

SSANGYONG MOTOR COMPANY

SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

With Independent Accountants' Review Report

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

**To the Shareholders and Board of Directors of
Ssangyong Motor Company:**

Reviewed financial statements

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"), which comprise the condensed separate statement of financial position as of June 30, 2022, the condensed separate statements of comprehensive income for the three-months and six-months ended June 30, 2022, changes in equity and cash flows for the six-months ended June 30, 2022 and notes including a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed 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 financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' review responsibility

Our responsibility is to issue a report on these condensed 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

- We were not able to obtain sufficient appropriate audit evidence that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items of the separate financial statements of the Company as of January 1, 2022 because KPMG SAMJONG Accounting Corp. did not express an opinion on the 2021 separate financial statements of the Company in auditors' report dated on March 31, 2022. Also, we were not able to obtain sufficient appropriate audit evidence by alternative audit procedures. Accordingly, the effect on the financial position as of June 30, 2022, the separate interim statements of comprehensive income (loss) and cash flows for the six-months ended June 30, 2022 of the Company, which may arise from any adjustment as of January 1, 2022, cannot presently be determined.
- 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 ₩64,410 million and a net loss of ₩35,496 million during the period ended June 30, 2022 and, as of that date, the Company's current liabilities exceed its current assets by ₩936,497 million and the total equity is (-)₩112,038 million, which is a complete capital erosion.

In addition, the Company has filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court (“the Court”) under the Debtor Rehabilitation and Bankruptcy Act of Republic of Korea on December 21, 2020. The Court commenced rehabilitation procedure on April 15, 2021, and the Company has resumed M&A process before the Court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court. Accordingly, the Company signed an M&A contract with the Edison Motors-led consortium on January 10, 2022 and the Company filed a rehabilitation plan to the court on February 25, 2022. However, immediate cancellation of M&A contract occurred on March 25, 2022 and the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan’s approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason. According to revised rehabilitation plan (Stalking-Horse bid M&A), the Seoul Bankruptcy Court confirmed the KG Consortium as the final takeover candidate as of June 28, 2022, and the Company will submit a rehabilitation plan reflected the term sheets of the investment contract with the KG Consortium.

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.

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) Delisting issue and regrant of a grace period for improvement

As stated in note 36, the Company has faced a risk of being delisted from the Korea Stock Exchange under *Article 48 of KOSPI Market Listing Regulation*, due to disclaimer of audit opinion on the Company’s separate financial statements as of December 31, 2020. The Company filed official objection to delisting decision on April 13, 2021 and Korea Stock Exchange granted a grace period for improvement until April 14, 2022 as a result of the review of the Listing and Disclosure Committee on April 15, 2021. However, as the improvement period is over, the Company has made a request for deliberation on the implementation of the improvement plan as of April 21, 2022, which is within 7 days after the end of the improvement period. Accordingly, The Korea Stock Exchange Listing Disclosure Committee regrant a grace period for improvement until December 31, 2022 as of May 13, 2022 after a combined deliberation of the reasons for the delisting caused by the disclaimers of audit opinions for the fiscal year 2020 and 2021.

(2) Commencement of rehabilitation procedure and recommencement of M&A process before Court approval of rehabilitation plan

As discussed in note 35, the Company filed for commencement of rehabilitation procedure with the Court under the Debtor Rehabilitation and Bankruptcy Act, and the Court commenced rehabilitation procedures on April 15, 2021.

The Company has resumed M&A process before the Court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court. Accordingly, the Company signed an M&A contract with the Edison Motors-led consortium on January 10, 2022 and the Company filed a rehabilitation plan to the court on February 25, 2022.

However, immediate cancellation of M&A contract occurred on March 25, 2022 and the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan’s approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason. According to revised rehabilitation plan (Stalking-Horse bid M&A), the Seoul Bankruptcy Court confirmed the KG Consortium as the final takeover candidate as of June 28, 2022, and the Company will submit a rehabilitation plan reflected the term sheets of the investment contract with the KG Consortium.

Other matters

KPMG SAMJONG Accounting Corp. reviewed the separate interim financial statements of comprehensive income (loss), changes in equity and cash flows for the six months ended June 30, 2021 and didn't express a review opinion on the separate interim financial statements of the Company in accountants' review report dated on August 13, 2021 because of the material uncertainty on the Company's ability to continue as a going concern and inability to obtain sufficient appropriate evidence for the adequacy of the impairment losses of the tangible and intangible assets and other assets.

KPMG SAMJONG Accounting Corp. audited the separate financial statement of financial position as of December 31, 2021, the separate financial statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2021 and didn't express an audit opinion on the 2021 separate financial statements of the Company in auditors' report dated on March 31, 2022 because of the material uncertainty on the Company's ability to continue as a going concern and inability to obtain sufficient appropriate audit evidence for the adequacy that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items including whether assets are impaired and liquidity classification of liabilities, etc. The separate statement of financial position of the Company as of December 31, 2021, presented for comparative purposes, is consistent, in all material respects, with the separate statement of financial position which KPMG SAMJONG Accounting Corp. audited.

PKF Seo-Hyun Accounting Corp.

Seoul, Korea
August 12, 2022

<p>This report is effective as of August 12, 2022, 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.</p>

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

As of June 30, 2022 and December 31, 2021

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

	Note	Korean won		US dollar	
		2022	2021	2022	2021
Assets					
Cash and cash equivalents	4,5,33	₩ 77,908,346	45,834,173	\$ 60,259	35,
Short-term financial instruments	5,33	42,356,488	21,275,651	32,761	16,
Trade receivables	7,31,33	144,444,879	139,774,057	111,722	108,
Other receivables	7,33	10,927,608	3,523,997	8,452	2,
Loans and others	7,13,33	23,934,035	23,435,199	18,512	18,
Inventories	8,25	144,359,730	134,530,829	111,656	104,
Other current assets	10	94,007,207	70,741,318	72,710	54,
Total current assets		<u>537,938,293</u>	<u>439,115,224</u>	<u>416,071</u>	<u>339,</u>
Long-term financial instruments	5,33	4,000	4,000	3	
Non-current other receivables	7,13,33	31,824,387	37,615,776	24,615	29,
Non-current financial assets	6,33	560,000	560,000	433	
Property, plant and equipment	11,14	1,176,496,561	1,190,309,297	909,967	920,
Intangible assets	12	177,172,800	175,537,013	137,035	135,
Investments in joint venture	9	10,200,000	10,200,000	7,889	7,
Other non-current assets	10	275,957	275,957	213	
Right-of-use assets	13	17,521,362	4,144,699	13,552	3,
Total non-current assets		<u>1,414,055,067</u>	<u>1,418,646,742</u>	<u>1,093,708</u>	<u>1,097,</u>
Total assets		₩ <u>1,951,993,360</u>	<u>1,857,761,967</u>	\$ <u>1,509,779</u>	<u>1,436,</u>

See accompanying notes to the separate interim financial statements.

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

As of June 30, 2022 and December 31, 2021

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

	Note	Korean won		US dollar	
		2022	2021	2022	2021
Liabilities					
Trade payables	33	₩ 504,635,444	515,796,052 \$	390,313	398,9
Other payables	19,33	284,022,882	277,222,798	219,679	214,4
Short-term borrowings	14,19,30,33	404,998,021	314,998,021	313,248	243,6
Other financial liabilities	15,33	116,701,395	101,017,254	90,263	78,1
Provision of warranty for sale	16	41,809,929	46,539,918	32,338	35,9
Provision of others	19	43,634,713	35,426,691	33,749	27,4
Other current liabilities	17,30,31,33	72,640,618	44,215,679	56,184	34,1
Lease liabilities	13,30,33	5,992,283	5,009,687	4,635	3,8
Total current liabilities		<u>1,474,435,285</u>	<u>1,340,226,099</u>	<u>1,140,409</u>	<u>1,036,6</u>
Long-term borrowings	14,19,30,33	30,000,000	40,000,000	23,204	30,9
Non-current other payables	33	64,185	64,062	50	
Other non-current liabilities	17,31	8,672,481	14,125,559	6,708	10,9
Defined benefit liabilities	18	370,955,670	363,150,322	286,918	280,8
Other long-term employee benefits liabilities		15,195,049	14,687,238	11,753	11,3
Non-current provision of warranty for sale	16	53,742,570	58,290,755	41,567	45,0
Non-current provision of others	19	50,174,432	44,439,158	38,808	34,3
Non-current Lease liabilities	13,30,33	5,486,354	4,012,329	4,243	3,1
Deferred tax liabilities	24	55,305,230	55,305,230	42,776	42,7
Total non-current liabilities		<u>589,595,970</u>	<u>594,074,653</u>	<u>456,026</u>	<u>459,4</u>
Total liabilities		<u>2,064,031,255</u>	<u>1,934,300,752</u>	<u>1,596,435</u>	<u>1,496,0</u>
Equity					
Capital stock	20	749,200,010	749,200,010	579,473	579,4
Other capital surplus	21	77,231,312	77,231,312	59,735	59,7
Other equity	22	223,495,126	223,495,126	172,863	172,8
Accumulated deficit	23	(1,161,964,343)	(1,126,465,234)	(898,727)	(871,27
Total equity		<u>(112,037,895)</u>	<u>(76,538,786)</u>	<u>(86,656)</u>	<u>(59,15</u>
Total liabilities and equity		<u>₩ 1,951,993,360</u>	<u>1,857,761,967 \$</u>	<u>1,509,779</u>	<u>1,436,8</u>

See accompanying notes to the separate interim financial statements.

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

For the three-month and six-month periods ended June 30, 2022 and 2021

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

	Note	2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32 ₩	705,431,103	1,407,181,660	609,688,629	1,142,57
Cost of sales	25,32	655,641,123	1,309,590,948	614,712,679	1,150,60
Gross profit (loss)		49,789,981	97,590,712	(5,024,049)	(8,025)
Selling, general and administrative expenses	25,26	80,575,508	162,001,014	87,705,756	170,11
Operating loss		(30,785,528)	(64,410,302)	(92,729,805)	(178,146)
Other income	27,32	36,738,212	42,022,752	2,597,377	8,20
Other expenses	27,32	(4,364,520)	(6,900,053)	(1,336,507)	(4,198)
Finance income	28	1,500,282	2,791,106	899,218	2,64
Finance costs	28	(4,459,432)	(8,999,046)	(3,653,388)	(8,835)
Loss before income taxes		(1,370,986)	(35,495,543)	(94,223,106)	(180,336)
Income tax expenses	24	-	-	-	-
Loss for the period		(1,370,986)	(35,495,543)	(94,223,106)	(180,336)
Other comprehensive income (loss) for the period		(1,848)	(3,566)	(1,124)	278,79
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1,848)	(3,566)	(1,124)	(2
Gains on revaluation on land	11,22	-	-	-	278,80
Total comprehensive income (loss) for the period	₩	(1,372,834)	(35,499,109)	(94,224,230)	98,46
Losses per share					
Basic and diluted losses per share (in won)	29 ₩	(9)	(237)	(629)	(1

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY

Separate Interim Statements of Comprehensive Income (Loss), Continued
(Unaudited)

