

**SSANGYONG MOTOR COMPANY AND SUBSIDIARIES**

Consolidated Interim Financial Statements

(Unaudited)

September 30, 2020 and 2019

(With Independent Auditors' Review Report Thereon)

# Contents

	<b>Page</b>
<b>Independent Auditors' Review Report</b>	1
Consolidated Interim Statements of Financial Position	3
Consolidated Interim Statements of Comprehensive Loss	5
Consolidated Interim Statements of Changes in Equity	7
Consolidated Interim Statements of Cash Flows	9
Notes to the Consolidated Interim Financial Statements	10

## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
Ssangyong Motor Company

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of September 30, 2020, the consolidated interim statements of comprehensive loss for the three-month and nine-month periods ended September 30, 2020 and 2019, the consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2020 and 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

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

### **Auditors' review responsibility**

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

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

### **Basis for Disclaimer of Opinion**

The accompanying consolidated interim financial statements have been prepared assuming that the Group will continue as a going concern and therefore the Group's assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. As discussed in note 34 to the consolidated interim financial statements, the Group has incurred operating loss of ₩308,967 million and a net loss of ₩304,824 million during the period ended September 30, 2020 and, as of that date, the Group's current liabilities exceed its current assets by ₩535,741 million.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Whether the Group to continue as a going concern or not includes a material uncertainty that depends on the final results of the capital reorganization plan and business improvement plan of the Group, as discussed in note 34 to the consolidated interim financial statement. However, we were not able to obtain sufficient appropriate review evidence that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items that might be resulted from the outcome of this uncertainty.

**Disclaimer of Opinion**

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express a review opinion on the accompanying consolidated interim financial statements.

**Other matters**

The consolidated statement of financial position of the Group as of December 31, 2019, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 16, 2020, expressed an unqualified opinion. The statement of financial position of the Group as of December 31, 2019, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

The accompanying consolidated interim financial statements as of and for the nine-month periods ended September 30, 2020 and 2019 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the consolidated interim financial statements expressed in Korean won have not been translated into Indian Rupee on the basis set forth in note 2.(1) to the consolidated interim financial statements.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
November 13, 2020

This report is effective as of November 13, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Financial Position  
(Unaudited)

As of September 30, 2020, and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee		
		2020	2019	2020	2019	
<b>Assets</b>						
Cash and cash equivalents	4,5,33 ₩	58,272,584	125,800,194	Rs 3,676,126	7,936,105	
Trade and other receivables, net	7,13,31,32,33	114,602,678	136,594,866	7,229,710	8,617,087	
Inventories, net	8,25	187,983,291	226,131,073	11,858,926	14,265,479	
Other current assets	10	48,606,822	9,013,632	3,066,361	568,625	
<b>Total current assets</b>		<u>409,465,375</u>	<u>497,539,765</u>	<u>25,831,123</u>	<u>31,387,296</u>	
Non-current financial instruments	5,33	4,000	4,000	252	252	
Non-current other receivables, net	7,31,32,33	42,620,035	38,937,441	2,688,685	2,456,368	
Non-current financial assets	6,33	560,000	560,000	35,328	35,328	
Property, plant and equipment, net	11,14	938,298,014	1,142,262,329	59,192,530	72,059,619	
Intangible assets, net	12	265,454,895	313,104,754	16,746,222	19,752,214	
Investments in joint venture	9	21,211,393	19,053,781	1,338,121	1,202,008	
Other non-current assets	10	275,982	285,505	17,410	18,011	
Right of use assets	13	15,027,137	7,459,568	947,987	470,587	
<b>Total non-current assets</b>		<u>1,283,451,456</u>	<u>1,521,667,378</u>	<u>80,966,535</u>	<u>95,994,387</u>	
<b>Total assets</b>		<u>₩ 1,692,916,831</u>	<u>2,019,207,143</u>	<u>Rs 106,797,658</u>	<u>127,381,683</u>	

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Financial Position, Continued  
(Unaudited)

As of September 30, 2020, and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2020	2019	2020	2019
<b>Liabilities</b>					
Trade payables	32,33 ₩	400,148,741	477,370,219	Rs 25,243,383	30,114,900
Other payables	19,32,33	178,086,907	131,066,324	11,234,613	8,268,319
Short-term borrowings	14,19,30,				
	33	224,138,028	254,106,448	14,139,748	16,030,305
Other Financial Liabilities	15,33	51,252,931	39,493,725	3,233,291	2,491,462
Provision of warranty for sale					
- current	16	52,693,829	50,305,013	3,324,190	3,173,492
Other long-term employee					
benefits liabilities- current		2,014,858	2,078,739	127,107	131,137
Other current liabilities	17,31,32	30,992,158	25,724,193	1,955,140	1,622,811
Current lease liabilities	13,30,33	5,879,073	6,939,730	370,881	437,793
<b>Total current liabilities</b>		<b>945,206,525</b>	<b>987,084,391</b>	<b>59,628,353</b>	<b>62,270,219</b>
Long-term borrowings	14,19,30,				
	32,33	150,000,000	158,750,000	9,462,750	10,014,744
Non-current other payables	33	725,541	848,340	45,771	53,517
Other non-current liabilities	17,31	17,496,060	16,399,791	1,103,739	1,034,581
Defined benefit liabilities	18	384,354,753	356,155,261	24,247,019	22,468,055
Other long-term employee					
benefits liabilities		15,041,957	14,174,556	948,922	894,201
Non-current provision of					
warranty for sale	16	68,593,244	77,980,593	4,327,205	4,919,406
Non-current lease liabilities	13,30,33	13,514,113	4,690,654	852,538	295,910
<b>Total non-current liabilities</b>		<b>649,725,668</b>	<b>628,999,195</b>	<b>40,987,944</b>	<b>39,680,414</b>
<b>Total liabilities</b>		<b>1,594,932,193</b>	<b>1,616,083,586</b>	<b>100,616,297</b>	<b>101,950,633</b>
<b>Equity</b>					
Capital stock	20,32	749,200,010	749,200,010	47,263,283	47,263,283
Other capital surplus	21	78,162,820	78,162,820	4,930,901	4,930,901
Other equity	22	797,393	1,109,395	50,303	69,986
Accumulated deficit	23	(730,175,585)	(425,348,668)	(46,063,126)	(26,833,120)
<b>Equity attributable to</b>					
<b>owners of the Company</b>		<b>97,984,638</b>	<b>403,123,557</b>	<b>6,181,361</b>	<b>25,431,050</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>97,984,638</b>	<b>403,123,557</b>	<b>6,181,361</b>	<b>25,431,050</b>
<b>Total liabilities and equity</b>	₩	<b>1,692,916,831</b>	<b>2,019,207,143</b>	<b>106,797,658</b>	<b>127,381,683</b>

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Comprehensive Loss  
(Unaudited)

For the three-month and nine-month periods ended September 30, 2020 and 2019

(In thousands of won except earnings per share information)

	Note	2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	31,32 ₩	705,695,786	2,061,995,750	836,425,443	2,704,682,921
Cost of sales	25,32	691,584,896	2,032,997,413	811,056,618	2,474,786,356
<b>Gross profit</b>		<u>14,110,890</u>	<u>28,998,337</u>	<u>25,368,825</u>	<u>229,896,565</u>
Selling, general and administrative expenses	25,26	107,301,674	337,965,823	130,542,640	411,996,450
<b>Operating loss</b>		<u>(93,190,784)</u>	<u>(308,967,486)</u>	<u>(105,173,815)</u>	<u>(182,099,885)</u>
Other income	27,32	4,987,058	124,649,244	3,810,016	12,630,627
Other expenses	27,32	12,431,274	111,019,919	2,816,089	8,052,198
Finance income	28	684,207	3,313,709	1,795,767	7,971,594
Finance costs	28	2,687,801	14,957,750	6,523,839	17,864,855
Share of profits of joint venture		201,848	2,158,263	1,006,991	1,944,748
<b>Loss before income taxes</b>		<u>(102,436,746)</u>	<u>(304,823,939)</u>	<u>(107,900,969)</u>	<u>(185,469,969)</u>
Income tax benefit	24	(10)	(10)	-	-
<b>Loss for the period</b>		<u>(102,436,736)</u>	<u>(304,823,929)</u>	<u>(107,900,969)</u>	<u>(185,469,969)</u>
<b>Loss attributable to:</b>					
Owners of the Company		(102,436,736)	(304,823,929)	(107,900,969)	(185,469,969)
Non-controlling interests		-	-	-	-
<b>Other comprehensive income (loss) for the period</b>		(50,433)	(314,990)	117,446	(81,072)
<b>Items that will never be reclassified to profit or loss:</b>					
Defined benefit plan re-measurements	18,23	(739)	(2,337)	(1,760)	(5,201)
Defined benefit plan re-measurements of joint ventures	9,23	(231)	(651)	(95)	(219)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Changes in fair value of cash flow hedge	28	-	-	117,370	(18,250)
Foreign currency translation difference for foreign operation	22	(49,463)	(312,002)	1,931	(57,402)
<b>Total comprehensive loss for the period</b>		<u>(102,487,169)</u>	<u>(305,138,919)</u>	<u>(107,783,523)</u>	<u>(185,551,041)</u>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(102,487,169)	(305,138,919)	(107,783,523)	(185,551,041)
Non-controlling interests	₩	-	-	-	-
<b>Losses per share</b>					
Basic and diluted losses per share (in won)	29 ₩	(684)	(2,034)	(720)	(1,246)

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Comprehensive Loss, Continued  
(Unaudited)

For the three-month and nine-month periods ended September 30, 2020 and 2019

(In thousands of rupee, except earnings per share information)

	Note	2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	31,32 Rs	44,518,818	130,081,002	52,765,899	170,624,922
Cost of sales	25,32	43,628,633	128,251,642	51,165,507	156,121,897
<b>Gross profit</b>		<u>890,185</u>	<u>1,829,360</u>	<u>1,600,392</u>	<u>14,503,025</u>
Selling, general and administrative expenses	25,26	6,769,126	21,320,574	8,235,282	25,990,796
<b>Operating loss</b>		<u>(5,878,941)</u>	<u>(19,491,214)</u>	<u>(6,634,890)</u>	<u>(11,487,771)</u>
Other income	27,32	314,609	7,863,498	240,355	796,803
Other expenses	27,32	784,227	7,003,692	177,653	507,973
Finance income	28	43,163	209,045	113,286	502,888
Finance costs	28	169,560	943,610	411,556	1,127,004
Share of profits of joint venture		12,734	136,154	63,526	122,684
<b>Loss before income taxes</b>		<u>(6,462,222)</u>	<u>(19,229,819)</u>	<u>(6,806,932)</u>	<u>(11,700,373)</u>
Income tax benefit	24	(1)	(1)	-	-
<b>Loss for the period</b>		<u>(6,462,221)</u>	<u>(19,229,818)</u>	<u>(6,806,932)</u>	<u>(11,700,373)</u>
<b>Loss attributable to:</b>					
Owners of the Company		(6,462,221)	(19,229,818)	(6,806,932)	(11,700,373)
Non-controlling interests		-	-	-	-
<b>Other comprehensive income (loss) for the period</b>		(3,182)	(19,871)	7,409	(5,114)
<b>Items that will never be reclassified to profit or loss:</b>					
Defined benefit plan re-measurements	18,23	(47)	(147)	(111)	(328)
Defined benefit plan re-measurements of joint ventures	9,23	(15)	(41)	(6)	(14)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Changes in fair value of cash flow hedge	28	-	-	7,404	(1,151)
Foreign currency translation difference for foreign operation	22	(3,120)	(19,683)	122	(3,621)
<b>Total comprehensive loss for the period</b>		<u>(6,465,403)</u>	<u>(19,249,689)</u>	<u>(6,799,523)</u>	<u>(11,705,487)</u>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(6,465,403)	(19,249,689)	(6,799,523)	(11,705,487)
Non-controlling interests	Rs	-	-	-	-
<b>Losses per share</b>					
Basic and diluted losses per share (in rupee)	29 Rs	(43)	(128)	(45)	(79)

