson N Line offers a touch sportier drive while maintaining all the comforts.



Awards received in 2019



- Hyundai i30 Fastback N received the award **Auto Bild Sports Car of the Year**.
- Hyundai i30 N won the "Sport Auto Award" organised by the **Sport Auto** magazine.
- The readers of the German weekly magazine **Bild am Sonntag** voted Hyundai Tucson the "best-imported family car of 2019".
- In the Czech competition **Auto roku** ("Car of the Year"), the public voted Hyundai i30 Fastback N the winner in the sports car category.





Production Process





HMMC in 2019

Production

2019 was of historical importance for us; in May, we manufactured the three-millionth car, followed by manufacturing the millionth Hyundai Tucson in Nošovice in October. Due to terminating the production of ix20 and the changed situation on certain markets, our overall production last year was 2.7% lower than planned. However, we still managed to exceed the threshold of 300 thousand manufactured cars, producing a total of 309,500 cars in 2019. We used the released capacities for preparing for 2020, when we plan to introduce a couple of significant innovations and novelties.

The total volume of cars produced in 2019 consists of individual models as follows:

Tucson	70 %
i30	21 %
N model series	5 %
ix20	4 %

Aside from passenger cars, HMMC also produces two types of 6 gear manual transmissions, which are used not only in cars produced by HMMC, but also exported to the Hyundai Motor Manufacturing Rus plant in St. Petersburg or to the sister plant, Kia Motors Slovakia in Žilina. In total, 331,701 transmissions were produced last year.

Sale

Cars manufactured in the Nošovice plant were exported to more than 70 different countries, literally "from Silesia to the end of the world". Most cars were traditionally sold to Germany (46,900), the United Kingdom (35,700), Spain (23,900), and Russia (21,700). 13,000 cars were sold in the Czech Republic, which is approximately 4.2% of total production. The "end of the world" is represented by French overseas territories, such as the archipelago of New Caledonia in the Pacific Ocean, French Guyana in South America or the islands of Martinique and Guadeloupe in the Caribbean, which are, however, the destination of a relatively small amount of cars.

Since HMMC in Nošovice is the only Hyundai production plant in Europe and the EU, its primary markets are the countries of Europe – absolutely all of them, from Iceland to Norway, the entire European Union and the Balkans, all the way to Cyprus and Malta in the Mediterranean. The Hyundai Tucson model is also very popular in the Middle East, and its important customers therefore include countries such as Egypt, Saudi Arabia or Kuwait. The farthest markets of the Nošovice plant include Australia, Mexico or South Africa.

	Country Top 10	Total number in pieces *
1	Germany	46 900
2	United Kingdom	35 700
3	Spain	23 900
4	Russia	21 700
5	Poland	15 000
6	Italy	14 700
7	Czech Republic	13 000
8	France	11 000
9	Belgium	10 100
10	Austria	8 100

* rounded to the nearest hundred



Employees

As of 31 December 2019, the total number of employees (including agency employees) amounted to 3,364. It still remains true that the HMMC Našovice plant provides work opportunities for the citizens of the Czech Republic and namely for those living in the Moravian-Silesian Region, as they represent 96.08% of all HMMC employees.

139 employees (4.13%) out of the total 3,364 are foreign nationals. They are mostly from Slovakia or Poland, which does not come as a surprise considering how close the borders of both of those countries are.

Work Safety

As part of the system management, HMMC consistently improves the level of work safety. In 2019, we successfully re-certified the “Safe Enterprise” system for OHS management, remaining the only car manufacturer in the Czech Republic that has ever received this certification. Another important step was the smooth transition from the OHSAS 18 001 standard to the ISO 45 001 standard.

The Company's year-round activities were focused on strengthening prevention in work safety, hygiene rules and fire prevention. By adopting preventive measures, we managed to maintain a positive trend in respect of work accidents. During 2019, we achieved some significant milestones, especially in the Transmissions division, which achieved 750 accident-free days. Another important success of 300 accident-free days was achieved by the divisions of Paint Shop, Welding Shop, and Final Assembly (work shift B). As part of positive motivation, the employees of the divisions received valuable presents.

In 2019, partial technical and organisational measures were implemented to improve working conditions, working environment and elimination of risk factors. There have also been several changes in relation to types of personal protective equipment in order to enhance protection and comfort of employees. By organising conferences and trainings for key suppliers, we increased their knowledge on the matter and shared good practice, directly helping to improve the OHS conditions at their plants.

A great emphasis was put on stabilising the operation of the Health Centre. Our employees continue to have the possibility to use the services of a fitness centre or rehabilitation professionals. In order to improve the provided care, the Company purchased an examination ultrasound machine and a lymphatic drainage machine. However, the biggest focus was put on “preventive rehabilita-

tions” which employees undergo during the working hours. The Health Centre also organises regular Health Months, during which employees can undergo various preventive medical check-ups. The facility therefore helps prevent diseases and treat musculoskeletal disorders of all employees.

HMMC will continue to strengthen all efforts to improve the level of health and safety at work.

Trainings

Last year, 571 new employees attended the Company's entry training. 1,054 employees gained certificates for attending specialised courses that enhanced their professional qualifications, such as the certification for working on high voltage electrical equipment, working with cranes, forklifts and high lift platforms. In 2019, we also put a great emphasis on educating employees about OHS matters – these trainings were attended by 1,799 employees.

In the last year, HMMC continued to focus on training courses aimed at personal development, i.e. soft and management skills, which were attended by 84 HMMC employees in total. Language courses (in which 101 employees took part), IT courses (61 employees) and e-learning courses (52 employees) carried on during 2019, employees were also sent to various internal/external professional workshops and seminars (858 employees). Outdoor development activities were attended by 110 employees in total, who tested key corporate values in practice together.

Furthermore, our employees had the opportunity to train at the Korean workshop centre or at the European headquarters in Germany; 193 employees used this opportunity last year. The aim of these trips is to share experience and practical information with colleagues from all over the world. Some of the training programmes (e.g. Pride & Motivation) offer selected employees a chance to not only learn more about Korean history, but most importantly to better understand the differences between our cultures.

2019 also marked the first training for managers (including group and team leaders), which comprised 4 modules and focused on the personal effectiveness of managers, managing employee relations, and the roles of leaders and managers. The entire training was concluded by an experience programme focused on building leadership skills, inspired by Roald Amundsen's expedition to the South Pole. 181 employees in total attended all the modules last year.

Environment



HMMC is one of the most dynamic companies in the Czech Republic, and it follows the concept of the so called “sustainable growth based on a new relationship between people and the environment they live in.” The Company dismisses the antiquated idea that economic interests are at odds with environmental protection.

Any Company’s stability is reflected not only in the economic results but also in the Company’s socially responsible attitude. HMMC substantiates such an approach by an environmentally-friendly attitude and high work safety standards, as it believes that the environment has irretrievable value to civil society that must be preserved for future generations.

HMMC strives to implement, to the highest possible level, technologies and procedures that are environmentally-friendly and also pays close attention to the consistent recycling of waste. In the production plant, all hygiene standards are strictly observed; on all HMMC premises, green vegetation is protected in compliance with the Company’s values.

The Company’s everyday life is governed by the applicable legal regulations, internal Company regulations and our clients’ requirements. As part of our constant effort to add to our care for the environment and the reduction of the negative impacts of production, we aim to increase our employees’ understanding of the importance of the environment, as a prerequisite for the future development of society.

Our endeavours are supported by the Company’s integrated policy and a subsequent functional environmental management system certified under ISO 14001:2015.

In order to support a continuous improvement of the impact of the Company’s activities on the environment, HMMC has also introduced the EMAS system, under Regulation (EC) No. 1221/2009 of the European Parliament and of the Council.

In 2019, supervisory audits were carried out in respect of the two systems (EMAS, ISO 14001:2015). The external auditors found no discrepancies during the audits.

It is also worth mentioning the other adjustments and investments that led to improvements of the environment:

- An almost 70% decrease of soda lye consumption in the waste water treatment plant by using a highly basic coagulant and a significant reduction of sludge production.
- A decrease in electric energy consumption of 2.8% in the Transmissions hall by reducing the number of hardening furnaces.

The population of epiphytic bryophytes and lichens on the barks of the broad-leaved trees and shrubs was confirmed. These plants are important bio-indicators of air pollution and their direct presence on the Company’s premises indicates a very good level of air quality.



Quality

An exceptional quality of our products and services has been HMMC's foundation for life-long partnerships and customer satisfaction. The Company listens to its customers and as part of its development activities, it uses Cross Functional Teams to introduce new ideas. These teams have become best practice in the Group and helped the Company participate in every stage of the development of new products. As for production, products are thoroughly inspected and tested and the high standard of processes is being continuously confirmed by successfully passing audits focused on compliance with ISO standards, legislation and other regulations. The conduct of all employees leads to a continuous improvement of our processes and products, which improves our ability to meet customer requirements.

