

SSANGYONG MOTOR COMPANY

Separate Interim Financial Statements

(Unaudited)

September 30, 2021 and 2020

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

Reviewed financial statements

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate interim statement of financial position as of September 30, 2021, the separate interim statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2021 and 2020, the separate interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020 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 separate 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 separate 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 separate 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 separate interim financial statements have been prepared assuming that the Company will continue as a going concern and therefore the Company'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 separate interim financial statements, the Company has incurred operating loss of ₩ 239,383 million and a net loss of ₩ 241,403 million during the nine-month period ended September 30, 2021 and, as of that date, the Company's current liabilities exceed its current assets by ₩ 961,654 million.

The Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court ("the court") on December 21, 2020. The court commenced rehabilitation procedures on April 15, 2021 and the Company has been preparing a rehabilitation plan. Also, the Company is resuming M&A process before the court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court.

Whether the Company to continue as a going concern or not includes a material uncertainty that depends on whether the court approves the Company's rehabilitation plan and the final result of M&A deal and the final results of the capital reorganization plan and business improvement plan of the Company including the implementation of the rehabilitation plan after the court approval. However, we have not been able to obtain sufficient appropriate review evidence to reasonably estimate any adjustment of assets, liabilities and related profit or loss items including the tangible and intangible assets amounting to ₩1,393,758 million and related impairment losses 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 separate interim financial statements.

Emphasis of matters

We draw attention to the following matters and our opinion is not modified in respect of these matters.

(1) Criteria for delisting met

As stated in note 36, the Company has faced a risk of being delisted from the Korea Stock Exchange, due to the disclaimer of audit opinion on the Company's separate financial statements as of and for the year ended December 31, 2020. The Company filed the official objection to the delisting decision on April 13, 2021 and the Korea Stock Exchange granted a grace period for improvement until April 14, 2022 as a result by the review of the Listing and Disclosure Committee on April 15, 2021.

(2) Commencement of the rehabilitation process by the Seoul Bankruptcy Court and M&A deal before court approval of rehabilitation plan

As stated in Note 35, the Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court in accordance with Debtor Rehabilitation and Bankruptcy Act. The court commenced rehabilitation procedures on April 15, 2021 and the Company has been preparing a rehabilitation plan. Also, the Company is resuming M&A process before the court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court.

Other matters

We were engaged to audit the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2020, the separate statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying to this report. Our report thereon, dated March 23, 2021, we did not express an opinion on the separate financial statements of the Company. Because of the material uncertainty on the Company's ability to continue as a going concern and insufficient audit evidence for the adequacy of the tangible and intangible assets, and related impairment losses, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The statement of financial position of the Company as of December 31, 2020, presented for comparative purposes, is consistent, in all material respects, with the separate financial statements from which it has been derived.

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

The accompanying separate interim financial statements as of and for the three-month and nine-month periods ended September 30, 2021 and 2020 have been translated into US dollars 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 separate interim financial statements expressed in Korean won have not been translated into US dollars on the basis set forth in note 2.(1) to the separate interim financial statements.



KPMG Samjong Accounting Corp.

Seoul, Korea
November 12, 2021

This report is effective as of November 12, 2021, 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 separate 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
Separate Interim Statements of Financial Position
(Unaudited)

As of September 30, 2021 and December 31, 2020

(In thousands of won and in thousands of US dollar)

	<i>Note</i>	Korean won		US dollar	
		2021	2020	2021	2020
Assets					
Cash and cash equivalents	4,5,33 ₩	37,804,710	165,339,311	\$ 31,905	139,539
Trade and other receivables, net	7,31,32,33	139,196,631	151,516,671	117,475	127,873
Loans and others	7,13,33	24,541,975	18,608,480	20,712	15,705
Inventories, net	8,25	138,592,458	177,972,128	116,966	150,200
Other current assets	10	69,780,476	37,425,262	58,892	31,585
Total current assets		<u>409,916,250</u>	<u>550,861,852</u>	<u>345,950</u>	<u>464,902</u>
Long-term financial instruments	5,33	4,000	4,000	3	3
Non-current other receivables, net	7,13,31,32,33	34,366,785	46,177,976	29,004	38,972
Non-current financial assets	6,33	560,000	560,000	473	473
Property, plant and equipment, net	11,14	1,206,064,366	938,275,635	1,017,862	791,861
Intangible assets, net	12	187,693,702	209,684,403	158,405	176,964
Investments in subsidiaries	9	-	-	-	-
Investments in joint venture	9	10,200,000	10,200,000	8,608	8,608
Other non-current assets	10	275,957	275,957	232	232
Right-of-use assets	13	5,817,614	8,654,467	4,910	7,304
Total non-current assets		<u>1,444,982,424</u>	<u>1,213,832,438</u>	<u>1,219,497</u>	<u>1,024,417</u>
Total assets		<u>₩ 1,854,898,674</u>	<u>1,764,694,290</u>	<u>\$ 1,565,447</u>	<u>1,489,319</u>

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Financial Position, Continued
 (Unaudited)

As of September 30, 2021 and December 31, 2020

(In thousands of won and in thousands of US dollar)

	Note	Korean won		US dollar	
		2021	2020	2021	2020
Liabilities					
Trade payables	32,33	₩ 490,198,437	531,345,654 \$	413,704	448,431
Other payables	11,19,32,33	383,409,347	324,826,146	323,579	274,138
Short-term borrowings	11,14,19,30, 32,33	314,998,021	314,999,838	265,844	265,845
Other financial liabilities	15,33	95,168,219	54,904,748	80,318	46,337
Provision of warranty for sale					
- current	16	48,688,830	50,043,567	41,091	42,234
Other long-term employee benefits liabilities- current		1,985,708	1,985,709	1,676	1,676
Other current liabilities	17,31,32	31,626,266	39,042,928	26,691	32,951
Current lease liabilities	13,30,33	5,495,918	5,477,728	4,638	4,623
Total current liabilities		<u>1,371,570,746</u>	<u>1,322,626,318</u>	<u>1,157,541</u>	<u>1,116,235</u>
Long-term borrowings	14,19,30,32,33	40,000,000	40,000,000	33,758	33,758
Non-current other payables	33	535,155	646,636	452	546
Other non-current liabilities	17,31	15,095,596	17,418,732	12,740	14,701
Defined benefit liabilities	18	395,751,687	382,379,014	333,996	322,710
Other long-term employee benefits liabilities		15,422,157	14,587,395	13,015	12,309
Non-current provision of warranty for sale	16	59,925,270	69,272,223	50,574	58,463
Non-current Lease liabilities	13,30,33	4,457,949	2,086,565	3,762	1,761
Total non-current liabilities		<u>531,187,814</u>	<u>526,390,565</u>	<u>448,297</u>	<u>444,248</u>
Total liabilities		<u>1,902,758,560</u>	<u>1,849,016,883</u>	<u>1,605,838</u>	<u>1,560,483</u>
Equity					
Capital stock	20	749,200,010	749,200,010	632,290	632,290
Other capital surplus	21	77,231,312	78,162,820	65,180	65,966
Other equity	11,22	278,800,356	-	235,294	-
Accumulated deficit	23	(1,153,091,564)	(911,685,423)	(973,155)	(769,420)
Total equity		<u>(47,859,886)</u>	<u>(84,322,593)</u>	<u>(40,391)</u>	<u>(71,164)</u>
Total liabilities and equity		<u>₩ 1,854,898,674</u>	<u>1,764,694,290 \$</u>	<u>1,565,447</u>	<u>1,489,319</u>

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Comprehensive Income (loss)
 (Unaudited)

For the three-month and nine-month periods ended September 30, 2021 and 2020

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

	Note	2021		2020	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	31,32 ₩	619,621,444	1,762,199,355	709,443,296	2,050,040,890
Cost of sales	25,32	593,521,624	1,744,129,507	697,873,446	2,028,090,466
Gross profit		<u>26,099,820</u>	<u>18,069,848</u>	<u>11,569,850</u>	<u>21,950,424</u>
Selling, general and administrative expenses	25,26	87,336,180	257,452,812	103,916,001	328,166,707
Operating loss		<u>(61,236,360)</u>	<u>(239,382,964)</u>	<u>(92,346,151)</u>	<u>(306,216,283)</u>
Other income	27,32	4,442,838	12,648,516	4,860,063	124,461,453
Other expenses	27,32	(1,543,716)	(5,741,935)	(12,248,887)	(110,803,443)
Finance income	28	1,139,864	3,781,691	672,467	3,256,763
Finance costs	28	(3,868,958)	(12,708,056)	(2,679,889)	(14,937,155)
Loss before income taxes		<u>(61,066,332)</u>	<u>(241,402,748)</u>	<u>(101,742,397)</u>	<u>(304,238,665)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(61,066,332)</u>	<u>(241,402,748)</u>	<u>(101,742,397)</u>	<u>(304,238,665)</u>
Other comprehensive income (loss) for the period		(1,187)	278,796,963	(739)	(2,337)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1,187)	(3,394)	(739)	(2,337)
Gains on revaluation on land	11,22	-	278,800,357	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	22	-	-	-	-
Total comprehensive income (loss) for the period	₩	<u>(61,067,519)</u>	<u>37,394,215</u>	<u>(101,743,136)</u>	<u>(304,241,002)</u>
Losses per share					
Basic and diluted losses per share (in won)	29 ₩	(408)	(1,611)	(679)	(2,030)

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
Separate Interim Statements of Comprehensive Income (loss), Continued
(Unaudited)

For the three-month and nine-month periods ended September 30, 2021 and 2020

(In thousands of US dollar, except earnings per share information)

	<i>Note</i>	2021		2020	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	31,33	\$ 522,931	1,487,213	598,736	1,730,138
Cost of sales	25,32	500,904	1,471,963	588,972	1,711,613
Gross profit		<u>22,027</u>	<u>15,250</u>	<u>9,764</u>	<u>18,525</u>
Selling, general and administrative expenses	25,26	73,708	217,278	87,700	276,957
Operating loss		<u>(51,681)</u>	<u>(202,028)</u>	<u>(77,936)</u>	<u>(258,432)</u>
Other income	27,32	3,750	10,674	4,101	105,039
Other expenses	27,32	(1,303)	(4,846)	(10,337)	(93,513)
Finance income	28	962	3,192	568	2,749
Finance costs	28	(3,265)	(10,725)	(2,262)	(12,606)
Loss before income taxes		<u>(51,537)</u>	<u>(203,733)</u>	<u>(85,866)</u>	<u>(256,763)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(51,537)</u>	<u>(203,733)</u>	<u>(85,866)</u>	<u>(256,763)</u>
Other comprehensive income (loss) for the period			(1) 235,292	(1) (2)	
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1)	(2)	(1)	(2)
Gains on revaluation on land	11,22	-	235,294	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	22	-	-	-	-
Total comprehensive income (loss) for the period		<u>\$ (51,538)</u>	<u>31,559</u>	<u>(85,867)</u>	<u>(256,765)</u>
Losses per share					
Basic and diluted losses per share (in US dollar)	29	\$ (0.34)	(1.36)	(0.57)	(1.71)

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
Separate Interim Statements of Changes in Equity
(Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

(In thousands of won)

