

**SSANGYONG MOTOR COMPANY**

Separate Interim Financial Statements

(Unaudited)

March 31, 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

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 March 31, 2021, the separate interim statements of comprehensive income(loss), changes in equity and cash flows for the three-month periods ended March 31, 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 ₩85,417 million and a net loss of ₩86,113 million during the period ended March 31, 2021 and, as of that date, the Company's current liabilities exceed its current assets by ₩833,594 million. In addition the Company has filed for the commencement of rehabilitation under the Debtor Rehabilitation and Bankruptcy Act of Republic of Korea to the Seoul Bankruptcy Court("the Court") on December 21, 2020. The Court commenced rehabilitation procedures on April 15, 2021 after the end of reporting period and the Company has been preparing a rehabilitation plan.

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 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 that might be resulted from the outcome of this uncertainty.

In addition, because of the material uncertainty on the ability to continue as a going concern described above, we were not able to obtain sufficient appropriate review evidence to determine the adequacy of the tangible and intangible assets which amount to ₩1,399,987 million and related impairment losses in the Company's separate financial statements. As a result, we were not able to determine whether those amounts need to be further adjusted.



### **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 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.

#### (2) Initiating the rehabilitation process by the Seoul Bankruptcy Court

As stated in Note 34, the Company filed for commencement of rehabilitation procedure with the Seoul Bankruptcy Court in accordance with Debtor Rehabilitation and Bankruptcy Act. The Court commenced rehabilitation procedures on April 15, 2021 after the end of reporting period and the Company has been preparing a rehabilitation plan.

### **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. 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. Our report thereon, dated March 23, 2021, we did not express an opinion on the separate financial statements of the Company. 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 periods ended March 31, 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 Samjony Accounting Corp.*

Seoul, Korea  
May 14, 2021

This report is effective as of May 14, 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 March 31, 2021 and December 31, 2020

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

	Note	Korean won		US dollar	
		2021	2020	2021	2020
<b>Assets</b>					
Cash and cash equivalents	4,5,33 ₩	52,057,290	165,339,311	\$ 45,926	145,866
Trade and other receivables, net	7,31,32, 33	166,451,972	151,516,671	146,848	133,672
Loans and others	7,13,33	17,967,545	18,608,479	15,851	16,417
Inventories, net	8,25	187,312,980	177,972,128	165,252	157,011
Other current assets	10	45,278,824	37,425,262	39,946	33,017
<b>Total current assets</b>		<u>469,068,611</u>	<u>550,861,851</u>	<u>413,823</u>	<u>485,983</u>
Non-current financial instruments	5,33	4,000	4,000	4	4
Non-current other receivables, net	7,13,31, 32,33	45,945,204	46,177,976	40,534	40,739
Non-current financial assets	6,33	560,000	560,000	494	494
Property, plant and equipment, net	11,14	1,193,271,872	938,275,635	1,052,732	827,769
Intangible assets, net	12	206,715,434	209,684,403	182,369	184,988
Investments in subsidiaries	9	-	-	-	-
Investments in joint venture	9	10,200,000	10,200,000	8,999	8,999
Other non-current assets	10	275,958	275,958	243	243
Right-of-use assets	13	9,158,342	8,654,467	8,080	7,635
<b>Total non-current assets</b>		<u>1,466,130,810</u>	<u>1,213,832,439</u>	<u>1,293,455</u>	<u>1,070,871</u>
<b>Total assets</b>		<u>₩ 1,935,199,421</u>	<u>1,764,694,290</u>	<u>\$ 1,707,278</u>	<u>1,556,854</u>

See accompanying notes to the separate interim financial statements.

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

As of March 31, 2021 and December 31, 2020

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

	Note	Korean won		US dollar	
		2021	2020	2021	2020
<b>Liabilities</b>					
Trade payables	32,33	₩ 486,192,901	531,345,654	\$ 428,931	468,765
Other payables	19,32,33	336,599,095	324,826,146	296,955	286,569
Short-term borrowings	14,19,30,				
	32,33	314,998,021	314,999,838	277,899	277,900
Other financial liabilities	15,33	74,105,750	54,904,748	65,378	48,438
Provision of warranty for sale					
- current	16	47,235,585	50,043,567	41,672	44,149
Other long-term employee					
benefits liabilities- current		1,985,709	1,985,708	1,752	1,752
Other current liabilities	17,31,32	35,643,933	39,042,928	31,446	34,445
Current lease liabilities	13,30,33	5,901,337	5,477,728	5,206	4,833
<b>Total current liabilities</b>		<u>1,302,662,331</u>	<u>1,322,626,317</u>	<u>1,149,239</u>	<u>1,166,851</u>
	14,19,30,				
Long-term borrowings	32,33	40,000,000	40,000,000	35,289	35,289
Non-current other payables	33	542,457	646,636	478	570
Other non-current liabilities	17,31	17,041,986	17,418,732	15,035	15,367
Defined benefit liabilities	18	383,226,653	382,379,014	338,091	337,344
Other long-term employee					
benefits liabilities		14,865,649	14,587,395	13,115	12,869
Non-current provision of					
warranty for sale	16	65,025,297	69,272,223	57,367	61,114
Non-current Lease liabilities	13,30,33	4,403,185	2,086,565	3,885	1,841
<b>Total non-current liabilities</b>		<u>525,105,227</u>	<u>526,390,565</u>	<u>463,260</u>	<u>464,394</u>
<b>Total liabilities</b>		<u>1,827,767,558</u>	<u>1,849,016,882</u>	<u>1,612,499</u>	<u>1,631,245</u>
<b>Equity</b>					
Capital stock	20	749,200,010	749,200,010	660,962	660,962
Other capital surplus	21	77,231,312	78,162,820	68,135	68,957
Other equity	11,22	278,800,357	-	245,964	-
Accumulated deficit	23	(997,799,816)	(911,685,422)	(880,282)	(804,310)
<b>Total equity</b>		<u>107,431,863</u>	<u>(84,322,592)</u>	<u>94,779</u>	<u>(74,391)</u>
<b>Total liabilities and equity</b>		<u>₩ 1,935,199,421</u>	<u>1,764,694,290</u>	<u>\$ 1,707,278</u>	<u>1,556,854</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 periods ended March 31, 2021 and 2020**

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

	Note	Korean won		US dollar	
		2021	2020	2021	2020
Sales	31,32 ₩	532,889,281	642,159,104	\$ 470,127	566,528
Cost of sales	25,32	535,895,203	635,106,995	472,779	560,306
<b>Gross profit (loss)</b>		<u>(3,005,922)</u>	<u>7,052,109</u>	<u>(2,652)</u>	<u>6,222</u>
Selling, general and administrative expenses	25,26	82,410,876	104,803,243	72,705	92,460
<b>Operating loss</b>		<u>(85,416,798)</u>	<u>(97,751,134)</u>	<u>(75,357)</u>	<u>(86,238)</u>
Other income	27,32	5,608,301	3,828,192	4,948	3,377
Other expenses	27,32	2,861,711	91,806,429	2,524	80,994
Finance income	28	1,742,608	1,609,254	1,537	1,420
Finance costs	28	5,185,710	8,776,272	4,575	7,743
<b>Loss before income taxes</b>		<u>(86,113,310)</u>	<u>(192,896,389)</u>	<u>(75,971)</u>	<u>(170,178)</u>
Income tax expenses	24	-	-	-	-
<b>Loss for the period</b>		<u>(86,113,310)</u>	<u>(192,896,389)</u>	<u>(75,971)</u>	<u>(170,178)</u>
<b>Other comprehensive income for the period</b>		278,799,274	129,599	245,963	114
<b>Items that will never be reclassified to profit or loss:</b>					
Defined benefit plan re-measurements	18,23	(1,083)	(791)	(1)	(1)
Gains on revaluation on land	11,22	278,800,357	-	245,964	-
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Changes in fair value of cash flow hedge	22	-	130,390	-	115
<b>Total comprehensive income (loss) for the period</b>		<u>₩ 192,685,964</u>	<u>(192,766,790)</u>	<u>\$ 169,992</u>	<u>(170,064)</u>
<b>Losses per share</b>					
Basic and diluted losses per share (in won and in US dollar)	29 ₩	(575)	(1,287)	\$ (0.5)	(1.1)

See accompanying notes to the separate interim financial statements.