See accompanying notes to the consolidated interim financial statements.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Changes in Equity  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

(In thousands of won)

	Other capital surplus					Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Other equity	
<b>Balance at January 1, 2019</b>	₩ 689,746,980	12,916,273	74,061,697	931,508	1,242,617	693,288,419
<b>Total comprehensive income (loss) for the period:</b>						
Loss for the period	-	-	-	-	-	-
Defined benefit plan re-measurements	-	-	-	-	-	(185,469,969)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(5,201)
Changes in fair value of cash flow hedge	-	-	-	-	(18,250)	(219)
Foreign currency translation difference for foreign operation	-	-	-	-	(57,402)	(18,250)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>						
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	49,706,372
<b>Balance at September 30, 2019</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	1,166,965	557,443,750
<b>Balance at January 1, 2020</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	1,109,395	403,123,557
<b>Total comprehensive income (loss) for the period:</b>						
Loss for the period	-	-	-	-	-	-
Defined benefit plan re-measurements	-	-	-	-	-	(304,823,929)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(2,337)
Foreign currency translation difference for foreign operation	-	-	-	-	(312,002)	(651)
<b>Balance at September 30, 2020</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	797,393	97,984,638

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Changes in Equity, Continued  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

(In thousands of rupee)

	Capital stock	Other capital surplus				Debt to be swapped for equity	Other equity	Accumulated deficit	Non-controlling interests	Total
		Paid-in capital in excess of par value	Gain on capital reduction							
<b>Balance at January 1, 2019</b>	Rs 43,512,688	814,823	4,672,182		58,764	78,390	(5,400,748)	-	43,736,099	
<b>Total comprehensive income(loss) for the period:</b>										
Loss for the period	-	-	-	-	-	-	(11,700,373)	-	(11,700,373)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(328)	-	(328)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	-	(14)	-	(14)	
Changes in fair value of cash flow hedge	-	-	-	-	-	(1,151)	-	-	(1,151)	
Foreign currency translation difference for foreign operation	-	-	-	-	-	(3,621)	-	-	(3,621)	
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>										
Issue of ordinary shares	3,750,595	(614,868)							3,135,727	
<b>Balance at September 30, 2019</b>	Rs 47,263,283	199,955	4,672,182		58,764	73,618	(17,101,463)	-	35,166,339	
<b>Balance at January 1, 2020</b>	Rs 47,263,283	199,955	4,672,182		58,764	69,986	(26,833,120)	-	25,431,050	
<b>Total comprehensive income(loss) for the period:</b>										
Loss for the period	-	-	-	-	-	-	(19,229,818)	-	(19,229,818)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(147)	-	(147)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	-	(41)	-	(41)	
Foreign currency translation difference for foreign operation	-	-	-	-	-	(19,683)	-	-	(19,683)	
<b>Balance at September 30, 2020</b>	Rs 47,263,283	199,955	4,672,182		58,764	50,303	(46,063,126)	-	6,181,361	

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Cash Flows  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Loss for the period	₩ (304,823,929)	(185,469,969) Rs	(19,229,818)	(11,700,373)
Adjustment	230,204,919	264,735,736	14,522,478	16,700,854
Changes in assets and liabilities	(61,949,120)	(246,275,309)	(3,908,060)	(15,536,278)
<b>Cash generated from operations (note 30)</b>	<u>(136,568,130)</u>	<u>(167,009,542)</u>	<u>(8,615,400)</u>	<u>(10,535,797)</u>
Interest received	1,637,298	3,140,731	103,289	198,133
Interest paid	(9,171,447)	(5,617,761)	(578,581)	(354,396)
Dividends received	11,000	11,000	694	694
<b>Net cash provided by (used in) operating activities</b>	<u>(144,091,279)</u>	<u>(169,475,572)</u>	<u>(9,089,998)</u>	<u>(10,691,366)</u>
<b>Cash flows from investing activities</b>				
Proceed from disposal of property, plant and equipment	186,171,669	2,078,503	11,744,640	131,122
Proceed from disposal of intangible assets	-	112,138	-	7,074
Acquisition of property, plant and equipment	(31,593,056)	(116,439,022)	(1,993,048)	(7,345,556)
Acquisition of intangible assets	(32,570,089)	(60,386,709)	(2,054,684)	(3,809,495)
Cash flow provided by (used in) other investing activities	331,952	(2,588,230)	20,941	(163,278)
<b>Net cash provided by (used in) investing activities</b>	<u>122,340,476</u>	<u>(177,223,320)</u>	<u>7,717,849</u>	<u>(11,180,133)</u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	157,000,113	210,000,000	9,904,352	13,247,850
Receipts of government grants	108,688	47,680	6,857	3,008
Proceeds from issuing capital stock	-	49,706,372	-	3,135,726
Repayment of borrowings	(195,845,116)	(18,822,995)	(12,354,889)	(1,187,448)
Payment of lease liabilities	(7,286,016)	(7,293,222)	(459,639)	(460,093)
<b>Net cash provided by (used in) financing activities</b>	<u>(46,022,331)</u>	<u>233,637,835</u>	<u>(2,903,319)</u>	<u>14,739,043</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>245,524</u>	<u>160,183</u>	<u>15,489</u>	<u>10,105</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(67,527,610)</u>	<u>(112,900,874)</u>	<u>(4,259,979)</u>	<u>(7,122,351)</u>
Cash and cash equivalents at January 1	<u>125,800,194</u>	<u>156,062,657</u>	<u>7,936,105</u>	<u>9,845,212</u>
<b>Cash and cash equivalents at September 30</b>	₩ <u>58,272,584</u>	<u>43,161,783</u> Rs	<u>3,676,126</u>	<u>2,722,861</u>

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**1. General Description of the Company**

**(1) Organization and description of business of the Company**

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

**(2) Major shareholders**

As of September 30, 2020, the Company's shareholders are as follows:

<u>Name of shareholder</u>	<u>Number of shares (In shares)</u>	<u>Percentage of ownership</u>
Mahindra & Mahindra Ltd.	111,855,108	74.65%
Others	37,984,894	25.35%
	<u>149,840,002</u>	<u>100.00%</u>

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

**2. Basis of Preparation and Accounting Policies**

**(1) Basis of translating consolidated financial statements**

The consolidated interim financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.063085 to ₩1 on September 30, 2020, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

**(2) Statement of compliance**

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

These consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2019. These consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**2. Basis of Preparation and Accounting Policies, Continued**

**(3) Use of estimates and judgments**

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

Management's judgments in applying accounting policies and estimation, used in consolidated interim financial statements, are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2019.

Meanwhile, the spread of COVID-19 during 2020 is having a significant impact on domestic and foreign economies. This can have a negative impact on the reduction or delay of sales and the recovery of existing receivables. This could also negatively affect our financial position and performance, which are expected to continue in the Group's annual consolidated financial statements in 2020.

Important accounting estimates and assumptions used in preparing the consolidated interim financial statements can be adjusted according to changes in uncertainty under COVID-19, and the ultimate impact of COVID-19 on the Group's business, financial status and management performance is unpredictable as of the end of the period.

**3. Changes in accounting policies**

The Group applied the following new standards, interpretations and amendments to existing standards from January 1, 2020, except for this, the significant accounting policies applied to the preparation of consolidated interim financial statements are the same as those adopted when preparing annual financial statements for the year ended December 31, 2019.

(1) Revised K-IFRS No.1001 'Presentation of Financial Statements' and K-IFRS No.1008 'Accounting Policies, Changes in Accounting Estimates and Errors - Definitions of Material'

The definition of material was clarified and K-IFRS No.1001 and K-IFRS No.1008 were amended in accordance with the clarified definitions. In determining the importance of the information, the impact of non-critical information as well as the omission or distortion of important information, and the characteristics of the users of the information to be disclosed by the Group were to be considered. There is no significant effect on the consolidated interim financial statements by amending the Standard.

(2) Revised K-IFRS No.1103 'Business Combinations - definition of a business'

In the revised project definition, in order to determine a set of acquired activities and assets as a business, inputs and practical processes with the ability to contribute significantly to the creation of output were required to be included, and economic benefits were excluded from the reduction in cost. In addition, when most of the fair value of the acquired total assets is concentrated on a single identifiable asset or group of assets, an optional intensive test was added that the acquired activities and the group of assets can be determined by the group of assets or assets, not by the business. There is no significant effect on the consolidated interim financial statements by amending the Standard.

On the other hand, there are no standards or interpretations that have been enacted or announced but have not been applied since the enforcement date has not yet arrived.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

#### 4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

#### 5. Restricted Financial Instruments

Restricted financial Instruments as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Financial institution	Korean won		Indian rupee		Description
		2020	2019	2020	2019	
Cash and cash equivalents	Shinhan Bank and others	₩ 248,212	187,494	Rs 15,659	11,828	Litigated asset, government grants and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank	5,755,329	752,317	363,075	47,460	
Long-term financial instruments	Shinhan Bank and others	4,000	4,000	252	252	Bank account deposit
		₩ 6,007,541	943,811	Rs 378,986	59,540	

#### 6. Non-current Financial Assets

Non-current financial assets as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	Ownership (%)		2020		2019
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	₩	500,000	736,772	500,000
Korea Management Consultants Association(*)	1.50		60,000	949,895	60,000
		₩	560,000	1,686,667	560,000

(In thousands of rupee)

	Ownership (%)		2020		2019
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	Rs	31,543	46,479	31,543
Korea Management Consultants Association(*)	1.50		3,785	59,924	3,785
		Rs	35,328	106,403	35,328

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

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**7. Trade and Other Receivables**

(1) Details of trade and other receivables as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won)*

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 92,826,360	-	121,416,355	100,000
Less: Allowance for doubtful accounts	(92,238)	-	(150,829)	(497)
Other receivables	7,404,479	160,065	7,141,943	160,679
Less: Allowance for doubtful accounts	(4,006,992)	(44,250)	(4,036,702)	(44,345)
Loans and others(*)	18,471,069	42,504,577	12,224,099	38,721,961
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	₩ 114,602,678	42,620,035	136,594,866	38,937,441

(\*) The Loans and others listed above include ₩3,492,475 thousand and ₩4,037,510 thousand for sub lease receivables as of September 30, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are ₩435,746 thousand and ₩471,834 thousand for the nine-month periods ended September 30, 2020 and 2019, respectively.

*(In thousands of rupee)*

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 5,855,951	-	7,659,551	6,309
Less: Allowance for doubtful accounts	(5,819)	-	(9,515)	(31)
Other receivables	467,112	10,098	450,549	10,136
Less: Allowance for doubtful accounts	(252,781)	(2,791)	(254,655)	(2,798)
Loans and others(*)	1,165,247	2,681,401	771,157	2,442,775
Less: Allowance for doubtful accounts	-	(23)	-	(23)
	Rs 7,229,710	2,688,685	8,617,087	2,456,368

(\*) The Loans and others listed above include Rs 220,323 thousand and Rs 254,706 thousand for sub lease receivables as of September 30, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are Rs 27,489 thousand and Rs 29,766 thousand for the nine-month periods ended September 30, 2020 and 2019, respectively.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(2) Details of aging analysis of the trade and other receivables as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 90,833,473	63,372,550	86,595,988	53,967,620
Less than 180 days	-	607,614	15,540,796	57,067
Less than 270 days	-	193,153	17,528,017	30,610
Less than 365 days	1,103,354	125,440	674,780	54,075
More than 366 days	889,533	4,241,433	1,176,773	4,139,310
Total	₩ 92,826,360	68,540,190	121,516,354	58,248,682
Impaired receivables	₩ 92,238	4,051,599	151,326	4,081,404

(\*) Others consist of other receivables, loans and others.