	Korean won					
	Capital stock	Paid-in capital in excess of par value	Other capital surplus		Debt to be swapped for equity	Total
			Gain on capital reduction			
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697	-	931,508	405,539,593
Total comprehensive income (loss) for the period:						
Loss for the period	-	-	-	-	-	(304,238,665)
Defined benefit plan re-measurements	-	-	-	-	-	(2,337)
Balance at September 30, 2020	₩ 749,200,010	3,169,615	74,061,697	-	931,508	101,298,591
Balance at January 1, 2021	₩ 749,200,010	3,169,615	74,061,697	-	931,508	(84,322,593)
Total comprehensive income (loss) for the period:						
Loss for the period	-	-	-	-	-	(241,402,748)
Defined benefit plan re-measurements	-	-	-	-	-	(3,394)
Debt equity swap	-	-	-	-	(931,508)	(931,508)
Gains on revaluation on land	-	-	-	-	278,800,357	278,800,357
Balance at September 30, 2021	₩ 749,200,010	3,169,615	74,061,697	-	278,800,357	(1,153,091,565)

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See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Changes in Equity, Continued
 (Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

(In thousands of US dollar)

	US dollar						
	Capital stock	Paid-in capital in excess of par value	Other capital surplus		Debt to be swapped for equity	Accumulated deficit	Total
			Gain on capital reduction				
Balance at January 1, 2020	\$ 632,290	2,675	62,505	786	-	(355,999)	342,257
Total comprehensive income (loss) for the period:							
Loss for the period	-	-	-	-	-	(256,763)	(256,763)
Defined benefit plan re-measurements	-	-	-	-	-	(2)	(2)
Balance at September 30, 2020	\$ 632,290	2,675	62,505	786	-	(612,764)	85,492
Balance at January 1, 2021	\$ 632,290	2,675	62,505	786	-	(769,420)	(71,164)
Total comprehensive income (loss) for the period:							
Loss for the period	-	-	-	-	-	(203,733)	(203,733)
Defined benefit plan re-measurements	-	-	-	-	-	(2)	(2)
Debt equity swap	-	-	-	(786)	-	-	(786)
Gains on revaluation on land	-	-	-	-	235,294	-	235,294
Balance at September 30, 2021	\$ 632,290	2,675	62,505	-	235,294	(973,155)	(40,391)

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Cash Flows
 (Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Cash flows from operating activities				
Loss for the period	₩ (241,402,748)	(304,238,665)	\$ (203,733)	(256,763)
Adjustment	216,717,085	232,762,433	182,899	196,441
Changes in assets and liabilities	(1,259,221)	(67,826,593)	(1,063)	(57,242)
Cash generated from operations (note 30)	<u>(25,944,884)</u>	<u>(139,302,825)</u>	<u>(21,897)</u>	<u>(117,564)</u>
Interest received	979,840	1,614,285	827	1,362
Interest paid	(524,973)	(9,154,459)	(443)	(7,726)
Dividends received	6,000	11,000	5	9
Net cash used in operating activities	<u>(25,484,017)</u>	<u>(146,831,999)</u>	<u>(21,508)</u>	<u>(123,919)</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	352,910	185,558,244	298	156,602
Disposal of intangible asset	70,120	-	59	-
Acquisition of property, plant and equipment	(73,180,834)	(30,955,354)	(61,761)	(26,125)
Acquisition of intangible assets	(28,014,739)	(32,570,089)	(23,643)	(27,488)
Cash flow used in other investing activities	5,008,491	331,953	4,227	280
Net cash provided by (used in) investing activities	<u>(95,764,052)</u>	<u>122,364,754</u>	<u>(80,820)</u>	<u>103,269</u>
Cash flows from financing activities				
Proceeds from borrowings	-	157,000,113	-	132,501
Receipts of government grants	-	108,688	-	92
Repayment of borrowings	(1,817)	(195,845,116)	(1)	(165,284)
Payment of lease liabilities	(6,284,715)	(6,659,168)	(5,305)	(5,620)
Net cash used in financing activities (note 30)	<u>(6,286,532)</u>	<u>(45,395,483)</u>	<u>(5,306)</u>	<u>(38,311)</u>
Net decrease in cash and cash equivalents	<u>(127,534,601)</u>	<u>(69,862,728)</u>	<u>(107,634)</u>	<u>(58,961)</u>
Cash and cash equivalents at January 1	<u>165,339,311</u>	<u>119,130,707</u>	<u>139,539</u>	<u>100,541</u>
Cash and cash equivalents at September 30	<u>₩ 37,804,710</u>	<u>49,267,979</u>	<u>\$ 31,905</u>	<u>41,580</u>

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

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, 2021, the Company's shareholders are as follows:

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

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate financial statements

The separate interim financial statements are expressed in Korean won and have been translated into US dollars at the rate of \$1,184.90 to ₩1 on September 30, 2021, 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 US dollars at this or any other rate.

(2) Statement of compliance

The separate 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 separate interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Company'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 Company since the last annual separate financial statements as of and for the year ended December 31, 2020. These separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These separate interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No.1027, 'Separate Financial Statements' presented by a parent, an investor in an associate or a venturer in a joint venture, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

The preparation of the separate 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.

The management's judgment on the application of the Company's accounting estimated amount used in the quarterly financial statements is the same as the annual financial statements for the fiscal year ended December 31, 2020.

3. Changes in accounting policies

The Company applied the following new standards, interpretations and amendments to existing standards from January 1, 2021, except for changing of land revaluation model (Note 11), the significant accounting policies applied to the preparation of separate interim financial statements are the same as those adopted when preparing annual financial statements for the year ended December 31, 2020.

K-IFRS 1109 'Financial Instruments', K-IFRS 1107 'Financial Instruments: Disclosures', K-IFRS 1104 'Insurance Contracts', K-IFRS 1116 'Leases' – Impact of application of Interest Rate Benchmark Reform-Phase 2

Related to Interest Rate Benchmark Reform, in case of substituting interest rate benchmark of financial instruments measured as amortized cost, the effective interest rate, not the book value would be adjusted. Also, the exceptional regulation includes being able to perform hedge accounting in case of interest rate benchmark substitution and applying new discount rate reflecting the new interest rate benchmark in case of lease modification. There is no significant effect on the separate interim financial statements by amending the Standard.

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The followings are newly required standards and amendments that the Company decided not to early adopt in preparation of the financial statements.

- K-IFRS No. 1001 Classification of Liabilities as Current or Non-current (Amendment)
- K-IFRS No. 1103 Reference to the Conceptual Framework (Amendment)
- K-IFRS No. 1016 Property, Plant and Equipment (Amendment)
- K-IFRS No. 1037 Onerous Contracts—Cost of Fulfilling a Contract (Amendment)
- Annual Improvements to K-IFRS Standards 2018–2020

The above amendment standards and interpretation are not expected to have a significant impact on the Company's separate financial statements.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the nine-month periods ended September 30, 2021 and 2020

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, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Financial institution		Korean won		US dollar		Description
			2021	2020	2021	2020	
Cash and cash equivalents	Shinhan Bank	₩	93,763	36,488	\$ 79	31	Government grants Unconfirmed
	Woori Bank and others		8,765,390	8,121,902	7,398	6,855	reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others		4,000	4,000	3	3	Bank account deposit
		₩	<u>8,863,153</u>	<u>8,162,390</u>	\$	<u>7,480</u>	<u>6,889</u>

6. Non-current Financial Assets

Non-current financial assets as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	Ownership (%)		2021		2020	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	1.72	₩	500,000	752,827	500,000	500,000
Korea Management Consultants Association(*)	1.50		60,000	1,038,861	60,000	60,000
		₩	<u>560,000</u>	<u>1,791,688</u>	<u>560,000</u>	<u>560,000</u>

(In thousands of US dollar)

	Ownership (%)		2021		2020	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	1.72	\$	422	635	422	422
Korea Management Consultants Association(*)	1.50		51	877	51	51
		\$	<u>473</u>	<u>1,512</u>	<u>473</u>	<u>473</u>

(*) 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.

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7. Trade and Other Receivables

(1) Details of trade and other receivables as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 135,398,851	5,344,475	141,018,129	4,733,011
Less: Allowance for doubtful accounts	(435,218)	(2,948)	(227,395)	(951)
Other receivables	8,417,568	-	14,516,306	85,550
Less: Allowance for doubtful accounts	(4,184,570)	-	(3,790,368)	(44,250)
Loans and others(*)	24,541,976	29,025,614	18,608,479	41,404,974
Less: Allowance for doubtful accounts	-	(356)	-	(357)
	₩ 163,738,607	34,366,785	170,125,151	46,177,977

(*) The Loans and others listed above include ₩6,713,096 thousand and ₩4,346,501 thousand for sub lease receivables as of September 30, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are ₩451,053 thousand and ₩435,746 thousand for the nine-month periods ended September 30, 2021 and 2020, respectively.

(In thousands of US dollar)

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	\$ 114,270	4,510	119,013	3,994
Less: Allowance for doubtful accounts	(367)	(2)	(192)	(1)
Other receivables	7,104	-	12,251	72
Less: Allowance for doubtful accounts	(3,532)	-	(3,199)	(37)
Loans and others(*)	20,712	24,496	15,705	34,944
Less: Allowance for doubtful accounts	-	(0)	-	(0)
	\$ 138,187	29,004	143,578	38,972

(*) The Loans and others listed above include \$5,666 thousand and \$3,668 thousand for sub lease receivables as of September 30, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are \$381 thousand and \$368 thousand for the nine-month periods ended September 30, 2021 and 2020, respectively.

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7. Trade and Other Receivables, Continued

(2) Details of aging analysis of the trade and other receivables as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021		2020	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 121,585,965	55,412,044	120,502,440	69,146,700
Less than 180 days	4,420,777	856,421	10,939,798	716,835
Less than 270 days	9,855,732	784,168	7,594,498	602,574
Less than 365 days	4,385,924	101,239	3,183,546	172,684
More than 366 days	494,928	4,831,286	3,530,858	3,976,516
	₩ 140,743,326	61,985,158	145,751,140	74,615,309
Impaired receivables	438,166	4,184,926	228,346	3,834,975

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

(In thousands of US dollar)

	2021		2020	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	\$ 102,613	46,765	101,698	58,357
Less than 180 days	3,731	723	9,233	605
Less than 270 days	8,318	662	6,409	509
Less than 365 days	3,702	85	2,687	146
More than 366 days	416	4,077	2,980	3,355
	\$ 118,780	52,312	123,007	62,972
Impaired receivables	370	3,532	193	3,237

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

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7. Trade and Other Receivables, Continued

(3) Changes in allowance for trade and other receivables for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 228,346	3,834,975	332,804	4,487,248
Bad debt expense	209,820	394,201	134,306	-
Reversal of allowance for bad debts	-	(44,250)	-	(15,275)
Write-off	-	-	-	(342,213)
Ending balance	₩ 438,166	4,184,926	467,110	4,129,760

(In thousands of US dollar)

	2021		2020	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	\$ 193	3,236	281	3,787
Bad debt expense	177	333	113	-
Reversal of allowance for bad debts	-	(37)	-	(13)
Write-off	-	-	-	(289)
Ending balance	\$ 370	3,532	394	3,485

8. Inventories

Details of inventories as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Merchandises	₩ 37,257,476	37,082,596	\$ 31,444	31,296
Finished goods	11,868,573	61,554,992	10,017	51,950
Work-in-process	25,643,963	23,460,664	21,642	19,800
Raw materials	41,035,754	31,948,093	34,632	26,963
Sub-materials	450,391	397,082	380	335
Supplies	3,361,810	3,253,034	2,837	2,744
Goods in transit	18,974,491	20,275,667	16,014	17,112
	₩ 138,592,458	177,972,128	\$ 116,966	150,200

The Company has measured inventories at the lower of acquisition cost or net realizable value. The reversal of loss on valuation of inventories amounted to ₩6,315,629 thousand (\$5,330 thousand) for the nine-month period ended September 30, 2021 and the loss on valuation of inventories amounted to ₩5,339,050 thousand (\$4,506 thousand) for the nine-month period ended September 30, 2020.