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

**For the three-month periods ended March 31, 2021 and 2020**

(In thousands of won)

	Korean won							
	Capital stock	Other capital surplus			Debt to be swapped for equity	Other equity	Accumulated deficit	Total
		Paid-in capital in excess of par value	Gain on capital reduction					
<b>Balance at January 1, 2020</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	-	(421,823,237)	405,539,593	
<b>Total comprehensive income (loss) for the period:</b>								
Loss for the period	-	-	-	-	-	(192,896,389)	(192,896,389)	
Defined benefit plan re-measurements	-	-	-	-	-	(791)	(791)	
Changes in fair value of cash flow hedge	-	-	-	-	130,390	-	130,390	
<b>Balance at March 31, 2020</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	130,390	(614,720,417)	212,772,803	
<b>Balance at January 1, 2021</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	-	(911,685,423)	(84,322,593)	
<b>Total comprehensive income (loss) for the period:</b>								
Loss for the period	-	-	-	-	-	(86,113,310)	(86,113,310)	
Defined benefit plan re-measurements	-	-	-	-	-	(1,083)	(1,083)	
Debt equity swap	-	-	-	(931,508)	-	-	(931,508)	
Gains on revaluation on land	-	-	-	-	278,800,357	-	278,800,357	
<b>Balance at March 31, 2021</b>	₩ 749,200,010	3,169,615	74,061,697	-	278,800,357	(997,799,816)	107,431,863	

See accompanying notes to the separate interim financial statements.



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

**For the three-month periods ended March 31, 2021 and 2020**

(In thousands of US dollar)

	US dollar						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Other equity	Accumulated deficit	Total
<b>Balance at January 1, 2020</b>	\$ 660,962	2,796	65,339	822	-	(372,142)	357,777
<b>Total comprehensive income (loss) for the period:</b>							
Loss for the period	-	-	-	-	-	(170,178)	(170,178)
Defined benefit plan re-measurements	-	-	-	-	-	(1)	(1)
Changes in fair value of cash flow hedge	-	-	-	-	115	-	115
<b>Balance at March 31, 2020</b>	\$ 660,962	2,796	65,339	822	115	(542,321)	187,713
<b>Balance at January 1, 2021</b>	\$ 660,962	2,796	65,339	822	-	(804,310)	(74,391)
<b>Total comprehensive income (loss) for the period:</b>							
Loss for the period	-	-	-	-	-	(75,971)	(75,971)
Defined benefit plan re-measurements	-	-	-	-	-	(1)	(1)
Debt equity swap	-	-	-	(822)	-	-	(822)
Gains on revaluation on land	-	-	-	-	245,964	-	245,964
<b>Balance at March 31, 2021</b>	\$ 660,962	2,796	65,339	-	245,964	(880,282)	94,779

See accompanying notes to the separate interim financial statements.

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

**For the three-month periods ended March 31, 2021 and 2020**

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

	Korean won		US dollar	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Loss for the period	₩ (86,113,310)	(192,896,389)	\$ (75,971)	(170,178)
Adjustment	69,411,073	169,870,588	61,236	149,864
Changes in assets and liabilities	(77,396,777)	(115,024,879)	(68,281)	(101,478)
<b>Cash generated from operations (note 30)</b>	<u>(94,099,014)</u>	<u>(138,050,680)</u>	<u>(83,016)</u>	<u>(121,792)</u>
Interest received	424,886	684,226	375	604
Interest paid	(362,864)	(2,975,982)	(320)	(2,625)
Dividends received	6,000	6,000	5	5
<b>Net cash used in operating activities</b>	<u>(94,030,992)</u>	<u>(140,336,436)</u>	<u>(82,956)</u>	<u>(123,808)</u>
<b>Cash flows from investing activities</b>				
Proceed from disposal of property, plant and equipment	319,054	769,059	281	678
Acquisition of property, plant and equipment	(6,017,196)	(9,648,837)	(5,308)	(8,512)
Acquisition of intangible assets	(12,347,177)	(11,844,401)	(10,893)	(10,449)
Cash flow used in other investing activities	946,066	(870,349)	835	(768)
<b>Net cash used in investing activities</b>	<u>(17,099,253)</u>	<u>(21,594,528)</u>	<u>(15,085)</u>	<u>(19,051)</u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	96,999,947	-	85,575
Repayment of borrowings	(1,817)	(9,424,774)	(2)	(8,315)
Payment of lease liabilities	(2,149,959)	(2,242,389)	(1,897)	(1,978)
<b>Net cash provided by (used in) financing activities(note 30)</b>	<u>(2,151,776)</u>	<u>85,332,784</u>	<u>(1,899)</u>	<u>75,282</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(113,282,021)</u>	<u>(76,598,180)</u>	<u>(99,940)</u>	<u>(67,577)</u>
Cash and cash equivalents at January 1	165,339,311	119,130,707	145,866	105,100
<b>Cash and cash equivalents at March 31</b>	<u>₩ 52,057,290</u>	<u>42,532,527</u>	<u>\$ 45,926</u>	<u>37,523</u>

*See accompanying notes to the separate interim financial statements.*

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

**For the three-month periods ended March 31, 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 March 31, 2021, the Company's shareholders are as follows:

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

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

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

The separate financial statements are expressed in Korean won and have been translated into US dollars at the rate of \$1,133.50 to ₩1 on March 31, 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 three-month periods ended March 31, 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' – 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 three-month periods ended March 31, 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 March 31, 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	₩	36,488	36,488	\$ 32	32	Government grants Unconfirmed
	Woori Bank and others		7,914,059	8,121,902	6,982	7,165	reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others		4,000	4,000	4	4	Bank account deposit
		₩	<u>7,954,547</u>	<u>8,162,390</u>	\$	<u>7,018</u>	<u>7,201</u>

#### 6. Non-current Financial Assets

Non-current financial assets as of March 31, 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	\$	441	664	441	441
Korea Management Consultants Association(*)	1.50		53	917	53	53
		\$	<u>494</u>	<u>1,581</u>	<u>494</u>	<u>494</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 March 31, 2021 and December 31, 2020 are as follows:

*(In thousands of won)*

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 155,540,480	4,973,243	141,018,129	4,733,011
Less: Allowance for doubtful accounts	(317,009)	(1,284)	(227,395)	(951)
Other receivables	15,184,489	-	14,516,306	85,550
Less: Allowance for doubtful accounts	(3,955,988)	-	(3,790,368)	(44,250)
Loans and others(*)	17,967,545	40,973,602	18,608,479	41,404,974
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	₩ 184,419,517	45,945,204	170,125,151	46,177,977

(\*) The Loans and others listed above include ₩5,622,483 thousand and ₩4,346,501 thousand for sub lease receivables as of March 31, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are ₩149,453 thousand and ₩150,324 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

*(In thousands of US dollar)*

	2021		2020	
	Current	Non-current	Current	Non-current
Trade receivables	\$ 137,221	4,387	124,409	4,176
Less: Allowance for doubtful accounts	(279)	(1)	(201)	(1)
Other receivables	13,396	-	12,807	75
Less: Allowance for doubtful accounts	(3,490)	-	(3,344)	(39)
Loans and others(*)	15,851	36,148	16,417	36,528
Less: Allowance for doubtful accounts	-	-	-	-
	\$ 162,699	40,534	150,088	40,739

(\*) The Loans and others listed above include \$4,960 thousand and \$3,835 thousand for sub lease receivables as of March 31, 2021 and December 31, 2020, respectively. The interest revenue received by the sub lease contract are \$132 thousand and \$133 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

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**For the three-month periods ended March 31, 2021 and 2020**

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

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

*(In thousands of won)*

	2021		2020	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 121,860,142	68,803,602	120,502,440	69,146,700
Less than 180 days	19,724,624	311,054	10,939,798	716,835
Less than 270 days	11,132,440	784,172	7,594,498	602,574
Less than 365 days	4,779,781	134,286	3,183,546	172,684
More than 366 days	3,016,736	4,092,522	3,530,858	3,976,516
Total	₩ 160,513,723	74,125,636	145,751,140	74,615,309
Impaired receivables	318,293	3,956,345	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	\$ 107,508	60,700	106,310	61,003
Less than 180 days	17,401	274	9,651	632
Less than 270 days	9,821	692	6,700	532
Less than 365 days	4,217	118	2,809	152
More than 366 days	2,661	3,611	3,115	3,508
Total	\$ 141,608	65,395	128,585	65,827
Impaired receivables	280	3,490	202	3,383

(\*) 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 the three-month periods ended March 31, 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	89,947	165,620	-	241,533
Reversal of allowance for bad debts	-	(44,250)	(172,773)	(95)
Ending balance	₩ 318,293	3,956,345	160,031	4,728,686

(In thousands of US dollar)

	2021		2020	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	\$ 201	3,383	293	3,959
Bad debt expense	79	146	-	213
Reversal of allowance for bad debts	-	(39)	(152)	-
Ending balance	\$ 280	3,490	141	4,172

8. Inventories

Details of inventories as of March 31, 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	₩ 35,856,308	37,082,596	\$ 31,633	32,715
Finished goods	46,842,234	61,554,992	41,325	54,305
Work-in-process	27,913,045	23,460,664	24,626	20,698
Raw materials	41,895,360	31,948,093	36,961	28,185
Sub-materials	351,584	397,082	310	350
Supplies	3,370,577	3,253,034	2,974	2,870
Goods in transit	31,083,872	20,275,667	27,423	17,888
	₩ 187,312,980	177,972,128	\$ 165,252	157,011

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩240,543 thousand (\$212 thousand) for the three-month period ended March 31, 2021 and the loss on valuation of inventories amounted to ₩1,176,886 thousand (\$1,038 thousand) for the three-month period ended March 31, 2020.