(In thousands of rupee)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 5,730,230	3,997,857	7,787,753	3,492,330
Less than 180 days	-	38,331	1,497,226	6,933
Less than 270 days	-	12,185	216,867	47,763
Less than 365 days	69,605	7,914	158,372	4,058
More than 366 days	56,116	267,571	76,678	299,374
Total	Rs 5,855,951	4,323,858	9,736,896	3,850,458
Impaired receivables	Rs 5,819	255,595	9,546	257,476

(\*) Others consist of other receivables, loans and others.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(3) Changes in allowance for trade and other receivables for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	₩	151,326	4,081,404	124,299	3,963,406
Bad debt expense		-	-	299,313	284,425
Reversal of allowance for bad debts		(59,088)	(15,274)	(1,257)	-
Write off		-	(14,531)	-	(492)
Ending balance	₩	92,238	4,051,599	422,355	4,247,339

(In thousands of rupee)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs	9,547	257,475	7,841	250,031
Bad debt expense		-	-	18,882	17,943
Reversal of allowance for bad debts		(3,728)	(963)	(79)	-
Write off		-	(917)	-	(31)
Ending balance	Rs	5,819	255,595	26,644	267,943

**8. Inventories**

Details of inventories as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		2020	2019
Merchandises	₩	38,170,303	42,992,862	Rs	2,407,974	2,712,205
Finished goods		75,895,813	89,960,595		4,787,887	5,675,164
Work-in-process		23,171,320	22,869,812		1,461,763	1,442,742
Raw materials		31,109,637	34,184,282		1,962,551	2,156,516
Sub-materials		307,487	375,663		19,398	23,699
Supplies		3,272,784	3,270,070		206,464	206,292
Goods in transit		16,055,947	32,477,789		1,012,889	2,048,861
	₩	187,983,291	226,131,073	Rs	11,858,926	14,265,479

The Group has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩4,241,725 thousand (Rs 267,589 thousand) for the nine-month period ended September 30, 2020 and the loss on valuation of inventories amounted to ₩7,884,178 thousand (Rs 497,373 thousand) for the nine-month period ended September 30, 2019.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**9. Investments in Subsidiaries and a Joint venture**

(1) Details of investment in subsidiaries and a joint venture as of September 30, 2020 are as follows:

	<u>Company</u>	<u>Location</u>	<u>Owner ship</u>	<u>Closing month</u>	<u>Industry</u>
	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Sales of automobile
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	A/S and sales
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	Sales of automobile
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	Finance

(\*1) The Group made additional investments of ₩1,116,761 thousand (Rs 70,451 thousand) during the previous year.

(\*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Group has rights only to the net assets, and their legal structures of arrangements are separated.

(2) Changes in the carrying amounts of investments in a joint venture for the nine-month ended September 30, 2020 is as follows:

*(In thousands of won)*

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co.,Ltd.	₩	19,053,781	2,158,263	(651)	21,211,393

*(In thousands of rupee)*

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co.,Ltd.	Rs	1,202,008	136,154	(41)	1,338,121

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**9. Investments in Subsidiaries and a Joint venture, Continued**

(3) Summarized financial information of subsidiaries and a joint venture

1) The summarized financial information of the Group's subsidiaries and joint venture as of and for the nine-month period ended September 30, 2020 is as follows:

(In thousands of won)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 307,401	100,320	207,081	299,487	(229,310)
Ssangyong European Parts Center B.V.	13,559,117	16,924,845	(3,365,728)	12,643,305	(53,425)
Ssangyong Australia Pty Ltd.	23,646,854	30,425,418	(6,778,564)	29,345,154	(3,046,542)
SY Auto Capital Co., Ltd.(*)	89,895,157	51,966,917	37,928,240	11,728,299	1,746,400

(In thousands of rupee)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs 19,392	6,328	13,064	18,893	(14,466)
Ssangyong European Parts Center B.V.	855,377	1,067,704	(212,327)	797,603	(3,370)
Ssangyong Australia Pty Ltd.	1,491,762	1,919,388	(427,626)	1,851,239	(192,191)
SY Auto Capital Co., Ltd.(*)	5,671,036	3,278,333	2,392,703	739,880	110,172

(\*) Additional financial information for the joint venture for the nine-month period ended September 30, 2020 is as follows:

(In thousands of won)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	₩ 4,063,006	50,647,046	954,011	1,741,181	985,594	603,793

(In thousands of rupee)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	Rs 256,315	3,195,069	60,184	109,842	62,176	38,090

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**9. Investments in Subsidiaries and a Joint venture, Continued**

(3) Summarized financial information of subsidiaries and a joint venture, continued

2) The summarized financial information of the Group's subsidiaries and a joint venture as of and for the year ended December 31, 2019 is as follows:

(In thousands of won)

		2019				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩	619,978	537,545	82,433	424,088	(224,200)
Ssangyong European Parts Center B.V.		12,880,539	16,017,980	(3,137,441)	19,779,843	160,883
Ssangyong Australia Pty Ltd.		24,671,750	28,240,356	(3,568,606)	30,045,826	(5,165,468)
SY Auto Capital Co., Ltd. (*)		88,610,829	52,427,714	36,183,115	18,189,633	5,231,768

(In thousands of rupee)

		2019				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	39,111	33,911	5,200	26,754	(14,144)
Ssangyong European Parts Center B.V.		812,569	1,010,494	(197,925)	1,247,811	10,149
Ssangyong Australia Pty Ltd.		1,556,417	1,781,543	(225,126)	1,895,441	(325,864)
SY Auto Capital Co., Ltd. (*)		5,590,014	3,307,402	2,282,612	1,147,493	330,046

(\*) Additional financial information for the joint venture for the year ended December 31, 2019 is as follows:

(In thousands of won)

		Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	₩	4,075,644	50,830,635	1,150,399	2,411,013	1,390,466	1,589,874

(In thousands of rupee)

		Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	Rs	257,112	3,206,651	72,573	152,099	87,718	100,297

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**9. Investments in Subsidiaries and a Joint venture, Continued**

(4) Reconciliation from the net assets of the Group's joint venture to the carrying amount of investments in joint venture as of September 30, 2020 is as follows:

(In thousands of won)

	<u>Net assets</u>	<u>Percentage of ownership</u>	<u>Share of the net assets of the Group</u>	<u>Reconciliation</u>	<u>Carrying amount</u>
SY Auto Capital Co., Ltd. ₩	37,928,240	51%	19,343,402	1,867,991	21,211,393

(In thousands of rupee)

	<u>Net assets</u>	<u>Percentage of ownership</u>	<u>Share of the net assets of the Group</u>	<u>Reconciliation</u>	<u>Carrying amount</u>
SY Auto Capital Co., Ltd. Rs	2,392,703	51%	1,220,279	117,842	1,338,121

**10. Other Assets**

Details of other assets as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Other current assets</b>				
Advance payments ₩	39,320,617	1,343,777	Rs 2,480,541	84,772
Prepaid expenses	8,753,285	7,239,532	552,201	456,706
Current tax assets	532,920	430,323	33,619	27,147
	₩ <u>48,606,822</u>	<u>9,013,632</u>	Rs <u>3,066,361</u>	<u>568,625</u>
<b>Other non-current assets</b>				
Other non-current assets ₩	275,982	285,505	Rs 17,410	18,011

**11. Property, Plant and Equipment**

(1) Details of property, plant and equipment as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	<u>2020</u>				
	<u>Acquisition cost</u>	<u>Government grants</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment losses</u>	<u>Book value</u>
Land ₩	402,580,149	(7,354)	-	-	402,572,795
Buildings	535,637,393	(3,604,504)	(235,861,377)	(156,914,544)	139,256,968
Structures	112,026,472	(54,434)	(67,992,348)	(31,207,526)	12,772,164
Machinery	1,300,450,375	(141,148)	(1,072,591,988)	(112,724,966)	114,992,273
Vehicles	7,238,218	(3,194)	(5,187,035)	(396,324)	1,651,665
Tools and molds	1,397,405,171	(77,110)	(977,696,366)	(196,452,348)	223,179,347
Equipment	66,085,304	(98,476)	(54,361,296)	(3,690,362)	7,935,170
Construction in progress	37,812,841	-	-	(2,271,274)	35,541,567
Machinery in transit	396,065	-	-	-	396,065
	₩ <u>3,859,631,988</u>	<u>(3,986,220)</u>	<u>(2,413,690,410)</u>	<u>(503,657,344)</u>	<u>938,298,014</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(1) Details of property, plant and equipment as of September 30, 2020 and December 31, 2019 are as follows, continued:

(In thousands of won)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	₩	474,755,254	(7,354)	-	-	474,747,900
Buildings		552,055,868	(3,681,126)	(239,864,472)	(157,179,120)	151,331,150
Structures		112,714,645	(69,552)	(67,488,211)	(29,759,580)	15,397,302
Machinery		1,306,810,589	(143,706)	(1,053,087,261)	(100,241,895)	153,337,727
Vehicles		9,022,958	(4,344)	(5,835,898)	(471,742)	2,710,974
Tools and molds		1,405,141,005	(90,765)	(912,094,472)	(171,857,337)	321,098,431
Equipment		69,980,709	(110,235)	(55,002,567)	(3,482,468)	11,385,439
Construction in progress		12,720,188	-	-	(699,821)	12,020,367
Machinery in transit		233,039	-	-	-	233,039
	₩	<u>3,943,434,255</u>	<u>(4,107,082)</u>	<u>(2,333,372,881)</u>	<u>(463,691,963)</u>	<u>1,142,262,329</u>

(In thousands of rupee)

		<b>2020</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	25,396,769	(464)	-	-	25,396,305
Buildings		33,790,685	(227,390)	(14,879,315)	(9,898,954)	8,785,026
Structures		7,067,190	(3,434)	(4,289,297)	(1,968,727)	805,732
Machinery		82,038,912	(8,904)	(67,664,466)	(7,111,255)	7,254,287
Vehicles		456,623	(202)	(327,224)	(25,002)	104,195
Tools and molds		88,155,305	(4,865)	(61,677,975)	(12,393,196)	14,079,269
Equipment		4,168,991	(6,213)	(3,429,382)	(232,806)	500,590
Construction in progress		2,385,423	-	-	(143,283)	2,242,140
Machinery in transit		24,986	-	-	-	24,986
	Rs	<u>243,484,884</u>	<u>(251,472)</u>	<u>(152,267,659)</u>	<u>(31,773,223)</u>	<u>59,192,530</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(1) Details of property, plant and equipment as of September 30, 2020 and December 31, 2019 are as follows, continued:

(In thousands of rupee)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	29,949,935	(464)	-	-	29,949,471
Buildings		34,826,445	(232,224)	(15,131,850)	(9,915,645)	9,546,726
Structures		7,110,603	(4,387)	(4,257,494)	(1,877,383)	971,339
Machinery		82,440,146	(9,066)	(66,434,010)	(6,323,760)	9,673,310
Vehicles		569,213	(274)	(368,157)	(29,760)	171,022
Tools and molds		88,643,320	(5,726)	(57,539,480)	(10,841,620)	20,256,494
Equipment		4,414,733	(6,954)	(3,469,837)	(219,691)	718,251
Construction in progress		802,453	-	-	(44,148)	758,305
Machinery in transit		14,701	-	-	-	14,701
	Rs	<u>248,771,549</u>	<u>(259,095)</u>	<u>(147,200,828)</u>	<u>(29,252,007)</u>	<u>72,059,619</u>

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		<b>2020</b>						
		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal (*1)</b>	<b>Depreciation</b>	<b>Impairment (*2)</b>	<b>Others (*3)</b>	<b>Ending balance</b>
Land	₩	474,747,900	-	(72,175,105)	-	-	-	402,572,795
Buildings		151,331,150	7,900	(4,421,220)	(7,753,862)	-	93,000	139,256,968
Structures		15,397,302	-	(102,562)	(1,055,288)	(1,467,288)	-	12,772,164
Machinery		153,337,727	26,568	(159,122)	(25,996,562)	(14,145,255)	1,928,917	114,992,273
Vehicles		2,710,974	648,069	(1,372,837)	(359,450)	-	24,909	1,651,665
Tools and molds		321,098,431	289,692	(177,768)	(75,105,991)	(28,911,604)	5,986,587	223,179,347
Equipment		11,385,439	302,736	(25,787)	(2,796,231)	(996,377)	65,390	7,935,170
Construction in progress		12,020,367	32,466,563	-	-	(1,648,989)	(7,296,374)	35,541,567
Machinery in transit		233,039	557,043	-	-	-	(394,017)	396,065
	₩	<u>1,142,262,329</u>	<u>34,298,571</u>	<u>(78,434,401)</u>	<u>(113,067,384)</u>	<u>(47,169,513)</u>	<u>408,412</u>	<u>938,298,014</u>

(\*1) The Group has sold the land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan by ₩206,250 million (the book value were ₩76,699 million) and related gain on disposals is recognized as ₩108,146 million for the nine-month period ended September 30, 2020.