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9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	Company	Location	Owner ship	Closing month	2021		2020
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd>(*1)	China	-	December	₩ -	-	-
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	835,695	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	4,067,594	-	-
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	4,903,289	-	-
					₩ 15,103,289	10,200,000	10,200,000

(*1) Due to the Ssangyong Motor (Shanghai) Co., Ltd. were expected a lack of continuing cash-generating abilities, impairment loss on investments in subsidiaries of ₩297,411 thousand was recognized for the year ended December 31, 2020. The Ssangyong Motor (Shanghai) Co., Ltd. was excluded from subsidiaries as the Company sold the whole shares of Ssangyong Motor (Shanghai) Co., Ltd for the nine-month period ended September 30, 2021.

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

(In thousands of US dollar)

	Company	Location	Owner ship	Closing month	2021		2020
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd(*1)	China	-	December	\$ -	-	-
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	705	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	3,433	-	-
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	4,138	-	-
					\$ 8,608	8,608	8,608
					\$ 12,746	8,608	8,608

(*1) Due to the Ssangyong Motor (Shanghai) Co., Ltd. were expected a lack of continuing cash-generating abilities, impairment loss on investments in subsidiaries of \$251 thousand was recognized for the year ended December 31, 2020. The Ssangyong Motor (Shanghai) Co., Ltd. was excluded from subsidiaries as the Company sold the whole shares of Ssangyong Motor (Shanghai) Co., Ltd for the nine-month period ended September 30, 2021.

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

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10. Other Assets

Details of other assets as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Other current assets				
Advanced payments	₩ 58,989,977	29,863,746	\$ 49,785	25,204
Prepaid expenses	10,753,462	7,370,813	9,075	6,221
Current tax assets	37,037	190,703	32	160
	₩ <u>69,780,476</u>	<u>37,425,262</u>	\$ <u>58,892</u>	<u>31,585</u>
Other non-current assets				
Other non-current assets	₩ 275,957	275,957	\$ 232	232

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 428,229,378	278,800,357	(7,354)	-	-	707,022,381
Buildings	536,073,483	-	(3,507,749)	(243,385,093)	(156,914,544)	132,266,097
Structures	112,063,396	-	(44,264)	(69,254,733)	(31,193,432)	11,570,967
Machinery	1,310,735,616	-	(140,426)	(1,096,592,435)	(112,776,325)	101,226,430
Vehicles	6,567,441	-	(1,661)	(5,049,603)	(341,445)	1,174,732
Tools and molds	1,447,112,893	-	(58,904)	(1,043,146,465)	(194,209,464)	209,698,060
Equipment	65,537,402	-	(73,480)	(56,430,072)	(3,631,413)	5,402,437
Construction in progress	38,709,021	-	-	-	(1,325,593)	37,383,428
Machinery in transit	319,833	-	-	-	-	319,833
	₩ <u>3,945,348,463</u>	<u>278,800,357</u>	<u>(3,833,838)</u>	<u>(2,513,858,401)</u>	<u>(500,392,216)</u>	<u>1,206,064,365</u>

(*) The amounts increased as a result of a revaluation on lands for the nine-month period ended September 30, 2021. The land revaluation was carried out as of March 31, 2021 and conducted by Dae-il Appraisal Board as an independent appraisal firm from the Company.

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11. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of September 30, 2021 and December 31, 2020 are as follows, continued:

(In thousands of won)

		2020				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	402,580,149	(7,354)	-	-	402,572,795
Buildings		535,733,760	(3,579,504)	(237,764,195)	(156,914,544)	137,475,517
Structures		112,084,615	(50,238)	(68,322,549)	(31,207,525)	12,504,303
Machinery		1,303,530,860	(160,070)	(1,077,928,435)	(112,711,983)	112,730,372
Vehicles		6,652,749	(2,811)	(5,183,989)	(396,327)	1,069,622
Tools and molds		1,410,349,036	(72,559)	(987,011,007)	(193,950,222)	229,315,248
Equipment		65,864,357	(92,231)	(54,749,681)	(3,667,212)	7,355,233
Construction in progress		38,138,856	-	-	(3,206,144)	34,932,712
Machinery in transit		319,833	-	-	-	319,833
	₩	<u>3,875,254,215</u>	<u>(3,964,767)</u>	<u>(2,430,959,856)</u>	<u>(502,053,957)</u>	<u>938,275,635</u>

(In thousands of US dollar)

		2021					
		Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	\$	361,406	235,294	(6)	-	-	596,694
Buildings		452,421	-	(2,960)	(205,406)	(132,429)	111,626
Structures		94,576	-	(37)	(58,448)	(26,326)	9,765
Machinery		1,106,199	-	(119)	(925,471)	(95,178)	85,431
Vehicles		5,543	-	(2)	(4,262)	(288)	991
Tools and molds		1,221,295	-	(50)	(880,366)	(163,903)	176,976
Equipment		55,310	-	(62)	(47,624)	(3,065)	4,559
Construction in progress		32,669	-	-	-	(1,119)	31,550
Machinery in transit		270	-	-	-	-	270
	\$	<u>3,329,689</u>	<u>235,294</u>	<u>(3,236)</u>	<u>(2,121,577)</u>	<u>(422,308)</u>	<u>1,017,862</u>

(*) The amounts increased as a result of a revaluation on lands for the nine-month period ended September 30, 2021. The land revaluation was carried out as of March 31, 2021 and conducted by Dae-il Appraisal Board as an independent appraisal firm from the Company.

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11. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of September 30, 2021 and December 31, 2020 are as follows, continued:

(In thousands of US dollar)

	2020				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	\$ 339,759	(6)	-	-	339,753
Buildings	452,135	(3,021)	(200,662)	(132,429)	116,023
Structures	94,594	(42)	(57,661)	(26,338)	10,553
Machinery	1,100,119	(135)	(909,721)	(95,124)	95,139
Vehicles	5,615	(3)	(4,375)	(334)	903
Tools and molds	1,190,268	(61)	(832,991)	(163,685)	193,531
Equipment	55,586	(78)	(46,206)	(3,095)	6,207
Construction in progress	32,187	-	-	(2,705)	29,482
Machinery in transit	270	-	-	-	270
	<u>\$ 3,270,533</u>	<u>(3,346)</u>	<u>(2,051,616)</u>	<u>(423,710)</u>	<u>791,861</u>

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,2)	Ending balance
Land	₩ 402,572,795	33,760	-	-	304,415,826	707,022,381
Buildings	137,475,517	6,723	-	(5,549,143)	333,000	132,266,097
Structures	12,504,303	-	(109)	(933,227)	-	11,570,967
Machinery	112,730,372	-	(29)	(19,519,066)	8,015,153	101,226,430
Vehicles	1,069,622	104,157	(135,209)	(264,299)	400,461	1,174,732
Tools and molds	229,315,248	132,639	(117,787)	(62,664,845)	43,032,805	209,698,060
Equipment	7,355,233	135,655	(31,942)	(2,056,527)	18	5,402,437
Construction in progress	34,932,712	78,975,257	-	-	(76,524,541)	37,383,428
Machinery in transit	319,833	-	-	-	-	319,833
	<u>₩ 938,275,635</u>	<u>79,388,191</u>	<u>(285,076)</u>	<u>(90,987,107)</u>	<u>279,672,722</u>	<u>1,206,064,365</u>

(*1) The amounts of ₩278,800 million increased as a result of a revaluation on lands and recognized as revaluation surplus(other equity) for the nine-month period ended September 30, 2021.

(*2) Others were the amounts of ₩471,887 thousand from capitalized borrowing costs and the amounts of ₩400,460 thousand replaced from inventories to vehicles for the nine-month periods ended September 30, 2021.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month periods ended September 31, 2021 and 2020 are as follows, continued:

(In thousands of won)

		2020					Ending balance
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	
Land	₩	474,747,900	-	(72,175,105)	-	-	402,572,795
Buildings		151,331,150	7,900	(4,421,220)	(7,753,862)	-	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)	114,992,273
Vehicles		2,070,289	3,806	(649,860)	(290,994)	-	1,155,590
Tools and molds		321,098,431	289,692	(177,768)	(75,105,990)	(28,911,604)	223,179,347
Equipment		11,152,985	269,004	(24,262)	(2,747,510)	(996,376)	7,712,494
Construction in progress		12,017,789	32,402,978	-	-	(1,648,990)	35,473,853
Machinery in transit		233,039	557,043	-	-	(394,017)	396,065
	₩	<u>1,141,386,612</u>	<u>33,556,991</u>	<u>(77,709,899)</u>	<u>(112,950,206)</u>	<u>(47,169,513)</u>	<u>937,511,549</u>

(*1) The Company sold land, buildings and structures located in Guro-dong Guro-gu, Seoul and Gamjeon-dong Sasang-gu, Busan amounting to ₩76,699 million (Selling price: ₩206,250 million) and recognized gain on disposals of Property, Plant and Equipment at ₩108,146 million for the nine-month period ended September 30, 2020.

(*2) The Company 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 Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩47,170 million for property, plant and equipment for the period ended September 30, 2020. 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 the amounts of ₩22,348 thousand replaced from inventories to vehicles and the government grants of ₩28,688 thousand used to acquire assets was adjusted from others for the period ended September 30, 2020.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2021					Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,2)	
Land	\$ 339,753	28	-	-	256,913	596,694
Buildings	116,023	6	-	(4,683)	280	111,626
Structures	10,553	-	(0)	(788)	-	9,765
Machinery	95,139	-	(0)	(16,473)	6,765	85,431
Vehicles	903	88	(115)	(223)	338	991
Tools and molds	193,531	112	(99)	(52,886)	36,318	176,976
Equipment	6,207	115	(27)	(1,736)	0	4,559
Construction in progress	29,482	66,651	-	-	(64,583)	31,550
Machinery in transit	270	-	-	-	-	270
	<u>\$ 791,861</u>	<u>67,000</u>	<u>(241)</u>	<u>(76,789)</u>	<u>236,031</u>	<u>1,017,862</u>

(*1) The amounts of \$235 million increased as a result of a revaluation on lands and recognized as revaluation surplus(other equity) for the nine-month period ended September 30, 2021.

(*2) Others were the amounts of \$398 thousand from capitalized borrowing costs and the amounts of \$338 thousand replaced from inventories to vehicles for the nine-months periods ended September 30, 2021.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2020						Ending balance
	Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	
Land	\$ 400,665	-	(60,912)	-	-	-	339,753
Buildings	127,716	7	(3,731)	(6,544)	-	78	117,526
Structures	12,995	-	(87)	(891)	(1,238)	-	10,779
Machinery	129,410	22	(134)	(21,940)	(11,938)	1,628	97,048
Vehicles	1,747	3	(548)	(246)	-	19	975
Tools and molds	270,992	244	(150)	(63,386)	(24,400)	5,053	188,353
Equipment	9,413	227	(20)	(2,319)	(841)	49	6,509
Construction in progress	10,142	27,347	-	-	(1,392)	(6,159)	29,938
Machinery in transit	197	470	-	-	-	(333)	334
	<u>\$ 963,277</u>	<u>28,320</u>	<u>(65,582)</u>	<u>(95,326)</u>	<u>(39,809)</u>	<u>335</u>	<u>791,215</u>

(*1) The Company sold land, buildings and structures located in Guro-dong Guro-gu, Seoul and Gamjeon-dong Sasang-gu, Busan amounting to \$65 million (Selling price: \$174 million) and recognized gain on disposals of Property, Plant and Equipment at \$91 million for the period ended September 30, 2020.