For the three-month and six-month periods ended June 30, 2022 and 2021

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

	Note	2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,33	\$ 545,619	1,088,392	471,567	888,392
Cost of sales	25,32	507,109	1,012,910	475,453	888,392
Gross profit (loss)		38,510	75,482	(3,886)	(6)
Selling, general and administrative expenses	25,26	62,322	125,300	67,836	13,000
Operating loss		(23,811)	(49,818)	(71,722)	(139)
Other income	27,32	28,415	32,503	2,009	1,000
Other expenses	27,32	(3,376)	(5,337)	(1,034)	(3,000)
Finance income	28	1,160	2,159	696	1,000
Finance costs	28	(3,449)	(6,960)	(2,826)	(6,000)
Loss before income taxes		(1,060)	(27,454)	(72,877)	(139)
Income tax expenses	24	-	-	-	-
Loss for the period		(1,060)	(27,454)	(72,877)	(139)
Other comprehensive income (loss) for the period		(1)	(3)	(1)	21
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(1)	(3)	(1)	-
Gains on revaluation on land	11,22	-	-	-	21
Total comprehensive income (loss) for the period		\$ (1,062)	(27,457)	(72,878)	7
Losses per share					
Basic and diluted losses per share (in US dollar)	29	\$ (0.01)	(0.18)	(0.49)	(0.01)

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2022 and 2021

(In thousands of won)

Korean won

		Other capital surplus					Accumulated deficit	Total
		Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Other equity		
Balance at January 1, 2021	₩	749,200,010	3,169,615	74,061,697	931,508	-	(911,685,423)	(84,322,592)
Total comprehensive income (loss) for the period:								
Loss for the period		-	-	-	-	-	(180,336,416)	(180,336,416)
Defined benefit plan re-measurements		-	-	-	-	-	(2,207)	(2,207)
Debt to be swapped for equity		-	-	-	(931,508)	-	-	(931,508)
Gain on asset revaluation		-	-	-	-	278,800,357	-	278,800,357
Balance at June 30, 2021	₩	749,200,010	3,169,615	74,061,697	-	278,800,357	(1,092,024,045)	13,207,633
Balance at January 1, 2022	₩	749,200,010	3,169,615	74,061,697	-	223,495,126	(1,126,465,234)	(76,538,786)
Total comprehensive income (loss) for the period:								
Loss for the period		-	-	-	-	-	(35,495,543)	(35,495,543)
Defined benefit plan re-measurements		-	-	-	-	-	(3,566)	(3,566)
Balance at June 30, 2022	₩	749,200,010	3,169,615	74,061,697	-	223,495,126	(1,161,964,343)	(112,037,895)

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2022 and 2021

(In thousands of US dollar)

	US dollar						
	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				
Balance at January 1, 2021	\$ 579,473	2,452	57,283	720	-	(705,148)	(65,220)
Total comprehensive income (loss) for the period:	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(139,482)	(139,482)
Defined benefit plan re-measurements	-	-	-	-	-	(2)	(2)
Debt to be swapped for equity	-	-	-	(720)	-	-	(720)
Gain on asset revaluation	-	-	-	-	215,640	-	215,640
Balance at June 30, 2021	\$ 579,473	2,452	57,283	-	215,640	(844,631)	10,217
Balance at January 1, 2022	\$ 579,473	2,452	57,283	-	172,863	(871,270)	(59,199)
Total comprehensive income (loss) for the period:	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(27,454)	(27,454)
Defined benefit plan re-measurements	-	-	-	-	-	(3)	(3)
Balance at June 30, 2022	\$ 579,473	2,452	57,283	-	172,863	(898,727)	(86,651)

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2022 and 2021

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

	Korean won		US dollar	
	2022	2021	2022	2021
Cash flows from operating activities				
Loss for the period	₩ (35,495,543)	(180,336,416)	\$ (27,454)	(139,611)
Adjustment	108,007,413	142,366,420	83,539	110
Changes in assets and liabilities	(54,026,131)	(11,762,815)	(41,787)	(9,100)
Cash generated from operations (note 30)	18,485,739	(49,732,811)	14,298	(38,600)
Interest received	660,313	727,939	511	
Interest paid	(965,819)	(447,536)	(747)	(1,000)
Dividends received	11,000	6,000	9	
Net cash provided by (used in) operating activities	18,191,232	(49,446,408)	14,070	(38,600)
Cash flows from investing activities				
Decrease of loans and others	1,049,131	9,656,133	811	7,000
Decrease of current financial instruments	30,615,530	-	23,680	
Proceed from disposal of property, plant and equipment	1,379,102	330,232	1,067	
Proceed from disposal of intangible assets	500,000	-	387	
Decrease of other non-current assets	2,200	70,120	2	
Increase of loans and others	(151)	(6,500,211)	(0)	(5,000)
Increase of current financial instruments	(51,696,366)	-	(39,985)	
Acquisition of property, plant and equipment	(46,824,971)	(41,762,212)	(36,217)	(32,000)
Acquisition of right-of-use	(11,340,000)	-	(8,771)	
Acquisition of intangible assets	(37,588,771)	(23,321,620)	(29,073)	(18,000)
Net cash used in investing activities	(113,904,296)	(61,527,557)	(88,100)	(47,000)
Cash flows from financing activities				
Proceeds from borrowings	90,000,000	-	69,611	
Proceeds from deposits	54,520,609	-	42,169	
Repayment of borrowings	(10,000,000)	(1,817)	(7,735)	
Payment of lease liabilities	(3,733,372)	(4,224,345)	(2,888)	(3,000)
Payment of deposits	(3,000,000)	-	(2,320)	
Net cash provided by (used in) financing activities(note 30)	127,787,237	(4,226,162)	98,838	(3,000)
Net increase (decrease) in cash and cash equivalents	32,074,173	(115,200,127)	24,808	(89,600)
Cash and cash equivalents at January 1	45,834,173	165,339,311	35,451	127,000
Cash and cash equivalents at June 30	₩ 77,908,346	50,139,183	\$ 60,259	38,400

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2022 and 2021

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 June 30, 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>

Basis of Preparation and Accounting Policies

The separate interim financial statements are expressed in Korean won and have been translated into US dollars at the rate of ₩1,292.90 to \$1 on June 30, 2022, 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.

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 prepared in accordance with K-IFRS No.1027, ‘Separate 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, 2021. These separate interim financial statements do not include all of the disclosures required for full annual financial statements.

The principal accounting policies are set out below, except for the effect of the Amendments to K-IFRSs and new interpretations set out below, the principal accounting policies used to prepare the separate financial statements as of and for the six-months ended June 30, 2022 are consistent with the accounting policies used to prepare the separate financial statements as of and for the year ended December 31, 2021.

(1) New and amended K-IFRSs and new interpretations that are effective for the current year

In the current period, the Company has applied a number of new and amended K-IFRSs and new interpretations issued that are effective accounting periods beginning on or after 1 January 2022.

- K-IFRS 1103 Business Combinations - Reference to the Conceptual Framework (Amendment)

The amendments update K-IFRS 1103 so that it refers to the Conceptual Framework (2018) instead of the Framework (2007). They also add to K-IFRS 1103 a requirement that, for obligations within the scope of K-IFRS 1037, an acquirer applies K-IFRS 1037 to determine whether at the acquisition date a present obligation exists as a result of past events.

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

For the six-month periods ended June 30, 2022 and 2021

2. Basis of Preparation and Accounting Policies, continued

For a levy that would be within the scope of K-IFRS 2121 Levies, the acquirer applies K-IFRS 2121 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

- K-IFRS No. 1016 'Property, Plant and Equipment' – Proceeds from selling produced before operating in the manner intended by management and related the cost(Amendment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with K-IFRS 1002 Inventories.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- K-IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (Amendment)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.' Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Annual Improvements to K-IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards such as K-IFRS 1101 First-time Adoption of K-IFRS, K-IFRS 1109 Financial Instruments, K-IFRS 1116 Leases, and K-IFRS 1041 Agriculture.

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

For the six-month periods ended June 30, 2022 and 2021

Basis of Preparation and Accounting Policies, continued

① K-IFRS 1101 First-time Adoption of K-IFRS (Amendment)

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in K-IFRS 1101 paragraph D16(1) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in K-IFRS 1101 paragraph D16(1).

② K-IFRS 1109 Financial Instruments (Amendment)

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

③ K-IFRS 1116 Leases (Amendment)

The amendment removes the illustration of the reimbursement of leasehold improvements.

④ K-IFRS 1041 Agriculture (Amendment)

The amendment removes the requirement in K-IFRS 1041 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in K-IFRS 1041 with the requirements of K-IFRS 1113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

(2) New or amended standards not yet adopted

A number of new or amended standards and interpretations are effective for annual periods beginning after January 1, 2022 and earlier application is permitted but the Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

- K-IFRS 1117 Insurance Contracts

K-IFRS 1117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes K-IFRS 1044 Insurance Contracts.

K-IFRS 1117 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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

For the six-month periods ended June 30, 2022 and 2021

Basis of Preparation and Accounting Policies, continued

K-IFRS 1117 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

- K-IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendment)

The amendments to K-IFRS 1001 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

- K-IFRS 1001 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies (Amendment)

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information.' Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to K-IFRS 1001 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

- K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (Amendment)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."

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

For the six-month periods ended June 30, 2022 and 2021

Basis of Preparation and Accounting Policies, continued

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

- K-IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying K-IFRS 1116 at the commencement date of a lease.

Following the amendments to K-IFRS 1012, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Use of estimates and judgements

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 policies and the estimated amount used in the quarterly financial statements is the same as the annual financial statements for the fiscal year ending December 31, 2021.

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.

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

For the six-month periods ended June 30, 2022 and 2021

Restricted Financial Instruments

Restricted financial instruments as of June 30, 2022 and December 31, 2021 are as follows:

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

	Financial institution	Korean won		US dollar		Description
		2022	2021	2022	2021	
Cash and cash equivalents	Shinhan Bank	₩ -	171,226	\$ -	132	Government grants
	Woori Bank and others	8,989	10,303	7	8	Pledged as collateral, etc.
Current financial instruments	Woori Bank and others	42,356,488	21,275,651	32,761	16,456	Pledged as collateral, etc.
Non-current financial instruments	Shinhan Bank and others	4,000	4,000	3	3	Bank account deposit
		₩ <u>42,369,477</u>	<u>21,461,180</u>	\$ <u>32,771</u>	<u>16,599</u>	

Non-current Financial Assets

Non-current financial assets as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

	Ownership (%)		2022		2021	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan (*)	1.72	₩	500,000	765,166	500,000	500,000
Korea Management Consultants Association (*)	1.50		60,000	1,110,489	60,000	60,000
		₩	<u>560,000</u>	<u>1,875,655</u>	<u>560,000</u>	<u>560,000</u>

(In thousands of US dollar)

	Ownership (%)		2022		2021	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan (*)	1.72	\$	387	592	387	387
Korea Management Consultants Association (*)	1.50		46	859	46	46
		\$	<u>433</u>	<u>1,451</u>	<u>433</u>	<u>433</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.

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

For the six-month periods ended June 30, 2022 and 2021

Trade and Other Receivables

1) Details of trade and other receivables as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

		2022		2021	
		Current	Non-current	Current	Non-current
Trade receivables	₩	145,252,382	6,063,785	140,319,718	8,621,493
Less: Allowance for doubtful accounts		(807,503)	(6,307)	(545,661)	(5,187)
Other receivables		15,908,347	-	8,128,574	-
Less: Allowance for doubtful accounts		(4,980,739)	-	(4,604,577)	-
Loans and others (*)		23,934,035	25,767,266	23,435,199	28,999,827
Less: Allowance for doubtful accounts		-	(357)	-	(357)
	₩	<u>179,306,522</u>	<u>31,824,387</u>	<u>166,733,253</u>	<u>37,615,776</u>

(*) The Loans and others listed above include ₩5,167,889 thousand and ₩6,644,671 thousand for sub lease receivables as of June 30, 2022 and December 31, 2021, respectively. The interest revenue received by the sub lease contract are ₩294,128 thousand and ₩300,662 thousand for the six-month periods ended June 30, 2022 and 2021, respectively.