The International ISO 9001 Standard

HMMC currently continues to use the corporate governance system based on the quality management system in compliance with the requirements of the ISO 9001:2015 standard, aiming to continue improving quality of the offered products. In 2019, HMMC successfully defended its quality management system during a recertification audit conducted by DEKRA Certification, s.r.o.

On the basis of the system for risk and opportunity management, HMMC conducts coordinated and proactive activities for management and governance of the Company with regard to risk identification, risk analysis, and risk evaluation. Risk plans are in place for a potential emergency.

For a long period, the Company has been creating the conditions and sources for activities focused on perfecting its management systems. It also develops quality systems and systems of excellence, which is supported by the fact that it has been using the EFQM model since 2010. The Company did not "just" introduce the EFQM model; it is striving to "live it".

Vehicle Homologation and Production Process Conformity

Our products meet the stringent international legal requirements on vehicles – so called type approvals (homologations) that include various systems in the vehicle (including parts), without which the vehicles may not be distributed to customers. These requirements are supervised and tested by independent testing organisations prior to launching mass production of a new model and prior to each change in the production process. The conformity of our production process (COP) is also audited by independent testing authorities (e.g. Vehicle Certification Agency – VCA and RDW). As part of the Company's preparation for BREXIT, the Company transitioned to a different certification organisation STA (Swedish Transport Agency) in 2019, successfully passing the COP audit under the heading of STA in autumn 2019.

The most important legislative requirements on COP include measuring emissions of the cars produced on an ongoing basis. In 2017 - 2019, the Emissions Laboratory underwent extensive modernisation so as to meet the latest car emissions standards, or Euro 6d-temp, and be able to measure emissions according to the new, stricter WLTC test cycle (World Light duty Test Cycle) and we were also able to measure real driving emissions, i.e. RDE (Real Driving Emissions). In 2019, the largest investment was carried out that involved the purchasing of a new device for measuring four-wheel drive vehicles (4WD dynamo) in order to meet all the latest legislative requirements for measuring emissions of manufactured vehicles.



Apart from producing high-quality cars, the Company, together with other organisations, strives to improve the quality of life in the Moravian-Silesian Region as well as the Czech Republic through various events. Activities that develop child traffic education, help citizens or non-profit organisations and involve our employees in a socially responsible life become increasingly important for HMMC.

Traffic Competition for Young Cyclists on Children's Traffic Playground in Frýdek-Místek

Hyundai believes that road safety education is highly important, as young cyclists who know and keep traffic rules are more likely to become responsible drivers in the future. For several years, HMMC has therefore been a partner of the children's traffic playground in Frýdek-Místek. In 2019, 25 teams of fourth graders took part in the young cyclists' competition, with the two best cyclists receiving new bikes and the winning teams receiving sports backpacks, thermos flasks or helmets. All contestants received safety bike lights and reflective features.

Car Donations to Technical and Vocational Schools

In 2019, technical and vocational schools were also donated a total of nine vehicles from pre-series production which will serve future car mechanics, auto electricians and technicians as aids in especially designed class-rooms. These vehicles will help students familiarise themselves with the functioning of engines, transmissions and electronic systems. Since 2008, we have donated 129 cars in total.

The Good Neighbour and Good Neighbour Together Projects

For what have already been eight years, Hyundai Motor Manufacturing Czech has organised the "Good Neighbour" programme, where 13 municipalities from the vicinity of the HMMC plant can apply for contributions for the support of sport, cultural and community life. In 2019, the contribution for each municipality amounted to CZK 50,000, i.e. CZK 700,000 in total, which made it possible to finance many projects and activities in the given municipalities. The "Good

Neighbour" programme provides a chance for small villages to enhance their cultural life as their budgets are often used up on village maintenance and investments, and none or very little funds are left for leisure time activities.

The programme also comprises the "Good Neighbour Together" sub-programme, as part of which the 13 municipalities can apply for additional funds (CZK 25,000) for projects for the improvement of the environment. Two winning eco-projects were selected, in which both the inhabitants of the municipality and volunteers from HMMC took part. In 2019, a renewal of a tree alley in Raškovice was organised, attended by HMMC employees together with local citizens, firefighters and children from the local primary school and kindergarten. More than 100 trees were planted. The second common event was the revitalization of a children's playground in Pazderna.

The "Together" Grant Programme

The Company's grant programme "Together" aims at making financial contributions to projects including children, people with disabilities, culture and sports. It primarily focuses on the support of leisure activities in the given areas (e.g. young talent support, contributing to a meaningful offer of leisure activities, participation in cultural and sports events, etc.). Active participation and support may be provided by HMMC employees in particular.

A total of CZK 646,100 was given in support of 35 projects in the programme's fourth year. The successful applicants are the following: Sportovní klub Pržno, Charita Frýdek-Místek, Horolezecký oddíl Tatraň Havířov, z.s., Beskydská šachová škola, z.s., Centrum pro rodinu a sociální péči, Pěvecký sbor Ireny Szurmanové z.s., MiKa-Do Karviná z.s. and others.



Social Responsibility



Hyundai Foundation

Based on the Declaration of Understanding signed by HMMC, state institutions and ecological associations, the Hyundai Foundation was established in 2006, its principal objectives being the development of civic society and the strengthening of its participation in public affairs. HMMC dedicated a total of CZK 20 million to the Foundation, to which it has been adding 1 million every year since 2009. The Foundation distributes these funds in individual years as part of open grant rounds to applicants submitting projects in support of local community events carried out namely in the Moravian-Silesian Region. However, the Foundation may not, nor does it want to, neglect the areas of education and human rights, on which all democratic and open societies are based and which the Foundation also wishes to support.

In 2019, 14 projects were funded, totalling CZK 1,370,944. However, over the thirteen years of active operation, this amount has reached almost CZK 22 million, divided among a total of 154 projects in the territory of the Moravian-Silesian region.

Hyundai Cup 2019

In cooperation with the Fire Brigade of the Moravian-Silesian Region, the integrated rescue centre in Nošovice held the fifth edition of the young firefighters' contest in fire-fighting sport. The aim of the event is to support children from the surrounding municipalities in leisure activities and to develop their skills. A total of 80 children spread across six teams and two categories competed for the Hyundai Cup.

Hydrogen Horizon Automotive Challenge 2019

In 2019, for the second time, we supported a race of hydrogen-powered cars. In Prague, teams of high school students met in April to measure their strength in the six-hour race of remote-controlled hybrid hydrogen-powered car models. 27 teams from a total of 25 Czech high schools participated in the fifth edition of the Horizon Grand Prix of Horizon Educational. Each race day, a winning team was designated, which will represent, in May, not only its school, but also the Czech Republic at the international finals in Prague. At

the finals, the Czech teams had the chance to meet fellow competitors from Slovakia, Poland, the Netherlands or the USA. The race can be seen as the culmination of an educational programme that aims to raise interest of young people in technical and scientific fields. Over the course of four months, students acquire new knowledge through a range of educational aids and study materials, which they then apply when designing and assembling a hybrid hydrogen vehicle on a scale of 1:10. The program also aims to teach students through discovering, enhancing teamwork and, last but not least, preparing students for their future career.

Goals and Forecasts for 2020



The year 2020 will be a special one for HMMC in terms of innovation and novelties, which are of high importance for the future of the car plant. Both existing models – i30 and Tucson – will undergo modifications; moreover, at the beginning of March, the production of the very first electric car in the Czech Republic – Kona Electric – will start in Nošovice. This event will be significant not only for the Czech Republic but for the whole of Europe. The cars will be manufactured for seven selected markets including the largest ones in terms of the future of mobility: Germany, Norway, the Netherlands, France, Poland, the Czech Republic and Slovakia. In terms of volume, tens of thousands cars a year will be produced and thanks to their manufacture in Europe, the delivery dates of this model will be significantly shorter, which will make purchase decisions of many customers easier.

Even though this will be one of the most challenging years in the history of the car plant, it will definitely be a huge impulse for customers in various segments. The project of the first electric car manufactured in the Czech Republic will be a huge step towards Hyundai's electromobility in Europe, helping it increase its reputation at the same time.

Despite the many novelties, which are expected to have a positive impact on sales, the situation in the automotive industry also had to be taken into consideration during planning. Therefore, we maintain a conservative approach, setting the plan at 303,500 cars. Reducing the plan compared to the previous year will have no effect on the number of employees.

No significant events occurred at HMMC subsequent to the balance sheet date.

Financial statements

for the year ended
31 december 2019

**Name of the Company:**

Hyundai Motor Manufacturing Czech s.r.o.

Registered Office:

Hyundai 700/1,
739 51 Nižní Lhoty,
Průmyslová zóna Nošovice

Legal Status:

Limited Liability Company

Corporate ID:

277 73 035

Components of the Financial Statements:

Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Financial Statements

These financial statements were prepared

on 28 February 2020.