(\*2) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩47,170 million for property, plant and equipment during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(\*3) Capitalized borrowing costs in respect of construction in progress is ₩403,903 thousand and ₩22,348 thousand was transferred from inventory to vehicles for the nine-month period ended September 30, 2020. Meanwhile, the government grants of ₩28,688 thousand is adjusted in others.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	(361,738)	-	-	474,747,900
Buildings		169,644,693	51,982	-	(8,379,048)	1,248,416	162,566,043
Structures		17,372,729	101,859	(2,409)	(1,236,108)	238,914	16,474,985
Machinery		160,696,016	83,802	(261,920)	(29,204,610)	34,771,011	166,084,299
Vehicles		1,851,414	328,528	(968,550)	(493,190)	2,245,495	2,963,697
Tools and molds		276,953,283	9,221,403	(270,054)	(78,424,135)	155,549,991	363,030,488
Equipment		14,323,871	1,615,297	(34,574)	(3,967,815)	273,505	12,210,284
Construction in progress		110,855,937	98,867,772	-	-	(190,693,034)	19,030,675
Machinery in transit		1,318,137	491,294	-	-	(1,084,715)	724,716
	₩	<u>1,228,125,718</u>	<u>110,761,937</u>	<u>(1,899,245)</u>	<u>(121,704,906)</u>	<u>2,549,583</u>	<u>1,217,833,087</u>

(\*) Capitalized borrowing costs in respect of construction in progress is ₩672,872 thousand, ₩1,510,907 thousand was transferred from inventory to vehicles and ₩233,490 thousand was transferred from construction in progress to intangible assets (software) during the period ended September 30, 2019. Meanwhile, the government grants of ₩47,680 thousand is adjusted in others.

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	Ending balance
Land	Rs	29,949,471	-	(4,553,166)	-	-	-	25,396,305
Buildings		9,546,726	498	(278,913)	(489,152)	-	5,867	8,785,026
Structures		971,339	-	(6,470)	(66,573)	(92,564)	-	805,732
Machinery		9,673,310	1,676	(10,038)	(1,639,993)	(892,353)	121,686	7,254,288
Vehicles		171,022	40,883	(86,605)	(22,676)	-	1,571	104,195
Tools and molds		20,256,494	18,275	(11,214)	(4,738,062)	(1,823,889)	377,664	14,079,268
Equipment		718,251	19,098	(1,627)	(176,400)	(62,857)	4,125	500,590
Construction in progress		758,305	2,048,153	-	-	(104,026)	(460,292)	2,242,140
Machinery in transit		14,701	35,141	-	-	-	(24,856)	24,986
	Rs	<u>72,059,619</u>	<u>2,163,724</u>	<u>(4,948,033)</u>	<u>(7,132,856)</u>	<u>(2,975,689)</u>	<u>25,765</u>	<u>59,192,530</u>

(\*1) The Group has sold the land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan by Rs 13,011 million (the book value were Rs 4,839 million) and related gain on disposals is recognized as Rs 6,822 million for the nine-month period ended September 30, 2020.

(\*2) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 2,976 million for property, plant and equipment during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(\*3) Capitalized borrowing costs in respect of construction in progress is Rs 25,480 thousand and Rs 1,410 thousand was transferred from inventory to vehicles for the nine-month period ended September 30, 2020. Meanwhile, the government grants of Rs 1,810 thousand is adjusted in others.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

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

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	29,972,292	-	(22,820)	-	-	29,949,472
Buildings		10,702,035	3,279	-	(528,592)	78,756	10,255,478
Structures		1,095,959	6,426	(152)	(77,980)	15,072	1,039,325
Machinery		10,137,508	5,287	(16,523)	(1,842,373)	2,193,529	10,477,428
Vehicles		116,796	20,725	(61,101)	(31,113)	141,657	186,964
Tools and molds		17,471,598	581,732	(17,037)	(4,947,386)	9,812,871	22,901,778
Equipment		903,621	101,901	(2,181)	(250,310)	17,254	770,285
Construction in progress		6,993,347	6,237,073	-	-	(12,029,870)	1,200,550
Machinery in transit		83,155	30,993	-	-	(68,429)	45,719
	Rs	<u>77,476,311</u>	<u>6,987,416</u>	<u>(119,814)</u>	<u>(7,677,754)</u>	<u>160,840</u>	<u>76,826,999</u>

(\*) Capitalized borrowing costs in respect of construction in progress is Rs 42,448 thousand, Rs 95,316 thousand was transferred from inventory to vehicles and Rs 14,730 thousand was transferred from construction in progress to intangible assets (software) during the period ended September 30, 2019. Meanwhile, the government grants of Rs 3,008 thousand is adjusted in others.

(3) Details of pledged assets provided as collateral for the borrowings as of September 30, 2020 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	Book value	Collateralized amount	Book value	Collateralized amount
Land	₩ 390,642,884		Rs 24,643,706	
Buildings and structures	107,498,877	384,423,192	6,781,567	24,251,337
Machinery and others	12,760		805	
	<u>₩ 498,154,521</u>	<u>384,423,192</u>	<u>Rs 31,426,078</u>	<u>24,251,337</u>

(4) Capitalized borrowing costs and capitalization interest rate for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Capitalized interest expenses(*)	₩ 2,353,240	2,721,054	Rs 148,454	171,658
Capitalization interest rate	2.94%	3.56%	2.94%	3.56%

(\*) Capitalized borrowing costs for intangible assets are ₩1,949,337 thousand (Rs 122,974 thousand) and ₩2,048,182 thousand (Rs 129,210 thousand) for the nine-month periods ended September 30, 2020 and 2019, respectively.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**12. Intangible Assets**

(1) Details of intangible assets as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

		<b>2020</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Development cost	₩	510,279,976	-	(325,127,161)	(32,860,505)	152,292,310
Patents		5,031,792	(9,343)	(3,909,321)	(175,697)	937,431
Other intangible assets		164,813,109	(80,000)	(36,215,204)	(16,292,751)	112,225,154
	₩	<u>680,124,877</u>	<u>(89,343)</u>	<u>(365,251,686)</u>	<u>(49,328,953)</u>	<u>265,454,895</u>

(In thousands of won)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Development cost	₩	510,279,976	-	(275,331,952)	(12,928,659)	222,019,365
Patents		4,848,742	(9,343)	(3,525,514)	(156,296)	1,157,589
Other intangible assets		130,468,990	-	(33,996,850)	(6,544,340)	89,927,800
	₩	<u>645,597,708</u>	<u>(9,343)</u>	<u>(312,854,316)</u>	<u>(19,629,295)</u>	<u>313,104,754</u>

(In thousands of rupee)

		<b>2020</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Development cost	Rs	32,191,012	-	(20,510,647)	(2,073,005)	9,607,360
Patents		317,431	(589)	(246,620)	(11,084)	59,138
Other intangible assets		10,397,235	(5,047)	(2,284,636)	(1,027,828)	7,079,724
	Rs	<u>42,905,678</u>	<u>(5,636)</u>	<u>(23,041,903)</u>	<u>(3,111,917)</u>	<u>16,746,222</u>

(In thousands of rupee)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated amortization</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Development cost	Rs	32,191,012	-	(17,369,316)	(815,604)	14,006,092
Patents		305,883	(589)	(222,407)	(9,860)	73,027
Other intangible assets		8,230,636	-	(2,144,691)	(412,850)	5,673,095
	Rs	<u>40,727,531</u>	<u>(589)</u>	<u>(19,736,414)</u>	<u>(1,238,314)</u>	<u>19,752,214</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**12. Intangible Assets, Continued**

(2) Changes in intangible assets for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020						Ending balance
	Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	
<b>Internally created intangible assets:</b>							
Development cost	₩ 222,019,365	-	(49,795,209)	(19,931,846)	-	-	152,292,310
Other intangible assets	82,875,485	32,007,327	-	(9,312,504)	-	1,949,337	107,519,645
	<u>304,894,850</u>	<u>32,007,327</u>	<u>(49,795,209)</u>	<u>(29,244,350)</u>	<u>-</u>	<u>1,949,337</u>	<u>259,811,955</u>
<b>Individually acquired intangible assets:</b>							
Patents	1,157,589	183,050	(383,807)	(19,401)	-	-	937,431
Other intangible assets	7,052,315	379,712	(2,216,029)	(435,907)	-	(74,582)	4,705,509
	<u>8,209,904</u>	<u>562,762</u>	<u>(2,599,836)</u>	<u>(455,308)</u>	<u>-</u>	<u>(74,582)</u>	<u>5,642,940</u>
	<u>₩ 313,104,754</u>	<u>32,570,089</u>	<u>(52,395,045)</u>	<u>(29,699,658)</u>	<u>-</u>	<u>1,874,755</u>	<u>265,454,895</u>

(In thousands of won)

	2019						Ending balance	
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer		Others(*2)
<b>Internally created intangible assets:</b>								
Development cost	₩ 163,025,002	-	-	(68,560,587)	-	165,094,961	-	259,559,376
Other intangible assets	181,843,818	57,542,193	-	-	-	(165,094,961)	2,048,182	76,339,232
	<u>344,868,820</u>	<u>57,542,193</u>	<u>-</u>	<u>(68,560,587)</u>	<u>-</u>	<u>-</u>	<u>2,048,182</u>	<u>335,898,608</u>
<b>Individually acquired intangible assets:</b>								
Patents	1,334,224	373,487	-	(470,408)	(38,739)	-	-	1,198,564
Other intangible assets	7,556,919	2,471,029	(112,138)	(2,536,238)	-	233,490	188	7,613,250
	<u>8,891,143</u>	<u>2,844,516</u>	<u>(112,138)</u>	<u>(3,006,646)</u>	<u>(38,739)</u>	<u>233,490</u>	<u>188</u>	<u>8,811,814</u>
	<u>₩ 353,759,963</u>	<u>60,386,709</u>	<u>(112,138)</u>	<u>(71,567,233)</u>	<u>(38,739)</u>	<u>233,490</u>	<u>2,048,370</u>	<u>344,710,422</u>

(\*1) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩29,700 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(\*2) Capitalized borrowing costs in respect of other intangible assets is ₩1,949,337 thousand and ₩2,048,182 thousand for the nine-month periods ended September 30, 2020 and 2019. Meanwhile, ₩80,000 thousand of government grants used for asset acquisition was adjusted by others.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**12. Intangible Assets, Continued**

(2) Changes in intangible assets for the nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
<b>Internally created intangible assets:</b>								
Development cost	Rs	14,006,092	-	(3,141,331)	(1,257,401)	-	-	9,607,360
Other intangible assets		5,228,200	2,019,182	-	(587,479)	-	122,974	6,782,877
		19,234,292	2,019,182	(3,141,331)	(1,844,880)	-	122,974	16,390,237
<b>Individually acquired intangible assets:</b>								
Patents		73,027	11,548	(24,213)	(1,224)	-	-	59,138
Other intangible assets		444,895	23,954	(139,798)	(27,499)	-	(4,705)	296,847
		517,922	35,502	(164,011)	(28,723)	-	(4,705)	355,985
	Rs	19,752,214	2,054,684	(3,305,342)	(1,873,603)	-	118,269	16,746,222

(In thousands of rupee)

		2019							
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others(*2)	Ending balance
<b>Internally created intangible assets:</b>									
Development cost	Rs	10,284,432	-	-	(4,325,145)	-	10,415,016	-	16,374,303
Other intangible assets		11,471,617	3,630,050	-	-	-	(10,415,016)	129,210	4,815,861
		21,756,049	3,630,050	-	(4,325,145)	-	-	129,210	21,190,164
<b>Individually acquired intangible assets:</b>									
Patents		84,170	23,561	-	(29,676)	(2,444)	-	-	75,611
Other intangible assets		476,728	155,884	(7,074)	(159,998)	-	14,730	12	480,282
		560,898	179,445	(7,074)	(189,674)	(2,444)	14,730	12	555,893
	Rs	22,316,947	3,809,495	(7,074)	(4,514,819)	(2,444)	14,730	129,222	21,746,057

(\*1) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 1,874 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(\*2) Capitalized borrowing costs in respect of other intangible assets is Rs 122,974 thousand and Rs 129,210 thousand for the nine-month periods ended September 30, 2020 and 2019. Meanwhile, Rs 5,047 thousand of government grants used for asset acquisition was adjusted by others.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**12. Intangible Assets, Continued**

(3) Details of capitalized development costs as of September 30, 2020 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Project name</u>	<u>Korean won</u>	<u>Indian rupee</u>	<u>Remaining amortization period(*1)</u>
Development cost	RV(*2)	₩ 132,825,766	Rs 8,379,313	1~4 years
	Power train and others	19,466,544	1,228,047	1~4 years
Other intangible assets	RV(*3)	107,519,645	6,782,877	-
		₩ <u>259,811,955</u>	Rs <u>16,390,237</u>	

(\*1) If the amortization is initiated, the remaining amortization period is recorded. If the amortization is not started, it is marked with "-" only.