(In thousands of US dollar)

		2022		2021	
		Current	Non-current	Current	Non-current
Trade receivables	\$	112,346	4,690	108,531	6,668
Less: Allowance for doubtful accounts		(625)	(5)	(422)	(4)
Other receivables		12,304	-	6,287	-
Less: Allowance for doubtful accounts		(3,852)	-	(3,561)	-
Loans and others (*)		18,512	19,930	18,126	22,430
Less: Allowance for doubtful accounts		-	(0)	-	(0)
	\$	<u>138,686</u>	<u>24,615</u>	<u>128,961</u>	<u>29,094</u>

(*) The Loans and others listed above include \$3,997 thousand and \$5,139 thousand for sub lease receivables as of June 30, 2022 and December 31, 2021, respectively. The interest revenue received by the sub lease contract are \$277 thousand and \$233 thousand for the six-month periods ended June 30, 2022 and 2021, respectively.

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

For the six-month periods ended June 30, 2022 and 2021

Trade and Other Receivables, Continued

(2) Details of aging analysis of the trade and the other receivables as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

	2022		2021	
	Trade receivables	Others (*)	Trade receivables	Others (*)
Less than 90 days	₩ 133,742,407	56,903,203	126,534,687	54,510,8
Less than 180 days	4,732,268	1,783,590	11,928,692	596,9
Less than 270 days	7,638,353	1,005,834	4,283,357	481,1
Less than 365 days	1,496,032	207,068	3,822,630	174,2
More than 366 days	3,707,107	5,709,948	2,371,845	4,800,7
	₩ 151,316,167	65,609,643	148,941,211	60,563,9
Impaired receivables	813,810	4,981,096	550,848	4,604,9

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

(In thousands of US dollar)

	2022		2021	
	Trade receivables	Others (*)	Trade receivables	Others (*)
Less than 90 days	\$ 103,444	44,012	97,869	42,
Less than 180 days	3,660	1,380	9,226	
Less than 270 days	5,908	778	3,313	
Less than 365 days	1,157	160	2,957	
More than 366 days	2,867	4,416	1,835	3,
	\$ 117,036	50,746	115,199	46,
Impaired receivables	629	3,853	426	3,

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

(3) Changes in allowance for trade and other receivables the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 550,848	4,604,933	228,346	3,834,975
Bad debt expense	262,961	376,162	285,162	164,709
Reversal of allowance for bad debts	-	-	-	(44,250)
Ending balance	₩ 813,809	4,981,095	513,508	3,955,434

(In thousands of US dollar)

	2022		2021	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	\$ 426	3,562	177	2,966
Bad debt expense	203	291	221	127
Reversal of allowance for bad debts	-	-	-	(34)
Ending balance	\$ 629	3,853	397	3,059

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

For the six-month periods ended June 30, 2022 and 2021

Inventories

Details of inventories as of June 30, 2022 and December 31, 2021 are as follows:

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

		Korean won		US dollar	
		2022	2021	2022	2021
Merchandises	₩	36,601,711	38,539,385	\$ 28,310	29,80
Finished goods		20,993,595	15,347,790	16,238	11,87
Work-in-process		32,076,345	22,449,034	24,810	17,36
Raw materials		38,089,665	37,651,217	29,461	29,12
Sub-materials		465,818	512,165	360	39
Supplies		3,360,037	3,363,625	2,599	2,60
Goods in transit		12,772,559	16,667,613	9,879	12,89
	₩	<u>144,359,730</u>	<u>134,530,829</u>	<u>\$ 111,656</u>	<u>104,05</u>

The Company has measured inventories at the lower of cost or net realizable value. The reversal of loss on valuation of inventories amounted to ₩2,346,009 thousand (\$1,815 thousand) for the six-month period ended June 30, 2022 and the loss on valuation of inventories amounted to ₩1,329,338 thousand (\$1,028 thousand) for the six-month period ended June 30, 2021.

Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

	Company	Location	Owner ship	Closing month	2022		20
					Acquisition cost	Book value	Book
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	₩ 835,695	-	
	Ssangyong Australia Pty Ltd.	Australia	100%	December	<u>4,067,594</u>	-	
					<u>4,903,289</u>	-	
Joint venture	SY Auto Capital Co., Ltd. (*)	Korea	51%	December	<u>10,200,000</u>	<u>10,200,000</u>	<u>10,200,000</u>
					₩ <u>15,103,289</u>	<u>10,200,000</u>	<u>10,200,000</u>

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

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

For the six-month periods ended June 30, 2022 and 2021

Investments in Subsidiaries and a Joint venture, continued

(In thousands of US dollar)

	Company	Location	Owner ship	Closing month	2022		2021
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	\$ 646	-	
	Ssangyong Australia Pty Ltd.	Australia	100%	December	3,146	-	
					3,792	-	
Joint venture	SY Auto Capital Co., Ltd. (*)	Korea	51%	December	7,889	7,889	7,889
					\$ 11,682	7,889	7,889

(*) 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.

J. Other Assets

Details of other assets as of June 30, 2022 and December 31, 2021 are as follows:

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

		Korean won		US dollar	
		2022	2021	2022	2021
Other current assets					
Advanced payments	₩	82,261,812	61,808,741	\$ 63,626	47,889
Prepaid expenses		11,708,212	8,888,976	9,056	6,889
Current tax assets		37,183	43,601	29	
	₩	94,007,207	70,741,318	\$ 72,710	54,778
Other non-current assets					
Other non-current assets	₩	275,957	275,957	\$ 213	213

I. Property, Plant and Equipment

(1) Details of property, plant and equipment as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

		2022				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	706,986,325	(7,354)	-	-	706,978,971
Buildings		536,908,073	(3,435,994)	(248,696,914)	(156,914,544)	127,860,621
Structures		112,197,539	(41,393)	(70,136,696)	(31,186,162)	10,833,488
Machinery		1,308,160,237	(121,222)	(1,111,920,338)	(112,364,630)	83,754,067
Vehicles		6,923,391	(511)	(5,226,672)	(338,282)	1,357,906
Tools and molds		1,424,782,330	(45,249)	(1,079,213,504)	(191,068,452)	154,455,125
Equipment		63,719,451	(54,746)	(56,250,146)	(3,556,752)	3,857,809
Construction in progress		88,668,776	-	-	(1,270,000)	87,398,776
	₩	4,248,346,122	(3,706,469)	(2,571,444,270)	(496,698,822)	1,176,496,661

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

For the six-month periods ended June 30, 2022 and 2021

I. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of June 30, 2022 and December 31, 2021 are as follows, continued:

(In thousands of won)

	2021						Book value
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses		
Land	₩ 428,185,968	278,800,357	(7,354)	-	-	-	706,97
Buildings	536,087,233	-	(3,483,831)	(245,150,425)	(156,914,543)		130,53
Structures	112,229,100	-	(43,307)	(69,549,592)	(31,193,283)		11,44
Machinery	1,311,819,455	-	(133,907)	(1,103,122,462)	(112,776,324)		95,78
Vehicles	7,047,891	-	(1,278)	(5,141,229)	(341,445)		1,56
Tools and molds	1,453,231,689	-	(54,352)	(1,064,053,048)	(194,099,221)		195,02
Equipment	65,501,051	-	(67,235)	(56,924,790)	(3,625,715)		4,88
Construction in progress	44,867,824	-	-	-	(1,270,000)		43,59
Machinery in transit	492,071	-	-	-	-		49
	₩ 3,959,462,282	278,800,357	(3,791,264)	(2,543,941,546)	(500,220,531)		1,190,30

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

(In thousands of US dollar)

	2022					Book value
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses		
Land	\$ 546,822	(6)	-	-	-	546,8
Buildings	415,274	(2,658)	(192,356)	(121,366)		98,8
Structures	86,780	(32)	(54,248)	(24,121)		8,3
Machinery	1,011,803	(94)	(860,020)	(86,909)		64,7
Vehicles	5,355	(0)	(4,043)	(262)		1,0
Tools and molds	1,102,005	(35)	(834,723)	(147,783)		119,4
Equipment	49,284	(42)	(43,507)	(2,751)		2,9
Construction in progress	68,581	-	-	(982)		67,5
	\$ 3,285,905	(2,867)	(1,988,896)	(384,174)		909,9

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

For the six-month periods ended June 30, 2022 and 2021

I. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of June 30, 2022 and December 31, 2021 are as follows, continued:

(in thousands of US dollar)

	2021					
	Acquisition cost	Revaluation (*)	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	\$ 331,183	215,640	(6)	-	-	546,827
Buildings	414,639	-	(2,695)	(189,613)	(121,366)	101,065
Structures	86,804	-	(33)	(53,793)	(24,127)	8,851
Machinery	1,014,633	-	(104)	(853,216)	(87,227)	173,196
Vehicles	5,451	-	(1)	(3,977)	(264)	1,209
Tools and molds	1,124,009	-	(42)	(822,997)	(150,127)	190,843
Equipment	50,662	-	(52)	(44,029)	(2,804)	4,777
Construction in progress	34,703	-	-	-	(982)	33,721
Machinery in transit	381	-	-	-	-	381
	<u>\$ 3,062,466</u>	<u>215,640</u>	<u>(2,932)</u>	<u>(1,967,624)</u>	<u>(386,898)</u>	<u>902,853</u>

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

(2) Changes in property, plant and equipment for the six-month periods ended June 30, 2022 and 2021 are as follows:

(in thousands of won)

	2022					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*)	Ending
Land	₩ 706,978,971	-	-	-	-	706,978,971
Buildings	130,538,434	32,840	-	(3,498,653)	788,000	137,859,621
Structures	11,442,918	-	(729)	(608,901)	-	10,703,288
Machinery	95,786,762	-	(22,638)	(12,810,698)	800,621	82,743,047
Vehicles	1,563,939	-	(7)	(206,006)	-	1,357,926
Tools and molds	195,025,068	458,061	(1,118,593)	(42,365,870)	2,456,459	154,005,165
Equipment	4,883,311	36,704	(16,304)	(1,060,404)	14,500	3,837,807
Construction in progress	43,597,824	46,431,266	-	-	(2,630,314)	87,408,776
Machinery in transit	492,071	43,751	-	-	(535,822)	400,000
	<u>₩ 1,190,309,298</u>	<u>47,002,622</u>	<u>(1,158,271)</u>	<u>(60,550,532)</u>	<u>893,444</u>	<u>1,176,001,662</u>

(*) Others were the amounts of ₩893,444 thousand from capitalized borrowing costs and replaced from construction in progress for the six-month periods ended June 30, 2022.

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

For the six-month periods ended June 30, 2022 and 2021

I. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the six-month periods ended June 31, 2022 and 2021 are as follows:

		2021					Ending balance
		Beginning balance	Acquisition	Disposal	Depreciation	Others (*1,*2)	
Land	₩	402,572,795	-	-	-	304,415,827	706
Buildings		137,475,517	6,723	-	(3,702,964)	333,000	134
Structures		12,504,303	-	(109)	(630,009)	-	11
Machinery		112,730,372	-	(28)	(12,963,954)	7,757,152	107
Vehicles		1,069,622	104,157	(135,200)	(171,042)	400,460	1
Tools and molds		229,315,248	-	(98,870)	(40,932,937)	35,072,842	223
Equipment		7,355,233	115,519	(30,590)	(1,411,710)	18	6
Construction in progress		34,932,712	59,611,923	-	-	(68,417,482)	26
Machinery in transit		319,833	-	-	-	-	-
	₩	<u>938,275,635</u>	<u>59,838,322</u>	<u>(264,797)</u>	<u>(59,812,616)</u>	<u>279,561,817</u>	<u>1,217</u>

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

(*2) Others were the amounts of ₩360,983 thousand from capitalized borrowing costs and the amounts of ₩400,460 thousand replaced from inventories to vehicle for the six-months periods ended June 30, 2021.