(*2) The Company 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 Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at \$40 million for property, plant and equipment for the period ended September 30, 2020. 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 \$341 thousand and the amounts of \$19 thousand replaced from inventories to vehicles and the government grants of \$24 thousand used to acquire assets was adjusted from others for the period ended September 30, 2020.

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11. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of September 30, 2021 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	Book value	Collateralized amount(*)	Book value	Collateralized amount(*)
Land	₩ 654,052,027		\$ 551,989	
Buildings and structures	102,320,209	483,890,112	86,353	408,381
Machinery and others	8,977		8	
	₩ <u>756,381,213</u>	<u>483,890,112</u>	\$ <u>638,350</u>	<u>408,381</u>

(*) ₩135,890,112 thousand (\$114,685 thousand) was included due to the Company's provision of tax collateral related to the extension of the special consumption tax and VAT payment deadline as of September 30, 2021

(4) Capitalized borrowing costs and capitalization interest rate for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Capitalized interest expenses(*)	₩ 1,433,512	2,353,240	\$ 1,210	1,986
Capitalization interest rate	2.51%	2.94%	2.51%	2.94%

(*) Capitalized borrowing costs for intangible assets are ₩961,625 thousand (\$812 thousand) and ₩1,949,337 thousand (\$1,645 thousand) for the nine-month periods ended September 30, 2021 and 2020, respectively.

(5) Revaluation on Lands

The Company has changed the accounting policy of the subsequent measurement of land classified as property, plant and equipment from the cost model to the revaluation model for the period ended March 31, 2021. The lands were revalued by using appraisal results which conducted by independent and expertise appraisal institution, Dae-il Appraisal Board, as of March 31, 2021. The appraisal board valued land price based on the publicly assessed land price with adjustments and reviewed reasonableness of revaluation amount by comparing appraisal results with the estimated price based on recent market transactions among the independent third parties.

The revaluation income of ₩278,800 million(\$235 million) was recognized as other comprehensive income as a result of a revaluation on lands for the nine-month period ended September 30, 2021.

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11. Property, Plant and Equipment, Continued

(5) Revaluation of Lands, continued:

Details of book amounts of lands both the revaluation model and the cost model as of September 30, 2021 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	Revaluation Model	Cost Model	Revaluation Model	Cost Model
Lands	₩ 707,022,381	428,222,024	\$ 596,694	361,399

12. Intangible Assets

(1) Details of intangible assets as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 582,795,578	-	(390,805,265)	(38,947,234)	153,043,079
Patents	5,243,158	(5,467)	(4,312,292)	(223,601)	701,798
Other intangible assets	138,989,006	(44,444)	(38,310,411)	(66,685,326)	33,948,825
	₩ 727,027,742	(49,911)	(433,427,968)	(105,856,161)	187,693,702

(In thousands of won)

	2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 510,279,976	-	(340,566,464)	(32,860,505)	136,853,007
Patents	5,067,550	(9,343)	(4,019,589)	(204,211)	834,407
Other intangible assets	175,456,461	(80,000)	(36,694,146)	(66,685,326)	71,996,989
	₩ 690,803,987	(89,343)	(381,280,199)	(99,750,042)	209,684,403

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12. Intangible Assets, Continued

(1) Details of intangible assets as of September 30, 2021 and December 31, 2020 are as follows, continued:

(In thousands of US dollar)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 491,852	-	(329,821)	(32,870)	129,161
Patents	4,425	(5)	(3,639)	(189)	592
Other intangible assets	117,300	(38)	(32,331)	(56,279)	28,652
	<u>\$ 613,577</u>	<u>(43)</u>	<u>(365,791)</u>	<u>(89,338)</u>	<u>158,405</u>

(In thousands of US dollar)

	2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 430,652	-	(287,422)	(27,733)	115,497
Patents	4,277	(8)	(3,392)	(172)	705
Other intangible assets	148,077	(68)	(30,968)	(56,279)	60,762
	<u>\$ 583,006</u>	<u>(76)</u>	<u>(321,782)</u>	<u>(84,184)</u>	<u>176,964</u>

(2) Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)	
Internally created intangible assets:							
Development cost	₩ 136,853,007	-	-	(50,238,801)	-	66,428,873	153,043,079
Other intangible assets	67,409,197	27,753,846	-	-	-	(65,467,248)	29,695,795
	<u>204,262,204</u>	<u>27,753,846</u>	<u>-</u>	<u>(50,238,801)</u>	<u>-</u>	<u>961,625</u>	<u>182,738,874</u>
Individually acquired intangible assets:							
Patents	834,407	175,608	-	(288,827)	(19,390)	-	701,798
Other intangible assets	4,587,792	1,316,067	(70,120)	(1,580,709)	-	-	4,253,030
	<u>5,422,199</u>	<u>1,491,675</u>	<u>(70,120)</u>	<u>(1,869,536)</u>	<u>(19,390)</u>	<u>-</u>	<u>4,954,828</u>
	<u>₩ 209,684,403</u>	<u>29,245,521</u>	<u>(70,120)</u>	<u>(52,108,337)</u>	<u>(19,390)</u>	<u>961,625</u>	<u>187,693,702</u>

(*) Capitalized borrowing costs in respect of other intangible assets was ₩961,625 thousand for the nine-month period ended September 30, 2021.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of won)

	2020					
	Beginning balance	Acquisition	Amortization	Impairment(*1)	Others(*2)	Ending balance
Internally created intangible assets:						
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>1,949,337</u>	<u>259,811,955</u>
Individually acquired intangible assets:						
Patents	1,157,589	183,050	(383,807)	(19,401)	-	937,431
Other intangible assets	6,803,160	379,712	(2,171,884)	(435,907)	(80,000)	4,495,081
	<u>7,960,749</u>	<u>562,762</u>	<u>(2,555,691)</u>	<u>(455,308)</u>	<u>(80,000)</u>	<u>5,432,512</u>
	<u>₩ 312,855,599</u>	<u>32,570,089</u>	<u>(52,350,900)</u>	<u>(29,699,658)</u>	<u>1,869,337</u>	<u>265,244,467</u>

(*1) The Company 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 Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩29,700 million for intangible assets for the period ended September 30, 2020. 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 was ₩1,949,337 thousand and the government subsidy of ₩80,000 thousand used to acquire assets was adjusted from others for the nine-month period ended September 30, 2020.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2021						
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)	Ending balance
Internally created intangible assets:							
Development cost	\$ 115,497	-	-	(42,399)	-	56,063	129,161
Other intangible assets	56,890	23,423	-	-	-	(55,251)	25,062
	<u>172,387</u>	<u>23,423</u>	<u>-</u>	<u>(42,399)</u>	<u>-</u>	<u>812</u>	<u>154,223</u>
Individually acquired intangible assets:							
Patents	704	148	-	(244)	(16)	-	592
Other intangible assets	3,873	1,111	(60)	(1,334)	-	-	3,590
	<u>4,577</u>	<u>1,259</u>	<u>(60)</u>	<u>(1,578)</u>	<u>(16)</u>	<u>-</u>	<u>4,182</u>
\$	<u>176,964</u>	<u>24,682</u>	<u>(60)</u>	<u>(43,977)</u>	<u>(16)</u>	<u>812</u>	<u>158,405</u>

(*) Capitalized borrowing costs in respect of other intangible assets was \$812 thousand for the nine-month period ended September 30, 2021.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2020					
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Amortization</u>	<u>Impairment(*1)</u>	<u>Others(*2)</u>	<u>Ending balance</u>
Internally created intangible assets:						
Development cost	\$ 187,374	-	(42,025)	(16,822)	-	128,527
Other intangible assets	69,943	27,013	-	(7,859)	1,645	90,742
	<u>257,317</u>	<u>27,013</u>	<u>(42,025)</u>	<u>(24,681)</u>	<u>1,645</u>	<u>219,269</u>
Individually acquired intangible assets:						
Patents	977	154	(324)	(16)	-	791
Other intangible assets	5,741	321	(1,833)	(368)	(67)	3,794
	<u>6,718</u>	<u>475</u>	<u>(2,157)</u>	<u>(384)</u>	<u>(67)</u>	<u>4,585</u>
	<u>\$ 264,035</u>	<u>27,488</u>	<u>(44,182)</u>	<u>(25,065)</u>	<u>1,578</u>	<u>223,854</u>

(*1) The Company 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 Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at \$25 million for intangible assets for the period ended September 30, 2020. 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 was \$1,645 thousand and the government subsidy of \$68 thousand used to acquire assets was adjusted from others for the nine-month periods ended September 30, 2020.

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12. Intangible Assets, Continued

(3) Details of capitalized development costs as of September 30, 2021 are as follows.

(In thousands of won and in thousands of US dollar)

	Project name		Korean won	US dollar	Remaining amortization period(*1)
Development costs	RV(*2)	₩	140,338,464	\$ 118,439	1~4 years
	Power train and others		12,704,615	10,722	1~4 years
Other intangible assets	RV(*3)		29,695,795	25,062	-
		₩	<u>182,738,874</u>	<u>\$ 154,223</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 project for vehicles under sale as of September 30, 2021.

(*3) On-going development project for vehicles as of September 30, 2021 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

		Korean won		US dollar	
		2021	2020	2021	2020
Capitalization of intangible assets	₩	28,715,471	33,956,664	\$ 24,235	28,658
Manufacturing costs		37,631,030	68,385,790	31,759	57,714
Selling and administrative expenses		9,197,055	10,739,147	7,762	9,063
	₩	<u>75,543,556</u>	<u>113,081,601</u>	<u>\$ 63,756</u>	<u>95,435</u>

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13. Lease

(1) Changes in right-of-use assets for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021				
	Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	₩ 5,754,416	2,515,439	(3,314,646)	(112,025)	4,843,184
Vehicle	1,885,418	35,887	(1,387,751)	-	533,554
Equipment	1,014,633	-	(573,757)	-	440,876
	<u>₩ 8,654,467</u>	<u>2,551,326</u>	<u>(5,276,154)</u>	<u>(112,025)</u>	<u>5,817,614</u>

(*) The amount of ₩2,234 million was increased due to lease contract for Seoul office relocation during the nine-month period ended September 30, 2021.

(In thousands of won)

	2020				
	Beginning balance	Increase (*)	Depreciation	Other	Ending balance
Land and building	₩ 919,239	11,244,847	(1,689,404)	-	10,474,682
Vehicle	3,575,908	76,613	(1,378,027)	(3,072)	2,271,422
Equipment	1,356,007	415,757	(556,995)	-	1,214,769
	<u>₩ 5,851,154</u>	<u>11,737,217</u>	<u>(3,624,426)</u>	<u>(3,072)</u>	<u>13,960,873</u>

(*) The amount of ₩10,927 million was increased due to lease contract for Guro A/S Center during the nine-month period ended September 30, 2020.

(In thousands of US dollar)

	2021				
	Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	\$ 4,857	2,123	(2,798)	(94)	4,088
Vehicle	1,591	30	(1,171)	-	450
Equipment	856	-	(484)	-	372
	<u>\$ 7,304</u>	<u>2,153</u>	<u>(4,453)</u>	<u>(94)</u>	<u>4,910</u>

(*) The amount of \$2 million was increased due to lease contract for Seoul office relocation during the nine-month periods ended September 30, 2021.