(\*2) It is a development projects for vehicles under sale as of September 30, 2020.

(\*3) On-going development project for vehicles as of September 30, 2020 for consumer needs and market conditions.

(4) Details of expenditures for research and developments for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capitalization of intangible assets	₩ 33,956,664	59,590,375	Rs 2,142,156	3,759,259
Manufacturing costs	68,385,790	79,602,026	4,314,118	5,021,694
Selling and administrative expenses	10,739,147	9,159,747	677,479	577,843
	₩ <u>113,081,601</u>	<u>148,352,148</u>	Rs <u>7,133,753</u>	<u>9,358,796</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

13. Lease

(1) Changes in right-of-use assets for the nine-month period ended September 30, 2020 are as follows:

(In thousands of won)

		<b>Beginning balance</b>	<b>Increase(*)</b>	<b>Depreciation</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Land and building	₩	2,316,703	11,244,847	(2,239,729)	65,389	11,387,210
Vehicle		3,786,859	76,613	(1,445,972)	7,659	2,425,159
Equipment		1,356,006	415,757	(556,995)	-	1,214,768
	₩	<u>7,459,568</u>	<u>11,737,217</u>	<u>(4,242,696)</u>	<u>73,048</u>	<u>15,027,137</u>

(In thousands of rupee)

		<b>Beginning balance</b>	<b>Increase(*)</b>	<b>Depreciation</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Land and building	Rs	146,149	709,381	(141,293)	4,125	718,362
Vehicle		238,894	4,833	(91,219)	483	152,991
Equipment		85,544	26,228	(35,138)	-	76,634
	Rs	<u>470,587</u>	<u>740,442</u>	<u>(267,650)</u>	<u>4,608</u>	<u>947,987</u>

(\*) According to the contract of the lease transaction for the Guro Maintenance center ₩10,927 million (Rs 689 million) has increased during the nine-month period ended September 30, 2020.

(2) Details of lease liabilities as of September 30, 2020 are as follows:

(In thousands of won)

		<b>Within a year</b>	<b>Over 1 year</b>
Lease liabilities(*)	₩	5,879,073	13,514,113

(In thousands of rupee)

		<b>Within a year</b>	<b>Over 1 year</b>
Lease liabilities(*)	Rs	370,881	852,538

(\*) The total amount of lease liabilities paid in the current term is ₩7,286,015 thousand (Rs 459,638 thousand) and interests expenses is ₩367,487 thousand (Rs 23,183 thousand) during the nine-month period ended September 30, 2020.

(3) Expenses from lease contracts with low cost and short-term contract for the nine-month period ended September 30, 2020 are as the following:

(In thousands of won)

	<b>Exemption of lease recognition</b>		<b>Expenses</b>
Office equipment	Low cost	₩	694,148
	Short term		11,110
Building	Short term		22,500

(In thousands of rupee)

	<b>Exemption of lease recognition</b>		<b>Expenses</b>
Office equipment	Low cost	Rs	43,790
	Short term		701
Building	Short term		1,419

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**13. Lease, Continued**

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under K-IFRS No 1017, the Group did not have any finance leases as a lessor.

*(In thousands of won and in thousands of rupee)*

		2020	
		<u>Korean won</u>	<u>Indian rupee</u>
Less than 1 year	₩	2,686,155	Rs 169,456
1 year to 2 years		890,580	56,182
Lease to be received		3,576,735	225,638
Unrealized interests		(84,260)	(5,316)
Net investment in the lease		3,492,475	220,322
Interests from sublease for this period		116,178	7,329

(5) Sales and lease back

The Group has been liquidating the land and buildings of the factory in Guro-dong, Guro-gu, Seoul to enhance asset efficiency and financial stability for the nine-month period ended September 30, 2020. The main terms of sales and lease back transactions are as the following:

	<u>Main terms</u>
Type	Sales and lease back
Counterparty	PIA Guro-station PFV Co., Ltd.
Transaction amount	₩180 Billion (Rs 11 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul

The details of the Group's recognition for the nine-month period ended September 30, 2020 due to sales and lease back transactions are as the following:

- Right-of-use asset: ₩10,927 million (Rs 689 million) increased.
- Lease liabilities: ₩10,733 million (Rs 677 million) increased.
- Property, plant and equipment: ₩60,834 million (Rs 3,838 million) decreased.
- Gains on disposal of PPE: ₩97,761 million (Rs 6,167 million) increased.
- Lease deposit: ₩10,800 million (Rs 681 million) increased.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**14. Borrowings**

(1) Details of short-term borrowings as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Operating fund	CD+2.10	₩ 20,000,000	20,000,000	Rs 1,261,700	1,261,700
Korea Development Bank	Facility fund(*)	CD+1.57	70,000,000	70,000,000	4,415,950	4,415,950
Woori Bank	Operating fund(*)	CD+2.00	15,000,000	17,500,000	946,275	1,103,987
Kookmin Bank	Operating fund(*)	CD+2.00	-	10,000,000	-	630,850
JP Morgan	Operating fund(*)	CD+2.00	40,000,000	-	2,523,400	-
BNP PARIBAS	Overdraft	CD+2.00	15,000,000	30,000,000	946,275	1,892,550
JP Morgan	Overdraft	CD+2.00	29,999,982	-	1,892,549	-
BOA	Overdraft	CD+2.00	29,999,882	-	1,892,543	-
Citi Bank Korea and others	Banker's usance	0.30 ~0.80	4,138,164	106,606,448	261,056	6,725,268
			₩ 224,138,028	254,106,448	Rs 14,139,748	16,030,305

(\*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Facility fund	CD+1.57 ~ 1.60	₩ 170,000,000	170,000,000	Rs 10,724,450	10,724,450
Woori Bank	Operating fund	CD+2.00	25,000,000	35,000,000	1,577,125	2,207,975
Kookmin Bank	Facility fund	CD+2.00	-	11,250,000	-	709,706
JP Morgan	Facilities fund	CD+2.00	40,000,000	40,000,000	2,523,400	2,523,400
Mahindra & Mahindra Ltd.(*)		3.00	40,000,000	-	2,523,400	-
Less: Current portion			(125,000,000)	(97,500,000)	(7,885,625)	(6,150,787)
			₩ 150,000,000	158,750,000	Rs 9,462,750	10,014,744

(\*) The Group has the right to request conversion to equity within the borrowing period and Mahindra & Mahindra Ltd. cannot reject without reasonable reasons.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**14. Borrowings, Continued**

(3) Details of pledged assets as collateral for borrowings as of September 30, 2020 are as follows:

(In thousands of won)

<b>Creditor</b>	<b>Pledged assets</b>		<b>Borrowings amount</b>	<b>Maximum credit amount</b>
Korea Development Bank	Land, buildings, structures and machinery	₩	190,000,000	300,000,000
Woori Bank	Land and buildings		25,000,000	48,000,000
		₩	<u>215,000,000</u>	<u>348,000,000</u>

(In thousands of rupee)

<b>Creditor</b>	<b>Pledged assets</b>		<b>Borrowings amount</b>	<b>Maximum credit amount</b>
Korea Development Bank	Land, buildings, structures and machinery	Rs	11,986,150	18,925,500
Woori Bank	Land and buildings		1,577,125	3,028,080
		Rs	<u>13,563,275</u>	<u>21,953,580</u>

**15. Other Financial Liabilities**

Details of other financial liabilities as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		<b>Korean won</b>		<b>Indian rupee</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Accrued expenses	₩	51,252,931	39,493,725	Rs 3,233,291	2,491,462

**16. Provision of Warranty for sale**

The Group generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		<b>Korean won</b>		<b>Indian rupee</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Beginning balance	₩	128,285,606	135,038,087	Rs 8,092,898	8,518,878
Increase		24,775,594	22,394,413	1,562,968	1,412,751
Decrease		(31,774,127)	(28,436,744)	(2,004,471)	(1,793,932)
Ending balance	₩	<u>121,287,073</u>	<u>128,995,756</u>	<u>Rs 7,651,395</u>	<u>8,137,697</u>
Current	₩	52,693,829	49,983,151	Rs 3,324,190	3,153,187
Non-current		68,593,244	79,012,605	4,327,205	4,984,510

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**17. Other Liabilities**

Details of other liabilities as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 5,287,097	-	3,736,226	-
Deposits received	646,471	-	696,247	-
Withholdings	17,625,809	-	17,507,000	-
Unearned revenue	3,386,543	17,496,060	3,784,720	16,399,791
Refund liability(*)	4,046,238	-	-	-
	₩ <u>30,992,158</u>	<u>17,496,060</u>	<u>25,724,193</u>	<u>16,399,791</u>

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	Rs 333,536	-	235,700	-
Deposits received	40,783	-	43,923	-
Withholdings	1,111,924	-	1,104,429	-
Unearned revenue	213,640	1,103,739	238,759	1,034,581
Refund liability(*)	255,257	-	-	-
	Rs <u>1,955,140</u>	<u>1,103,739</u>	<u>1,622,811</u>	<u>1,034,581</u>

(\*) The Group estimates the amount of returnable sales and records the expected future return as a refund liability.