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

For the six-month periods ended June 30, 2022 and 2021

I. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

	2022					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*)	Ending balance
Land	\$ 546,816	-	-	-	-	546,8
Buildings	100,966	25	-	(2,706)	609	98,8
Structures	8,851	-	(1)	(471)	-	8,3
Machinery	74,087	-	(18)	(9,908)	619	64,7
Vehicles	1,210	-	(0)	(159)	-	1,0
Tools and molds	150,843	354	(865)	(32,768)	1,900	119,4
Equipment	3,777	28	(13)	(820)	11	2,9
Construction in progress	33,721	35,912	-	-	(2,034)	67,5
Machinery in transit	381	34	-	-	(414)	
	<u>\$ 920,651</u>	<u>36,354</u>	<u>(896)</u>	<u>(46,833)</u>	<u>691</u>	<u>909,9</u>

(*) Others were the amounts of \$691 thousand from capitalized borrowing costs and replaced from construction in progress for the six-months periods ended June 30, 2022.

(In thousands of US dollar)

	2021					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*1, *2)	Ending balance
Land	\$ 311,372	-	-	-	235,452	
Buildings	106,331	5	-	(2,864)	258	
Structures	9,672	-	(0)	(487)	-	
Machinery	87,192	-	(0)	(10,027)	6,000	
Vehicles	827	81	(105)	(132)	310	
Tools and molds	177,365	-	(76)	(31,660)	27,127	
Equipment	5,689	89	(24)	(1,092)	0	
Construction in progress	27,019	46,107	-	-	(52,918)	
Machinery in transit	247	-	-	-	-	
	<u>\$ 725,714</u>	<u>46,282</u>	<u>(205)</u>	<u>(46,262)</u>	<u>216,228</u>	

(*1) The amounts of \$216 million was increased as a result of a revaluation on lands and recognized as revaluation surplus (elements of other equity) for the six-month periods ended June 30, 2021.

(*2) Others were the amounts of \$279 thousand from capitalized borrowing costs and the amounts of \$310 thousand replaced from inventories to vehicle for the six-months periods ended June 30, 2021.

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

For the six-month periods ended June 30, 2022 and 2021

I. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of June 30, 2022 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	₩ 654,009,321		\$ 505,847	
Buildings and structures	102,604,592	516,890,112	79,360	399,791
Machinery and others	6,131		5	
	₩ <u>756,620,044</u>	<u>516,890,112</u>	\$ <u>585,212</u>	<u>399,791</u>

(*) ₩135,890,112 thousand (\$105,105 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 six-month period ended June 30, 2022.

(4) Capitalized borrowing costs and capitalization interest rate for the six-month periods ended June 30, 2022 and 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Capitalized interest expenses (*)	₩ 1,676,279	1,158,737	\$ 1,297	896
Capitalization interest rate	3.24%	2.50%	3.24%	2.50%

(*) Capitalized borrowing costs for intangible assets are ₩782,834 thousand (\$605 thousand) and ₩797,754 thousand (\$617 thousand) for the six-month periods ended June 30, 2022 and 2021, respectively.

(5) Revaluation on Lands

The Company has changed the accounting policy of the subsequent measurement of land classified as property, plant and equipment from the cost model to the revaluation model for the period ended March 31, 2021. The revaluation on the lands was carried out as of March 31, 2021 and conducted by Dae-il Appraisal Board as a qualified, independent appraisal firm from the company. 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 after tax of ₩223,495 million (\$173 million) was recognized as other comprehensive income as a result of a revaluation on lands for the six-month period ended June 30, 2021.

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

For the six-month periods ended June 30, 2022 and 2021

I. 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 June 30, 2022 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	₩ 706,978,971	428,178,614	\$ 546,816	331,177

2. Intangible Assets

(1) Details of intangible assets as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

	2022				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 582,795,578	-	(445,007,743)	(38,947,234)	98,840,601
Patents	5,613,846	(4,913)	(4,591,509)	(229,857)	787,567
Other intangible assets	184,029,739	(37,779)	(39,762,002)	(66,685,326)	77,544,632
	₩ 772,439,163	(42,692)	(489,361,254)	(105,862,417)	177,172,800

(In thousands of won)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 582,795,578	-	(409,911,195)	(38,947,234)	133,937,149
Patents	5,332,194	(4,913)	(4,402,757)	(225,039)	699,485
Other intangible assets	146,450,785	(37,779)	(38,827,301)	(66,685,326)	40,900,379
	₩ 734,578,557	(42,692)	(453,141,253)	(105,857,599)	175,537,013

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

For the six-month periods ended June 30, 2022 and 2021

2. Intangible Assets, Continued

(1) Details of intangible assets as of June 30, 2022 and December 31, 2021 are as follows, continued:

(In thousands of US dollar)

	2022				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book
Development cost	\$ 450,766	-	(344,193)	(30,124)	
Patents	4,342	(4)	(3,551)	(178)	
Other intangible assets	142,339	(29)	(30,754)	(51,578)	
	<u>\$ 597,447</u>	<u>(33)</u>	<u>(378,499)</u>	<u>(81,880)</u>	

(In thousands of US dollar)

	2021				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book
Development cost	\$ 450,766	-	(317,048)	(30,124)	
Patents	4,124	(4)	(3,405)	(174)	
Other intangible assets	113,273	(29)	(30,031)	(51,578)	
	<u>\$ 568,163</u>	<u>(33)</u>	<u>(350,484)</u>	<u>(81,876)</u>	

(2) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

		2022						Ending balance
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)	
Internally created intangible assets:								
Development cost	₩	133,937,149	-	-	(35,096,548)	-	-	98,840,601
Other intangible assets		37,002,253	36,943,125	-	-	-	782,835	74,728,213
		<u>170,939,402</u>	<u>36,943,125</u>	<u>-</u>	<u>(35,096,548)</u>	<u>-</u>	<u>782,835</u>	<u>176,568,810</u>
Individually acquired intangible assets:								
Patents		699,485	281,652	-	(188,752)	(4,818)	-	788,567
Other intangible assets		3,898,126	363,994	(511,000)	(934,701)	-	-	3,816,419
		<u>4,597,611</u>	<u>645,646</u>	<u>(511,000)</u>	<u>(1,123,453)</u>	<u>(4,818)</u>	<u>-</u>	<u>3,598,006</u>
	₩	<u>175,537,013</u>	<u>37,588,771</u>	<u>(511,000)</u>	<u>(36,220,001)</u>	<u>(4,818)</u>	<u>782,835</u>	<u>178,172,811</u>

(*) Capitalized borrowing costs in respect of other intangible assets are ₩782,835 thousand for the six-month period ended June 30, 2022.

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

For the six-month periods ended June 30, 2022 and 2021

2. Intangible Assets, Continued

(2) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of won)

		2021							
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	
Internally created intangible assets:									
Development									
cost	₩	136,853,007	-	-	(31,132,870)	-	(6,086,729)	72,515,602	10
Other intangible assets		<u>67,409,197</u>	<u>22,751,019</u>	-	-	-	<u>6,086,729</u>	<u>(71,717,848)</u>	2
		<u>204,262,204</u>	<u>22,751,019</u>	-	<u>(31,132,870)</u>	-	-	<u>797,754</u>	19
Individually acquired intangible assets:									
Patents		834,407	75,256	-	(197,559)	(13,360)	-	-	
Other intangible assets		<u>4,587,792</u>	<u>495,345</u>	<u>(70,120)</u>	<u>(1,036,235)</u>	-	-	-	
		<u>5,422,199</u>	<u>570,601</u>	<u>(70,120)</u>	<u>(1,233,794)</u>	<u>(13,360)</u>	-	-	
	₩	<u>209,684,403</u>	<u>23,321,620</u>	<u>(70,120)</u>	<u>(32,366,664)</u>	<u>(13,360)</u>	-	<u>797,754</u>	20

(*) Capitalized borrowing costs in respect of other intangible assets were ₩797,754 thousand for the six-month period ended June 30, 2021.

(2) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

		2022							
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Others (*)		
Internally created intangible assets:									
Development									
cost	\$	103,594	-	-	(27,146)	-	-	-	
Other intangible assets		<u>28,620</u>	<u>28,574</u>	-	-	-	<u>605</u>	-	
		<u>132,214</u>	<u>28,574</u>	-	<u>(27,146)</u>	-	<u>605</u>	-	
Individually acquired intangible assets:									
Patents		541	218	-	(146)	(4)	-	-	
Other intangible assets		<u>3,015</u>	<u>282</u>	<u>(395)</u>	<u>(723)</u>	-	-	-	
		<u>3,556</u>	<u>499</u>	<u>(395)</u>	<u>(869)</u>	<u>(4)</u>	-	-	
	\$	<u>135,770</u>	<u>29,073</u>	<u>(395)</u>	<u>(28,015)</u>	<u>(4)</u>	<u>605</u>	-	

(*) Capitalized borrowing costs in respect of other intangible assets were \$605 thousand for the six-month period ended June 30, 2022.

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

For the six-month periods ended June 30, 2022 and 2021

2. Intangible Assets, Continued

(2) Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

	2021							2022
	Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others (*)	
Internally created intangible assets:								
Development cost	\$ 105,850	-	-	(24,080)	-	(4,708)	56,088	
Other intangible assets	52,138	17,597	-	-	-	4,708	(55,471)	
	<u>157,988</u>	<u>17,597</u>	<u>-</u>	<u>(24,080)</u>	<u>-</u>	<u>-</u>	<u>617</u>	
Individually acquired intangible assets:								
Patents	645	58	-	(153)	(10)	-	-	
Other intangible assets	3,548	383	(54)	(801)	-	-	-	
	<u>4,194</u>	<u>441</u>	<u>(54)</u>	<u>(954)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	
\$	<u>162,181</u>	<u>18,038</u>	<u>(54)</u>	<u>(25,034)</u>	<u>(10)</u>	<u>-</u>	<u>617</u>	

(*) Capitalized borrowing costs in respect of other intangible assets were \$617 thousand for the six-month periods ended June 30, 2021.

(3) Details of capitalized development costs as of June 30, 2022 are as follows.

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

	Project name		Korean won		US dollar		Remaining amortiz period (*1)
			₩		\$		
Development costs	RV (*2)	₩	91,207,433		\$ 70,545		1~4 years
	Power train and others		7,633,168		5,904		1~4 years
Other intangible assets	RV (*3)		74,728,213		57,799		-
		₩	<u>173,568,814</u>		<u>134,248</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 June 30, 2022.

(*3) On-going development project for vehicles as of June 30, 2022 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the six-month periods ended June 30, 2022 and 2021 are as follows:

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

		Korean won		US dollar	
		2022	2021	2022	2021
Capitalization of intangible assets	₩	37,725,959	23,548,773	\$ 29,179	18,2
Manufacturing costs		28,835,980	26,686,918	22,303	20,6
Selling and administrative expenses		6,452,854	5,845,271	4,991	4,5
₩	<u>73,014,793</u>	<u>56,080,962</u>	<u>\$ 56,474</u>	<u>43,3</u>	

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

For the six-month periods ended June 30, 2022 and 2021

3. Lease

(1) Changes in right-of-use assets for the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

		2022			Ending balance
		Beginning balance	Increase (*)	Depreciation	
Land and building	₩	3,777,583	11,381,212	(2,131,171)	13,027,624
Vehicle		87,244	4,919,044	(867,797)	4,138,491
Equipment		279,872	277,219	(201,844)	355,247
	₩	<u>4,144,699</u>	<u>16,577,475</u>	<u>(3,200,812)</u>	<u>17,521,362</u>

(*) The amount of ₩11,340 million was increased due to the extension of the lease contract for Guro A/S Center during the six-month period ended June 30, 2022.