Statutory executive of the reporting entity:

Donghwan Yang

Balance sheet full version

as of 31. 12. 2019 (in CZK thousand)

	31.12.2019		31.12.2018	
	Gross	Adjustment	Net	Net
TOTAL ASSETS	93 256 567	22 891 591	70 364 976	75 540 700
B. Fixed assets	39 022 913	22 643 722	16 379 191	17 371 546
<i>B.I. Intangible fixed assets</i>	450 504	365 625	84 879	68 352
<i>B.I.2. Valuable rights</i>	415 366	365 625	49 741	44 620
<i>B.I.2.1. Software</i>	415 366	365 625	49 741	44 620
<i>B.I.4. Other intangible fixed assets</i>	32 933		32 933	15 303
<i>B.I.5. Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	2 205		2 205	8 429
<i>B.I.5.2. Intangible fixed assets under construction</i>	2 205		2 205	8 429
<i>B.II. Tangible fixed assets</i>	38 226 833	22 278 097	15 948 736	16 953 334
<i>B.II.1. Land and structures</i>	8 913 695	3 049 919	5 863 776	6 109 702
<i>B.II.1.1. Land</i>	167 511		167 511	167 511
<i>B.II.1.2. Structures</i>	8 746 184	3 049 919	5 696 265	5 942 191
<i>B.II.2. Tangible movable assets and sets of tangible movable assets</i>	27 647 623	19 228 178	8 419 445	10 742 113
<i>B.II.5. Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	1 665 515		1 665 515	101 519
<i>B.II.5.1. Prepayments for tangible fixed assets</i>	97 879		97 879	25 061
<i>B.II.5.2. Tangible fixed assets under construction</i>	1 567 636		1 567 636	76 458
<i>B.III. Non-current financial assets</i>	345 576		345 576	349 860
<i>B.III.2. Loans and borrowings - controlled or controlling entity</i>	345 576		345 576	349 860
C. Current assets	54 233 654	247 869	53 985 785	58 169 154
<i>C.I. Inventories</i>	5 684 177	247 869	5 436 308	3 718 204
<i>C.I.1. Material</i>	2 730 867	236 907	2 493 960	2 470 195
<i>C.I.2. Work in progress and semifinished goods</i>	462 020	3 294	458 726	376 914
<i>C.I.3. Products and goods</i>	1 573 343	7 668	1 565 675	871 095
<i>C.I.3.1. Products</i>	1 573 343	7 668	1 565 675	871 095
<i>C.I.5. Prepayments for inventories</i>	917 947		917 947	
<i>C.II. Receivables</i>	15 188 932		15 188 932	23 654 405
<i>C.II.1. Long-term receivables</i>	929 029		929 029	746 465
<i>C.II.1.4. Deferred tax asset</i>	929 029		929 029	746 465
<i>C.II.2. Short-term receivables</i>	14 139 254		14 139 254	22 729 299
<i>C.II.2.1. Trade receivables</i>	11 723 048		11 723 048	17 274 417

<i>C.II.2.2. Receivables - controlled or controlling entity</i>				2 572 500
<i>C.II.2.4. Receivables - other</i>	2 416 206		2 416 206	2 882 382
<i>C.II.2.4.3. State - tax receivables</i>	2 243 961		2 243 961	2 667 270
<i>C.II.2.4.4. Short-term prepayments made</i>	96 647		96 647	76 493
<i>C.II.2.4.6. Sundry receivables</i>	75 598		75 598	138 619
<i>C.II.3. Other assets</i>	120 649		120 649	178 641
<i>C.II.3.1. Deferred expenses</i>	22 824		22 824	40 236
<i>C.II.3.2. Complex deferred expenses</i>	78 076		78 076	106 967
<i>C.II.3.3. Accrued income</i>	19 749		19 749	31 438
<i>C.IV. Cash</i>	33 360 545		33 360 545	30 796 545
<i>C.IV.1. Cash on hand</i>	134		134	166
<i>C.IV.2. Cash at bank</i>	33 360 411		33 360 411	30 796 379

	31.12.2019	31.12.2018
TOTAL LIABILITIES & EQUITY	70 364 976	75 540 700
A. Equity	40 577 074	42 460 572
<i>A.I. Share capital</i>	13 901 000	13 901 000
<i>A.I.1. Share capital</i>	13 901 000	13 901 000
<i>A.IV. Retained earnings (+/-)</i>	19 289 572	21 335 835
<i>A.IV.1. Accumulated profits or losses brought forward (+/-)</i>	19 289 572	21 335 835
<i>A.V. Profit or loss for the current period (+/-)</i>	7 386 502	7 223 737
B.+C. Liabilities	29 787 902	33 080 128
B. Reserves	9 247 380	8 898 295
<i>B.IV. Other reserves</i>	9 247 380	8 898 295
C. Payables	20 540 522	24 181 833
<i>C.I. Long-term payables</i>	10 926 300	11 061 750
<i>C.I.2. Payables to credit institutions</i>	10 926 300	11 061 750
<i>C.II. Short-term payables</i>	9 596 044	13 081 886
<i>C.II.2. Payables to credit institutions</i>		382 427
<i>C.II.3. Short-term prepayments received</i>	469 694	210 408
<i>C.II.4. Trade payables</i>	7 140 948	10 685 757
<i>C.II.8. Other payables</i>	1 985 402	1 803 294
<i>C.II.8.3. Payables to employees</i>	95 787	118 297
<i>C.II.8.4. Social security and health insurance payables</i>	60 559	74 409
<i>C.II.8.5. State - tax payables and subsidies</i>	198 738	175 453
<i>C.II.8.6. Estimated payables</i>	1 625 365	1 429 336
<i>C.II.8.7. Sundry payables</i>	4 953	5 799
<i>C.III. Other liabilities</i>	18 178	38 197
<i>C.III.1. Accrued expenses</i>		2 475
<i>C.III.2. Deferred income</i>	18 178	35 722

Profit and loss account structured by the nature of expense method

Year ended 31. 12. 2019 (in CZK thousand)

	Year ended 31.12.2019	Year ended 31.12.2018
I. Sales of products and services	123 140 114	129 259 518
A. Purchased consumables and services	107 530 061	113 502 389
A.2. Consumed material and energy	100 156 511	105 949 991
A.3. Services	7 373 550	7 552 398
B. Change in internally produced inventory (+/-)	-773 974	-61 084
C. Own work capitalised (-)		-243
D. Staff costs	1 966 912	1 888 437
D.1. Payroll costs	1 409 532	1 345 688
D.2. Social security and health insurance costs and other charges	557 380	542 749
D.2.1. Social security and health insurance costs	472 600	451 956
D.2.2. Other charges	84 780	90 793
E. Adjustments to values in operating activities	3 007 919	2 487 926
E.1. Adjustments to values of intangible and tangible fixed assets	2 991 730	2 485 837
E.1.1. Adjustments to values of intangible and tangible fixed assets - permanent	2 991 730	2 485 837
E.2. Adjustments to values of inventories	16 189	2 089
III. Other operating income	4 507 932	4 604 457
III.1. Sales of fixed assets	31 640	13 846
III.2. Sales of material	4 082 532	4 233 260
III.3. Sundry operating income	393 760	357 351
F. Other operating expenses	7 057 606	7 613 724
F.1. Net book value of sold fixed assets	111 793	49 369
F.2. Material sold	4 218 882	4 302 287
F.3. Taxes and charges	19 028	17 405
F.4. Reserves relating to operating activities and complex deferred expenses	377 976	910 112
F.5. Sundry operating expenses	2 329 927	2 334 551
* Operating profit or loss (+/-)	8 859 522	8 432 826
VI. Interest income and similar income	380 707	292 908
VI.1. Interest income and similar income - controlled or controlling entity	214 743	242 239
VI.2. Other interest income and similar income	165 964	50 669
J. Interest expenses and similar expenses	48 429	75 339
J.1. Interest expenses and similar expenses - controlled or controlling entity	38	9
J.2. Other interest expenses and similar expenses	48 391	75 330
VII. Other financial income	1 544 858	2 134 620
K. Other financial expenses	1 610 938	1 855 285
* Financial profit or loss (+/-)	266 198	496 904
** Profit or loss before tax (+/-)	9 125 720	8 929 730
L. Income tax	1 739 218	1 705 993

L.1. Due income tax	1 921 782	1 988 352
L.2. Deferred income tax (+/-)	-182 564	-282 359
** Profit or loss net of tax (+/-)	7 386 502	7 223 737
*** Profit or loss for the current period (+/-)	7 386 502	7 223 737
* Net turnover for the current period	129 573 611	136 291 503

Cash flow statement

Year ended 31. 12. 2019 (in CZK thousand)