**18. Employee Benefits**

(1) Details of defined benefit liabilities as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Present value of defined benefit obligations	₩ 385,291,061	357,109,529	Rs 24,306,086	22,528,255
Fair value of plan assets	(936,308)	(954,268)	(59,067)	(60,200)
	₩ <u>384,354,753</u>	<u>356,155,261</u>	Rs <u>24,247,019</u>	<u>22,468,055</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**18. Employee Benefits, Continued**

(2) Changes in defined benefit liabilities for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 357,109,529	(954,268)	356,155,261
Current service cost	30,261,504	-	30,261,504
Interest expense (income)	6,080,778	(16,201)	6,064,577
Sub-total	393,451,811	(970,469)	392,481,342
Re-measurement factors:			
Re-measurements of plan assets	-	2,337	2,337
Sub-total	-	2,337	2,337
Benefit paid by plan	(31,824)	31,824	-
Benefit paid directly	(8,128,926)	-	(8,128,926)
Ending balance	₩ 385,291,061	(936,308)	384,354,753

(In thousands of won)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 330,195,117	(1,013,651)	329,181,466
Current service cost	29,791,649	-	29,791,649
Interest expense (income)	6,443,094	(19,738)	6,423,356
Sub-total	366,429,860	(1,033,389)	365,396,471
Re-measurement factors:			
Re-measurements of plan assets	-	5,201	5,201
Sub-total	-	5,201	5,201
Benefit paid by plan	(70,952)	70,952	-
Benefit paid directly	(18,747,413)	-	(18,747,413)
Ending balance	₩ 347,611,495	(957,236)	346,654,259

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**18. Employee Benefits, Continued**

(2) Changes in defined benefit liabilities for the nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 22,528,254	(60,200)	22,468,054
Current service cost	1,909,047	-	1,909,047
Interest expense (income)	383,606	(1,022)	382,584
Sub-total	24,820,907	(61,222)	24,759,685
Re-measurement factors:			
Re-measurements of plan assets	-	147	147
Sub-total	-	147	147
Benefit paid by plan	(2,008)	2,008	-
Benefit paid directly	(512,813)	-	(512,813)
Ending balance	Rs 24,306,086	(59,067)	24,247,019

(In thousands of rupee)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 20,830,359	(63,946)	20,766,413
Current service cost	1,879,406	-	1,879,406
Interest expense (income)	406,463	(1,245)	405,218
Sub-total	23,116,228	(65,191)	23,051,037
Re-measurement factors:			
Re-measurements of plan assets	-	328	328
Sub-total	-	328	328
Benefit paid by plan	(4,476)	4,476	-
Benefit paid directly	(1,182,681)	-	(1,182,681)
Ending balance	Rs 21,929,071	(60,387)	21,868,684

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**18. Employee Benefits, Continued**

(3) The components of plan assets as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Insurance contracts	₩ 936,308	954,268	Rs 59,067	60,200

(4) Actuarial assumptions used related to plans as of September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Discount rate (%)	2.30	2.30
Rate of future salary growth (%)	3.96	3.96

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

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**19. Commitments and Contingencies**

Details of commitments and contingencies as of September 30, 2020 are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of September 30, 2020, the Group has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ~~₩~~370,000 million (Rs 23,341 million) and USD 8 million. In addition, there is a requirement to retain over 51% of the majority interest in Mahindra & Mahindra Ltd., in relation to JP Morgan, BNP PARIBAS, BOA's overdraft borrowings and JP Morgan facility fund borrowings.
- (3) As of September 30, 2020, the Group has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.
- (4) As of September 30, 2020, 3 claims as a plaintiff were filled with the claim amount of ~~₩~~4,630 million (Rs 292 million) and 8 claims as a defendant were filled with the claims of ~~₩~~1,061 million (Rs 67 million). The provision amounting to ~~₩~~8,092 million (Rs 510 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Group will be required to incur an outflow.
- (5) The Group concluded a contract to dispose of the Guro A/S Center to PIA Guro-station PFV Co., Ltd. for the nine-month period ended September 30, 2020 and concluded a lease contract to lease back the center for two years (an additional extension within one year). According to the terms of the lease contract, if the lessor intends to dispose of the underlying assets (Guro A/S Center) to a third party before the expiration of the lease period, the Group has been granted the right of preemption the center at a fixed amount (~~₩~~270 billion (Rs 17 billion)).

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**20. Capital Stock**

The Group's capital stock as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee, except for par value and share information)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Number of shares authorized (in shares)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Par value (in won and in rupee)	₩ 5,000	5,000 Rs	315	315
Capital stock	₩ 749,200,010	749,200,010 Rs	47,263,283	47,263,283

**21. Other Capital Surplus and Retained Earnings**

Details of other capital surplus and retained earnings as of September 30, 2020 and December 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615 Rs	199,955	199,955
Gain on capital reduction	74,061,697	74,061,697	4,672,182	4,672,182
Debt to be swapped for equity	931,508	931,508	58,764	58,764
	₩ <u>78,162,820</u>	<u>78,162,820</u> Rs	<u>4,930,901</u>	<u>4,930,901</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**22. Other Equity**

(1) Details of the Group's other equity as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Accumulated foreign currency translation difference for foreign operations	₩ 797,393	1,109,395	Rs 50,303	69,986

(2) Changes in the Group's gains (losses) on valuation of derivatives for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ -	103,000	Rs -	6,498
Gains on valuation of derivatives	130,390	84,750	8,226	5,346
Reclassified to net income (losses)	(130,390)	(103,000)	(8,226)	(6,498)
Ending balance	₩ -	84,750	Rs -	5,346

(3) Changes in the foreign currency translation difference for foreign operation for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ 1,109,395	1,139,617	Rs 69,986	71,893
Foreign currency translation difference for foreign operation	(312,002)	(57,402)	(19,683)	(3,621)
Ending balance	₩ 797,393	1,082,215	Rs 50,303	68,272



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**23. Accumulated deficit**

(1) Details of deficit as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Deficit	₩ (730,175,585)	(425,348,668)	Rs (46,063,126)	(26,833,120)

(2) Changes in deficit for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ (425,348,668)	(85,610,656)	Rs (26,833,120)	(5,400,748)
Loss for the period	(304,823,929)	(185,469,969)	(19,229,818)	(11,700,373)
Defined benefit plan re-measurement	(2,337)	(5,201)	(147)	(328)
Defined benefit plan re-measurement from joint venture	(651)	(219)	(41)	(14)
Ending balance	₩ (730,175,585)	(271,086,045)	Rs (46,063,126)	(17,101,463)

**24. Income Tax Expense**

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of September 30, 2020.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**25. Nature of Expenses**

Details of nature of expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	₩	(8,196,827)	18,585,834	26,923,468	(50,496,617)
Raw materials consumed and purchase of merchandise		536,025,163	1,520,827,156	578,455,062	1,952,876,724
Employee benefits		111,865,036	333,105,669	141,540,344	419,696,486
Depreciation		34,850,499	113,067,384	42,744,013	121,704,906
Amortization		16,224,986	52,395,045	25,780,218	71,567,233
Others		108,117,713	332,982,148	126,156,153	371,434,074
	₩	<u>798,886,570</u>	<u>2,370,963,236</u>	<u>941,599,258</u>	<u>2,886,782,806</u>

(In thousands of Rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	Rs	(517,097)	1,172,487	1,698,467	(3,185,579)
Raw materials consumed and purchase of merchandise		33,815,147	95,941,381	36,491,837	123,197,228
Employee benefits		7,057,006	21,013,971	8,929,073	26,476,553
Depreciation		2,198,544	7,132,856	2,696,506	7,677,754
Amortization		1,023,553	3,305,342	1,626,345	4,514,819
Others		6,820,606	21,006,179	7,958,561	23,431,918
	Rs	<u>50,397,759</u>	<u>149,572,216</u>	<u>59,400,789</u>	<u>182,112,693</u>

Total expenses are equal to the sum of cost of sales and selling, general and administrative expenses.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**26. Selling, General and Administrative Expenses**

(1) Details of selling expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	₩	11,408,758	37,074,773	14,095,675	39,993,586
Commissions		47,314,744	147,418,002	55,823,912	173,939,787
Advertising		3,799,319	11,786,933	5,186,796	16,535,529
Export expenses		1,562,927	4,461,923	1,764,490	8,398,817
Others		5,366,130	15,128,496	6,258,149	23,224,610
	₩	<u>69,451,878</u>	<u>215,870,127</u>	<u>83,129,022</u>	<u>262,092,329</u>

(In thousands of Rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	Rs	719,721	2,338,862	889,226	2,522,995
Commissions		2,984,851	9,299,865	3,521,651	10,972,992
Advertising		239,680	743,579	327,209	1,043,144
Export expenses		98,597	281,480	111,313	529,839
Others		338,523	954,381	394,795	1,465,125
	Rs	<u>4,381,372</u>	<u>13,618,167</u>	<u>5,244,194</u>	<u>16,534,095</u>

(2) Details of general and administrative expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	₩	11,138,210	33,180,727	14,344,927	42,545,973
Retirement benefit costs		1,561,003	4,688,994	1,528,632	4,570,800
Employee welfare		2,350,492	7,351,361	4,232,189	10,910,538
Rent expense		2,468,158	7,379,517	2,483,135	7,601,214
Service fees		3,737,115	12,557,231	5,063,986	21,935,655
Depreciation		4,838,167	17,797,419	7,009,689	22,123,897
R&D expenses		2,464,016	10,739,147	2,603,292	9,159,747
Amortization		785,683	2,599,836	1,033,923	3,006,646
Bad debt expense(Reversal of allowance for Doubtful)		54,441	(59,088)	27,576	298,056
Others		8,452,511	25,860,552	9,086,269	27,751,595
	₩	<u>37,849,796</u>	<u>122,095,696</u>	<u>47,413,618</u>	<u>149,904,121</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**26. Selling, General and Administrative Expenses, Continued**

(2) Details of general and administrative expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	Rs	702,654	2,093,206	904,950	2,684,013
Retirement benefit costs		98,476	295,805	96,434	288,349
Employee welfare		148,281	463,761	266,988	688,291
Rent expense		155,704	465,537	156,648	479,522
Service fees		235,756	792,173	319,461	1,383,811
Depreciation		305,216	1,122,750	442,206	1,395,686
R&D expenses		155,442	677,479	164,229	577,843
Amortization		49,565	164,011	65,225	189,674
Bad debt expense(Reversal of allowance for Doubtful)		3,434	(3,728)	1,740	18,803
Others		533,226	1,631,413	573,207	1,750,709
	Rs	<u>2,387,754</u>	<u>7,702,407</u>	<u>2,991,088</u>	<u>9,456,701</u>

**27. Other Income and Expenses**

(1) Details of other income for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	₩	1,249,191	3,239,585	2,086,321	4,306,670
Foreign exchange translation gain		392,099	1,757,787	(332,188)	799,148
Gain on disposal of property, plant and equipment		74,010	110,923,331	172,048	832,054
Others		3,271,758	8,728,541	1,883,835	6,692,755
	₩	<u>4,987,058</u>	<u>124,649,244</u>	<u>3,810,016</u>	<u>12,630,627</u>

(In thousands of rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	Rs	78,805	204,369	131,616	271,686
Foreign exchange translation gain		24,736	110,890	(20,956)	50,414
Gain on disposal of property, plant and equipment		4,669	6,997,599	10,854	52,490
Others		206,399	550,640	118,841	422,213
	Rs	<u>314,609</u>	<u>7,863,498</u>	<u>240,355</u>	<u>796,803</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**27. Other Income and Expenses, Continued**

(2) Details of other expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	₩ 1,284,186	4,900,792	1,778,077	4,721,854
Foreign exchange translation loss	153,015	538,208	113,422	463,052
Loss on disposal of property, plant and equipment	154,404	2,990,867	304,890	652,795
Impairment losses on property, plant and equipment	-	47,169,513	-	-
Impairment loss on intangible assets	4,121	29,699,658	-	-
Loss on disposal of trade receivables	11,251	56,354	12,388	68,532
Others	10,824,297	25,664,527	607,312	2,145,965
	₩ <u>12,431,274</u>	<u>111,019,919</u>	<u>2,816,089</u>	<u>8,052,198</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	Rs 81,013	309,166	112,170	297,878
Foreign exchange translation loss	9,653	33,953	7,155	29,212
Loss on disposal of property, plant and equipment	9,740	188,679	19,234	41,182
Impairment losses on property, plant and equipment	-	2,975,689	-	-
Impairment loss on intangible assets	260	1,873,603	-	-
Loss on disposal of trade receivables	710	3,555	781	4,323
Others	682,851	1,619,047	38,313	135,378
	Rs <u>784,227</u>	<u>7,003,692</u>	<u>177,653</u>	<u>507,973</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**28. Finance Income and Costs**

(1) Details of finance income for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	₩ 491,713	1,644,500	762,401	3,140,542
Dividend income	5,000	11,000	-	11,000
Foreign exchange transaction gain	503,912	1,655,823	754,922	3,668,069
Foreign exchange translation gain	(316,418)	2,386	201,417	650,254
Realized gain of financial derivatives	-	-	112,669	499,898
Unrealized gain of financial derivatives	-	-	(35,642)	1,831
	₩ <u>684,207</u>	<u>3,313,709</u>	<u>1,795,767</u>	<u>7,971,594</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	Rs 31,020	103,743	48,096	198,121
Dividend income	315	694	-	694
Foreign exchange transaction gain	31,789	104,458	47,624	231,400
Foreign exchange translation gain	(19,961)	150	12,706	41,021
Realized gain of financial derivatives	-	-	7,108	31,536
Unrealized gain of financial derivatives	-	-	(2,248)	116
	Rs <u>43,163</u>	<u>209,045</u>	<u>113,286</u>	<u>502,888</u>