(In thousands of won)

		2021				Ending balance
		Beginning balance	Increase (*)	Depreciation	Others	
Land and building	₩	5,754,417	2,371,070	(2,238,538)	(6,408)	5,880,541
Vehicle		1,885,418	35,887	(930,093)	-	991,212
Equipment		1,014,633	-	(382,505)	-	632,128
	₩	<u>8,654,468</u>	<u>2,406,957</u>	<u>(3,551,136)</u>	<u>(6,408)</u>	<u>7,503,881</u>

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

(In thousands of US dollar)

		2022			Ending balance
		Beginning balance	Increase (*)	Depreciation	
Land and building	\$	2,922	8,803	(1,648)	10,076
Vehicle		67	3,805	(671)	3,201
Equipment		216	214	(156)	275
	\$	<u>3,206</u>	<u>12,822</u>	<u>(2,476)</u>	<u>13,552</u>

(*) The amount of \$9 million was increased due to the extension of the lease contract for Guro A/S Center during the six-month period ended June 30, 2022.

(In thousands of US dollar)

		2021				Ending balance
		Beginning balance	Increase (*)	Depreciation	Others	
Land and building	\$	4,451	1,834	(1,731)	(5)	4,548
Vehicle		1,458	28	(719)	-	767
Equipment		785	-	(296)	-	489
	\$	<u>6,694</u>	<u>1,862</u>	<u>(2,747)</u>	<u>(5)</u>	<u>5,804</u>

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

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

For the six-month periods ended June 30, 2022 and 2021

3. Lease, Continued

(2) Details of lease liabilities as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

		2022		2021	
		Current	Non-current	Current	Non-current
Lease liabilities (*)	₩	5,992,283	5,486,354	5,009,687	4,012,329

(In thousands of US dollar)

		2022		2021	
		Current	Non-current	Current	Non-current
Lease liabilities (*)	\$	4,635	4,243	3,875	3,103

(*) The total amounts of lease liabilities paid are ₩3,733,372 thousand (\$2,888 thousand) and ₩4,224,345 thousand (\$3,267 thousand) and interest expenses are ₩196,504 thousand (\$152 thousand) and ₩174,760 thousand (\$135 thousand) during the six-month periods ended June 30, 2022 and 2021, respectively.

(3) Expenses from lease contracts with low cost and short-term contract for the six-month periods ended June 30, 2022 and 2021 are as the following:

(In thousands of won)

	Exemption of lease recognition		2022		2021	
Office equipment	Low cost	₩	302,144		243,913	
Building	Short term		-		7,500	

(In thousands of US dollar)

	Exemption of lease recognition		2022		2021	
Office equipment	Low cost	\$	234		189	
Building	Short term		-		6	

(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)

Sub lease		2022		2021	
Less than 1 year	₩	3,542,024		3,774,200	
1 year to 5 years		1,775,740		2,486,306	
Lease to be received		5,317,764		6,260,506	
Unrealized interests		(149,875)		(171,617)	
Net investment in the lease		5,167,889		6,088,889	
Interests from sublease for this period		88,992		90,120	

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

For the six-month periods ended June 30, 2022 and 2021

3. 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>2022</u>	<u>2021</u>
Sub lease		
Less than 1 year	\$ 2,740	2,919
1 year to 5 years	1,373	1,923
Lease to be received	4,113	4,842
Unrealized interests	(116)	(133)
Net investment in the lease	3,997	4,709
Interests from sublease for this period	69	70

(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, 2021. 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 (\$0.14 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul
Lease term	2 years (2020.07 ~ 2022.06)
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 Company has exercised the right to extend the lease term by a year for the six-months period ended June 30, 2022.

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 (\$47 million) decreased.
- Gains on disposal of PPE: ₩104,866 million (\$81 million) increased.
- Lease deposit: ₩10,800 million (\$8 million) increased.

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

For the six-month periods ended June 30, 2022 and 2021

4. Borrowings

(1) Details of short-term borrowings as of June 30, 2022 and December 31, 2021 are as follows:

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

Creditor	Type	Interest rate (%)	Korean won		US dollar	
			2022	2021	2022	2021
KDB Bank	Operating fund (*1)	CD+5.10	₩ 20,000,000	20,000,000	\$ 15,469	1
	Facility fund (*1)	CD+4.57	70,000,000	70,000,000	54,142	5
	Facility fund (*1)	CD+4.60	100,000,000	100,000,000	77,346	7
Woori Bank	Loans (*1)	CD+5.00	24,998,183	24,998,183	19,335	1
	Facility fund (*2)	2.66	40,000,000	40,000,000	30,938	3
Mahindra & Mahindra Ltd.	Overdraft (*2)	CD+2.00	19,999,969	19,999,969	15,469	1
(*3,*4,*5)	Overdraft (*3)	CD+2.00	29,999,869	29,999,869	23,204	2
	Overdraft (*4)	CD+4.00	10,000,000	-	7,735	
	Loans (*5)	3.00	40,000,000	-	30,938	
KG Mobility	Loans	5.00	50,000,000	-	38,673	
BNP PARIBAS(*4)	-	-	-	10,000,000	-	
			₩ 404,998,021	314,998,021	\$ 313,248	24

(*1) During the previous year, due to the application for the commencement of court receivership, the Company cannot claim the benefit of time.

(*2) During the previous year, Mahindra & Mahindra Ltd., the largest shareholder of the Company repaid loans of ₩ 19,999 million (\$17 million) and overdraft of ₩40,000 million (\$33 million) to the JP Morgan on behalf of the Company.

(*3) During the previous year, Mahindra & Mahindra Ltd., the largest shareholder of the Company repaid loans of ₩ 29,999 million (\$25 million) to the Bank of America (BOA) on behalf of the Company.

(*4) During the current year, Mahindra & Mahindra Ltd., the largest shareholder of the Company repaid loans of ₩ 10,000 million (\$8 million) to the BNP PARIBAS on behalf of the Company.

(*5) The amounts are from Mahindra & Mahindra Ltd., the largest shareholder of the Company, and has been transferred from long-term borrowings for the six-month period ended June 30, 2022.

(*6) Failure to make payment on a due date, default interest rate is applied on it.

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

For the six-month periods ended June 30, 2022 and 2021

4. Borrowings, Continued

(2) Details of long-term borrowing as of June 30, 2022 and December 31, 2021 are as follows:

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

Creditor	Type	Interest rate (%)(*2)	Korean won		US dollar	
			2022	2021	2022	2021
Mahindra & Mahindra Ltd (*1)	Loans	-	₩ -	40,000,000	\$ -	3
Edison Motors (*3)	Loans	8.00	15,000,000	-	11,602	
Edison EV (*3)	Loans	8.00	15,000,000	-	11,602	
			₩ 30,000,000	40,000,000	\$ 23,204	3

(*1) The Company have an option of conversion of borrowing to equity, Mahindra & Mahindra cannot refuse without an acceptable reason, and the amounts was transferred to short-term borrowings for the six-months period ended June 30, 2022.

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

(*3) On April 26, 2022, the Company received a transfer notice of collateral security and related borrowings to a 3rd party.

(3) Details of pledged assets as collateral for borrowings as of June 30, 2022 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
Woori Bank	Land and buildings	24,998,183	48,000
Edison Motors	Land and buildings	15,000,000	16,500
HAN2O CO.,LTD.	Land and buildings	7,000,000	7,700
Jung-jae, Cho	Land and buildings	4,000,000	4,400
Yeouido Global Investments	Land and buildings	4,000,000	4,400
		₩ 244,998,183	381,000

(In thousands of US dollar)

Creditor	Pledged assets	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	\$ 146,956	232
Woori Bank	Land and buildings	19,335	37
Edison Motors	Land and buildings	11,602	12
HAN2O CO.,LTD.	Land and buildings	5,414	5
Jung-jae, Cho	Land and buildings	3,094	3
Yeouido Global Investments	Land and buildings	3,094	3
		\$ 189,495	294

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

For the six-month periods ended June 30, 2022 and 2021

5. Other Financial Liabilities

Details of other financial liabilities as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Accrued expenses	₩ 116,701,395	101,017,254	\$ 90,263	78,132

5. 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 six-month periods ended June 30, 2022 and 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Beginning balance	₩ 104,830,673	119,315,790	\$ 81,082	92,285
Increase	6,074,474	6,777,528	4,698	5,242
Decrease	(15,352,648)	(18,193,063)	(11,875)	(14,072)
Ending balance	₩ 95,552,499	107,900,255	\$ 73,906	83,456
Current	₩ 41,809,929	45,324,700	\$ 32,338	35,057
Non-current	53,742,570	62,575,555	41,567	48,399

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

For the six-month periods ended June 30, 2022 and 2021

7. Other Liabilities

Details of other liabilities as of June 30, 2022 and December 31, 2021 are as follows:

<i>(In thousands of won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 11,432,403	-	9,979,084	
Deposits received (*1)	36,883,751	-	15,839,160	
Withholdings	10,315,519	-	10,753,617	
Unearned revenue	12,627,748	8,672,481	6,168,776	14,125,55
Refund liability (*2)	1,381,197	-	1,475,042	
	₩ <u>72,640,618</u>	<u>8,672,481</u>	<u>44,215,679</u>	<u>14,125,55</u>

(*1) The amounts include the M&A down payments amounting to ₩33,549 million provided by “KG Consortium” as a final takeover of the Company as of June 30, 2022.

(*2) The Company estimates the returnable sales and calculates the expected future return as refund liabilities.

<i>(In thousands of US dollar)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Advances from customers	\$ 8,842	-	7,718	
Deposits received(*1)	28,528	-	12,251	
Withholdings	7,979	-	8,317	
Unearned revenue	9,767	6,708	4,771	10,92
Refund	1,068	-	1,141	
	\$ <u>56,184</u>	<u>6,708</u>	<u>34,199</u>	<u>10,92</u>

(*1) The amounts include the M&A down payments amounting to \$26 million provided by “KG Consortium” as a final takeover of the Company as of June 30, 2022.

(*2) The Company estimates the returnable sales and calculates the expected future return as refund liabilities.