	Year ended 31.12.2019	Year ended 31.12.2018
P. Opening balance of cash and cash equivalents	30 796 545	32 011 528
Cash flows from ordinary activities (operating activities)		
Z. Profit or loss before tax	9 125 720	8 929 730
A.1. Adjustments for non-cash transactions	2 914 178	3 181 332
A.1.1. Depreciation of fixed assets	2 991 730	2 485 837
A.1.2. Change in provisions and reserves	394 165	912 202
A.1.3. Profit/(loss) on the sale of fixed assets	80 153	35 523
A.1.5. Interest expense and interest income	-332 278	-217 569
A.1.6. Adjustments for other non-cash transactions	-219 592	-34 661
A.* Net operating cash flow before changes in working capital	12 039 898	12 111 062
A.2. Change in working capital	366 432	-2 234 030
A.2.1. Change in operating receivables and other assets	6 025 452	-3 205 260
A.2.2. Change in operating payables and other liabilities	-3 924 727	1 449 070
A.2.3. Change in inventories	-1 734 293	-477 840
A.** Net cash flow from operations before tax	12 406 330	9 877 032
A.3. Interest paid	-50 905	-72 863
A.4. Interest received	371 940	305 101
A.5. Income tax paid from ordinary operations	-1 907 897	-1 770 733
A.*** Net operating cash flows	10 819 468	8 338 537
Cash flows from investing activities		
B.1. Fixed assets expenditures	-1 204 916	-2 351 558
B.2. Proceeds from fixed assets sold	31 640	13 846
B.3. Loans and borrowings to related parties	2 572 500	
B.*** Net investment cash flows	1 399 224	-2 337 712
Cash flow from financial activities		
C.1. Change in payables from financing	-384 692	384 692
C.2. Impact of changes in equity	-9 270 000	-7 600 500
C.2.6. Profit shares paid	-9 270 000	-7 600 500
C.*** Net financial cash flows	-9 654 692	-7 215 808
F. Net increase or decrease in cash and cash equivalents	2 564 000	-1 214 983
R. Closing balance of cash and cash equivalents	33 360 545	30 796 545

Notes to the Financial Statements

For the Year Ended
31 December 2019
(in CZK thousand)



1. General Information and Principal Activities

Incorporation and Description of the Business

Hyundai Motor Manufacturing Czech s.r.o. (the "Company") was formed on 7 July 2006. It was formed by Hyundai Motor Company, the Republic of Korea.

In 2008, the Company began the production of cars and transmissions, which constitute the Company's key production programme. In 2019, the Company manufactured three models: Hyundai Tucson, Hyundai ix20 and the third-generation Hyundai i30, which is produced in three versions: five-door hatchback, wagon and fastback. The sports version of the five-door hatchback is manufactured under the name Hyundai i30 N and the sports version of the fastback under the name Hyundai i30 fastback N. The production of the Hyundai ix20 model was stopped in July 2019.

Owners of the Company

At 31 December, the Company's owners are:

Ownership percentage as of 31 December

	2019	2018
Hyundai Motor Company, the Republic of Korea	100 %	100 %

Registered Office

Hyundai Motor Manufacturing Czech s.r.o.
Průmyslová zóna Nošovice
Hyundai 700/1
739 51 Nižní Lhoty
Czech Republic

Corporate ID

277 73 035

Statutory executive and proxy as of 31 December 2019

Statutory executive	Proxy
Donghwan Yang	Jung Won Kim, Jin Park

The Company has not established a Supervisory Board.

The Company is part of the Hyundai Motor Company consolidation group with its registered office in Seoul, Seocho-Gu, Heolleung-ro 12, the Republic of Korea.

The following changes were made to the Register of Companies in the year ended 31 December 2019:

The proxy, Mr Sanghyun Nam, was replaced in his office by Ms Jung Won Kim on 13 May 2019.

Organisational Structure

The Company is organised into the following divisions:

- Finance – accounting and cost, treasury;
- Administration – information technologies, human resources, employee relations, general affairs, legal, public relations, facility management, environment and health & safety;
- Production – press shop, welding shop, paint shop, assembly, production of transmissions, maintenance, and production management;
- Quality – quality management, quality assurance;
- Sales support; and
- Procurement – parts procurement, procurement management, purchase.

2. Principal Accounting Policies Used by the Company

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, and Czech Accounting Standards for Businesses, as amended. The financial statements are general purpose financial statements and have not been prepared for any special purpose, transaction or

user. Users should not rely exclusively on these financial statements in making decisions and should undertake other appropriate inquiries before making decisions.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK").

a) Tangible and Intangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year. Tangible and intangible fixed assets are carried at cost. Tangible fixed assets at the acquisition cost of less than CZK 10 thousand and intangible fixed assets at the acquisition cost of less than CZK 10 thousand are not reported in the balance sheet and are expensed in the year of acquisition.

The valuation of internally produced fixed assets includes direct material, direct wages and other costs directly relating to the production until their capitalisation.

The following table shows the depreciation methods and periods by asset groups:

Assets	Method	Depreciation period
Residential buildings	Straight line	50 years
Industrial buildings	Straight line	30 years
Machinery and equipment	Straight line	15 years
Vehicles	Straight line	6 years
Moulds	Straight line	2 - 6 years
Moulds for Hyundai i30	Straight line	4 - 6 years
Moulds for Hyundai ix20	Straight line	7 years
Moulds for Hyundai Tucson	Straight line	6 years
IT equipment	Straight line	6 years
Furniture	Straight line	6 years
Software	Straight line	5 years
Other intangible assets	Straight line	3.5 - 7 years

b) Inventory

Purchased inventory is stated at costs. The cost includes the purchase cost, customs duties, storage fees during transportation, transportation costs of delivery to the production area.

Internally developed inventory is valued at the cost of producing the inventory, which primarily consists of the direct costs of production or any other activity, and/or attributable indirect costs relating to production or any other activity. The direct costs include the cost of material and other consumables and other costs incurred in direct connection with the production or any other activity.

Inventory is issued out of stock using the costs determined by the weighted arithmetic average method.

Provisions against products are calculated as the sum of positive differences from the comparison of valuations of individual cars at the balance sheet date and the valid selling price of these cars. Provisions against work in progress and semi-finished goods are determined using the extrapolation of the proportion of the provision against products and the aggregate value of products at the balance sheet date. The provision against production material with the movement rate exceeding one year is recognised in the amount of 100% of the value of this material. The provision against idle spare parts in the last two years is recognised as equal to 100% of the value of the inventory and 20% for the spare parts that have been idle for no less than one year.

c) Trade Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts. Provisions for receivables past their due dates are assessed for the relevant receivables on an individual basis.

Short-term receivables are ceded before their due dates. Under recourse factoring of receivables, ceded receivables are recorded on special analytical accounts and are subsequently settled against the received short-term loan. The costs of the recourse factoring of receiv-

ables are deferred until the maturity date of these receivables. Under non-recourse factoring, receivables are reversed through other operating expenses and at the same time a receivable from the factor is recognised with a corresponding entry for the income from the cession of these receivables (other operating income). The Company charges its customers interest on business loans. These receivables are recorded on an accruals basis together with the interest income and deferred income.

d) Trade Payables

Trade payables are stated at their nominal value.

e) Recognition of Reserves

The Company creates a reserve for outstanding vacation days and a reserve for warranty repairs.

The reserve for outstanding vacation days as of the balance sheet date is recognised on the basis of an analysis of outstanding vacation days per year and the average payroll costs including social security and health insurance by individual employees.

The reserve for warranty repairs is recognised by setting aside a lump-sum charge per each sold car. The amount of the lump sum reserve is determined on the basis of the best available estimate of the costs for warranty repairs in accordance with the Company's historical experience. This reserve does not include the costs of repairs of sold cars that are initiated by the manufacturer due to the one-off nature of these costs and the impossibility to reliably predict them.

f) Estimated Payables

The Company recognises estimated payables for unbilled supplies upon the acquisition of tangible and intangible fixed assets, material, energy and services.

g) Loans

Loans are stated at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

h) Foreign Currency Translation

The Company uses the Czech National Bank's ruling foreign exchange rate for the previous business day in the translation of foreign currencies. During the year, the Company recognises realised foreign exchange rate gains or losses.

Assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate promulgated by the Czech National Bank as of the balance sheet date. Unrealised foreign currency translation gains and losses are reported in the results of operations.

i) Finance Lease

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title the lessee makes lease payments to the lessor for the asset that are charged to expenses.

j) Income Tax

Income tax for the period is composed of the tax payable and movements in deferred tax. The tax payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all tax arrears and refunds for prior periods.

Deferred tax is based on all temporary differences between the carrying and tax values of assets and liabilities using the anticipated tax rate applicable for the following periods.

A deferred tax asset is recognised only if it is likely that it will be realised in the following reporting periods.

k) Revenue Recognition

Revenues are recognised when goods are shipped out of stock and significant risks and rewards have passed to the customer or when services are rendered and are reported net of discounts and VAT.