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9. Investments in Subsidiaries and a Joint venture

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

(In thousands of won)

	Company	Location	Owner ship	Closing month	Acquisition cost	2021	2020
						Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.(*1)	China	100%	December	₩ -	-	-
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	835,695	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	4,067,594 4,903,289	-	-
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	10,200,000	10,200,000	10,200,000
					₩ 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 three-month period ended March 31, 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	Acquisition cost	2021	2020
						Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.(*1)	China	100%	December	\$ -	-	-
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	737	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	3,589 4,326	-	-
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	8,999	8,999	8,999
					\$ 13,325	8,999	8,999

(\*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 \$262 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 three-month period ended March 31, 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.

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**10. Other Assets**

Details of other assets as of March 31, 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
<b>Other current assets</b>				
Advance payments	₩ 40,001,393	29,863,746	\$ 35,290	26,346
Prepaid expenses	5,061,228	7,370,813	4,465	6,503
Current tax assets	216,203	190,703	191	168
	₩ 45,278,824	37,425,262	\$ 39,946	33,017
<b>Other non-current assets</b>				
Other non-current assets	₩ 275,958	275,958	\$ 243	243

**11. Property, Plant and Equipment**

(1) Details of property, plant and equipment as of March 31, 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	₩ 402,580,149	278,800,357	(7,354)	-	-	681,373,152
Buildings	536,073,290	-	(3,555,586)	(239,644,896)	(156,914,544)	135,958,264
Structures	112,084,615	-	(47,730)	(68,644,541)	(31,207,526)	12,184,818
Machinery	1,302,929,228	-	(153,464)	(1,083,749,441)	(112,711,983)	106,314,340
Vehicles	6,228,043	-	(2,428)	(5,010,339)	(360,742)	854,534
Tools and molds	1,405,188,532	-	(68,007)	(1,003,234,850)	(192,520,712)	209,364,963
Equipment	65,808,280	-	(85,987)	(55,328,986)	(3,661,558)	6,731,749
Construction in progress	43,376,362	-	-	-	(3,206,143)	40,170,219
Machinery in transit	319,833	-	-	-	-	319,833
	₩ 3,874,588,332	278,800,357	(3,920,556)	(2,455,613,053)	(500,583,208)	1,193,271,872

(\*) The amounts increased as a result of a revaluation on lands for the three-month period ended March 31, 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 March 31, 2021 and December 31, 2020 are as follows, continued:

(In thousands of won)

	<b>2020</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	₩ 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)

	<b>2021</b>					
	<b>Acquisition cost</b>	<b>Revaluation (* )</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	\$ 355,166	245,964	(7)	-	-	601,123
Buildings	472,936	-	(3,137)	(211,420)	(138,434)	119,945
Structures	98,884	-	(42)	(60,560)	(27,532)	10,750
Machinery	1,149,474	-	(135)	(956,109)	(99,437)	93,793
Vehicles	5,494	-	(2)	(4,420)	(318)	754
Tools and molds	1,239,690	-	(60)	(885,077)	(169,846)	184,707
Equipment	58,058	-	(76)	(48,813)	(3,230)	5,939
Construction in progress	38,268	-	-	-	(2,829)	35,439
Machinery in transit	282	-	-	-	-	282
	<u>\$ 3,418,252</u>	<u>245,964</u>	<u>(3,459)</u>	<u>(2,166,399)</u>	<u>(441,626)</u>	<u>1,052,732</u>

(\*) The amounts increased as a result of a revaluation on lands for the three-month period ended March 31, 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 March 31, 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	\$ 355,166	(7)	-	-	355,159
Buildings	472,637	(3,158)	(209,761)	(138,434)	121,284
Structures	98,884	(44)	(60,276)	(27,532)	11,032
Machinery	1,150,005	(141)	(950,974)	(99,437)	99,453
Vehicles	5,869	(2)	(4,573)	(350)	944
Tools and molds	1,244,242	(64)	(870,764)	(171,107)	202,307
Equipment	58,107	(82)	(48,301)	(3,235)	6,489
Construction in progress	33,647	-	-	(2,828)	30,819
Machinery in transit	282	-	-	-	282
	<u>\$ 3,418,839</u>	<u>(3,498)</u>	<u>(2,144,649)</u>	<u>(442,923)</u>	<u>827,769</u>

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 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	-	-	-	278,800,357	681,373,152
Buildings	137,475,517	6,530	-	(1,856,783)	333,000	135,958,264
Structures	12,504,303	-	-	(319,485)	-	12,184,818
Machinery	112,730,372	-	(20)	(6,531,212)	115,200	106,314,340
Vehicles	1,069,622	-	(135,200)	(79,888)	-	854,534
Tools and molds	229,315,248	-	(36,884)	(20,254,179)	340,778	209,364,963
Equipment	7,355,233	108,414	(17,226)	(714,672)	-	6,731,749
Construction in progress	34,932,712	5,833,367	-	-	(595,860)	40,170,219
Machinery in transit	319,833	-	-	-	-	319,833
	<u>₩ 938,275,635</u>	<u>5,948,311</u>	<u>(189,330)</u>	<u>(29,756,219)</u>	<u>278,993,475</u>	<u>1,193,271,872</u>

(\*1) The amounts of ₩278,800 million increased as a result of a revaluation on lands and recognized as revaluation surplus(elements of other equity) for the three-month period ended March 31, 2021.

(\*2) Others were the amounts of ₩193,118 thousand from capitalized borrowing costs and replaced from construction in progress for the three-month periods ended March 31, 2021.

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11. Property, Plant and Equipment, Continued

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

(In thousands of won)

		2020						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	₩	474,747,900	-	-	-	-	(13,422,033)	461,325,867
Buildings		151,331,150	-	-	(2,656,310)	-	(2,430,782)	146,244,058
Structures		15,397,302	-	-	(383,632)	(1,467,288)	(12,345)	13,534,037
Machinery		153,337,727	-	(60,672)	(9,875,068)	(14,145,255)	1,216,896	130,473,628
Vehicles		2,070,289	-	(620,638)	(111,175)	-	-	1,338,476
Tools and molds		321,098,431	201,910	(95,865)	(26,964,880)	(28,911,604)	1,348,136	266,676,128
Equipment		11,152,985	68,051	(11,995)	(1,022,251)	(996,376)	-	9,190,414
Construction in progress		12,017,789	6,900,062	-	-	(1,648,991)	(2,058,829)	15,210,031
Machinery in transit		233,039	160,978	-	-	-	(394,017)	-
	₩	<u>1,141,386,612</u>	<u>7,331,001</u>	<u>(789,170)</u>	<u>(41,013,316)</u>	<u>(47,169,514)</u>	<u>(15,752,974)</u>	<u>1,043,992,639</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 ₩47,170 million for property, plant and equipment for the period ended March 31, 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 construction in progress is ₩112,185 thousand and the carrying amount classified as a non-current asset held for sale is ₩15,865,159 thousand for the three-month period ended March 31, 2020.