(In thousands of US dollar)

	2020				
	Beginning balance	Increase (*)	Depreciation	Others	Ending balance
Land and building	\$ 776	9,490	(1,426)	-	8,840
Vehicle	3,018	65	(1,163)	(3)	1,917
Equipment	1,144	351	(470)	-	1,025
	<u>\$ 4,938</u>	<u>9,906</u>	<u>(3,059)</u>	<u>(3)</u>	<u>11,782</u>

(*) The amount of \$9 million was increased due to lease contract for Guro A/S Center during the nine-month period ended September 30, 2020.

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13. Lease, Continued

(2) Details of lease liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

		2021		2020	
		Current	Non-current	Current	Non-current
Lease liabilities(*)	₩	5,495,918	4,457,949	5,477,728	2,086,565

(In thousands of US dollar)

		2021		2020	
		Current	Non-current	Current	Non-current
Lease liabilities(*)	\$	4,638	3,762	4,623	1,761

(*) The total amounts of lease liabilities paid are ₩6,284,715 thousand (\$5,304 thousand) and ₩6,659,168 thousand (\$5,620 thousand) and interests expenses are ₩252,196 thousand (\$213 thousand) and ₩360,004 thousand (\$304 thousand) during the nine-month periods ended September 30, 2021 and 2020, respectively.

(3) Expenses from lease contracts with low cost and short-term contract for the nine-month periods ended September 30, 2021 and 2020 are as the following:

(In thousands of won)

	Exemption of lease recognition		2021	2020
Office equipment and others	Low cost	₩	367,253	689,382
	Short term		-	11,110
Building	Short term		7,500	22,500

(In thousands of US dollar)

	Exemption of lease recognition		2021	2020
Office equipment and others	Low cost	\$	310	582
	Short term		-	9
Building	Short term		6	19

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(In thousands of won)

		2021	2020
Sub lease			
Less than 1 year	₩	4,156,387	2,686,155
1 year to 5 years		2,772,848	890,580
Lease to be received		6,929,235	3,576,735
Unrealized interests		(216,139)	(84,260)
Net investment in the lease		6,713,096	3,492,475
Interests from sublease for this period		136,738	116,178

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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, continued:

(In thousands of US dollar)

	<u>2021</u>	<u>2020</u>
Sub lease		
Less than 1 year	\$ 3,508	2,267
1 year to 5 years	2,340	752
Lease to be received	5,848	3,019
Unrealized interests	(182)	(71)
Net investment in the lease	5,666	2,947
Interests from sublease for this period	115	98

(5) Sales and lease back

The Company 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 year ended December 31, 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 (\$0.15 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul
Lease term	2 years
Extension option	It is possible to extend the lease term up to a year (one time only) prior to 4 months by agreement between the parties.
Lessee's preemption preference	If the lessor intends to sell the lease object to a third party before the expiration of the lease term, the lessee may exercise the right to preferentially purchase the lease object (preemption preference).

The details of the Company's recognition for the year ended December 31, 2020 due to sales and lease back transactions are as the following:

- Right-of-use asset: ₩7,300 million (\$6 million) increased.
- Property, plant and equipment: ₩60,834 million (\$51 million) decreased.
- Gains on disposal of PPE: ₩104,866 million (\$89 million) increased.
- Lease deposit: ₩10,800 million (\$9 million) increased.

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14. Borrowings

(1) Details of short-term borrowings as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

Creditor	Type	Interest rate (%)(*5)	Korean won		US dollar	
			2021	2020	2021	2020
Korea Development Bank	Operating fund(*1)	CD+5.10	₩ 20,000,000	20,000,000	\$ 16,879	16,879
	Facility fund(*1,2)	CD+4.57	70,000,000	70,000,000	59,077	59,077
	Facility fund(*2)	CD+4.60	100,000,000	100,000,000	84,395	84,395
Woori Bank	Loans(*2)	CD+5.00	24,998,183	25,000,000	21,098	21,099
JP Morgan(*6)	Facility Fund(*1,2)	CD+3.00	40,000,000	40,000,000	33,758	33,758
	Overdraft(*3)	CD+2.00	19,999,969	19,999,969	16,879	16,879
BNP PARIBAS(*6)	Overdraft(*3)	CD+4.00	10,000,000	10,000,000	8,440	8,440
Mahindra & Mahindra Ltd.	Overdraft(*4)	CD+2.00	29,999,869	29,999,869	25,318	25,318
			₩ 314,998,021	314,999,838	\$ 265,844	265,845

(*1) Due to the application for the commencement of court receivership, the Company cannot claim the benefit of time for the year ended December 31, 2020.

(*2) Due to the application for the commencement of court receivership, the Company cannot claim the benefit of time and it's reclassified as short-term borrowings for the year ended December 31, 2020.

(*3) The Company missed debt repayment and cannot claim the benefit of time for the year ended December 31, 2020.

(*4) Mahindra & Mahindra Ltd., the largest shareholder of the Company repaid loans of ₩29,999,869 thousand (\$25,318 thousand) to the Bank of America (BOA) on behalf of the Company for the year ended December 31, 2020.

(*5) Due to failure to make payment on a due date, default interest rate is applied on it.

(*6) The conditions for these loans stipulate that the largest shareholder of the Company, Mahindra & Mahindra's stake in the Company must exceed 51% (Note 19).

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14. Borrowings, Continued

(2) Details of long-term borrowing as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

Creditor	Type	Interest rate(%)(*2)	Korean won		US dollar	
			2021	2020	2021	2020
Korea Development Bank	Facility fund	CD+4.57	₩ 70,000,000	70,000,000	\$ 59,077	59,077
	Facility fund	CD+4.60	100,000,000	100,000,000	84,395	84,395
JP Morgan(*3)	Facility fund	CD+3.00	40,000,000	40,000,000	33,758	33,758
Woori Bank	Operating fund	CD+5.00	24,998,183	25,000,000	21,098	21,099
Mahindra & Mahindra Ltd(*1)	Operating fund	3.00	40,000,000	40,000,000	33,758	33,758
Less: Current portion			(234,998,183)	(235,000,000)	(198,328)	(198,329)
			₩ 40,000,000	40,000,000	\$ 33,758	33,758

(*1) The Company have an option of conversion of borrowing to equity, Mahindra & Mahindra Ltd. cannot refuse without reasonable reason.

(*2) Due to failure to make payment on a due date, default interest rate is applied on it.

(*3) The conditions for these loans stipulate that the largest shareholder of the Company, Mahindra & Mahindra's stake in the Company must exceed 51%(Note 19).

(3) Details of pledged assets as collateral for borrowings as of September 30, 2021 are as follows:

(In thousands of won)

Creditor	Pledged assets	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩ 190,000,000	300,000,000
Woori Bank	Land and buildings	24,998,183	48,000,000
		₩ 214,998,183	348,000,000

(In thousands of US dollar)

Creditor	Pledged assets	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	\$ 160,351	253,186
Woori Bank	Land and buildings	21,097	40,510
		\$ 181,448	293,696

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15. Other Financial Liabilities

Details of other financial liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Accrued expenses	₩ 95,168,219	54,904,748	\$ 80,318	46,337

16. Provision of Warranty for sale

The Company 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, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ 119,315,790	128,531,252	\$ 100,697	108,474
Increase	16,002,425	24,768,073	13,505	20,903
Decrease	(26,704,115)	(31,774,127)	(22,537)	(26,816)
Ending balance	₩ 108,614,100	121,525,198	\$ 91,665	102,561
Current	₩ 48,688,830	52,693,829	\$ 41,091	44,471
Non-current	59,925,270	68,831,369	50,574	58,090

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17. Other Liabilities

Details of other liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021		2020	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 10,024,596	-	6,743,752	-
Deposits received	317,769	-	571,022	-
Withholdings	13,686,146	-	23,179,333	-
Unearned revenue	6,291,462	15,095,596	5,064,893	17,418,732
Refund liability(*)	1,306,293	-	3,483,928	-
	₩ <u>31,626,266</u>	<u>15,095,596</u>	<u>39,042,928</u>	<u>17,418,732</u>

(In thousands of US dollar)

	2021		2020	
	Current	Non-current	Current	Non-current
Advances from customers	\$ 8,460	-	5,691	-
Deposits received	268	-	482	-
Withholdings	11,551	-	19,563	-
Unearned revenue	5,310	12,740	4,275	14,701
Refund liability(*)	1,102	-	2,940	-
	\$ <u>26,691</u>	<u>12,740</u>	<u>32,951</u>	<u>14,701</u>

(*) The Company estimates the returnable sales and recognizes the expected future return as a return provision.

18. Employee Benefits

(1) Details of defined benefit liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Present value of defined benefit obligations	₩ 396,594,030	383,312,042	\$ 334,707	323,497
Fair value of plan assets	(842,343)	(933,028)	(711)	(787)
	₩ <u>395,751,687</u>	<u>382,379,014</u>	\$ <u>333,996</u>	<u>322,710</u>

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18. Employee Benefits, Continued

(2) Changes in defined benefit liabilities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 383,312,042	(933,028)	382,379,014
Current service cost	29,095,543	-	29,095,543
Interest expense (income)	6,788,396	(16,469)	6,771,927
Sub-total	419,195,981	(949,497)	418,246,484
Re-measurement factors:			
Re-measurements of plan assets	-	3,394	3,394
Sub-total	-	3,394	3,394
Benefit paid by plan	(103,760)	103,760	-
Benefit paid directly	(22,498,191)	-	(22,498,191)
Ending balance	₩ 396,594,030	(842,343)	395,751,687

(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

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18. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 323,497	(787)	322,710
Current service cost	24,555	-	24,555
Interest expense (income)	5,730	(14)	5,716
Sub-total	353,782	(801)	352,981
Re-measurement factors:			
Re-measurements of plan assets	-	2	2
Sub-total	-	2	2
Benefit paid by plan	(88)	88	-
Benefit paid directly	(18,987)	-	(18,987)
Ending balance	\$ 334,707	(711)	333,996

(In thousands of US dollar)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 301,384	(805)	300,579
Current service cost	25,539	-	25,539
Interest expense (income)	5,132	(14)	5,118
Sub-total	332,055	(819)	331,236
Re-measurement factors:			
Re-measurements of plan assets	-	2	2
Sub-total	-	2	2
Benefit paid by plan	(27)	27	-
Benefit paid directly	(6,860)	-	(6,860)
Ending balance	\$ 325,168	(790)	324,378

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18. Employee Benefits, Continued

(3) The components of plan assets as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Insurance contracts	₩ 842,343	933,028	\$ 711	790

(4) Actuarial assumptions used related to plans as of September 30, 2021 and December 31, 2020 are as follows:

	2021	2020
Discount rate (%)	2.40	2.40
Rate of future salary growth (%)	3.97	3.97

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 Company'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.

19. Commitments and Contingencies

Details of commitments and contingencies as of September 30, 2021 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of September 30, 2021, the loan agreement with Korea Development Bank and others has been terminated due to the application for the commencement of court receivership, and the borrowing amounts was ₩354,998 million (\$300 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's overdraft borrowings and JP Morgan facility fund borrowings.
- (3) As of September 30, 2021, 4 claims as a plaintiff were filed with the claim amount of ₩3,417 million (\$3 million) and 8 claims as a defendant were filed with the claims of ₩1,220 million (\$1 million). The provision amounting to ₩7,888 million (\$7 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 Company will be required to incur an outflow.