3. Employee Benefits

(1) Details of defined benefit liabilities as of June 30, 2022 and December 31, 2021 are as follows:

	<i>(In thousands of won and in thousands of US dollar)</i>			
	Korean won		US dollar	
	2022	2021	2022	2021
Present value of defined benefit obligations	₩ 371,745,512	363,990,154	\$ 287,528	281,530
Fair value of plan assets	(789,842)	(839,832)	(611)	(650)
	₩ <u>370,955,670</u>	<u>363,150,322</u>	\$ <u>286,918</u>	<u>280,880</u>

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

For the six-month periods ended June 30, 2022 and 2021

3. Employee Benefits, Continued

(2) Changes in defined benefit liabilities for the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

Details	2022		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 363,990,154	(839,832)	363,150,322
Current service cost	16,733,242	-	16,733,242
Interest expense (income)	4,984,937	(11,485)	4,973,452
Sub-total	385,708,333	(851,317)	384,857,016
Re-measurement factors:			
Re-measurements of plan assets	-	3,566	3,566
Sub-total	-	3,566	3,566
Benefit paid by plan	(57,909)	57,909	-
Benefit paid directly	(13,904,912)	-	(13,904,912)
Ending balance	₩ 371,745,512	(789,842)	370,955,670

(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	19,397,035	-	19,397,035
Interest expense (income)	4,525,591	(10,979)	4,514,612
Sub-total	407,234,668	(944,007)	406,290,661
Re-measurement factors:			
Re-measurements of plan assets	-	2,207	2,207
Sub-total	-	2,207	2,207
Benefit paid by plan	(56,466)	56,466	-
Benefit paid directly	(16,708,301)	-	(16,708,301)
Ending balance	₩ 390,469,901	(885,334)	389,584,567

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

For the six-month periods ended June 30, 2022 and 2021

3. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

Details	2022		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 281,530	(650)	280,880
Current service cost	12,942	-	12,942
Interest expense (income)	3,856	(9)	3,847
Sub-total	298,328	(658)	297,670
Re-measurement factors:	-	-	-
Re-measurements of plan assets	-	3	3
Sub-total	-	3	3
Benefit paid by plan	(45)	45	-
Benefit paid directly	(10,755)	-	(10,755)
Ending balance	\$ 287,528	(611)	286,918

(In thousands of US dollar)

Details	2021		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	\$ 296,475	(722)	295,753
Current service cost	15,003	-	15,003
Interest expense (income)	3,500	(8)	3,492
Sub-total	314,978	(730)	314,248
Re-measurement factors:	-	-	-
Re-measurements of plan assets	-	2	2
Sub-total	-	2	2
Benefit paid by plan	(44)	44	-
Benefit paid directly	(12,923)	-	(12,923)
Ending balance	\$ 302,011	(685)	301,326

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

For the six-month periods ended June 30, 2022 and 2021

3. Employee Benefits, Continued

(3) The components of plan assets as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Insurance contracts	₩ 789,842	839,832	\$ 611	650

(4) Actuarial assumptions used related to plans as of June 30, 2022 and December 31, 2021 are as follows:

	2022	2021
Discount rate (%)	2.80	2.80
Rate of future salary growth (%)	2.97	2.97

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.

3. Commitments and Contingencies

Details of commitments and contingencies as of June 30, 2022 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of June 30, 2022, 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 were ₩434,998 million (\$336 million).
- (3) As of June 30, 2022, 4 claims as a plaintiff were filled with the claim amount of ₩3,417 million (\$3 million) and 12 claims as a defendant were filled with the claims of ₩1,449 million (\$1 million). The provision amounting to ₩7,888 million (\$6 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and the management expects that it is probable that the Company will be required to incur an outflow.

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

For the six-month periods ended June 30, 2022 and 2021

3. Commitments and Contingencies, Continued

(4) Details of other payable recognized as provisions as of June 30, 2022 is as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Beginning balance	₩ 79,694,475	124,578,526	\$ 61,640	96,356
Increase (*)	33,571,372	33,538,339	25,966	25,940
Decrease	(19,456,702)	(20,358,024)	(15,049)	(15,746)
Ending balance	₩ 93,809,145	137,758,841	\$ 72,557	106,550

(*) 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 ₩7,840,664 thousand (\$6,939 thousand) for the six-month period ended June 30, 2022, the Company has recognized a provision of ₩76,263,201 thousand (\$67,490 thousand) as of June 30, 2022. 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.

(6) Details of payment guarantee provided by others as of June 30, 2022 are as follows:

(In thousands of won and in thousands of dollar)

Finance Institution	Guarantee details	2022	
		Korean Won	US Dollar
Seoul guarantee insurance company	Performance guarantee payment Deposits	₩ 3,048,923	\$ 2,35
		926,500	71
		₩ 3,975,423	\$ 3,07

J. Capital Stock

The Company's capital stock as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
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	\$ 3.87	3.87
Capital stock	749,200,010	749,200,010	579,473	579,473

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

For the six-month periods ended June 30, 2022 and 2021

1. Other Capital Surplus

Details of other capital surplus as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615	\$ 2,452	2,452
Gain on capital reduction	74,061,697	74,061,697	57,283	57,283
	₩ <u>77,231,312</u>	<u>77,231,312</u>	\$ <u>59,735</u>	<u>59,735</u>

2. Other Equity

Details of the Company's other equity as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Accumulated revaluation surplus from revaluation on land	₩ 223,495,126	223,495,126	\$ 172,863	172,863

3. Deficit

(1) Details of deficit as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Deficit	₩ (1,161,964,343)	(1,126,465,234)	\$ (898,727)	(871,270)

(2) Changes in deficit for the six-month periods ended June 30, 2022 and 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Beginning balance	₩ (1,126,465,234)	(911,685,423)	\$ (871,270)	(705,148)
Loss for the period	(35,495,543)	(180,336,416)	(27,454)	(139,482)
Defined benefit plan re-measurement	(3,566)	(2,206)	(3)	(2)
Ending balance	₩ <u>(1,161,964,343)</u>	<u>(1,092,024,045)</u>	\$ <u>(898,727)</u>	<u>(844,631)</u>

4. 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 June 30, 2022.

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

For the six-month periods ended June 30, 2022 and 2021

5. Nature of Expenses

Details of nature of expenses for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩ (3,803,656)	(13,335,442)	18,758,545	30,245,210
Raw materials consumed and purchase of merchandise	522,021,103	1,046,206,709	425,074,750	783,950,150
Employee benefits	86,734,627	174,007,971	116,147,685	236,129,269
Depreciation	29,699,797	60,550,532	30,056,397	59,812,616
Amortization	16,500,668	36,220,000	16,628,019	32,366,664
Others	85,064,092	167,942,192	95,753,039	178,220,604
	₩ <u>736,216,631</u>	<u>1,471,591,962</u>	<u>702,418,435</u>	<u>1,320,724,513</u>

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

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	\$ (2,942)	(10,314)	14,509	23,393
Raw materials consumed and purchase of merchandise	403,760	809,194	328,776	606,350
Employee benefits	67,085	134,587	89,835	182,635
Depreciation	22,971	46,833	23,247	46,262
Amortization	12,763	28,015	12,861	25,034
Others	65,793	129,896	74,061	137,846
	\$ <u>569,430</u>	<u>1,138,210</u>	<u>543,289</u>	<u>1,021,521</u>

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

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

For the six-month periods ended June 30, 2022 and 2021

5. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	₩ 4,752,020	9,962,898	8,015,069	14,263,23
Commissions	30,197,671	64,481,567	33,975,600	62,175,88
Advertising	1,648,044	3,534,867	2,648,246	3,023,74
Export expenses	6,063,334	9,065,456	2,578,599	4,530,19
Sales promotion expenses	2,890,008	4,598,522	4,220,760	10,787,23
Others	2,282,478	4,636,035	2,245,467	4,460,81
	₩ <u>47,833,555</u>	<u>96,279,345</u>	<u>53,683,741</u>	<u>99,241,09</u>

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	\$ 3,675	7,706	6,199	11,03
Commissions	23,357	49,874	26,279	48,09
Advertising	1,275	2,734	2,048	2,33
Export expenses	4,690	7,012	1,994	3,50
Sales promotion expenses	2,235	3,557	3,265	8,34
Others	1,765	3,586	1,737	3,45
	\$ <u>36,997</u>	<u>74,468</u>	<u>41,522</u>	<u>76,75</u>

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

For the six-month periods ended June 30, 2022 and 2021

5. Selling, General and Administrative Expenses, Continued

(2) Details of general and administrative expenses for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 8,133,091	16,540,584	11,590,193	23,483,38
Retirement benefit costs	1,187,785	2,378,056	1,537,781	3,037,76
Employee welfare	1,758,055	3,289,182	1,523,977	3,415,14
Rent expense	2,195,903	4,470,685	2,563,632	5,136,39
Service fees	4,837,773	10,372,247	3,501,446	6,903,33
Depreciation	2,505,035	5,320,218	3,615,181	7,343,43
R&D expenses	3,743,352	6,452,854	3,461,966	5,845,27
Amortization	510,050	1,123,452	611,804	1,233,79
(Reversal of) bad debt expense	(175,553)	262,961	195,215	285,16
Others	8,046,462	15,511,430	5,420,820	14,191,85
	₩ <u>32,741,953</u>	<u>65,721,669</u>	<u>34,022,015</u>	<u>70,875,53</u>

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	\$ 6,291	12,793	8,964	18,16
Retirement benefit costs	919	1,839	1,189	2,35
Employee welfare	1,360	2,544	1,179	2,64
Rent expense	1,698	3,458	1,983	3,97
Service fees	3,742	8,022	2,708	5,33
Depreciation	1,938	4,115	2,796	5,68
R&D expenses	2,895	4,991	2,678	4,52
Amortization	395	869	473	95
(Reversal of) bad debt expense	(136)	203	151	22
Others	6,224	11,997	4,193	10,97
	\$ <u>25,324</u>	<u>50,833</u>	<u>26,314</u>	<u>54,81</u>

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

For the six-month periods ended June 30, 2022 and 2021

7. Other Income and Expenses

(1) Details of other income for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

		2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	₩	2,769,471	4,782,379	1,110,684	1,957,18
Foreign exchange translation gain		(604,011)	624,545	(677,110)	609,66
Gain on disposal of property, plant and equipment		445,359	1,264,421	8,944	181,90
Others		34,127,393	35,351,407	2,154,859	5,456,92
	₩	<u>36,738,212</u>	<u>42,022,752</u>	<u>2,597,377</u>	<u>8,205,67</u>

(In thousands of US dollar)

		2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	\$	2,142	3,699	859	1,51
Foreign exchange translation gain		(467)	483	(524)	47
Gain on disposal of property, plant and equipment		344	978	7	14
Others		26,396	27,343	1,667	4,22
	\$	<u>28,415</u>	<u>32,503</u>	<u>2,009</u>	<u>6,34</u>

(2) Details of other expenses for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

		2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	₩	2,906,037	3,579,690	1,270,263	3,253,08
Foreign exchange translation loss		851,590	1,218,941	(85,490)	513,24
Loss on disposal of property, plant and equipment		52,115	1,043,589	73,234	116,46
Loss on disposal of intangible assets		11,000	11,000	-	
Impairment loss on Intangible assets		-	4,818	13,360	13,36
Loss on disposal of trade receivables		5,323	13,722	8,510	14,34
Other bad-debt expense		222,274	376,162	(911)	164,70
Others		316,181	652,131	57,541	123,00
	₩	<u>4,364,520</u>	<u>6,900,053</u>	<u>1,336,507</u>	<u>4,198,21</u>

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

For the six-month periods ended June 30, 2022 and 2021

7. Other Income and Expenses, Continued

(2) Details of other expenses for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	\$ 2,248	2,769	982	2,51
Foreign exchange translation loss	659	943	(66)	39
Loss on disposal of property, plant and equipment	40	807	57	9
Loss on disposal of intangible assets	9	9	-	
Impairment loss on Intangible assets	-	4	10	1
Loss on disposal of trade receivables	4	11	7	1
Other bad-debt expense	172	291	(1)	12
Others	245	504	45	9
	<u>\$ 3,376</u>	<u>5,337</u>	<u>1,034</u>	<u>3,24</u>

3. Finance Income and Costs

(1) Details of finance income for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	₩ 402,643	687,349	301,727	679,48
Dividend income	5,000	11,000	-	6,00
Foreign exchange transaction gain	1,092,639	2,083,407	597,491	1,956,33
Gain on exemption of debts	-	9,350	-	
	<u>₩ 1,500,282</u>	<u>2,791,106</u>	<u>899,218</u>	<u>2,641,82</u>

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	\$ 311	532	233	52
Dividend income	4	9	-	
Foreign exchange transaction gain	845	1,611	462	1,51
Gain on exemption of debts	-	7	-	
	<u>\$ 1,160</u>	<u>2,159</u>	<u>696</u>	<u>2,04</u>