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11. Property, Plant and Equipment, Continued

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

(In thousands of US dollar)

	2021					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,2)	Ending balance
Land	\$ 355,159	-	-	-	245,964	601,123
Buildings	121,284	5	-	(1,638)	294	119,945
Structures	11,032	-	-	(282)	-	10,750
Machinery	99,453	-	-	(5,762)	102	93,793
Vehicles	944	-	(119)	(71)	-	754
Tools and molds	202,307	-	(33)	(17,868)	301	184,707
Equipment	6,489	96	(15)	(631)	-	5,939
Construction in progress	30,819	5,146	-	-	(526)	35,439
Machinery in transit	282	-	-	-	-	282
	<u>\$ 827,769</u>	<u>5,247</u>	<u>(167)</u>	<u>(26,252)</u>	<u>246,135</u>	<u>1,052,732</u>

(\*1) The amounts of \$246 million increased as a result of a revaluation on lands and recognized as revaluation surplus(elements of other equity) for the three-month period ended March 31, 2021.

(\*2) Others were the amounts of \$170 thousand from capitalized borrowing costs and replaced from construction in progress for the three-months periods ended March 31, 2021.

(In thousands of US dollar)

	2020						
	Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	\$ 418,834	-	-	-	-	(11,842)	406,992
Buildings	133,508	-	-	(2,344)	-	(2,144)	129,020
Structures	13,584	-	-	(338)	(1,295)	(11)	11,940
Machinery	135,278	-	(54)	(8,712)	(12,479)	1,074	115,107
Vehicles	1,826	-	(547)	(98)	-	-	1,181
Tools and molds	283,281	178	(85)	(23,789)	(25,506)	1,189	235,268
Equipment	9,839	60	(10)	(902)	(879)	-	8,108
Construction in progress	10,602	6,088	-	-	(1,455)	(1,816)	13,419
Machinery in transit	206	142	-	-	-	(348)	-
	<u>\$ 1,006,958</u>	<u>6,468</u>	<u>(696)</u>	<u>(36,183)</u>	<u>(41,614)</u>	<u>(13,898)</u>	<u>921,035</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 \$42 million for property, plant and equipment for the period ended March 31, 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 construction in progress is \$99 thousand and the carrying amount classified as a non-current asset held for sale is \$13,997 thousand for the three-months period ended March 31, 2020.

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

(3) Details of pledged assets provided as collateral for the borrowings as of March 31, 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	₩ 654,044,673		\$ 577,013	
Buildings and structures	105,058,107	403,890,112	92,685	356,321
Machinery and others	10,868		10	
	₩ <u>759,113,648</u>	<u>403,890,112</u>	\$ <u>669,708</u>	<u>356,321</u>

(\*) ₩55,890,112 thousand (\$49,308 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 for the year ended December 31, 2020.

(4) Capitalized borrowing costs and capitalization interest rate for the three-month periods ended March 31, 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(*)	₩ 615,615	807,347	\$ 543	712
Capitalization interest rate	2.50%	3.28%	2.50%	3.28%

(\*) Capitalized borrowing costs for intangible assets are ₩422,497 thousand (\$373 thousand) and ₩695,162 thousand (\$613 thousand) for the three-month periods ended March 31, 2021 and 2020, respectively.

(5) Revaluation on Lands

The Company has changed the accounting policy of the subsequent measurement of land as classified 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(\$246 million) was recognized as other comprehensive income as a result of a revaluation on lands for the three-month period ended March 31, 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 March 31, 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	₩ 681,373,152	402,572,795	\$ 601,123	355,159

12. Intangible Assets

(1) Details of intangible assets as of March 31, 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	₩ 510,279,976	-	(355,683,119)	(32,860,505)	121,736,352
Patents	5,101,433	(9,343)	(4,121,910)	(204,211)	765,969
Other intangible assets	188,192,252	(80,000)	(37,213,813)	(66,685,326)	84,213,113
	₩ 703,573,661	(89,343)	(397,018,842)	(99,750,042)	206,715,434

(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 March 31, 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	\$ 450,181	-	(313,792)	(28,990)	107,399
Patents	4,500	(8)	(3,636)	(180)	676
Other intangible assets	166,028	(71)	(32,831)	(58,832)	74,294
	<u>\$ 620,709</u>	<u>(79)</u>	<u>(350,259)</u>	<u>(88,002)</u>	<u>182,369</u>

(In thousands of US dollar)

	2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	\$ 450,181	-	(300,456)	(28,990)	120,735
Patents	4,470	(8)	(3,546)	(180)	736
Other intangible assets	154,792	(71)	(32,372)	(58,832)	63,517
	<u>\$ 609,443</u>	<u>(79)</u>	<u>(336,374)</u>	<u>(88,002)</u>	<u>184,988</u>

(2) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020 are as follows:

(In thousands of won)

	2021				
	Beginning balance	Acquisition	Amortization	Others(*)	Ending balance
<b>Internally created intangible assets:</b>					
Development cost	₩ 136,853,007	-	(15,116,655)	-	121,736,352
Other intangible assets	67,409,197	12,000,618	-	422,497	79,832,312
	<u>204,262,204</u>	<u>12,000,618</u>	<u>(15,116,655)</u>	<u>422,497</u>	<u>201,568,664</u>
<b>Individually acquired intangible assets:</b>					
Patents	834,407	33,883	(102,321)	-	765,969
Other intangible assets	4,587,792	312,676	(519,667)	-	4,380,801
	<u>5,422,199</u>	<u>346,559</u>	<u>(621,988)</u>	<u>-</u>	<u>5,146,770</u>
	<u>₩ 209,684,403</u>	<u>12,347,177</u>	<u>(15,738,643)</u>	<u>422,497</u>	<u>206,715,434</u>

(\*) Capitalized borrowing costs in respect of other intangible assets was ₩422,497 thousand for the three-month periods ended March 31, 2021.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020 are as follows, continued:

(In thousands of won)

	<b>2020</b>					
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Amortization</b>	<b>Impairment(*1)</b>	<b>Others(*2)</b>	<b>Ending balance</b>
<b>Internally created intangible assets:</b>						
Development cost	₩ 222,019,365	-	(18,239,281)	(19,931,846)	-	183,848,238
Other intangible assets	82,875,485	11,638,942	-	(9,312,504)	695,162	85,897,085
	<u>304,894,850</u>	<u>11,638,942</u>	<u>(18,239,281)</u>	<u>(29,244,350)</u>	<u>695,162</u>	<u>269,745,323</u>
<b>Individually acquired intangible assets:</b>						
Patents	1,157,589	87,571	(135,973)	(9,227)	-	1,099,960
Other intangible assets	6,803,160	117,888	(808,589)	(435,907)	-	5,676,552
	<u>7,960,749</u>	<u>205,459</u>	<u>(944,562)</u>	<u>(445,134)</u>	<u>-</u>	<u>6,776,512</u>
	<u>₩ 312,855,599</u>	<u>11,844,401</u>	<u>(19,183,843)</u>	<u>(29,689,484)</u>	<u>695,162</u>	<u>276,521,835</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 ₩29,680 million for intangible assets for the period ended March 31, 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 ₩695,162 thousand for the three-month periods ended March 31, 2020.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

		<b>2021</b>				
		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Amortization</b>	<b>Others(*)</b>	<b>Ending balance</b>
<b>Internally created intangible assets:</b>						
Development cost	\$	120,735	-	(13,336)	-	107,399
Other intangible assets		59,470	10,587	-	372	70,429
		<u>180,205</u>	<u>10,587</u>	<u>(13,336)</u>	<u>372</u>	<u>177,828</u>
<b>Individually acquired intangible assets:</b>						
Patents		736	30	(90)	-	676
Other intangible assets		4,047	276	(458)	-	3,865
		<u>4,783</u>	<u>306</u>	<u>(548)</u>	<u>-</u>	<u>4,541</u>
	\$	<u>184,988</u>	<u>10,893</u>	<u>(13,884)</u>	<u>372</u>	<u>182,369</u>

(\*) Capitalized borrowing costs in respect of other intangible assets was \$373 thousand for the three-month periods ended March 31, 2021.

(In thousands of US dollar)

		<b>2020</b>					
		<b>Beginning balance</b>	<b>Acquisition</b>	<b>Amortization</b>	<b>Impairment(*1)</b>	<b>Others(*2)</b>	<b>Ending balance</b>
<b>Internally created intangible assets:</b>							
Development cost	\$	195,870	-	(16,091)	(17,584)	-	162,195
Other intangible assets		73,115	10,268	-	(8,216)	614	75,781
		<u>268,985</u>	<u>10,268</u>	<u>(16,091)</u>	<u>(25,800)</u>	<u>614</u>	<u>237,976</u>
<b>Individually acquired intangible assets:</b>							
Patents		1,021	77	(120)	(8)	-	970
Other intangible assets		6,002	104	(713)	(385)	-	5,008
		<u>7,023</u>	<u>181</u>	<u>(833)</u>	<u>(393)</u>	<u>-</u>	<u>5,978</u>
	\$	<u>276,008</u>	<u>10,449</u>	<u>(16,924)</u>	<u>(26,193)</u>	<u>614</u>	<u>243,954</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 \$26 million for intangible assets for the period ended March. 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 \$613 thousand for the three-month periods ended March 31, 2020.