(2) Details of finance costs for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	₩ 1,973,619	6,974,732	1,721,329	3,059,127
Foreign exchange transaction loss	1,781,552	7,854,128	6,250,107	11,324,721
Foreign exchange translation loss	(1,067,370)	128,890	(1,370,424)	3,265,894
Realized loss of financial derivatives	-	-	73,061	214,649
Unrealized loss of financial derivatives	-	-	(150,234)	464
	₩ <u>2,687,801</u>	<u>14,957,750</u>	<u>6,523,839</u>	<u>17,864,855</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**28. Finance Income and Costs, Continued**

(2) Details of finance costs for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	Rs	124,506	440,001	108,590	192,985
Foreign exchange transaction loss		112,389	495,478	394,288	714,420
Foreign exchange translation loss		(67,335)	8,131	(86,453)	206,029
Realized loss of financial derivatives		-	-	4,609	13,541
Unrealized loss of financial derivatives		-	-	(9,478)	29
	Rs	<u>169,560</u>	<u>943,610</u>	<u>411,556</u>	<u>1,127,004</u>

(3) Details of the Group's financial net profit or loss for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Amortised cost of financial assets and financial liabilities	₩	(2,008,594)	(11,655,041)	(4,882,272)	(10,190,877)
Financial assets measured at FVTPL		5,000	11,000	-	11,000
Derivatives financial assets/liabilities		-	-	154,200	286,616
	₩	<u>(2,003,594)</u>	<u>(11,644,041)</u>	<u>(4,728,072)</u>	<u>(9,893,261)</u>

(In thousands of rupee)

		2020		2019	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Amortised cost of financial assets and financial liabilities	Rs	(126,712)	(735,258)	(307,998)	(642,891)
Financial assets measured at FVTPL		315	694	-	694
Derivatives financial assets/liabilities		-	-	9,728	18,081
	Rs	<u>(126,397)</u>	<u>(734,564)</u>	<u>(298,270)</u>	<u>(624,116)</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**29. Losses per Share**

(1) Basic losses per share for the three-month and nine-month periods ended September 30, 2020 and 2019 are calculated as follows:

*(In thousands of won, except per share information)*

	<b>2020</b>		<b>2019</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	₩ (102,436,736)	(304,823,929)	(107,900,969)	(185,469,969)
Loss contributed to common stocks	(102,436,736)	(304,823,929)	(107,900,969)	(185,469,969)
Weighted average number of common shares(In shares)	149,840,002	149,840,002	149,840,002	148,845,805
Basic losses per share(*) (In won)	₩ (684)	(2,034)	(720)	(1,246)

*(In thousands of rupee, except per share information)*

	<b>2020</b>		<b>2019</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	Rs (6,462,221)	(19,229,818)	(6,806,932)	(11,700,373)
Loss contributed to common stocks	(6,462,221)	(19,229,818)	(6,806,932)	(11,700,373)
Weighted average number of common shares(In shares)	149,840,002	149,840,002	149,840,002	148,845,805
Basic losses per share(*) (In rupee)	Rs (43)	(128)	(45)	(79)

(\*) Diluted losses per share are not calculated for the three-month and nine-month periods ended September 30, 2020 and 2019, because there are no dilutive shares as of September 30, 2020 and 2019.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**29. Losses per Share, Continued**

(2) Weighted average number of common shares outstanding for the nine-month periods ended September 30, 2020 and 2019 are calculated as follows:

(In shares)

		<b>2020</b>		
	<b>Outstanding period</b>	<b>Common shares issued</b>	<b>Weighted-average</b>	<b>Common shares outstanding</b>
Beginning	2020-01-01~2020-09-30	149,840,002	274/274	149,840,002

(In shares)

		<b>2019</b>		
	<b>Outstanding period</b>	<b>Common shares issued</b>	<b>Weighted-average</b>	<b>Common shares outstanding</b>
Beginning	2019-01-01~2019-09-30	137,949,396	273/273	137,949,396
Issuing(*)	2019-01-01~2019-09-30	1,033,976	273/273	1,033,976
Issuing	2019-01-26~2019-09-30	10,856,630	248/273	9,862,433
				<u>148,845,805</u>

(\*) In accordance with K-IFRS No.1033, when the rights offering is less than fair value, the shares issued below the fair value are considered as free shares and the number of shares outstanding is retroactively calculated.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**30. Cash Flows**

(1) Details of cash flows from operating activities for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
<b>Loss for the period</b>	₩ (304,823,929)	(185,469,969)	Rs (19,229,818)	(11,700,373)
<b>Adjustments for:</b>				
Retirement benefit costs	36,326,081	36,366,501	2,291,631	2,294,181
Depreciation	113,067,384	121,704,906	7,132,856	7,677,754
Amortization	52,395,045	71,567,233	3,305,341	4,514,819
Impairment losses on property, plant and equipment	47,169,514	-	2,975,689	-
Impairment loss on intangible assets	29,699,658	-	1,873,603	-
Losses on disposal of trade receivables	56,354	68,532	3,555	4,323
Foreign exchange translation gain and loss, net	(1,093,075)	2,279,544	(68,957)	143,805
Losses on disposal of property, plant and equipment	(107,932,464)	(179,258)	(6,808,919)	(11,308)
Interest expense and income, net	5,330,232	(98,207)	336,258	(6,195)
Dividends income	(11,000)	(11,000)	(694)	(694)
Unrealized gain and loss of financial derivatives, net	-	(1,367)	-	(86)
Losses on valuation of inventories	4,241,725	7,884,178	267,589	497,373
Increase in provision of warranty for sale	24,775,593	23,308,592	1,562,968	1,470,422
Equity profit on investments	(2,158,263)	(1,944,748)	(136,154)	(122,684)
Others	28,338,135	3,790,830	1,787,712	239,144
	<u>230,204,919</u>	<u>264,735,736</u>	<u>14,522,478</u>	<u>16,700,854</u>
<b>Changes in assets and liabilities</b>				
Trade receivables	28,839,957	4,429,742	1,819,369	279,450
Other receivables	(552,304)	587,367	(34,842)	37,054
Inventories	34,676,449	(71,563,449)	2,187,564	(4,514,580)
Other assets	(46,494,019)	863,997	(2,933,075)	54,505
Trade payables	(77,616,818)	(120,588,847)	(4,896,457)	(7,607,347)
Other payables	20,363,685	(10,650,053)	1,284,643	(671,859)
Accrued expenses	11,599,303	(2,245,151)	731,742	(141,635)
Usage of provision of warranty for sale	(31,774,127)	(28,436,744)	(2,004,471)	(1,793,932)
Payment of retirement benefits	(8,128,926)	(18,747,413)	(512,813)	(1,182,681)
Other liabilities	7,137,680	75,242	450,280	4,747
	<u>(61,949,120)</u>	<u>(246,275,309)</u>	<u>(3,908,060)</u>	<u>(15,536,278)</u>
<b>Net cash used in operating activities</b>	₩ <u>(136,568,130)</u>	<u>(167,009,542)</u>	Rs <u>(8,615,400)</u>	<u>(10,535,797)</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**30. Cash Flows, Continued**

(2) Significant non-cash activities for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Changes in other payables related to the acquisition of property, plant and equipment	₩ (2,601,638)	(5,677,085)	Rs (164,124)	(358,139)

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the nine-month period ended September 30, 2020 is as follows:

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(102,594,867)	-	126,583	4,138,164
Short-term borrowings	147,500,000	117,000,113	(93,250,249)	48,750,000	-	219,999,864
Long-term borrowings	158,750,000	40,000,000	-	(48,750,000)	-	150,000,000
Lease liabilities	11,630,384	-	(7,286,015)	-	15,048,817	19,393,186
	₩ 424,486,832	157,000,113	(203,131,131)	-	15,175,400	393,531,214

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	Rs 6,725,268	-	(6,472,197)	-	7,985	261,056
Short-term borrowings	9,305,037	7,380,952	(5,882,691)	3,075,394	-	13,878,692
Long-term borrowings	10,014,744	2,523,400	-	(3,075,394)	-	9,462,750
Lease liabilities	733,703	-	(459,639)	-	949,355	1,223,419
	Rs 26,778,752	9,904,352	(12,814,527)	-	957,340	24,825,917

(\*) The changes in usance borrowings are presented by net amounts.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**30. Cash Flows, Continued**

(3) Adjustment of liabilities from financing activities, continued

Changes in liabilities from financial activities for the nine-month period ended September 30, 2019 is as follows:

(In thousands of won)

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Liquidity</u>	<u>Others</u>	<u>Ending balance</u>
Banker's usance(*)	₩ 143,227,545	-	(12,572,995)	-	2,617,547	133,272,097
Short-term borrowings	35,000,000	40,000,000	(6,250,000)	101,250,000	-	170,000,000
Long-term borrowings	75,000,000	170,000,000	-	(101,250,000)	-	143,750,000
Lease liabilities	-	-	(7,293,222)	-	19,185,603	11,892,381
	<u>₩ 253,227,545</u>	<u>210,000,000</u>	<u>(26,116,217)</u>	<u>-</u>	<u>21,803,150</u>	<u>458,914,478</u>

(In thousands of rupee)

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Liquidity</u>	<u>Others</u>	<u>Ending balance</u>
Banker's usance(*)	Rs 9,035,510	-	(793,168)	-	165,128	8,407,470
Short-term borrowings	2,207,975	2,523,400	(394,281)	6,387,356	-	10,724,450
Long-term borrowings	4,731,375	10,724,450	-	(6,387,356)	-	9,068,469
Lease liabilities	-	-	(460,093)	-	1,210,324	750,231
	<u>Rs 15,974,860</u>	<u>13,247,850</u>	<u>(1,647,542)</u>	<u>-</u>	<u>1,375,452</u>	<u>28,950,620</u>

(\*) The changes in usance borrowings are presented by net amounts.

**31. Segment Information**

(1) The Group determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets used in providing service. The Group has not disclosed operating income or loss, profit or loss before income taxes and total assets and liabilities by reportable segment.

(2) Geographic sales information of the Group for the nine-month periods ended September 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

<u>Sales region</u>	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Republic of Korea	₩ 1,755,297,413	2,207,456,406	Rs 110,732,937	139,257,387
Europe	136,255,257	253,173,936	8,595,663	15,971,478
Asia Pacific	117,755,707	167,173,839	7,428,619	10,546,162
Others	83,020,460	120,909,765	5,237,346	7,627,592
Consolidated adjustment	<u>(30,333,087)</u>	<u>(44,031,025)</u>	<u>(1,913,563)</u>	<u>(2,777,697)</u>
	<u>₩ 2,061,995,750</u>	<u>2,704,682,921</u>	<u>Rs 130,081,002</u>	<u>170,624,922</u>

Non-current assets are not separately disclosed since those are located in Korea. Main customer over 10% of sales is not disclosed since most sales are occurred through contract with individual customer and authorized foreign agencies.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**31. Segment Information, Continued**

(3) Information of sales of goods and service for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Automobile	₩ 1,760,348,673	2,326,161,704	Rs 111,051,596	146,745,911
Merchandise and parts	241,918,895	302,579,967	15,261,453	19,088,257
Others	59,728,182	75,941,250	3,767,953	4,790,754
	₩ 2,061,995,750	2,704,682,921	Rs 130,081,002	170,624,922

(4) Balance of contracts as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Receivables from contracts with customers	₩ 92,734,122	121,365,029	Rs 5,850,132	7,656,313
Contract liabilities	20,882,603	23,940,058	1,317,379	1,510,259

Contract liabilities include advances from customers and unearned revenue was occurred that recognizing over time such as product warranty and transportation.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**32. Transactions and Balances with Related Parties**

(1) Details of related parties as of September 30, 2020 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
Joint venture	SY Auto Capital Co., Ltd.
Others	Mahindra Vehicle Manufacturing Ltd. Mahindra Electric Mobility Ltd. Mahindra & Mahindra South Africa Ltd. PININFARINA S.P.A.