In the case of invoicing without physical unloading ("Bill and Hold sales"), revenues are recognised if the customer requires this form of delivery and under the condition that the customer accepts the invoicing and the transfer of ownership and risks. In order to recognise revenues in the case of invoicing without physical unloading, the following conditions must be fulfilled:

- 1) It is likely that a physical delivery will take place;
- 2) At the moment of recognition of the revenue, the goods are physically available, they are specifically intended for a particular customer and are prepared for delivery;
- 3) The customer confirms the terms and conditions of the invoicing transaction without physical delivery; and
- 4) The customary payment conditions of the Company are valid for the transaction.

l) Subsidies

Subsidies received from the state budget in support of the creation of new jobs and support of retraining and training of employees are recognised in other operating income. Received subsidies for the support of investments are recognised as acquisition of fixed assets as a decrease in the cost of assets.

m) Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

n) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

o) Cash Flow Statement

The cash flow statement was prepared using the indirect method. Cash equivalents represent current liquid assets that can be easily and readily converted into a predefined amount in cash.

Cash and cash equivalents may be analysed as follows:

	(CZK thousand)	
	31.12. 2019	31.12. 2018
Cash on hand and cash in transit	134	166
Cash at bank	33 360 411	30 796 379
Total cash and cash equivalents	33 360 545	30 796 545

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

3. Fixed Assets

a) Intangible Fixed Assets

(CZK thousand)

	Software	Other intangible fixed assets	Intangible FA under construction	Total
Cost				
Balance at 1 Jan 2019	389 936	15 303	8 429	413 668
Additions	25 607	23 656	19 383	68 646
Disposals	177	6 026	25 607	31 810
Balance at 31 Dec 2019	415 366	32 933	2 205	450 504
Accumulated amortisation				
Balance at 1 Jan 2019	345 316	--	--	345 316
Amortisation	20 486	--	--	20 486
Accumulated amortisation to disposals	177	--	--	177
Balance at 31 Dec 2019	365 625	--	--	365 625
Net book value at 1 Jan 2019	44 620	15 303	8 429	68 352
Net book value at 31 Dec 2019	49 741	32 933	2 205	84 879

(CZK thousand)

	Software	Other intangible fixed assets	Intangible FA under construction	Total
Cost				
Balance at 1 Jan 2018	360 934	9 284	2 160	372 378
Additions	30 851	11 332	37 120	79 303
Disposals	1 849	5 313	30 851	38 013
Balance at 31 Dec 2018	389 936	15 303	8 429	413 668
Accumulated amortisation				
Balance at 1 Jan 2018	331 264	--	--	331 264
Amortisation	15 900	--	--	15 900
Accumulated amortisation to disposals	1 848	--	--	1 848
Balance at 31 Dec 2018	345 316	--	--	345 316
Net book value at 1 Jan 2018	29 670	9 284	2 160	41 114
Net book value at 31 Dec 2018	44 620	15 303	8 429	68 352

In respect of software, the Company continued to modernise its information systems, primarily in assurance of production quality, during the years ended 31 December 2019 and 2018.



b) Tangible Fixed Assets

(CZK thousand)

	Land	Buildings	Individual movable assets	Tangible FA under construction	Prepayments	Total
Cost						
Balance at 1 Jan 2019	167 511	8 702 390	27 881 911	76 458	25 061	36 853 331
Additions	--	42 523	475 892	2 009 593	158 066	2 686 074
Transfers	--	1 271	-1 271	--	--	0
Disposals	--	--	708 909	518 415	85 248	1 312 572
Balance at 31 Dec 2019	167 511	8 746 184	27 647 623	1 567 636	97 879	38 226 833
Accumulated depreciation						
Balance at 1 Jan 2019	--	2 760 199	17 139 798	--	--	19 899 997
Depreciation	--	289 473	2 681 118	--	--	2 970 591
Transfers	--	247	-247	--	--	0
Accumulated depreciation to disposals	--	--	592 491	--	--	592 491
Balance at 31 Dec 2019	--	3 049 919	19 228 178	--	--	22 278 097
Net book value at 1 Jan 2019	167 511	5 942 191	10 742 113	76 458	25 061	16 953 334
Net book value at 31 Dec 2019	167 511	5 696 265	8 419 445	1 567 636	97 879	15 948 736

(CZK thousand)

	Land	Buildings	Individual movable assets	Tangible FA under construction	Prepayments	Total
Cost						
Balance at 1 Jan 2018	167 511	8 585 431	25 730 883	447 741	46 063	34 977 629
Additions	--	114 400	2 308 237	2 051 354	73 314	4 547 305
Transfers	--	2 742	-2 742	--	--	0
Disposals	--	183	154 467	2 422 637	94 316	2 671 603
Balance at 31 Dec 2018	167 511	8 702 390	27 881 911	76 458	25 061	36 853 331
Accumulated depreciation						
Balance at 1 Jan 2018	--	2 472 087	15 055 974	--	--	17 528 061
Depreciation	--	287 737	2 183 258	--	--	2 470 995
Transfers	--	419	-419	--	--	0
Accumulated depreciation to disposals	--	44	99 015	--	--	99 059
Balance at 31 Dec 2018	--	2 760 199	17 139 798	--	--	19 899 997
Net book value at 1 Jan 2018	167 511	6 113 344	10 674 909	447 741	46 063	17 449 568
Net book value at 31 Dec 2018	167 511	5 942 191	10 742 113	76 458	25 061	16 953 334

In the year ended 31 December 2019, additions to movable fixed assets largely related to modernising machinery equipment and moulds for the production of component parts placed at the suppliers of such components and amounted to CZK 185,226 thousand and CZK 158,558 thousand respectively. The Company phased out machinery equipment in the amount of CZK 359,163 thousand and press moulds for metal components in the amount of CZK 249,806 thousand. These disposals largely relate to the end of production of the Hyundai ix20 model.

In the year ended 31 December 2018, additions to movable fixed assets largely related to the production of the Tucson model. This predominantly involved machinery equipment of CZK 77,647 thousand, moulds for the production of components placed at the suppliers of such components of CZK 892,991 thousand and press moulds for metal components of CZK 59,164 thousand. The Company also purchased moulds for the production of components placed at the suppliers of such components of CZK 789,951 thousand for the third-generation Hyundai i30.

The Moravian-Silesian region carries the pre-emption right to acquire all land in the area of the Company's production plant of CZK 153,435 thousand. This land is located at the cadastral area of Nošovice and Nižní Lhoty.

4. Inventory

Internally developed inventory includes completed cars and semi-finished products manufactured during the production of cars.

As of the balance sheet date, the Company holds inventory of material necessary for the production of cars of CZK 2,417,446 thousand (2018: CZK 2,390,614 thousand) and inventory of spare parts for production equipment of CZK 313,421 thousand (2018: CZK 297,880 thousand). The provision against production material amounts to CZK 19,222 thousand (2018: CZK 14,332 thousand) and against spare parts to CZK 217,685 thousand (2018: CZK 203,967 thousand) as of the balance sheet date.

5. Trade Receivables and Payables

Overdue short-term trade receivables amount to CZK 678,285 thousand (2018: CZK 710,279 thousand).

Overdue short-term trade payables amount to CZK 3,560 thousand (2018: CZK 370,252 thousand).

6. State - Tax Receivables

The receivable from the state includes a receivable arising from the VAT refund based on the filed tax return of CZK 1,092,647 thousand (2018: CZK 1,330,368 thousand) and the sum of VAT not yet sought to be refunded of CZK 1,151,314 thousand (2018: CZK 1,336,902 thousand).

7. Other Receivables

Other receivables predominantly include receivables arising from VAT paid in other EU member states. The filed applications for the refund of VAT amount to CZK 14,092 thousand (2018: CZK 1,462 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 61,253 thousand (2018: CZK 136,927 thousand).

8. Deferrals

Deferred expenses predominantly include costs of operation of the integrated rescue system and asset insurance premium.

Comprehensive deferred expenses include costs of the preparation and roll-out of the production of Hyundai Tucson and third generation Hyundai i30.

Accrued income predominantly includes unbilled supplies of secondary raw materials.

Deferred income includes interest income from business loans provided to distributors.

9. Share Capital

As of 31 December 2019, the share capital consisted of the investment of the sole owner. The share capital was fully paid as of 31 December 2019.