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

For the six-month periods ended June 30, 2022 and 2021

3. Finance Income and Costs, Continued

(2) Details of finance costs for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	₩ 4,142,848	7,799,222	3,511,846	8,122,40
Foreign exchange transaction loss	316,584	1,199,824	141,542	716,69
	₩ 4,459,432	8,999,046	3,653,388	8,839,09

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	\$ 3,204	6,032	2,716	6,28
Foreign exchange transaction loss	245	928	109	55
	\$ 3,449	6,960	2,826	6,83

(3) Details of the Company's financial net profit or loss for the three-month and the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Financial assets/ liabilities at amortized cost	₩ (2,964,150)	(6,218,940)	(2,754,170)	(6,203,272)
Financial assets at FVTPL	5,000	11,000	-	6,00
	₩ (2,959,150)	(6,207,940)	(2,754,170)	(6,197,272)

(In thousands of US dollar)

	2022		2021	
	Three-month period	Six-month period	Three-month period	Six-month period
Financial assets/ liabilities at amortized cost	\$ (2,293)	(4,810)	(2,130)	(4,798)
Financial assets at FVTPL	4	9	-	
	\$ (2,289)	(4,802)	(2,130)	(4,798)

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

For the six-month periods ended June 30, 2022 and 2021

3. Losses per Share

(1) Basic losses per share for the three-month and the six-month periods ended June 30, 2022 and 2021 are calculated as follows:

(In thousands of won except per share information)

		2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	₩	(1,370,986)	(35,495,543)	(94,223,106)	(180,336,416)
Loss contributed to common stocks		(1,370,986)	(35,495,543)	(94,223,106)	(180,336,416)
Weighted average number of common shares (in shares)		149,840,002	149,840,002	149,840,002	149,840,002
Basic losses per share (*) (in won)		(9)	(237)	(629)	(1,204)

(*) Diluted losses per share are not calculated for the three-month and the six-month periods ended June 30, 2022 and 2021, because there are no dilutive shares as of June 30, 2022 and 2021.

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

		2022		2021	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	\$	(1,060)	(27,454)	(72,877)	(139,482)
Loss contributed to common stocks		(1,060)	(27,454)	(72,877)	(139,482)
Weighted average number of common shares (in shares)		149,840,002	149,840,002	149,840,002	149,840,002
Basic losses per share (*) (in US dollar)		(0.01)	(0.18)	(0.49)	(0.93)

(*) Diluted losses per share are not calculated for the three-month and the six-month periods ended June 30, 2022 and 2021, because there are no dilutive shares as of June 30, 2022 and 2021.

(2) The weighted average number of common shares outstanding for the six-month periods ended June 30, 2022 and 2021 is calculated as follows:

(In shares)

	Outstanding period	2022		Common shares outstanding
		Common shares issued	Weighted-average	
Beginning	2022-01-01~2022-06-30	149,840,002	181/181	149,840,002

(In shares)

	Outstanding period	2021		Common shares outstanding
		Common shares issued	Weighted-average	
Beginning	2021-01-01~2021-06-30	149,840,002	181/181	149,840,002

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

For the six-month periods ended June 30, 2022 and 2021

J. Cash Flows

(1) Details of cash flows from operating activities for the six-month periods ended June 30, 2022 and 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Loss for the period	₩ (35,495,543)	(180,336,416)	\$ (27,454)	(139,48
Adjustments for:				
Retirement benefit costs	21,706,694	23,911,647	16,789	18,4
Depreciation	60,550,532	59,812,616	46,833	46,2
Amortization	36,220,000	32,366,664	28,015	25,0
Depreciation of right-of-use asset	3,200,812	3,551,136	2,476	2,7
Impairment loss on intangible asset	4,818	13,360	4	.
Losses on disposal of trade receivables	13,722	14,346	11	.
Foreign exchange translation gain and loss, net	594,397	(96,423)	460	(7
Gains on disposal of property, plant and equipment	(220,831)	(65,435)	(171)	(5
Losses on disposal of intangible assets	11,000	-	9	.
Interest expense and income, net	7,111,872	7,442,918	5,501	5,7
Dividends income	(11,000)	(6,000)	(9)	(
(Reversal of) losses on valuation of inventories	(2,346,009)	1,329,338	(1,815)	1,0
Increase in provision of warranty for sale	6,074,474	6,777,527	4,698	5,2
Sales promotion expenses	1,246,010	-	964	.
Export overall expenses	3,699,799	-	2,862	.
Bad-debt expenses	262,961	285,162	203	2
Other bad-debt expenses	376,162	120,459	291	.
Others	(30,488,000)	6,909,105	(23,581)	5,3
	<u>108,007,413</u>	<u>142,366,420</u>	<u>83,539</u>	<u>110,1</u>
Changes in assets and liabilities				
Increase of trade receivables	(2,814,762)	(19,968,716)	(2,177)	(15,44
Increase of other receivables	(7,378,369)	5,214,986	(5,707)	4,0
Increase of inventories	(7,482,892)	22,233,939	(5,788)	17,1
Increase of other asset	(20,801,590)	(21,631,742)	(16,089)	(16,73
Decrease of trade payables	(11,378,761)	(26,200,701)	(8,801)	(20,26
Increase of other payables	1,525,182	41,080,978	1,180	31,7
Increase of accrued expenses	7,174,460	29,639,196	5,549	22,9
Decrease of provision of warranty for sale	(15,352,649)	(18,193,063)	(11,875)	(14,07
Decrease of provision for others	13,943,297	-	10,785	.
Payment of retirement benefits	(13,904,912)	(16,708,301)	(10,755)	(12,92
Increase of other liabilities	2,444,865	(7,229,391)	1,891	(5,59
	<u>(54,026,131)</u>	<u>(11,762,815)</u>	<u>(41,787)</u>	<u>(9,09</u>
Net cash provided by (used in) operating activities	₩ <u>18,485,739</u>	<u>(49,732,811)</u>	\$ <u>14,298</u>	<u>(38,46</u>

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

For the six-month periods ended June 30, 2022 and 2021

J. Cash Flows, Continued

(2) Significant non-cash activities for the six-month periods ended June 30, 2022 and 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Changes in other payables related to the acquisition of property, plant and equipment	₩ (177,651)	(18,076,110)	\$ (137)	(13)
Changes in other comprehensive income from revaluation on land	-	278,800,357	-	21

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

		2022				
		Beginning balance	Increase	Decrease	Others	Ending balance
Short-term borrowings	₩	314,998,021	60,000,000	(10,000,000)	40,000,000	404,998,021
Long-term borrowings		40,000,000	30,000,000	-	(40,000,000)	30,000,000
Lease liabilities		9,022,016	-	(3,733,372)	6,189,993	11,478,647
Deposit withholdings		15,514,191	54,520,609	(3,000,000)	(30,485,800)	36,549,000
	₩	<u>379,859,197</u>	<u>144,520,609</u>	<u>(16,733,372)</u>	<u>(24,286,025)</u>	<u>483,360,419</u>
		2021				
		Beginning balance	Increase	Decrease	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	-	(4,224,345)	6,730,169	10,070,117
	₩	<u>362,564,131</u>	<u>-</u>	<u>(4,226,162)</u>	<u>6,730,169</u>	<u>365,068,138</u>

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

For the six-month periods ended June 30, 2022 and 2021

J. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities, continued

Changes in liabilities from financial activities for the six-month periods ended June 30, 2022 and 2021 are as follows, continued:

(In thousands of US dollar)

	2022				
	Beginning balance	Increase	Decrease	Others	Ending balance
Short-term borrowings	\$ 243,637	46,407	(7,735)	30,938	313,247
Long-term borrowings	30,938	23,204	-	(30,938)	23,204
Lease liabilities	6,978	-	(2,888)	4,788	8,878
Deposit withholdings	12,000	42,169	(2,320)	(23,579)	28,270
	<u>\$ 293,804</u>	<u>111,780</u>	<u>(12,943)</u>	<u>(18,784)</u>	<u>373,857</u>
	2021				
	Beginning balance	Increase	Decrease	Others	Ending balance
Short-term borrowings	\$ 243,638	-	(1)	-	243,637
Long-term borrowings	30,938	-	-	-	30,938
Lease liabilities	5,851	-	(3,267)	5,205	7,789
	<u>\$ 280,427</u>	<u>-</u>	<u>(3,269)</u>	<u>5,205</u>	<u>282,363</u>

I. 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 six-month periods ended June 30, 2022 and 2021 is as follows:

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

Sales region	Korean won		US dollar	
	2022	2021	2022	2021
Republic of Korea	₩ 917,440,981	822,666,061	\$ 709,599	636,295
Europe	231,570,561	123,719,480	179,109	95,691
Asia Pacific	80,562,718	83,023,851	62,312	64,215
Others	177,607,400	113,168,518	137,371	87,531
	<u>₩ 1,407,181,660</u>	<u>1,142,577,910</u>	<u>\$ 1,088,392</u>	<u>883,733</u>

Non-current assets are not separately disclosed since those are located in Korea. There is no main customer who accounts for over ten percent of the total sales and thus should be disclosed, because most sales occur through contract with customers and authorized foreign agencies.

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

For the six-month periods ended June 30, 2022 and 2021

I. Segment Information, Continued

(3) Information of sales of goods and service for the six-month periods ended June 30, 2022 and 2021 is as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Automobile	₩ 1,204,445,905	954,102,472	\$ 931,585	737,955
Merchandise and parts	137,808,574	144,205,158	106,589	111,536
Others	64,927,181	44,270,280	50,218	34,241
	₩ 1,407,181,660	1,142,577,910	\$ 1,088,392	883,733

(4) Balance of Contracts as of June 30, 2022 and December 31, 2021 are as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Receivables from contracts with customers	₩ 150,502,357	148,390,363	\$ 116,407	114,773
Contract liabilities (*)	32,732,631	30,273,419	25,317	23,415

(*) Contract liabilities in unearned revenue occurred from contracts with customers that would be recognized over time, including product warranty and transportation.

2. Transactions and Balances with Related Parties

(1) Details of related parties as of June 30, 2022 are as follows:

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

(*1) According to court approval of commencement of rehabilitation procedures on April 15, 2021, Mahindra & Mahindra and other related parties of its affiliates lost control of the Company and were excluded from related parties for the year ended December 31, 2021.

(*2) Ssangyong Motor (Shanghai) Co., Ltd. was excluded from subsidiaries due to disposal of all shares for the year ended December 31, 2021.

(*3) Mahindra Vehicle Manufacturing Ltd. was excluded from other related parties due to merger by Mahindra & Mahindra Ltd. for the year ended December 31, 2021.