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**12. Intangible Assets, Continued**

(3) Details of capitalized development costs as of March 31, 2021 are as follows.

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

	<u>Project name</u>	<u>Korean won</u>	<u>US dollar</u>	<u>Remaining amortization period(*1)</u>
Development costs	RV(*2)	₩ 105,650,772	\$ 93,208	1~4 years
	Power train and others	16,085,580	14,191	1~4 years
Other intangible assets	RV(*3)	79,832,312	70,430	-
		<u>₩ 201,568,664</u>	<u>\$ 177,829</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 March 31, 2021.

(\*3) On-going development project for vehicles as of March 31, 2021 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

		<u>Korean won</u>		<u>US dollar</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capitalization of intangible assets	₩	12,423,117	12,334,104	\$ 10,960	10,881
Manufacturing costs		13,729,753	19,488,398	12,113	17,193
Selling and administrative expenses		<u>2,383,305</u>	<u>5,294,480</u>	<u>2,102</u>	<u>4,671</u>
	₩	<u>28,536,175</u>	<u>37,116,982</u>	<u>\$ 25,175</u>	<u>32,745</u>

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**13. Lease**

(1) Changes in right-of-use assets for the three-month periods ended March 31, 2021 and 2020 are as follows:

*(In thousands of won)*

		<b>2021</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	₩	5,754,417	2,278,694	(1,152,460)	6,880,651
Vehicle		1,885,418	35,887	(466,995)	1,454,310
Equipment		1,014,633	-	(191,252)	823,381
Total	₩	<u>8,654,468</u>	<u>2,314,581</u>	<u>(1,810,707)</u>	<u>9,158,342</u>

*(In thousands of won)*

		<b>2020</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	₩	919,240	1,275	(259,534)	660,981
Vehicle		3,575,908	-	(463,171)	3,112,737
Equipment		1,356,006	415,757	(170,683)	1,601,080
Total	₩	<u>5,851,154</u>	<u>417,032</u>	<u>(893,388)</u>	<u>5,374,798</u>

*(In thousands of US dollar)*

		<b>2021</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	\$	5,077	2,010	(1,017)	6,070
Vehicle		1,663	32	(412)	1,283
Equipment		895	-	(168)	727
Total	\$	<u>7,635</u>	<u>2,042</u>	<u>(1,597)</u>	<u>8,080</u>

*(In thousands of US dollar)*

		<b>2020</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	\$	811	1	(229)	583
Vehicle		3,155	-	(409)	2,746
Equipment		1,196	367	(150)	1,413
Total	\$	<u>5,162</u>	<u>368</u>	<u>(788)</u>	<u>4,742</u>

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**13. Lease, Continued**

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

*(In thousands of won)*

		2021		2020	
		Current	Non-current	Current	Non-current
Lease liabilities(*)	₩	5,901,337	4,403,185	5,477,728	2,086,565

*(In thousands of US dollar)*

		2021		2020	
		Current	Non-current	Current	Non-current
Lease liabilities(*)	\$	5,206	3,885	4,833	1,841

(\*) The total amount of lease liabilities paid is ₩2,149,959 thousand (\$1,897 thousand) and ₩2,242,389 thousand (\$1,978 thousand) and interests expenses is ₩90,087 thousand (\$79 thousand) and ₩106,296 thousand (\$94 thousand) during the three-month periods ended March 31, 2021 and 2020, respectively.

(3) Expenses from lease contracts with low cost and short-term contract for the three-month periods ended March 31, 2021 and 2020 are as the following:

*(In thousands of won)*

	Exemption of lease recognition	2021		2020	
Office equipment	Low cost	₩	122,062		227,615
	Short term		-		11,110
Building	Short term		7,500		7,500

*(In thousands of US dollar)*

	Exemption of lease recognition	2021		2020	
Office equipment	Low cost	\$	108		201
	Short term		-		10
Building	Short term		7		7

(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
<b>Sub lease</b>			
Less than 1 year	₩	3,314,852	3,041,105
1 year to 2 years		2,480,634	914,818
Lease to be received		5,795,486	3,955,923
Unrealized interests		(173,003)	(103,161)
Net investment in the lease		5,622,483	3,852,762
Interests from sublease for this period		44,141	42,551

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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>
<b>Sub lease</b>		
Less than 1 year	\$ 2,924	2,683
1 year to 2 years	2,189	807
Lease to be received	5,113	3,490
Unrealized interests	(153)	(91)
Net investment in the lease	4,960	3,399
Interests from sublease for this period	39	38

(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 (\$0.16 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 (\$54 million) decreased.
- Gains on disposal of PPE: ₩104,866 million (\$93 million) increased.
- Lease deposit: ₩10,800 million (\$10 million) increased.

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14. Borrowings

(1) Details of short-term borrowings as of March 31, 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	\$ 17,645	17,645
	Facility fund(*1)	CD+4.57	70,000,000	70,000,000	61,756	61,756
	Facility fund(*2)	CD+4.60	100,000,000	100,000,000	88,222	88,222
Woori Bank	Loans(*2)	CD+5.00	24,998,183	25,000,000	22,054	22,055
JP Morgan(*6)	Facility fund(*1)	CD+3.00	40,000,000	40,000,000	35,289	35,289
	Overdraft(*3)	CD+2.00	19,999,969	19,999,969	17,644	17,644
BNP PARIBAS(*6)	Overdraft(*3)	CD+2.00	10,000,000	10,000,000	8,822	8,822
Mahindra & Mahindra Ltd.	Overdraft(*4)	CD+2.00	29,999,869	29,999,869	26,467	26,467
			₩ 314,998,021	314,999,838	\$ 277,899	277,900

(\*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, the largest shareholder of the Company repaid loans of ₩29,999,869 thousand (\$26,467 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 March 31, 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	\$ 61,756	61,756
	Facility fund	CD+4.60	100,000,000	100,000,000	88,222	88,222
JP Morgan(*3)	Facilities fund	CD+3.00	40,000,000	40,000,000	35,289	35,289
Woori Bank	Operating fund	CD+5.00	24,998,183	25,000,000	22,054	22,056
Mahindra & Mahindra Ltd(*1)	Operating fund	3.00	40,000,000	40,000,000	35,289	35,289
Less: Current portion			(234,998,183)	(235,000,000)	(207,321)	(207,323)
			₩ 40,000,000	40,000,000	\$ 35,289	35,289

(\*1) The Company have an option of conversion of borrowing to equity, Mahindra & Mahindra 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 March 31, 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	\$ 167,622	264,667
Woori Bank	Land and buildings	22,054	42,347
		\$ 189,676	307,014

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**15. Other Financial Liabilities**

Details of other financial liabilities as of March 31, 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	₩ 74,105,750	54,904,748	\$ 65,378	48,438

**16. Provision of Warranty for sale**

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the three-month periods ended March 31, 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	\$ 105,263	113,393
Increase	2,297,508	11,428,020	2,027	10,082
Decrease	(9,352,416)	(9,069,096)	(8,251)	(8,001)
Ending balance	₩ 112,260,882	130,890,176	\$ 99,039	115,474
Current	₩ 47,235,585	56,566,741	\$ 41,672	49,904
Non-current	65,025,297	74,323,435	57,367	65,570

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**17. Other Liabilities**

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

*(In thousands of won)*

	2021		2020	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 17,253,051	-	6,743,752	-
Deposits received	563,436	-	571,022	-
Withholdings	12,549,991	-	23,179,333	-
Unearned revenue	4,150,150	17,041,986	5,064,893	17,418,732
Refund liability(*)	1,127,305	-	3,483,928	-
	₩ <u>35,643,933</u>	<u>17,041,986</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	\$ 15,221	-	5,950	-
Deposits received	497	-	504	-
Withholdings	11,072	-	20,449	-
Unearned revenue	3,661	15,035	4,468	15,367
Refund liability(*)	995	-	3,074	-
	\$ <u>31,446</u>	<u>15,035</u>	<u>34,445</u>	<u>15,367</u>