(2) Transactions with related parties for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won)*

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 23,020,485	30,871,844
		Purchases	5,562,697	-
		Other expenses	698,303	582,265
Joint venture	SY Auto Capital Co., Ltd.	Other income	570,929	1,770,207
		Other expenses	56,257,171	22,676,284
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	970,609	40,935,292
		Other expenses	3,345,088	721,517

*(In thousands of rupee)*

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 1,452,247	1,947,550
		Purchases	350,923	-
		Other expenses	44,052	36,732
Joint venture	SY Auto Capital Co., Ltd.	Other income	36,017	111,674
		Other expenses	3,548,984	1,430,533
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	61,231	2,582,403
		Other expenses	211,025	45,517

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**32. Transactions and Balances with Related Parties, Continued**

(3) Account balances with related parties as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won)*

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2020</b>	<b>2019</b>
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	2,981,983	454,892
		Other receivables	248,076	50,954
		Trade payables	2,427,408	486,641
		Other payables	2,795,811	811,771
		Borrowings	40,000,000	-
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables	24,921	208,034
		Other receivables	102,733	-
		Other payables	3,484,937	2,646,646

*(In thousands of rupee)*

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2020</b>	<b>2019</b>
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	188,118	28,697
		Other receivables	15,650	3,214
		Trade payables	153,133	30,700
		Other payables	176,374	51,211
		Borrowings	2,523,400	-
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables	1,572	13,124
		Other receivables	6,481	-
		Other payables	219,847	166,964

Allowance for receivables from related parties are not recognized as of September 30, 2020 and December 31, 2019.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**32. Transactions and Balances with Related Parties, Continued**

(4) Capital transactions with related parties for the nine-month periods ended September 30, 2020 and 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

Relationship	Company	Description	Korean won		Indian rupee	
			2020	2019	2020	2019
Parent	Mahindra & Mahindra Ltd.	Loan	₩ 40,000,000		- Rs 2,523,400	-
		Issuing capital stock		- 49,706,372		- 3,135,727

(5) Executive compensation of the Group for the nine-month periods ended September 30, 2020 and 2019, are as follows:

*(In thousands of won and in thousands of rupee)*

		Korean won			Indian rupee	
		2020	2019		2020	2019
Short-term employee benefits	₩	3,526,133	5,910,988	Rs	222,446	372,895
Retirement benefits		306,791	430,157		19,354	27,136



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**33. Financial Instruments**

(1) Capital risk management

The Group manages capital risk in order to maximize shareholders' profit by maintaining sound or optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity on financial statements. The Group is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Rs	Indian rupee	
	2020	2019		2020	2019
Debt (A)	₩ 1,594,932,193	1,616,083,586		100,616,297	101,950,633
Equity (B)	97,984,638	403,123,557		6,181,361	25,431,050
Debt-to-equity ratio (A/B)	1,627.74%	400.89%		1,627.74%	400.89%

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**33. Financial Instruments, Continued**

(2) Details of financial assets and liabilities by category as of September 30, 2020 and December 31, 2019 are as follows:

1) Financial assets

(In thousands of won)

	<b>2020</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	₩ 58,272,584	-	58,272,584	58,272,584
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	156,285,132	-	156,285,132	156,285,132
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 214,561,716</u>	<u>560,000</u>	<u>215,121,716</u>	<u>215,121,716</u>

(In thousands of won)

	<b>2019</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	₩ 125,800,194	-	125,800,194	125,800,194
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	175,234,811	-	175,234,811	175,234,811
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 301,039,005</u>	<u>560,000</u>	<u>301,599,005</u>	<u>301,599,005</u>

(In thousands of rupee)

	<b>2020</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	Rs 3,676,126	-	3,676,126	3,676,126
Long-term financial instruments	252	-	252	252
Trade and other receivables	9,859,248	-	9,859,248	9,859,248
Non-current financial assets	-	35,328	35,328	35,328
	<u>Rs 13,535,626</u>	<u>35,328</u>	<u>13,570,954</u>	<u>13,570,954</u>

(In thousands of rupee)

	<b>2019</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	Rs 7,936,105	-	7,936,105	7,936,105
Long-term financial instruments	252	-	252	252
Trade and other receivables	11,054,688	-	11,054,688	11,054,688
Non-current financial assets	-	35,328	35,328	35,328
	<u>Rs 18,991,045</u>	<u>35,328</u>	<u>19,026,373</u>	<u>19,026,373</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**33. Financial Instruments, Continued**

(2) Details of financial assets and liabilities by category as of September 30, 2020 and December 31, 2019 are as follows, continued:

2) Financial liabilities

(In thousands of won)

	<b>2020</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	₩ 561,540,264	-	561,540,264	561,540,264
Borrowings	374,138,028	-	374,138,028	374,138,028
Lease liabilities	19,393,186	-	19,393,186	19,393,186
	<u>₩ 955,071,478</u>	<u>-</u>	<u>955,071,478</u>	<u>955,071,478</u>

(In thousands of won)

	<b>2019</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	₩ 600,389,273	-	600,389,273	600,389,273
Borrowings	412,856,448	-	412,856,448	412,856,448
Lease liabilities	11,630,384	-	11,630,384	11,630,384
	<u>₩ 1,024,876,105</u>	<u>-</u>	<u>1,024,876,105</u>	<u>1,024,876,105</u>

(In thousands of rupee)

	<b>2020</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	Rs 35,424,768	-	35,424,768	35,424,768
Borrowings	23,602,497	-	23,602,497	23,602,497
Lease liabilities	1,223,419	-	1,223,419	1,223,419
	<u>Rs 60,250,684</u>	<u>-</u>	<u>60,250,684</u>	<u>60,250,684</u>

(In thousands of rupee)

	<b>2019</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	Rs 37,875,557	-	37,875,557	37,875,557
Borrowings	26,045,049	-	26,045,049	26,045,049
Lease liabilities	733,703	-	733,703	733,703
	<u>Rs 64,654,309</u>	<u>-</u>	<u>64,654,309</u>	<u>64,654,309</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**33. Financial Instruments, Continued**

(3) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Group operates a risk management policy and a program that performs close monitoring and responds to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, non-current financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, and others.

1) Market risk

a. Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group assesses, manages and reports, on a regular basis, the foreign exchange risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of September 30, 2020.

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 283,620	(283,620)	Rs 17,892	(17,892)
EUR	699,659	(699,659)	44,138	(44,138)
JPY	(2,365,373)	2,365,373	(149,220)	149,220
Others	(129,378)	129,378	(8,162)	8,162
	₩ (1,511,472)	1,511,472	Rs (95,352)	95,352

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting year. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease or increase in ₩1,236,164 thousand (Rs 77,983 thousand) for the nine-month period ended September 30, 2020, due to floating rate debt's interest rate risk.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**33. Financial Instruments, Continued**

(3) Financial risk management, continued

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Group regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences, and establishes credit limit for each customer or transacting party.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Group's sales, the respective dealership bears all of the risk; the Group manages credit risk on product sales using two management index, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales. The Group's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

The Group estimates allowances for doubtful accounts (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.) through individual analysis for the receivables that are over more than 90 days.

For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting year; the average loss rate for the past three-years is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

The Group estimates an allowance for the receivables that are over more than 90 days, but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group estimates an allowance based on the historical loss rates.

Maximum exposure in respect of credit risk as of September 30, 2020 and December 31, 2019 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2020	2019	2020	2019
Trade and other receivables	₩ 156,285,132	175,234,811	Rs 9,859,248	11,054,688

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**33. Financial Instruments, Continued**

(3) Financial risk management, continued

3) Liquidity risk

The Group has managed liquidity risk to maintain adequate level of liquidity by periodic projecting cash outflow. To manage the risks, the Group has entered into a factoring agreement with capital financial institutions.

The contractual maturities of financial liabilities as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	<b>2020</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 400,148,741	-	400,148,741
Other payables	159,085,686	-	159,085,686
Short-term borrowings(*)	276,991,445	-	276,991,445
Lease liabilities(*)	6,593,114	13,545,161	20,138,275
Other payables	1,580,295	-	1,580,295
Long-term borrowings(*)	-	159,140,407	159,140,407
Long-term other payables	-	725,541	725,541
	<b>₩ 844,399,281</b>	<b>173,411,109</b>	<b>1,017,810,390</b>

(In thousands of won)

	<b>2019</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 477,370,219	-	477,370,219
Other payables	120,768,591	-	120,768,591
Short-term borrowings(*)	256,399,637	-	256,399,637
Lease liabilities(*)	7,231,808	4,814,959	12,046,767
Other payables	1,402,123	-	1,402,123
Long-term borrowings(*)	-	171,603,986	171,603,986
Long-term other payables	-	848,340	848,340
	<b>₩ 863,172,378</b>	<b>177,267,285</b>	<b>1,040,439,663</b>

(\*) Including expected interest expenses.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

For the nine-month periods ended September 30, 2020 and 2019

**33. Financial Instruments, Continued**

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2020		
		Within a year	Over 1 year	Total
Trade payables	Rs	25,243,383	-	25,243,383
Other payables		10,035,920	-	10,035,920
Short-term borrowings(*)		17,474,005	-	17,474,005
Lease liabilities(*)		415,927	854,496	1,270,423
Other payables		99,693	-	99,693
Long-term borrowings(*)		-	10,039,373	10,039,373
Long-term other payables		-	45,771	45,771
	Rs	<u>53,268,928</u>	<u>10,939,640</u>	<u>64,208,568</u>

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	30,114,900	-	30,114,900
Other payables		7,618,687	-	7,618,687
Short-term borrowings(*)		16,174,971	-	16,174,971
Lease liabilities(*)		456,218	303,752	759,970
Other payables		88,453	-	88,453
Long-term borrowings(*)		-	10,825,637	10,825,637
Long-term other payables		-	53,518	53,518
	Rs	<u>54,453,229</u>	<u>11,182,907</u>	<u>65,636,136</u>

(\*) Including expected interest expenses.

Details of commitments for borrowings as of September 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Limitation of commitments for borrowings	Used	₩ 369,999,864	306,250,000	Rs 23,341,441	19,319,781
	Unused	136	117,000,000	9	7,380,945
		<u>₩ 370,000,000</u>	<u>423,250,000</u>	<u>Rs 23,341,450</u>	<u>26,700,726</u>

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**33. Financial Instruments, Continued**

(4) Fair value of financial instruments

1) The Group's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Group uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis. In case of borrowings, its fair value are disclosed, but estimated in amortized costs. The Group deem that its book value are similar to its fair values calculated by generally accepted valuation models based on discounts cash flow analysis.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

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

No financial instruments are measured at fair value after initial recognition as of September 30, 2020 and December 31, 2019.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

**For the nine-month periods ended September 30, 2020 and 2019**

**34. Going concern assumption**

The Group's consolidated interim financial statements are prepared on the assumption that it will continue as going concern, and therefore our assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities.

However, due to deteriorating financial structure, the Group has incurred operating losses of ~~₩~~308,967 million (Rs 19,491 million) and net losses of ~~₩~~304,824 million (Rs 19,230 million) as of the end of the reporting period. In addition, the Group's current liabilities exceed its current assets by ~~₩~~535,741 million (Rs 33,797 million) as of the end of the reporting period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the consolidated interim financial statements, the Group has commenced a capital reorganization plan necessary for debt repayment and other fund demands, business improvement plan necessary for achieving stable operating income.

As it will be difficult for the Group to continue as a going concern if the Group fails to achieve its plan, the carrying amount of the Group's assets and liabilities may not be recoverable in the normal course of business. The consolidated interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.