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19. Commitments and Contingencies, Continued

(4) Details of provisions recognized as other payables as of September 30, 2021 is as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021		2021	
Beginning balance	₩	124,578,526	\$	105,138
Increase(*)		44,398,805		37,471
Decrease		<u>(31,167,705)</u>		<u>(26,304)</u>
Ending balance	₩	<u>137,809,626</u>	\$	<u>116,305</u>

(*) In relation to CO₂ emission regulations in Korea/EU(*the Act on Allocation and Trading of Greenhouse Gas Emission*), the Company estimates the expenses based on the expected quantity of emission in excess of free allocated emission right comparing standard fuel efficiency. As a result of additional recognition of ₩12,200,670 thousand(\$10,297 thousand) for the nine-month period ended September 30, 2021, the Company has recognized a provision of ₩80,623,207 thousand(\$68,042 thousand) as of September 30, 2021. And the Company recognized expected costs as a provision with regard to foregoing lawsuits and sales incentive, etc.

(5) As of December 21, 2020, the Company filed for commencement of rehabilitation procedure and received a disposition of property preservation and an order of comprehensive prohibition from the courts.

20. Capital Stock

The Company's capital stock as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar, except for par value and share information)

	Korean won		US dollar	
	2021	2020	2021	2020
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 US dollar)	₩ 5,000	5,000	\$ 4.22	4.22
Capital stock	749,200,010	749,200,010	632,290	632,290

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21. Other Capital Surplus

Details of other capital surplus as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615	\$ 2,675	2,675
Gain on capital reduction	74,061,697	74,061,697	62,505	62,505
Debt to be swapped for equity	-	931,508	-	786
	₩ 77,231,312	78,162,820	\$ 65,180	65,966

22. Other Equity

(1) Details of the Company's other equity as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Accumulated revaluation surplus from revaluation on land	₩ 278,800,357	-	\$ 235,294	-

(2) Changes in the Company's gains (losses) on valuation of derivatives for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ -	-	\$ -	-
Gains on valuation of derivatives	-	130,390	-	110
Reclassified to net income (losses)	-	(130,390)	-	(110)
Ending balance	₩ -	-	\$ -	-

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23. Deficit

(1) Details of deficit as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Deficit	₩ (1,153,091,565)	(911,685,423)	\$ (973,155)	(769,420)

(2) Changes in deficit for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Beginning balance	₩ (911,685,423)	(421,823,237)	\$ (769,420)	(355,999)
Loss for the period	(241,402,748)	(304,238,665)	(203,733)	(256,763)
Defined benefit plan re-measurement	(3,394)	(2,337)	(2)	(2)
Ending balance	₩ (1,153,091,565)	(726,064,239)	\$ (973,155)	(612,764)

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, 2021.

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25. Nature of Expenses

Details of nature of expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	₩ 17,083,031	47,328,241	(1,171,014)	14,852,682
Raw materials consumed and purchase of merchandise	415,761,777	1,199,711,927	525,128,063	1,485,795,018
Employee benefits	87,503,056	323,632,325	110,944,187	330,843,770
Depreciation	31,174,491	90,987,107	34,807,847	112,950,206
Amortization	19,741,673	52,108,337	16,209,573	52,350,900
Others	109,593,777	287,814,381	115,870,792	359,464,597
	₩ <u>680,857,805</u>	<u>2,001,582,318</u>	<u>801,789,448</u>	<u>2,356,257,173</u>

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

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	\$ 14,417	39,943	(988)	12,535
Raw materials consumed and purchase of merchandise	350,883	1,012,501	443,183	1,253,941
Employee benefits	73,848	273,130	93,632	279,217
Depreciation	26,310	76,789	29,376	95,325
Amortization	16,661	43,977	13,680	44,182
Others	92,493	242,901	97,789	303,370
	\$ <u>574,612</u>	<u>1,689,241</u>	<u>676,672</u>	<u>1,988,570</u>

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

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26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	₩ 12,194,322	26,457,560	11,574,716	37,216,617
Commissions	32,431,388	94,607,269	47,314,744	147,418,002
Advertising	691,934	3,715,679	3,221,188	10,299,204
Export expenses	2,721,174	7,251,367	1,562,927	4,461,923
Sales promotion expenses	5,059,079	15,846,309	2,029,599	6,633,271
Others	2,472,338	6,933,149	2,025,206	4,780,866
	<u>₩ 55,570,235</u>	<u>154,811,333</u>	<u>67,728,380</u>	<u>210,809,883</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	\$ 10,291	22,329	9,769	31,409
Commissions	27,371	79,844	39,931	124,414
Advertising	584	3,136	2,719	8,692
Export expenses	2,297	6,120	1,319	3,766
Sales promotion expenses	4,270	13,374	1,713	5,598
Others	2,086	5,850	1,708	4,034
	<u>\$ 46,899</u>	<u>130,653</u>	<u>57,159</u>	<u>177,913</u>

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26. Selling, General and Administrative Expenses, Continued

(2) Details of general and administrative expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	₩ 7,550,139	31,033,526	10,385,047	31,396,628
Retirement benefit costs	1,571,425	4,609,187	1,561,003	4,688,994
Employee welfare	2,488,615	5,903,760	2,182,805	6,873,561
Rent expense	2,481,715	7,618,108	2,453,556	7,334,582
Service fees	3,184,884	10,088,219	3,629,781	12,312,053
Depreciation	3,191,852	10,535,289	4,795,514	17,680,240
R&D expenses	3,351,784	9,197,055	2,464,015	10,739,147
Amortization	635,744	1,869,536	770,271	2,555,691
(Reversal of) bad debt expense	(75,341)	209,820	261,182	134,306
Others	7,385,128	21,576,979	7,684,447	23,641,622
	₩ <u>31,765,945</u>	<u>102,641,479</u>	<u>36,187,621</u>	<u>117,356,824</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	\$ 6,372	26,191	8,764	26,497
Retirement benefit costs	1,326	3,890	1,317	3,957
Employee welfare	2,100	4,982	1,842	5,801
Rent expense	2,094	6,429	2,071	6,190
Service fees	2,688	8,514	3,063	10,391
Depreciation	2,694	8,891	4,047	14,921
R&D expenses	2,829	7,762	2,080	9,063
Amortization	537	1,578	650	2,157
(Reversal of) bad debt expense	(64)	177	220	113
Others	6,233	18,211	6,487	19,954
	\$ <u>26,809</u>	<u>86,625</u>	<u>30,541</u>	<u>99,044</u>

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27. Other Income and Expenses

(1) Details of other income for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	₩ 2,180,667	4,137,855	1,249,191	3,239,585
Foreign exchange translation gain	228,557	838,223	392,099	1,757,787
Gain on disposal of property, plant and equipment	20,667	202,570	75,860	110,921,201
Gain on sale of investments in subsidiaries	-	27,441	-	-
Others	2,012,947	7,442,427	3,142,913	8,542,880
	<u>₩ 4,442,838</u>	<u>12,648,516</u>	<u>4,860,063</u>	<u>124,461,453</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	\$ 1,840	3,492	1,054	2,734
Foreign exchange translation gain	193	707	331	1,483
Gain on disposal of property, plant and equipment	17	171	64	93,612
Gain on sale of investments in subsidiaries	-	23	-	-
Others	1,700	6,281	2,652	7,210
	<u>\$ 3,750</u>	<u>10,674</u>	<u>4,101</u>	<u>105,039</u>

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27. Other Income and Expenses, Continued

(2) Details of other expenses for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	₩ 633,647	3,886,734	1,284,186	4,900,792
Foreign exchange translation loss	286,694	799,937	153,015	538,208
Loss on disposal of property, plant and equipment	18,268	134,736	93,100	2,878,268
Impairment loss on property, plant and equipment	-	-	-	47,169,513
Impairment loss on Intangible assets	6,030	19,390	4,121	29,699,658
Loss on sale of account receivables (Reversal of) other bad-debt expense	11,008	25,354	11,251	56,354
Others	229,492	394,201	(160,849)	-
	<u>358,577</u>	<u>481,583</u>	<u>10,864,063</u>	<u>25,560,650</u>
	₩ <u>1,543,716</u>	<u>5,741,935</u>	<u>12,248,887</u>	<u>110,803,443</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	\$ 535	3,280	1,084	4,136
Foreign exchange translation loss	242	675	129	454
Loss on disposal of property, plant and equipment	15	114	79	2,429
Impairment loss on property, plant and equipment	-	-	-	39,809
Impairment loss on Intangible assets	5	16	3	25,065
Loss on sale of account receivables	9	21	9	48
(Reversal of) other bad-debt expense	194	333	(136)	-
Others	303	407	9,169	21,572
	<u>\$ 1,303</u>	<u>4,846</u>	<u>10,337</u>	<u>93,513</u>

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28. Finance Income and Costs

(1) Details of finance income for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	₩ 249,804	929,293	487,432	1,621,487
Dividend income	-	6,000	5,000	11,000
Foreign exchange transaction gain	890,060	2,846,397	496,456	1,624,276
Foreign exchange translation gain	-	-	(316,420)	-
	₩ <u>1,139,864</u>	<u>3,781,690</u>	<u>672,468</u>	<u>3,256,763</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	\$ 211	784	411	1,368
Dividend income	-	5	4	9
Foreign exchange transaction gain	751	2,403	420	1,372
Foreign exchange translation gain	-	-	(267)	-
	\$ <u>962</u>	<u>3,192</u>	<u>568</u>	<u>2,749</u>

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28. Finance Income and Costs, Continued

(2) Details of finance costs for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	₩ 3,837,392	11,959,799	1,967,880	6,957,743
Foreign exchange transaction loss	31,566	748,257	1,780,254	7,852,829
Foreign exchange translation loss	-	-	(1,068,245)	126,583
	<u>₩ 3,868,958</u>	<u>12,708,056</u>	<u>2,679,889</u>	<u>14,937,155</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	\$ 3,239	10,094	1,661	5,872
Foreign exchange transaction loss	26	631	1,503	6,627
Foreign exchange translation loss	-	-	(902)	107
	<u>\$ 3,265</u>	<u>10,725</u>	<u>2,262</u>	<u>12,606</u>

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28. Finance Income and Costs, Continued

(3) Details of the Company's financial net profit or loss for the three-month and the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Financial assets/ liabilities at amortized cost	₩ (2,729,094)	(8,932,366)	(2,007,421)	(11,691,392)
Financial assets at FVTPL	-	6,000	-	11,000
	₩ <u>(2,729,094)</u>	<u>(8,926,366)</u>	<u>(2,007,421)</u>	<u>(11,680,392)</u>

(In thousands of US dollar)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Financial assets/ liabilities at amortized cost	\$ (2,303)	(7,538)	(1,694)	(9,866)
Financial assets at FVTPL	-	5	-	9
	\$ <u>(2,303)</u>	<u>(7,533)</u>	<u>(1,694)</u>	<u>(9,857)</u>

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29. Losses per Share

(1) Basic losses per share for the three-month and the nine-month periods ended September 30, 2021 and 2020 are calculated as follows:

(In thousands of won except per share information)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Loss for the period	₩ (61,066,332)	(241,402,748)	(101,742,397)	(304,238,665)
Loss contributed to common stocks	(61,066,332)	(241,402,748)	(101,742,397)	(304,238,665)
Weighted average number of common shares (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Basic losses per share(*) (in won)	(408)	(1,611)	(679)	(2,030)

(*) Diluted losses per share are not calculated for the three-month and the nine-month periods ended September 30, 2021 and 2020, because there are no dilutive shares as of September 30, 2021 and 2020.