10. Statement of Changes in Equity

(CZK thousand)

2019	Share capital	Accumulated profit	Profit for the period	Total
Balance at 1 Jan 2019	13 901 000	21 335 835	7 223 737	42 460 572
Allocation to funds, allocation of profit/loss	--	--	--	--
Payment of profit shares	--	-2 046 263	-7 223 737	-9 270 000
Profit for 2019	--	--	7 386 502	7 386 502
Balance at 31 Dec 2019	13 901 000	19 289 572	7 386 502	40 577 074

(CZK thousand)

2018	Share capital	Accumulated profit	Profit for the period	Total
Balance at 1 Jan 2018	13 901 000	22 244 066	6 692 269	42 837 335
Allocation to funds, allocation of profit/loss	--	--	--	--
Payment of profit shares	--	-908 231	-6 692 269	-7 600 500
Profit for 2018	--	--	7 223 737	7 223 737
Balance at 31 Dec 2018	13 901 000	21 335 835	7 223 737	42 460 572

11. Reserves

(CZK thousand)

Reserves	Balance at 31 Dec 2019	Balance at 31 Dec 2018
For outstanding vacation days	18 316	18 103
For warranty repairs	9 229 064	8 880 192
Total	9 247 380	8 898 295

12. Estimated Payables

Estimated payables recognised in the balance sheet include unbilled supplies of material of CZK 845,086 thousand (2018: CZK 1,182,115 thousand), unbilled supplies of consumed energy and other costs of CZK 219,432 thousand (2018: CZK 213,933 thousand) and unbilled supplies for the acquisition of tangible fixed assets in the amount of CZK 560,847 thousand (2018: CZK 33,288 thousand).

13. Bank Loans

Short-Term Loans

(CZK thousand)

	Currency	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Form of collateral in 2019
Loan A	EUR	--	382 427	--
Total			382 427	

Long-Term Loans

(CZK thousand)

	Currency	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Form of collateral in 2019
Loan B	EUR	5 082 000	5 145 000	--
Loan C	EUR	--	5 916 750	--
Loan D	EUR	5 844 300	--	--
Total		10 926 300	11 061 750	

Repayment Schedule

(CZK thousand)

	2022	2023	Following periods
Loan B	5 082 000	--	--
Loan D	--	5 844 300	--
Total	5 082 000	5 844 300	



14. Sales of Own Products and Services

(CZK thousand)

Market	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Czech Republic	4 088 422	5 120 398
EU	79 998 042	86 350 296
Other than EU countries - Europe	16 384 260	15 632 037
Other than EU countries - other	22 669 390	22 156 787
Total sales of own products and services	123 140 114	129 259 518

In 2019, 98.1% of the sales of products related to sold cars (2018: 98.0%). The remaining 1.9% (2018: 2.0%) related to the sale of transmissions and other semi-finished goods, which the Company supplies to other production companies within the Group in Europe.

15. Consumed Material and Energy

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Consumed material	99 667 786	105 509 749
Consumed energy	488 725	440 242
Total consumed material and energy	100 156 511	105 949 991

16. Services

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Travel expenses	25 749	11 459
Building security, cleaning and operation	243 487	242 967
Production support services	1 159 963	1 262 866
Service and licence fees	3 623 198	3 636 454
Hiring and support of staff	636 901	670 746
IT services and software	83 420	82 659
Transportation services	1 428 194	1 475 058
Advisory and audit services	13 099	14 863
Repairs and maintenance of buildings and equipment	88 773	83 717
Rental	23 600	23 736
Training	10 402	4 975
Other services	36 764	42 898
Total	7 373 550	7 552 398

17. Sales of Material, Sold Material

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Sales of material to sub-suppliers	3 844 572	3 917 382
Sales of secondary raw material	237 960	315 878
Total sales of material	4 082 532	4 233 260

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Material sold to sub-suppliers	3 980 922	3 986 409
Sold secondary raw material	237 960	315 878
Total sold material	4 218 882	4 302 287

18. Other Operating Income

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Rebiling of complaint costs to suppliers	288 881	289 574
Inventory count differences	1 195	1 575
Sundry operating income	103 684	66 202
Total	393 760	357 351

19. Other Operating Expenses

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Insurance	30 454	28 258
Costs of warranty repairs and campaigns	2 204 191	2 235 090
Inventory count differences	881	1 365
Sundry operating expenses	94 401	69 838
Total	2 329 927	2 334 551

20. Interest Income

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Interest on provided loans	16 057	31 032
Interest on provided business loans	198 686	211 207
Interest on deposits at bank accounts	165 964	50 669
Total	380 707	292 908

21. Interest Expense

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Interest on received bank loans and overdrafts	48 391	66 873
Interest on received loans from the sale of receivables	--	8 457
Interest on received business loans	38	9
Total	48 429	75 339

22. Other Financial Expenses and Income

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Foreign exchange rate losses	1 601 571	1 848 475
Sundry financial expenses	9 367	6 810
Total	1 610 938	1 855 285

Other financial income in the years ended 31 December 2019 and 2018 primarily includes foreign exchange rate gains.

23. Income Tax

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Tax payable	1 921 782	1 988 352
Deferred tax	-182 564	-282 359
Total	1 739 218	1 705 993

Profit before tax and calculation of tax payable:

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Profit before tax	9 125 720	8 929 730
Anticipated tax costs (19%)	1 733 887	1 696 649
Non-tax expenses and income	222 151	339 759
Tax for prior periods	-34 256	-48 056
Tax payable	1 921 782	1 988 352

The total deferred tax asset/liability can be analysed as follows:

	<i>(CZK thousand)</i>	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Accumulated depreciation and amortisation of fixed assets	-875 068	-988 230
Provision against inventory	47 095	44 019
Reserves	1 757 002	1 690 676
Total (+ asset/ - liability)	929 029	746 465



24. Related Parties

a) Trade Receivables and Payables

Trade receivables and payables include the following balances with related parties:

(CZK thousand)

	Receivables as of 31 Dec 2019	Receivables as of 31 Dec 2018	Payables as of 31 Dec 2019	Payables as of 31 Dec 2018
Hyundai Motor Company	41 769	44 033	1 016 557	1 557 565
Hyundai Motor Europe GmbH	6 418 135	9 251 845	725	--
Hyundai Rotem Company	--	--	4 355	--
Hyundai Engineering Czech s.r.o.	--	--	28 906	24 274
Hyundai AutoEver Corporation	--	--	93	9 531
Hyundai AutoEver Europe GmbH	--	--	12 438	5 329
G.I.T Co., Ltd	--	--	1 274	5 125
Hyundai Glovis Co. Ltd.	18 671	12 839	79 680	1 449 304
Hyundai Glovis Czech Republic s.r.o.	111	622	70 759	139 575
Glovis Europe GmbH	3 543	39	73 637	110 996
Hyundai Steel Czech s.r.o.	766	1 295	245 833	28 971
Hyundai Motor CIS LLC	--	--	4 027	4 204
Hyundai Motor Company Italy s.r.l.	--	--	11 324	11 895
Hyundai Motor Czech s.r.o.	1 058 760	1 511 191	8 263	15 156
Hyundai Motor Deutschland GmbH	--	--	62 527	42 985
Hyundai Motor Poland Sp. z. o. o.	--	--	6 157	6 741
Hyundai Motor UK Ltd.	--	--	14 624	15 469
Hyundai Motor España S.L.U.	--	--	8 334	7 783
Hyundai Motor Europe Technical Center GmbH	999	26	--	--
Hyundai Motor Netherlands B.V.	--	--	1 856	1 577
Hyundai Motor France	--	--	12 671	9 477
Hyundai Motorsport GmbH	2	--	--	--
Hyundai Motor Mfg. Rus LLC	40 398	49 982	169	171
Hyundai Assan Otomotive SVT A.S.	96 466	454	3 184	2 947
Hyundai Motor Company Australia Pty Ltd.	107 991	197 844	2 420	4 108
Hyundai Motor de Mexico, S de RL de CV	1 190 638	1 952 075	2 037	739
Hyundai Motor India	--	258	--	--
Sichuan Hyundai Motor Company	--	19 919	--	--
Shandong Hyundai WIA Automotive Engine Co.	--	--	214 696	--
HM Czech, s.r.o.	57	4 612	--	--
Hyundai Mobis Co. Ltd.	2 346	3 721	--	--
Mobis Parts Europe N.V.	--	45	--	--
Mobis Slovakia s.r.o.	4 461	14 122	--	--

Mobis Automotive Czech s.r.o.	50 959	53 751	2 199 751	2 627 023
Mobis Automotive System Czech s.r.o.	71	--	--	--
Hyundai Transys Czech, s.r.o.	17 323	17 569	440 833	560 579
Adampol Czech s.r.o.	--	110	--	--
Kia Motors Czech s.r.o.	--	--	11	16
Kia Motors Europe GmbH	--	--	5	756
Kia Motors RUS LLC	--	--	1	1
Kia Motors Slovakia s.r.o.	90 075	105 874	531 781	375 492
Total	9 143 541	13 242 226	5 058 928	7 017 789

As of the balance sheet date, the Company reported prepayments made for the assets of Hyundai Engineering Czech s.r.o. of CZK 5,351 thousand (2018: CZK 11,426 thousand), of Hyundai Rotem Company in the amount of CZK 7,343 thousand (2018: CZK 0 thousand), of Hyundai AutoEver Europe GmbH of CZK 0 thousand (2018: CZK 1,108 thousand). The Company also reported prepayments made for the material of Hyundai Glovis Co. Ltd. in the amount of CZK 917,948 thousand (2018: CZK 0 thousand).