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

**18. Employee Benefits**

(1) Details of defined benefit liabilities as of March 31, 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	₩ 384,116,508	383,312,042	\$ 338,876	338,167
Fair value of plan assets	(889,855)	(933,028)	(785)	(823)
	₩ <u>383,226,653</u>	<u>382,379,014</u>	\$ <u>338,091</u>	<u>337,344</u>

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18. Employee Benefits, Continued

(2) Changes in defined benefit liabilities for the three-month periods ended March 31, 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	9,698,514	-	9,698,514
Interest expense (income)	2,262,799	(5,490)	2,257,309
Sub-total	395,273,355	(938,518)	394,334,837
Re-measurement factors:			
Re-measurements of plan assets	-	1,083	1,083
Sub-total	-	1,083	1,083
Benefit paid by plan	(47,580)	47,580	-
Benefit paid directly	(11,109,267)	-	(11,109,267)
Ending balance	₩ 384,116,508	(889,855)	383,226,653

(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	10,137,667	-	10,137,667
Interest expense (income)	2,026,926	(5,400)	2,021,526
Sub-total	369,274,122	(959,668)	368,314,454
Re-measurement factors:			
Re-measurements of plan assets	-	791	791
Sub-total	-	791	791
Benefit paid by plan	(28,197)	28,197	-
Benefit paid directly	(6,570,182)	-	(6,570,182)
Ending balance	₩ 362,675,743	(930,680)	361,745,063

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**18. Employee Benefits, Continued**

(2) Changes in defined benefit obligation for the three-month periods ended March 31, 2021 and 2020 are as follows, continued:

*(In thousands of US dollar)*

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 338,167	(823)	337,344
Current service cost	8,556	-	8,556
Interest expense (income)	1,996	(5)	1,991
Sub-total	348,719	(828)	347,891
Re-measurement factors:			
Re-measurements of plan assets	-	1	1
Sub-total	-	1	1
Benefit paid by plan	(42)	42	-
Benefit paid directly	(9,801)	-	(9,801)
Ending balance	\$ 338,876	(785)	338,091

*(In thousands of US dollar)*

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 315,050	(842)	314,208
Current service cost	8,944	-	8,944
Interest expense (income)	1,788	(5)	1,783
Sub-total	325,782	(847)	324,935
Re-measurement factors:			
Re-measurements of plan assets	-	1	1
Sub-total	-	1	1
Benefit paid by plan	(25)	25	-
Benefit paid directly	(5,796)	-	(5,796)
Ending balance	\$ 319,961	(821)	319,140

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**18. Employee Benefits, Continued**

(3) The components of plan assets as of March 31, 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	₩ 889,855	933,028	\$ 785	823

(4) Actuarial assumptions used related to plans as of March 31, 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 March 31, 2021 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of March 31, 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 (\$313 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 March 31, 2021, 5 claims as a plaintiff were filled with the claim amount of ₩5,801 million (\$5 million) and 8 claims as a defendant were filled with the claims of ₩1,002 million (\$1 million). The provision amounting to ₩8,092 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 other payable recognized as provisions as of March 31, 2021 is as follows:

<i>(In thousands of won and in thousands of US dollar)</i>		<u>2021</u>		<u>2021</u>
Beginning balance	₩	124,578,526	\$	109,906
Increase(*)		10,557,352		9,314
Decrease		<u>(14,249,885)</u>		<u>(12,572)</u>
Ending balance	₩	<u>120,885,993</u>	\$	<u>106,648</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 ₩4,916,954 thousand(\$4,338 thousand) for the three-month period ended March 31, 2021, the Company has recognized a provision of ₩73,339,491 thousand(\$64,702 thousand) as of March 31, 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 March 31, 2021 and December 31, 2020 are as follows:

	<u>Korean won</u>		<u>US dollar</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
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	\$ 4.4	4.4
Capital stock	749,200,010	749,200,010	660,962	660,962

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

Details of other capital surplus and retained earnings as of March 31, 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	\$ 2,796	2,796
Gain on capital reduction	74,061,697	74,061,697	65,339	65,339
Debt to be swapped for equity	-	931,508	-	822
	₩ <u>77,231,312</u>	<u>78,162,820</u>	\$ <u>68,135</u>	<u>68,957</u>

**22. Other Equity**

(1) Details of the Company's elements of other shareholders' equity as of as of March 31, 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	-	\$ 245,964	-

(2) Changes in the Company's gains (losses) on valuation of derivatives for the three-month periods ended March 31, 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	-	115
Reclassified to net income (losses)	-	-	-	-
Ending balance	₩ <u>-</u>	<u>130,390</u>	\$ <u>-</u>	<u>115</u>



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**For the three-month periods ended March 31, 2021 and 2020**

**23. Deficit**

(1) Details of deficit as of March 31, 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	₩ (997,799,816)	(911,685,422)	\$ (880,282)	(804,310)

(2) Changes in deficit for the three-month periods ended March 31, 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)	\$ (804,310)	(372,142)
Loss for the period	(86,113,310)	(192,896,389)	(75,971)	(170,178)
Defined benefit plan re-measurement	(1,083)	(791)	(1)	(1)
Ending balance	₩ (997,799,816)	(614,720,417)	\$ (880,282)	(542,321)

**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 March 31, 2021.

**25. Nature of Expenses**

Details of nature of expenses for the three-month periods ended March 31, 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 inventories	₩ 11,486,665	(11,946,263)	\$ 10,134	(10,539)
Raw materials consumed and purchase of merchandise	358,875,400	474,731,613	316,608	418,819
Employee benefits	119,981,584	110,414,385	105,850	97,410
Depreciation	29,756,219	41,013,316	26,252	36,183
Amortization	15,738,643	19,183,843	13,885	16,924
Others	82,467,568	106,513,344	72,755	93,969
	₩ 618,306,079	739,910,238	\$ 545,484	652,766

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 periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Warranty expenses	₩ 6,248,169	15,828,304	\$ 5,512	13,964
Commissions	28,200,281	39,645,987	24,879	34,977
Advertising	375,499	1,893,100	331	1,670
Export expenses	1,951,594	1,658,404	1,722	1,463
Sales promotion expenses	6,566,470	2,039,117	5,793	1,799
Others	2,215,344	1,443,276	1,955	1,273
	₩ <u>45,557,357</u>	<u>62,508,188</u>	\$ <u>40,192</u>	<u>55,146</u>

(2) Details of general and administrative expenses for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Salaries	₩ 11,893,194	10,750,572	\$ 10,493	9,484
Retirement benefit costs	1,499,981	1,560,508	1,323	1,377
Employee welfare	1,891,168	2,407,357	1,668	2,124
Rent expense	2,572,761	2,432,508	2,270	2,146
Service fees	3,401,889	4,684,558	3,001	4,133
Depreciation	3,728,256	6,856,983	3,289	6,049
R&D expenses	2,383,305	5,294,480	2,103	4,671
Amortization	621,988	944,562	549	833
Reversal of bad debt expense	89,946	(172,773)	79	(152)
Others	8,771,031	7,536,301	7,738	6,649
	₩ <u>36,853,519</u>	<u>42,295,056</u>	\$ <u>32,513</u>	<u>37,314</u>

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**27. Other Income and Expenses**

(1) Details of other income for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Foreign exchange transaction gain	₩ 846,504	1,092,309	\$ 747	964
Foreign exchange translation gain	1,286,776	1,083,534	1,135	956
Gain on disposal of property, plant and equipment	172,959	220,181	153	194
Gains on sale of investments in subsidiaries	27,441	-	24	-
Others	3,274,621	1,432,168	2,889	1,263
	₩ 5,608,301	3,828,192	\$ 4,948	3,377

(2) Details of other expenses for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Foreign exchange transaction loss	₩ 1,982,824	2,526,126	\$ 1,749	2,229
Foreign exchange translation loss	598,733	1,842,880	528	1,626
Loss on disposal of property, plant and equipment	43,234	240,292	38	212
Loss on disposal of trade receivables	5,836	30,782	5	27
Impairment loss on PP&E	-	47,169,514	-	41,614
Impairment loss on Intangible	-	29,689,484	-	26,193
Others	231,084	10,307,351	204	9,093
	₩ 2,861,711	91,806,429	\$ 2,524	80,994

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**28. Finance Income and Costs**

(1) Details of finance income for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Interest income	₩ 377,762	686,178	\$ 333	605
Dividend income	6,000	6,000	5	5
Foreign exchange transaction gain	1,358,846	744,258	1,199	657
Foreign exchange translation gain	-	142,658	-	126
Unrealized gain of financial derivatives	-	30,160	-	27
	₩ 1,742,608	1,609,254	\$ 1,537	1,420