(In thousands of US dollar, except per share information)

	2021		2020	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Loss for the period	\$ (51,537)	(203,733)	(85,866)	(256,763)
Loss contributed to common stocks	(51,537)	(203,733)	(85,866)	(256,763)
Weighted average number of common shares (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Basic losses per share(*) (in US dollar)	(0.34)	(1.36)	(0.57)	(1.71)

(*) Diluted losses per share are not calculated for the three-month and the nine-month periods ended September 30, 2021 and 2020, because there are no dilutive shares as of September 30, 2021 and 2020.

(2) Weighted average number of common shares outstanding for the nine-month periods ended September 30, 2021 and 2020 are calculated as follows:

(In shares)

	Outstanding period	2021		Common shares outstanding
		Common shares issued	Weighted-average	
Beginning	2021-01-01~2021-09-30	149,840,002	273/273	149,840,002

(In shares)

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

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30. Cash Flows

(1) Details of cash flows from operating activities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Loss for the period	₩ (241,402,748)	(304,238,665)	\$ (203,733)	(256,763)
Adjustments for:				
Retirement benefit costs	35,867,470	36,326,081	30,270	30,657
Depreciation	90,987,107	112,950,206	76,789	95,325
Amortization	52,108,337	52,350,900	43,977	44,182
Depreciation of right-of-use asset	5,276,154	3,624,426	4,453	3,059
Impairment loss on Property, Plant and Equipment	-	47,169,513	-	39,809
Impairment loss on Intangible assets	19,390	29,699,658	16	25,065
Losses on disposal of trade receivables	25,354	56,354	21	48
Foreign exchange translation gain and loss, net	(38,286)	(1,092,996)	(32)	(922)
Losses (gains) on disposal of property, plant and equipment	(67,834)	(108,042,933)	(57)	(91,183)
Interest expense and income, net	11,030,506	5,336,256	9,309	4,504
Dividend income	(6,000)	(11,000)	(5)	(9)
(Reversal of) losses on valuation of inventories	(6,315,629)	5,339,050	(5,330)	4,506
Increase in provision of warranty for sale	16,002,425	24,768,073	13,505	20,903
Sales promotion expenses	10,733,941	-	9,059	-
Export overall expenses	1,466,729	-	1,238	-
Others	(372,578)	24,288,844	(314)	20,497
	<u>216,717,086</u>	<u>232,762,432</u>	<u>182,899</u>	<u>196,441</u>
Changes in assets and liabilities				
Trade receivables	5,198,009	27,412,818	4,387	23,135
Other receivables	6,549,453	(204,511)	5,527	(173)
Inventories	45,294,839	30,377,615	38,227	25,637
Other assets	(24,732,562)	(46,282,483)	(20,873)	(39,060)
Trade payables	(41,480,932)	(76,973,200)	(35,008)	(64,962)
Other payables	38,624,197	19,207,348	32,597	16,210
Accrued expenses	27,395,133	11,531,175	23,120	9,732
Usage of provision of warranty for sale	(26,704,115)	(31,774,127)	(22,537)	(26,816)
Payment of retirement benefits	(22,498,191)	(8,128,926)	(18,987)	(6,860)
Other liabilities	(8,905,053)	7,007,698	(7,516)	5,915
	<u>(1,259,222)</u>	<u>(67,826,593)</u>	<u>(1,063)</u>	<u>(57,242)</u>
Net cash used in operating activities	₩ <u>(25,944,884)</u>	<u>(139,302,826)</u>	\$ <u>(21,897)</u>	<u>(117,564)</u>

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30. Cash Flows, Continued

(2) Significant non-cash activities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Changes in other payables related to the acquisition of property, plant and equipment	₩ (6,207,357)	(2,601,637)	\$ (5,239)	(2,196)
Changes in other payables related to the acquisition of intangible asset	(1,230,782)	-	(1,039)	-
Changes in other comprehensive income from revaluation on land	278,800,357	-	235,294	-

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

	2021					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Short-term borrowings	₩ 314,999,838	-	(1,817)	-	-	314,998,021
Long-term borrowings	40,000,000	-	-	-	-	40,000,000
Lease liabilities	7,564,293	-	(6,284,715)	-	8,674,289	9,953,867
	₩ 362,564,131	-	(6,286,532)	-	8,674,289	364,951,888

(In thousands of won)

	2020					
	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	9,992,220	-	(6,659,168)	-	14,972,046	18,305,098
	₩ 422,848,668	157,000,113	(202,504,284)	-	15,098,629	392,443,126

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

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30. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities, continued

Changes in liabilities from financial activities for the nine-month periods ended September 30, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2021					Ending balance
	Beginning balance	Increase	Decrease	Liquidity	Others	
Short-term borrowings	\$ 265,845	-	(1)	-	-	265,844
Long-term borrowings	33,758	-	-	-	-	33,758
Lease liabilities	6,384	-	(5,305)	-	7,321	8,400
	<u>\$ 305,987</u>	<u>-</u>	<u>(5,306)</u>	<u>-</u>	<u>7,321</u>	<u>308,002</u>

(In thousands of US dollar)

	2020					Ending balance
	Beginning balance	Increase	Decrease	Liquidity	Others	
Banker's usance(*)	\$ 89,970	-	(86,585)	-	107	3,492
Short-term borrowings	124,483	98,743	(78,699)	41,143	-	185,670
Long-term borrowings	133,978	33,758	-	(41,143)	-	126,593
Lease liabilities	8,433	-	(5,620)	-	12,636	15,449
	<u>\$ 356,864</u>	<u>132,501</u>	<u>(170,904)</u>	<u>-</u>	<u>12,743</u>	<u>331,204</u>

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

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31. Segment Information

(1) The Company determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets providing service. The Company 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 Company for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

Sales region	Korean won		US dollar	
	2021	2020	2021	2020
Republic of Korea	₩ 1,266,514,793	1,755,297,413	\$ 1,068,879	1,481,389
Europe	206,338,110	123,611,952	174,140	104,323
South America	125,196,527	32,670,701	105,660	27,573
Asia Pacific	116,530,672	88,111,066	98,346	74,362
Others	47,619,253	50,349,759	40,188	42,491
	₩ <u>1,762,199,355</u>	<u>2,050,040,891</u>	\$ <u>1,487,213</u>	<u>1,730,138</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.

(3) Information of sales of goods and service for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Automobile	₩ 1,472,099,299	1,750,568,741	\$ 1,242,383	1,477,398
Merchandise and parts	216,850,887	235,716,733	183,012	198,934
Others	73,249,169	63,755,417	61,818	53,806
	₩ <u>1,762,199,355</u>	<u>2,050,040,891</u>	\$ <u>1,487,213</u>	<u>1,730,138</u>

(4) Balance of Contracts as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Receivables from contracts with customers	₩ 140,305,160	145,522,793	\$ 118,411	122,814
Contract liabilities(*)	31,411,655	29,227,377	26,510	24,667

(*) Contract liabilities in unearned revenue was occurred from contracts from customers that recognizing over time such as product warranty and transportation.

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32. Transactions and Balances with Related Parties

(1) Details of related parties as of September 30, 2021 are as follows:

Relationship	Company
Largest shareholder	Mahindra & Mahindra Ltd.(*1) Ssangyong Motor (Shanghai) Co., Ltd.(*2)
Subsidiaries	Ssangyong Australia Pty Ltd. Ssangyong European Parts Center B.V.
Joint venture	SY Auto Capital Co., Ltd. Mahindra Vehicle Manufacturing Ltd.(*1,3)
Others	Mahindra Electric Mobility Ltd.(*1) Mahindra & Mahindra South Africa Ltd.(*1)

(*1) According to court approval of commencement of rehabilitation procedures on April 15, 2021, Mahindra & Mahindra and other related parties of its affiliates lost control of the Company and were excluded from related parties for the period ended September 30, 2021.

(*2) Ssangyong Motor(Shanghai) Co., Ltd was excluded from subsidiaries due to disposal of all shares for the period ended September 30, 2021.

(*3) Mahindra Vehicle Manufacturing Ltd. was excluded from other related parties due to merger by Mahindra & Mahindra Ltd for the period ended September 30, 2021.

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32. Transactions and Balances with Related Parties, Continued

(2) Transactions with related parties for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won)

Relationship	Company	Description	2021	2020
Largest shareholder	Mahindra & Mahindra Ltd.(*1)	Sales	₩ 3,908,170	23,020,485
		Purchases	2,516,389	5,562,697
		Other expenses	592,885	698,303
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	11,146,548	7,812,200
		Sales	58,010,680	22,106,268
	Ssangyong Australia Pty Ltd	Other income	-	18,536
		Ssangyong Motor (Shanghai) Co., Ltd.(*1)	Other expenses	134,954
Joint venture	SY Auto Capital Co., Ltd.	Other income	103,642	570,929
		Other expenses	29,167,423	56,257,171
		Mahindra Vehicle Manufacturing Ltd.(*1,2)	Sales	360,173
Others	Mahindra Electric Mobility Ltd.(*1)	Purchases	10,877	-
		Other expenses	353,272	3,345,088
	Mahindra&Mahindra South Africa Ltd.(*1)	Sales	10,328	11,902
		Other income	906	-

(*1) The transaction details before being excluded from the Company's related parties.

(*2) The transaction details before merged by Mahindra & Mahindra Ltd.

(In thousands of US dollar)

Relationship	Company	Description	2021	2020
Largest shareholder	Mahindra & Mahindra Ltd.(*1)	Sales	\$ 3,298	19,428
		Purchases	2,124	4,695
		Other expenses	500	589
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	9,407	6,593
		Sales	48,958	18,657
	Ssangyong Australia Pty Ltd	Other income	-	16
		Ssangyong Motor (Shanghai) Co., Ltd.(*1)	Other expenses	114
Joint venture	SY Auto Capital Co., Ltd.	Other income	87	482
		Other expenses	24,616	47,478
		Mahindra Vehicle Manufacturing Ltd.(*1,2)	Sales	304
Others	Mahindra Electric Mobility Ltd.(*1)	Purchases	9	-
		Other expenses	298	2,823
	Mahindra&Mahindra South Africa Ltd.(*1)	Sales	9	10
		Other income	1	-

(*1) The transaction details before being excluded from the Company's related parties.

(*2) The transaction details before merged by Mahindra & Mahindra Ltd.