As of the balance sheet date, estimated payables to Hyundai Motor Company amount to CZK 556,284 thousand (2018: CZK 12,379 thousand), estimated payables to G.I.T Co. Ltd amount to CZK 128 thousand (2018: CZK 4,236 thousand) and estimated payables to Kia Motors Slovakia s.r.o. amount to CZK 0 thousand (2018: CZK 274 thousand).

b) Sales and Purchases

The Company's sales and purchases with the Group companies were as follows:

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Sales of products	92 532 504	100 871 194
Sales of fixed assets	4 620	1 124
Sales of material	1 056 923	1 017 763
Other operating income	281 339	222 669
Interest income and other financial income	214 743	262 158
Total sales	94 090 129	102 374 908

(CZK thousand)

	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Purchase of fixed assets	971 222	558 138
Purchase of material	67 973 635	70 379 031
Purchase of services	6 454 016	6 711 834
Other operating expenses	1 620 965	1 675 897
Interest expenses	38	9
Total purchases	77 019 876	79 324 909

c) Provided loans

Receivables – controlled or controlling entity and loans and borrowings – controlled or controlling entity within short-term receivables and non-current financial assets comprise the following balances relating to the Group companies:

(CZK thousand)

	Currency	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Interest rate as at 31 Dec 2019	Form of collateral 2019
Hyundai Truck and Bus Rus LLC	EUR	345 576	349 860	0,80%	--
Hyundai Motor Mfg. Rus LLC	EUR	--	2 572 500	--	--
Total		345 576	2 922 360		

Repayment schedule

(CZK thousand)

	2020	2021	Following periods
Hyundai Truck and Bus Rus LLC	--	345 576	--
Total		345 576	

d) Other transactions

In the year ended 31 December 2019, the Company paid profit share to its owner, Hyundai Motor Company in the amount of CZK 9,270,000 thousand (2018: CZK 7,600,500 thousand).

25. Employees and Managers

a) The average number of employees and managers and staff costs for the years ended 31 December 2019 and 2018:

(CZK thousand)

2019	Number of employees	Payroll costs	Social security and health insurance	Social costs
Employees	2 558	1 352 557	458 546	--
Managers	22	56 975	14 054	--
Total	2 580	1 409 532	472 600	84 780
Managers (IHOL)	7	36 759	3 720	--

(CZK thousand)

2018	Number of employees	Payroll costs	Social security and health insurance	Social costs
Employees	2 534	1 296 328	440 762	--
Managers	18	49 360	11 194	--
Total	2 552	1 345 688	451 956	90 793
Managers (IHOL)	9	45 215	2 254	--

The Company employed 40 Korean workers (2018: 40) on average based on the International Hiring of Labour (IHOL) contract. The aggregate payroll costs amounted to CZK 150,560 thousand (2018: CZK 154,653 thousand) and are reported in profit and loss account line A.3 'Services' (refer to Note 16).

The social costs incurred by the Company in 2019 and 2018 principally include payments made under the International Hiring of Labour Contract, the costs of providing meals to all employees and the employer's contribution towards settling part of the costs of transportation to work. The Company is unable to analyse these costs into the part attributable to management and other employees.

b) Bonuses and Loans to the Members of Statutory and Supervisory Bodies

Members of senior management use Company cars for both business and private purposes.

26. State – Tax Payables and Subsidies

Tax payables are represented by a payable arising from the due income tax in the amount of CZK 142,367 thousand (2018: CZK 128,482 thousand), the employees' income tax payments withheld by the Company of CZK 23,416 thousand (2018: CZK 31,616 thousand), road tax of CZK 21 thousand (2018: CZK 22 thousand), other tax securements of CZK 1 thousand (2018: CZK 30 thousand) and subsidies of CZK 32,933 thousand (2018: CZK 15,303 thousand).

In 2007 and 2008, the Company received a cash grant for capital investment of CZK 1,451,584 thousand pursuant to the resolution of the Czech Ministry of Industry and Trade.

Pursuant to the contract put in place between Hyundai Motor Company, the Republic of Korea, the Czech Republic, the Moravian-Silesian Region and CzechInvest, the Company purchased land from the Moravian-Silesian Region for a discounted price in 2007. This form of public aid amounted to CZK 736,427 thousand. In addition, the Company applied income tax relief totalling CZK 2,313,112 thousand in the tax returns for 2012 and 2013.

On 3 December 2008, the Company and the Ministry of Labour and Social Affairs entered into an agreement on the support of creation of jobs as part of investment incentives and agreement on the cash grant for the retraining or training of employees as part of investment incentives. Pursuant to these agreements, the Company drew the cash grant in 2009 to 2012 in the amount of CZK 708,791 thousand.

In 2019, the Company received a cash grant for capital investment of CZK 13,017 thousand from the Operational Programme Enterprise and Innovation for Competitiveness based on the decision of the Ministry of Industry and Trade.

27. Other Matters

On 18 May 2006, Hyundai Motor Company, the Republic of Korea, the Czech Republic acting through and represented by the Czech Ministry of Industry and Trade, the Czech Ministry of Finance, the Czech Ministry of Labour and Social Affairs, the Czech Ministry of Transportation and the Czech Ministry of the Interior, the Moravian Silesian Region and CzechInvest entered into the Investment Agreement based on which the Company has received an investment incentive as follows:

- Transfer of land for a discounted price (refer to Note 26);
- Cash grant for capital investment (refer to Note 26);
- Subsidy for the creation of jobs (refer to Note 26);
- Subsidy for the training and retraining of employees (refer to Note 26); and
- Tax relief (refer to Note 26).

The Company formed the HYUNDAI Foundation with its registered office at Ostrava on 7 February 2007. The aim of the Foundation is to support civil society and community programmes on the territory impacted by the operations of the car production plant in Nošovice, predominantly projects contributing to the protection and improvement of the environment, projects leading to increased awareness about the environment and its protection, and projects promoting the environment with the objective of attracting the general public's attention. The equity investment in the Foundation includes the investment of the Company of CZK 5,000 thousand.



28. Contingent Liabilities

Legal Disputes

As of 31 December 2019, the Company was involved in no legal dispute, the outcome of which would significantly affect the Company.

Environmental Liabilities

Management of the Company is not aware of the existence of contingent liabilities arising from environmental damage.

The Company guarantees banks for repayment of loans provided to Sichuan Hyundai Motor Company.

(CZK thousand)

	Currency	Collateral value at 31 Dec 2019	Collateral value at 31 Dec 2018	Collateral expiration date
Bank A	USD	--	1 179 465	--
Bank B	USD	1 131 050	1 123 300	26 Aug 2020
Bank C	USD	497 662	494 252	4 Nov 2020
Bank D	USD	1 187 603	--	31 May 2020
Total		2 816 315	2 797 017	

The Company carries no other contingent liabilities.

29. Post Balance Sheet Date Events

On 21 January 2020 a change in the proxy holder was recorded in the Register of Companies: Ms Jung Won Kim was removed and replaced by Mr Hyun Ha Shin.

Report on Relations of

Hyundai Motor Manufacturing Czech s.r.o.,
for the Year Ended 31 December 2019

prepared in line with Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations, as amended

Controlled Entity: Hyundai Motor Manufacturing Czech s.r.o.

With its registered office at Průmyslová zóna Nošovice, Hyundai 700/1,
Nižní Lhoty, 739 51
Corporate ID: 277 73 035
Held by the Regional Court in Ostrava under file no. C 41484

Controlling Entity: Hyundai Motor Company

With its registered office at Seoul, Seocho-Gu, Heolleung-ro 12
Republic of Korea
Corporate ID: 1018109147