(2) Details of finance costs for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Interest expense	₩ 4,610,561	2,481,528	\$ 4,068	2,189
Foreign exchange transaction loss	575,149	1,633,261	507	1,441
Foreign exchange translation loss	-	4,644,003	-	4,097
Unrealized loss of financial derivatives	-	17,480	-	16
	₩ 5,185,710	8,776,272	\$ 4,575	7,743

(3) Details of the Company's financial net profit or loss for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	Korean won		US dollar	
	2021	2020	2021	2020
Financial assets/ liabilities at amortized cost	₩ (3,449,102)	(7,185,698)	\$ (3,043)	(6,339)
Financial assets at FVTPL	6,000	6,000	5	5
Derivatives financial assets (liabilities)	-	12,680	-	11
	₩ (3,443,102)	(7,167,018)	\$ (3,038)	(6,323)

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**29. Losses per Share**

(1) Basic losses per share for the three-month periods ended March 31, 2021 and 2020 are calculated as follows:

*(In thousands of won and in thousands of US dollar, except per share information)*

	Korean won		US dollar	
	2021	2020	2021	2020
Loss for the period	₩ (86,113,310)	(192,896,389)	\$ (75,971)	(170,178)
Loss contributed to common stocks	(86,113,310)	(192,896,389)	(75,971)	(170,178)
Weighted average number of common shares (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Basic earnings (losses) per share(*) (in won and in US dollar)	(575)	(1,287)	(0.51)	(1.14)

(\*) Diluted earnings (losses) per share are not calculated for the three-month periods ended March 31, 2021 and 2020, because there are no dilutive shares as of March 31, 2021 and 2020.

(2) Weighted average number of common shares outstanding for the three-month periods ended March 31, 2021 and 2020 are calculated as follows:

*(In shares)*

		2021		
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2021-01-01~2021-03-31	149,840,002	90/90	149,840,002

*(In shares)*

		2020		
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2020-01-01~2020-03-31	149,840,002	91/91	149,840,002

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**30. Cash Flows**

(1) Details of cash flows from operating activities for the three-month periods ended March 31, 2021 and 2020 are as follows:

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

	<b>Korean won</b>		<b>US dollar</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Loss for the period</b>	₩ (86,113,310)	(192,896,389)	\$ (75,971)	(170,178)
<b>Adjustments for:</b>				
Retirement benefit costs	11,955,823	12,159,193	10,548	10,727
Depreciation	29,756,219	41,013,316	26,252	36,183
Amortization	15,738,643	19,183,843	13,885	16,924
Depreciation of right-of-use asset	1,810,707	893,388	1,597	788
Losses on disposal of trade receivables	5,836	30,782	5	27
Foreign exchange translation gain and loss, net	(688,043)	5,260,691	(607)	4,641
Losses (Gains) on disposal of property, plant and equipment	(129,725)	20,111	(114)	18
Interest expense and income, net	4,232,798	1,795,351	3,734	1,584
Dividends income	(6,000)	(6,000)	(5)	(5)
Unrealized gain and loss of financial derivatives, net	-	(12,680)	-	(11)
(Reversal of) losses on valuation of inventories	240,543	1,176,886	212	1,038
Increase in provision of warranty for sale	2,297,508	11,428,020	2,027	10,082
Sales promotion expenses	4,679,220	-	4,128	-
Export overall expenses	237,734	-	210	-
Impairment loss on Tangible assets	-	47,169,514	-	41,614
Impairment loss on Intangible assets	-	29,689,484	-	26,193
Others	(720,190)	68,689	(636)	61
	<u>69,411,073</u>	<u>169,870,588</u>	<u>61,236</u>	<u>149,864</u>
<b>Changes in assets and liabilities</b>				
Trade receivables	(14,027,763)	49,761,308	(12,375)	43,901
Other receivables	(418,157)	(935,982)	(369)	(826)
Inventories	(9,581,395)	(17,439,530)	(8,453)	(15,386)
Trade payables	(45,310,582)	(113,711,610)	(39,974)	(100,319)
Other payables	6,761,540	(16,221,220)	5,965	(14,311)
Accrued expenses	14,337,689	3,385,799	12,649	2,987
Usage of provision of warranty for sale	(9,352,416)	(9,069,096)	(8,251)	(8,001)
Payment of retirement benefits	(11,109,267)	(6,570,182)	(9,801)	(5,796)
Others	(8,696,426)	(4,224,366)	(7,672)	(3,727)
	<u>(77,396,777)</u>	<u>(115,024,879)</u>	<u>(68,281)</u>	<u>(101,478)</u>
<b>Net cash used in operating activities</b>	₩ <u>(94,099,014)</u>	<u>(138,050,680)</u>	\$ <u>(83,016)</u>	<u>(121,792)</u>

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**30. Cash Flows, Continued**

(2) Significant non-cash activities for the three-month periods ended March 31, 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	₩ 68,885	2,317,835	\$ 61	2,045
Changes in other comprehensive income from revaluation on land	278,800,357	-	245,964	-

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the three-month periods ended March 31, 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	-	(2,149,959)	-	4,890,188	10,304,522
	₩ 362,564,131	-	(2,151,776)	-	4,890,188	365,302,543

  

	2020					
	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(1,924,774)	-	4,501,344	109,183,018
Short-term borrowings	147,500,000	96,999,947	(7,500,000)	43,750,000	-	280,749,947
Long-term borrowings	158,750,000	-	-	(43,750,000)	-	115,000,000
Lease liabilities	9,992,220	-	(2,242,389)	-	1,575,005	9,324,836
	₩ 422,848,668	96,999,947	(11,667,163)	-	6,076,349	514,257,801

(\*) 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 three-month periods ended March 31, 2021 and 2020 are as follows, continued:

(In thousands of US dollar)

	2021					Ending balance
	Beginning balance	Increase	Decrease	Liquidity	Others	
Short-term borrowings	\$ 277,900	-	(1)	-	-	277,899
Long-term borrowings	35,289	-	-	-	-	35,289
Lease liabilities	6,673	-	(1,897)	-	4,315	9,091
	<u>\$ 319,862</u>	<u>-</u>	<u>(1,898)</u>	<u>-</u>	<u>4,315</u>	<u>322,279</u>

  

	2020					Ending balance
	Beginning balance	Increase	Decrease	Liquidity	Others	
Banker's usance(*)	\$ 94,051	-	(1,698)	-	3,971	96,324
Short-term borrowings	130,128	85,576	(6,617)	38,597	-	247,684
Long-term borrowings	140,053	-	-	(38,597)	-	101,456
Lease liabilities	8,815	-	(1,978)	-	1,390	8,227
	<u>\$ 373,047</u>	<u>85,576</u>	<u>(10,293)</u>	<u>-</u>	<u>5,361</u>	<u>453,691</u>

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

**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 three-month periods ended March 31, 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	₩ 387,321,185	495,057,153	\$ 341,704	436,751
Europe	59,014,652	74,015,686	52,064	65,299
Asia Pacific	38,661,410	24,415,854	34,108	21,540
Others	47,892,034	48,670,411	42,251	42,938
	<u>₩ 532,889,281</u>	<u>642,159,104</u>	<u>\$ 470,127</u>	<u>566,528</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.



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**31. Segment Information, continued**

(3) Information of sales of goods and service for the three-month periods ended March 31, 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	₩ 441,605,200	551,672,938	\$ 389,594	486,699
Merchandise and parts	71,024,798	71,979,938	62,660	63,502
Others	20,259,283	18,506,228	17,873	16,327
	₩ <u>532,889,281</u>	<u>642,159,104</u>	\$ <u>470,127</u>	<u>566,528</u>

(4) Balance of Contracts as of March 31, 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	₩ 160,195,430	145,522,793	\$ 141,328	128,384
Contract liabilities	38,445,188	29,227,377	33,917	25,785

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

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

(1) Details of related parties as of March 31, 2021 are as follows:

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

(\*) The Company sold the whole shares of Ssangyong Motor(Shanghai) Co., Ltd for the three-month period ended March 31, 2021.