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32. Transactions and Balances with Related Parties, Continued

(3) Account balances with related parties as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

Relationship	Company	Description	2021	2020
		Trade receivables ₩	-	2,437,886
		Other receivables	-	252,632
Largest shareholder	Mahindra & Mahindra Ltd.	Trade payables	-	3,624,172
		Other payables	-	2,514,361
		Borrowings	-	69,999,869
	Ssangyong European Parts Center B.V.	Trade receivables	15,674,740	14,854,519
		Other payables	534,411	192,223
Subsidiaries	Ssangyong Australia Pty Ltd.	Trade receivables	22,689,153	32,229,030
		Other payables	136,573	325,990
	Ssangyong Motor (Shanghai) Co., Ltd.	Other payables	-	87,793
	Mahindra Vehicle Manufacturing Ltd.	Trade receivables	-	531,781
Others		Other payables	-	1,500,000
	Mahindra Electric Mobility Ltd.	Other payables	-	1,932,669
	Mahindra&Mahindra South Africa Ltd.	Other payables	-	4,937

(In thousands of US dollar)

Relationship	Company	Description	2021	2020
		Trade receivables \$	-	2,057
		Other receivables	-	213
Largest shareholder	Mahindra & Mahindra Ltd.	Trade payables	-	3,059
		Other payables	-	2,122
		Borrowings	-	59,077
	Ssangyong European Parts Center B.V.	Trade receivables	13,229	12,537
		Other payables	451	162
Subsidiaries	Ssangyong Australia Pty Ltd.	Trade receivables	19,149	27,200
		Other payables	115	275
	Ssangyong Motor (Shanghai) Co., Ltd.	Other payables	-	74
	Mahindra Vehicle Manufacturing Ltd.	Trade receivables	-	449
Others		Other payables	-	1,266
	Mahindra Electric Mobility Ltd.	Other payables	-	1,631
	Mahindra&Mahindra South Africa Ltd.	Other payables	-	4

Allowance for receivables from related parties were recognized ₩102,256 thousand (\$86 thousand) as of September 30, 2021 and ₩136,079 thousand (\$115 thousand) as of December 31, 2020, respectively.

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32. Transactions and Balances with Related Parties, Continued

(4) Capital transactions with related parties for the nine-month periods ended September 30, 2021 and 2020 are as follows:

(In thousands of won and in thousands of US dollar)

		Korean won		US dollar			
		2021	2020	2021	2020		
		Loan		Loan			
Largest shareholder	Mahindra & Mahindra Ltd.	₩	-	40,000,000	\$	-	33,758

The transaction details before being excluded from the Company's related parties.

(5) Executive compensation of the Company for the nine-month periods ended September 30, 2021 and 2020, are as follows:

(In thousands of won and in thousands of US dollar)

		Korean won		US dollar		
		2021	2020	2021	2020	
Short-term employee benefits	₩	1,988,912	3,383,958	\$	1,679	2,856
Retirement benefits		94,754	293,284		80	248

33. Financial Instruments

(1) Capital risk management

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

Debt-to-equity ratio as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

		Korean won		US dollar		
		2021	2020	2021	2020	
Debt (A)	₩	1,902,758,560	1,849,016,882	\$	1,605,839	1,560,483
Equity (B)		(47,859,886)	(84,322,592)		(40,391)	(71,164)
Debt-to-equity ratio (A/B)(*)		-	-		-	-

(*) Debt-to-equity ratio was not calculated because total equity as of September 30, 2021 and December 31, 2020 are negative.

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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of September 30, 2021 and December 31, 2020 are as follows:

1) Financial assets

(In thousands of won)

	2021			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 37,804,710	-	37,804,710	37,804,710
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	196,511,239	-	196,511,239	196,511,239
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 234,319,949</u>	<u>560,000</u>	<u>234,879,949</u>	<u>234,879,949</u>

(In thousands of won)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 165,339,311	-	165,339,311	165,339,311
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	207,862,732	-	207,862,732	207,862,732
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 373,206,043</u>	<u>560,000</u>	<u>373,766,043</u>	<u>373,766,043</u>

(In thousands of US dollar)

	2021			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 31,905	-	31,905	31,905
Long-term financial instruments	3	-	3	3
Trade and other receivables	165,846	-	165,846	165,846
Non-current financial assets	-	473	473	473
	<u>\$ 197,754</u>	<u>473</u>	<u>198,227</u>	<u>198,227</u>

(In thousands of US dollar)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$ 139,539	-	139,539	139,539
Long-term financial instruments	3	-	3	3
Trade and other receivables	175,426	-	175,426	175,426
Non-current financial assets	-	473	473	473
	<u>\$ 314,968</u>	<u>473</u>	<u>315,441</u>	<u>315,441</u>

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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of September 30, 2021 and December 31, 2020 are as follows, continued:

2) Financial liabilities

(In thousands of won)

		2021			
		Amortized cost	Measured at FVTPL	Total	Fair value
Trade and other payables	₩	736,180,885	-	736,180,885	736,180,885
Borrowings		354,998,021	-	354,998,021	354,998,021
	₩	<u>1,091,178,906</u>	<u>-</u>	<u>1,091,178,906</u>	<u>1,091,178,906</u>

(In thousands of won)

		2020			
		Amortized cost	Measured at FVTPL	Total	Fair value
Trade and other payables	₩	715,662,781	-	715,662,781	715,662,781
Borrowings		354,999,838	-	354,999,838	354,999,838
	₩	<u>1,070,662,619</u>	<u>-</u>	<u>1,070,662,619</u>	<u>1,070,662,619</u>

(In thousands of US dollar)

		2021			
		Amortized cost	Measured at FVTPL	Total	Fair value
Trade and other payables	\$	621,302	-	621,302	621,302
Borrowings		299,602	-	299,602	299,602
	\$	<u>920,904</u>	<u>-</u>	<u>920,904</u>	<u>920,904</u>

(In thousands of US dollar)

		2020			
		Amortized cost	Measured at FVTPL	Total	Fair value
Trade and other payables	\$	603,986	-	603,986	603,986
Borrowings		299,603	-	299,603	299,603
	\$	<u>903,589</u>	<u>-</u>	<u>903,589</u>	<u>903,589</u>

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33. Financial Instruments, Continued

(3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company 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 Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company 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, 2021.

(In thousands of won and in thousands of US dollar)

Currency	Korean won		US dollar	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 2,002,341	(2,002,341)	\$ 1,690	(1,690)
EUR	3,570,443	(3,570,443)	3,013	(3,013)
JPY	(2,565)	2,565	(2)	2
Others	3,158,852	(3,158,852)	2,666	(2,666)
	₩ 8,729,071	(8,729,071)	\$ 7,367	(7,367)

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 Company's current income will decrease or increase in ₩1,327,595 thousand (\$1,120 thousand) for the nine-month period ended September 30, 2021, due to floating rate debt's interest rate risk.

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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 Company 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 Company's sales, the respective dealership bears all of the risk; the Company 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 Company's trade receivables are usually collected within 30 days but some of the notes receivables are collected within 75 days.

The Company 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.

Maximum exposure in respect of credit risk as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021	2020	2021	2020
Trade and other receivables	₩ 196,511,239	207,862,732	\$ 165,846	175,426

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33. Financial Instruments, Continued

(3) Financial risk management, continued:

3) Liquidity risk

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

The contractual maturities of financial liabilities as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won)

	2021		
	Within a year	Over 1 year	Total
Trade payables	₩ 490,198,437	-	490,198,437
Other payables	230,408,143	-	230,408,143
Short-term borrowings(*)	314,998,021	-	314,998,021
Lease liabilities(*)	5,767,086	4,544,256	10,311,342
Other payables	15,039,150	-	15,039,150
Long-term borrowings(*)	-	42,547,945	42,547,945
Long-term other payables	-	535,155	535,155
	₩ 1,056,410,837	47,627,356	1,104,038,193

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time.

(In thousands of won)

	2020		
	Within a year	Over 1 year	Total
Trade payables	₩ 531,345,654	-	531,345,654
Other payables	181,246,428	-	181,246,428
Short-term borrowings(*)	314,999,838	-	314,999,838
Lease liabilities(*)	5,651,424	2,138,978	7,790,402
Other payables	2,424,064	-	2,424,064
Long-term borrowings(*)	-	43,146,301	43,146,301
Long-term other payables	-	646,636	646,636
	₩ 1,035,667,408	45,931,915	1,081,599,323

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time.

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33. Financial Instruments, Continued

(3) Financial risk management, continued:

3) Liquidity risk, continued

(In thousands of US dollar)

	2021		
	Within a year	Over 1 year	Total
Trade payables	\$ 413,704	-	413,704
Other payables	194,454	-	194,454
Short-term borrowings(*)	265,844	-	265,844
Lease liabilities(*)	4,867	3,835	8,702
Other payables	12,692	-	12,692
Long-term borrowings(*)	-	35,908	35,908
Long-term other payables	-	452	452
	<u>\$ 891,561</u>	<u>40,195</u>	<u>931,756</u>

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time.

(In thousands of US dollar)

	2020		
	Within a year	Over 1 year	Total
Trade payables	\$ 448,431	-	448,431
Other payables	152,963	-	152,963
Short-term borrowings(*)	265,845	-	265,845
Lease liabilities(*)	4,770	1,805	6,575
Other payables	2,046	-	2,046
Long-term borrowings(*)	-	36,413	36,413
Long-term other payables	-	546	546
	<u>\$ 874,055</u>	<u>38,764</u>	<u>912,819</u>

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time.

The details of the financing agreements as of September 30, 2021 and December 31, 2020 are as follows:

(In thousands of won and in thousands of US dollar)

	Korean won		US dollar	
	2021(*)	2020	2021(*)	2020
Borrowing limit (used)	₩ -	355,000,000	\$ -	299,603
Borrowing limit (unused)	-	-	-	-

(*) Due to filing for commencement of corporate rehabilitation procedure, the existing loan contracts between the Company and financial institutions were cancelled as of September 30, 2021.

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33. Financial Instruments, Continued

(4) Fair value of financial instruments

1) The Company'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 Company 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 is disclosed, but estimated in amortized costs. The Company deem that its book value is 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, 2021.

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34. Going concern assumption

The Company's 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 Company has incurred operating losses of ₩239,383 million(\$202 million) and net losses of ₩241,403 million(\$204 million) during the reporting period. In addition, the Company's current liabilities exceed its current assets by ₩961,654 million (\$812 million) as of the end of the reporting period.

As of December 21, 2020, the Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court("the court") under the Debtor Rehabilitation and Bankruptcy Act of South Korea. The Company received a commencement of rehabilitation procedure on April 15, 2021 and has been preparing rehabilitation plan. The Company is resuming M&A process before court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the financial statements, a significant uncertainty exists whether the Company will continue as going concern, it will depend on the court approval of rehabilitation plan, success of M&A deal before approval of rehabilitation plan and the implementation of the rehabilitation plan including of business improvement plan after the court approval.

As it will be difficult for the Company to continue as a going concern if the Company fails to succeed M&A deal before approval of rehabilitation plan or achieve its plan according to the final results of corporate rehabilitation procedure, the carrying amount of the Company's assets and liabilities may not be recoverable in the ordinary course of business. The financial statements do not include any adjustments of carrying amount of assets and liabilities, presentation of classification, and related profit and loss that might result from the outcome of this uncertainty.

35. Commencement of rehabilitation procedure and M&A deal before court approval of rehabilitation plan

As of December 21, 2020, the Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court("the court") under the Debtor Rehabilitation and Bankruptcy Act of South Korea. The Company received a commencement of rehabilitation procedure on April 15, 2021 and have been preparing rehabilitation plan. The Company is resuming M&A process before court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court.

In relation to M&A process before court approval, the Company selected a consortium led by Edison Motors Company as the preferred bidder on October 20, 2021 and signed a MOU(memorandum of understanding) with Edison consortium on November 3, 2021 to negotiate the terms of investment contract, such as evaluation and determination of the acquisition price.

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36. Delisting issue occurrence & grant a grace period for improvement by filing of objection

The Company has faced a risk of being delisted from the Korea Stock Exchange under *Article 48 of KOSPI Market Listing Regulation*, due to disclaimer of audit opinion on the Company's separate financial statements as of December 31, 2020.

The Company filed official objection to delisting decision on April 13, 2021 and Korea Stock Exchange granted a grace period for improvement until April 14, 2022 as a result of the review of the Listing and Disclosure Committee on April 15, 2021.