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

For the six-month periods ended June 30, 2022 and 2021

2. Transactions and Balances with Related Parties, Continued

(2) Transactions with related parties for the six-month periods ended June 30, 2022 and 2021 are as follows:

(In thousands of won)

Relationship	Company	Description	2022	2021	
		Sales	₩	-	3,908,17
Parent	Mahindra & Mahindra Ltd. (*1)	Other income		-	
		Purchases		-	2,516,38
		Other expenses		-	592,88
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	8,757,639	7,527,27	
	Ssangyong Australia Pty Ltd	Sales	43,121,275	42,126,82	
	Ssangyong Motor(Shanghai) Co. Ltd.	Other expenses		-	134,95
Joint venture	SY Auto Capital Co., Ltd. (*1)	Other income	736	89,70	
		Other expenses	1,908,715	19,024,20	
Others	Mahindra Vehicle Manufacturing Ltd. and others. (*1,*2)	Sales		-	370,50
		Other income		-	90
		Purchases		-	10,87
		Other expenses		-	353,27

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

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

(In thousands of US dollar)

Relationship	Company	Description	2022	2021	
		Sales	\$	-	3,02
Parent	Mahindra & Mahindra Ltd. (*1)	Other income		-	
		Purchases		-	1,94
		Other expenses		-	45
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	6,774	5,82	
	Ssangyong Australia Pty Ltd	Sales	33,352	32,58	
	Ssangyong Motor(Shanghai) Co. Ltd.	Other expenses		-	6
Joint venture	SY Auto Capital Co., Ltd. (*1)	Other income	1	4	
		Other expenses	1,476	14,71	
Others	Mahindra Vehicle Manufacturing Ltd. and others. (*1,*2)	Sales		-	28
		Other income		-	
		Purchases		-	
		Other expenses		-	27

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

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

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

For the six-month periods ended June 30, 2022 and 2021

2. Transactions and Balances with Related Parties, Continued

(3) Account balances with related parties as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

Relationship	Company	Description		2022	2021
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	₩	18,737,579	18,498,556
		Other payables		584,896	666,005
	Ssangyong Australia Pty Ltd.	Trade receivables		18,563,356	23,393,184
		Other payables		388,977	287,719
Relationship	Company	Description		2022	2021
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	\$	14,493	14,308
		Other payables		452	515
	Ssangyong Australia Pty Ltd.	Trade receivables		14,358	18,094
		Other payables		301	223

Allowances for receivables from related parties were recognized ₩163,822 thousand (\$127 thousand) as of June 30, 2022 and ₩115,131 thousand (\$89 thousand) as of December 31, 2021, respectively.

) No capital transactions occurred with related parties for the six-month periods ended June 30, 2022.

) Executive compensation of the Company for the six-month periods ended June 30, 2022 and 2021, is as follows:

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

		Korean won		US dollar	
		2022	2021	2022	2021
Short-term employee benefits	₩	743,803	1,583,184	\$	575
Retirement benefits		54,858	65,128		42
					1,225
					50

3. 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 June 30, 2022 and December 31, 2021 is as follows:

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

		Korean won		US dollar	
		2022	2021	2022	2021
Debt (A)	₩	2,064,031,255	1,934,300,752	\$	1,596,435
Equity (B)		(112,037,895)	(76,538,786)		(86,656)
Debt-to-equity ratio (A/B) (*)		-	-		-

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

(*) Debt-to-equity ratio was not calculated because total equity is negative.

(2) Details of financial assets and liabilities by category as of June 30, 2022 and December 31, 2021 are as follows:

1) Financial assets

(In thousands of won)

		2022			
		Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩	77,908,346	-	77,908,346	77,908,346
Short-term financial instruments		42,356,488	-	42,356,488	42,356,488
Long-term financial instruments		4,000	-	4,000	4,000
Trade and other receivables		203,735,936	-	203,735,936	203,735,936
Non-current financial assets		-	560,000	560,000	560,000
	₩	<u>324,004,770</u>	<u>560,000</u>	<u>324,564,770</u>	<u>324,564,770</u>

(In thousands of won)

		2021			
		Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩	45,834,173	-	45,834,173	45,834,173
Short-term financial instruments		21,275,651	-	21,275,651	21,275,651
Long-term financial instruments		4,000	-	4,000	4,000
Trade and other receivables		202,957,187	-	202,957,187	202,957,187
Non-current financial assets		-	560,000	560,000	560,000
	₩	<u>270,071,011</u>	<u>560,000</u>	<u>270,631,011</u>	<u>270,631,011</u>

(In thousands of US dollar)

		2022			
		Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$	60,259	-	60,259	60,259
Short-term financial instruments		32,761	-	32,761	32,761
Long-term financial instruments		3	-	3	3
Trade and other receivables		157,581	-	157,581	157,581
Non-current financial assets		-	433	433	433
	\$	<u>250,603</u>	<u>433</u>	<u>251,036</u>	<u>251,036</u>

(In thousands of US dollar)

		2021			
		Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	\$	35,451	-	35,451	35,451
Short-term financial instruments		16,456	-	16,456	16,456
Long-term financial instruments		3	-	3	3
Trade and other receivables		156,978	-	156,978	156,978
Non-current financial assets		-	433	433	433
	\$	<u>208,888</u>	<u>433</u>	<u>209,321</u>	<u>209,321</u>

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of June 30, 2022 and December 31, 2021 are as follows, continued:

2) Financial liabilities

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

		2022			
Currency		Financial liability measured at amortized cost	Fair value	Financial liability measured at amortized cost	Fair value
Trade and other payables	₩	837,398,741	837,398,741	\$ 647,690	647,690
Borrowings		434,998,021	434,998,021	336,451	336,451
Other liabilities		11,478,637	11,478,637	8,878	8,878
	₩	<u>1,283,875,399</u>	<u>1,283,875,399</u>	<u>\$ 993,020</u>	<u>993,020</u>
		2021			
Currency		Financial liability measured at amortized cost	Fair value	Financial liability measured at amortized cost	Fair value
Trade and other payables	₩	812,013,857	812,013,857	\$ 628,056	628,056
Borrowings		354,998,021	354,998,021	274,575	274,575
Other liabilities		15,512,588	15,512,588	11,998	11,998
	₩	<u>1,182,524,466</u>	<u>1,182,524,466</u>	<u>\$ 914,629</u>	<u>914,629</u>

(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 June 30, 2022.

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

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

Currency	Korean won		US dollar	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 2,222,408	(2,222,408)	\$ 1,719	(1,719)
EUR	4,212,888	(4,212,888)	3,258	(3,258)
JPY	7,433	(7,433)	6	(6)
Others	2,932,308	(2,932,308)	2,268	(2,268)
	₩ 9,375,037	(9,375,037)	\$ 7,251	(7,251)

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 ₩981,296 thousand (\$759 thousand) for the six-month period ended June 30, 2022, due to floating rate debt's interest rate risk.

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.

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

Maximum exposure in respect of credit risk as of June 30, 2022 and December 31, 2021 is as follows:

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

	Korean won		US dollar	
	2022	2021	2022	2021
Trade and other receivables	₩ 203,735,931	202,957,187	\$ 157,581	156,978
Short-term financial instruments	42,356,488	21,275,651	32,761	16,456

3) Liquidity risk

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

The contractual maturities of financial liabilities as of June 30, 2022 and December 31, 2021 are as follows:

(In thousands of won)

	2022		
	Within a year	Over 1 year	Total
Trade payables	₩ 504,635,444	-	504,635,444
Other payables	268,833,513	-	268,833,513
Short-term borrowings (*)	408,293,363	-	408,293,363
Lease liabilities(*)	6,296,791	5,603,919	11,900,710
Other payables	63,865,599	-	63,865,599
Long-term borrowings (*)	-	33,840,000	33,840,000
Long-term other payables	-	64,185	64,185
	₩ 1,251,924,710	39,508,104	1,291,432,814

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

(In thousands of won)

	2021		
	Within a year	Over 1 year	Total
Trade payables	₩ 515,796,052	-	515,796,052
Other payables	261,842,416	-	261,842,416
Short-term borrowings (*)	314,998,021	-	314,998,021
Lease liabilities (*)	5,257,625	4,088,549	9,346,174
Other payables	34,311,327	-	34,311,327
Other liabilities	15,512,588	-	15,512,588
Long-term borrowings (*)	-	42,547,945	42,547,945
Long-term other payables	-	64,062	64,062
	₩ 1,147,718,029	46,700,556	1,194,418,585

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

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

(3) Financial risk management, continued:

3) Liquidity risk, continued

(In thousands of US dollar)

	2022		
	Within a year	Over 1 year	Total
Trade payables	\$ 390,313	-	390,313
Other payables	207,931	-	207,931
Short-term borrowings (*)	315,797	-	315,797
Lease liabilities (*)	4,870	4,334	9,205
Other payables	49,397	-	49,397
Long-term borrowings (*)	-	26,174	26,174
Long-term other payables	-	50	50
	<u>\$ 968,307</u>	<u>30,558</u>	<u>998,865</u>

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

(In thousands of US dollar)

	2021		
	Within a year	Over 1 year	Total
Trade payables	\$ 398,945	-	398,945
Other payables	202,523	-	202,523
Short-term borrowings (*)	243,637	-	243,637
Lease liabilities (*)	4,067	3,162	7,229
Other payables	26,538	-	26,538
Other liabilities	11,998	-	11,998
Long-term borrowings (*)	-	32,909	32,909
Long-term other payables	-	50	50
	<u>\$ 887,708</u>	<u>36,121</u>	<u>923,829</u>

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

(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 are 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.

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

For the six-month periods ended June 30, 2022 and 2021

3. Financial Instruments, Continued

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 the 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 the discounted 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 June 30, 2022.

4. 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 ₩64,410 million (\$50 million) and net losses of ₩35,496 million (\$27 million) during the reporting period. In addition, the Company's current liabilities exceed its current assets by ₩936,497 million (\$724 million) and the Company is a complete capital erosion due to total equity is (-)₩112,038 million ((-) \$87 million) as of the end of the reporting period.

In addition, the Company filed for commencement of corporate rehabilitation procedure with the Seoul Bankruptcy Court ("the court") under the Debtor Rehabilitation and Bankruptcy Act of Republic of Korea on December 21, 2020. The Court commenced rehabilitation procedure on April 15, 2021, and the Company has resumed M&A process before the Court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court. Accordingly, the Company signed an M&A contract with the Edison Motors-led consortium on January 10, 2022 and the Company filed a rehabilitation plan to the court on February 25, 2022. However, immediate cancellation of M&A contract occurred on March 25, 2022 and the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan's approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason.

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

For the six-month periods ended June 30, 2022 and 2021

4. Going concern assumption, continued

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

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

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

The Company filed for commencement of rehabilitation procedure with the Court under the Debtor Rehabilitation and Bankruptcy Act, and the Court commenced rehabilitation procedures on April 15, 2021.

The Company has resumed M&A process before the Court approval of rehabilitation plan as a way of repaying the rehabilitation debts early and improving the financial structure of the Company under the Section 241 of Practice Rule of Seoul Bankruptcy Court. Accordingly, the Company signed an M&A contract with the Edison Motors-led consortium on January 10, 2022 with approval of the Court and received as down payment of ₩30.5 billion (\$23.6 million), 10% of total acquisition price. However, the acquisition contract with a consortium led by Edison Motors was terminated on March 25, 2022 after the buyer failed to pay the remaining payment of ₩274.3 billion (212.2 million) by March 25, 2022, the deadline date (5 business days before the date of the assembly of interested parties for the plan) and as a result, the received down payment of ₩30.5 billion (\$23.6 million) will be attributed to the Company.

Since then, the Company submitted revised rehabilitation plan to the court for seeking a new buyer and reselling process. On April 8, 2022, the Court approved revised rehabilitation plan (Stalking-Horse bid M&A) and the extension of expiration for rehabilitation plan's approval until October 15, 2022 because the Court accepted that immediate cancellation of M&A contract was an unavoidable reason. According to revised rehabilitation plan (Stalking-Horse bid M&A), the Seoul Bankruptcy Court confirmed the KG Consortium as the final takeover candidate as of June 28, 2022, and the Company will submit a rehabilitation plan reflected the term sheets of the investment contract with the KG Consortium.

5. Delisting issue occurrence and 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 separated 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. However, as the improvement period is over, the Company has made a request for deliberation on the implementation of the improvement plan as of April 21, 2022, which is within 7 days after the end of the improvement period. Accordingly, The Korea Stock Exchange Listing Disclosure Committee regranted a grace period for improvement until December 31, 2022 as of May 13, 2022 after a combined deliberation of the reasons for the delisting caused by the disclaimers of audit opinions for the fiscal year 2020 and 2021.