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

(2) Transactions with related parties for the three-month periods ended March 31, 2021 and 2020 are as follows:

*(In thousands of won)*

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2021</b>	<b>2020</b>
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 2,139,129	5,389,233
		Purchases	3,188,954	2,642,417
		Other expenses	536,592	229,808
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	3,502,454	3,819,655
		Ssangyong Australia Pty Ltd	20,475,961	3,281,768
		Ssangyong Motor (Shanghai) Co., Ltd. (*)	134,954	100,256
Joint venture	SY Auto Capital Co., Ltd.	Other income	55,300	257,256
		Other expenses	10,227,043	6,635,970
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	370,308	501,633
		Other expenses	364,149	1,305,126

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

*(In thousands of US dollar)*

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2021</b>	<b>2020</b>
Parent	Mahindra & Mahindra Ltd.	Sales	\$ 1,887	4,755
		Purchases	2,813	2,331
		Other expenses	473	203
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	3,090	3,370
		Ssangyong Australia Pty Ltd	18,064	2,895
		Ssangyong Motor (Shanghai) Co., Ltd. (*)	119	88
Joint venture	SY Auto Capital Co., Ltd.	Other income	49	227
		Other expenses	9,023	5,854
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	327	443
		Other expenses	321	1,151

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

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32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2021	2020
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	2,498,621	2,437,886
		Other receivables	1,010,081	252,632
		Trade payables	5,381,611	3,624,172
		Other payables	5,531,009	2,514,361
		Borrowings	69,999,869	69,999,869
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	14,868,919	14,854,519
		Other payables	225,211	192,223
	Ssangyong Australia Pty Ltd.	Trade receivables	45,868,770	32,229,030
		Other payables	7,807,159	325,990
		Other payables	-	87,793
Others	Mahindra Vehicle Manufacturing Ltd.	Trade receivables	680,332	531,781
		Other payables	1,375,000	1,500,000
	Mahindra Electric Mobility Ltd.	Other receivables	716,002	-
		Other payables	1,971,167	1,932,669
		Other payables	5,947	4,937

(In thousands of US dollar)

Relationship	Company	Description	2021	2020
Parent	Mahindra & Mahindra Ltd.	Trade receivables \$	2,204	2,151
		Other receivables	891	223
		Trade payables	4,748	3,197
		Other payables	4,880	2,218
		Borrowings	61,756	61,756
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	13,118	13,105
		Other payables	199	170
	Ssangyong Australia Pty Ltd.	Trade receivables	40,466	28,433
		Other payables	6,888	288
		Other payables	-	77
Others	Mahindra Vehicle Manufacturing Ltd.	Trade receivables	600	469
		Other payables	1,213	1,323
	Mahindra Electric Mobility Ltd.	Other receivables	632	-
		Other payables	1,739	1,705
		Other payables	5	4

Allowance for receivables from related parties were recognized ₩181,634 thousand (\$160 thousand) as of March 31, 2021 and ₩136,079 thousand (\$120 thousand) as of December 31, 2020, respectively.

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

(4) No capital transactions were occurred with related parties for the three-month periods ended March 31, 2021.

(5) Executive compensation of the Company for the three-month periods ended March 31, 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	₩ 982,911	1,387,814	\$ 867	1,224
Retirement benefits	35,352	31,553	31	28

**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 March 31, 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)	₩ 1,827,767,558	1,849,016,882	\$ 1,612,499	1,631,245
Equity (B)	107,431,863	(84,322,592)	94,779	(74,391)
Debt-to-equity ratio (A/B)(*)	1,701.33%	-	1,701.33%	-

(\*) Debt-to-equity ratio was not calculated because total equity as of December 31, 2020 is negative.

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33. Financial Instruments, Continued

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

1) Financial assets

(In thousands of won)

	<b>2021</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	₩ 52,057,290	-	52,057,290	52,057,290
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	222,501,921	-	222,501,921	222,501,921
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 274,563,211</u>	<u>560,000</u>	<u>275,123,211</u>	<u>275,123,211</u>

(In thousands of won)

	<b>2020</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	₩ 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)

	<b>2021</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	\$ 45,926	-	45,926	45,926
Long-term financial instruments	4	-	4	4
Trade and other receivables	196,296	-	196,296	196,296
Non-current financial assets	-	494	494	494
	<u>\$ 242,226</u>	<u>494</u>	<u>242,720</u>	<u>242,720</u>

(In thousands of US dollar)

	<b>2020</b>			
	<b>Amortized cost</b>	<b>Measured at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	\$ 145,866	-	145,866	145,866
Long-term financial instruments	4	-	4	4
Trade and other receivables	183,381	-	183,381	183,381
Non-current financial assets	-	494	494	494
	<u>\$ 329,251</u>	<u>494</u>	<u>329,745</u>	<u>329,745</u>

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33. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

	<b>2021</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	₩ 695,796,444	-	695,796,444	695,796,444
Borrowings	354,998,021	-	354,998,021	354,998,021
	<u>₩ 1,050,794,465</u>	<u>-</u>	<u>1,050,794,465</u>	<u>1,050,794,465</u>

(In thousands of won)

	<b>2020</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	₩ 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)

	<b>2021</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	\$ 613,848	-	613,848	613,848
Borrowings	313,187	-	313,187	313,187
	<u>\$ 927,035</u>	<u>-</u>	<u>927,035</u>	<u>927,035</u>

(In thousands of US dollar)

	<b>2020</b>			
	<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	\$ 631,374	-	631,374	631,374
Borrowings	313,189	-	313,189	313,189
	<u>\$ 944,563</u>	<u>-</u>	<u>944,563</u>	<u>944,563</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 March 31, 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	₩ 1,670,429	(1,670,429)	\$ 1,474	(1,474)
EUR	4,545,897	(4,545,897)	4,010	(4,010)
JPY	(272)	272	-	-
Others	4,664,607	(4,664,607)	4,115	(4,115)
	₩ 10,880,661	(10,880,661)	\$ 9,599	(9,599)

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting period. 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 ₩437,671 thousand (\$386 thousand) for the three-month period ended March 31, 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 March 31, 2021 and December 31, 2020 are as follows:

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

		<b>Korean won</b>			<b>US dollar</b>	
		<b>2021</b>	<b>2020</b>		<b>2021</b>	<b>2020</b>
Trade and other receivables	₩	222,501,921	207,862,732	\$	196,296	183,381



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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 March 31, 2021 and December 31, 2020 are as follows:

*(In thousands of won)*

	<b>2021</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 486,192,901	-	486,192,901
Other payables	201,781,297	-	201,781,297
Short-term borrowings(*)	314,998,021	-	314,998,021
Lease liabilities	6,213,213	4,470,338	10,683,551
Other payables	7,279,790	-	7,279,790
Long-term borrowings(*)	-	42,547,945	42,547,945
Long-term other payables	-	542,457	542,457
	<b>₩ 1,016,465,222</b>	<b>47,560,740</b>	<b>1,064,025,962</b>

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

*(In thousands of won)*

	<b>2020</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
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
	<b>₩ 1,035,667,408</b>	<b>45,931,915</b>	<b>1,081,599,323</b>

(\*) 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	\$ 428,931	-	428,931
Other payables	178,016	-	178,016
Short-term borrowings(*)	277,899	-	277,899
Lease liabilities	5,481	3,944	9,425
Other payables	6,422	-	6,422
Long-term borrowings(*)	-	37,537	37,537
Long-term other payables	-	478	478
	<u>\$ 896,749</u>	<u>41,959</u>	<u>938,708</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	\$ 468,765	-	468,765
Other payables	159,900	-	159,900
Short-term borrowings(*)	277,900	-	277,900
Lease liabilities	4,986	1,887	6,873
Other payables	2,139	-	2,139
Long-term borrowings(*)	-	38,065	38,065
Long-term other payables	-	570	570
	<u>\$ 913,690</u>	<u>40,522</u>	<u>954,212</u>

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

The details of the financing arrangements as of March 31, 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	\$ -	313,189
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 March 31, 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 March 31, 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 ₩85,417 million(\$75 million) and net losses of ₩86,113 million(\$76 million) as of the end of the reporting period. In addition, the Company's current liabilities exceed its current assets by ₩833,594 million (\$735 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 after the end of reporting period and have been preparing rehabilitation plan. These circumstances raise a material uncertainty on the ability to continue as a going concern.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the financial statements, a significant uncertainty exists whether the Company will continue as going concern, it will depend on the court 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 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 that might result from the outcome of this uncertainty.

**35. Subsequent events**

As of December 21, 2020, the Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court. The Court commenced rehabilitation procedures on April 15, 2021 after the end of reporting period and the Company has been preparing a rehabilitation plan.

**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 submit filing of 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.