**Other entities controlled by the controlling entity (hereinafter also referred to as
“related parties”):**

Hyundai Motor Europe GmbH	Hyundai AutoEver Europe GmbH, organizační složka
Hyundai Motor Czech s.r.o.	Hyundai AutoEver Europe GmbH
Hyundai Motor UK Ltd.	Hyundai AutoEver Corporation
Hyundai Motor Company Italy s.r.l.	G.I.T Co., Ltd
Hyundai Motor Netherlands B.V.	HM Czech, s.r.o.
Hyundai Motor Poland Sp. z o. o.	Hyundai Engineering Czech s.r.o.
Hyundai Motor CIS LLC	Hyundai Steel Czech s.r.o.
Hyundai Motor España, S. L. U.	Hyundai Glovis Co., Ltd.
Hyundai Motor Deutschland GmbH	Hyundai Glovis Czech Republic s.r.o.
Hyundai Motor Manufacturing Rus LLC	Glovis Europe GmbH
Hyundai Motor France	Glovis Slovakia, s.r.o.
Hyundai Motor Europe Technical Center GmbH	Adampol Czech s.r.o.
Hyundai Motorsport GmbH	Hyundai Mobis Co., Ltd.
Hyundai Truck and Bus Rus LLC	Mobis Automotive Czech s.r.o.
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	Mobis Automotive System Czech s.r.o.
Hyundai Motor Company Australia Pty Ltd.	Mobis Slovakia s.r.o.
Hyundai Motor de Mexico, S de RL de CV	Mobis Parts Europe N.V.
Hyundai Motor India Ltd.	Hyundai Transys Czech, s.r.o.
Sichuan Hyundai Motor Company	Hyundai Motor Group (China) LTD.
Kia Motors Europe GmbH	Shandong Hyundai WIA Automotive Engine Company
Kia Motors Czech s.r.o.	INNOCEAN Worldwide Inc.
Kia Motors Rus LLC	Haevichi Hotel & Resort Co., Ltd
Kia Motors Slovakia, s.r.o.	
Hyundai Rotem Company	

I. Structure of relations between the controlled entity, controlling entity and other controlled entities, the role of the controlled entity in this structure and the manner and means of control of the controlled entity:

Hyundai Motor Group connects the production of cars and car components, steel industry, construction industry, logistic, financial, IT and other services into one chain with the aim of providing top-quality products and services. The corporation is controlled by Hyundai Motor Company and as of 31 December 2019, it comprised 370 companies which are divided into the groups as follows:

Cars

- Hyundai Motor Company
- Kia Motors Corporation

Car components

- Hyundai Mobis
- Hyundai Mnssoft
- Hyundai WIA
- Hyundai Mseat
- Hyundai Transys
- Hyundai Kefico
- Hyundai IHL
- Hyundai Autron
- Hyundai Partecs

Finance

- Hyundai Capital
- Hyundai Card
- Hyundai Commercial
- Hyundai Motor Securities

Steel industry

- Hyundai Steel
- Hyundai BNG Steel
- Hyundai Special Steel

Hyundai Motor Manufacturing Czech s.r.o. is part of the Hyundai Motor Company Group and its principal objective relates to facilitating the expansion of the corporation in Europe. Hyundai Motor Manufacturing Czech s.r.o. is directly controlled by Hyundai Motor Company. The control was performed by the General Meeting and by way of hiring managers from Hyundai Motor Company. The control results from the dominating position of the controlling entity given that it is the sole shareholder of Hyundai Motor Manufacturing Czech s.r.o.

Construction industry

- Hyundai Engineering & Construction
- Hyundai Engineering
- Hyundai Engineering & Steel Industries
- Hyundai Architects & Engineers Associates
- Hyundai City Corporation

Other

- Hyundai Glovis
- Hyundai AutoEver
- Hyundai Rotem
- Hyundai NGV
- Innocean Worldwide
- Haevichi Hotel & Resort
- Hyundai Farm Land & Development Company
- GIT
- G-Marine Service

II. List of acts performed in the latest reporting period, ie in the year ended 31 December 2019, made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity, which solely related to assets exceeding 10% of equity of the controlled entity in line with the latest financial statements, ie the financial statements for the year ended 31 December 2019:

1. Realised Income

(in CZK thousand)

	Sales generated by own products	Sales of material	Other operating income	Interest income
Hyundai Motor Company	29 977	--	11 977	--
Hyundai Motor Europe GmbH	78 066 914	--	2 524	93 309
Hyundai Motor Czech s.r.o.	6 132 358	--	321	27 091
Hyundai Glovis CO. Ltd.	--	--	65 760	--
Mobis Automotive Czech s.r.o.	1	635 819	73 715	--
Hyundai Transys Czech, s.r.o.	118	246 698	16 694	--
Hyundai Steel Czech s.r.o.	--	2 079	7 673	--
Kia Motors Slovakia s.r.o.	1 618 380	--	69 453	--

The controlled company reported sales of fixed assets to Hyundai Motor Company in the amount of CZK 4,606 thousand.

2. Realised Purchases

(in CZK thousand)

	Purchase of fixed assets	Purchase of material	Purchase of services	Other operating costs
Hyundai Motor Company	658 716	1 568 823	3 722 387	--
Hyundai Motor Europe GmbH	260	--	488	--
Hyundai Motor Czech s.r.o.	44 247	278	56	99 881
Hyundai Glovis CO. Ltd.	1 036	14 648 128	410 546	--
Mobis Automotive Czech s.r.o.	139 196	30 155 189	4 883	2 172
Hyundai Transys Czech, s.r.o.	9 205	6 053 294	--	2 825
Hyundai Steel Czech s.r.o.	--	4 097 659	--	14
Kia Motors Slovakia s.r.o.	--	9 117 881	--	4 252

The controlled company reported interest expenses from Hyundai Glovis CO. Ltd. in the amount of CZK 38 thousand.



III. List of agreements valid between the controlling entity and the controlled entity in the latest reporting period, ie in the year ended on 31 December 2019:

The following agreements were valid between the controlling and controlled entities in the year ended 31 December 2019:

- International Hiring-out of Labour Force Agreement, of 18 December 2006;
- Agreement on Cooperation between HMMC and HMC, of 1 January 2015;
- Agreement/order no. P190302956, PD HEV Welding Robot, of 4 March 2019;
- Agreement/order no. P190818199, OS EV Welding Machinery, of 14 August 2019;
- Agreement/order no. P191025915, OS EV Inspection Body, of 14 October 2019;
- Agreement/order no. 4100003598, PD HEV Dies, of 18 October 2019;
- Agreement/order no. 4100003612, OS EV Dies, of 25 November 2019.

IV. List of agreements valid between the controlled entity and other controlled entities in the latest reporting period, ie in the year ended on 31 December 2019:

1. Agreements for the sale of manufactured cars were concluded with the following related parties:

- Hyundai Motor Europe GmbH
- Hyundai Motor Czech s.r.o.
- Hyundai Motor CIS LLC
- Hyundai Motor Company Australia Pty Ltd.
- Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.
- Hyundai Motor de Mexico, S de RL de CV

2. Agreements on the purchase of goods and services were concluded with the following related parties (this predominantly related to the purchase of moulds, material, computers and programmes):

- Hyundai Glovis Czech Republic s.r.o.
- Hyundai Glovis Co., Ltd.
- Hyundai Rotem Company
- Mobis Automotive Czech s.r.o.
- Hyundai Transys Czech, s.r.o.
- Hyundai Steel Czech s.r.o.
- Hyundai AutoEver Corporation
- Hyundai AutoEver Europe GmbH, organizační složka
- Hyundai AutoEver Europe GmbH
- G.I.T Co., Ltd

3. Other agreements:

- Hyundai Motor Manufacturing Rus LLC, Loan Agreement
- Hyundai Truck and Bus Rus LLC, Loan Agreement
- Sichuan Hyundai Motor Company, Guarantee Fee Agreement

V. Assessment as to whether the controlled entity suffered any detriment arising from the acting specified herein or from the above-listed agreements in compliance with Section 71 of the Act on Business Corporations:

Hyundai Motor Manufacturing Czech s.r.o. suffered no detriment arising from the acting described under Section II. or from the agreements listed under Sections III. and IV.

VI. Assessment of advantages and disadvantages arising from the relations between the controlled and controlling entities and from the relations between the controlled entity and other controlled entities:

Hyundai Motor Group has expanded its activities at the global level. As a result, Hyundai Motor Manufacturing Czech s.r.o. enjoys a number of advantages arising from related party transactions, which predominantly involve utilising the results of constant improvements of products and production processes in development centres as well as savings resulting from the strong centralised procurement position of the corporation. Other advantages include access to the global sales network. The Company is not aware of any disadvantages or risks arising from the participation in Hyundai Motor Group.

VII. I, the undersigned, Donghwan Yang, statutory executive of Hyundai Motor Manufacturing Czech s.r.o., which is the controlled entity, hereby declare that the data included in this report are accurate and complete.

In Nižní Lhoty on 28 February 2020



Donghwan Yang
Statutory executive
Hyundai Motor Manufacturing Czech s.r.o.



Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Partner of
Hyundai Motor Manufacturing Czech s.r.o.

Having its registered office at: Hyundai 700/1, 739 51 Nižní Lhoty, Průmyslová zóna Nošovice

Opinion

We have audited the accompanying financial statements of Hyundai Motor Manufacturing Czech s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2019, and the profit and loss account and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Hyundai Motor Manufacturing Czech s.r.o. as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Executive is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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Responsibilities of the Company's Statutory Executive for the Financial Statements

The Statutory Executive is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Executive is responsible for assessing the Company'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 the Statutory Executive either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executive.
- Conclude on the appropriateness of the Statutory Executive'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Executive 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.

In Ostrava on 28 February 2020

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Petr Michalík
registration no. 2020

